I strongly disagree with the Bush administration's refusal to use funds from the Troubled Asset Relief Program. They should have done it. TARP, that is what it is called. These monies, we believe, should be used to help the auto industry.

Speaker PELOSI, Chairman DODD, Congressman FRANK, and I wrote the President last week, urging him to act because of the financial risks of the collapse of one or more of the Big Three. The President's refusal to do so requires Congress to take action.

I wish to especially thank Senator CHRIS DODD and Congressman BARNEY FRANK, who worked through the weekend to come up with legislation that will give the automakers a chance to clean house and return to a responsible path toward profitability. It was literally of no personal benefit to Senator DODD and Congressman FRANK for doing what they did; it was simply the right thing to do. Their staffs have been heroic soldiers, in their legislative efforts, working literally around the clock for the last 4 or 5 days.

And because of their efforts; that is, the two chairs and their valiant staffs, we have legislation before us, or soon will have, that will provide funds to see the auto companies through to the end of the first quarter of next year.

But this is no blank check or blind hope. If the companies fail to develop a plan that will lead to long-term competitiveness and profitability, if they fail to stick to that plan, the loan can be recalled. That is what the intended law says. We require strong oversight, executive pay standards, and taxpayer protection, such as warrants and a prohibition on dividends, to ensure that taxpayers stand to benefit if and when this plan succeeds.

There is no perfect or good answer to this problem. No solution will satisfy everyone and no legislation would be cause for celebration. But if Senators are willing to work together the next few days, we can pass legislation that represents good legislation, though not perfect, that will enable America's largest single manufacturing base to continue and, in the immediate future, bound forward once again to be the power of America's manufacturing sector.

RECOGNITION OF THE REPUBLICAN LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

AUTOMOBILE INDUSTRY HELP

Mr. MCCONNELL. Mr. President, Congress returns this week at a time of grave concern about the state of our Nation's economy. Americans are worried about the credit markets that serve as the lifeblood of our Main Street economy. They are worried about the broader financial industry. And now they are worried about the possibility of another major convulsion coming from the auto industry, an important source of jobs throughout America, including my own State of Kentucky.

As we consider new legislation this week, we must first ensure that we do no harm to taxpayers later in our efforts to help any one particular industry now. That is why Republicans insist that any proposal aimed at helping the auto industry include a firm commitment on its part to significant and fundamental reform. Troubled automakers cannot expect taxpayer help without a serious commitment to change their ways permanently.

Any assistance from Congress would hold the auto industry accountable to essential reforms from day one. And it would include enforcement capabilities, including strict, immediate accountability and oversight. Automakers should not expect any new appropriations. Congress will not draw on funds that have already been designated to stabilize the entire economy in order to help one sector of it.

As Congress works to help stabilize the broader economy, we cannot expose the taxpayers to new burdens without the promise of avoiding in the future the same mistakes that created these problems in the first place. This is the principle that should guide all of us in this week's negotiations. I am confident it will guide Republicans.

RESERVATION OF LEADER TIME

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, the Senate will proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

Mr. REID. Mr. President, I suggest the absence of a quorum.

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

The legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. The Senator from Missouri is recognized.

CRISIS IN AUTO INDUSTRY

Mr. BOND. Mr. President, I rise today to speak on the issues facing the crisis in the auto industry as well as the Department of the Treasury's Troubled Asset Relief Program or TARP.

As the economy continues its severe downturn, American families across the country face challenges on a level not experienced for decades. With hundreds of thousands of jobs being lost each month, small businesses and millions of Americans struggling to meet everyday needs, the Federal Government is being challenged to come up with new solutions. We are clearly in a unique time as we are experiencing an economic downturn unparalleled since the Great Depression.

Our Government has already taken a number of emergency actions to prevent an economic calamity but new crises continue to develop. The latest and, of course, we think right now the most noticeable crisis is the potential collapse of the domestic auto industry.

