First of all, I think there has been a perception that—listening to Treasury Secretary Hank Paulson—is actually not true: that this is somehow a bailout for Wall Street. In other words, the people who have profited mightily from the enormous sums of money that have been made recently on Wall Street, in the end, they are going to get off scot-free and the taxpayer is going to end up holding the tab. That is completely unacceptable.

First and foremost, I think we need to ask ourselves how we can protect the American taxpayers. The vast majority of Americans played no part in the collapse of some of the largest financial institutions in America, and they should not be forced to pay the price for the irresponsible and risky conduct of those who were at fault.

Secondly, we need to make sure this American economy remains stable and that small businesses, which are the lifeblood and the job creators in our economy, have the ability to grow and to create new jobs.

I think in the end economic growth is the key. What can we do to keep this great economy growing and producing jobs? I believe responsible tax relief helps small businesses grow and helps create jobs. Now, how would I know that? Well, all I would have to do is look back to the tax relief we passed in 2003, which cut the dividends and capital gains rate, which gave rise to a net increase of about 7 million jobs in America. That is what life was like before we hit the subprime mortgage crisis and high energy prices.

But we ought to look to what works, and we should not use this as an excuse to grow the size of Government and increase the size of the tax burden on hard-working American families and small businesses because that will make things worse, not better.

Third, we need to ask ourselves if this proposal does enough to safeguard transparency and accountability. Frankly, I think a lot of work needs to be done here. I think the very fact that Moody's and other entities which actually grade the investment value of many of these mortgage-backed security projects completely missed the target and failed to predict the precipitous drop in value of these subprime mortgages and the securities that are backed by these mortgages is evidence this is simply an opaque and nontransparent system and that not even the people who should know were able to evaluate what the true value of these mortgage-backed securities were. So I think we need to have certainly more transparency in this process, and we need to make sure those who are responsible are held accountable.

I am very pleased to hear in today's news that the Federal Bureau of Investigation has decided to investigate, among others, the actions of Freddie Mac and Fannie Mae to determine whether fraud or corruption on the part of key players was the cause or contributed to the cause of our current financial turmoil. After the collapse of Freddie and Fannie, I sent a letter to the Attorney General of the United States, Michael Mukasey, and asked for a full investigation because in 2006 the very titans of industry who reaped millions of dollars in financial gain ended up with a slap on the wrist and no criminal penalty for cooking the books in order to generate larger bonuses and financial returns for themselves. That is completely unacceptable.

We need to make sure those who are responsible for precipitating this financial crisis are held accountable. If that means they are guilty of crimes, they should go to prison and pay the price as an example to others who would take advantage of the American taxpayer and would be motivated by the kind of greed that lets them forget their responsibilities not only to their shareholders but to the American people themselves.

So I am pleased the Attorney General is taking an aggressive posture and the Federal Bureau of Investigation is going to be conducting a thorough investigation. I say let the chips fall where they may. I do not care who it is. I hope they will pursue that to the fullest extent of the law.

Mr. President, I appreciate the opportunity to come and address these very important topics, and I hope that as the days go by Congress can work together in a bipartisan manner to try to find a way to address these problems. But certainly the initial proposal by the Secretary of Treasury is unacceptable on a number of bases, but he has my commitment, as do my colleagues, that I will do my best to work with him to try to protect the American taxpayer.

The PRESIDING OFFICER. The Senator from Ohio.

ECONOMIC POLICY

Mr. BROWN. Mr. President, I appreciate the opportunity to address the Senate today. I second the words of my colleague from Texas of the concerns of this economy and question how we got here. It is pretty clear to me, with 8 years of Bush economics, with deregulation of Wall Street, more tax cuts for the rich, and a trade policy that Wall Street has pushed through the House and Senate, these job-killing trade agreements that have caused literally millions of manufacturing jobs to flee our country, combined with a tax policy that gives incentives for companies to go overseas, rather than passing Senator OBAMA's, Senator DURBIN's, and my Patriot Corporation Act, which gives incentives for those companies that are staying right here in the United States, whether it is in Omaha or Cleveland, whether it is in Houston or Columbus, those companies that play by the rules, rewarding them with tax policy and others that those companies deserve.

