Mr. REED. Mr. President, let me first recognize the contribution of my colleague from Illinois with respect to the bankruptcy provision. He explained it extremely well. What it does is give homeowners a chance to get out from underneath a collapsing housing market in the United States. It has been well tailored and it is responsible and I think we should adopt it quickly in this package that is going forward.

The whole housing crisis is a reflection of a much deeper economic malaise that is gripping the country. We are seeing skyrocketing prices in terms of energy and foodstuffs. On the recess I visited two Italian bakeries in Rhode Island. They have been family-owned companies for over 100 years, and they have never seen the runup in prices of wheat they have seen over the last several weeks and months.

The final thing is that we are losing jobs now. In the last 2 months, we have lost many jobs. We lost 63,000 jobs last month. That is the largest monthly decline in jobs in 5 years. The national unemployment rate is 4.8. In Rhode Island it is 5.8 percent. We are seeing an economy sliding into recession. Key to this, in my view, to reconcile and try to stop the erosion of economic opportunity in this country is to stabilize the housing market. That is what the package of proposals that we will vote on this afternoon attempts to do.

We have a situation in this country where incomes have been flat for the last 8 years for most Americans—unless you were extraordinarily compensated at the highest levels. But if you are a working man or woman, low income, middle income, or even upper middle income, your income has been relatively flat. You have seen accelerated costs. The last thing people had in their tool kit, if you will, was the value of their homes. They could draw on that in emergencies and use it to help children go to college. They could use it if there was an unexpected expense.

Now, with declining housing values, American families are being squeezed dramatically—job losses, increasing prices, flat incomes, and now declining housing values. In fact, it has been estimated that today in the United States the value of homes fell below 50 percent of equity—the ratio of equity fell below 50 percent for the first time in a long time.

We are also looking at a situation where there is a record number of foreclosures. Just this morning, coming into work and listening to the radio, I heard in Montgomery County, MD, there is a huge acceleration of foreclosures in that suburb. It is also happening across the country. In the Providence Journal in Rhode Island, there used to be maybe two, three pages of foreclosures on a high number. Now there is a whole section devoted to foreclosures.

This is becoming a problem not just for individual households but for communities because the value of a foreclosed home brings down the value of the surrounding homes. It is a cascading effect. It ruins communities as well as impairs the credit and lives and the opportunities of individual families. We have to do much more to stem this decline, particularly with respect to housing values.

Yesterday, I noted that Secretary Paulson announced significant steps, he proclaimed, to begin to revise the regulation of financial institutions, and part of it is prompted by the subprime mortgage crisis, the securitization of these loans. There is nothing in his blueprint that dealt with the most important aspect of the problem, and that is home values. The administration has been very keen and quick to help Wall Street. The reality is we have to help Main Street, individual homeowners across this country. If we do I think that will provide a surge of confidence to the economy, which is the key factor in beginning a recovery from what looks like the beginning of a recession, and perhaps a long recession, unless we act promptly.

I have joined my colleagues to introduce this legislation, the Foreclosure Prevention Act of 2008, which builds on the economic stimulus package. It is a complement to it. I hope we can move today, despite previous opposition by my colleagues on the Republican side, to take up this legislation and begin the debate and modify it, if necessary, but move forward deliberately and quickly to address the issue of housing in the United States.

This legislation, if enacted, would help families keep their homes by providing counseling for foreclosures, by expanding refinancing opportunities, and by getting the services and the counselors together to attempt to allow people to stay in their homes. One aspect of this, as mentioned by my colleague from Illinois, is the Bankruptcy Code modification that would allow these residences to be subject to a bankruptcy judge's determination of a different workout plan for the home. It also helps communities withstand the impact of foreclosures, as there is a cascading effect. If one home is foreclosed, the value of other homes begins to decline automatically. This would provide community development block grants to cities to purchase some of these homes. We have to move quickly because one of the other aspects is when these homes in urban areas are empty for a matter of weeks, or even, in some cases days, they are stripped—the siding is ripped off, or the copper plumbing is taken out. Unless there is someone to go in there and keep it in use or to board it up and protect it, then these homes are going to be a loss not just temporarily but for a longer term.

This is going to help businesses by expanding the carry-back period from 2 to 5 years to utilize losses incurred in 2006 and 2007 and 2008. It is going to help, I hope, avoid foreclosure in the future. It will deal with the issue of clear disclosure of a maximum amount of a loan and maximum monthly payment legislation that I authored. This will give a bumper sticker or a big warning label on a mortgage to individual borrowers and tell them the maximum amount of money they have liability for. So the introductory teaser rate of $1,000 a month might be attractive, but if people realize that within a year or 2 years they will be paying two or three times that, it will give them the information they need to make a better judgment about signing up for that loan.

So this legislation is critical to families, and it is particularly critical, I think, to ensure that we begin to work our way out of the looming recession and an economy that is deeply troubled. I hope all my colleagues will vote to go forward with this measure and, I hope, pass this measure.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, The Senate, at 12:29 p.m., recessed and reassembled at 2:15 p.m. when called to order by the Presiding Officer (Mr. CARPER).

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

NEW DIRECTION FOR ENERGY INDEPENDENCE, NATIONAL SECURITY, AND CONSUMER PROTECTION ACT AND THE RENEWABLE ENERGY AND ENERGY CONSERVATION TAX ACT OF 2007—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the motion to reconsider the vote by which cloture was not invoked on the motion to proceed to H.R. 3221. The motion to reconsider is agreed to, and there will now be 15 minutes of debate equally divided prior to a vote on cloture on the motion to proceed to H.R. 3221, with the majority leader controlling the second half of that time.

The Republican leader.

Mr. MCCONNELL. Mr. President, the majority leader and I have had good conversations this morning, and a few moments ago, we reached an agreement on how to go forward on the housing bill. That agreement is as follows: that Senator DODD, the chairman

of the Banking Committee, and Senator SHELBY, the ranking member, would come together after we invoke cloture on the motion to proceed and come up with a bipartisan substitute to be offered as an amendment to the bill upon which we are about to invoke cloture to proceed. That would be the underlying bill that would enjoy the confidence and support of the two leaders of the Banking Committee.

Most of my conference is very comfortable with that proposal. We understand fully there will be amendments after that, but that will at least give us an opportunity to get off on a bipartisan footing, reminiscent of the good work we were able to do earlier this year not only on the foreign intelligence surveillance bill but also on the economic stimulus package where we were able to come together and, by significant bipartisan majorities, pass the legislation.

We all know we have problems with housing in this country. Most of us believe we need to enact legislation to try to improve this situation. Many of these proposals are supported by people on both sides of the aisle. So this would give us a chance to begin in a way that is comforting to both sides before we open the process to amendments.

The majority leader has also assured me he has no intention of filling up the tree or employing any of the other techniques the majority is certainly free to do but which have a way of locking down the process on the minority side.

This has been a very good discussion, leading up to a process by which I think we can go forward and hopefully get something important for the country—I see my good friend, the leader of the Banking Committee, on the floor—get something important for the country accomplished in the Senate this week.

I thank the majority leader for his approach to this issue. I think it is entirely appropriate and gives us a good opportunity to move forward.

I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, the smoke is housing crisis foreclosures. The fire is the general economy because the housing crisis has caused the economy to be in a state of distress.

The chairman of the Banking Committee, Senator DODD, made such an outstanding presentation this morning where he talked about almost 8,000 homes every day—today, tomorrow, and the foreseeable future—will be foreclosed upon, not the beginning process of foreclosure, but the termination of foreclosure. Someone by the name of Jones, Smith—whatever their name might be—will lose their home, a family home.

What does that do to the neighborhood? Every time there is a home foreclosed upon, it immediately causes the rest of the neighborhood to be worth less money. What does it do to the government entity where that home is located? The government entity loses the ability to get tax money. No one benefits from foreclosures.

This is a step in the right direction. In Nevada, for example, 1 out of every 165 homes was in foreclosure in February. Can you imagine that, 1 out of every 165 homes. That is the highest rate in Nevada. We are fortunate we have a lot of construction that is not housing related that is going to pull us through this situation. It is important that we move forward on this legislation.

The underlying bill is a so-called Democratic bill. This bill, if we are able to accomplish something, will be a Senate bill. Democrats and Republicans can go home and take credit for doing something to help the problem.

Are we going to be able to resolve all the problems in housing? Of course not. But we can make a tremendous step forward, and that is what we intend to do.

I have worked with Senator SHELBY from the time we were in the House together. We shared office space. His office in the Longworth Building was next to mine. I have the highest regard for him. I spoke with him this morning. I believe he and the chairman of the committee, Senator DODD, are going to be able to come up with something that I hope I can support, but it is going to be bipartisan. They are going to agree on this and offer it as the first amendment when we get to this legislation. If something goes wrong, if someone is being mischievous about that legislation, Senator MCCONNELL and I will meet again.

The goal is to do something about housing. We are not going to solve the problems of Iraq on this bill. We are not going to solve the tax policy of this country on this bill. We are not going to solve global warming on this housing bill. But we need to do something the American people recognize is bipartisan as it relates to housing, and we are going to do everything we can.

I believe the time has come for us to start legislating and stop talking about the need to legislate.

Mr. President, a vote has been called for 2:30. If there is someone else who wishes to speak, they certainly have the opportunity for the next few minutes.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I thank the distinguished majority leader and the Republican leader, as well, for their efforts. I thank Senator SHELBY, who is not here. We will do our very best over the next number of hours to pull together a package that reflects——

Mr. REID. Will my friend yield?

Mr. DODD. Yes.

Mr. REID. One of the points I did not talk about with the distinguished leader is that I think it would be appropriate that we, after the vote is completed, go into a period for morning business until 12 o'clock noon tomorrow to see, if, in fact, we can get the two distinguished Senators to come up with a substitute. We need some deadline. That is as good as any, unless my friend has a better time tomorrow.

Mr. MCCONNELL. Mr. President, I say to the majority leader, that makes sense. I am convinced we are all operating on good faith and Senator SHELBY and Senator DODD will work hard to come up with a proposal they will come forward with.

Mr. REID. During this afternoon and in the morning, people can talk about housing or anything else they want. We will be in a period for morning business.

Mr. DODD. Mr. President, I thank the leaders. That will be our goal and job, to begin that process immediately. We will keep the leadership informed as it progresses. We all thank the two leaders immensely. I thank Senator REID for his efforts going back months ago. This is a problem that is growing by the hour. It demands our attention. This is the contagion effect we read about now spreading far beyond the housing issue, per se. It is now leaching into all aspects of our economy. It has even gone beyond our shores, obviously, to other nations that are deeply affected by what happens here economically. This is a moment when we have to come together as a body and come up with some responsible answers.

I will say in advance that none of us can say with any certainty that which we offer will solve the problem, but I think we bear an obligation to try, to do one thing that is more important than any specific idea we proposed, and that is help restore the confidence of the American people and those directly involved in the financial well-being of our Nation and that is to restore confidence, which is missing; we need to get that confidence back. The very fact our leaders have called upon us to pull together is going to be a confidence-building measure. It will be complemented by what we do, but it begins with the offer made by the distinguished majority leader, accepted by the Republican leader, that we sit down and try to work this situation out.

I can tell you in advance that the American people will react favorably to this effort, and hopefully we will offer a product that will complement that effort but beginning with the idea we will work on this problem together. That I commend the majority leader for. I thank the Republican leader as well.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

CLOTURE MOTION

Under the previous order, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the motion to proceed to Calendar No. 340, H.R. 3221.

Harry Reid, John D. Rockefeller, IV, Russell D. Feingold, Max Baucus, Charles E. Schumer, Kent Conrad, Patty Murray, Amy Klobuchar, Jeff Bingaman, Richard Durbin, Mark L. Pryor, Carl Levin, Edward M. Kennedy, Patrick J. Leahy, Bernard Sanders, Debbie Stabenow, Byron L. Dorgan.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call is waived.

The question is, Is it the sense of the Senate that debate on the motion to proceed to H.R. 3221, an act moving the United States toward greater energy independence and security, developing innovative new technologies, reducing carbon emissions, creating green jobs, protecting consumers, increasing clean renewable energy production, and modernizing our energy infrastructure, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from New York (Mrs. CLINTON), the Senator from Hawaii (Mr. INOUYE), the Senator from New Jersey (Mr. LAUTENBERG), and the Senator from Illinois (Mr. OBAMA) are necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from Arizona (Mr. MCCAIN).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 94, nays 1, as follows:

[Rollcall Vote No. 86 Leg.]

YEAS—94

Akaka	Craig	Landrieu
Alexander	Crapo	Leahy
Allard	DeMint	Levin
Barrasso	Dodd	Lieberman
Baucus	Dole	Lincoln
Bayh	Domenici	Lugar
Bennett	Dorgan	Martinez
Biden	Durbin	McCaskill
Bingaman	Ensign	McConnell
Bond	Enzi	Menendez
Boxer	Feingold	Mikulski
Brown	Feinstein	Murkowski
Brownback	Graham	Murray
Burr	Grassley	Nelson (FL)
Byrd	Gregg	Nelson (NE)
Cantwell	Hagel	Pryor
Cardin	Harkin	Reed
Carper	Hatch	Reid
Casey	Hutchison	Roberts
Chambliss	Inhofe	Rockefeller
Coburn	Isakson	Salazar
Cochran	Johnson	Sanders
Coleman	Kennedy	Schumer
Collins	Kerry	Sessions
Conrad	Klobuchar	Shelby
Corker	Kohl	Smith
Cornyn	Kyl	Snowe
Specter	Thune	Whitehouse
Stabenow	Vitter	Wicker
Stevens	Voinovich	Wyden
Sununu	Warner	
Tester	Webb	

NAYS—1

Bunning

NOT VOTING—5

Clinton	Lautenberg	Obama
Inouye	McCain	

The PRESIDING OFFICER. Upon reconsideration, on this vote the yeas are 94, the nays are 1. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. LEVIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CARPER. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SANDERS). Without objection, it is so ordered.

