AIG's problem is that rating agency downgrades of AIGFP force collateral to be posted. Such a clause essentially transforms their exposure from an insurance policy that only requires payout when losses are realized, to a policy which requires payout depending on how markets price similar exposures. And right now, mortgage-backed derivatives are the leprosy of the financial markets, with prices arguably below fair value (a). However, for valuation and capitalization purposes, insurance regulators, accountants and rating agencies (no irony intended) are not interested in anyone's estimate of fair value right now. Instead, they're relying on the last marginal price that anyone happens to sell at, with the most desperate seller setting the price. If only property taxes worked that way; everyone would get tax certiorari relief based on the neighborhood's worst foreclosure sales.

I will leave it to others to describe the calamitous (or not) outcomes that the Fed decided to avoid. It would be speculation, although today's news of the oldest money market fund in the country (with $60 billion at its peak) ''breaking the buck'' was possibly a small example (b). What the Fed gets in return for saving AIG: a 2-year loan at Libor plus 8.5%, plus an 80% ownership interest in the company. I know a lot of private equity and mezzanine funds that would love to have gotten a deal like that, but they didn't have enough capital. And that was the problem: AIG is so big that the numbers involved were too large for banks and other private sector entities to contemplate, particularly within 48 hours. AIG's former chairman stated that equity investors did not have to be wiped out, but there was only one entity left that was big and adroit enough to offer the terms and capital needed to forestall a possible bankruptcy (c), and it was the U.S. government. While I think the U.S. government made a good investment for taxpayers, the Pandora's box is going to be quite a challenge.

We're not going to rush out and buy equities on the view that the world's problems are over, or that the Fed will bail anything else out. The economic news, drowned out by corporate events over the last two weeks, is still pretty bad. This week's charts from our investment meeting (state tax receipts, small business optimism, the U.S. manpower employment survey, the Baltic Freight index, retail sales, Eurozone industrial production, hotel occupancy rates and just about everything related to growth or construction in China) all look the same: plummeting. There's also the minor issue that the Fed is running out of money for these bailout/investment exercises (d). But with the decline in commodity prices, inflation forecasts are tumbling, rendering stagflation risks much lower. While we're at it, the Peak Oil crowd promoting crude oil call options struck at $200 should concede what we've been saying: there was an enormous amount of speculation pent up in energy markets (e.g., an 8-fold increase in bank OTC oil derivative exposure in the last 3 years), and it wasn't just the supply-demand equation. Oil will rise again, and we need solutions to energy supplies, but $140 in July 2008 was ridiculous.

We are making some regional shifts in portfolios (from Europe to the U.S.) given a slower global economy, the prevalence of much higher levels of government and corporate debt in Europe, and more rapidly slowing European earnings estimates. We are also holding onto our cash balances, and are investing newly funded accounts slowly. But we are not, as we reiterated last week, positioning for Armageddon, which the Fed might have just averted with its actions this week.

Notes:

(a) AIG released a report on August 7 with their CDO stress-testing. The assumptions look conservative to me: 80%–90% of subprime loans expected to default, with 20%–30% recoveries upon foreclosure. Assumptions on prime loans were not much better: 60% expected to default, with recoveries of 65% upon foreclosure. AIG computed its fair value stress-testing loss on the CDO portfolio at around $10 billion, compared to the $25 billion in losses they've taken so far. This suggests that one of 3 things are true: (i) the non-transparent process through which AIG applied the stress-testing assumptions were too generous and underestimate the loss, (ii) secondary market prices driving the actual marks are too low, or (iii) the markets are right and the assumptions above are still not catastrophic enough. These outcomes are not mutually exclusive, but you could drive a truck through the difference between the stress-testing case and losses realized so far. Call me crazy but I think it's mostly (ii).

(b) That's what happens when a money market fund does not provide a dollar back for each dollar invested. A very rare occurrence which only happened once, in 1994.

