

and AIG. These names used to be confined to the business pages. Now they are at the top of the front pages.

I have strong feelings about what happened here. During the past 8 years, the financial and economic policies of this administration have been off course. They have not managed or led the economy in a responsible manner.

We have gone from a large budget surplus, left by the Clinton administration, to an even larger budget deficit. This administration has been reckless in how it managed Government's finances, and it has been reckless in how it managed its responsibility to ensure a strong, stable financial system.

This administration acted as if the rules don't apply anymore. With loopholes here and there, they don't use the regulations. It permitted the large financial institutions to run amok, to turn the economy into a gambling hall, playing with funny money. Finally, in the 11th hour, the house managers, Bernanke and Paulson, have been asked to step in to shut down the game.

It is hard to exaggerate the magnitude of what has happened. As financial journalist Steven Pearlstein observed last week:

This is what a Category 4 financial crisis looks like. Giant blue-chip financial institutions swept away in a matter of days. Banks refusing to lend to other banks. Russia closing its stock market to stop the panicked selling. Gold soaring \$70 in a single trading session. Developing countries' currencies in a free fall. Money-market funds warning they might not be able to return every dollar invested. Daily swings of three, four, five hundred points in the Dow Jones Industrial Average.

It's a painful reminder that, when you strip away all the complexity and trappings from the magnificent new global infrastructure, finance is still a confidence game—and once the confidence goes, there's no telling when the selling will stop.

In some respects, it may look as if all the action is in New York or Washington or London or Tokyo. But we know the consequences are being felt everywhere. This is a broad-based financial crisis. Everyone is affected. If you are trying to buy or sell a home, you are affected. If you are trying to refinance your home, you are affected. If you are trying to get a student loan for tuition, you are affected. If you are a small business owner trying to extend your credit line, you are affected. If you are a farmer trying to buy a new tractor, you are affected. Maybe the only people in America not affected are those who kept their money in mattresses, and we know that is not the answer.

Look at what has happened to the middle class in the last 8 years: wages down an average of \$2,000 a year. Expenses up \$4,400 a year. That is a net loss of \$6,400 a year. That doesn't include people with babies, and childcare, and afterschool care, and the added expenses for college—\$6,400 a year. We need solutions and we need them now.

Secretary Paulson has presented his proposal, and I believe we need to

change that proposal. I believe there is more we need to do.

First, I believe, in the long term, we need a comprehensive plan, including both a short-term rescue strategy and a long-term approach for economic recovery and rebuilding.

Secondly, we must minimize, as much as possible, the cost to American taxpayers. Private companies that get themselves into deep trouble should not get a free bailout on the backs of America's middle class.

Third, this plan can't be limited to helping Wall Street. We must help the middle class. We must save Main Street from the mistakes of Wall Street, and we must address head on the underlying issue of the housing market and foreclosure crisis. That means providing protection and support to struggling homeowners and restoring confidence in the residential real estate market.

Finally, if this plan proposes that the Federal Government come to the rescue of private financial institutions, then the Government must secure greater oversight of how these companies conduct their business going forward. For companies that receive assistance, there should be a limit placed on dividends. Key executives should have a look-back placed in their compensation package, and there should be a prohibiting of these golden parachutes. I cannot tell you how angry this makes me. Look at Lehman Brothers and their CEO, Richard Fuld. He earned about \$45 million. This amounts to roughly \$17,000 an hour—\$17,000 an hour that he earned. Basically, their firm has been obliterated.

Last year, CEOs of large public companies averaged 340 more times the pay of the average workers. As Warren Buffet once said—and this is from an article by Nicholas Christopher in the *New York Times*:

In judging whether corporate America is serious about reforming itself, CEO pay remains the acid test.

As he said in this article, it is a test that corporate America is failing.

People can make their money, I suppose, but once we start, as taxpayers in the U.S. Government, buying their assets and backing up their assets and bearing the risk, asking taxpayers to do that, then we have something to say about this executive compensation, and we must say it in any type of a rescue plan.

We also have to make sure going forward that the appropriate financial regulations are in place, that these loopholes are closed. There should be changes in corporate governments to improve the independence of corporate boards and reduce reckless behavior. There should be limits on speculative behavior.