Let me, for a moment, Mr. President, take the Senate around on a tour of my State. There are so many good things happening in Ohio. I was with Governor Strickland for a couple days on Friday and Saturday going through eastern and southern Ohio. We were talking with people we met and talking to each other about all that is happening in our State, all the good that is happening, particularly in the area of biomedical research and development and job creation and especially in alternative energy.

Ohio is on the precipice—as many of us have pushed for in my State for many years—Ohio is on the precipice of being the Silicon Valley of alternative energy. It started in Toledo, which has the largest solar energy manufacturer in the country. The research going on at the University of Toledo on wind turbines is the furthest reaching, furthest advanced research in the country.

Go around the State to Akron and you can see what the University of Akron is doing with polymers and the kind of spinoff of jobs replacing lost jobs in the auto industry.

Go to Dayton where we have the National Composite Center that is making major contributions with lighter, stronger, more durable materials that can help with more efficient, better mileage automobiles, not to mention what they are doing on alternative energy with wind turbine blades.

Go to Cleveland and look at what the Case Western Reserve University, in conjunction with the Cleveland Foundation, is doing with plans to be the first place in the world where there will be a wind turbine farm in fresh water off the coast of Cleveland in green Lake Erie, supplying much of the electricity needs of northern Ohio.

Go to Columbus and look at the Center for Automotive Research and the work they are doing for Ohio State. Look at the great university facilities at Cincinnati Children's Hospital and the University of Cincinnati and what they are doing on biomedical research and alternative energy too.

You can see in my State of Ohio, as many jobs as we have lost, this State is coming back.

Now, we can't do what we need to do—and the Governor was emphatic about that, as I am in the Chamber of the Senate—we can't do what we need to do unless we get a little more help from the Federal Government, not so much giving us things but just not standing in our way.

Instead, we have seen, for the last several years in our State and in our country, a betrayal of the middle class. The drug companies wrote the Medicare law, the insurance industry has written health care legislation in this Congress, the oil companies have dictated energy policy, and Wall Street has pushed through these job-killing trade agreements. On issue after issue after issue, the Republican majority in the House and in the Senate, for most of the last 8 years, and the Bush administration have betrayed the middle

class and the values that we as a nation and that we as a State find so important.

All you have to do is look at what happened yesterday in the Banking Committee when Secretary Paulson and Chairman Bernanke testified. I have a lot of respect for Chairman Bernanke. I think he has moved as quickly as a Fed Chairman can in dealing with the housing crisis in most cases, certainly compared to his predecessor, who helped to set the table for a lot of these problems. I have a lot of respect for him. He and Secretary Paulson testified before our committee. They had some interesting ideas, as the Senator from Texas, Mr. CORNYN, mentioned a moment ago. I don't buy their solution: Give me $700 billion and a blank check and I will try and figure out how to do it; buying these troubled assets, without any rules to it. It is dead on arrival in my belief.

But what my colleagues don't bring out, when we have this terrible problem on Wall Street, is how we got there. It is this betrayal of the middle class that has been brought to us by the Bush administration—the deregulation of Wall Street. Wall Street people are always going to be aggressive. They are all going to look for money-making opportunities. They are all going to play on the edge sometimes and take risks. But until the Bush years, there have been rules in place that keep Wall Street from going over the line, that keep Wall Street in check, that still capture the energy and dynamism of capitalism but don't allow them to go overboard and do what they did. That is what has brought us to this today, coupled with the tax cuts and the incredible profits of Wall Street firms, the incredible bonuses, eight-figure bonuses. When I say eight figure, that means $10 million and up; bonuses that too many of these Wall Street executives had while they were inflicting damage in Maple Heights, in Garfield Heights, in Norwood, and in places all over my State that are suffering from the home foreclosure crisis.