Mr. CARPER. Mr. President, we have just concluded a 2-week recess. We have come back to the Capitol, rested and prepared to get to work on the Nation's business. At the top of the list for most people, at least based on what I heard in my State and likely what Senators have heard from coast to coast, is the desire for us to get to work on the economy. There are other concerns—the war in Iraq, the cost of health care, the list goes on—but at the top of the list is the economy, harking back to the Clinton campaign in 1992: ''It is the economy, stupid.'' It has been for a long time, and it certainly is again today.

During the time I spent in Delaware, I visited a lot of places, including a number of schools. One of the questions a group of young people asked me was, what did I like most about my job. There are a number of things I enjoy about serving in the Senate. I love helping people. We have the opportunity to do that through constituent services and other ways every day. That is a source of great satisfaction. I know it is to the Presiding Officer and others of our colleagues. Among the other things that bring me great joy is from time to time we are able to take folks who have different views on a particular issue and actually pull them together to work as one, to develop consensus around issues.

We need to develop a consensus on a path forward with respect to the housing situation, the meltdown we have seen, especially with subprime mortgages and the threat that meltdown poses to binding together, tightening up and bringing to a halt the flow of money through our economy, through the banking system.

I am encouraged by the vote we just had where 94 Senators voted to proceed to the housing bill. Our Democratic leadership has pulled back and said: We will not try to push forward with five or six actually very constructive elements in an earlier version of our proposal but provide time for Senator DODD and Senator SHELBY to work with others on the Banking Committee and other colleagues who are not on the committee to put together a broader consensus that builds on the package we voted not to proceed to 2 weeks ago. We can do those but more as well.

Let me express my hope that the elements of the package Senators DODD and SHELBY bring back to us include the ability for housing authorities to issue revenue bonds, the proceeds of which could be used to help folks refinance their mortgages, people in danger of losing their homes. I am not interested in rewarding bad behavior, in rewarding investors or bankers who made bad decisions or, frankly, individual borrowers who made decisions that were inappropriate or wrong, where they misrepresented their financial standing. I don't think we want to reward bad behavior. But there are a lot of people in danger. We have some 8,000 people who will have their homes foreclosed on today, tomorrow, the next day, and the next. That is a clear signal to me we need to do something.

We can do some things that will make a difference without breaking the Treasury. Let me mention a couple elements of what I hope will be in the housing package that we might bring back to the floor. One of those is FHA modernization. Some people recall 75 years ago the Federal Housing Administration was established.

People wonder where the 30-year fixed rate mortgage came from. It came from FHA. A lot of people own a home today because their loan was guaranteed by the FHA. My first home loan was guaranteed by the VA for the house I bought when I came back from Southeast Asia at the end of the Vietnam war. Not even 10 years ago, but 5, 10 years ago, almost 20 percent of the people in this country got a mortgage that was guaranteed by the FHA. As recently as last year, that number is down to 5 percent. The FHA oftentimes has helped to insure mortgages of people who have a questionable credit rating, people who were maybe a first-time home buyer for whom a lot of banks were reluctant to provide a mortgage without the guarantee that maybe an FHA or a VA would offer. But FHA-guaranteed mortgages dropped from almost 20 percent of all mortgages a half dozen or more years ago, down to about 5 percent today.

The drop between 20 percent or whatever it is down to 5 percent reflects the number of people who used to go to FHA for help, who today or in recent months and years have instead taken advantage of these adjustable rate mortgages that have low teaser introductory rates that reset after a couple years, that have a clause in them that makes it difficult, if not impossible, or at least very expensive, to refinance the mortgage. Those people are stuck.

There are a couple of million of them who have been stuck with adjustable rate mortgages, high teaser rates that are going up, and finding it difficult to get out of that situation. For those folks who have been in that situation, maybe people with somewhat marginal credit, people who are first-time home buyers, I don't want them to look for adjustable rate mortgages for salvation. I want them to see the FHA as relevant in their lives.

What we need to do is bring the FHA into the 21st century to make it relevant to today's borrowers' needs.

Senators DODD and SHELBY have been working with Representatives FRANK and BAUCUS on legislation we passed in the Senate. The House has passed FHA modernization legislation. I think they are close to consensus. My hope is we can find consensus. And when we take up later this week, hopefully, a bipartisan housing recovery bill, a centerpiece of that will be FHA modernization. We ought to do that. It is something we all agree on, Democrats and Republicans, the President, and, frankly, a lot of people around the country, borrowers and lenders too.

The second piece that ought to be in this package will be the authorization that we would provide for housing authorities throughout the country to issue mortgage revenue bonds, tax exempt revenue bonds, the proceeds of which could be not only used for first-time home buyers, not just for multifamily housing, affordable housing, but also could be used to provide moneys to help people refinance their mortgage, people in some jeopardy. The administration supports that idea. Secretary Paulson testified before our committee in favor of that idea. It is part of the Democratic package that we sought to bring to the floor 2 weeks ago. It ought to be part of the consensus package that we will take up later this week.

There are any number of other good ideas that hopefully will be part of the package. Senator JACK REED from Rhode Island has a very good idea that seems to be acceptable on a lot of fronts, to provide for greater transparency for borrowers as people go to the credit markets to look for mortgages, to make sure they know what they are getting and get a good deal, a fair deal.

Senator MARTINEZ and Senator FEINSTEIN have a proposal. I believe it is one that deals with the appraisals, to make sure the appraisals that back up the homes that are being bought or sold are actually real and not just an appraisal put together, pulled out of thin air because somebody drove by a house and slapped a value on it by looking at it through a windshield.

I think Senator MARTINEZ has another good idea with respect to licensing mortgage brokers. It may not be perfect and is something that can be worked on further, but something along those lines should be part of this package.

Senator ISAKSON has an idea and is actually something I think was done maybe when President Ford was President. Senator ISAKSON's idea is if you have a home—let's say all 100 desks in the Senate Chamber are all homes. There is one for each Senator. Maybe this home right here is in foreclosure, and it is blighting the value of this home and that home and those homes all around it. The folks in this neighborhood would love to have somebody come and live in this home, somebody who is going to take care of that property and maintain that property but also help to maintain the value of the other properties.

What Senator ISAKSON does is provide a tax credit—I think he is saying $5,000 per year—for somebody who comes in and not just buys that home but lives in that home as the owner and the occupier. To the extent they do that, they get a $5,000 tax credit. He suggested we do that over 3 years, which would mean $15,000 for 3 years. That could be pretty expensive. I have suggested to him we try to find a way to bring down the cost of his proposal. My hope is we can do that and include that in the final bill we come up with.

Another idea that has merit is to increase somewhat the appropriation for community development block grants and to say to State and local governments they can use some of the proceeds from this money to take a home that is in foreclosure and do something to prepare it to be sold and to restore the value of that home and to restore the vitality of the neighborhood in which it is now decaying.

In short, there is no shortage of good ideas. Some of them are authored by Democrats and offered by Democrats, and in some cases they are authored and offered by our Republican colleagues. In some cases they are ideas that enjoy bipartisan support. At the end of the day, together they fashion a pretty good package that will help make a real difference, and a difference in not a couple years but literally in a couple of months.

The last thing I would say is, one of the more controversial provisions in the package that came to us actually last month from our Democratic leaders is a provision dealing with bankruptcy and would extend to bankruptcy judges the ability to go in and not only adjust interest rates on mortgages for homes that are in foreclosure or about to go into foreclosure but also to adjust the amount of the mortgage itself.

That has caused a lot of concern about the chilling effect it may have on interest rates for primary homes in the future. I give Senator DURBIN credit. He has tried to amend his earlier proposal to address the concerns—the legitimate concerns—that have been raised. I think he has acted in good faith. I know Senator SPECTER has a little different proposal on this approach. I think Senator DODD has been working along with Representative FRANK over in the House on kind of a variation of an earlier idea suggested, I think, by the head of the Office of Thrift Supervision—the folks who supervise the savings and loan industry—to try to make sure we address the issue of a homeowner whose home is not in foreclosure but whose mortgage is underwater.

I will give you an example. You have a home that has been bought for $200,000. Today the home is worth $160,000, and the person who owns the home is thinking about literally walking away from their mortgage, walking away from their home. You can do that today for about $1,000, I am told, working through a company that will help you walk away from your home mortgage. The person who walks away becomes a renter, and the obligation they have to continue to have to pay the mortgage goes away. You end up with a home that is in foreclosure. The banks do not want to be stuck with those properties. The folks in the neighborhood of the home being foreclosed on do not want that to happen in their neighborhood.

I think Senator DODD and Representative FRANK have a very constructive idea—not a perfect idea but a good idea—that can go forth. It requires some sacrifice on the part of the lenders. It requires some sacrifice and give on the part of the borrowers. But it also leaves them a home in the end, at least, where they still have a little bit of equity and a good reason not to walk away from their home, triggering a foreclosure.

The last thing I will mention—this is an idea that is not new, but we have been hearing testimony about this for a couple years—we have three major Government-sponsored enterprises, not counting Ginne Mae, but three major Government-sponsored enterprises whose job it is to help raise money and to provide liquidity and safety for the housing market in this country. One is Fannie Mae, another is Freddie Mac, and the third is a little bit different kind of an animal called Federal home loan banks. There are about 12 of those throughout our country.

The way we buy homes has changed a whole lot over the years. When I bought my first home in Delaware, I went to a bank. They agreed to make the mortgage. I borrowed the money. I think it was about $40,000. They borrowed the money and they held my mortgage. They held my mortgage, and every month they would send me a statement, and I would send them a check to make my payment. They held the mortgage for years and years and years.

It does not work that way anymore. Today you go to your local thrift or bank, and they make a mortgage to help a person buy a home, and the bank may decide to hold the mortgage. They may decide to service the mortgage. But in most cases, they don't. In a lot of cases they turn around and they sell the mortgage to Fannie Mae or Freddie Mac. Fannie Mae and Freddie Mac are huge financial institutions. They package these home mortgages together

from all kinds of financial institutions that originally made the mortgages from across the country, and they put them together into investments called mortgage-backed securities, and those mortgage-backed securities are sold to investors all over this country and all over the world.

The problem with the mortgage-backed securities is when you have a drop in home values, you have a problem with homeowners, borrowers not making their mortgage payments. When you have a problem with the underlying homes that make up these mortgage-backed securities going into foreclosure and mortgage payments not being collected, the value of those mortgage-backed securities drops. The companies, the investors who are holding those mortgage-backed securities are getting into trouble, and we have a situation where liquidity in our banking system begins to dry up.

When the liquidity in the banking system dries up, two things can help start a recession. One of those is that when people think we are going into a recession, it can be a self-fulfilling prophecy because people stop spending money. They stop spending money and, lo and behold, we have a recession. Another way we have recessions is that the banking system stops working. They stop making loans. Liquidity is sort of like the blood in our veins. The liquidity goes away in our financial systems and our economy. That is part of what we face today.

The two entities that do the most in terms of trying to make sure we continue to have liquidity in our banking system are Fannie Mae and Freddie Mac when they buy these mortgages from banks that have made mortgages to individual borrowers. Then they package these mortgages. Sometimes they sell them around the world. Sometimes they hold those mortgage-backed securities in their own portfolio. In some cases, the folks at Fannie Mae or Freddie Mac, I guess, actually hold individual mortgages for a while. They do some of that as well.

The problem with Fannie Mae and Freddie Mac is, they have run into trouble in the last couple years because they do not have a very strong regulator. They do not have a strong, independent regulator. We have held many hearings for a couple years trying to figure out how we provide a strong, independent regulator and at the same time make sure Fannie Mae and Freddie Mac do not repeat the sins and mistakes of their past few years. How do we do that in a way and at the same time create an affordable housing fund much as we have with the Federal home loan banks?

My hope is—if not in this package that is, hopefully, going to emerge from these discussions in the next day or two—in the next week or two, maybe month or so, the Banking Committee can move together and report out a consensus package on regulatory reform to provide a strong, independent regulator for Fannie Mae, Freddie Mac, and the Federal home loan banks. That would be another good thing for our country and for those of us who want to buy homes and sell homes.

Let me close with this: Going back to the beginning of the year, as our economy started to slip into what may be a recession—and we will find out in another quarter or so if it really has been a recession—as we began to slip, the Federal Reserve, actually starting last fall, began to use its monetary powers, first of all, to lower the Federal funds rate—the rate at which banks charge one another for lending money between themselves at the end of every day—they started lowering the Federal funds rate rather dramatically—in fact, more dramatically than I have ever seen in my life.

The Federal Reserve has made it possible to encourage more banks, more financial institutions, regular financial institutions, and even investment banks to come to the discount window to borrow money to meet their problems. The Federal Reserve has gone so far as to even help make possible for JPMorgan Chase to come in and take over Bear Stearns so it would not collapse into bankruptcy and trigger maybe an even worse situation.

While the shareholders of Bear Stearns have taken a shellacking—I think they ended up getting about $2 per share for their stock; Bear Stearns' stock had been valued at over $100 not long ago—the shareholders took a loss, but at least it did not cause sort of a domino effect in a failure of our financial system. The Federal Reserve has been involved in that.

The Federal Reserve has been willing to take from financial institutions their mortgage-backed securities and replace them with Treasury securities to put some liquidity back into the banking system. The Federal Reserve has been terrific. It has been very helpful in terms of putting liquidity back into the system but also raising the confidence of consumers, the confidence of our constituents, and us too. So that is one that has happened.

