Mr. DORGAN. Mr. President, am I allotted a certain amount of time in morning business?

The PRESIDING OFFICER. The Senator is to be recognized for up to 30 minutes.

TORTURE

Mr. DORGAN. Mr. President, I shall not take all that time, but I wanted to talk about a couple of things this morning. Before I do that, I want to express my appreciation for the comments of my colleague from Massachusetts, Senator KENNEDY, about what our priorities seem to be and what they should be with respect to fiscal policy and appropriations bills as well as the larger priorities of our country.

Let me now talk briefly about the vote that occurred last week on the confirmation of Attorney General Mukasey. I wish to talk about it because I think a very important issue that needs to be discussed—and we have not really discussed it much on the floor of the Senate—is the issue of torture.

I don't think the issue of torture, for this country, is negotiable. And, I don't think it is a very difficult question.

But, before I talk about the issue of torture specifically, let me just describe what I think represents the great strength of this country, and the great strength of this country does not include a willingness or an allowance to torture anybody anywhere.

We were engaged in a long, difficult Cold War for decades. That struggle against the Soviet Union and totalitarianism lasted a long time. But it wasn't, in the end, bombs and bullets that won that war; it was American values that won that war. It was the idea of our country, and the idea of our country is rooted in the Constitution. People are free. They believe what they want. They are able to say what they want. The Government has to respect the rights of everyone.

That is the embroidery and the framework of our Government and our Constitution. America is an idea, with a written Constitution and a Bill of Rights, that protects people, and stands for liberty, human rights, and human dignity.

In fact, those values of this country were so strong that even during the Cold War those values shined a light of hope into the darkest cells in the Soviet Union, in the gulag prisons, in the outermost reaches of Siberia. We know that because people who were in those dark cells came out from behind the Iron Curtain and told us of the ray of hope they saw from this country.

Millions of political prisoners were held, often in solitary confinement in the Soviet Union, simply for thinking and speaking freely. Many were there for years, swept off the streets in the Soviet Union, never to be heard from again.

Often, they weren't charged. When they were, they were convicted after show trials because they had no rights. But some survived, and they talked about how important the idea and the values were that embodied this country called the United States. America gave them hope. The idea of America reached to the farthest and darkest places on this planet. It always has, and it has offered hope.

Now, it is true that this country is not perfect. We all understand that. But it is also true that what we stand for is very important in terms of the message we send around the world. It is important for our self-respect, and it is important for what we believe America to be.

It is troubling to me that polls that are done around the world show that so many in the world now are very concerned about our country, with views that are very negative about the United States, and these views are held by historic foes but also historic friends. That is something which should concern all of us. We have to hold ourselves to a higher standard. We always have, and we should hold ourselves to a higher standard.

The issue of torture was an issue that arose because of the questions asked a candidate, a nominee, for Attorney General. There are some who believe under certain circumstances, apparently, torture is all right or appropriate or sanctioned. I am not one of them, and I would think most Americans would not believe that.

George Washington led the Continental Army in the War for Independence. After a large number of his troops were captured, he and his troops saw Hessian mercenaries, fighting for the British, slaughter unarmed prisoners from the Continental Army. They saw that, and yet George Washington refused to treat Hessian prisoners the same way. He insisted we were different and we would treat people the way we should be treated.

That is America's birthright. It has always been the case. And that is why the discussion about torture is so very important. It is why the discussions about treatment of detainees, about enemy combatants, about habeas corpus, and about the power of the executive branch in this country are important as well.

The Attorney General's post is very important. I met with the nominee and I liked him. I talked to him about his commendable experience in Government as a Federal Judge. But his inability to answer the basic questions about waterboarding and torture were very troubling to me. I don't understand that inability, and I don't think, from my standpoint, that issue is negotiable. Torture is not what America is about.

Some say or some imply that being against torture is somehow being soft on terrorists. That is as despicable as it is wrong. Being against torture is being for an America that is better than its enemies. Being against torture is being for an America that continues to be a beacon of hope around the world for doing the right thing, and it is being for an America that stands for the rule of law and human dignity and human rights.

So I wanted to make the point, after the debate we had last week, that this is not an irrelevant issue. It is an issue that defines our country. It is an issue about who we are, the value system of this great country of ours.

FISCAL POLICY

Mr. DORGAN. Mr. President, let me describe a couple of things that represent front-page news these days. Regrettably, I believe, these things threaten the potential future prosperity of our country and require an urgent response on the part of the President and the Congress.

