

Interestingly enough, and to his credit, President Obama suggests in his budget the same proposal on Part D that President Bush proposed, which was that wealthy people should pay some percentage of the cost of their premium. So one might think they would send that proposal as a free-standing initiative, at least that one, as a way to address some of the costs which are being generated and being borne by the general fund. But we have not heard that.

It is ironic, of course, that President Obama has that proposal in his budget and is not willing to send it. It may be that because Congress, under the Democratic leadership, rejected this idea 2 years ago, that they believe it will be rejected again. But let's at least take a run at it because it is a good idea, and it is very appropriate. It should be done along with some other ideas because we have this responsibility, under our own rules.

There are rules. We set them up. We said if the general fund is going to be invaded by more than 45 percent we have to come up with some way to correct that. So we ought to at least live by that. There are some ideas as to where we should go from here, rather than allowing this debt to become so excessive that, for example, it got so high that we become so irresponsible as a nation in the area of debt that we couldn't even get in the European Union. That is an irony, isn't it?

When this debt gets up over 60 percent of GDP, which it may well, probably in the next 2 years, at that point the United States would no longer qualify for entry into the European Union.

Because those industrialized States said: That level of debt is irresponsible. A government that has that level of debt is so irresponsible that we do not want you in the European Union.

In other words, Latvia or Lithuania could get into the European Union, but the United States could not. Not that we are going to apply. But that is a pretty good place to look for a standard, is it not? They are industrialized nations.

So we need to take some action. We need to listen closely and read closely the trustee's report, because it is telling us we are in deep trouble.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until 1:30 p.m.

Thereupon, the Senate, at 12:30 p.m., recessed until 1:31 p.m. and reassembled when called to order by the Presiding Officer (Mrs. HAGAN.)

CREDIT CARDHOLDERS' BILL OF RIGHTS ACT OF 2009—Continued

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

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

Mr. HARKIN. Madam President, I fully support the bill offered by the distinguished chairman of the Banking Committee, Senator DODD. It would create a long overdue reform of the credit card industry whose practices have been increasingly predatory and abusive. I have heard from many hundreds of Iowans who have been victimized by credit card companies. These are good people who, in the current economic downturn, have had no choice but to resort to their credit cards in order to put food on the table or to make a car payment or even help pay for college tuition. As a result, they have found themselves on the receiving end of a whole array of unfair and often outright abusive practices; things such as double billing, unwanted fees, and arbitrary interest rate increases. I applaud the Dodd-Shelby legislation for cracking down on some of these abuses. I think the legislation is a good first step.

However, this bill still allows credit card companies to charge excessive and, for millions of Americans, ruinous interest rates. Currently one-third of all credit cardholders in the United States are being forced to pay interest rates above 20 percent, sometimes as high as 41 percent. These interest rates are grossly excessive. It is time to set a reasonable limit on what credit card companies can charge.

In times past, an interest rate of 20 percent, 30 percent, or 40 percent would have been condemned by religious leaders of all faiths as being the sin of usury. People daring to charge these interest rates would have been prosecuted for loan sharking. But today the credit card industry tells us that charging people these grossly excessive interest rates is both fair and necessary. I totally disagree. It is not fair, and it is not necessary. What is more, many Iowans have pointed out to me the very financial institutions that are victimizing and squeezing ordinary hard-working Americans have already received billions of dollars from the taxpayers. Now these institutions are lending money that came from taxpayers to people at interest rates as high as 41 percent. Someone tell me, what is the logic of that? No wonder people are upset all over this country. We take their hard-earned tax dollars, give it to the big institutions. They have a credit card and in hard times they have to use that credit card for some necessities. Now they are being charged 20, 25, 30 percent interest. It is a sweet deal for the financial institution. It is nothing more than an old-fashioned rip-off of consumers.

For these reasons, I have joined with Senators SANDERS, WHITEHOUSE, LEAHY, DURBIN, and LEVIN to offer an

amendment to cap credit card interest rates at 15 percent. Yes, that is exactly what I am saying. No credit card could charge more than 15 percent interest rates. Why did we pick 15 percent as an appropriate top rate? Thanks to a law passed by this Congress 30 years ago—I was here at the time—we put a cap of 15 percent on the maximum interest charges a credit union could charge their customers. That was 30 years ago. We left a safety valve for special circumstances. This rate cap of 15 percent has protected millions of consumers at credit unions. I belong to a credit union right here in the Senate. I have always belonged to a credit union. I belonged to one in the House when I was there, and before that, in the Navy, I belonged to the Navy Federal Credit Union. These credit unions have performed a viable, good service for millions of Americans without harming the safety or soundness of the institutions and without negatively impacting access to credit for credit union members. I have been a member of a credit union all my adult life. I have never once seen them constrict the amount of credit involved to borrowers. If you need a car, you have been able to get consumer loans from credit unions.

I would also point out, not one single credit union—not one—had to line up with the big banks begging for a bailout. Not one credit union. Yet they are capped at 15-percent interest rates. Interesting, isn't it?

Credit unions have remained strong and stable despite the meltdown in much of our financial system.

Chris Coliver, a regulatory analyst for the California Credit Union League, was recently asked about the effect of the interest rate cap on his institutions—the 15-percent cap. He answered:

It hasn't been an issue. Credit unions are still able to thrive.

Of course, there may be some special circumstances under which an interest rate above 15 percent is temporarily necessary. Currently, credit unions are allowed to charge higher interest rates if their regulator—which is the National Credit Union Administration—determines this is necessary to maintain the safety and soundness of the institutions. At the present time, the NCUA, the National Credit Union Administration, allows credit unions to charge interest rates as high as—get this—as high as 18 percent, though most credit unions continue to have a top rate that is actually much lower than that, and some of them lower than 15 percent, some as low as 12 percent, 11 percent. Well, our amendment includes a similar, reasonable exception. It would allow credit card companies to charge interest rates higher than 15 percent in circumstances where Federal regulators determine that higher rates are necessary to protect the safety and soundness of financial institutions.

It seems as if this is *deja vu* all over again for me. I have been advocating