Unlike many other industries, the auto industry touches millions of jobs and many manufacturing and service industries throughout the Nation. We are not talking only about autoworkers in assembly plants, we are also talking about auto suppliers, dealerships, repair shops, steel, glass, and plastic industries.

These auto-related jobs are not just in big cities such as Detroit and Cleveland, St. Louis, or Kansas City, those jobs support families in small- and medium-sized communities across rural America in places in my home State such as Dexter, Fenton, Mexico, Riverside, Maryville, Moberly, Versailles, and Joplin. I have been meeting with many of these people in the last few weeks.

But despite the real need for temporary emergency assistance to save jobs in Missouri and across the country, I do not support a taxpayer-funded blank check that will prop up failed business models without getting the changes that are vitally needed.

It is a disservice to the American taxpayer to throw good money after bad, when these big businesses contributed to their problems. I share and understand the ''bailout fatigue'' of most taxpayers, a lot of folks in my State, and we are troubled by the Government intervention in the private market. But I think it is important to note the failures of the auto companies, like the financial markets, are more than just a failure of the markets and the industry. It also occurred due to Government actions, some of which were pushed by the Congress.

Congress helped bring about $4-a-gallon gasoline that pushed car sales down before the credit crisis—in which we also had a hand—shut off car loans.

Our country, however, is facing a unique economic emergency and now is not the time to point fingers of blame.

It is a time to examine carefully all policy options, including the option of doing nothing. But doing nothing for the auto industry would mean allowing them to go into bankruptcy. Unfortunately, bankruptcy takes several years, and many consumers would not purchase a car or a truck from a company in bankruptcy. In fact, recent research studies suggest that 20 to 30 percent of shoppers avoided purchasing domestic autos in October due to the speculation of bankruptcy. In other words, bankruptcy would likely lead to the end of the auto industry. If they were to go into chapter 11, debtor in possession financing is required to get out of chapter 11, but with the credit markets frozen, where would they get that money? That is what we are talking about today.

The collapse of the auto industry would not be without cost to the taxpayers. The loss of hundreds of thousands—if not millions—of jobs would severely strain our social safety net, as taxpayer funds would have to be used for unemployment benefits, health care, and other necessary social services.

For these reasons, I decided I would not turn my back on families, small businesses, and communities in Missouri and across the Nation, but I would also not turn my back on taxpayers and simply throw money after the problem. Facing an economic crisis that is only going to get worse, I believe—I have believed, as I do now—action is necessary. This is why I worked to craft a bipartisan bill with my colleagues: Senators LEVIN, VOINOVICH, STABENOW, BROWN, SPECTER, and CASEY. This bipartisan bill, called the Auto Industry Emergency Bridge Loan Act, would provide temporary emergency assistance to the auto industry but hold the companies accountable by requiring specific plans with real and significant cost-control measures and cuts. Specifically, the Levin-Bond bill includes three key principles. First, the bill must have strong taxpayer protection. This means taxpayers will be repaid for the emergency assistance, and taxpayers would share in the turnaround profits of participating automakers. Second, the bill includes executive accountability so that failed executives will not be rewarded for poor management. Third, and most important, the bill includes significant financial reform so that recipients of taxpayer funds must demonstrate they have a plan to ensure long-term competitiveness, health, and profitability by bringing their costs under control.

This bill would require all stakeholders—including management, labor, creditors, and shareholders—to make sacrifices. The companies must take real restructuring reform measures that address unproductive and duplicative lines and legacy costs that are burdensome. Our original bill said we must have the Secretary of Commerce make that decision because that is not a decision we in this body can sit down and make with stacks of plans in front of us. We want experts in the Department of Commerce and those they bring in from the outside to determine whether these plans are workable, whether they meet the criteria. One of the ideas that has been floated is to have a car czar to bring together interested stakeholders, including management, unions, and creditors, to negotiate long-term financial viability plans for participating auto manufacturers and component suppliers, or we need an oversight board to oversee the use of emergency loan funds and implementation of any completed financial viability plans to make sure the fundamental reforms are made. If there is a czar to be appointed, I strongly suggest and I am sure the current administration would consult closely with the Obama transition team to make sure they had somebody who was mutually acceptable who would work in the Commerce Department with the resources there to advise the Secretary, the President, and the President-elect that these plans are, in fact, viable.

