

ends up selling it on the secondary market so, again, it has no further obligation. This system goes on and on and on. So I think the President is right about requiring everyone along the chain to have a financial interest in the ultimate health of the mortgage.

Since last spring, the Homeland Security and Governmental Affairs Committee, of which I am the ranking member and Senator LIEBERMAN is the chairman, has held a series of hearings on the roots of the present financial crisis. One problem consistently raised by the experts is the fact that asset-backed securities allowed lenders to sell their loans to investors and thereby avoid the risk that borrowers might default on these loans. That encouraged looser lending standards, and led to the boom and ultimately the bust in the housing market.

I understand the ability to sell those loans gives more liquidity and allows for additional mortgages to be made. But I think if you required the lenders to retain an interest in the loan, they are going to have more at stake when it comes to the financial security of the loan and, indeed, whether the loan should have been made in the first place.

Third, I am intrigued by the President's proposal to reform the role played by credit rating agencies. I am deeply concerned by the failure of these agencies to provide meaningful warning of the riskiness of investments backed by subprime loans, even after the market's downturn. I am very troubled by the way the system works now, where essentially there is an auction, there is "ratings shopping," and there are conflicts of interest inherent in the system.

Fourth, I support the President's proposal to regulate and bring transparency to the derivatives market, including the over-the-counter market. This is a large, complex market where some companies are trying to enter into legitimate hedging contracts, but other financial institutions have been engaged in a tangled web of interlocking contracts that are extremely difficult to properly evaluate.

The lack of regulation and transparency in this area led to the near failure of AIG, which had engaged in hundreds of these contracts in the form of credit default swaps. As the financial crisis deepened, the American taxpayer was forced to bail out AIG with at least \$70 billion due to the uncertainty of the impact of these credit default swaps on the economy as a whole. But AIG's experience should not be used as an excuse to alter the traditional authority of States to regulate insurance.

It was a noninsurance financial subsidiary of AIG that led to the debacle. AIG's insurance business remained pretty healthy. The problems were in the financial services unit, and I do not think it is a coincidence that unit was regulated by the Office of Thrift Supervision, primarily, which has been long

recognized as the weak sister when it comes to bank regulators. That is why both my bill and the effect of the President's proposal is to do away with that regulator and to have a consolidated regulator.

Fifth, I need to learn more about the President's proposal to consolidate consumer protection for financial products into one agency. The current financial regulatory agencies—whether the bank regulators or the Securities and Exchange Commission or the CFTC—all have an important role to play in consumer protection, a role that has not always been played adequately in the last few years. Is the answer, however, to the problems we have seen simply to remove consumer protection from the bank regulators' responsibilities? I am not sure that is the right response. I think we need to look very closely at this issue.

Finally, I welcome the President's proposal to provide Federal regulators with resolution authority over holding companies and other nonbank financial institutions similar to the kind the FDIC has over banks. This lack of authority presented Federal regulators with a Hobson's choice with respect to nonbank financial institutions such as AIG: bail them out or allow them to fail, notwithstanding the damage to the economy as a whole.

Madam President, let me conclude my comments.

As a former Maine financial regulator, I am convinced that financial regulatory reform is absolutely essential to restoring confidence in our financial markets and to preventing a recurrence of a crisis such as the one we now face.

I applaud the administration for making this reform a priority.

America's Main Street small businesses, homeowners, employees, savers, and investors deserve the protection of an effective, new regulatory system that modernizes regulatory agencies, sets safety and soundness requirements for financial institutions to prevent excessive leverage, and improves oversight, accountability, and transparency. I look forward to working closely with the administration to achieve these goals.

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#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

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#### TRAVEL PROMOTION ACT OF 2009—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 1023, which the clerk will report.

The legislative clerk read as follows:

A motion to proceed to the bill (S. 1023) to establish a non-profit corporation to communicate United States entry policies and otherwise promote leisure, business, and scholarly travel to the United States.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I ask unanimous consent to speak as in morning business.

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

#### PARIS AIR SHOW

Mrs. MURRAY. Madam President, I rise today to draw attention to an event that is going on across the Atlantic Ocean and how it impacts thousands of good-paying family-wage jobs right here in the United States.

As some of my colleagues know, the Paris Air Show kicked off this week. The air show showcases many impressive displays of aviation, technology, and innovation.

But there is something else that is going to be on display at this year's air show: the fruits of some 30-plus years of direct cash advances and illegal subsidies to the European aerospace company Airbus.

For more than three decades now, the European governments that created Airbus to specifically compete with the United States have aggressively funded, protected, and promoted their venture.

Since 1969, the European governments of France, Germany, Spain, and the UK have supported—the governments have supported—Airbus's commercial aircraft development with over \$15 billion in launch aid. Those are high-risk loans at no- or low-interest, with repayment contingent on the commercial success of the aircraft.

According to the USTR, the amount of launch aid Airbus has received during the lifetime of that company—if it was repaid on commercial terms—is well over \$100 billion.

Such massive, market-distorting subsidies to a private company are today allowing Airbus to offer incentives for airlines to buy their planes. Airbus is a mature company, with more than half of the market for large commercial aircraft. But Europe is still treating it as a company with kid gloves.

In fact, last week, Bloomberg News reported that Airbus is seeking approximately \$5 billion in launch aid from the governments of France, Germany, Spain, and the UK to now fund the development of the Airbus A350. Reports indicate that the deal could be completed within the month.

If we want to keep a strong aerospace industry in America, we cannot let that happen. Every time European governments underwrite Airbus with subsidies, our American workers get pink slips.

If we want to lead the world in commercial aerospace, our message to Europe has to be strong and clear: No more illegal subsidies to prop up Airbus. And Airbus has to compete in the marketplace just like everybody else.

I am deeply troubled that Airbus is considering pursuing now additional illegal, trade-distorting subsidies that, in effect, have caused adverse effects on the American aerospace industry at