run large outfits such as Boeing, American Express, Johnson & Johnson, Caterpillar, GE, and Motorola are also on record in supporting the Ex-Im Bank.

American entrepreneurs can't afford Congress to give up on them now. China already provides three to four times as much financing as we do to help Chinese exporters. So we must help American exporters. We must continue to give American businesses a fair shot to compete in a global market. Since Ex-Im Bank doesn't add a penny to the deficit, there is no excuse for Republicans not to support it. The nonpartisan Congressional Budget Office says this commonsense legislation will actually reduce the deficit by about $1 billion.

It is critical we pass the IPO bill to help businesses access capital, but it is even more important we reauthorize the job-creating Export-Import Bank which helps those companies compete abroad. This proposal will support hundreds of thousands of more jobs in the small business capital bill. Together it will be a real knockout. It will be great for America.

Democrats brought this measure to the floor in an effort to find more common ground, and passing it would be another major accomplishment of which both parties can be proud.

RESERVATION OF LEADER TIME

Mr. REID. Will the Chair announce the business of the day.

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of morning business until 4:30 p.m. with Senators permitted to speak therein for up to 10 minutes each.

The Senator from Rhode Island.

ORDER OF PROCEDURE

Mr. REED. Mr. President, I ask unanimous consent to speak for up to 45 minutes in morning business, and I will be prepared to yield back such time as I do not use.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

JOBS ACT

Mr. REED. Mr. President, today I rise to discuss H.R. 3606, the so-called JOBS Act. As chairman of the Subcommittee on Securities, Insurance, and Investment of the Senate Banking Committee, I wish all of my colleagues to know this legislation, as it is currently drafted, is not ready to become law—and if it does, it could have unintended consequences that will hurt investors, seniors, and average American families.

One of the supposed premises behind this legislation is that if we just deregulate the securities market, then more companies will choose to issue public stock. The only reason they have been deterred from going to the public markets, according to this view, is the excessive regulatory burdens placed upon them.

The Banking Committee has been holding a series of hearings on different provisions in this legislation, and the reason we have discovered there have been fewer IPOs does not appear to be connected to regulatory burdens in any real way, but it appears to be more connected to economic and geographic factors. That being said, many of us hear on a daily basis, despite the recent financial crisis, about how the American regulatory system is making us less competitive, especially in the context of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

In fact, in testimony before the Senate Banking Committee, Lynn Turner, a former SEC chief accountant, states that the data says otherwise. In his words:

> The reason IPOs track the economy is that investors invest to earn a return. When the economy is growing, companies can grow. . . . However, when the economy has stalled or is declining, and companies are not growing, investors simply cannot achieve the types of return they need to justify making an investment. . . . As a result of the downturns in the economy that occurred during much of the 1970s brought on in part by withdrawal from Vietnam, the recession brought on by inflation at the beginning of the 1980s, the dot com bubble and the corporate scandals, and the most recent great recession, investors became concerned about returns that could be earned in the markets and IPOs declined. As the economy and employment have recovered after each of these downturns, so has the IPO market.

Mr. Turner went on to state when he served on a Colorado commission that was exploring why so many small companies were failing in Colorado, he said:

> [W]e found that access to capital was not the primary cause of failure. Rather it was lack of sufficient expertise and management within the company including in such areas as marketing and operations. While access to sufficient capital for any company is important, I have found that those emerging companies with better management teams and proven products, or products with great growth potential are able to obtain it. Those are the types of companies VCs and private equities seek out.

VCs are venture capital companies.

As another securities expert, Professor Mercer Bullard, the Jessie D. Puckett, Jr. Lecturer and Associate Professor of Law at the University of Mississippi School of Law, wrote to me in a letter dated March 15 of this year:

> The exemption for emerging growth companies would exempt so many companies from key investor protection provisions that the world-leading brand that is the ''U.S. public company'' would be substantially weakened.

So how do we find the balance between facilitating capital formation while maintaining fair, orderly, and efficient markets and protecting investors?

