

with a bank will be preserved. The bill offers further support for community development in the form of a new program to provide technical help to low- and moderate-income micro-entrepreneurs.

The bill includes other measures affecting CRA that have been narrowed significantly from their earlier Senate form. The bill includes a limited extension of the CRA examination cycle for small banks with outstanding or satisfactory CRA records, but expressly preserves the ability of regulators to examine a bank any time for reasonable cause, and does not affect regulators ability to inquire in connection with an application. Finally, the bill includes a requirement for disclosure and reporting of CRA agreements. We believe that the legislation and its legislative history have been constructed to prevent undue burdens from being imposed on banks and those working to stimulate investment in underserved communities.

In May, the President stressed the importance of adopting strong and enforceable privacy protections for consumers financial information. S. 900 provides protections for consumers that extend far beyond existing law. For the first time, consumers will have an absolute right to know if their financial institution intends to share or sell their personal financial data, and will have the right to block sharing or sale outside the financial institutions' corporate family. Of equal importance, these restrictions have teeth. S. 900 gives regulatory agencies full authority to enforce privacy protections, as well as new rulemaking authority under the existing Fair Credit Reporting Act. The bill also expressly preserves the ability of states to provide stronger privacy protections. In addition, it establishes new safeguards to prevent pretext calling, by which unscrupulous operators seek to discover the financial assets of consumers. In sum, we believe that this reflects a real improvement over the status quo; but, we will not rest. We will continue to press for even greater protections—especially effective choice about whether personal financial information can be shared with affiliates.

We are pleased that the bill promotes innovation and competition in the financial sector, by allowing banks to choose whether to conduct most new non-banking activities, including securities underwriting and dealing, in either a financial subsidiary or an affiliate of a bank.

The bill also promotes the safety and soundness of the financial system by enhancing the traditional separation of banking and commerce. The bill strictly limits the ability of thrift institutions to affiliate with commercial companies, closing a gap in existing law. The bill also includes restrictions on control of commercial companies through merchant banking.

Although the Administration strongly supports S. 900, there are provisions of the bill that concern us. The bill's redomestication provisions could allow mutual insurance companies to avoid state law protecting policyholders, enriching insiders at the expense of consumers. The Administration intends to monitor any redomestications and state law changes closely, and return to the Congress if necessary. The bill's Federal Home Loan Bank provisions fail to focus the System more on lending to community banks and less on arbitrage activities short-term lending that do not advance its public purpose.

The Administration strongly supports S. 900, and urges its adoption by the Congress.

Sincerely,

LAWRENCE H. SUMMERS.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I thank Senator SARBANES for his kind remarks and for remembering Bob Rubin, who was a very major contributor to this bill. Let me also say that I think it would be helpful if in the morning everyone will come over so we do not have long pauses. My concern is that we do have a lot of people who are going to want to speak on this bill. We are going to be forced to try to stay with the schedule because the House wants to vote on this tomorrow afternoon. So I hope people will come over and speak so we do not end up with this problem where people are given 1 or 2 minutes when they have something they need to say.

I think that can be avoided if people come over early.

Mr. SARBANES. If the chairman will yield, I want to echo the chairman's comments. I say to our colleagues, if Senators will come early on and we can perhaps sequence them, we can give them more time than if some of the time is used up in quorum calls. Waiting for people to come becomes lost time. Then, when people come over, we may be very limited in how much time we have available to give them.

If Senators have statements they want to make of some consequence, we very much hope they will come over and do that.

Mr. GRAMM. Mr. President, we both want to reserve the remainder of our time for use tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRAMM. Mr. President, I now ask unanimous consent there be a period for the transaction of routine morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

WOOL TARIFFS

Mr. MOYNIHAN. Mr. President, a moment on a matter that is not included in the trade legislation that has just been approved by the Senate—the near-exorbitant tariff on fine wool fabrics. This modest proposal appears to have generated an inordinate amount of controversy, all the more baffling because the facts are so persuasive.

We have just a few suit manufacturers left in the United States, including Hickey-Freeman, which has produced fine tailored suits in Rochester, New York since 1899. Our tariffs are stacked against them.

There is only a limited supply in the United States of fine wool fabric. The suit makers must import significant quantities of this fabric, at a current

tariff rate of 30.6%. But importers can bring in completely finished wool suits duty free from Canada and Mexico, and subject to a 19.8% duty when imported from other sources. This anomaly in our tariff schedule—this tariff “inversion”—puts domestic manufacturers of wool suits at a significant disadvantage.

Senators SCHUMER, DURBIN, HAGEL, MIKULSKI, SPECTER, NICKLES, FITZGERALD, SANTORUM, GRAMM, and THOMPSON have joined me in sponsoring a very modest measure that would provide temporary relief to the suit-makers. We have proposed that the tariff on the very finest wool fabric—produced in only limited quantities in the United States—be suspended for a short period, and that the tariff on other classes of fine wool fabric be reduced to 19.8%—hardly a negligible tariff. This was an effort to provide some relief to our suit makers.

Through the good offices of the Chairman of the Finance Committee, we undertook to address the concerns that has been raised when our bill was first introduced. After a series of meetings with all of the interested parties—and there are many—we modified our proposal to address, in a constructive way, the concerns that were raised.

Our first compromise proposal was rejected out of hand. No counterproposal was forthcoming. The objection stems chiefly from two sources: a fabric manufacturer that is not currently producing the fine wool fabric at issue—but promises to do so in the future, principally from a plant it is building in Mexico; and from the American Sheep Industry Association—this despite the fact that wool of the quality required for suit fabric is sourced overwhelmingly from Australia.

I am at a loss to explain the vehemence of the opposition. The fabric producer that so strongly opposes this legislation—Burlington Industries—is positioning itself to compete in the global market. As it ought to do.

On January 26, 1999, the company announced a major reorganization. To quote, “operations will be streamlined and U.S. capacity will be reduced by 25%.” Let me repeat: “U.S. capacity will be reduced by 25%.” The company announced that 2900 jobs would be eliminated, an announcement made just one month after the company reported to its shareholders—on December 2, 1998, that “we have launched a major growth initiative in Mexico.”

There followed an announcement to its customers that the fine wool fabric used to manufacture men's suits—so called “fancies”—would not be available for a time.

Even so, we cannot get agreement on tariff relief for our suit makers, who have greater need than ever for imported fabric. They must still pay a 31% tariff on imported fine wool fabric. We ought to enable them to remain