The economy and fiscal policy of this administration—and the lack of regulatory interest on the part of this administration—has led us to an abyss that is very troublesome. We see the dollar dropping in value to other currencies. We see a dramatic trade deficit of $2 billion a day, that we are buying from other countries more than we are selling to other countries. We see a fiscal policy budget deficit that the President says is coming down. The only way he can say the deficit is significantly coming down is that he is taking all of the surplus Social Security revenues that are supposed to go into the Social Security trust fund and using every dollar of that surplus as an offset against other revenue and other spending in order to show a much lower deficit. We are far off track in trade policy and fiscal policy, and now we have in front of us a proposal for $196 billion in emergency spending—none of it paid for. That will bring us very close to three-quarters of a trillion dollars that the President has requested on an emergency basis—none of it paid for. That is not conservatism. We have a responsibility to begin paying for these costs. We send soldiers to war and the President says to the American people: You go shopping and do your part for the American economy.

That should not happen. What should happen is when we send soldiers to go to war and ask them to wear the uniform of their country and go in harm's way, we should, as a responsible Congress and President, pay for the costs as we go.

I don't understand it. The President is down there at the White House saying $22 billion additional for the kinds of things that invest in our country—he says I am opposed to that. He said I will veto 10 of your bills, if necessary. He said, I am opposed to that $22 billion of your bills, half of which is invested in health care. Then he says, by the way, I want $196 billion on the other side, none of it paid for, for my priorities, and he says: But that is for the troops.

I am sorry, it is not just for the troops. A substantial portion of that is for the contractors. There is dramatic

evidence of the greatest waste, fraud, and abuse in the history of this country going to contractors who are profiteering, regrettably, during a war. For a long while I have believed—we have had votes in the Senate and all on the other side of the aisle have voted against it—that we should have a Truman-type committee, such as the one Harry Truman led many decades ago, that began to investigate the waste, fraud, and abuse in contracting that is existing, that is fleecing the American taxpayer, undermining the American troops, going on under the nose of this administration, and nobody seems to care.

With respect to a fiscal policy that is out of control, let me describe the second portion of that, and that is an administration that doesn't want regulators to regulate. I understand some do not like regulation, but this administration has gone way beyond the pale in saying to regulators, look the other way.

Here is what is happening. This morning you read the newspaper and see that subprime loans are beginning to have a big impact on all Americans because it is beginning to have an impact on the economy. What does all this mean, subprime lending?

Let me describe it to you. Again, the regulators were asleep, didn't do anything, didn't care very much. Here is what has been going on. We have had mortgage companies that used to be kind of the slow, little companies that would lend you money for your home, down on the street corner someplace, not much going on, somebody who was a thoughtful person with a pencil above their ear, they were wearing a white shirt and suspenders. You would sit down and say, I need a home loan. They would be glad to help you and they would sit down and work out a home loan for you. That was the way home loans worked.

All of a sudden, home loans have changed. All of a sudden it is a go-go industry. This is what they started doing. It is unbelievable. This is an advertisement from the biggest home lending company in this country: Homeowners, do you want to refinance and get cash? Countrywide has a great reason to do it now. A no cost finance. It has no points, no applications fee, no credit reporting and no third party fees. No title, no escrow, or appraisal fees. Absolutely no closing costs. So you wind up with a lot more cash.

Here is another company that had a different thing to say, Zoom Credit:

> Credit approval is just seconds away. Get on the fast track at Zoom Credit. At the speed of light, Zoom Credit will pre-approve you for a car loan, a home loan or a credit card. Even if your credit's in the tank. Zoom Credit's like money in the bank. Zoom Credit specializes in credit repair and debt consolidation, too. Bankruptcy, slow credit, no credit—who cares?

This is an ad from a mortgage company.

Millenia Mortgage had to say in their advertisement:

> Twelve months No Mortgage Payment. That's right. We will give you the money to make your first 12 payments if you call in the next 7 days. We pay it for you.

Let me describe what all this means and what they were doing. I will do it with respect to the largest mortgage lending company. Angelo Mozilo created Countrywide Finance, the biggest mortgage company in our country. They are the ones, along with others, who helped create the riskier loans and in many cases targeted those loans to those who could not repay.

> Do you have less than perfect credit? Late mortgage payments? Denied by other lenders? Call us.

That was one of Countrywide's advertisements. Let me say again:

> Do you have less than perfect credit? Do you have late mortgage payments? Have you been denied by other lenders? Call us—

Countrywide says.

So they began to attract borrowers through advertising, and then they had brokers on the phone soliciting, calling somebody up, saying: Let's talk about a new mortgage. We can get some cash for you and reduce your interest rates. So they created ''affordability loans,'' a new category; then adjustable rate mortgages; then interest-rate-only loans; then reduced documentation or no-documentation loans. When I heard that one, I thought, What does that mean? It means just what it says: If you want to get a loan, a home mortgage, and you don't want to document your income, they say that is fine, we will give you a no-doc loan. You will pay a little higher interest rate, but we will certainly give you a mortgage if you don't have documentation.