As chair of the Subcommittee on Securities, Insurance and Investment, I want all of my colleagues to know this legislation, as it is currently drafted, does not have that right balance.

We are getting inundated with letters and phone calls from securities experts from around the country saying: Please slow down and let this legislation be improved and amended. On Friday, Commissioner Luis Aguilar of the Securities and Exchange Commission stated:

> It is clear to me that H.R. 3606 in its current form weakens or eliminated many regulations designed to safeguard investors. I must voice my concerns because as an SEC Commissioner, I cannot sit idly by when I see potential legislation that could harm investors. This bill seems to impose tremendous costs and potential harm on investors with little or no corresponding benefit.

The Chairman of the Securities and Exchange Commission, Mary Schapiro, wrote in a letter dated March 13, 2012:

> While I recognize that H.R. 3606 is the product of a bipartisan effort designed to facilitate capital formation and includes certain promising approaches, I believe there are provisions that should be added or modified to improve investor protections that are worthy of Senate consideration.

In a Banking Committee hearing we held on March 6, 2012, Professor Jay Ritter, the Cordell Professor of Finance of the University of Florida, also testified that we should be careful because some of these bills could actually decrease capital formation and discourage job growth. He stated:

> It is possible that by making it easier to raise money privately, creating some liquidity without being public, restricting information that stockholders have access to . . . restricting the ability of public market shareholders to constrain managers after investors contribute capital, and driving out independent research, the net effects of these bills might be to reduce capital formation and/or the number of small IPOs.

In a hearing before the Securities, Insurance, and Investment Subcommittee in December, Professor John Coates, the John F. Cogan Professor of Law and Economics at Harvard Law School told us some of the proposals in the House bill actually have the potential to harm job growth. He stated:

> Whether the proposals will in fact increase job growth depends on how intensively they will lower offer costs, how extensively new offerings will take advantage of the new means of raising capital, how much more fraud can be expected to occur as a result of the changes, how serious the fraud will be, and how much the reduction in information verifiability will be as a result of these changes. . . . Thus, the proposals could not only generate front-page scandals, but reduce the very thing they are being promoted to increase: Job growth.

In other words, if these bills don't protect investors enough more fraud will occur, and it will actually decrease access to capital for smaller companies.

We have also heard from respected business commentators about the shortcomings of the House bill. Steve Pearlstein, the noted business columnist for the Washington Post, wrote:

What we know from painful experience—from the mortgage and credit bubble, from Enron, WorldCom and the tech and telecom boom, from the savings and loan crisis and the junk bond scandal and generations of penny-stock scandals—is that financial markets are incapable of self-regulation. In fact, they are prone to just about every type of market failure listed in economic textbooks.

Pearlstein points out the characteristics of markets that can lead to failures. First, there is the prevailing problem of asymmetric information. Insiders typically know, or should know, a lot about their company. If key information is withheld, investors are denied critical information to make informed judgments. The House bill would, under the guise of ''streamlining,'' undercut necessary disclosures which are essential to protect investors. He further notes the misalignment of incentives between promoters of securities and investors. Once the sale is complete, the promoter typically moves on to other targets.

The investor depends on the performance of the company to validate the investment, and that usually takes time. Indeed, in many respects, it is the issue of the short run versus the long run that distinguishes sound investments from get-rich-quick schemes. The disclosures inherent in the securities laws have, over 80 years, attempted to strike a balance—to provide investors with the information to make sound long-term investments and to thwart the ''fast-buck'' promoters in for a quick kill. The House bill seriously undermines these disclosures.

The editors of Bloomberg have also weighed in with telling criticism of the House bill. They point out:

Supporters of the [House] bill point to the falloff in initial public offerings as evidence that regulatory costs are dissuading entrepreneurs from creating businesses or taking them public. And they say rescinding the analyst research restrictions would benefit small companies, which Wall Street otherwise ignores. That sounds great in theory, but the reality offers a different picture. It's true the number of initial offerings has declined, but evidence suggests that has less to do with regulation and more to do with global economic trends.

