SENATE—*Tuesday, May 4, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, You have promised, ''In quietness and trust shall be your strength.''—Isaiah 30:15. For a brief moment we retreat into our inner world, that wonderful place called prayer, where we find Your strength. Here we escape from the noise of demanding voices and pressured conversations. With You there are no speeches to give, positions to defend, or party loyalties to push. In Your presence we can simply be. You love us in spite of our mistakes and give us new beginnings each day. We thank You that we can depend upon You for guidance in all that is ahead of us today. Particularly we ask for Your guidance on the vote on the war powers resolution concerning our involvement in Kosovo.

Now, Father, we realize that this quiet moment in which we have placed our trust in You has refreshed us. We are replenished with new hope. Now we can return to our outer world with greater determination to keep our priorities straight. Today is a magnificent opportunity to serve You by giving our very best to the leadership of our Nation. In the name of our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader is recognized.

Mr. LOTT. I thank the Chair.

SCHEDULE

Mr. LOTT. This morning the Senate will resume consideration of S.J. Res. 20, with a brief statement by Senator MCCAIN. Following Senator MCCAIN, the majority leader will be recognized to make a motion to table S.J. Res. 20. Before I speak, however, and make that motion, I believe Senator DASCHLE will use leader time to make some remarks, too. So Senator MCCAIN will speak, Senator DASCHLE, and I will speak and make a motion to table S.J. Res. 20. Therefore, the first rollcall vote of the day will occur at approximately 9:45.

If S.J. Res. 20 is tabled, the Senate will immediately begin debate on S. 900, the financial services modernization bill, under the provisions agreed to last night by unanimous consent. It is hoped that significant progress will be made on the banking bill, and therefore Senators can expect further rollcall votes today.

We do have one complicating factor. We have also had another natural disaster to strike our country, this time in Oklahoma. The Senators from Oklahoma feel the necessity, understandably, to go to Oklahoma, and we will have to take that into consideration in how we schedule votes. I will consult with the Democratic leader about that timing.

The Senate will be in recess for the weekly party caucus luncheons from 12:30 to 2:15. I thank my colleagues for their attention. I believe Senator MCCAIN is ready to speak.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. ALLARD). Under the previous order, the leadership time is reserved.

DEPLOYMENT OF U.S. ARMED FORCES TO THE KOSOVO REGION OF YUGOSLAVIA

The Senate resumed consideration of the joint resolution.

The PRESIDING OFFICER. Under the previous order, the Chair recognizes Senator MCCAIN for 5 minutes.

Mr. MCCAIN. Mr. President, I would like to ask unanimous consent that Senator DORGAN be allowed to make a brief unanimous consent request.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

PRIVILEGE OF THE FLOOR

Mr. DORGAN. I ask unanimous consent that privilege of the floor be granted to Anthony Blaylock, a member of my staff, during the pendency of S.J. Res. 20.

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

Mr. MCCAIN. Mr. President, I also ask unanimous consent for 3 additional minutes, if necessary, for me to complete my statement.

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

Mr. MCCAIN. Mr. President, I thank Senators LOTT and DASCHLE for allowing the Senate more time for this debate than was their original intention. I think it has been a good debate. It was not as long as I would have liked but better than I had expected yesterday morning. Many Members on both sides, or should I say on all the multiple sides of the question, have had the opportunity to express themselves and most have done so with distinction. I also thank the cosponsors of the resolution for having the courage of their convictions, Senators HAGEL, BIDEN, LUGAR, KERRY, DODD, ROBB, and all the other cosponsors. You have made the case for the resolution far more persuasively than have I, and I commend you for fighting this good fight.

Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senate will please be in order.

The Senator from Arizona is recognized.

Mr. MCCAIN. Mr. President, I want to speak plainly in the few minutes remaining to me. What I say now may offend some people, even some of my friends who support this resolution. I am sorry for that, but I say it because I believe it is the truth, the important truth, and it should be said.

The President of the United States is prepared to lose a war rather than do the hard work, the politically risky work, of fighting as the leader of the greatest nation on Earth should fight when our interests and our values are imperiled.