The second thing we have done, Congress and the President working together, is we have agreed, about 2 months ago, upon a stimulus package. Is the stimulus package one I would have written or maybe the Presiding Officer would have written? Probably not. But on balance, it does more good than bad, and we expect to see a boost in our gross domestic product in the second half of this year of maybe 1, 1.5 percentage points. That is going to be a nice lift to the economy as we struggle to either shorten a recession or to abridge one altogether.

The third piece that is still waiting to be done—after the Federal Reserve has acted in the variety of ways I just described—after the effect of this stimulus package begins to kick in, the third thing that needs to be done is we need to take up and develop and pass and send to the President a consensus housing recovery package.

The elements I have described already enjoy support, in most cases, from Democrats and Republicans, including the administration. A lot of the ideas have merit. My hope is we will have, in the next day or two, the opportunity to debate those individual proposals. For folks who want to amend them, in some cases strike them, in other cases to add new provisions, terrific. That is the way this system is supposed to work. That is the way this place is supposed to work.

My hope is in a very short while we will be gathered on this floor offering amendments to the package that Senator DODD and Senator SHELBY and our staffs are going to be working on to get things going, to get things done. The people of my State did not send me here to just talk about our problems. They sent me here to do something about them. We have a great opportunity to take the next step, I say the third in a trilogy of steps, that will help get our economy out of a ditch and hopefully head in the right direction.

The best thing that can happen is we can demonstrate to people in this country that Democrats and Republicans, in an election year, can set aside our political differences and figure out the right thing to do to help stabilize the housing situation and put us on the road to recovery. That is going to lift the spirits of a lot of people and give our friends in the media a different kind of story to report—not the story they report day after day after day, a drumbeat of all the things going wrong in this county, but to start reporting some things that are going right in this country. As those more positive, uplifting, inspirational stories begin to appear, recessions have a way of turning into recoveries. That is exactly what we need right about now.

Mr. President, with that, I do not see anyone else waiting to speak on the floor, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHUMER. Mr. President, a few minutes ago I attended a little press briefing with Senators REID, MCCONNELL, DODD, SHELBY, and other members of both leadership and the Banking Committee. It was a very good meeting because, at the meeting, Senators REID and MCCONNELL empowered Senators DODD and SHELBY to get together and try to come up with a compromise housing package. That is the best news we have had in this housing crisis in weeks and weeks. The eyes of America are looking at the Senate and saying: What are you going to do about the housing crisis?

Since we last adjourned, we have had a near meltdown on Wall Street. Since we last adjourned, new numbers have come out that show thousands more are losing their homes weekly. Since we adjourned, we have seen buying power is down for the average person and housing values are down.

For most people, housing is their piece of the rock.

That is their largest asset. When they are worried about their home, they are worried about everything. When the middle-class consumer gets worried, the economy catches cold, and that is what has happened.

Yet for weeks and weeks the Senate has been paralyzed in terms of doing things about housing. We were very quick—the Fed—to go rescue Wall Street, and they were looking down the abyss. I don't think they had any choice. I was supportive of that. But I am not supportive of a bifurcated policy that says when a major financial company gets in trouble, we rush to their aid, but when John and Jane Smith homeowners have trouble, we say: You learn. You are a moral hazard. If we help you, then everyone else will not repay their mortgages. First, the argument is unfair. John and Jane are probably more blameless than many of those who undercapitalized Bear Stearns and played it right at the edge. Second, this moral hazard argument makes no sense. The statistics show that when a homeowner owns his or her home, when a family owns their home, they do everything to repay that mortgage. They don't go on vacation. They don't buy the new suit of clothes for the kid who is starting school. They cut back on what they eat. That nice Friday night out at the local restaurant which the family looks forward to goes, all so they can pay their mortgage. So this moral hazard argument that if we help people who are blameless makes no sense.

Let me tell my colleagues about a typical person who has suffered foreclosure. I met many of them. I actually sat down and talked to some of them from New York. So that my colleagues can understand, these great thinkers up in their ivory towers, the conservative think tanks, who are saying: You better learn your lesson, don't even know what is going on. Let me tell my colleagues about Frank Ruggiero. He is a retired subway motorman. He lives in Ozone Park, Queens. His income is—I should say was, because Frank passed away a month ago, but that doesn't have anything to do with the story. Frank had a good pension. His union, TWU, provided him a good pension of $28,000. His Social Security was $11,000, and he had a nice little house in Ozone Park, a working-class neighborhood in Queens, New York City, that was worth—he had paid 16 years of a 30-year mortgage. He hadn't missed a payment, as most homeowners have not. They pay whenever they can.

Frank got diabetes. His health care plan would not pay for the treatment the doctor said he needed, and he was desperate. So Frank saw an ad in the newspaper and it said: ''Get quick cash. Refinance your home.'' He called up the number and a mortgage broker came over. This mortgage broker is unregulated. He didn't come from a bank. He was an independent operator. That is where most of the trouble was, from these unregulated mortgage brokers. We are not dealing with that in this bill, but we should in a future bill. A bill I have introduced would deal with this issue. Anyway, he asked the mortgage broker: Could I get $50,000? He said: Yes. And Frank asked the right question. He said: How much will my mortgage go to? The mortgage broker said: It will go from $1,100 a month to $1,200 in January. Well, Frank thought, I can afford that, so he signs the mortgage deal.

Let me say three things about what happened to Frank. Frank is typical—typical. His mortgage did go up to $1,200 a month the next January, but the following January, it went up to $3,900 a month. Frank's income was $39,000. A quick calculation will show that $3,900 a month is more than Frank could pay. If he didn't spend one nickel for food, clothing, health care, and everything went to the mortgage, he still wouldn't have enough.

Why? Was Frank defrauded? No. On page 37 of this 50-page mortgage document, it did say the mortgage would go up, but it didn't say so in a language you or I would understand, only that certain things would happen after this, that, and the other. I think if you read it—and I read it—it was deliberately disguised. So there was no fraud. There should have been, but our laws for mortgage brokers don't say it is fraudulent to sell somebody a mortgage that is beyond what they can pay.

The second point: Of the $50,000 Frank was supposed to get, guess how much he got. He got $5,700. You say: $5,700, how could that be? Because in that disguised mortgage document, it said the broker would get a commission. What it didn't say is the broker's commission from a mortgage company, also unregulated, also not a bank—the higher the interest rate the agent got Frank to sign for, the greater the commission. If it was a no-document loan, which this was no documents—another story for another day, and I will be back on the floor this week, if we are able to debate this bill, and talk about all these things because I have studied this issue and I have been working on it for a long time. It was a no-doc loan, an absurd concept; how investors bought no-doc loans is again something we have to look at. But he got an additional commission for that.

Then there was a prepayment penalty. If somehow Frank would prepay this ludicrous mortgage, there would be a big penalty to prepay. When should that ever happen? Those should be outlawed.

So this guy got $22,000, the mortgage company got points of $11,000, way beyond what any bank would charge or would be allowed to charge. Between the appraiser, the lawyer, and everyone who came with the package, they all took their piece and Frank got $5,700, all because of the structure of the mortgage company. You say: Well, what about the mortgage broker? He is probably off in the sunset on his yacht with all the $22,000 he made from duping the Franks of the world. Where is the mortgage company? It is bankrupt. Frank is stuck.

The third point: Frank was a prime borrower. He had a FICO score somewhere around 700. He had paid his mortgage payment religiously for 16 years. He had never missed a credit card bill. Frank was one of those old-fashioned people who believed you pay your bills, so he was a prime borrower. Sixty percent of those who have subprime mortgages in or about to go into foreclosure are prime borrowers. They pay their loans. They are not trying to gyp anybody. It is a disgrace. The sad fact is if Frank hadn't answered that ad but had walked into a local bank, because they are regulated, they would have said to Frank: You need $50,000? Fine. We will sign you a new 30-year fixed-rate mortgage and that will cost you $1,500 or $1,600 a month instead of $1,100. That would have been a stretch for the Ruggiero family, but they would have made it. They would have signed it and he would have gotten his money and his treatment.

What are we saying, that Frank should be punished for what he did? I ask some of those ideologues from the think tanks and even from the other side of the aisle: What did Frank do wrong? What did Frank do wrong? What harsh lesson are we going to impose on the Franks of the world, and what will anyone else have to learn from them? So the moral hazard argument makes no sense.

We have to do something. Now, what this bill contains is something Senator BROWN and Senator CASEY and myself and, with Senator MURRAY's help, have been working on for a long time, where somebody on the ground today could go to Frank, if Frank were alive, but to people similar to Frank, and they could help him rewrite a new mortgage that he could repay and he wouldn't lose his home. Now, after 6 months of the administration opposing and opposing and opposing, Senators BROWN and CASEY and I, again with Senator MURRAY's help, were able to get $180 million into the omnibus budget bill at the end of last year. Guess how much of that has been used. Mr. President, $160 million already, after about 6 weeks, 7 weeks since it passed. We need more. To me, the most important part of this bill, with a lot of good provisions, is the money for the mortgage counselors. Not because it is a great, heroic thing to do, not because it dramatically restructures our economy—these things are needed—but because it saves people's homes. It saves the Franks of

the world, their little piece of the rock, which they struggled so hard and long to own and to keep. So we proposed another $200 million. To be honest, we need $500 million. To compromise with the other side—they hate all Government spending, some of them—we have said $200 million.

Then, when the mortgage counselor came around, you would still need money to refinance the mortgage. That is why there are provisions for mortgage revenue bonds in the proposal. There is also a proposal for CDBG money. That seems to raise the ire of some: Government money. Well, let me say what the CDBG money will do. The houses that are already foreclosed upon and are vacant are cancers on neighborhoods. Let's say you are a homeowner anywhere within a tenth of a mile of a home that has suffered foreclosure; a vacant home in your neighborhood brings the home values down 1 percent, each vacant home. So a totally innocent person suffers. No moral hazard here. You could have paid your mortgage off and you are hurting because there are foreclosures. What this provision will do is allow the State, the local governments, to buy up that foreclosed home, fix it up, and sell it. Isn't that a good thing or are we again going to stay in our ideological ivory tower and say: That is the Government spending money. Of course it is the Government spending money. We spend money for soldiers. That is an external cost. Foreclosed homes are also an external cost. So this is a good package.

The final provision is a bankruptcy provision which I support and I hope will stay in the bill. I know it is controversial. But Senator DURBIN has wisely modified it. The argument against it is it would raise interest rates because people would build in the cost of the lower repayment once somebody was in bankruptcy into the original cost of the mortgage. So what Senator DURBIN did in an effort to compromise is actually say it will only apply to existing mortgages, not forward-looking ones, not ones that are going to be signed tomorrow. So it can't affect future mortgages. So these are five good provisions.

Now, I wish to say to Senator MCCONNELL and Senator SHELBY, and I think I speak for just about every one of us on this side of the aisle: We welcome additions. We welcome discussions. Senator JOHNNY ISAKSON, of Georgia, has a provision about tax credits for first-time homebuyers that might encourage the housing market to get going again. I think it is a good provision. I praised him while we were on break. Senator ISAKSON should get to offer his amendment.

There are many other amendments. Senator CARPER worked diligently to see that FHA reform comes forward. Senators DODD and SHELBY are close. The only disagreement, as I understand it, is over what the limits should be. The administration and some of us, including Senator DODD, support $740,000 approximately, and SHELBY says $400,000. I cannot believe we cannot work that out. I say to Senator SHELBY that in places such as Long Island, where the average home costs about $450,000, we don't even cover half of the homes right now. It was always intended that about 80 percent of the homes be covered—not just the very wealthy but middle class and down. Hopefully, they can come to a compromise on that.

Anyway, this is good news. I know what happened. Two weeks ago, when we proposed the same thing, we were blocked. I talked to some of my colleagues on the other side of the aisle who wanted to put a bill together. They said there were some who said the only debate we should have on this is to reduce the estate tax or make permanent the Bush tax cuts. With all due respect, neither of those has anything to do with solving the housing crisis, whatever your view is.

Then something happened. We had a meltdown on Wall Street and all these new housing figures I mentioned during the 2 weeks we were away. I am glad to see that the minority leader and others have now seen, hopefully, the price for inaction, the price for a narrow ideological commitment—no Government, as our economy goes down the drain.

I am hopeful, and I pray that the negotiations that are going forward right now between the Chair and ranking member of the Banking Committee will bear fruit. Let us hope we can spend the rest of this week far more productively than we spent the last week here in session. Let's hope we can debate housing. Let us hope we can help the Franks of the world, who have done nothing wrong and need help. When we help the Frank Ruggieros of the world, we help our economy gradually get better.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ISAKSON. Mr. President, I am delighted to come to the floor today to praise the Senate for the most recent action in approving the motion to proceed on the issue of the day in America, and that is the housing crisis, the mortgage crisis, and what has been happening to our homeowners, mortgage companies, and our communities.

I pay particular attention and thanks to HARRY REID of Nevada, the majority leader; MITCH MCCONNELL of Kentucky, the minority leader; CHUCK SCHUMER; LAMAR ALEXANDER; JOHN ENSIGN; CHRIS DODD; RICHARD SHELBY; and a host of Members who came together, and instead of agreeing to disagree, agreed to agree and set a platform from which this Senate, in only the way the Senate can do it, can deliberate the most pressing issue of the day.

I thank them for incorporating and including me in those discussions, and I want to share one of the things I shared with them and what I think should be a key part of any solution we offer on behalf of the housing market and the mortgage crisis.

One of the good things about getting older—and I am 63—is that you have had a lot of experience, hopefully all of it good, but it is not all good. I was in the real estate business for 33 years before I came to the Senate, and I was in it in 1974 when we went through one of the worst housing recessions ever. I was also in it, thank goodness, in 1975 when a Democratic Congress and a Republican President, Gerald Ford, brought forward a tax credit bill to stimulate the housing market.