So we got to this place where Wall Street overreached, where their greed overcame all other sentiments, and we got to this place because of the Bush deregulation of Wall Street, because of the tax cuts, because of this trade policy that has betrayed the middle class. As far as I am concerned, three strikes and you are out. This deregulation, the tax cuts, and trade policy clearly have put us in a place where my State has lost 200,000 manufacturing jobs since George Bush took the oath of office. I see the pain around my State, even though we are fighting back. Even in that initial trip around the State that I took my colleagues on, people in my State are hurting. In the last year and a half, since I was sworn into the Senate in January of 2007, I have held almost 120 roundtables in my State—from Ashtabula to Middletown, from Gallipolis to Toledo—and in these roundtables I will invite 15 or 20 people from the community or 15 or 20 veterans or 15 or 20 farmers, a cross-section of the community, and talk to them about their hopes and their dreams. Increasingly, I see fear. Increasingly, I see anxiety about the future because they know their Government simply hasn't been on their side.

So I think about this deregulation, the Bush-Cheney-McCain deregulation. We know that our colleague, Senator MCCAIN—who has not been here very much in the last year and a half because of the Presidential campaign—has consistently pushed for deregulation. He has, in the last few months, become a raging populist. He almost sounds like some of the great populists who sat in this Senate over the last 100 years. He almost sounds like Paul Wellstone. He almost sounds like Senator LaGuardia from New York, people who fought for the common man. But this is sort of a new JOHN MCCAIN than before when he was for the tax cuts, when he was for deregulation. More importantly, Senator MCCAIN has been one of the prominent cheerleaders for deregulation which got us into this position on Wall Street. Now he is saying the President should fire Chairman Cox. He is saying we should go after these Wall Street executives, things he never dreamed of saying until he decided it was good for his Presidential campaign.

In the past, Senator MCCAIN has said he doesn't know much about economics, and what he does know he learned from one of our colleagues, Phil Gramm. Phil Gramm was the architect—JOHN MCCAIN's mentor in the Senate, particularly on economic issues—Phil Gramm was the prime architect of this deregulation scheme that has so pushed us behind the eight ball and that is so troubling, frankly, to the direction we are now going. I think if we hadn't had this deregulation of Wall Street, we wouldn't be in the position we are. I don't know that Senator Gramm gets it, still. Phil Gramm has said we are not in a recession; that Americans are in a mental recession. When people complained about that statement saying: Look around; all you have to do is look around, Phil Gramm said the American people ought to quit whining. It is easy for him to say. He is a major bank executive. He is a lobbyist—he is a major bank executive and he has made so much money. He is the Senator who supported Enron and all its problems. We know that following his economic advice is not the way the country should go.

I come to the floor today for one more purpose, and that is to sound the alarm on what this privatization, deregulation scheme is all about. Imagine if we had followed what Senator MCCAIN had said in 2005. In 2005, President Bush was sworn in for his second term on January 20. Two weeks before that, the House and Senate began their sessions. We were sworn in. I was sworn in as a Member of the House of Representatives in those days. Soon after our swearing in and soon after the President's swearing in, the President unveiled his major domestic policy initiative, which was to privatize Social Security, to set up these private accounts. Democrats opposed them in a unified way in the Congress. In the House and Senate, almost every single Democrat—maybe every single Democrat—opposed them. People in the country said no. Democrats said no. All over the country, citizens, Independents said no, Republicans said no, this was a bad idea.

Mr. President, I ask unanimous consent for 3 additional minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BROWN. I thank my colleague from Florida.

Imagine what would have happened if we had gone along and if the country hadn't said no to this Bush-Cheney-McCain privatization scheme: Americans now would find that these private accounts weren't quite what they were billed to be. They were, in fact, as risky as many of us said. Because of the promises of: Let's put our private accounts—let's put our hard-earned Social Security dollars in New York; let's have Wall Street manage our private Social Security accounts—we all know what would have happened with the vicissitudes and the volatility of the stock market.