(c) As far as we can tell, the Fed's investment does not constitute an ''event of default'' the way the GSE conservatorship did.

(d) For monetary policy geeks only: the AIG deal reduces the amount of unencumbered Treasury bonds held by the Fed under $200 billion. From the March 12, 2008 Eye on the Market: ''Something is nagging at me. Over the long run, I hope the Fed hasn't misjudged something. It's not that the Primary Dealer Credit Facility, is inflationary. For every dealer that comes to the Fed, the Fed sells assets to raise cash to lend, so their monetary targets are unchanged. But Fed assets are not unlimited: existing facilities already reduce some of the Fed's $700 billion in assets. In the highly unlikely event that the Fed's assets were exhausted, they'd have to start the printing press. We need to hope they haven't prematurely pledged assets to dealers that are normally reserved to stabilize banks during a potentially painful economic downturn.''

CDO = Collateralized Debt Obligation.

GSE = Government Sponsored Enterprise.

MICHAEL CEMBALEST,
Global Chief Investment Officer,
J.P. Morgan.

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The PRESIDING OFFICER (Ms. CANTWELL). The Senator from Iowa is recognized.

AMERICA'S SENIOR CITIZENS AND TAXES

Mr. GRASSLEY. Madam President, I come to the Senate today to talk about an important segment of our Nation's population, America's senior citizens.

Our senior population has seen a very rapid growth in the 20th century. As of the year 2000, there were about 35 million people who were 65 years of age or older. Compare this with 3.5 million people at the beginning of the 20th century. Today, about 37 million people are 65 years or older. This amounts to about 12, 13 percent of our total population.

In 2011, the first baby boomers turn 65. This will mark the beginning of an explosion in our senior population. By 2030, the senior population will be twice as large, growing from 35 million to 70 million.

You may ask why I am citing these numbers. My Senate colleagues may think I am setting the stage for a lengthy discussion about our entitlement programs—Social Security and Medicare. While the impending entitlement crisis does require my attention, along with the attention of every Member of Congress—and very soon—I wish to discuss another issue that is at the center of this year's political debate, and that is that mean word ''taxes''—yes, taxes on our senior citizens. I wish to explain to my Senate colleagues and my friends in the media how seniors are taxed under current law. I also would like to talk about how the Republican and the Democratic Presidential candidates' tax plans will affect our senior citizens.

With a significant increase in our older population looming, those who are currently 65 and older—and those who will be turning 65 over the next 2 decades—should pay close attention to the tax changes that will be faced under a Republican administration and Senator MCCAIN or a Democratic administration and Senator OBAMA as President. People should not only be wary of campaign promises, they must also understand the flaws in the various tax proposals being offered the voters this election season. Change may result in higher taxes.

I wish to start by picking up from a speech I gave back in July. That speech featured Rip Van Winkle. I have a picture of Rip Van Winkle up here on a chart. In that speech, I explained how a charismatic, likable, articulate, young Governor from Arkansas barnstormed across America in 1992 as the Democratic Presidential candidate. That candidate—now former President Bill Clinton—had a battle cry: ''putting people first'' and ''middle-class taxpayer fairness.'' It sounds familiar, doesn't it?

Another familiar tune is what candidate Clinton was saying in that same year, 1992. He said, if elected, ''the only people who will pay more income taxes are those living in households making more than $200,000 per year.''

If elected, the junior Senator from Illinois, the Democratic candidate, says that he will only raise taxes on families earning $250,000 or more.

But once candidate Clinton was sworn in as President Clinton, that campaign promise was quickly discarded. In 1993, President Bill Clinton and a Democratic Congress enacted the largest tax increase in history. Those are not my words. I will quote the great chairman of the Finance Committee at that time, New York Senator Patrick Moynihan, who termed it ''the largest tax increase in the history of public finance in the United States or anywhere else in the world.'' And much to the voters' surprise, the tax increase of 1993 was on people who earned more than $20,000, not just those earning more than $200,000, as candidate Clinton had said in that campaign.