In 1975, we had a similar problem. We had gone through a period of easy credit and lousy underwriting, except it wasn't on the mortgage side, it was on the construction loan side. At banks around the country, if a guy came into the bank and had a pickup truck and a hammer, he qualified as a builder, and he went out and bought a lot and started building spec houses. Banks made the loans and even advanced some of the development costs. Some A and D lenders would loan 100 percent of the cost of the acquisition and 20 percent of the development—crazy underwriting. It led to a plethora of new houses being built but no buyers for these houses. The United States found itself in the position of having a 3-year supply of standing new inventory on the market and no buyers.

What happened? Values started declining, grass started growing, and vandalism started taking hold on the vacant houses. It was a horrible situation. The President and Congress came together and said: Why don't we stimulate the market to absorb these houses, get the buyers back into buying houses. We passed a $2,000 tax credit to any family who bought and occupied as their principal residence a single-family new house that had been built, not a resale or any other house, but a single-family new house that had been built and standing in inventory.

We passed that $2,000 credit which, to give some idea of perspective, was about 8 percent of the value of an average house at that particular time in the marketplace. What happened is overnight, buyers sitting on the sidelines came out. They bought the standing houses that had been vacant and unseen for months. Housing values stabilized and began to go up, the economy turned around, and we went out of a recession, into prosperity, absorbed the inventory, and we did not bail anybody out. We just motivated homebuyers to do what they do best, and that is buy the designated houses which were the problem.

Two months ago, I introduced a similar bill based exactly on that experience, except instead of $2,000, it was a

$15,000 tax credit earned over 3 successive years, the first 3 years after the purchase, of any one of a category of three types of houses:

Category No. 1, a new house built unsold, vacant, and permitted prior to September of last year. Any builder in America who permitted a house before September of last year did so when times were good. There was no looming indication we were going to get into the problem we are in now. They got caught like a lot of these homeowners and junk mortgages got caught, subprime mortgages.

Second, a house that qualifies is a house that has been foreclosed upon, the foreclosure has been adjudicated, and it is owned by the lender or the lender's designated agent. That is a standing vacant house foreclosed on and up for resale.

The third category is any house in foreclosure pending adjudication. That means it is being advertised, a foreclosure notice has been posted, and the house will be foreclosed on but has not yet.

Any one of those three types of houses, which is where the growing inventory is, will be eligible for the buyer to earn a $15,000 tax credit allocated over the first 3 years in which they occupy the home. If it is a speculator in foreclosure, it does not qualify. If it is a speculator who is trying to buy, they don't get the tax credit. This is to stimulate houses being bought that are in trouble, owner occupied by principals who bought those houses, and it qualifies for people who will buy those houses, refinance them, pay off the loan, and live in them as their residence.

What is going to happen, if the Congress is able to come together and pass a tax credit proposal such as that, is we will instantly stimulate the housing market and the marketplace, and the consumers will begin absorbing the standing inventory that is in foreclosure or pending foreclosure or is new and has been sitting since September of last year. That is precisely where the problem is. That is precisely what needs to be absorbed.

There are a few people who said: What about people who have been making their payments and are not in trouble; why don't you get the credit for buying their house if they want to sell it? That is not where the problem is, No. 1. No. 2, they are suffering from all these vacant houses being out there as well because housing values are declining, appraised values are declining, equities are shrinking, and equity lines of credit are drying up. We need a focused, targeted absorption vehicle to see to it that the buying public solves our problem for us. That is the right way to do it.

One other feature of the proposal is the tax credit will only be available and able to be earned on a purchase of a designated property made between April 1, 2008, and March 31, 2009—a 1-year window of opportunity. That creates the urgency of the situation, it motivates people to get into the marketplace or lose that opportunity, and it will be a significant catalyst to the marketplace, solving a significant problem for the United States of America.

I encourage my colleagues on the Banking Committee. I appreciate their consideration of this proposal and this concept. I hope that when the bill comes to the floor either in the base bill or in the amendment process, we can address a past solution that worked and add it to a contemporary problem that was identical to what the problem was in 1974 and 1975.

I end where I began. I thank my Democratic friends and my Republican friends who came together and decided to make something work rather than figure out how we can just be against one another. Senator SCHUMER has been a catalyst in this effort, Senator ENSIGN, Senator ALEXANDER, Senator REID, obviously, Senator DODD, and Senator SHELBY. I pay tribute to Senator TOM CARPER who talked with me over weeks about the proposal I just discussed and finding some way to bring it to the floor of the Senate and get it out there so we can address the problems that exist in Delaware, Missouri, Georgia, Nevada, and in all the 50 States over the United States of America.

I am privileged to be the author of the amendment. I will be proud to be part of a team that does not want to take credit but wants to get something done, put together a bipartisan bill that addresses the most contemporary problem today in the United States of America, and that is the housing crisis.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. MCCASKILL). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INHOFE. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INHOFE. Madam President, I ask for the regular order. Are we in morning business?

The PRESIDING OFFICER. The Senate is considering a motion to proceed to the housing bill.

Mr. INHOFE. I ask unanimous consent that I be recognized for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

AFRICA

Mr. INHOFE. Madam President, on February 6 of 2007, the administration announced their intention to create a new unified command, the United States African Command, or AFRICOM. The U.S.-Africa command is a partnership between military and civilian communities that will focus on existing programs such as the training of peacekeeping forces that enable African nations and regional organizations to improve security on the continent. The National Security Adviser, Stephen Hadley, said:

> AFRICOM is a command that would be established for Africa . . . It would be a partnership, really, between military and civilians, and its principal focus would be to continue some of the activities that we are already doing to try and train peacekeeping forces so that countries in Africa and regional organizations in Africa can take more of a role in dealing with the conflicts and the problems on the continent.

It is ironic that we have these COMs, these commands all over the world. Yet Africa is divided into three commands: the Pacific Command, the European Command, and the Central Command. Africa has now become, in my opinion, the most significant continent that we need to pay more attention to.

I think I am uniquely qualified to talk about this. Two days ago, I made my 97th African country visit. The last country we were in this last week—there were some five countries—was Ethiopia, a very significant part of it.

I also started my efforts in Africa long before we had a lot of military interest in Africa. Mine was more of a mission type of thing. I became very familiar with all of Africa. I now have had an opportunity to sit down and visit personally and develop intimate relations with the Presidents of some 28 African nations, their Parliaments and many of the leaders there.

As a matter of fact, I was in Ethiopia 7 years ago, when we came upon a little girl. She had nothing. The little girl was an orphan. She was 3 days old. She wasn't healthy—didn't look like she would live at all. They put her into an orphanage, where they did the very best with what they had. Like so many orphanages, she was actually put in a bucket. They had this cute little girl in there, feeding her intravenously through her scalp at the time.

Anyway, there is a long story that goes with that, but the short version is my wife and I have been married 48 years and have 20 kids and grandkids and one of our daughters, Molly Rapert, had only boys. She wanted a little girl so she adopted this girl. This is my adopted African granddaughter.

It is kind of funny. She was found abandoned as an orphan in Addis Abba, in Ethiopia. Yet this little girl has turned into quite a genius. In fact, 3 weeks ago at the National Prayer Breakfast I was in charge of the African dinner. I say to the Presiding Officer, this little granddaughter of mine was the speaker that night—7 years old. I have more than a passing interest in Africa. It is a family interest too.

During my time on the continent, I have seen the significant and strategic place in the world that Africa holds because of the sheer size of Africa. People don't realize, if we go from Mauritania to Ethiopia, east to west, it takes 7 hours flying. If you go from north to south, from Cape Town up to Algeria, it is 9 hours. It is a huge continent.

The rest of the world is now realizing its importance. I think our timing is very good. It is only a year ago that we embarked upon this idea that we were going to be holding up Africa and supporting it. A lot of people don't realize the significance of Africa, that Africa is the area where, as the squeeze takes place in the Middle East on terrorism, a lot of it goes down through the Horn of Africa, through Djibouti and that area, and spreads out throughout Africa.

Other countries are realizing how important it is. They are doing something about it. The new French President, Sarkozy, said during a recent trip to South Africa that Africa should have at least one permanent seat in the U.N. Security Council and that France would no longer accept major world affairs being discussed without a leading African country being involved.

There are many countries, such as China, expanding influence in Africa. I can tell you that, as you go through Africa, anything that is new and shiny—a bridge, a colosseum, anything such as that that is given to them by China. China is trying to get a foothold there.

China has the same problem in its dependency on outside sources for oil as we do. They are beating us to some of these areas in Africa. Huge reserves are being developed in Africa. All that is very significant.

Currently, over 700 Chinese state companies conduct business in Africa, making China the continent's third largest trading partner. The United States and France are first and second.

I have also seen, in my many travels to Africa, the great strength and perseverance in the African people, in their fight to overcome great obstacles such as HIV/AIDS, malaria, poverty, wars. In order to achieve security and stability, we have to work to eliminate the root causes of poverty and poor governance. Fighting terrorism in the region has become critical. Examples of terrorism we remember—it was not too long ago the bombings of our embassies in Tanzania and in Kenya and more recently the bombings in Morocco and Algeria. African countries have become more vulnerable as al-Qaida has infiltrated into the Horn of Africa.

As the surge is working—yesterday after leaving Africa, I went to the European command and looked at the progress we are making. We were, yesterday afternoon, in Iraq. Good things are happening there. The surge is clearly working. As the surge works, what happens is, as I described, a lot of the terrorist activities go down into the most convenient place and the most vulnerable and that is the continent of Africa.

It has been reported terrorist networks in Somalia and Eritrea work together, increasing their capability. If you go into northern Uganda—this is something very few people know about. Everyone knows about the problems in the Sudan and many of the other areas of Africa. But how many people know the children's Army being developed by a man named Joseph Kony. The LRA, the Lord's Resistance Army, for 30 years now they have been taking kids out of villages, little 11-, 12-, 13-, 14-year-old kids, teaching them to be soldiers. Once they learn to be soldiers, they have them take an automatic weapon and go back to their villages and murder their family. If they don't do this, they maim them, they cut their ears and lips off. This has been going on for a long time. These horrible things are going on, and a lot of that is because we, the free world, have not given our attention to Africa that we should have a long time ago. We see the conflicts in Kenya taking place right now, the young democracy that has unfortunately exploded into tribal conflict. More than 1,000 people after the December election were killed. Last month, there were 500 European Union troops who were sent to protect Chad's capital from being taken over by the rebels; 3,700 EU troops are presently protecting thousands of refugees along Chad's border with Sudan as well as the neighboring Central African Republic. In February, the United Nations ordered its regional force to withdraw to Ethiopia after the Eritrean Government cut their field supplies.

Let's keep in mind it was Eritrea, when we had the problem in Somalia, that went down and sided with the terrorists. It was, of course, Ethiopia that joined us, as well as other countries such as Uganda and Burundi.

The United States has a long history offering support, helping establish security on the African Continent. Thomas Jefferson was the first President to send American troops to the coast of Africa to ward off the Barbary pirates plaguing the Mediterranean and threatening the security of Europe and the new colonies. This is kind of funny. That was Thomas Jefferson. Today the same thing is happening in the Sea of Guinea. They have new discoveries of oil so there is pirating going on, and we are over there trying to help the surrounding countries defend themselves. This command is going to go a long ways toward doing that.

We continue to support African nations in the area for security and stability and health and education initiatives. In 2003, the United States helped to bring stability to Liberia. In Djibouti, the Combined Joint Task Force for the Horn of Africa has been involved in developmental activities, including building schools and digging wells. I have had occasion to be in Eritrea several times. It is probably the least known country in Africa. It is becoming better known because of all the atrocities that are taking place there. The administration recently pledged $15 billion through the President's emergency plan for AIDS relief and significantly is contributing to the fight on AIDS.

People complain: Why are we spending money to help Africans on HIV/AIDS? That is their problem. They are dealing with their problems themselves.

I had occasion last week to be with the First Lady of Zambia. The First Ladies all throughout Africa are the ones who are doing the most to combat HIV/AIDS. The First Lady of Zambia has put together a group of First Ladies who are significantly having an impact. President Gbagbo's wife Simone in Cote d'Ivoire is very actively attacking the problem there. Janet Museveni in Uganda has been honored in the United States for her work on HIV/AIDS. Most recently, the one I think is really doing the best job is the wife of the Prime Minister of Ethiopia. Prime Minister Zenawi's wife Azeb is heading up a group that is having great positive impact on HIV/AIDS. So they are helping themselves.

The United States is partnering with African countries in effective programs such as IMET. I am on the Armed Services Committee, and it is one of the strongest programs we have to develop close relations with other countries. It is a military program where we invite the officers to come over and get trained with our officers. Once they are trained with our officers, that develops a bond that stays there from then on. If we don't do it, other countries such as China are willing to.

We have dramatically improved our train-and-equip sections so that we can help commanders in the field train and equip other countries. Primarily, my concern is in Africa, and that is happening. Those programs are proving to be vital resources by aiding developing countries in the professionalism of their militaries.

Africa is an avenue that the United States can use to aid Africa as it continues to grow into a secure democratic continent with a growing economy. Africa's challenges, its growing strategic significance, and the potential impact of failing states and ungoverned areas on U.S. security will require increased emphasis on interagency cooperation.

Currently, the African Continent is divided between three commands. You have the Pacific Command, the Central Command, and the European Command. The division of responsibilities has caused problems in coordinating activities and creating seams between commands, especially in key areas of instability or of conflict. One seam creating difficulty lies between Sudan—under the CENTCOM, or the Central Command—and Chad, immediately adjoining it, and the Central African Republic. The last one is under the European Command. They are right next to each other but under two different commands. Bureaucratically, it is a nightmare; you can't coordinate activities.

The recent conflict in Chad and the continuing conflict in Sudan emphasize the need for the United States to respond to these conflicts and to be unified. As AFRICOM becomes operational, these divided responsibilities

will no longer exist. It is set up to be operational by October of this year.