We all know why in a few minutes this resolution is going to lose. It is going to lose because the President and members of his Cabinet have joined with the opponents to the war and lobbied hard for the resolution's defeat. Do not believe administration officials when they tell you that the resolution would have been defeated even without their active opposition. Had they worked half as hard in support of it as they did to defeat it, the result would have been different today.

No, it is not that they could not win; it is because they did not want to win that we are facing defeat this morning. That is a shame, a real shame.

I have said repeatedly that the President does not need this resolution to use all the force he deems necessary to achieve victory in Kosovo. I stand by that contention. And I have the good company of the Constitution behind me.

I had wanted this resolution considered in the now forlorn hope that the President would take courage from it and find the resolve to do his duty, his duty by us, the American people, by the alliance he leads, and by the suffering people of Kosovo who now look to America and NATO for their very lives.

I was wrong, and I must accept the blame for that. The President does not want the power he possesses by law because the risks inherent in its exercise have paralyzed him.

Let me identify for my colleagues the price paid by Kosovars for the

President's repeated and indefensible ruling out of ground troops. Mr. Milosevic was so certain of the limits to our commitment that he felt safe enough to widely disperse his forces. Instead of massing his forces to meet a possible ground attack, he has deployed them in small units to reach more towns and villages in less time than if the President had remained silent on the question of ground troops. In other words, he has been able to displace, rape, and murder more Kosovars more quickly than he could have if he feared he might face the mightiest army on Earth. That is a fact of this war that is undeniable. And shame on the President for creating it.

Now what is left to us, as our war on the cheap fails to achieve the objectives for which we went to war? Well, bombing pauses seem to be an idea in vogue. They were popular once before in another war. And I personally witnessed how effective they were. No, Mr. President, I do not have much regard for the diplomatic or military efficacy of bombing pauses. As a matter of fact, it was only when bombing pauses were finally abandoned in favor of sustained strategic bombing that almost 600 of my comrades and I received our freedom. I daresay some of the years that we had lost were attributable to bombing pauses. I will not support a bombing pause until Milosevic surrenders and not a moment before.

My father gave the order to send B–52s—planes that did not have the precision-guided munitions that so impress us all today—he gave the order to send them to bomb the city where his oldest son was held a prisoner of war. That is a pretty hard thing for a father to do, Mr. President, but he did it because it was his duty, and he would not shrink from it. He did it because he didn't believe America should lose a war, or settle for a draw or some lesser goal than it had sacrificed its young to achieve. He knew that leaders were expected to make hard choices in war. Would that the President had half that regard for the responsibilities of his office.

Give peace a chance. Yes, peace is a wonderful condition. Sweeter than many here will ever fully appreciate. The Kosovars appreciate it. They are living in its absence, and it is a horrible experience. But the absence of freedom is worse. They know that too. They know it well. And if the price of peace is that we abandon them to the cruelty of their oppressors, then the price is too high.

Some have suggested that we can drop our demand that NATO keep the peace in Kosovo. Let the U.N. command any future peacekeeping force instead. But a U.N. peacekeeping force led directly to the Srebrinica massacre in Bosnia. I think the Kosovars would rather they not have that kind of peace, Mr. President. And we should not impose it on them.

Give peace a chance. If we cannot keep our word to prevail over this inferior power that threatens our interests and our most cherished ideals, then it is unlikely that we will long know a real peace. We may enjoy a false peace for a brief time, but that will pass. Whatever your views about whether we were right or wrong to get involved in this war, why would you think that losing will recover what we have risked in the Balkans. If we fail to win this war, our allies and our enemies will lose their respect for our resolve and our power. You may count on it, Mr. President. And we will soon face far greater threats than we face today. We will know a much more dangerous absence of peace than we are experiencing today.

Mr. President, I ask my colleagues, in this late hour, to put aside our reservations, our past animosities, and encourage, implore, cajole, beg, shame this administration into doing its duty. Shame on the President if he persists in abdicating his responsibilities. But shame on us if we let him.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I will use leadership time to conclude this debate with a few comments of my own.

Let me begin by commending the authors of this resolution, Senator McCAIN, Senator BIDEN, and others. I support their intent, and I appreciate the effort of all the authors in making this resolution the focus of our attention this morning.