That is according to the Bloomberg editors.

They go on to point out the conclusions of Professor Jay Ritter, whom I have already cited. Again according to Bloomberg, Professor Ritter ''has documented, the decline in IPOs is related to declining profitability of small business. Many are opting to merge with larger companies to quickly get bigger and more profitable, rather than go public.''

The Bloomberg editors further point out:

Many of the rules the [House] bill seeks to upend have helped companies, including the internal controls rule. An SEC study, for example, found that such audits helped companies avoid financial restatements, which are costly exercises that often drive down share prices.

They conclude:

It shouldn't be necessary to gut investor safeguards to promote job creation. If investors lose confidence because of worries about fraud, they will demand a higher return on their money, raising the cost of capital for all.

Floyd Norris, the respected financial writer for the New York Times, struck similar themes and criticisms in an article last week. He asked:

Do you remember the scandals of the dot-com era? Then Wall Street firms got business by promising companies that they would write positive research reports if the company would only hire them to underwrite an initial public offering of stock. Companies went public at a feverish pitch, often rising to amazing heights without much in the way of sales, let alone profits. Then it all came crashing down.

In the aftermath, the brokers were forced by the Securities and Exchange Commission, as well as the New York attorney general, to mend their ways. No longer would analysts be allowed to go on such IPO sales calls.

Norris goes on:

This bill would end that rule for all but the biggest new offerings—those that involved companies with sales of over $1 billion. And it would go much further. As the law stands now, to keep underwriters from making sales pitches that go beyond what companies are allowed to say, the underwriters are prohibited from publishing research on a company while its initial public offering is under way. This bill would allow such research, and would say that the company bore no responsibility for what was said in it. Effectively, there would be a second prospectus—one largely immune to securities laws and free to hype the offering by making forecasts not otherwise allowed.

He goes on:

Why is this needed? Advocates point to the fact that there are fewer initial public offerings now than there were during the Internet bubble. That most of those offerings were horrible investments is conveniently ignored. Nor is any consideration given to the idea that once-burned investors might be more wary. The explanation must be excessive and unreasonably expensive regulation.

Norris went on further to remind his readers of the relentless ingenuity of promoters trying to circumvent the disclosure laws under the securities acts. He recalled the recent activities of Chinese companies to gain access to American investors without full disclosure through the process of reverse mergers. He pointed out:

Last year, the SEC, worried about a spate of frauds, required Chinese companies to follow the same rules that American ones do, with prospectuses made public as soon as they were filed. Since last summer, there have been no new Chinese initial public offerings in the United States. That tightening of regulation would be reversed by this bill.

He went on to quote Paul Gillis, a former auditor for PricewaterhouseCoopers in China who is now a visiting professor of accounting at Peking University. Mr. Gillis's words:

If you like those e-mails from Nigerian scammers, wait until you see the new round about to come from shady Chinese companies looking for investment—and they will be legal.

In an interview, Mr. Gillis praised section 404, the part of the Sarbanes-Oxley Act of 2002 that requires companies going public to have effective internal controls and for auditors to certify them. He said:

When companies list, they hire consultants to help them design internal control systems to provide integrity in their reports. These control systems are new to these countries. They have helped significantly. . . .

The second premise behind this legislation is that access to capital, whether through crowdfunding, mini-offerings, advertising private offerings, or more IPOs, will lead to more jobs. In actuality, in this case it is unclear whether more access to capital will temporarily create jobs and then destroy them or have a minimal effect. Most of the experts we have talked to suggest the effects will be minimal. In effect, it could create a bubble like the ones we have seen with mortgages, the ones we have seen with dot-coms.

If this legislation remains unbalanced, then it is likely to result in more unsuccessful investments for investors. Recent history has shown this will result in investors ultimately pulling out of the market, reducing business access to capital and costing families and others money much needed for education and retirement.