We have a great guy who is going to be commanding general. He has already been confirmed, GEN William ''Kip'' Ward. Kip Ward's military service includes tours all over the world but with a real emphasis and interest in Africa. He was confirmed by the Senate in September. General Ward has expressed a vision of hope for Africa and for the role the United States plays in that vision. General Ward believes in the need to address crisis situations before they arise and to address them at the microlevel, at the perspective of the individual victim, which is critical in bringing about solutions. AFRICOM's aim will be a preventative approach on the local level, giving hope in times of adversity and a way forward for the future in both security and development. General Ward is the right guy for the job. He has stressed that the purpose of the command is to enable African solutions to African challenges, to support African leadership rather than usurping or suppressing African leadership and sovereignty. This is very important.

It was the right military decision for us in the United States to become interested in helping Africans develop five African commands. These would be north, south, east, west, and central. Only two of the locations have been determined right now. But we make it very clear to Africa, we are not doing this. We are not the ones who are putting the brigades in there. We are helping them to put their own brigades there so they can take care of their own problems.

In Somalia, African countries such as Ethiopia, Burundi, and Uganda have sent in troops to help stabilize the government there. We couldn't have done that without the support of Africans. The African Union troops have recently arrived in the Comoros Islands near Madagascar to help its military regain control of an island where a renegade leader has declared himself President. The development of the African standby brigades is a good example of how we are helping them to help themselves.

So AFRICOM is expected to become fully operational the first of October 2008. It is going to be at least temporarily located in Stuttgart, Germany. My personal preference would be to have it someplace in Africa. Right now, there is some resistance to that, so we will keep it in Stuttgart for the time being.

In fiscal year 2008, Congress appropriated $75 million to the command, and in fiscal year 2009, the President has requested $389 million. I know this sounds like a lot of money, but I can't think of anyplace where we can actually save money more than by helping the Africans build up themselves and bring their allegiance in to us. We have to support AFRICOM with adequate funding to enable the command to be fully equipped to face the challenges they have only in Africa.

I already introduced a resolution that is S. Res. 480. I am joined by about 12 or 14 Members. I invite my friends from both sides of the aisle who have a heart for Africa and believe in what we are doing to join in this resolution. The resolution encourages the Department of Defense and the State Department and USAID to work cooperatively with our African friends to bring hope to the continent. So often, when you try to put together a program such as train and equip, the State Department seems to think that the Department of Defense is taking away some of its power. It becomes a turf battle. We don't want that to happen. It looks as if it will not happen in this case. The resolution emphasizes that AFRICOM is expected to support, not shape, U.S. foreign policy in Africa so that we would be working together.

Finally, I encourage my friends in Africa to work together with AFRICOM to find solutions to issues facing Africans today. Under General Ward's leadership, I believe AFRICOM can provide that hope to the people, and I believe that is going to happen.

I was in a Stuttgart meeting, the first official meeting of a Member of Congress with the new African Command or the new AFRICOM. I became convinced, looking around the table at all the people, this is the first time you see many of the bureaucracies sitting around the same table. This didn't happen before because it was not a unified command. This unified command will allow that to happen.

There is no place in the world that needs more attention by us right now. When you talk about the war on terror, the next area we will have to concentrate on is Africa. By taking these steps now, Africans will be prepared to handle their own problems and not have us do it for them.

I am very pleased with the successes we have had. We have been talking about a new African Command now for about 10 years. Finally, it will become a reality this year.

We need to encourage a lot of people to start participating, maybe to the same level I am participating with the country of Africa. It is a beautiful thing that is happening right now. I believe we are going to make great progress as a result of the African Command.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

HONORING OUR ARMED FORCES

STAFF SERGEANT KEITH ''MATT'' MAUPIN

Mr. BROWN. Madam President, this weekend the Department of Defense confirmed the death of SSG Keith ''Matt'' Maupin, an American patriot from Batavia, OH, near Cincinnati, who bravely served our Nation in Iraq. Sergeant Maupin had been listed as missing and captured for nearly 4 years. He went missing on April 9, 2004, after his fuel convoy, the 724th Transportation Company, was ambushed just west of Baghdad. Since that tragic day, Sergeant Maupin's mother and father, his family, have worked tirelessly to locate their son. My prayers are with them, those who have endured years of gut-wrenching uncertainty and unfathomable heartache. We owe this family a tremendous debt of gratitude, not only for their extreme sacrifice but for their determination to prevent other parents from experiencing an information vacuum when their deployed son or daughter goes missing.

There are three other soldiers currently missing and captured in Iraq. The nightmare is not over for their families. On their behalf and in honor of Sergeant Maupin, our Nation must find those soldiers. Time must be perceived as the enemy. There can be no pause in the search, no ebb in the sense of urgency.

Upon finally hearing news of their son a few days ago, Sergeant Maupin's father said:

> Matt is coming home. He's completed his mission.

His words echo those of a grateful nation.

THE HOUSING CRISIS

Mr. BROWN. Madam President, for months and months almost every newspaper in the country has been filled with stories of the tremendous toll the housing crisis has taken on communities across our Nation. My State set an unenviable record for foreclosures last year—more than 83,000, according to Ohio's Supreme Court. That is more than 200 every day of the week—Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, and Sunday. Every week 1,500 families lose their homes. Almost 4 percent of all home loans in Ohio are in foreclosure, the highest rate in the Nation. The end is nowhere in sight.

In Ohio, there are another 120,000 home loans that are delinquent. Nationally, one rating agency is now predicting a 50-percent default rate for subprime loans made in the fourth quarter of 2006, many of which will reset in the fourth quarter of this year. Think about that. One of every two subprime loans made in the fall of 2006 will go bad. That is not lending, that is gambling with someone else's home.

In the face of this crisis, the Bush administration has largely taken the view that prosperity is around the corner; the Government need not do anything; voluntary efforts and market forces will be enough. Last summer and earlier in the year, the Bush administration was still arguing that the problem was contained. So long as the problem was contained to places such as Ohio and Michigan, to Nevada and California, the administration was content to do almost nothing. But what a difference an address makes. When the problems moved from America's Main Streets to Wall Street, the administration sprung into action. In a single weekend, the executive branch jumped to rescue the investment bank Bear Sterns from bankruptcy. If the Government can leap into action to prevent the bankruptcy of a single bank, how can we turn our backs on the tens of

thousands of Ohio families and the millions of American families who need our help?

Congress must act in the face of this crisis. Majority Leader REID tried a month ago to bring legislation before the Senate that would take several steps to help homeowners faced with foreclosures in the communities in which they live. We are trying again today. We seem to be able to afford to spend $3 billion in 1 week, every week, 52 weeks a year, in Iraq, but the President hasn't been able to find $4 billion in 1 year to help the towns and cities across the country that are being gutted by foreclosures. We are able, it seems, from Chairman Bernanke, to spend $30 billion buying a basket of mortgages from Bear Sterns that JPMorgan wouldn't touch with a 10-foot pole. Why can't we help cities rebuild?

The needs of communities are critical because this crisis has an impact far beyond just the people who lose their homes, as big as those numbers might be. Whenever a home goes into foreclosure, the value of neighboring properties is reduced. In many areas, local vandals move in quickly to strip the copper pipe and the aluminum siding from a home. Crime goes up just when property tax revenues in these cities are plunging and the resources of a city and town are stretched to the limit.

Senator REID's bill would include some $4 billion in funding for the Community Development Block Grant Program, so communities that have been the hardest hit could renovate or rebuild or even in some cases raze these properties.

The bill would provide an additional $10 billion to housing finance agencies to be used to refinance mortgages, to help first-time home buyers, and to create more multifamily rental housing.

The majority leader's legislation would also provide $200 million on supporting the efforts of nonprofit agencies across the country to counsel homeowners on how to work with a lender to stave off foreclosure.

We have great neighborhood counseling organizations in Columbus and in Toledo and in Dayton and in Cincinnati and all over my State.

This is no easy task. Once upon a time, you took out a loan with your local bank to buy a home. If I borrowed money from a local bank, the banker had just as much interest in my paying down my loan, my staying up to date on my loan, he had just as much interest as I did in making sure I paid my mortgage. You knew the people at the bank. They knew you. You had that kind of relationship.

Today, especially for subprime loans, that is seldom the case. So help in navigating the mortgage maze is essential. That is why those neighborhood counseling organizations are so important.

The majority leader's bill would also improve disclosure of the terms of a mortgage. In the last year—the last 14, 15 months since I came to the Senate—I have held about 95 roundtables in 60 of Ohio's counties talking to people about what issues matter to them the most in their communities. I heard from one Ohioan after another, from Marietta to Lima, from Bryan to Chillicothe, from Zanesville to Youngstown. I have heard from one Ohioan after another who never understood the real risks and dangers of the mortgages that were sold.

Senator REID's bill also provides bankruptcy judges the ability to modify the mortgage on a primary residence in the same way that a judge can today with a vacation home or investment property or even a boat.

We know lenders and their servicers cannot keep up with the flood of foreclosures they are facing. Much has been made of the number of loans that have been changed as a result of voluntary efforts. I do not discount those efforts at all. But tacking late fees and penalties on the back end of a loan does not do much to help a family make their monthly payment.

One woman who called me reported a loan modification that reduced the interest rate on her loan from 11 percent to 10 percent. With the late fees and penalties folded in, her monthly payment barely budged.

Modifications like these are simply not going to help. It is essential that we permit the bankruptcy courts to serve as their backstop.

My Republican colleagues apparently think it is OK for a bankruptcy judge to modify the mortgage on a multimillion-dollar vacation home, but it is not OK to provide the same relief to a family facing bankruptcy in their $100,000 home.

When lenders are only recovering 35 cents on the dollar in my State—it is a little higher nationally; only 35 cents in my State on the dollar—on a foreclosed property, I do not think they have anything to fear from an alternative process supervised by the bankruptcy courts that may result in avoiding foreclosure.

The bankruptcy provisions are a significant change in our law, to be sure. But they are a responsible reaction to some extraordinarily irresponsible underwriting.

I understand the importance of protecting contract rights. But think for a minute about the contracts that are in question. The vast majority of subprime loans went to refinance homes. They were designed to do three things—to generate fees, strip out equity, and quickly become unaffordable.

Do we really want to take the position that these contracts should be beyond the reach of a bankruptcy judge? I think not.

We have much work to do in dealing with this foreclosure issue. Every day we delay more than 200 people—more than twice the membership of this body—lose their home in my State. They deserve more from us.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. SALAZAR). Without objection, it is so ordered.

Mr. CORNYN. Mr. President, we know Senators DODD and SHELBY are working on, hopefully, a bipartisan piece of legislation that will come to the floor this week that will help Congress do what needs to be done and, hopefully, what will actually work to try to relieve some of the crisis caused by the subprime lending credit crunch and the slowdown in the housing industry.

We have all acknowledged this slowdown we have seen in our economy over the last few months, and we have resolved to work together to try to give the American people the confidence that if there is something we can do, we will try to do it in a way that actually works and relieves the problem in a bipartisan way. I think, frankly, that is met with some measure of relief by people across the country.

I think we got off to a pretty good start when Speaker PELOSI and Republican leader JOHN BOEHNER and Hank Paulson, the Secretary of the Treasury, came up with a stimulus package that passed with strong bipartisan majorities.

I think as much as anything it demonstrated that we are capable of acting together in a bipartisan way rather than just engaging in gridlock and finger pointing. I hope we will continue along that trend as we consider the legislation that Senator SHELBY and Senator DODD are working on.

To me, one of the best parts about the stimulus package we passed was the small business bonus depreciation provisions which gave small businesses that invested in new equipment an opportunity to write that off on an accelerated basis. It provided a great incentive for them to purchase that new equipment and hopefully allow them to continue to create jobs.

It is no secret about 70 percent of the jobs created in America are created by small businesses. We ought to do everything in our power to try to help them continue to generate jobs for hardworking Americans.

A little earlier today, I had a colleague come up to me and say, basically: We have to do something to deal with this crisis. Of course, I added: Well, I hope we do something. But more than that, I hope we do something good or something that will actually work and certainly not something that will actually make things worse.

Like the medical profession, we ought to consider in the Senate taking

a Hippocratic oath of our own that first we do no harm because, frankly, on the earlier stimulus package, where we believed it was necessary to act to give the public confidence—that we could on a bipartisan basis—basically we ended up spending about $150 billion to do so.

I think extraordinary measures were called for, but it was with more than a little trepidation that I voted for that bill which added to the debt, particularly when we are not doing a good job of dealing with the deficit in other areas and unfunded liabilities of the Federal Government, particularly when it comes to entitlement spending. But for the same reason I voted for tax cuts in 2003—which I think helped contribute to about 50 months of consecutive job growth in this country, and about 9 million new jobs—I think sometimes extraordinary measures are called for to help stimulate the economy.

But I do think the very best stimulus package we could possibly pass would be to lighten the tax load on small businesses and American taxpayers. It works. We know when people can work hard and keep more of what they earn, then it generates not only more income from them and a greater incentive to work hard, it also, ironically, generates more revenue for the Federal Treasury because more people are working, more people are paying taxes, and, thus, it helps us deal with the deficit in a way that is constructive by putting people to work.

But at the end of the day, I think what we need to do this week is to make an immediate, palpable difference in the lives of families with distressed mortgages. The housing market ought to be our focus and helping people with distressed mortgages not have to unload those through foreclosure and perhaps lose everything they have invested. That is why I would like to see the provisions from something called the SAFE Act become law.

The SAFE Act would expedite the delivery of the full $180 million appropriated for foreclosure counseling just last December. And to help stabilize the housing market itself, the SAFE Act includes a $15,000 tax credit over 3 years. This has been proposed by our colleague from Georgia, Senator ISAKSON. I believe Senator STABENOW on the other side of the aisle has something similar. But basically what it would do is provide a tax credit that would give people an incentive to buy existing inventory of new housing or housing that was currently in foreclosure proceedings.