There ought to be three rules this country should always adhere to in an addressing an international conflict. The first rule is that every effort should be made to resolve the matter diplomatically. I believe this is being done in the case of the conflict in Kosovo. In this struggle, there is no end to the lengths the United States and NATO have gone in an effort to resolve this matter diplomatically. As we speak, diplomatic efforts are underway. There will continue to be negotiations, discussions, and communications to resolve this matter diplomatically. Up to now all these efforts have failed.

Secondly, should diplomacy fail and U.S. forces be needed, we must not tie the hands of the Commander-in-Chief. We must provide whatever support is requested. That is what this resolution says: that the President is authorized to use all necessary force. I understand and support that concept.

Thirdly, we must support our troops when they come home—something we haven't always done. We didn't in Vietnam when they were suffering from the effects of exposure to Agent Orange; we didn't in the Persian Gulf when they were hit by Persian Gulf Syndrome. We have not always supported our troops when they come home. Veterans and the Veterans' Administration oftentimes are neglected in times of peace.

There is a caveat, an obvious caveat, to these three rules. When deploying force, there must be a clear indication of need. Only in the rarest of circumstances when it comes to executing a war, a military effort, should the Congress get ahead of the Commander in Chief and his military advisers. That is especially true when the United States is involved, as it is today in Yugoslavia, with other nations. They are the ones—the military, the Commander in Chief—who must decide what kind of forces are to be used, what kind of war is to be waged, what facts must be considered in waging it successfully.

The distinguished Senator from Arizona made some comments about the President's unwillingness to use ground troops. It isn't just the President. It is all of his Joint Chiefs of Staff. It is everybody in the Pentagon who advises the President who has said, This is not the time; we do not want to commit ground troops at this point, Mr. President; don't request them. And he has not.

It is for this reason, Mr. President, that I reluctantly join in tabling this resolution today. I do so for three reasons. First, as I have just noted, the President has not asked for this authority, nor have his military advisers. They have indicated they don't support the inclusion of ground troops at this time. Why? Because the air campaign is working. That is not what some of the media want you to hear, but it is the case that the air campaign is working. The resolve on the part of Yugoslavia is being tested. And, I must say, there is increasing evidence that their resolve is weakening. There is increasing evidence that, regardless of what criteria one uses to evaluate the success of the air campaign, it is working.

Until we have given every opportunity for the air campaign to work, moving to a new strategy is premature. The time involved, the logistics involved, the questions involved in moving forces into Yugoslavia all have to be considered, but not now. This is not the time. Will there come a time? Perhaps. But it is not now. The Joint Chiefs of Staff unanimously endorse that position—not now. What is the Commander in Chief supposed to do? He listens to his military advisers and they say, ''Not now.'' He listens to his national security people and they say, ''Not now.''

This isn't a matter of courage, this isn't a matter of a lack of resolve on the part of the President. Instead, it is a matter of the President working with all the people in this administration to pick the best course of action. I believe he has done so.

Secondly, we must keep one thing in mind about this effort. This is not unilateral. We are involved with 18 other nations, most of whom oppose changing NATO's current air campaign strategy. If all necessary force implies using

ground troops, they oppose taking a different course of action. This is a test for NATO. We should all recognize that. If we truly want NATO to succeed, we have no choice, no choice but to make all decisions involving strategy in concert with our NATO allies.

For Members today to say we are going to assert that our position calls for a change in strategy, that the air war alone is not working, sends a clear message to all the other NATO countries that we are the ones in charge, we are the only ones making this decision; we don't care what you think, we are not going to resolve this matter in concert with you; it is going to be us; we will call the shots.

We are not prepared to do that today, Mr. President.

Thirdly, because this authority has not been requested either by the President or his military advisers or by NATO, we have no clear idea what it is we are authorizing with this resolution. Because the President hasn't made a specific proposal, are we voting to use tactical nuclear weapons? Are we committing 500,000 troops for 5 years? Are we committing ourselves to an invasion of neighboring countries, should that be necessary? The answer to these questions, of course, is no. They are extreme options which no one would dare suggest. But what are we authorizing with this resolution? Without a specific proposal from the President, we can only guess. By guessing, we do a disservice to our mission. By guessing, we relegate too much discretion to others.