Like many of my colleagues on both sides of the aisle, I do believe there are some innovative proposals in the House bill, and I believe the amendment I am proposing along with Senator LANDRIEU and Senator LEVIN—the substitute amendment—includes many of these ideas in a way that better balances market transparency and investor protection with improving small business's access to capital.

One of these ideas with merit is the creation of a financial framework that allows entrepreneurs and small businesses to raise capital through crowdfunding—relatively small investments from many individuals through online platforms. There is a lot of energy around this concept of crowdfunding. However, this proposal needs to be done very carefully. It is critically important to ensure appropriate regulatory oversight for crowdfunding and make sure there is a strong balance between investor protection and improving small business's access to capital.

In our bill, this is the place where we envision the smallest entrepreneurs could obtain much needed seed capital for their good ideas.

I recently visited a company in Rhode Island called Betaspring. Instead of being an incubator for small businesses, Betaspring considers itself to be a ''boot camp'' for entrepreneurs. Betaspring is constantly trying to help entrepreneurs to access capital, but sometimes it is difficult to find enough friends and family who can help out. But my colleagues, Senators JEFF MERKLEY, MICHAEL BENNET, and SCOTT BROWN, have worked long and hard on structuring a bill in this area, which we have included in the Reed-Landrieu-Levin substitute amendment. I will let them talk to you about this part of our amendment in more detail. However, I believe their crowdfunding language is a vast improvement over the House bill, which would permit investors to invest up to the greater of $10,000 or 10 percent of their annual income without having to meet any minimum wealth or financial sophistication standards.

Not only are issuers exempt from registration from securities offerings for up to $2 million in the House bill, it would also exempt the intermediaries who seek to profit from the operation of crowdfunding markets.

I think these House provisions are corrected by the approach taken by my colleagues, Senator MERKLEY, Senator BROWN, and Senator BENNET. I believe the Senate bill they propose addresses many of the concerns expressed by Professor John Coffee of the Columbia University School of Law when he called such crowdfunding provisions the ''Boiler Room Legalization Act''—a reference to the bad old days when people gathered in what were called boiler rooms and made cold calls to try to elicit unwary investors into dubious schemes.

There is another section of our bill which will help small and medium-sized companies access larger amounts of money—up to $50 million—to infuse their businesses with much needed capital.

We have proposed a few but very important improvements to the work of Senators TESTER and TOOMEY in their legislation and to similar language in the House bill.

Let me talk about the improvements to the so-called regulation A or mini-offering section of the bill to achieve a better balance between investor protections and access to capital.

Like the House bill, our bill raises the amount of money that can be raised in a mini-offering process. However, four improvements are made in the Reed-Landrieu-Levin amendment.

We require that audited financial statements be filed with the mini-offering statement so that investors truly know what the financial situation of the company is before they invest.

Let me make a point here. The House proposal would not require audited financials be filed with the offering documents. I would think as a basic premise, if you are making an offering for up to $50 million, investors deserve to have financial statements signed off on by a third party auditor. Our legislation requires it.

We require periodic disclosures of material information to investors. For example, perhaps the investor of a certain high-tech product the company is making leaves the company or passes away or something else happens. Investors deserve to know about that type of information.

We limit the amount that can be raised through the mini-offering process to $50 million every 3 years. The House bill would allow investors to raise $50 million every 12 months, potentially allowing many companies to avoid going fully public and evading more rigorous public reporting requirements.

Finally, we require a study and report on the new mini-offering exemption from Securities Act registration. This study is to be conducted by the SEC, in consultation with the State securities administrators, and submitted to Congress no later than 5 years after the date of enactment, so that we consider whether any changes need to be made to the mini-offering concept created in this legislation.

Although this is still an experiment—to allow general solicitation and advertising to retail investors for what are bound to be risky offerings—I believe the protections we have built in will make it a safer experiment.

We also worked to make some improvements to the initial public offering or IPO on-ramp section of the bill.