Obviously, our housing market has a big impact on employment, and it has a ripple effect on the economy generally. I think this $15,000 tax credit over 3 years would provide a powerful incentive for people who are in the market to purchase a single family home in foreclosure or a new home from existing inventory which now in many cases just sits vacant.

This would make it more affordable for families looking to start buying a home and will provide an incentive for people to reenter the market in the coming year.

Finally, to make sure these same problems are avoided in the future, we need to focus on increasing transparency and information for prospective borrowers.

I agree with Senator MCCAIN who said we should not be about bailing out unscrupulous lenders who made bad loans or people who made the mistake of borrowing money they could not pay back, perhaps betting on the continuous bubble in housing prices in the housing market. But what we do owe the American taxpayer, the American consumer, is transparency and information which will allow them to consider—for example, when they buy an adjustable rate mortgage—and understand what they are getting into. That means letting borrowers know the full details of any new introductory rate and payment and what their new adjustable rate will be and how much they can expect their payments to be.

We must ensure consumers fully understand their mortgages and that they have a completely free and well-informed choice when it comes to their loans. That is the only way I believe we can hope to avoid future problems in the housing and banking industries in the future, beyond making sure that underwriters don't intentionally loan money to people they know can't pay it back. But those have to be resolved on a transaction-by-transaction basis, perhaps by the courts.

The Senate should make sure that any proposal does not produce insurmountable challenges to prospective and current homeowners. Too often, the work we do in the Senate has the effect of unforeseen and unintended consequences. Here again, we should do no harm, and I think we should be careful not to cause problems while we are trying to fix problems.

For that reason, I would be hesitant to support any proposal that increases the size of the Government's budget at the expense of the family budget. I could not support proposals that actually make home ownership more expensive, encourage costly litigation, or expand Washington programs.

The Senate should not be making home ownership more expensive for working families. That is what I believe, for example, the bankruptcy provision would do, which would allow bankruptcy judges to actually cram down reduced interest rates, thus devaluing that particular financial instrument, which would actually in the long run have the unintended consequence of raising interest rates and the cost of mortgages. I think every Member of this body can agree the last thing the Senate should be doing is making things harder on families and making it more difficult for small businesses to grow and create jobs here at home.

When this Senate passed the economic stimulus package, it affirmed the basic principle that economic growth is best served through taxpayers and people who are earning the money being able to keep more of it. It would be incomprehensible to me to now turn around and pursue a mortgage plan that would take that money away through bigger Government programs or higher costs for homes or mortgages.

Let me say that in my home State of Texas, we continue to enjoy strong job creation. Although there has been a downturn in the housing markets, by and large, we are running in a countercyclical fashion to much of the rest of the Nation. Our unemployment rate is at a 30-year low, and over the past year, Texas has led the Nation in job creation. We have accomplished this by some things that are pretty obvious, but I think they are worth noting; things such as low taxes, commonsense regulation, and an economy based to a large extent on free trade. All of these factors give businesses the tools to grow and families the stability to live. Not coincident, naturally, it allows or encourages job creators and businesses to move to our State, thus creating in the last—well, since 2000 about 3 million people have moved to Texas. I think people tend to vote with their feet where they find opportunity, and I think this formula of lower taxes, less regulation, the right to work without having to join a labor union—you can if you want, but you shouldn't be forced to do so just to get a job—those, in addition to commonsense tort reform and some medical liability reform, which has reduced the cost of medical liability insurance some 17 percent, have encouraged a lot of physicians to move to our State and has created a lot more access to good quality health care. So from my standpoint, we kind of know what works, what helps encourage the economy, what helps stimulate the economy, and what provides the incentives for American workers to work hard and businesses to be attracted to a particular State or location.

I urge all of my colleagues to join me in supporting well-reasoned and proven measures such as these, while rejecting other proposals that would increase onerous regulation, drive up housing and loan costs, and build a barrier between more families and home ownership. We have worked well in the past when we have worked together, and I hope this week will be yet another example of good work we can accomplish when we put partisan politics aside to work out solutions in a way that addresses the real problems that face the American people.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, I noticed the Senator from Texas was talking about all of those people recently moving to Texas. There was a

point in our history in this country when half of Tennessee moved to Texas. In fact, almost every Texan you find has a Tennessee ancestor, whether it is Davy Crockett or Sam Houston or some other person.

I wish to follow up on the remarks of the Senator from Texas and his focus on the family budget and his focus on the way this Senate is working. Senator MCCONNELL, our Republican leader, has said often that in the Senate that process is often substance.

When I was Governor of Tennessee, I didn't understand that very well because the job of a governor is to see an urgent need, develop a strategy for meeting the need, and then persuading half the people you are right. So I left the process to somebody else and probably didn't show as much respect for the process as I should have. When I was a university president, I was humbled a great deal and learned a little bit more about process. Now that I am in the Senate, I understand even more that the Republican leader is a very wise man when he says process is often substance.

So first I wish to comment on the process we saw this afternoon when the majority leader, HARRY REID, a Democrat, and the Republican leader, MITCH MCCONNELL, stood together with others of us and said we are going to work together and try to produce a housing bill. That was a very important event to say we'll come together and try to produce a housing bill that helps stabilize home values for American families and helps restart our economy. All it was, was process. Out of this messy situation we have here in the Senate, where 100 of us have a right to actually bring the Senate to a halt, we had the two leaders form a consensus about process and assign two of our more respected Members, the Senator from Connecticut, Senator DODD, and Senator SHELBY, the Senator from Alabama, the job of coming back to us tomorrow and giving us the next step. The leaders did this because the Senate recognizes we have a housing problem in this country. It is one that by and large may have to correct itself because of the huge free market we have, but there are steps we can take in the U.S. Government to help stabilize home values. That would be good for the family budget. It would help to restart the economy. It would be good for the country.

I commend Senator REID and Senator MCCONNELL for their steps and think they are on the right course. I say that as I see the Senator from Colorado, who has done so much in this body to help us keep our eye on the ball and do what the American people expect us to do. The American people don't expect us not to have differences of opinions; of course we have differences of opinions. That is why issues are here. If they could be easily solved, they would have been solved at the county commission or at the State government level. But these issues have been kicked up to the national level and they are hard, tough issues, and we are expected to have differences of opinion. We have Democrats on that side and Republicans on this side because we have different principles that we emphasize sometimes. Usually they are the same principles, but they are often in conflict and we have to work those out. So in the Senate, we are going to have a big, strong, rousing debate about housing. No one should misunderstand that. But what the leaders have said is what the leaders ought to say in the Senate, which is that we see a real problem here with housing in the United States of America. We see families who are worried. We see home values that are at risk. We believe there are some steps we can agree on that would be good for the country, are within our budget and that would help stabilize home values and restart the economy. These are steps that will help the family budget, and the leaders have said that is what we are going to do.

Of all of the things people say to me in Tennessee when we talk about issues, they basically say: Why don't you guys—or something less flattering—why don't you Senators stop the petty partisan bickering. Or, in my words, stop the kindergarten politics and go to work on big issues affecting our country and try to get a result. That is what the Senator from Colorado spends a lot of his time here in the Senate trying to do. I try to do that. Most of us try to do that. We are all here, I think, to get some result, and the leaders have given us an opportunity to try to get one here on housing.

There are some good precedents for this. When people see us debating, they shouldn't think there is something wrong with that. We have big principled debates here. What they don't like is the kindergarten politics when we are here to stick our fingers in each other's eyes. The American people can smell that a mile away, and they hate it. They don't like it.

But kindergarten politics is not what we used on the America COMPETES Act last year. Senator REID and Senator MCCONNELL cosponsored it because so many of us supported the idea. It wasn't so easy to pass. It was $34 billion of authorization to try to help us keep our jobs from going overseas by keeping our brain power advantage here. We had no limits on the debate. Everybody who wanted to offered an amendment and then we passed the legislation. The COMPETES Act is now in place, and we are working on funding it. It is helping low-income kids who couldn't afford advanced placement tests have them. It is helping universities train more math and science and physics teachers. It has put us on a path to double funding for the physical sciences in the Office of Science and in the National Science Foundation. These are all things we must do as a country if we want to keep our standard of living. So the Senate did that together.

At the end of last year, we brought up an energy bill. Senator SALAZAR and I worked together on many energy ideas, but this was an especially important one. The Oak Ridge National Laboratory in the State of Tennessee has said to me repeatedly: The single most important thing you could do to reduce our dependence on foreign oil and to stop sending dollars overseas to some people who are trying to kill us is to reduce the consumption of oil by passing a fuel efficiency standard so we can increase the average mile per gallon of all cars and trucks. We did that. Now, the Senate had an argument about whether to have 20 billion more dollars of taxes, and some of us voted that down. But we didn't stop there and go home, take our football and leave the floor; we came to a result, and we did the most important thing we could do to try to reduce our dependence on foreign oil. And reducing our dependence on foreign oil, by the way, is the real way to stabilize and begin to bring down the price of a gallon of gas. So the Senate did that together.

Then at the beginning of this year, the President and the House of Representatives got together to propose an economic stimulus package. In fairly record time we approved provisions that will help 2.7 million Tennesseans receive $600 or $1,200—or in some cases $1,800, if they have a couple of kids—of their own money for the most part, back, so they can spend it. This stimulus package will provide $50 billion in aid for businesses. In some of our smaller counties there are hundreds of small businesses which can take advantage of keeping a little bit more of their own money and maybe add jobs. And that stimulus is coming in time to help.

We hear on the news today that consumer confidence is a problem. Well, the rebate checks and the small business deductions are about to go into effect, and that was something the Senate did together. We had principled disagreements, but we came to a result.

One other example of working together is concerning the foreign intelligence surveillance bill. I mentioned a little earlier a very wise man, Samuel Huntington, once said that most of our conflicts are about principles with which we all agree. We agree, all of us, the Senator from Colorado and the Senator from Tennessee and every American, that the principle of liberty is important, and so is the principle of security. Well, those two principles came in conflict when we began to debate the rules for overhearing a conversation from an al-Qaida terrorist in the Middle East calling into the United States. For 6 months we debated that, but the Senate came to a result concerning liberty versus security. No one watching the Senate should think there wasn't a debate here. There was a vigorous, impassioned debate. It was the kind of debate we ought to be having, but it wasn't about kindergarten

politics, it was about liberty versus security. Then the Senate came to a result.

So on competitiveness, on energy efficiency, on economic stimulus, and on intelligence surveillance the Senate came to a result. What Senator REID and Senator MCCONNELL said today is that we are going to try to do the same thing on housing.

Now, the second thing I wish to say is that there are several things going on within our financial situation today, and there are several solutions, so let's sort them out.

First, Secretary Paulson and others have suggested a badly needed fresh look at our financial institutions and how they are regulated. That will take a while and isn't easy to do. It is very complex, and it ought to take a while to discuss. In this country of ours, we produce about 30 percent of all of the wealth in the world every year. We do it in this great big free market with many different parts to it. So any time we begin to change things about the regulations, we need to be careful about what we do.

What we are talking about now in the Senate—and what the leaders announced today—is not down the road but instead is today and tomorrow. What can we do today and tomorrow to help the family budget? What can we do to stabilize home values, which we hope will help to restart the economy? There are a lot of good ideas out there. There are some that we in the Senate may be able to agree on fairly quickly.

The last thing I want to try to do is to do the work of Senator DODD and Senator SHELBY for them. They have a big task. Their assignment from the leaders is to take a day, so they and their staffs will be working most of the night to see if there are a few things that most of us can agree on that can form the basis of what the Senate plans to do on housing. Then, as I understand it, we will begin to have votes, hopefully, on issues related to housing. My guess is that if there are important and controversial issues, in most cases it will require 60 votes. In other words, we will have a bipartisan core that Senator DODD and Senator SHELBY will propose, and then we will have a series of votes to try to improve the bill.

Senators will have some differences of opinions about what improves it and what doesn't. For example, one thing that I think doesn't improve it—and many on this side don't think it improves it—is the idea of letting bankruptcy judges rewrite home mortgages for homes in foreclosure. It sounds good, and it might help a few people. Here is what else it would do: It would raise the risk for all of those who buy home mortgages in the future. If the risk is higher, the interest rate is higher. If the interest rate is higher, what does that mean for the family budget? It means higher monthly mortgage payments. The Congressional Budget Office says there could be higher interest rates. The Mortgage Bankers Association said there will be higher interest rates. They suggest that in the State of Tennessee it might be about $120, on the average, a month. I don't think it helps the housing slump if we pass legislation that has the effect of raising most home mortgages by $120 a month. That is a big raise for most people. So I think that is a bad idea. My guess is that this bankruptcy provision will be offered on the floor, we will debate it, and I hope we defeat it. At least we will be here on the Senate floor debating it and offering our reasons for and against it.

If it comes up in that form, it reminds me of junk bonds—something that was cooked up in the late 1970s and early 1980s. They called them that because they were higher risk bonds. When they were placed into the marketplace, investors said: We will buy them, but we are going to require more of an interest rate return.

There came to be other problems with these high-yield junk bonds, but the other problems are not what I am talking about. I am talking about the simple equation that if we introduce more risks into mortgages, then when people buy the mortgages they are going to require a higher interest rate. If there is a higher interest rate, that is a higher monthly mortgage payment for families in Tennessee, where the estimate is approximately $120 more a month. That is not an idea I hope is in the final result.

