

does my family belong to that church, but my wife Lilibet serves on the vestry there. So not only am I always tuned in, but I pay particular attention in this case.

Again, we are very proud of her and the work she does, the work of St. John's, and all who are associated with that church and that ministry.

Mr. President, I yield the floor.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

DEFENSE AUTHORIZATION

Mr. McCONNELL. Mr. President, we have a limited number of workdays between now and November, so we will obviously have to focus our priorities starting with the Defense authorization bill which the distinguished majority leader was just discussing, which is now before us. Among other things, the bill authorizes a much deserved pay raise for America's military men and women. Of course, an authorization bill only gets us halfway there. In order for this military pay raise to reach the families it is intended for, the Senate will need to pass an appropriations bill as well. So my suggestion is that we begin processing amendments to the Defense bill today, as the majority leader has indicated, starting with the first four amendments which will be voted on later today. We weren't, unfortunately, able to vote on any amendments yesterday. As everyone knows, the Defense bill is typically a heavily amended bill. It usually takes 2 or 3 weeks to complete, but it is my hope we can make some good forward progress today. Kentucky is home to two major military installations and more than 357,000 veterans. They, and the rest of America's veterans, deserve our full attention.

We have time but not a lot of time. Tomorrow, we will be taking some time out to remember the 9/11 attacks. Friday, we have an all-day energy summit. So let's use our time wisely. If we do, it is my hope we can work together and, with cooperation, finish this bill, at least early next week.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for 1 hour, with Senators permitted to speak for up to 10 minutes each, with the time equally divided between the two leaders or

their designees, with the majority controlling the first half of the time and the Republicans the final half.

The assistant majority leader is recognized.

FANNIE MAE AND FREDDIE MAC

Mr. DURBIN. Mr. President, Sunday's announcement by Treasury Secretary Paulson that the Treasury Department and the Federal Housing Finance Authority would be placing Fannie Mae and Freddie Mac into conservatorship should be recognized for what it is: This is a landmark intervention by the Federal Government into our private markets, the housing markets. We are literally nationalizing half of the American housing market. The Bush economic policies and the irrational exuberance of the mortgage banking industry have driven us into this box canyon. The U.S. economy is hurting, with dramatic job losses, home values reeling, and middle-income families struggling to pay for the basic necessities.

While it may have been necessary and may have been the best of many bad options, this certainly raises significant long-term questions about how we organize and regulate mortgage financing in this country. This move may stop the rot for now, but real reform must follow.

With this administration's days numbered and only a few months left, it will be up to the next President and the next Congress to face these issues honestly and quickly.

For my part, I intend to make the case in the coming months that there is a sensible role for Government to play in the regulation of markets, regardless of what some may argue to the contrary. Letting our private sector markets run amok can lead to excessive booms and bailouts, as last weekend's actions evidence.

There are two things that merit immediate attention. I have written to the Secretary of the Treasury, Henry Paulson, Federal Housing Finance Authority Director Lockhart, and the incoming CEOs of Fannie Mae and Freddie Mac asking two things: First, it is unconscionable to reward the outgoing CEOs of these companies with golden parachutes that will literally cost the taxpayers millions of dollars—some estimate \$24 million—in farewell gifts; second, that we focus on restructuring the mortgages owned or serviced by Fannie Mae and Freddie Mac. Our goal needs to be structuring mortgages so troubled homeowners can keep up with their house payments and not lose their homes.

According to analysts cited in news coverage, the two ousted CEOs of Fannie Mae and Freddie Mac may be entitled to over \$24 million as a farewell gift from American taxpayers for running their companies into the ground. With taxpayers across America now facing the burden of paying up to \$200 billion in bailout costs for these agencies, I find this unconscionable.

Income equality in our country continues to grow. Middle-class families continue to work hard for paychecks that can't keep up with the cost of living. Yet compensation for senior executives has risen dramatically over the last 8 years.

My colleague, Senator JIM WEBB, not that long ago, in response to the State of the Union Address, noted that in the 1960s the CEOs of major corporations made 20 times more than the average worker. Today, they make 400 times more than the average worker. That means that literally each day a CEO works, he makes more than the average American worker makes in a year. How can we be asked to enshrine this inequity with taxpayers' dollars? We are being asked to reward incompetence and to lavish millions of dollars on the CEOs of Fannie Mae and Freddie Mac who have failed in their assignment. A worker who doesn't do his job will be given a pink slip, but a failed CEO of Fannie Mae or Freddie Mac is given a multimillion-dollar windfall.

I understand that both of these individuals were brought on the job to try to save failing agencies, but it is also true that in the case of the head of Fannie Mae, Daniel Mudd, he was paid \$11.6 million as an income last year as Fannie Mae was headed into the tank. Mr. Syron, Richard Syron, who headed up Freddie Mac, was paid \$18.3 million last year and given stock options. It turns out those stock options have become almost worthless. The fact is that they are still being rewarded—unless we do something—with farewell gifts and golden parachutes as they leave.

When Mr. Mudd took over Fannie Mae some 4 years ago, the shares were trading at \$70. On Friday, the day the news of the possible takeover started to leak out, Fannie Mae shares were trading at \$7. On Monday, the shares closed at 73 cents.

Freddie Mac had its own accounting problems when Mr. Syron took over in December of 2003. The company was forced to admit it had inflated its earnings by nearly \$5 billion. Like Mr. Mudd, Syron—who had served as a chief executive at other companies before—had been brought on pledging to fix the company and get it back on track. Freddie's shares, which traded for about \$55 when Mr. Syron took over in 2003, dropped to about \$5 last Friday and then to 88 cents on Monday.

You don't have to be a subscriber to the Wall Street Journal to realize these two men failed in their assignments. Given 3 or 4 years to right the ship and steady the course, they failed. Yet, in their failure and departure, they are asking for a rich reward—literally millions of dollars to be paid by the taxpayers. That, to me, is indefensible. That is why I have joined others in Congress, including Senator OBAMA, Senator REID, and Senator SCHUMER, in writing to the Treasury Secretary and the head of the Housing Finance Authority and telling them to stop the