

Kanjorski's bill has 138 co-sponsors. It received a bi-partisan boost when House Speaker Newt Gingrich endorsed it, ensuring at least that it will come up for a vote in the House Banking Committee. What happens next will be the subject of a fierce lobbying battle between credit unions and the banking industry.

What is likely, however, is less legislation to overturn the Court's decision, than a compromise, possibly restoring more latitude to that definition of "common bond," while imposing a membership threshold on some of the larger credit unions.

That would be a workable and fair resolution of the issue. Allowing the court's ruling to stand as it is fails that test. Particularly since deregulation of the banking industry allowed so many and massive consolidations, more competition is needed in the financial industry, not less.

Kanjorski's bill is pitched at small businesses, which he points out is the fastest growing sector of the economy. Small companies generally do not have enough employees to sustain a credit union by themselves. Even some large companies face problems during economic slowdowns, as layoffs reduce their credit unions' active memberships. That is what happened in the recession of 1982, and prompted the government to broaden membership rules.

If the Court decision were allowed to stand, in effect it would discriminate against employees of small companies. Unless their workforce—their "common bond"—were large enough to form a credit union, they would be denied the opportunity to take advantage of its lower loan and mortgage costs and higher savings account interest rates, among other benefits.

The reason credit unions can offer such benefits, though, is why a compromise is likely. Credit unions bear fewer regulatory and financial burdens than banks do, not having to pay federal taxes, for example. The banking industry considers that unfair competition. But in truth, it is hardly an insupportable competitive burden for banks: In Pennsylvania, with more credit unions than any other state, they still hold only 4 percent of all bank deposits.

As their recent moves to raise or impose ATM and check-cashing rates show, banks are aggressively pursuing profits wherever they can find them. Reining in credit union membership is in step with that drive. But as with the service rates, the credit union restrictions will hurt those with less money, who need low-cost alternatives to what banks offer.

The money will gush in the intensive lobbying against and for Kanjorski's bill. There is merit in a compromise that levels the field for the larger credit unions. But Congress should allow access to credit unions for small-business employees as one way of restoring competition to the banking industry.

[From the Evansville Press, Mar. 4, 1998]
CONGRESS SHOULD ALLOW CREDIT UNION
EXPANSION

The long-running battle between commercial banks and credit unions didn't end last week when the U.S. Supreme Court ruled that a Depression-era law places strict limits on the membership of credit unions.

The 1934 Federal Credit Union Act established credit unions because banks were perceived as ignoring the needs of low- and moderate-income Americans.

The act limited credit union membership to "groups having a common bond of occupation or association, or groups within a well-defined neighborhood, community or rural district."

But in 1982, responding to a wave of corporate reorganizations and downsizing that

threatened existing credit unions, the National Credit Union Administration expanded membership beyond the single-company, single-community confines.

It is this expansion that the Supreme Court, in a 5-4 decision in a case from North Carolina, said was in violation of the 1934 federal law.

Anticipating the Supreme Court decision, the Credit Union National Association asked Congress last year to consider legislation to allow federally chartered credit unions to maintain their expanded membership base.

Credit unions operate on a not-for-profit basis. They pay no taxes and tend to offer lower-cost loans and higher earnings for sav- ings. They also tend to charge fewer and lower fees than commercial banks. But the commercial banks say credit unions' not-for-profit status creates an unfair competitive advantage.

Bankers have reason for concern.

Since the 1982 regulation took effect, credit unions have rapidly expanded their membership. Last year, 72 million Americans belonged to credit unions, double the number in 1991.

Although banking industry officials say consumers who currently belong to credit unions will not be asked to give up their memberships, the choice of joining a credit union may prove more difficult in the future unless Congress changes the 1934 law.

A bill before Congress to allow credit unions to serve multiple groups deserves approval.

With Congress set to begin hearings this week on a bill aimed at resolving the dispute between banks and credit unions, both sides already have begun their lobbying efforts.