The essence of this proposal in the House is to phase in certain securities laws and regulations for, in their terms, ''emerging growth companies'' so they can grow more slowly into becoming a public company, with all of its benefits and responsibilities.

There are companies that have or will outgrow either the reg D private placement method of raising capital or the new reg A mini-offering method of raising capital. But the key issue here is what we think the definition of an ''emerging growth company'' should be.

The way the House bill is written, it would exempt virtually all new public companies from nonbinding shareholder votes on say on pay and executive compensation pay in connection with a merger acquisition; the relationship between executive compensation and the performance of the issuer; the requirement under Securities Act section 7 that more than 2 years of audited financial statements be provided for an IPO; and a requirement that the company's auditor attest to the effectiveness of the company's financial systems or internal controls under section 404(b).

After discussions with many experts, it is clear that a company with $1 billion in annual revenue is not what most of them consider to be an emerging growth company. But that is the level the House has chosen, $1 billion in annual revenues.

In fact, under this definition, the House bill would have exempted more than 80 percent of current IPOs from registration requirements which, as I mentioned earlier, are requirements that only recently appear to be difficult to manage.

As a result, Senators LANDRIEU, LEVIN, and I decided this definition needed to be much more targeted toward smaller IPO companies with less than $350 million in annual revenue. Even the House bill would have allowed Enron and WorldCom to be subject to this phase-in, in terms of reporting and auditing requirements.

In addition to focusing this provision on smaller firms, we also took out the provisions in the House bill that were eliminating corporate governance improvement made in the Dodd-Frank bill, such as say on pay and requirements that the company demonstrate the connection between executive performance and company performance. We need to give these provisions more than a year to see how well they are working.

The Reed-Landrieu-Levin amendment also eliminates the provision in the House bill that interferes with independent accounting standards, and would have set up two different sets of rules, one for emerging growth companies and one for other public companies. We agreed with the Chamber of Commerce that these provisions should be taken out. The chamber stated in a letter dated February 15, 2012 that:

> The opt-out for new accounting and auditing standards would create a bifurcated financial reporting system with less certainty and comparability for investors, while creating increased liability risk for boards of directors, audit committees and Chief Financial Officers.

We also dramatically narrow the provisions in the House bill that would have eviscerated the settlement between all of the securities regulators and 10 Wall Street investment banks regarding the undue influence of the investment banking unit of a firm on the securities research unit affiliated with the same brokerage firm.

We learned at a significant cost through the 1980s and the 1990s the value of independent analysis of markets and securities. Jeff Madrick, a respected journalist, discussed this issue in his book. In his words:

> A measure of this practice was the increase in the number of buy recommendations. At the end of the 1980s, after a long run-up in stocks, buy recommendations exceeded sell recommendations by a large and suspect margin of four to one. By the early 1990s, buy recommendations exceeded sells by eight to one. By the late 1990s, only 1 percent of analysts' recommendations urged an outright sale. The low percentage remained unchanged even when stock prices were falling and the investment community was pessimistic.

After the stock market collapsed in the early 2000s, securities analysts started to admit what was happening inside these firms. Ronald Glantz, a veteran respected analyst from Paine Webber, testified before Congress in 2001 as follows:

> Now the job of analysts is to bring in investment banking clients, not provide good investment advice. This began in the mid-1980s. The prostitution of security analysts was completed during the high-tech mania of the last few years. For example, in 1997 a major investment banking firm offered to triple my pay. They had no interest in the quality of my recommendations. I was shown a list with 15 names and asked, ''How quickly can you issue buy recommendations on these potential clients?''

We believe that the wall between a financial institution's research and brokerage units needs to be maintained.

Our substitute amendment would allow a research report to be provided by a firm subject to SEC restrictions, disclosure, and filing requirements. In particular, the research cannot contain any recommendation to purchase or sell such security.

In addition, any written communications provided to potential investors must be filed with the SEC so that they can take a look at it. These written communications will become part of the issuer's prospectus, which should give investors some added protections. This too is a bit of an experiment, given the massive fraud committed on investors that led to the global research analyst settlement in 2003. But we have dramatically narrowed the scope of the experiment from the one in the House version.

