

are a wonderful example of compassion. My hope is that their story will encourage others to open their hearts to vulnerable children whose only dream is a loving and permanent home.

Mr. President, I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the roll call be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KYL. I would ask unanimous consent that I may speak for such time as I may consume.

The ACTING PRESIDENT pro tempore.

Without objection, it is so ordered.

GLOBAL FINANCIAL CRISIS

Mr. KYL. This month marks the third anniversary of the Federal seizure of Fannie Mae and Freddie Mac, the collapse of Lehman Brothers, the bailout of AIG, and other events that marked a turning point in the global financial crisis.

At the time, many journalists, pundits, and policymakers were eager to interpret the crisis as a failure of capitalism, as some called it, or a failure of free markets. There was a famous Newsweek cover that said, "We're All Socialists Now."

This interpretation is fundamentally flawed, and I wish to speak a little bit about that. Blaming capitalism and free markets and deregulation for causing the crisis that occurred 3 years ago does not tell the real story. We must remember that misguided government policies played a big role in pumping up the housing bubble, and they have subsequently played a big role in delaying our recovery from this crash. So I wish to briefly discuss the findings of several economists who highlight these points.

Loose monetary policy was one such misguided policy that fueled the crisis. Writing recently in the quarterly journal, *National Affairs*, Stanford economist John Taylor pointed out that U.S. monetary policy became highly discretionary in the years leading up to the 2008 crisis, whereas monetary policy had been more rules-based during the previous two decades. Taylor has determined:

The low interest rates set by the Federal Reserve from 2003 to 2005 added fuel to the housing boom and led to risk-taking and eventually a sharp increase in delinquencies and foreclosures and in the toxic assets held by financial institutions. A more rules-based Federal funds rate—particularly one that held to the general approach that characterized Fed decisions throughout the 1980s and '90s—would have prevented much of the boom and bust that followed.

This, according to economist John Taylor. In other words, with tighter,

more prudent monetary policy, the housing bubble would have been significantly smaller.

Another major cause of the bubble was Federal housing policy, especially the reckless mortgage activities of government-sponsored enterprises Fannie Mae and Freddie Mac. These two institutions, operating under an implicit government guarantee, played a central role in the housing bubble. The government's guarantee permitted them to operate without adequate capital, to assume more risk than competing financial institutions, and to borrow at a below-market rate of interest. Between 2004 and 2007, Fannie and Freddie became the largest buyers of so-called subprime and Alt-A mortgages.

As Columbia Business School economist Charles Calomiris has observed:

Logic and historical experience suggest that even in the presence of loose monetary policy and global imbalances, if the U.S. government had not been playing the role of risky-mortgage purchaser in the years leading up to the crisis, mortgage-related losses would have been cut by more than half.

To be sure, government entities were not the only institutions promoting the growth of nontraditional mortgages. But government policy was the critical factor that made the bubble so dangerously large. Housing-finance expert Peter Wallison of the American Enterprise Institute argues that:

Without the huge number of defaults that arose out of the U.S. housing policy, defaults among the mortgages in the private market would not have caused a financial crisis.

So with better, more responsible Federal housing policies, the crisis might have been avoided or have been less severe.

Government failures have also, in the words of Nobel Prize-winning economist Gary Becker, "prolonged the crisis." Indeed, the economy has not responded well to the prodigious spending, trillions in debt, and countless new regulations imposed during the Obama administration. The economic policies of the last few years seem to have hampered the confidence of job creators, while creating widespread uncertainty and undermining confidence.

Michael Boskin of Stanford, in a piece entitled "The Obama Presidency by Numbers," said this:

President Obama's debt explosion will be a drag on the economy for years to come. . . . The share of Americans paying income taxes is the lowest in the modern era, while dependency on government is the highest in U.S. history.

These are dreary findings.

In January 2009, the U.S. unemployment rate stood at 7.6 percent. By October 2009, it had surged above 10 percent despite the passage of the \$1.2 trillion stimulus bill. Unemployment has been above 9 percent for 26 of the 30 months since the passage of the stimulus. In fact, Boskin has found that even by the administration's inflated estimates of jobs "created or saved" by the stimulus, each job has cost \$280,000—each job, \$280,000. That is five

times the average American's annual pay. Remember, that is borrowed money that will eventually have to be taken out of the private sector to pay it back.