So the moral of this story is that candidate Clinton, who promised middle-class tax relief, raised taxes on the hard-working middle-class taxpayers once he became President Clinton. This was obviously change that you could not believe in.

The reason I told that story was to tell this story back then. Not only did President Clinton raise taxes on the middle class, he raised taxes on seniors.

That is why I am speaking to my colleagues about the impact of tax proposals on senior citizens that are an issue in this election. That is right, taxes were raised on seniors.

What was this tax increase on seniors back in 1993? It was an added tax on Social Security benefits. Let me take a moment to explain how this tax currently works.

Prior to the 1993 tax increase, married seniors with incomes less than $32,000 did not pay taxes on their Social Security benefits. For single seniors, those with less than $25,000 paid no taxes on their Social Security benefits. However, single seniors with incomes over $25,000 and married seniors with incomes over $32,000 paid income tax on only 50 percent, or maybe for the people paying it, it was on the whole 50 percent of their Social Security benefits. The revenue raised from this tax is directed into the Social Security trust fund.

These rules remain in place today, but under the 1993 tax increase that President Clinton signed, senior citizens with incomes over $34,000 and married seniors with incomes over $44,000 were required to pay income tax on not 50 percent of their Social Security benefits but 85 percent of their Social Security benefits. So this so-called tier 2 Social Security tax is still part of our tax laws. The revenue generated from the tier 2 tax is directed to the Medicare trust fund.

Let me pause for a moment to show how many seniors actually pay tier 1, that is 50 percent, and tier 2, the additional 35 percent. We can see on this chart a number for 1994 and a number for 2005. In 1994, when the tier 2 tax became effective, almost 6 million seniors paid income tax on their Social Security benefits. This includes singles and married seniors.

Compare this with 2005, the most recent year we have accurate data from the IRS. Around 12 million seniors paid the tier 1 and the tier 2 Social Security tax. So you can bet your bottom dollar that seniors with incomes of less than $200,000 were surprised when they woke up to the fact that the tax increase of 1993 hit them.

Why were they surprised? Candidate Clinton assured them their taxes would not go up. Not only did their taxes go up, they had to give back a significant portion of their Social Security benefits to the Government, benefits that they worked a lifetime to receive.

Will America's seniors and the middle class, for that matter, wake up to higher taxes after the 2008 election? That is the key for my being here, to look at the tax debate going on in this election season for the Presidency. Will American seniors and the middle class, for that matter, have to wake up to higher taxes after the 2008 election?

Much like Rip van Winkle woke up to a different, changed world, will Senator OBAMA's change be something seniors can believe in? Could history repeat itself?

I wish now to explain how the 2001 and 2003 bipartisan tax relief benefits American seniors. The reason I call them the bipartisan tax relief bills is because it had bipartisan support, unlike the rhetoric of the campaign which is always referring to the Bush tax cuts.

If these were the Bush tax cuts, they would have been a heck of a lot bigger tax cuts than the bipartisan tax relief that is now the law of the land.

I wish to specifically focus on the reason for the 2003 tax relief because in 2003, Congress reduced the top tax rate on capital gains from 20 percent down to 15 percent. Congress also tied dividend income to the capital gains tax rate instead of the taxpayers' marginal tax rate. That is, of course, the same 15 percent as for capital gains.

For low-income taxpayers, the tax rate on capital gains and dividends is currently zero. How does a lower capital gains and dividend income tax rate benefit our senior citizens who have contributed so much to this country? Census Bureau statistics show that about 23 percent of the taxpayers claiming dividend income are senior citizens; in other words, 65 or over. A nonpartisan research group, the Tax Foundation, shows that nearly 26 percent of all taxpayers claiming capital gains are seniors 65 or over. So a considerable number of seniors rely on investment income as a cornerstone of their overall income.