Finally, we allow companies to opt out of the emerging growth company designation and fully comply with all public company regulatory requirements, which very well may improve the price of their stock, since investors will have more information regarding the company.

As I said earlier, if these changes in exemptions go too far, some believe we are doing more harm than good by weakening the value of the public company brand in the United States and actually harming our competitiveness in world markets. That is why we have tried to narrow, appropriately, the proposals in the House legislation.

Next, I want to talk about the most important changes in our bill from the House bill. The House bill effectively eliminated SEC prohibitions against soliciting or advertising about private offerings of securities. Most private placements are offered under SEC rules known as regulation D. These securities are sold without an IPO or registration statement being filed with the SEC, usually to a small number of chosen accredited investors.

In the United States, for an individual to be considered an accredited investor, he or she must have a net worth of at least $1 million, not including the value of the person's primary residence, or have made at least $200,000 each year for the last 2 years, or $300,000 together with his or her spouse, if married, and have the expectation to make the same amount in the current year.

The current net worth and income triggers were adopted 30 years ago. They have never been changed. The share of U.S. households that met the test in 1982 was 1.6 percent. It is now at least four times that share. The largest share of accredited investor households is retirees, many of whom struggled for decades to save their nest egg.

Because accredited investors are eligible for private placement, they can be targeted with slick sales pitches without any SEC review or mandatory disclosure. The House bill removes current prohibitions against general solicitation or advertising for these private offerings, which most securities experts believe will have serious consequences.

Under the current regulatory framework, if the SEC sees unregistered offerings being advertised, they can immediately close down the issuer, since they are breaking the law by publicly advertising or soliciting. Under the House bill, there will be a lot more solicitation of all investors, perhaps on late-night cable or the Internet, with the only protection being after the fact under antifraud principles or ex post inspections of sales records to see if the issuers appropriately sold only to accredited investors.

SEC Commissioner Aguilar stated in his statement on March 16, 2012, that this provision may be a ''boon to boiler room operators, Ponzi schemers, bucket shops, and garden variety fraudsters, by enabling them to cast a wider net, and make securities enforcement more difficult.''

Realizing in a world of the Internet and Twitter that even private communications to accredited investors can be broadly disseminated, our bill takes a much more targeted approach to this issue. In our amendment, we allow for limited public solicitation and advertising that is done only in ways and through methods approved by the SEC. We are sympathetic to the fact that in a world of new media, it is increasingly difficult for issuers to control their outreach efforts to accredited investors. We believe our amendment gives the SEC the tools it needs to formulate a limited exemption to the general solicitation and advertising rules allowing private offerings to still be private. None of us wants this legislation to be a boon to boiler room operators and Ponzi schemers targeting our Nation's retirees or anyone else.

Finally, I want to talk about the shareholder cap issue. What has become clear to me as a result of the capital formation hearings in the Banking Committee is that this issue of the appropriate number of shareholders to trigger routine reporting through the SEC is something that requires very careful consideration. The present 500 recordholder threshold was originally introduced to address complaints of fraudulent activity in the over-the-counter market for securities.

Since firms with fewer than the threshold number of investors were not required to routinely disclose their financial information, outside buyers were not able to make fully informed decisions regarding their investments. The exchange act mandates that investors in over-the-counter securities be provided with equivalent information to that provided to investors trading stocks on the major exchanges if the company has 500 holders of record and at least $10 million in assets.

Many believe this threshold needs to be updated. But the House bill dramatically increased the threshold from 500 to 2,000. Others believe raising this threshold to 2,000 would impair capital allocation and market efficiency, reducing public information about widely traded companies and denying investors appropriate information about companies.