In addition to the failed stimulus package, the last Congress also enacted a pair of 2,000-page bills that were supposedly designed to repair the health care and financial systems. In the view of Becker, "These laws and the continuing calls for additional regulations and taxes have broadened the uncertainty about the economic environment facing businesses and consumers. This uncertainty decreased the incentives to invest in long-lived producer and consumer goods. Particularly discouraged was the creation of small businesses, which are a major source of new hires."

My point is not to needlessly pile on President Obama but to underline the need for a new approach. His policies have made things worse, and the uncertainty surrounding his new proposals has crippled America's economic recovery. As Carnegie Mellon economist Allan Meltzer has written, "High uncertainty is the enemy of investment and growth."

America's job creators are eager to know whether their taxes will be raised at the end of 2012, whether the new health care law will force them to lay off a substantial number of workers, whether the Dodd-Frank bill will impose unforeseen new costs, and whether the administration will impose even more regulatory hurdles. Notably, despite the administration's recent rhetoric about regulatory review, the massive new regulations in its two signature bills—health care and financial regulatory reform—will not be reconsidered.

In conclusion, the 2008 financial crisis was not simply a failure of capitalism or a result of free market economic policies. We can reasonably say the crisis would not have been nearly as severe or may even have been avoided entirely without misguided government policies.

All of us here would like to see a strong economic recovery, but reckless spending, debt, more regulation, and government intervention have not boosted the economy so far. It is time for another approach, one that eschews the top-down Washington management and focuses on creating incentives and long-term certainty in the private sector.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REMEMBERING SENATOR CHARLES PERCY

Mr. ROCKEFELLER. Mr. President, I rise today with a deep sense of honor and a deep sense of sadness to speak about the late Senator Charles Harting Percy of Illinois who passed away this past Saturday, with his family surrounding him.

Before I begin, though, I also wish to speak about two other losses to the Senate family. One, of course, is Kara Kennedy, the beloved daughter of Senator Ted Kennedy, as well as Eleanor Mondale, the beloved daughter of Vice President and Senator Fritz Mondale. Each of these two wonderful people died at the age of 51 and it is incomprehensible. It is terrible. They were far too young to be taken from us. The Percy and Rockefeller family love flows to their families.

Senator Chuck Percy was blessed to live a long and accomplished life. He lived to be 91 years old. Many of my colleagues know Senator Percy was a distinguished Republican Member of the Senate for 18 years, from 1967 to 1984, which is the year I came to the Senate. He was chairman, as people know, of the Senate Foreign Relations Committee, and a man with an absolutely vast talent that he poured into every aspect of his public service as well as his private business career. He was extraordinary in that way. He had brains. He had vision. He had stamina. He had energy. He was incredibly athletic. He could do anything for any amount of time and under all of this was built this incredible discipline that made him do it all.

Most importantly to this Senator, Chuck Percy was my father-in-law for more than four decades, since I was lucky enough to marry his unique and beautiful daughter, Sharon Percy, who, I might say, has many of the characteristics, nature and habits of Senator Percy. It just worked out that way. She has those characteristics. He extended to me in every way the great gift of joining the family he nurtured, watched over, cared for, and protected all of his life, and for that, obviously, I am forever grateful.

I wish to share a few remembrances of Senator Percy with my colleagues because many here didn't know him—a few did, but most did not; with the people of Illinois, and with all of the family and friends who are hurting from the news of his loss.

Chuck Percy was absolutely unshakeable in his belief in the future. He believed in our country and he believed in our ability to make this world a better place, if we would only put our minds and will and discipline to it. He was a believer. He always saw not through a glass darkly but through a glass brightly. It was his nature. He was guided more by what was right than by party label.

Interestingly, in a press interview in 2008, then-Senator Barack Obama noted that his hope was that more Republicans would look at members of

their party for inspiration and then compare them to Abraham Lincoln and Chuck Percy, two “pretty good Republicans,” he said.

What made Chuck so magnetic and so successful was his determination to share his optimism, to share his sense of promise with everyone around him, even at a very young age.