One idea that might be in the final result that has substantial Democratic and Republican support is providing $10 billion in new bond authority for loan refinancing. Senator BOND has that provision in his legislation, for example. That would provide tax-exempt bond authority which could be used to refinance subprime loans, to provide mortgages for first-time home buyers and for multifamily rental housing. That would mean if you have a subprime loan and suddenly your adjusted rate jumped up to a level you cannot afford—and that is going to happen with a lot more mortgages in the next few months—then the State housing agency could make a deal with you to refinance that loan. In effect, this refinancing would pay off the old loan, and you would have a new one at a lower interest rate that you are comfortable with. Most of the money gets paid back, the house is not in foreclosure, and there is more stability in the market. This is an idea I could personally vote for, and I know it has support on both sides of the aisle.

Another idea that has come from the Republican side but has attracted some interest on the Democratic side is the proposal of the Senator from Georgia, Mr. ISAKSON. He may be the junior Senator from Georgia, but he is no spring chicken. He had been in the real estate business for a long time before he came here to the Senate. He has been around long enough to have seen the housing slump in the 1970s. So he said: Let's not just invent some idea that might help; let's look back in our history a little bit and see if there was ever anything that worked in a similar circumstance that we could use to help preserve home values today. He pointed this out to us and introduced legislation, which I and others are cosponsors of, that would create a $5,000-a-year tax credit for three years for home buyers of homes that are new or in or near foreclosure. This tax credit would only apply for a limited period of time. Senator BOND included this provision in his housing legislation as well. Some work would have to be done to make sure this wasn't just for speculators. But the idea is a pretty simple one: Let's create some more home buyers through this incentive because that is good for homeowners. It is not just good for the person who has the foreclosed home but for everybody else whose house is not foreclosed, because if we stabilize the housing market by providing an influx of new home buyers, that will help preserve home values for everybody else in the market. And that will bring more confidence to the economy. I think that is a very good idea. It costs some money—about $10 billion to $14 billion over five years—in the form that it was originally introduced. Maybe it could be done at a little less of a cost.

One thing we know is that a similar tax credit was tried before in the 1970s. Senator ISAKSON says that at that time we had a 3-year inventory of unsold homes, and that tax credit—at a lower figure then because the dollars were a little less then—helped reduce the inventory of unsold homes from 3 years to 1 year. That is an idea worthy of consideration.

There is a lot of talk on both sides of the aisle about counseling for people buying homes. I have bought and sold some homes. I am trained to be a lawyer and I have been in Government. I would not think of buying or selling a home without a lawyer's help. I am not sure I could understand all of the forms I signed the most recent time I bought a home. We can do much better than that. The basic information ought to be up front so that people can understand, first, how long their mortgage lasts, what the interest rate is during the whole time, and what the monthly cost is. Those are the basic things. Then there are some other things that could also be clarified. Full disclosure—the Senator from Texas talked about that earlier—and loan counseling are ideas that the Senate can help with.

Senator MARTINEZ, a former Secretary of the Department of Housing and Urban Development, was a part of the press conference the Republican leader called this morning to discuss several Republican ideas that we have and which we hope are considered in this debate. Senator MARTINEZ has proposals about FHA loans, which are the loans that first-time home buyers often have, and for how to deal with Fannie Mae and Freddie Mac—the agencies that buy mortgages.

There is a lot we can do in the Senate to help preserve home buying, and the way to find out what we can do is to do exactly what the Democratic leader and the Republican leader have given us the opportunity to do.

Finally, I would like to say this, as I said in the beginning of my remarks. No one should believe, because the Democratic and Republican leaders and the rest of us standing behind them put us into a process to try to achieve a result, that it will be easy. No one should believe that there won't be a debate, or that there is any guarantee of success. Senator DODD and Senator SHELBY said that failure is not an option. I believe that, too, but we are going to have to discuss it to get there. It may take a few days. We are dealing with a big economy. So process may be a result, process may be substance, but either way, this is the beginning of the process toward a result.

Also, at least from my point of view, I would not want anyone to think that I believe the Government by itself can solve this problem. We sometimes forget—particularly at a time when we have an economic slowdown, as we do today—what a fortunate country we are and what a strong economy we have. I mentioned earlier that year-in and year-out, this economy in the United States produces 30 percent of all of the wealth in the world, measured by GDP, for just 5 percent of the people of the world. And we will do it again this year, as we did last year and as we will do again next year. Five percent of us Americans live here, and we will produce this year about 30 percent of the wealth in the world, according to the International Monetary Fund. Now we are in a little bit of a slowdown. It is important to understand that we are being honest about that. It is a slowdown, and it is a housing slump, and we have a problem.

We also have a big, strong economy—we have the biggest, strongest economy and the freest market, and our fundamental approach in Government ought to be to make sure that it stays that way.

So, for me and for many on this side of the aisle—and maybe others on the other side too—there are fundamental long-term propositions to really balance the family budget. We can do this by having low taxes, having less Government, having 2-year budgets so we could have more time to conduct oversight and review regulations, which means less regulation.

The way to have a strong economy is to have the right labor-management relations. In Tennessee, for example, when we were recruiting automobile plants, it meant the right-to-work law was very important to us as a State. We also need to have a first-class education system for all Americans, and that means dealing with disagreeable subjects like paying teachers more for teaching well or giving low-income kids more choices of good schools like the wealthy have. We need to also stop runaway lawsuits so that doctors don't move out of rural areas and so pregnant women don't have to drive 60 miles to Memphis to see a doctor for prenatal health care. That drives up health care costs. We also have to work together to find a way for every American to have health insurance. This is a long list, but if we really want economic strength, that is what it takes.

I learned this in a small way as a Governor of the third poorest State in the 1980s. My goal was to raise family income. I kept working for ways to do that. We already had low taxes and we had a right-to-work law. Our good location helped. We had to get rid of the usury limit, and we had to improve the schools. Then I found that we needed four-lane highways.

So there are many parts to a strong economy. These temporary measures we are taking, hopefully, in the next few days will help, I hope, preserve home values by stabilizing housing and restarting the economy.

I see no reason why we cannot create more transparency and counseling and make it possible for more mortgages to be refinanced and give tax credits to home buyers to create more homeowners. We can do that, but these are short-term measures. Then we can have other principled debates in the Senate about whether we are going to have lower taxes and whether we are going to have less Government and whether we are going to have fewer runaway lawsuits. And discussions on whether we are going to be willing to pay teachers more for teaching well or whether we will have a research and development tax credit so our companies won't go overseas or whether we are going to create opportunities for skilled researchers and workers to come into the United States so that we can in-source some of the brainpower that creates all this wealth we have enjoyed for so long.

I am glad to have the opportunity to come to the floor to congratulate Senators REID and MCCONNELL. They have done what leaders ought to do. They have put the Senate in a position to do what we should do, and that is to stand on our principles, offer our best ideas, work in good faith across party lines, and try to get a result and help the American people. The American people like to see the Senate acting that way. I am glad to have been a part of the Senate that acted that way on the America COMPETES Act, on the fuel efficiency standards, on economic stimulus, and on the foreign intelligence surveillance bill we passed recently. I am glad to be a part of the Senate that is preparing to act on housing slump.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. MENENDEZ. Mr. President, a month ago I came to the floor to speak on behalf of America's homeowners. Since then, tens of thousands of families have lost their homes. Since then, we have been watching home prices fall, we have been watching foreclosure rates skyrocket, and we have been watching tens of thousands of Americans lose their jobs.

In my home State of New Jersey, over the next 2 years, we expect more than 57,000 homes to be lost to foreclosure. That means 57,000 families who will have to hand over the keys to their home, 57,000 families who will be forced to say goodbye to the place where they were nurtured and comforted, a place where they lived during good and bad times, places they came home to every night, a place they celebrated birthdays and wept over losses.

In the words of families, we know what it feels like to lose their home. They will feel as if they have lost everything.

Nationwide, the number of foreclosures that is going to happen if we don't act is unfathomable. Two million American families are in line to lose their homes over the next 2 years, and everyone stands to lose from foreclosures. Lenders report losing tens of thousands of dollars on each foreclosure. Neighbors see the value of their own homes drop. When we see that 63,000 Americans lost their jobs a month ago, when we see weak earnings reports from businesses, wild swings in the stock market, and the collapse of a major firm on Wall Street, we can see this housing crisis is truly shaking the entire economy to its core. It clearly has a major ripple effect.

We all know at the heart of this economic downturn is the housing crisis. So the question is: How long are we going to watch before we realize it is time to take action?

I marvel when a year ago this past March I said at a Senate Banking Committee hearing that we are going to have a tsunami of foreclosures and the Bush administration said: Oh, no, that is an overdramatization. I said then: I hope you are right and I am wrong. The reality is, we have not even seen the crest of that tsunami take place.

Not only did they say it was not real, but they refused to act in any meaningful way. But when it was clear that a major investment bank on Wall Street was in trouble, the Bush administration rushed to the scene like firefighters responding to a five-alarm blaze with $30 billion put up to ensure that JP Morgan Chase could buy Bear Stearns.

Regardless—and we will be reviewing both the propriety and the way and the standards that were used to pursue that, whether that is the appropriate standard, the way Bear Stearns ultimately was priced—a full year into the subprime mortgage crisis, they have done nothing but hit the snooze button on the alarm as millions of Americans have watched their dream of home ownership go up in smoke.

It is time we react with the same urgency and seriousness, no matter if the people who are in financial trouble are occupying a suburban home in Madison or a rowhouse in Newark or Camden.

I hope today finally there is a glimmer of hope for homeowners who have been left to fight this battle alone. It is clear that Members on both sides of the aisle have gotten the message that it is time to act. And it is clear what our goal has to be: helping families keep their homes and in doing so helping our economy, which affects all of us.

I am pleased that we have made what seems to be an important breakthrough in the Chamber. I have the utmost faith in Chairman DODD and Ranking Member SHELBY that they understand the urgency at hand, that they will do their best to put forward a workable solution we can all support, and I certainly hope it is one I can support as well.

I strongly support Majority Leader REID's bill as it is. I understand the nature of compromise and negotiation, so I know it will change, but I hope that bipartisanship will not mean we will stray far from providing the direct assistance that homeowners need—to stop foreclosures.

Here are a few key steps the final bill has to take. First, we need to provide funding for counseling in order to reach families at risk of losing their homes. Many American families—I saw it during the recess when we were working back in our States—many American families are sitting around their kitchen tables looking through their mortgage bills, their finances, and, yes, their bank notices, and they don't know where to turn. They don't know exactly what to do. It is not as if they have a pot of money sitting in the bank. They do not. They are trying to keep it together, keep their families together, keep their hopes and dreams and aspirations together. These counselors could offer them real solutions and options to avoid receiving that foreclosure notice or, even worse, foreclosure itself.

The Reid bill puts forward $200 million to make sure counseling reaches those who need it the most, and I think that is incredibly important.

Secondly, we need to provide funding to allow communities with high foreclosure rates to access community development block grants. Communities can use these funds to purchase foreclosed properties for rehabilitation, rent, or resale. Having a foreclosed home sit abandoned in a community does not benefit anyone. This is one of the key points I always make when I talk about this issue because a lot of people say that is not about me. I got the right mortgage; I am paying for it; this is about some people who made the wrong choices, and I don't want to pay for their wrong choices.

The problem with that is, first of all—and I will talk about it in a moment—people were led to choices where maybe they did not have financial literacy, maybe they didn't have the wherewithal to fully understand the nature of what they, in many cases, were being misled into—a mortgage product in which they should never have been.

Even looking at it in that respect, the bottom line is it affects us all. Why? Because a foreclosed home that sits abandoned in a community does not benefit anyone. It decreases surrounding home values and it can attract crime and vandalism. The bottom line is that foreclosures destabilize neighborhoods. The funds in this bill allow communities to stop that death spiral before it starts.

Some argue that stepping in to help our communities recover from the housing crisis would somehow be a blow to the concept of personal responsibility because some homeowners, as I said, made bad choices in signing up for subprime mortgages.

First of all, let me say, don't get me wrong, personal responsibility is important, and that is why we need greater support for homeowner education, for foreclosure counseling, and financial literacy so anyone thinking about buying a home will be able to understand the terms of their mortgage, even the fine print, and have the tools to protect themselves.

What I have a problem with, as I listen to so many in the Chamber, is it seems that personal responsibility is always talked about as it relates to the consumer. Personal responsibility is not just important for homeowners, however. Every participant in the life of a loan needs to step up and take real responsibility and action.

What got us to where we are today? In my mind, unbridled free market extremes, excesses without appropriate regulation or without the attention of regulators has brought us to where we are.

I believe in the free market, but when it is unbridled, this is what happens. Every broker, lender, realtor, every appraiser, regulator, credit rating agency, and investing firm needs to make changes if we have any hope of quieting the storm and not reliving it. The time for blame games is over. The time for action has come.

Third, I hope this body looks carefully at a provision that can help more than 600,000 families stuck in bad loans keep their homes. I know some of my colleagues are very concerned about this provision which would give judges in bankruptcy proceedings the discretion to modify loan terms. But the fact is, this provision is very narrowly tailored, it is a one-time limited fix, and in the end it is a win-win not only for borrowers but lenders alike. This provision alone would help over 14,000 families in my State of New Jersey avoid foreclosure. That would be a savings of about $5 billion in home values alone. My good friend Senator DURBIN has done an excellent job at hammering out a compromise, and I hope my colleagues will give it careful consideration.

It is interesting, under the existing bankruptcy law, if you happen to have the good fortune of having a second home, a vacation home, a leisure home, guess what. The bankruptcy judge can go ahead and change your financial obligations on that home, but the very essence of the American dream, which is the home in which you live, to raise your family, to go through good and bad times, no, that cannot be renegotiated. What an interesting set of values. For a leisure home, we can go ahead and a bankruptcy judge can change the terms, but for those who were sucked into a subprime mortgage who should never have been in those types of mortgages and for which the regulation was not there to ensure there was transparency and ensure there was oversight, oh, no, we cannot touch that. In a place that talks so much about values, I don't understand that set of values.