One of the new mortgages they began to offer is interest-only loans so the borrower is required to pay interest charges only. They deferred any principal payment to much later; and then they came up with a pay option adjustable rate mortgage, which allowed the borrower to pay only a portion of the interest, none of the principal, just a portion of the interest, and defer all of it to the end of the loan. This means you might end up paying much more for the house than the house is worth.

All these fancy things—what they were saying to potential borrowers was, if you have bad credit, come to us because we have an instrument for you.

This is about greed, by the way, because the brokers and the banks made extraordinary amount of money. So what they did was they created a circumstance where they would loan to people something called subprime loans. There is evidence they put people into subprime loans, even though they could have qualified for prime loans. Why? Because subprime loans paid more. Then they rolled these subprime loans, in many cases for people who couldn't repay, and they would set the interest rate ridiculously low—pay 2 percent interest rate, for example, and then it will reset in 24 months, 36 months, and when it resets, it will reset way up here, but in the meantime here is your monthly payment.

They were quoting monthly payments without the escrow, so they were recording ridiculously low payments. In some cases, they were quoting interest only loans, some cases with only partial interest, in other cases at ridiculously low rates that were going to reset at a high rate, and then they would attach prepayment penalties to them so they could lock people in. And then what they did is they rolled this up like sausage.

There was a story about how there used to be sawdust in with meat when they rolled sausage up so you didn't know what you were eating. It was good filler, apparently. They rolled these up as securities with the subprime loans, the prime loans, rolled them up as a security, sliced them up to be sold.

Guess what. The big investors out there liked this stuff. It paid pretty high rates at this point because you were able to have prepayment penalties and a whole series of things. They are buying these things without having the foggiest idea what is in them. The rating agencies are rating them as OK. So you have the folks investing in the securities that represent these subprimes. Then all of a sudden it is discovered people are not able to pay. They can't make their house payments. The interest rate gets reset. It is way up. They don't have a ghost of a chance of making the house payment, and then they stand around scratching their head wondering what happened. I will tell you what happened, a carnival of greed on the part of the mortgage brokers, bank security firms—all of them, a total carnival of greed. Now they are all walking around scratching their head, trying to figure out what do we do next.

Well, Merrill Lynch, for example, lost $8.4 billion, I guess it was, 2 weeks ago, so they fired their CEO. I believe he got $161 million in securities and retirement benefits—as he went out the door.

Last week it was CitiGroup that fired their CEO. There was a pretty substantial benefit.

That is going on all over the country. By the way, the head of the company that is the largest company, Mr. Mozilo, in the midst of all this, head of the largest company that is engaged in all this, Countrywide, earned $142 million last year. He was celebrated as the executive—Fortune Magazine's prestigious Company of the Year. The Horatio Alger award. He made $142 million last year and the New York Times reports that he was selling $138 million of his stock in the company as he was talking about how well the company was doing.

This subprime scandal is all about greed. It is not new. It happened in the savings and loan industry. It has happened in other areas. It is now happening with respect to this mortgage industry scandal. The administration, of course, doesn't want anybody looking over anybody's shoulder, so there

has been no regulation. You have hedge funds buying into these things. They are unregulated, by and large. There is no regulation, no oversight, Katy-bar-the-door, do what you want to do, the private sector will be fine.

It is not fine. This is having a significant and serious impact on this country's economy. I am going to come back to this in a moment, but let me describe the other issue that is happening.

We wake up this morning and oil is $90 to $100 a barrel. You ask why is that the case? Why is oil $90 to $100 a barrel? Once again, it is lack of oversight. Here we have a futures market on which oil is bought and sold. This futures market has now become an unbelievable orgy of speculation.

I was reading yesterday from an article, an analyst from the Oppenheimer Company in New York, was talking about the price of oil. He says:

> I'm absolutely convinced that oil prices shouldn't be a dime above $55 a barrel. Oil speculators include the largest financial institutions of the world. I call it the world's largest gambling hall. It is open 24–7. Unfortunately there are segments of the market that are unregulated. This is like a highway with no cops, no speed limit, and everybody is going 120 miles an hour.

What is happening with oil? It is interesting, if you take a look at this unbelievable speculation that is going on in the futures market. You have industrial banks in this country, investment banks. They are actually buying tanks to store oil. This takes the oil off the market. They are doing this because they believe that the price of oil will be higher in the future. So they take oil off the market now, store it, and sell it later for a profit. This creates an upward pressure on price. You now have hedge funds hip deep in the futures markets. They didn't used to be. It used to be that the futures market for oil had a relationship to the supply and demand with respect to oil. There were other tensions in various parts of the world that might affect it some, but not like we have seen recently. As is the case in most areas, this has gotten way out of hand. There is no way that current supply-and-demand relationships with oil justify $100 a barrel. It is a futures market that is propelled by unbelievable speculation in search of profits by a whole range of interests, especially now including hedge funds and investment banks and others.