First, we believe the House bill risks allowing large companies with less than 2,000 recordholders—and listen to some of these companies: Hyatt, Hertz, Chiquita Brands, Adobe Systems, HCA Holdings—Hospital Corporation of America—Kaiser Aluminum, Royal Caribbean Cruises, Towers Watson, Ralph Lauren, and Accenture—and these are just some of them—to delist and go dark without disclosure or regulatory oversight. I think that would frustrate the expectations of many of their investors.

As a result, we decided to take a more prudent approach in our amendment and raise the level from 500 to 750. At the same time, we believe the holder of record actually needs to be the beneficial owner of the security. This means he or she has power to vote the share or dispose of the share. Through our hearings on this matter, it is clear that many big firms are getting around this requirement by pooling shares in a street name, such as an investment company like JP Morgan. These big firms have many thousands or hundreds of beneficial owners that can sell and dispose of their shares and have the right to the dividends. But on the books of the company, it is just one recordholder. Our amendment eliminates this work-around and requires the holder of record to actually be the beneficial owner.

We are also sympathetic to the fact that many more companies are starting to give their employees stock as part of their compensation plan. We are sympathetic to their desire not to have this prematurely trigger the Securities Exchange Act. Companies such as WaWa and Wegmans testified before the Banking Committee that they want to give their employees shares without forcing their company to have to go public. As a result, our amendment exempts employees for the recordholder account, which should allow firms to give as many shares as they want to their employees without forcing them to go public before they are ready.

We think our provision achieves a better balance between market transparency through disclosures and investor protections and the needs of some of our most successful family-owned or privately held firms to reward their employees and maintain their private status.

As we debate H.R. 3606, which could dramatically weaken the world leading brand that is the American public company, we should realize that we are undertaking a dramatic and perhaps unfounded experiment. We should also understand that deregulating our securities markets may have no effect whatsoever on the number of IPOs.

Companies are desperate for funding since we just went through the biggest financial crisis since the Depression and lending is down. Deregulating our capital markets could temporarily infuse our markets with more cash, but at what cost? The cost could be quite great. As Jessie Eisinger stated in his ProPublica column on March 14:

> It's been about a year now since Chinese reverse-merger companies collapsed. In that scandal, dozens of those small Chinese companies went public in the United States without having to run the gauntlet of the Securities and Exchange Commission's registration rules. After they blew up by the boatload, the SEC cracked down and tightened its rules. Since then, short-sellers' pickings have been slim. By allowing new public small companies to not disclose financial information for years, the bill will provide new targets for short-selling hedge funds.

Like Mr. Eisinger, I believe the House bill as currently drafted basically makes markets less transparent and more subject to manipulation. What the House bill clearly does not do is address the needs that I hear about from employers in my State.

The economy consists of a lot of moving pieces. Economic recovery on its own will do more to reverse the decline in business activity than any provision in the House bill. Moreover, the House bill doesn't include provisions that I am hearing from Rhode Island employers would actually be helpful to creating jobs, such as Small Business Administration loans and export assistance. As a result, our amendment actually includes a number of already tried and true, tested job-creating measures. It is estimated, for example, that by reauthorizing the Export-Import Bank, our amendment would support an estimated 288,000 American jobs at more than 3,600 U.S. companies in more than 2,000 communities.

Other provisions in our amendment would expand the Small Business Investment Company Program, supporting more small business startups in communities across the United States.

Finally, we continue a modification to the Small Business Administration 504 Loan Program to allow for the refinancing for short-term commercial real estate debt. This provision has proved essential for many small businesses with short-term debt. As we have been looking at the House bill more closely, I think we have all been learning that it is not doing what it was advertised as doing, which is creating more jobs. We need to slow down and go through an appropriate amendment process in the Senate.

As Barbara Roper, director of investor protection for the Consumer Federation of America, recently stated in a March 11, 2012, San Francisco Chronicle article, the House bill as currently drafted is ''completely bipolar.'' On one hand, we are trying to make it easier and less expensive for companies to go public. On the other hand, by increasing the shareholder threshold in the legislation, the House is actually encouraging and letting companies stay private or go private and avoid an IPO.