It is important to note that the plan we understand is being discussed—and our bill—does not provide any new taxpayer funds. Instead, it uses previously appropriated funds to provide the emergency bridge loans under the program. These funds are then to be repaid to that fund to be used for the original clean car retooling program. Similarly, using these new funds will not be allowed to change any of the clean car efficiency requirements originally imposed on automakers.

It is encouraging for me and my colleagues to hear in the media that many of the people working on it—the leadership—have stated publicly their support for the general approach and principles outlined in the Levin-Bond bill. While the news has been generally encouraging, we have not seen any details of the bill being developed by the Democratic leadership. I have been unable to find out from the White House if they have seen the details or the wording. It is absolutely important, to secure the votes to pass this bill in the Senate, that it contain these key principles: taxpayer protection, executive accountability, and a viable long-term plan specifically laid out so that we know where they are going. Without that, I do not believe the Senate can or should pass that bill. There must be strong powers to ensure that restructuring measures will be enforced. The czar should be appointed, if we get one, by the administration, in cooperation with the President-elect. Providing even a short-term bridge loan without a real enforceable plan is not a responsible approach. Funds must be conditioned on a strong restructuring strategy so that the taxpayers have confidence that it is a bridge loan to somewhere that will lead to long-term financial viability, competitiveness, health, and profitability.

TARP

Mr. BOND. Before closing, I offer a few comments on the TARP program. Since enactment of the Emergency Economic Stabilization Act in early October, the Treasury Department has spent almost all of its initial $350 billion under TARP to recapitalize several banks and financial institutions. It has been reported that the Treasury Secretary may request the remaining $350 billion as early as this week. Under the law, the President must submit a written request that details the Treasury Secretary's plan to use the additional funds, and Congress has 15 days to enact a disapproval resolution. However, given the track record of the Treasury's use of the initial $350 billion of TARP funds, it is difficult for many of us to feel confident that the Department will spend additional funds in an effective and efficient manner. The administration is going to have to demonstrate that it has addressed a number of very serious implementation issues. As a Senator from the Show Me State, I expect to see them.

Some of these issues are related to the management and oversight of the funds as reported last week by the U.S. Government Accountability Office, the GAO. In its report, the GAO uncovered a number of management and oversight deficiencies that raise serious questions about the program's integrity, accountability, transparency, and effectiveness. Frankly, the GAO's findings were very troubling. The GAO pointed to the Treasury Department's inadequate staffing, failure to establish a mechanism to track billions in taxpayer funds provided to the banks, and failure to establish a system on how it would monitor compliance with executive compensation limitations required by the legislation. In other words, it appears the Treasury is unable to tell taxpayers how their funds are being spent and whether the money is being spent in a reasonable and effective manner. I don't think that is acceptable.

The GAO also uncovered other troubling findings, such as Treasury's lack of action to address the foreclosure crisis. As we all know, the housing foreclosure crisis is at the center of the financial credit crisis. In recognition of this, the EESA included specific language for the Secretary to address the housing crisis. Unfortunately, Treasury has not taken sufficient action as communities and families across the country continue to be devastated by foreclosures. Loan modification efforts are failing, as evidenced by the Treasury Office of Comptroller—the OCC—data released this morning. According to the OCC, about 36 percent of borrowers were more than 30 days past due on loan payments 3 months after their loan was modified and nearly 53 percent were more than 30 days late after 6 months. What is going on here?

These findings raise significant questions, if not doubts, about both private and Government loan modification efforts, including those through the Department's so-called HOPE NOW Program. As I previously warned, the administration's and Congress's push to use the Federal Housing Administration to prevent foreclosures by refinancing subprime and troubled loans may end up costing taxpayers a lot of money in the near future. Rescuing the FHA through taxpayer funds is not surprising to those who have watched the FHA closely and know they have long-standing management and oversight