The question is, who are the victims of all of this? The victims are people, the people who drive up to the gas pump. The victims on the subprime market are the people who cannot repay a mortgage; and somebody says maybe they should have known better. Maybe so, but when a broker is going to make a $30,000 commission by writing a $1 million mortgage and selling over the phone 2 percent interest rates, I am telling you there are a whole lot of folks who get sucked into that.

The point here is we face a situation in several areas where there is a total, complete lack of common sense. There is this little book written by Robert Fulghum a long while ago that would, in my judgment, provide some benefit to some people. The title of the book is, ''All I Really Need To Know I Learned In Kindergarten.'' The lessons are not unusual. The lessons are: Play fair, don't hit, don't take what is not yours, wash your hands, flush—you know, the things I learned in kindergarten; the things that are important.

We could write a primer on ''All The Things I Really Need To Know I Learned In Kindergarten.'' We could write that primer and instantly people would say you can't have an oil futures market that is rampant in speculation with hedge funds and others now pushing up the price of oil having little to do with supply and demand. You can't have a mortgage industry in which the mortgage companies decide they are going to provide loans to people who cannot afford to repay the loan and make very big profits and lock them in with a prepayment penalty. They are all fat and happy and making a massive amount of money. You can't have that without a significant consequence to our economy.

What do I suggest? It is simple. Let's sober up a little bit on fiscal policy in this administration and this Congress. Maybe we can say to the President: You want $196 billion. OK. You tell us how you want to pay for it. Send us the recommendation, and we will certainly take a look at that. We want to do everything that needs to be done to support our troops. But a substantial portion is not going to support our troops. It is going to support big contractors that have been bilking the taxpayer for a long time. We are going to take a hard look at that and investigate it and get to the bottom of it.

We need to get back on track in trade and fiscal policy. Ignoring it might feel good, but it is not the right thing for the future.

With respect to the issue of subprime lending and futures markets, if that doesn't persuade Members of this body there needs to be some thoughtful, sensible regulation, then I don't know what will. I chaired the hearings on Enron. It was to my subcommittee that Ken Lay came on behalf of Enron, raised his hand, and took the fifth amendment. Mr. Lay is dead. Many of the folks who worked with him at Enron are in prison. But I understand what happened in that scandal. The American public, again, was a victim. They got fleeced. In Enron's case, they were manipulating markets to drive up the cost of electricity on the west coast and bilk people out of billions of dollars. What did it mean? It meant we had to put in place some regulations to prevent that from happening again. What does this mean, the subprime scandal that exists, and its impact on the economy? It means we have to put in place some regulations to prevent this sort of thing from happening. People have profited in a very unholy way at the expense of a lot of victims across the country.

What does it mean when people go up to the gas pump this afternoon and pay a substantial amount for a tank of gasoline at a time when the price of oil is running toward $100 a barrel and the futures market is driving that price up, having very little to do with supply and demand but more to do with an orgy of speculation? It means we ought to care about that. It means there ought to be some regulatory oversight.

This administration has a lot to answer for, as does the Congress. I am pleased to be a part of the majority, and we are working hard to try to respond to and deal with these issues. But these issues are not going to go away. The prosperity of this country's future is at stake. We need to get it right.

I yield the floor.

The PRESIDING OFFICER. The Senator from Hawaii.

VETERANS DAY 2007

Mr. AKAKA. Mr. President, over the past weekend, our Nation observed Veterans Day, a day to commemorate the connection between the American people and America's veterans. This connection is something that the American people are always aware of at the bottom of their hearts, though it may not always be in the front of our minds as we go about our daily lives.

We Americans often define ourselves by the freedoms we enjoy. America's veterans are men and women who sacrificed some of their own freedoms to serve and defend our Nation. The connection between these two groups—the defended and the defenders—may not always be visible, but it cannot be denied. Veterans Day gave us the opportunity to recall that connection, to honor those who wore the uniform of our country.

As chairman of the Committee on Veterans' Affairs, it has been my privilege to work alongside other leaders in answering a simple question: How do we best honor veterans? Having so recently celebrated Veterans Day, I am pleased to report on the committee's work in the areas of legislation and oversight to try to answer that question.

The Committee on Veterans' Affairs has worked diligently to fulfill its oversight and legislative responsibilities, demonstrated in part by our hearing and meeting schedule. We have held 40 hearings and meetings, including 7 field hearings, since our organizational meeting in January. The committee has heard from 220 witnesses, and reported 4 nominees to the Senate, each of whom was later confirmed.

At our committee's very first meeting, I discussed my agenda to work with other members to bring the Department of Defense and the Department of Veterans Affairs together to provide a seamless transition for veterans from DOD to VA. We focused on seamless transition and set an agenda to pursue the issue in the coming year.