Chuck Percy began his business career not at Bell & Howell, where in fact at the age of 29 he became the youngest CEO and president of a major American company, but in fact he did it years earlier at the age of 4. His family was impoverished. They had been devastated by the Great Depression. They faced bankruptcy. They shifted from place to place in some of the most difficult parts of Chicago. So Chuck Percy at the age of 4 wanted to help, and he knew how to help: the entrepreneurial instinct. He took cookies, baked presumably at home, and sold them on the streets of Chicago for a very little amount of money, but he made money from that which he then turned over to the family.

He helped his impoverished family weather the Great Depression and pushed himself, by force of will, to get an education, all the way through the University of Chicago, on scholarship.

Before his business career took off, as did many men of his generation, Chuck Percy went off to war serving his country for 3 years as a naval officer during World War II. Upon returning home, he rejoined Bell & Howell and led that company from 1949 to 1964 through an astounding thirty-two fold increase in the expansion of sales, in what were then cutting-edge film products.

He launched his political career in large part to get back into public service because he missed it. He yearned for it. One could argue that business might have been his real calling, or maybe public service was, but to him he was interested in everything and wanted to do everything. So he had a chance to get back into public service, but he had no grand ambition. He simply wanted to find ways to challenge himself and to help make the country better.

Chuck Percy had a seriousness of purpose. As a young man he resolved to read all of the great books of his generation and generations that preceded his, the master works, as well as the Constitution, the Bill of Rights, the Federalist Papers. He not only read them, but he discussed them all with his professor. It was a stunning emphasis to drive himself to increase his knowledge to the highest level possible.

But Chuck also had a sense of fun and of sport. He loved to be active. He loved to ski, among other things. As fate would have it, he was skiing in Idaho when then-President Eisenhower called him in 1959 to see if he could be persuaded to work on a project to reinvigorate the Republican Party by leading a commission on national goals. It was an ambitious task and rife with po-

litical risk for Chuck, but Chuck didn't hesitate. His work helped pave the way for his election, in fact, to the Senate in 1966.

But even more than that, his report served as a template for the reflection and soul searching that went on in this country ahead of that 1976 bicentennial. He cared about the 200th anniversary of America. Everybody did, but he really did, and he wanted to know what we could do better, what we could do more of, and that is what he used that commission for. He wanted America to be a better nation.

As a Senator, Chuck Percy took a strong interest in the economy and international affairs. As chairman of the Foreign Relations Committee he traveled the globe, going to countries whose names were hardly known at a time when very few Senators were even traveling at all. He could do that as chairman of the Foreign Relations Committee, but he wanted to do that and he was good at it. He would get into the tiniest track of a small village to try and meet people, maybe even breaking cultural habits by trying to shake hands with people who were not allowed to shake hands because they were considered too impoverished. Nothing discouraged him, and he wanted to make himself a better person and a better Senator.

Chuck was on a trip to inspect the battlefields of Vietnam, even though he was very skeptical of that war. He was on a helicopter when his aircraft took fire from the Vietcong in a hamlet about 90 miles north of Saigon.

The helicopter lifted off for safety, but left Chuck with four other men and two guns between them to huddle against the ground as mortar shells exploded 15 feet away and small arms fire whizzed overhead. Additional U.S. helicopters soon arrived and rescued the men, and the story went on. He was fearless.

When he came to the Senate, Chuck took on the culture of the Senate. He didn't like a lot of what he saw. I am looking, as I speak now, at Senate pages. He thought there was no reason why girls could not be Senate pages as easily as boys, but that was the custom then. Girls were not deemed to be able to do the work. There was an attitude here in the Senate then that the opportunity of being a page was suited for boys, and during the debate, interestingly, some Senators worried about girl pages not being able to carry copies of the CONGRESSIONAL RECORD to the Senate desks.

He cosponsored the Equal Rights Amendment and spent the better part of his career arguing that women should have the same opportunities as men. Senator Percy knew firsthand from the remarkable women in his own life, his own family, and the remarkable women in his office that women can do anything men can do, and perhaps better. In fact, Senator Percy was furious when he found out that textbooks paid for by the Federal Government included sentences such as “girls