

that the House-passed bills here cannot pass. That has been demonstrated by the objection we just heard. It cannot pass. The only solution then is to take up the bills which were worked in a compromise with the Republican Members here and Blue Dogs over there; insofar as the extender, 2 years, only 1 year paid for. That is the compromise and it seems to me that is pretty fair compromise. It seems to me the House should take it up—I hope they do—and do the right thing.

Mr. REID. Mr. President, while the chairman is here and the assistant Republican leader, the mark of the Blue Dogs is on what we have done in this Congress. We struggled because of the Blue Dogs insisting, and rightfully so, on paying for different things. The chairman of the Finance Committee will remember the difficult time we had on SCHIP, and that was because of the mark of the Blue Dogs, wanting to make sure we paid for what we did. It is not as if we ignored them; we tried to follow their lead because their cause is a righteous cause. They want this Government to start paying for things and stop running up the deficit. We look forward to working with them in the future.

Mr. BAUCUS. As the leader said, we did end up paying for the children's health insurance.

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, there will now be a period for the transaction of morning business until 12 noon, with Senators permitted to speak for up to 10 minutes each, with the time equally divided between the two leaders or their designees.

The Senator from Tennessee is recognized.

THE PAULSON PLAN

Mr. ALEXANDER. Mr. President, over the weekend bipartisan congressional negotiators worked hard to amend significantly what we have come to call the Paulson plan. The whole point of the work over the weekend—since last Thursday, in fact—was to do everything we could to protect taxpayers. We owe our thanks to Senators GREGG and DODD and Senators MCCONNELL and REID, as well as Members of the House of Representatives and the administration and their staffs for working hard, sometimes during most of the night, to have this ready for us today. Actually, it was ready yesterday and was posted on the Internet so that not only we, but people across this country and around the world, could see what was proposed.

Under the amended plan, the Secretary of Treasury will have authority to buy and sell troubled mortgage assets to get the economy moving again. Taxpayers will have authority to provide oversight, minimize losses, and make sure profits go to reduce the Federal debt. There will be restrictions on excessive executive compensation and reasonable efforts will be made to make adjustments to help keep people in their homes.

People have been calling my office all week about it, as they have all Senators. They are angry about the need to do this. I am angry, too. But callers' opinions have been changing about whether we should do it, as I believe have the minds of most Senators.

Most realize that the largest reason for this emergency legislation is mortgage loans that people cannot pay back and securities based upon those mortgages. This has derailed housing and created problems for banks. It has spread uncertainty and caused people with cash to be cautious.

Most realize now that we are not spending \$700 billion. The Secretary may buy up to \$700 billion in troubled mortgage assets—enough to restore confidence—but he may buy much less. Over time, he will sell those assets, hopefully at a profit, sometimes at a loss. My guess—and it is only a guess—net cost to the taxpayer will be \$100 billion or less, two-thirds of what Congress spent in January on the economic stimulus package of tax cuts and rebates. There might even be a profit, which under the plan, would go to reduce the Federal debt.

Most now realize it is important for the Secretary of Treasury to be able to buy enough mortgage assets so that institutions are strong again, will start lending again, and people will stop hoarding their cash. Next week we can fix the blame. Today we need to fix the problem.

Congress should approve the amended plan without delay—today. If the House can pass it today, there is no reason why the Senate cannot pass it today and send it to the President. Otherwise, there is a real risk that credit will freeze and Americans will not be able to get car, student, auto, mortgage, or farm credit loans—or even to cash their paychecks.

This has come so fast and taken such an unexpected turn that it is hard for most Americans to know what to think about it. As Senator DOMENICI and Senator GREGG have suggested, think about it as a wreck on the highway.

Think about it as someone who should have known better, dumping thousands of bad mortgage loans and other assets in the middle of an eight-lane interstate, threatening to bring a halt to all economic traffic. Stopped in one lane is your home loan. In the next is your auto loan. In the third lane is your student loan. In the next is your mortgage loan. Next, your money market account. Next, the money for your farm credit loan or even your payroll check.

Vehicles carrying these essential credits that Americans rely on every day have ground to a halt on the economic highway, blocked by a big pile of bad mortgage loans. So we end up with this massive wreck in the middle of the economic highway.

Think of the Federal Government as the salvage crew and Secretary Paulson as the driver of the wrecker. His job is to buy the salvage and get it off the highway as soon as possible so that traffic can start moving again.

And think of yourself, the taxpayer, as the owner of the salvage company—doing everything possible to make sure the driver of the wrecker can get the pile of bad loans off the highway and sell them for at least as much as it cost him to pick them up. If he does this, then the lanes will open again, and the vehicles carrying your auto and mortgage and farm credit loans and payroll checks will start moving again. And the economic traffic will start up again. But that will not be the end of fixing the problem.

The Federal Government's compassion several years ago got out ahead of its common sense when it made it possible for people to borrow money and buy homes who couldn't pay back their mortgage loans. Clever financiers created exotic instruments based upon these loans, some of which turned out to be worth less than the loans. People who should have known what was going on—both in their own companies and in regulatory agencies—didn't understand what was going on or they turned a blind eye to it, or worse, they misled people.

As the New York Times described it yesterday in an article, what apparently has happened is that mortgage foreclosures set off questions about the quality of debts across the entire credit spectrum. These questions set off a spiral of claims against insufficient insurance, as in the case of AIG, and of insufficient capital in the case of banks. So we end up with this massive wreck in the middle of the economic highway.

This week—today—we need to fix the immediate problem. Clean the wreck off the highway. But next week we need to begin to take steps to remodel our regulatory agencies—most of which were designed to deal with the calamities of the 1930s. I suspect it will be a matter of a different kind of regulation that suits these times rather than one of more regulation. And we need to find out if there was fraud or misleading actions so we can do our best to make sure this doesn't happen again.

Next week we can fix the blame. Today we should unclog the economic highway and fix the immediate problem to make sure Americans can buy homes and cars and houses, go to college, get farm credit loans and cash their payroll checks.

I yield the floor.

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