Mr. President, an up-or-down vote on this resolution is premature. There may be a time when it will be required. That time must be determined by the Commander in Chief and our NATO allies. If or when that time comes, it is the responsibility of the Congress to do what we must do and what we have done on many occasions in the past: We must debate it and we must vote on a resolution of approval. Until then, the Senate has spoken on this conflict. On a bipartisan vote, we have given our approval to the air campaign. We have no need to do so again.

So I ask my colleagues, let us be patient. Let us support our military as they fight so valiantly and successfully in the air mission. Let us send a clear message to the leaders in Yugoslavia, and to NATO: We will not terminate the air war until we are successful.

I might note another bit of evidence of our success occurred just this morning. There are reports that a NATO F–16 fighter jet shot down a Serb Mig29. The air war is working. We will keep the pressure on. We will not look the other way when victims of ethnic cleansing look to us.

A vote on this motion to table this resolution is a vote to postpone the decision to alter our military course in Yugoslavia. It is a vote to support our military in their efforts to bring peace to this region. I urge our colleagues to support it.

I yield the floor.

Mr. SHELBY. Mr. President, there are few people in the United States Congress who are as familiar with war as is the sponsor of this joint resolution, my esteemed colleague from Arizona, Senator JOHN MCCAIN. I agree with the principles behind his resolution; that this Nation should not fight wars to a stalemate, it should fight them to win or not fight them at all.

Mr. President, for the past 6 weeks, American military forces have been participating in a NATO-led aerial campaign in the Balkans. In March, I voted to support the use of air power in this operation. It was my view then that the administration had already committed our forces to action. A vote against the President, when bombing was imminent, would have undercut our troops at the front. However, that is not the case with the resolution before us today. As a nation we have a choice to make. The choice should be an informed one. Our intentions in this operation have been noble and just. However, the boundaries of this conflict are not apparent to many in this body nor it seems to a majority of the American people. Before we give a blank check to the administration, I believe that the President should clearly articulate to both Congress and the American people the objectives and the national interest which require a resolution authorizing full scale war. To date he has not done so.

As have many of my colleagues, I have traveled to the region. I have been briefed by General Clark, spoken to troops in the field and visited refugee camps in Albania. There is no question that our military personnel are the best in the world and are doing an outstanding job under extremely difficult circumstances. However, I have grave concerns over NATO's ability to salvage the humanitarian situation through aerial bombardment and its policy of war by committee. I know that Senator MCCAIN shares this latter concern. The United States led a coalition force during the Persian Gulf war. Yet in that war it was our military leaders and not politicians in Brussels who called the shots. Mr. President, we won the Persian Gulf war; we are not winning this war. My fear is that if we adopt this resolution now, it will be viewed as tacit approval of an overly bureaucratic and ineffective NATO command structure. The Senate can pass this resolution and authorize the President's ''. . . use of all necessary force and other means . . .'' but I fear the effect will be mitigated by the current command structure. It is a prerequisite that prior to any escalation of our involvement in this conflict, that NATO streamline its command structure and put professional soldiers back in charge.

A greater concern to me is the effect that this operation is having on the readiness of our military forces worldwide. Can we adequately defend South Korea, Taiwan, and Kuwait while waging a full scale war against Serbia? Some of the facts are alarming. We have no carrier battle group in the Western Pacific. The Air Force has committed one-third of its combat aircraft to the Balkans. The President has authorized the activation of over 33,000 reservists, including many Air National Guard tanker pilots from Birmingham, Alabama. The United States is still involved in an undeclared shooting war with Iraq. Last week, the administration informed the Appropriations Committee that the Nation's stated ability to simultaneously fight and win two major regional conflicts is tenuous at best. And finally, our intelligence resources are being stretched thin due to this crisis. In short, we are pushing the envelope of our military capabilities. It begs the question: Is there a vital national interest in the Balkans which necessitates a commitment of the bulk of our limited military assets and endangers longstanding strategic interests? I don't have the answer to that question. The answer must come from the President. He must make his case for war to the Congress and American people prior to the passage of any resolution authorizing full scale war. I urge him to do so. It is his duty as the Commander in Chief. The stakes are very high.