As we in the Congress debate how best to help homeowners, how best to end the housing crisis and how best to get this economy back on track, we have to see the bigger picture. There is a lot at stake. No matter who you are, no matter whether we have a subprime mortgage, no matter whether we are making our obligations meet or whether we are finding ourselves in distress, we are all in this together. When the house next to ours gets boarded up, it affects the value of our property, too, and how safe we feel walking around our neighborhood at night. When that value goes down, it reduces the equity we have in our home upon which we can borrow to put our kids through college, to take care of an uncovered medical bill or emergency, or even for the resources we will have for our retirement. No one is immune.

So this sense of personal responsibility, yes, but understand that we all have a stake. When a neighbor of ours has to declare bankruptcy and is forever saddled with debt they cannot pay, they shop less at our stores, purchase fewer of the services our community offers, and, obviously, the more foreclosures we see in a neighborhood, property values decline. When those property values decline, rateable bases go down—and that is the way municipalities ultimately receive their resources which means, what? Either taxes have to go up to cover existing services of police, firefighters, education, whatever, or we cut the services. We are all in this together.

When a nonprofit organization in Jersey City is close to finishing the building of its new arts center so it can give kids an opportunity to do something productive after school and stay away from gangs and they cannot get the last bit of money they need because of this credit crunch and housing crisis, it affects us all.

Dr. Martin Luther King reminded us that ''we are all tied in a single garment of destiny'' and that ''we cannot walk alone.'' This is a crisis we are all in together as a nation. And there is no reason we can't all work together to end it. It is in America's interest to do so, and I hope the Senate, which has shown a moment of a possibility of what can be done, seizes that moment

on behalf of our fellow citizens but also on behalf of our collective interest, on behalf of our economy, and, in doing so, on behalf of our Nation.

Mr. President, with that, I yield the floor.

The PRESIDING OFFICER (Mr. MENENDEZ). The Senator from Florida.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RIGHT TO VOTE

Mr. NELSON of Florida. Mr. President, I wish to speak to an issue that is all too familiar to my State of Florida but has now taken on such importance that it is a subject that is all too familiar to the entire country, joined by our sister State, Michigan; it is an issue that is sacred to our democracy. It is the issue of the right to vote and to have that vote counted as it was intended.

A year ago, the Florida legislature passed a bill to move Florida's Presidential primary to an early date on the national election calendar. Their thinking was to give our large and diverse State, which is a microcosm of the entire country, more of a say in the selection of Presidential nominees. This violated the two national parties' rules, and the threat was made that if Florida moved ahead, both the Republican National Committee and the Democratic National Committee would take away half of Florida's delegates. The Florida legislature, despite that, changed the date of Florida's election by law, moving it 1 week earlier than the imposed deadline by the two national parties.

The Florida legislature is controlled by the Republican Party, and the Democrats in the legislature, through their Democratic leader in the Florida House as well as the Florida Senate, offered an amendment to put the date of the Florida primary back to February 5 so it did not violate the two national party rules. That amendment was defeated. The bill went on to final passage.

In addition to the January 29 date for the Presidential primary, it was primarily a bill about election machines and accountability. So on final passage it was clearly going to be a near unanimous vote. Therefore, the Florida legislature passed and the Republican Governor signed into law the new election date.

I repeat that story because people who want to penalize Florida often miss the fact that it was not Florida Democrats who changed the date. Well, we all know what happened after that. Both national parties decided to punish Florida because those parties' rules reserved the early Presidential contest to a handful of other States.

The Republican National Committee, pursuant to their rules, took away half of Florida's delegation. The Democratic National Committee decided to extract an extra pound of flesh and took away all of the delegates of Florida's delegation.

For 8 months now, I have been immersed in a fight to get the chairman of my party to end the stalemate and to seek Florida's delegates and to honor the January 29 primary vote because on that date we had a historic turnout. Some 3.6 million citizens headed to the polls and cast ballots in Florida's Democratic and Republican Presidential primaries.

For me, it is pretty simple. It is a case of fundamental rights versus party rules. So when there could not be a compromise worked out last August, September, and into October, I sued my own party in Federal district court. In December, the Federal judge ruled against my motion, and at that late date it was too late to appeal.

I have continued to push for my party to find a way to seat a delegation from Florida, while giving Floridians a meaningful voice in the selection of their party's nominee. This fight has been based on the principle that, in America, every citizen has an equal right to vote, it is based on a premise that Floridians are entitled to have their votes count as intended, and it is based on a belief that we all deserve a say in picking our Presidential nominees.

More recently, I, along with others, asked the national Democratic Party to look into paying for a mail-in revote. The party declined. The State party proposed it, few people could agree on the specifics, and certainly the candidates themselves couldn't agree on the specifics. Now we are at a point where reaching a solution is critical. And so when we were last in session, about 2½ weeks ago, I asked the two Democratic candidates, who happened to be on the floor that day when we had the session that lasted most of the night, to consider a proposal whereby they would go back to the original rules of the Democratic Party and seat the delegation with half its vote but still based on the January 29 results. This is allowed by the Democratic rules, as it was done by the GOP.

If nothing else, all this brouhaha we now find ourselves in for this election has certainly provided further evidence our system is broken. Yet as to our right to vote and to have that vote count, there can be no debate. The goal is simple. The principle is very simple: It is one person, one vote.

Last fall, I filed legislation in the Senate to require that no vote be cast for Federal office on a touch-screen voting machine starting in the next Presidential election 4 years from now. I also joined the senior Senator from Michigan, Senator LEVIN, to propose a system of six rotating interregional primaries, from March to June, in each Presidential election year. Very soon, I am filing a broader based election reform bill, and this new legislation will abolish the electoral college.

It will be a proposed constitutional amendment and will, therefore, give citizens direct election of their President by the popular vote. We have seen in the history of this country a few times when one candidate gets the most votes, but it is the other candidate that wins because of the archaic electoral college process provided in the Constitution. In this new package, it will have the six rotating interregional primaries that will give both large States and small States a fair say in the nomination process.

This legislation will establish early voting in each State to make it easier for the voter to vote, instead of going on 1 day. It will eliminate machines that don't produce a voting paper trail, so if you have to recount, you don't have just a piece of software, you have the actual paper trail in order to be able to do the recount in an accurate way.

This package will allow every qualified voter in every State to cast an absentee ballot on demand. In some States, you can't cast an absentee ballot unless you fill out some affidavit that says you are not going to be in your city on the day of the election, or that you are sick and you can't get to the election. We ought to make it easy for the voter to vote.

The package will also give grants to States that develop mail-in balloting and grants for pilot studies to study secure Internet voting.

We have had too many of these questions arise in my State of Florida over the years, and perhaps this is why Floridians are so sensitive about this. So I am reaching out to my colleagues. I respectfully ask each of the Senators to make suggestions to make this a better bill. Let's remember it was more than 230 years ago that our Founding Fathers declared all men are created equal, but the country still had to wait another 87 years before President Lincoln signed a proclamation freeing the slaves. It took another 57 years before women in America were allowed to vote.

In 1872, Susan B. Anthony was arrested for voting. After that, she delivered a speech on women's right to vote. ''The ballot,'' she said, ''is the only means of securing the blessings of liberty provided by this government.'' Let me repeat those profound words. ''The ballot,'' Susan B. Anthony said, ''is the only means of securing the blessings of liberty provided by this government.'' Even still, it took another 93 years before our Nation belatedly enacted a law guaranteeing every U.S. citizen an equal right to vote—the Voting Rights Act of 1965.

This country cannot afford to wait another 93 years before we fix the flaws we still see in our election system. The blessings of liberty cannot wait. With what we have seen thus far in this election cycle, the time for election reform is now.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. NELSON of Florida. Mr. President, I ask unanimous consent the Senate proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

JUDICIAL NOMINATIONS

Mr. LEAHY. Mr. President, as I listened yesterday to the partisan rhetoric we continue to hear from Senate Republicans on nominations, I am disappointed that the Republican leader is ignoring the majority leader's statement from last May 10.

Today is April Fools' Day. I do not think the American people are fooled or amused by continued partisan bickering over nominations. Indeed, with a massive subprime mortgage crisis that has left so many Americans in dire straights, fearful of losing their homes, the Republican efforts to create an issue over judicial nominees is misplaced. In fact, I have been working hard to make progress and have treated this President's nominees more fairly than Republicans treated those of President Clinton. Judicial nominations are not the most pressing problem facing the country. Indeed, we have worked hard to lower vacancies to the lowest levels in decades. We have cut circuit vacancies in half.

It should be no surprise that the administration would rather focus on having a partisan political fight than the news that, in February, the United States lost 63,000 jobs. To make up for those and other job losses in recent months thanks to this President's policies, this country would need to create 200,000 jobs every month. This administration is apparently more worried about the jobs of a handful of controversial nominees, many without the necessary support of their home State senators, than the loss of jobs by thousands of American workers.

Unemployment is up over 20 percent, the price of gas has more than doubled and is now at a record high average of over $3.20, trillions of dollars in budget surplus have been turned into trillions of dollars of debt with an annual budget deficit of hundreds of millions of dollars, and the trade deficit has nearly doubled to almost $1 trillion. Indeed, just to pay down the interest on the national debt and the massive costs generated by the disastrous war in Iraq—the fifth anniversary of which we tragically marked 2 weeks ago—costs more than $1 billion a day. That is $365 billion each year that would be better spent on priorities like health care for all Americans, better schools, and fighting crime and treating diseases at home and abroad.

Perhaps the only thing that has gone down during the Bush Presidency is judicial vacancies. After the Republican Senate chose to stall consideration of circuit nominees and maintain vacancies during the Clinton administration in anticipation of a Republican Presidency, judicial vacancies rose to over 100. Circuit vacancies doubled during the Clinton years. Since I became Judiciary chairman in 2001, we have worked to cut those vacancies in half.

In the Clinton years, Senator HATCH justified the slow progress by pointing to the judicial vacancy rate. When the vacancy rate stood at 7.2 percent, Senator HATCH declared that ''there is and has been no judicial vacancy crisis'' and that this was a ''rather low percentage of vacancies that shows the judiciary is not suffering from an overwhelming number of vacancies.'' Because of Republican inaction, the vacancy rate continued to rise, reaching nearly 10 percent at the end of President Clinton's term. The number of circuit court vacancies rose to 32 with retirements of Republican appointed circuit judges immediately after President Bush took office.

Then, as soon as a Republican President was elected they sought to turn the tables and take full advantage of the vacancies they prevented from being filled during the Clinton Presidency. They have been extraordinarily successful over the past dozen years. Currently, more than 60 percent of active judges on the Federal circuit courts were appointed by Republican Presidents, and more than 35 percent have been appointed by this President. The Senate has already confirmed three-quarters of this President's circuit court nominees, compared to only half of President Clinton's.

I was here in 1999 when the Republican chairman of the Judiciary Committee would not hold a hearing for a single judicial nominee until June. In contrast, we have scheduled 3 hearings on 11 nominees so far this year. We have a circuit nominee from Texas listed on the Judiciary Committee agenda this week. I wrote to the President during the last recess commending him for nominating someone for a Virginia vacancy to the Fourth Circuit who is supported by Senator WARNER and Senator WEBB, a Republican and a Democrat, and indicated that I would use my best efforts to proceed to that nomination as soon as the paperwork is submitted. I will ask that a copy of that letter be printed in the RECORD at the end of my statement. In that letter, I also informed the President that an anonymous Republican hold had prevented Senate confirmation of the President's nominees to be the Associate Attorney General, the No. 3 position at DOJ, and the Assistant Attorney General for the Civil Division.

Since the resignations of the entire top leadership at the Department of Justice last year in the wake of the scandals of the Gonzales era, I have made restoring the leadership ranks at the Department a priority. Since September, the committee has held seven hearings on executive nominations, including a 2-day hearing for the Attorney General. The Attorney General and the new Deputy Attorney General have been confirmed. But for Republican delays in refusing to cooperate and make a quorum in February, and now the anonymous hold, the Senate would have confirmed two more high-level DOJ nominees.

The partisan rhetoric on nominations rings especially hollow in light of the progress we have made. Last year, the Senate confirmed 40 judges, including 6 circuit judges. The 40 confirmations were more than during any of the 3 preceding years with Republicans in charge. The Senate has now confirmed 140 judges in the almost 3 years it has been run by Democrats and only 158 judges in the more than 4 years it was run by Republicans.

We continue to make progress. Four district court nominations are pending on the Senate's Executive Calendar. I have mentioned the nomination to the Fifth Circuit that is pending on the Judiciary Committee's agenda this week. I have already announced and noticed another hearing this Thursday for four more judicial nominees, two from Virginia and two from Missouri, and for the nominee to be the Assistant Attorney General for the Office of Legal Policy. This will be the Judiciary Committee's fifth confirmation hearing this year.

With respect to the recent nomination of Steven Agee to a Virginia seat in the Fourth Circuit, it is regrettable that Justice Agee's nomination only comes after months of delay when the White House insisted on sending to the Senate the nomination of Duncan Getchell. That nomination did not have the support of either of the Virginia Senators and was withdrawn after the Virginia Senators objected publicly. In fact, the delay in filling that vacancy has lasted years because this President insisted on sending forward highly controversial nominations like William Haynes, Claude Allen, and Duncan Getchell.

In my letter to the President, I wrote that I expect the Judiciary Committee and the Senate to proceed promptly to consider and confirm Justice Agee's nomination with the support of Senator WARNER and Senator WEBB, just as we proceeded last year to confirm the nomination of Judge Randy Smith to the Ninth Circuit, once the President had withdrawn his nomination for a California seat and resubmitted it for a vacancy from Idaho. I urged the President to use the Agee nomination as a model for working with home State senators and Senators from both sides of the aisle. Time is running short.

Senate Democrats should not and have not acted the way Republicans did by pocket filibustering more than 60 of