Americans from all walks of life—and both political parties—are worried about something else in the budget. They don't understand why charitable organizations and the people they serve should suffer in order to pay for new or expanded Government programs. Yet in an attempt to pay for all of its spending proposals, the Obama budget reduces the deductions for charitable donations.

At a time of economic distress, when more people than ever depend on these organizations, the administration's budget reduces the incentive for people to donate to them. This will affect donations everywhere, from the Salvation Army to the Juvenile Diabetes Research Association, to educational nonprofits such as universities and art museums. According to one study, this proposal can lead to $9 billion less in charitable giving each year.

The proposal on charitable giving appears to follow the European model, where people rely on the state to support cultural institutions. In Europe, people rely on the State to support cultural institutions, but nonprofits across our country are mobilizing against the idea and for good reason: people who give money to these institutions should not be penalized for it, and charities and nonprofits themselves certainly should not be expected to subsidize the administration's policy dreams.

These are hard times. Why make them even harder? That is the question a lot of people who have seen this budget are beginning to ask. They are looking at the highest tax increase ever, higher taxes on small business, a proposal that would divert billions of dollars away from the Nation's charities, and a light-switch tax that will touch every single American, and they see a lot more hardship. These tax hikes are precisely the wrong prescription at a time of already serious economic distress.

The budget plan has a number of fatal flaws. But in the midst of a financial crisis, American workers don't need another reason to fear they will lose their jobs, small business owners shouldn't be further discouraged from investing, and the Nation's charities should not have to fear that even less money will come in. This budget doesn't just spend and borrow too much, it taxes too much.

AIG BONUSES

Mr. MCCONNELL. Mr. President, regarding the AIG bonuses, it is hard to overstate the outrage that I and others experienced over the weekend to learn that AIG, which already has received nearly $175 billion from the American taxpayer, is planning to hand out $165 million in bonuses to its employees. This is absolutely appalling, and it is particularly disturbing given the fact that I sent a letter to Secretary Paulson more than 5 months ago insisting that if taxpayers were going to help private businesses, then the Treasury would need to use its ''full enforcement powers to prevent any misuse of taxpayer funds.''

The administration needs to get the message from the taxpayers on this issue. Going forward, the American people need to have complete certainty that taxpayer money is not wasted in this particular manner again. It is my hope the administration will continue to press AIG on these bonuses and that it will pursue any and all lawful means of recovering these payments to the very people who were responsible for creating this mess in the first place.

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

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

The legislative clerk proceeded to call the roll.

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

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

Mr. SESSIONS. I thank the Chair.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of morning business until 3 p.m., with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Alabama is recognized.

AIG BONUSES

Mr. SESSIONS. Mr. President, the bonuses for thousands of employees at AIG, that huge insurance company to which the Government, the taxpayers of the United States, have shoveled $170 billion into to keep that company afloat, makes me recall an old maxim. The Sessions maxim I call it—announced about 20 years ago when I was a Federal prosecutor attempting to faithfully enforce complex Federal regulations. I stated this:

> Oh, what a tangled web we create when first we start to regulate.

The more we proceed with policies whereby the Government owns 80 percent of the stock of a private insurance company—or any company—especially after we poured $170 billion in to buy that stock—the more we are inevitably compelled to direct how the company operates, to the point of deciding whom their executives should be. We basically picked Mr. Liddy, the chief executive—plus what the company's salary scale should be or what aircraft it can or cannot have or where and what kind of corporate retreat they might have or whether they can pay bonuses.

The size of our investment—''investment'' is an absurd term when used to describe the reckless, gargantuan commitment of our citizens' money to AIG puts us, the American people into the insurance business. Not long ago, I had occasion to meet an official of a healthy insurance company. In jest, I asked him—it is not one of the biggest in the country, but it is a sizable company with broad reach. I asked him how he liked competing with a company supported by the deep pockets of the taxpayers. He replied it wasn't a joke—AIG was their top competitor in several economic or insurance markets. At bottom, we extract tax money from this businessman to keep afloat his reckless competitor. The size of this commitment cannot and should not be lost on us. The entire Alabama State budget—we are about one-fiftieth of the national population, a State well and frugally run by our Governor, Bob Riley—including the State education budget for all the schools and all the teachers—thousands of schools—amounts to about $7 billion a year. So how big is the $170 billion we put into AIG? It is big.

The entire Federal highway budget, for our interstate system and all the pork projects that get added to the highway bill, and the billions we send to the States for their highway programs, since they are on an 80/20, 90/10 matched basis, with the majority Federal Government money, is $40 billion a year. So that $170 billion is a lot of money.

But here we are, and similar to that unwise banker, we face the dilemma: Do we pour more good money in to revive this corpse in a desperate effort to recoup our improvident ''investment''?

It is not an investment because no rational investor would ever have invested this kind of money in this company. The bullet was already in its heart. It was a dead duck. Only the Government would have put in the kind of money we put into it.

So the facts are now becoming clear about some of the problems that go along with being in the private insurance business. The New York Times and the Washington Post have produced certain facts, with front-page stories yesterday, which, having read them, caused me indigestion and provoked me to write these remarks for which I ask you to forgive me for delivering. But it makes me feel a bit better.

What was the purpose of this $170 billion? The Washington Post said yesterday that it was to ''keep the company afloat.''

Treasury Secretary Geithner has had a ''difficult'' conversation, according to the papers, with AIG's leader, Mr. Edward M. Liddy, about Mr. Liddy's plan to award $165 million in bonuses. Mr. Liddy says he finds that awarding the bonuses is ''distasteful.''

I am glad to hear him say that. But then he says they are required under previous contracts entered into before he came to AIG or was put there by Secretary Paulson, President Bush's Secretary of the Treasury.

As an aside, let me recall that had this matter been handled in the regular