I close with a reaffirmation of my support for our military forces throughout the world, especially those personnel fighting in the Balkans. Like their predecessors throughout history, the Americans who today go in harm's way wearing the uniform of their country lead a noble pursuit. Their service is not just another job as some would have us believe. Regardless of the outcome of this vote, I pledge my continued support to those soldiers, sailors, airmen, marines, and Coast Guardsmen who are in the field as I speak today.

This resolution authorizes the President to, ''. . . use all necessary force and other means, in concert with United States allies, to accomplish United States and North Atlantic Treaty Organization objectives in the Federal Republic of Yugoslavia.'' I have no doubt that Senator MCCAIN knows what it takes to succeed in a military campaign. I am confident that our military leaders know what it takes to succeed in a military campaign. However, as of today, this administration has demonstrated neither the vital necessity for, nor the capacity to successfully prosecute, a full scale war in the Balkans. I urge the Commander in Chief to execute the duties of his office and make that case before Congress and the American people. Until he does so, I cannot in good conscience vote to support Joint Resolution 20.

Mr. HOLLINGS. Mr. President, Winston Churchill observed that the ''Balkans have produced more history than we can absorb locally.'' With that in mind, let's realize certain history necessary to judgment.

This was a civil war in a sovereign country. Last Spring it was escalating. The shooting of a Serb policeman on the corner and the resulting burning of Albanian homes on the block had mushroomed to three thousand KLA fighting for independence versus ten thousand Serbian troops massing on the Kosovo border. By Fall it had grown to ten thousand KLA versus forty thousand Serbs.

In walks Secretary of State Madeleine Albright in Rambouillet, announcing to Milosevic and the Kosovars that killing would have to stop; that there be a cooling off period for three years, then one man one vote. The intent was noble—to defend human rights. The dreadful massacre at the hands of the Serbs was met with equally savage conduct by the Albanians. The agreement instrument was intentionally vague to be interpreted by the Kosovars as a vote for independence. The important thing to remember is that Serbia-Montenegro is a sovereign country. Milosevic was selected as its head by its Parliament. In this civil war there was no good side. Today in total war there is no good side.

Another important point is that the proposed agreement was a non-starter—Milosevic could not agree any more to relinquishing Kosovo than Lincoln could the South—a so called free election in three years was a given in an area ninety percent Albanian and ten percent Serb.

According to the Carter Center in Atlanta there are twenty-two wars the world around—all civil. And over half more violent than Kosovo. The United States is a world power. To continue as a world power with sufficient credibility to extend our influence for freedom and individual rights we cannot venture into every human rights conflict. The American people will not support it—as evidenced by the vote in the Congress. And living in the real world we need to husband our integrity for the world concerns of Russia and its missiles, North Korea, peace in the Middle East and the like.

There is no national security threat to the United States in Kosovo. We have yet to have a national debate to determine that GIs are to be sacrificed for human rights.

The demand that Milosevic agree or be bombed into agreement was diplomacy at its worst. The Congress, the country and most of all the military were totally unprepared to pursue this threat. More importantly, as I learned in the artillery no matter how good the aim if the recoil is going to kill the gun crew, don't fire!

The following is the recoil: (A) A civil war has turned into one of national defense for Milosevic. When the U.S. went to national defense upon the attack on Pearl Harbor, the first order of business was to clear the west coast of all who were thought to be the enemy or sympathetic to the enemy. Over 110,000 Nisei, sixty-four percent of whom were U.S. citizens, were forced from their homes into internment camps. When NATO attacked, Milosevic's ethnic cleansing became enemy cleansing; 700,000 in three weeks. Milosevic never would have attempted this on his own save the NATO attack on his country. We have made Milosevic popular in his country.

(B) Unprepared to pursue a ground war, NATO has strengthened Milosevic's military control of Kosovo.

(C) In contrast, the KLA assumes NATO has taken its side in the civil war and now will want revenge no matter what happens. We have ignited further the historic flames of enmity.

(D) With no national security interest at stake, the overwhelming air invasion of the U.S. into a small European country appears arrogant and threatening to much of Europe. Russia, no longer a strategic threat in Europe, is now being revitalized into a strategic threat.

(E) A country half the size of South Carolina with half the population is being hit with forty bombardments a day. Like Viet Nam, we are destroying it in order to save it.