The Democratic leadership may file on to this floor and tell you that the majority of seniors' income is locked away in retirement plans and IRAs and because of this, they don't need the favorable tax relief of capital gains and dividend income. I have news for anybody. First, as I pointed out, a large number of seniors rely on a stable flow of income that dividends provide. Add seniors' reliance on capital gains and you see that any reduction in investment income through higher taxes will hurt our hard-working senior citizens.

Let me show my Democratic colleagues and friends in the media the tax savings that seniors currently enjoy due to lower tax rates. As we can see on the chart, seniors with incomes under $50,000 earning dividend income see the biggest tax savings. Their tax liability is 17 percent less than it would be if the favorable tax relief expired. This portion of the chart also illustrates how much more seniors rely on this favorable tax treatment than taxpayers of all ages. For all other taxpayers, their tax liability is 7.6 percent less, as we can see from the chart, the first bar.

Let's look at seniors claiming capital gains. Same chart, as we can see. Seniors with incomes under $50,000 pay about 13 percent less in taxes than they would without the favorable tax relief in the 2003 capital gains law. That is a significant chunk of change for our hard-working seniors or, if they are retired, for having worked hard throughout their life.

So we can see my Democratic friends don't have a leg to stand on. They come out here—we have seen them and heard them—like the big bad wolf and huff and puff about how seniors do not benefit from the 15-percent capital gains and dividend income tax rate. But the facts, as I presented them, are clear, and we get this information from foundations and study groups. Seniors rely on capital gains and dividend income to maintain their standard of living and pay their medical expenses. Seniors benefit significantly from the favorable tax treatment on capital gains and dividend income, especially low-income seniors.

The moral of this story is that lower tax rates on investment income means these seniors can keep more of their earnings to pay for life's necessities. Taking these tax benefits away from seniors by raising capital gains and dividends, these are people who will be hurt because they most typically live off of a fixed income and their standard of living would be severely impacted.

My Democratic colleagues in Congress actually want to take away the 2003 tax relief for seniors. For example, in March of this year, this body took a very important vote. I, along with my Senate colleagues, voted on an amendment to the budget that would have allowed the 15-percent capital gains and dividend income tax rates to be extended beyond their sunset period of 2010. Every Democrat voted no. If the Democrats get their way, this favorable tax treatment will go away for seniors, raise taxes on seniors, and lower the standard of living of seniors. I voted to extend the 15-percent capital gains and dividend income tax rate.

The senior Senator from Arizona voted yes. Interestingly, the junior Senator from Illinois voted no. My friend's vote is interesting because the junior Senator from Illinois is now barnstorming across America campaigning to be President, much as President Clinton did. On the stump, the Democratic candidate has stated he does not want the 15-percent capital gains and dividend income tax rates to go away, at least for families earning less than $250,000 a year. Let me repeat, the junior Senator from Illinois, whose word is his bond, voted with this budget vote last spring to allow the 15-percent capital gains and dividend income tax rates to expire, but now he is saying he wants this tax relief to stick around.

To a degree, I am glad for that change of heart, but the more I think about it, the more I wonder whether the junior Senator from Illinois will stick to this campaign promise if elected because he might find himself in a position like Candidate Clinton who failed to stick to his campaign promise when he became President not to tax the middle class. So maybe my Democratic friend will be the big bad wolf after all. Huff and puff and let the 15-percent capital gains and dividend income tax rate expire. I am not sure if a President OBAMA will be living in such a brick house. His house may be made of straw and his campaign promise of extending the 15-percent capital gains and dividend income tax rate for families earning less than $250,000 may be blown down.

Former President Clinton's promise was blown down, and we saw the biggest tax increase in history. That is what Senator Moynihan, chairman of the committee at that time, said. I don't want history to repeat itself.