I know everybody is focused a lot on Wall Street. But I have to tell you what is happening on Main Street. In my State of Minnesota, the unemployment rate is at its highest in 22 years. Minnesota's second quarter growth in

personal income is only 1 percent—the 49th lowest in the country. Even that 1-percent increase is more than wiped out by inflation.

Home values in the Twin Cities area dropped nearly 14 percent in the second quarter of this year compared to last year. Heating costs this winter are expected to increase by double digits. The latest forecast shows that the cost of natural gas is expected to be 17 percent higher than it was last winter. Prices for fuel oil are expected to be 23 percent higher.

The American people still have faith in our Nation. They know our country and our economy still have great potential. We have the talent, the resources, the know-how, the entrepreneurial spirit, and a passion for innovation. The public is still bullish on America, even though Merrill Lynch may not be.

Although our immediate and urgent goal must be to stabilize the financial system and restore confidence, we also must spend this week asking those tough questions and making sure we have some answers and making sure the proposals that go through the Congress include those limits I talked about on executive pay. If we are going to be asking taxpayers in this country to bear any of this risk, they must include a long-term plan for better financial regulation of these companies. They must include a focus not just on Wall Street but also on Main Street.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. STABENOW). Without objection, it is so ordered.

COMMENDING OLYMPIAN SHAWN JOHNSON

Mr. GRASSLEY. Madam President, I am going to address two things today. First, I wish to address an Iowan I am very proud of, a person whom, if you watched the Olympics, you saw on television recently. So I am here today as a proud Iowan and American to tell other Americans just how proud I am of this Iowan.

Millions of Americans tuned in to the Olympics this past August and witnessed phenomenal performances by American athletes. I am proud of all the athletes who competed in the Olympics but especially the 11-member Team USA with Iowa ties who represented our country in Beijing.

One of those exceptional athletes was a fellow Iowan named Shawn Johnson. Shawn was a member of the U.S. women's gymnastics team who brought home the silver in the team competition. She went on to win individual honors too. She won the Silver Medal

both in all-around competition in the floor exercise, and she also received the Gold Medal for the balance beam. And that was her favorite event. All Americans were proud to see Shawn's success, but Iowans are overwhelmingly proud of the self-described—and these are not my words, but other people described her as the daredevil with a big smile.

At this year's Iowa State Fair, the famous butter sculpture, which has been a part of the State fair for the last 45 years—a sculpture made out of butter, usually a cow—this year featured a cow but also a sculpture of Shawn Johnson.

Shawn is the reigning women's world gymnastics All-Around Champion, but she is also a teenager from West Des Moines who presently attends Valley High School when she is not competing around the world. She attends football games and school dances and tries to live the life of a typical teen. She goes to class 5 hours each day and then trains at Chow's Gymnastics in her hometown. With all of this on her plate, she still manages to get straight As.

Her talent is anything but typical. As a baby, Shawn skipped the crawling and went right to walking. She climbed out of her crib before she was a year old. As a toddler, she would build a ladder out of toys, scale the entertainment center, and jump onto the couch.

After seeing their daughter's abundant energy and fearlessness, Shawn's parents Terri and Doug enrolled her in a tumbling class at age 3, and she showed promise early on. Her coach at Chows Gymnastics in West Des Moines, Liang Chow, noticed her talents and honed those talents. He even submitted a tape of Shawn to the U.S. women's gymnastics team coach Marta Karolyi because it is tough for a gymnast training in Iowa to get noticed by a national team.

Training as an elite athlete did not come cheap, though. Shawn's parents eventually mortgaged the family home three times so that their daughter could achieve her Olympic dream, and they managed to travel with Shawn to her international competitions.

In June of this year, the disastrous floods hit much of Iowa. Shawn was training with the national team, but her heart was with her fellow Iowans who were suffering, especially her coach. You see, Chow's Gymnastics, which is Shawn's second home, is located near the Raccoon River in West Des Moines, and the facility suffered a great deal of damage from the flood. Shawn, knowing what this sort of damage could mean for her coach continuing to run her business, wrote a \$12,000 check from her endorsements to help get Chows Gymnastics back up and running.

Iowans have all known about Shawn and her extraordinary talent—and, of course, her big smile—for a few years now, and Iowa knew she would make them proud. But the world did not real-

ly get to know Shawn until these recent Olympics.