It appears to me the recoil is killing the gun crew. Once again we are told that bombing will soon cause the people of Serbia-Montenegro to arise and throw the rascals out. In 1944 while preparing to cross the Rhine I heard this about Hitler; then in Viet Nam about Ho Chi Min; then for the past seven years about Saddam. When will the State Department learn? When will we all learn that there is no ''win'' in Kosovo? At the moment we are not only losing the war, we are losing our integrity as a world power. This mistake must be brought to a close. While under orders, we all support our troops. But this is not the issue before us. Unfortunately, the policy in Kosovo is a split decision between the House and the Senate. We still debate to determine that policy. This is sad, but it's the reality. Under no circumstance should we sacrifice a single GI for this mistake and indecision.

I shall vote to table.

Mr. MURKOWSKI. Mr. President, I rise in support of the motion to table the resolution authorizing the President to use whatever force and means necessary to carry the military campaign against Yugoslavia to a successful conclusion. As written, this resolution would provide the President with blanket authority to wage this war, including the right to deploy ground troops in the Balkans. There are too many unanswered, if not ignored questions about this war. If the Senate were to give the President this blanket authorization, we would abrogate our responsibility to our troops and to the American people to get real answers to these questions.

First of all, what would constitute a ''successful conclusion'' to this war? Would it be the overthrow of Slobodan Milosevic and his government? Perhaps the removal of all Serbian troops from Kosovo and the subsequent return of all refugees to their homeland? Or would a successful conclusion to the war simply be forcing Milosevic to agree to the terms of the peace agreement which failed at Rambouillet? I, for one, do not feel this question has been sufficiently addressed, and I have a hunch that most, if not all of my colleagues would agree with this assessment.

Mr. President, even if we can agree to what would constitute a ''successful conclusion'' to the war, what else are we agreeing to? Surely the use of ground troops. But how many are we talking? 50,000? 100,000? 200,000? more? We have already committed our pilots to the conflict. But as to ground troops—I think this is an issue which mandates a separate Senate debate specifically on this issue. We owe it to the American people, and we surely owe this to the troops whose lives lay in the balance of this decision.

What about the costs of this operation? I do not think we have a clue what this will cost—in lives or in dollars. We know that the President has requested somewhere in the realm of $6 billion, but the actual floor debate hasn't even begun and the figure is already fluctuating between $8 and 13 billion.

There is another matter about this resolution, and about this war, which troubles me greatly. When the military completed its Quadrennial Defense Review (QDR), we were assured that our readiness state would allow us to successfully respond to two full scale wars at the same time. This would mean that although we are engaged in the air, and perhaps on the ground, in Kosovo, we would be ready to fight a full scale operation at the same time in another theater—the Korean Peninsula and Iraq come to mind as real possibilities.

Prior to the Kosovo operation, the Department of Defense assessed the risks associated with responding to a second major theater war as ''high.'' But now, because of our large commitment in the Balkans, and the fact that we are running dangerously low on cruise missiles and other munitions, our same military planners have changed this assessment to ''very high.'' If I understand this correctly, and I think I do, some of our own military strategists are concerned that our readiness is insufficient at this time to take on Milosevic and Saddam Hussein (Iraq) or Kim Jung-il (North Korea) at the same time.

Given this Administration's track record in dealing with Iraq and North Korea, I think we have a real problem on our hands. This is a catastrophe of virtually untellable proportions waiting to happen.

President Clinton has not asked the Congress for this blanket authorization on this war—and he continues to oppose the use of ground troops. While I strongly believe that it would be wrong for him to deploy ground troops absent clear Congressional authorization, I also do not believe that we should grant him this authority before he makes the request and the case for this authority.

On a final note, I want to congratulate Reverend Jesse Jackson for his efforts this past weekend, and convey my deep relief and pleasure that the three American soldiers were released and are now reunited with their families.

Mr. President, I support the motion to table, and urge my colleagues to do the same.

Mr. KERREY. Mr. President, I rise today to state my strong opposition to the McCain-Biden resolution currently pending before the Senate. I intend to vote to table this resolution.

I continue to have concerns about both the failure of diplomacy that led to the use of force in Kosovo and the current military strategy being employed. But now that U.S. Armed Forces are engaged, we should send a strong message of unity and determination to see the mission through. President Milosevic should know both the U.S. Senate and the American people remain committed to achieving our objectives.