Let's focus on how seniors would be affected under a Republican or a Democratic administration. Let me start with a Republican administration because Senator MCCAIN's tax plan is straightforward. That is, the Senator from Arizona would continue the current 15-percent capital gains and dividend income tax rates beyond its sunsetting. He would also continue the tax rate of zero percent for low-income taxpayers. Yes, it is a very simple tax plan.

The PRESIDING OFFICER. The Senator has used 10 minutes. We are under a time agreement.

Mr. GRASSLEY. I ask permission to continue. I was told I would have until 10 after 6, and I will be done before 10 after 6.

Ms. LANDRIEU. Madam President, may I inquire of the Senator, another 5 or 10 minutes?

Mr. GRASSLEY. Let's say 7 minutes, and if I am not done in 7 minutes, I will quit.

Ms. LANDRIEU. I thank the Senator.

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

Mr. GRASSLEY. Madam President, seniors under the tax plan proposed by the senior Senator from Arizona would continue to benefit from lower tax rates. This would allow seniors to maintain their current standard of living. These taxpayers will be able to age with dignity.

The Democratic Presidential candidate's tax plan for seniors is much more complicated. But first let's keep it simple. Although the junior Senator from Illinois voted to allow the 15-percent capital gains and dividend income tax rates to expire, he is now saying he wants to keep this favorable tax treatment for families earning less than $250,000.

It seems the Senator from Illinois thinks the bipartisan tax relief is good and should continue for most taxpayers. However, his Democratic colleagues in the House and Senate don't seem to think so. After all, they voted to allow the 15-percent capital gains and dividend income tax rate to expire in that vote we had this spring.

I ask, if Senator OBAMA is elected on November 4, will he be able to convince his Democratic colleagues to continue this favorable tax treatment? President Clinton was unable to stop a Democratic Congress from increasing taxes in 1993. And I wouldn't want history to repeat itself.

I also want to spend some time discussing a proposal my friend from Illinois has discussed on the campaign trail. Senator OBAMA has proposed to exempt seniors with incomes less than $50,000 from income taxes. This sounds pretty good. I mean, for 2007, the median income for people 65 and over was close to $28,000. But if you take a closer look, there are a number of flaws.

These are not my words. The Tax Policy Center, a nonpartisan think tank that has received notoriety for analyzing the tax plans of Senator MCCAIN and Senator OBAMA, states that ''the proposal is poorly designed.'' They also say the proposal ''creates inequities between older and younger workers with the same income.'' The AARP, the powerful senior lobby, hasn't even highlighted the proposal in communications with its membership.

But I wish to highlight this proposal and expose its flaws because I don't want our seniors to believe in a campaign promise that can't be delivered.

First, the $50,000 exemption amount would not be indexed. This means it would erode over time, becoming less and less valuable to seniors.

Second, the $50,000 threshold is a cliff. That means a senior earning $1 over $50,000 won't qualify for the exemption and that senior might stop working to make sure they do not go over that cliff.

Third, the $50,000 exemption amount applies to both single and married taxpayers. This produces a marriage penalty that is unfair to married seniors.

Finally, this proposal exempting seniors making less than $50,000 from paying income taxes would add to the Social Security and Medicare deficits. This may not be such a big deal for seniors, but it is a big deal for those of us here in Congress who have to find solutions to the shortcomings of Medicare and Social Security.

Let me tell my colleagues, and of course the media, how this proposal would add to the Social Security and Medicare deficits. As I discussed earlier, our current tax laws require seniors with incomes over $250,000 and $32,000 to pay income taxes on their Social Security benefits. According to preliminary data released by the IRS, close to 14 million seniors paid income tax on their Social Security benefits in 2006. This is because many seniors continue to work. Or they retire, but earn interest income, capital gains dividends, or rental income. Even half of their Social Security benefits are taken into account for purposes of determining whether a taxpayer must pay income taxes on their Social Security benefits.