I urge all my colleagues on both sides of the aisle to take up the Reed-Landrieu-Levin amendment as the base text of the legislation and engage in both a robust debate and amendment process. Our securities markets deserve just as much attention as our Nation's transportation system, and we spent several weeks dealing with the Transportation bill on the Senate floor. The Reed-Landrieu-Levin amendment is a much better place to start this debate on how to improve access to capital in our securities markets without opening them up to unnecessary fraud and manipulation.

With that, I yield the floor and suggest the absence of a quorum.

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

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. MANCHIN). Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. JOHNSON of Wisconsin. I ask unanimous consent to enter into a colloquy with my Republican colleagues for up to 45 minutes.

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

HEALTH CARE

Mr. JOHNSON of Wisconsin. Mr. President, I wasn't here when they passed the Patient Protection and Affordable Care Act. This week will mark the second anniversary of what I call a very Orwellian name for that piece of legislation because I personally do not believe it is going to protect patients, nor do I believe it is going to improve the affordability of our health care system.

The reason I ran for the Senate was primarily because of this law. I certainly recognized how it was going to result in a lower quality of health care, how it was going to lead to rationing, and how it was going to severely limit the amount of medical innovation we enjoy in this country. In particular, I was offended by the political process demonizing doctors and health care providers, demonizing the health care system in order to pass this health care law.

The reason that offended me is a very personal story. It has to do with my daughter who was born with a very serious congenital heart defect, her aorta and pulmonary artery were reversed. So her first day of life, the doctors—who President Obama said would take out a set of tonsils for a few extra dollars—saved her life within the very first few hours of life. Then, 8 months later, when her heart was only the size of a small plum, another incredibly dedicated and incredibly skilled team of medical professionals totally reconstructed the upper chamber of her heart. Her heart operates backwards now, but she is 28 years old and now she is a nurse herself in a neonatal intensive care unit and she is taking care of those babies.

So when they passed the Patient Protection and Affordable Care Act, I knew the health care system that saved my daughter was at risk. I also knew this health care law was in no way, shape or form going to reduce our Federal deficit. It is just not possible. How can we expect to add 25 million people to government-run health care and reduce the deficit at the same time?

The reason they were able to put forward that fiction is they proposed a piece of legislation that would have revenue, fees, taxes, and penalties for 10 years, while at the same time only providing benefits for the last 6 years of that time period. Basically, what they did was to say we will raise revenue for 10 years of about $1.1 trillion, and we will have 6 years' worth of cost, a little under $1 trillion. That was the fiction.

Half of that revenue generated is going to be in taxes, fees, and penalties. Personally, by increasing taxes and increasing fees on things such as medical insurance, on medical devices, and on pharmaceuticals, I don't see how that bends the cost curve down. It would not bend the cost curve down. It is the same logic this President has used when he is talking about high gasoline prices. He says by increasing taxes on oil companies we will reduce the price of gas. It is just not possible. Increasing fees on providers, reducing reimbursement rates to providers is not going to bend the cost curve down. It is basically not going to happen.

The other half of the pay-fors—the other half of that $1.1 trillion—was proposed reductions basically in payments to Medicare providers. Congress, I would say wisely, has not enacted the sustainable growth rate cuts to providers because they realize, if they do that, access for seniors to medical care will be reduced. I don't see how, if we reduce Medicare by $529 billion, that same access also would not be reduced. From my standpoint, I think it is highly unlikely Congress will actually enact that $529 billion worth of reductions to Medicare. When they do not do that, the $143 billion reduction in our deficit, that fiction, will totally go away.

Another reason for that fiction being exposed is because, fortunately, Congress realized the CLASS Act portion of ObamaCare simply wasn't going to save the money they said it was going to save. It simply wasn't sustainable. Budget Committee Chairman KENT CONRAD actually called the CLASS Act a Ponzi scheme. So this administration has decided not to move forward with its implementation. In doing so, that is removing $70 billion of revenue from that budgetary fiction.

I know Senator KYL has been following this very carefully, in terms of