My last point is Senator MCCAIN has recently called himself fundamentally a deregulator and he is sort of the deregulator in chief in the Senate. But he has come up with something else. He wrote in this month's issue of Health Magazine that it would still be a good idea to deregulate the health insurance market: ''As we have done over the last decade in banking.''

I don't get it. I don't know how any Member of this body, if he ever goes home or she ever goes home and talks to voters, how they could think that deregulation of banking, deregulation of health care, let's give more power to Wall Street and deregulate banking; let's give more power to the health insurance industry and deregulate health insurance, it would make any sense at all. I think that, perhaps, more than anything, shows the fork in the road we are at in this country.

In this Senate and in the House and in the elections, we have a choice. Do we want to continue down this path of deregulation and betrayal of the middle class by a government that has turned this Government over to interest groups—the drug companies writing the Medicare law, the insurance companies writing the health care legislation, the oil companies writing energy policy, Wall Street pushing through these job-killing trade agreements—do we want to continue to go in that direction or do we want to go in a different direction that will put the middle class first. I think the choice is

clear, and I think we will see that in the upcoming weeks.

Mr. President, I yield the floor, and I thank the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. MARTINEZ. Mr. President, I have some remarks I wish to make about the pending matter of the financial crisis we are facing, but before I do I guess I have to make some comments about some of the things my distinguished colleague from Ohio had to say. It was a great speech for a Presidential race, but I don't think it touched on some of the very important issues our country is facing right here and now, the big decisions we have to make and that we have to do in a bipartisan way.

We cannot rewrite history because it sounds good. We cannot rewrite history because it helps the Presidential campaign that one might want to see succeed in the next 40 days.

The fact is we had a regulation bill before the Senate: S. 190. I was a cosponsor of it. Senator JOHN MCCAIN was a cosponsor of that bill. That bill could have regulated Fannie Mae and Freddie Mac. It got nowhere. The silence on the other side of the aisle was deafening. This was in 2005. It wasn't that long ago. There was an opportunity then for all to come around the idea that Fannie Mae and Freddie Mac were at the heart of the problem we have faced in this financial crisis, and they should have a strong, world-class regulator. I wish to talk more about that in a moment. When we talk about a betrayal of the middle class, wouldn't it have been a good idea if we had rallied around JOHN MCCAIN, ELIZABETH DOLE, JOHN SUNUNU, MEL MARTINEZ, and others who were supporting the idea that we needed a strong regulator for Fannie Mae and Freddie Mac; that they were undercapitalized, and until they had a world-class regulator, it would be business as usual, and they would continue to pass their largesse around the Congress among their favorites. The fact is we did not get that bill passed in 2005, when it might have made a difference.

It is also easy to talk about this administration and attempt to rewrite history. It is probably more politically expedient not to defend this administration, but I was a part of it. From 2001 to 2003 I served as Secretary of Housing and Urban Development. I came before the Congress and I testified before the House and the Senate Banking and Financial Services Committees, respectively. I had on my side the Secretary of the Treasury, John Snow, who was the Secretary at the time. What did we tell the Congress? We told Congress that we thought Fannie Mae and Freddie Mac needed a strong regulator, that they were thinly capitalized, and that they posed a systemic risk to our economy. I don't know if Senator BROWN, at the time a Member of the House, had an opportunity to hear or read our testimony, but if he had, he would have known that this administration was for a stronger regulatory scheme for Fannie Mae and Freddie Mac.

I would also say to the Senator from Ohio, when he talks about deregulatory schemes and tax cuts, the fact is the tax cuts we have had in place brought us out of a recession which we were in in 2001. We have short memories, I know. I know we have a 30-second sitcom memory, but we should remember that in 2001, when President Bush came into office, this country was in a recession. We came out of that recession as a result of a lesser tax burden on the American people that created jobs and that got this country moving again.