Despite losing the all-around competition to her U.S. teammate and close friend Nastia Liukin, Shawn handled herself with grace, poise, and genuine happiness. And when Shawn finally won the coveted Gold Medal on the incredibly difficult balance beam, her joy was written all over her face.

So I take this opportunity for my colleagues and everybody in this country to commend Shawn on her extraordinary performance in the Beijing Olympics, not only for medals that she won but for her hard work, her composure, and maturity. I compliment her. She did Iowa and America proud.

ILLEGAL DRUGS

Mr. GRASSLEY. Madam President, I am going to now visit about an issue I often visit with my colleagues about, the issue of drugs, because I served with Senator BIDEN as cochairman of the drug caucus.

As a parent and now grandparent, I remain deeply concerned about the hazardous environment to which our children are exposed. Every day, we see more and more heartbreaking stories of a child being victimized in one way or another. Some of the most disturbing trends involve deadly drugs and our own kids. More specifically, there is an alarming number of kids who are being exposed to environments where illegal drugs are being manufactured and sold. Kids are also falling prey to unscrupulous drug dealers who are disguising highly addictive drugs to make them appear as if they were candy. I believe we have a moral obligation in this country to ensure our young people have every opportunity to grow up without being accosted by drug pushers at every turn, whether it is on TV in the home or on the way to school.

As a Senator representing a State that has been among the hardest hit by the scourge of methamphetamine abuse, I have witnessed firsthand how this horrible drug has devastated individual lives and families. I have seen the havoc wreaked on the environment as well as the child welfare system. I have listened to the horror stories of those caught in the grips of addiction. This is why I joined a number of my colleagues in passing the Combat Meth Act of 2005. This landmark legislation has shown dramatic results in decreasing the number of clandestine meth labs and increasing methamphetamine seizures.

While this is certainly welcome news, particularly for our first responders and local law enforcement community, meth labs in our communities are still a reality. For instance, in 2006, there were still over 6,400 clandestine meth lab incidents throughout the country. In my home State of Iowa, we have seen an 88-percent decrease in the number of meth lab incidents since 2004

when the Iowa Legislature passed a very important piece of legislation cutting down on the number of labs. Yet there were still 240 incidents of clandestine labs last year alone.

The Combat Meth Act has been particularly helpful in cutting down on mom-and-pop meth labs. However, our efforts have given rise to new and more disturbing instances of meth production, trafficking, and abuse that are becoming more prevalent throughout our country.

A case in point can be found in the State of Missouri, where police recently made seven meth-related arrests in just as many hours in the tiny quiet town of Ozark. The house where these arrests were made belonged to a 45-year-old grandmother, who was babysitting her infant grandson while his mother was away at school. Upon her arrest, she admitted using meth but denied that she was a dealer. However, while police searched the house, six more individuals were picked up on meth-related charges.

When it was all said and done, three children under the age of 3 watched as the police arrested their parent or grandparent for selling or possessing this terrible drug.

Sadly, this is not an unusual incident. We have here a picture of a baby. Scenes such as the one depicted on this chart are seen throughout the country. According to the Drug Enforcement Administration—DEA, as we call it around this town—more than 12,000 children throughout the country have been affected, injured, or killed at meth lab sites since 2002. Thousands more have been sent to foster homes or were victims of meth-related abuse in the home during the same period.

In my State of Iowa, the Department of Human Services reports that over 1,000 children over the past 4 years were classified as victims of abuse and that nearly half of child abuse cases have been meth-related. In 2006, there were 107 reported cases of child abuse where meth was manufactured in the presence of a minor.

Due to the shocking number of children who were being victimized by drugs in one form or another, I joined my colleagues in supporting a bill called the Drug Endangered Children Act of 2005.

This bipartisan legislation established a national grant program to support state Drug Endangered Children—DEC programs. These programs assist local law enforcement, medical services, and child welfare workers to ensure that victimized children receive proper attention and treatment after living in these terrible environments.

DEC programs greatly benefit local law enforcement by helping law enforcement coordinate in close cooperation with the Department of Human Services. This ensures a seamless coverage of child welfare and law enforcement joint operations. I am pleased to report that since this program was implemented a large number of communities throughout the Nation have