The commercial banks, particularly the smaller community-based banks, have legitimate concerns about rapidly expanding credit unions.

But in drafting new legislation, Congress must recognize the realities of America's small-business economy. Americans have shown an increasing preference for credit unions, and consumer choice must be preserved.

SAN FRANCISCO EXAMINER EDITORIAL CRITICIZES H.R. 1757— FOREIGN AFFAIRS AUTHORIZATION LEGISLATION IS BAD LAW AND BAD POLICY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 23, 1998

Mr. LANTOS. Mr. Speaker, for the past two weeks, H.R. 1757, the foreign affairs authorization legislation has been on the schedule for House consideration and both weeks, the bill was pulled because the Republican leadership was not able to get the necessary votes to pass the bill. Mr. Speaker, that is fortunate for the American people and for the foreign policy of the United States.

Mr. Speaker, this legislation has been foisted on the House through a flawed and blatantly partisan procedure. It is a preposterous process that was perpetrated in public. It is calculated to appeal to a narrow but noisy special interest group, and it is clearly not in the best interests of the American people and our nation's foreign policy.

American foreign policy is best, strongest, and most effective when it is a bipartisan foreign policy. As many of our colleagues have

observed throughout the years, "Politics should stop at the water's edge." Unfortunately, what we have here is domestic politics being injected into foreign policy. All Americans are the losers in this process, Mr. Speaker.

I call the attention of my colleagues in the House to an excellent editorial that appeared on March 13 in the San Francisco Examiner which discusses H.R. 1757. I ask that the full text of that editorial be placed in the RECORD, and I urge my colleagues to read it carefully and thoughtfully. Who knows? We may actually find ourselves having to cast a vote on this outrageous bill some day in the near future.

GOP SHORTSIGHTEDNESS: REPUBLICANS IN CONGRESS SHOULD RETHINK TYING IMF AND U.N. FUNDS TO AN ANTI-ABORTION PROVISION THAT DOES MORE HARM THAN GOOD

The annual blackmail of the administration by some Republican members of Congress has begun. They insist that \$18 billion in U.S. funding for the International Monetary Fund, as well as payment of past dues to the United Nations, be held hostage to an anti-abortion provision.

"Killing babies is a very serious matter," Rep. Christopher Smith, R-N.J., told a New York Times reporter. "The administration is promoting abortion overseas."

Smith wants to deny U.S. funds to any overseas organization that provides or promotes abortions. Under existing law, no U.S. money can be used for those activities. Smith argues that other activities, such as family planning services, allows organizations to shift money abortion-related programs.

But it's much more reasonable to assume that supporting birth control in other countries actually reduces the number of unplanned pregnancies and, hence, diminishes the need for abortions.

The GOP position is offensive to some traditional political allies.

Thomas Donohue, president of the United States Chamber of Commerce, says failing to fund the IMF during its financial bailout of Asian nations would "come under the heading of stupid."

Many conservatives and environmentalists concerned about the escalation of world population believe global education about family planning is essential to humankind's future welfare and even its survival.

The U.S. debt to the United Nations, now almost \$1 billion, has been a source of embarrassment to Americans who believe in the worldwide organization. The image of the United States as a deadbeat is especially alarming when this country needs to persuade other nations to go along with its policy initiatives, as in the recent confrontation over arms inspections in Iraq.

In any case, U.S. funding for international financial and political organizations ought to be separate from the question of whether this country should back family planning groups that also provide abortion services. Combining the two issues hurts causes that even the most anti-abortion members of the GOP cares about—or ought to care about.

Last year's hostage was the \$12 billion foreign operations bill. After a threatened veto, the GOP finally relented.

The annual exercise is, unfortunately, even more harmful this year when resurrecting the economies of a half dozen Asian allies depends on our financial goodwill. Their pain, of course, soon can become our own as American exports fall and U.S. investments in those countries teeter.

Let's instill some good sense in the IMF/U.N. funding debate—and turn down the volume of political rhetoric.