One last thing I will say before I go to my remarks that I planned to make. When we talk about trade agreements that lose jobs, stalling a trade agreement with the country of Colombia, in addition to not serving our security interests, is costing jobs in Miami, in Port Everglades, in the Port of Tampa. These are good-paying jobs. These are the kinds of jobs that people today in Florida, with unemployment over 6 percent, would stand in line to be able to have. These are good-paying jobs at the ports—ports that would trade with Colombia. The No. 4 trading port in America with Colombia is in Tampa. Jobs would be created in Tampa, FL, if we were to trade with Colombia and if we were to have a free-trade agreement with Colombia. Over $1 billion in increased trade, in increased jobs, in increased dollars flowing into Florida's economy would be created if we would pass that free-trade agreement, which is stalled because we are doing the bidding of the big labor unions that don't want to see it happen.

FINANCIAL RESCUE PLAN

Mr. MARTINEZ. Mr. President, let's now talk about the moment at hand. The seriousness of the moment could not be more overstated or understated. This Congress is about to consider the most important legislation affecting our financial markets, I would say for a generation and possibly in the history of our country.

The American people must understand exactly what is at stake as we begin to consider this legislation. This is something we have to do, putting aside partisan rhetoric, putting aside the fact that in 40 days we have a Presidential election.

We have to put aside the partisanship and shed ourselves of that rhetoric. That rhetoric just invites more and more acrimony. The fact is, we have to come together not as politicians but maybe in a rare moment of statesmanship to look at this legislation and this serious and sober moment that our country faces.

What happened is that the credit markets have quit functioning. Credit cards, car loans, home equity loans, home mortgages, business loans—all of these loans are impacted. Business loans, which keep large and small businesses operating, have ceased to exist. They cannot get the credit that is necessary to operate their businesses. The financial markets are not functioning, putting in jeopardy our entire economy. The entirety of our economy is at stake in what we are dealing with now.

Without timely Government intervention, the financial system as we know it no longer will exist. This will impact each and every American family, and it will impact them not just for the next month but for years to come.

This isn't a Wall Street versus Main Street argument. This isn't about dividing us and trying to gain political advantage by the division it creates. This is about every American's ability to pursue his or her American dream. Without liquidity in the marketplace, financial transactions just come to a halt. That will create a complete collapse of our financial system as we know it.

So the need to act has become clear. Treasury Secretary Paulson has asked for the authority to purchase illiquid assets from financial institutions in an attempt to get the markets functioning again.

With that authority comes great responsibility, and Congress has an obligation to the U.S. taxpayers to ensure that any program is crafted and carried out with appropriate oversight.

Congress should consider limiting executive compensation in any package we discuss. Congress will have to engage in active oversight of Treasury as they implement whatever plan we ultimately approve. So there should be no blank check, and there will be no blank check.

Let me also mention I am very pleased to learn of ongoing investigations into the activities of Fannie Mae, Freddie Mac, AIG, and Lehman Brothers. This is the worst financial crisis our country has encountered in recent history, and we owe it to the taxpayers to get to the bottom of any wrongdoing that may have occurred. That is welcome news. The American people ought to be reassured by the fact that there is not going to be any whitewashing of wrongdoing when it comes to this very serious crisis.

We need to prosecute any inappropriate behavior on the part of these companies to the fullest extent of the law. If we are going to have to fix this problem, those who created it need to be held accountable.

After the dust clears, Congress cannot lose sight of one of the main reasons we are so heavily encumbered by this crisis—why our financial system is so deeply troubled at this moment in time. Fannie Mae and Freddie Mac were huge contributors to the problem because of their thin capitalization, ever-expanding portfolios, and risky practices. I add to that, that was made possible by weak regulation, by the kind of regulatory scheme designed by Fannie Mae and Freddie Mac so they