Now, there are many seniors who are earning less than $50,000 but more than $25,000 and $32,000. Currently, the income taxes these seniors pay on their Social Security benefits go directly to Social Security and Medicare. This means if these seniors are exempt from taxes, less tax revenue flows into the Social Security and Medicare. The trustees of these funds are already projecting that the Medicare trust fund will run out of money in 2019 and that the Social Security trust fund will follow in 2041.

The Senator from Illinois may say he will make up for this revenue loss by raising payroll taxes on families earning more than $250,000 a year, but his campaign has recently stated that any increase in the payroll taxes on these workers would be phased in over 10 years. This means the revenue Senator OBAMA was relying on to make up the revenue loss that would result from the seniors' tax exemption won't be there. I am not sure about you, but making a campaign promise that will balloon the Social Security and Medicare deficits is not good judgment, especially when baby boomers are on the verge of turning 65.

Now, I have saved the best for last, and I want to say it loud and clear so my friends in the media and our Nation's seniors can hear it: Seniors will see their taxes go down under Senator MCCAIN's plan, especially married seniors. Low- and middle-income seniors who are married will be taxed less than under the Democratic tax plan. Senior citizens will also enjoy tax relief under the McCain tax plan.

The Senator from Arizona is doing the right thing in reducing the corporate tax rates. After all, our Nation has the second highest corporate tax rate in the world. That causes companies to move their operations overseas. Both Senator OBAMA and Senator MCCAIN have alluded to the competitive problem our corporations face because of high tax rates. There is an added benefit to reducing corporate rates. The answer is: a tax cut for middle-class seniors. Well, the incidence of the reduction of corporate tax rates falls on capital. The Congressional Budget Office tells me that the burden of the corporate tax falls on capital, and so does the Tax Policy Center.

So because seniors hold investments in corporations—as evidenced by the fact that almost a quarter of all Americans claiming dividends are seniors—they will see the benefits of lowering corporate tax rates. This means they will see their taxes go down if the corporate tax rate is reduced. Married seniors in particular will see their taxes go down more than under the tax plan of the Senator from Illinois, and in some cases the senior taxes would go up under the Democratic tax plan.

The Tax Policy Center has indicated that low-income seniors, those earning up to $32,000, would see their taxes go up by close to $150 under OBAMA's tax plan. Contrast this with Senator MCCAIN's plan, where these same low-income seniors would see tax cuts of over $150.

The Senator from Illinois may not believe me. After all, he has promised no new taxes for families earning less than $250,000, and that these taxpayers would receive a tax cut. But here on this chart, it is in black and white. According to the Tax Policy Center, seniors with a total income up to approximately $24,500 and $32,000 would see a tax cut of $186 and $154 respectively. That is under the McCain plan. Under the Obama plan, these same seniors would see their taxes go up by $157 and $131 respectively. That is a tax increase. And if your income is around $83,000, you will see a tax increase of $364 under OBAMA. Compare that to a $431 tax cut under the McCain plan.

Let's look at single seniors. If you are a single senior with a total income around $21,000, you will see your taxes go up $118 under Senator OBAMA's tax plan and they will go down $140 under Senator MCCAIN.

So I ask the Senator from Illinois whether he would like to revise and extend his remarks. He says no new taxes and tax cuts for people making less than $250,000. But as we can see here, that is not true. And the tax increase is on one of the most vulnerable segments of our society: our seniors.

I would like factcheck.org to post the Tax Policy Center's numbers on their Web site, and I want seniors in Pennsylvania, Florida, Ohio, Missouri, and my home State of Iowa to read this and study it. Don't buy a pig in a poke. Be wary of a unified government. We need to make sure that we install in the Presidency people who are going to keep tax rates low on seniors.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Madam President, I understand we have up to 10 minutes.

The PRESIDING OFFICER. The Senator is correct.

STORM DISASTERS

Ms. LANDRIEU. Madam President, before I begin speaking about the disaster occurring in Louisiana and in parts of Texas, and refer briefly to some of the other disasters that have struck, I wish to respond briefly to some of the remarks the Senator from Iowa made.

We don't have time for a debate, and I respect my friend on the other side a great deal, but had the Democrats followed the Republican leadership in trying to privatize Social Security, many seniors would be in a very difficult situation right now, as you know. The Republican Party has for years tried to privatize Social Security. What a terrible situation we would be in had we allowed that to happen. But we and some others, a few on their side, stopped it from happening. I can hardly tell you what the situation would be for our seniors, whether they are on the poor end of our economic scale, the middle end, or the higher end, with Bear Stearns and Lehman Brothers and others that are now collapsing.

So I know we will have a great deal of debate about which economic policy is the best, and I know the Senator rattled off quite a few numbers regarding Social Security, but I couldn't help myself as I was standing here thinking: Thank goodness we didn't privatize Social Security. Because whatever situation he has outlined, it would be a thousand percent worse for our seniors today. So I thank the junior Senator from Illinois from stopping that from happening, along with myself and many others.

I came to the floor today, however, to speak about the disasters unfolding in Louisiana and Texas and other parts of our country. I know as this Congress gets ready to adjourn, we have done some significant work over the last couple of months, and we have more work to do, we do need to get on an energy debate for this Nation, and I am hoping something can be worked out there. We also, of course, have a continuing resolution to discuss. But this is only one of several pictures I am going to show of the results of a terrible storm that crashed into the southern part of the United States last week.

Hurricane Ike hit the gulf coast with a ferocious force of winds and tidal surges on September 13. Hurricane Gustav hit us on September 1, and Tropical Storm Fay, while it entered in Florida, or hit our country in Florida, actually did a tremendous amount of damage to other parts of the United States, not only the States along the gulf coast. There was some terrible interior flooding in Arkansas and even up here in this region. As a result, we have homeowners like this.

These photos were sent to us by American Press, from the Lake Charles American Press, and I thank them. This is the parish of Calcasieu, which is right outside the Texas border. So you have the counties, of course, of Houston and Galveston and Beaumont, but right on the other side of that border are Calcasieu Parish and Cameron Parish.

Let's see some of the extension of the damage in these other pictures. This is in a city. This is not in a low-lying area. This is not on a beach. There is not a beach anywhere around here. We have had tidal surges from Ike much higher than I think many people realize.

This is a picture of the eastern part of Louisiana. You all have seen this picture before, and I know you are going to accuse me of actually bringing out an old picture from an old storm. I feel as though I am in Groundhog Day here. But this is actually taken from last week. This is America's energy port. This is Port Fourchon, where 30 percent of the offshore oil and gas from the gulf comes. Port Fourchon. You can't see Port Fourchon, because it is completely underwater.

I feel I am going through the repeat of a movie. We had Katrina, we had Rita, and now we have Fay, we have Gustav, and we have Ike. And while Ike did hit directly into Galveston—and please let me begin by saying that my heart goes out to the people of Galveston and Beaumont and the millions of people right now who still in Texas do not have electricity. We in Louisiana most certainly understand the difficulties from a storm of that nature. But I would be remiss if I didn't come to the floor this afternoon and say that this storm hit more than the Texas coast. It walloped us as well.

This is another part, from southeast Louisiana, I believe. This is Port Fourchon. This is right on the coast. We can understand this happens when storms occur. This is not in the middle of a city. This is not inland. This is right on the coast. But as I have come down to say so many times, when is America going to wake up and realize that these are where our pipelines are? These are where our refineries are. By the nature of pipelines and refineries and ports, they have to be near a coast. They cannot be inland. We need to do a much better job of protecting these communities.

This is in the Houma-Terrebonne area, which is much farther inland. We had some of the worst flooding in Terrebonne Parish, which is really in the southeastern part of the State. Remember, the hurricane really hit