I will vote to table S.J. Res. 20 for three reasons. First, the language contained in the resolution is too broad. I respect what Senators MCCAIN and BIDEN are trying to accomplish with this resolution; they are trying to increase the chance of success of our military operation. However, I do not support giving the President of the United States the authority to ''use all necessary force'' to accomplish our goals in Kosovo. I find it disturbing that the United States Senate is considering a resolution that would give the President more authority to exercise military force than he has requested. Passage of this resolution would be the equivalent of giving the President a blank check to operate militarily in Yugoslavia.

Secondly, passage of the resolution would abrogate Congressional responsibility for the conduct of this war. The Constitution provides the Congress with a clear role in the use of military force. While the President has consistently stated his belief that ground forces will not be used in a non-permissive environment, passage of this resolution would allow the President to reverse his position without prior Congressional authorization. To be clear, Mr. President, if this resolution were to pass, the President would be able to commit the full might of the U.S. military in Kosovo without first coming to the Congress and explaining the mission, without explaining the military objectives, without explaining the exit strategy, and without explaining how such a deployment would affect our military commitments around the world. Mr. President, the American people should expect more from their elected representatives; Congress should not surrender its Constitutional responsibilities in this matter.

Finally, I oppose the McCain-Biden resolution because it is the wrong legislative statement at the wrong time. While I recognize S.J. Res. 20 is before the Senate due to the parliamentary intricacies of the War Powers Act, it does not provide an appropriate starting point for a Senate debate. The truth is, the Senate is long-overdue in conducting a real debate over our role in Kosovo. What are our objectives? What are our long-term strategic interests in the Balkans? How do our military actions Kosovo affect our commitments to peace and stability throughout the world? These are the sort of fundamental questions we should be debating on the floor today. Rather than providing a starting point for discussing our policy options, the McCain-Biden resolution merely provides the final answer: the President knows best. This is not the statement I want to provide to the people of Nebraska.

I remain hopeful that the current air campaign will bring about a return to diplomacy. President Milosevic must realize that NATO's objectives—to stop the humanitarian tragedy in Kosovo, return the Kosovar people to their homes, and re-establish Kosovar autonomy—will be achieved. The only hope for the Serbian people is a negotiated settlement. In the mean time, the United States and our NATO allies should continue to apply pressure on the Serbian government while working with nations like Russia to establish the basis for a settlement. In the long-run, the United States and Europe are going to have to address the issues of peace and stability in the Balkans in a larger context of economic development and ethnic security.

Mr. President, Congress does have a role to play, both in the short-term discussion of our current military actions and in the long-term discussion of our broader policy in the Balkans. We must begin to talk about these issues in a serious manner or continue to face the prospect of having our decisions made for us as events pass us by. Mr. President, let's table the McCain-Biden resolution and begin a real debate on Kosovo and our national security interests.

Ms. LANDRIEU. Mr. President, Douglas MacArthur, one of this country's greatest military minds, stated ''it is fatal to enter any war without the will to win it.'' I believe that we are faced with that question today. Does this country have the will to win the war in Kosovo, or will the Atlantic Alliance become another fatality of Serbian aggression? We must pose this question to the Senate now because of a mistake. As NATO policy in Kosovo evolved, we made the mistake of taking a critical capability off the table. From the very start, the President and NATO leadership stated that this would be an air campaign, and an air campaign only. They went to great lengths to make this point to the press and to the public. Unfortunately, other ears were also listening. Slobodan Milosevic heard loud and clear that this would be a limited NATO effort. By doing so, we gave Milosevic every reason to doubt that NATO had the will to win.

Furthermore, we gave Mr. Milosevic a vital piece of intelligence on how we would fight this war. In doing so, we have inadvertently given him an advantage more valuable than divisions of soldiers, or batteries of antiaircraft guns. This information has allowed Milosevic to disperse his forces and dig in. He knows he has only to wait out the air campaign to win this war.

It is axiomatic that you cannot win a war by air power alone. We tried in Vietnam. We tried in Iraq, but when meeting an enemy determined to resist, airpower can only succeed with the use of ground troops. However, at the start of this war, we told Milosevic that he did not have to worry about ground troops. That is why he is so certain that this country and NATO do not have the will to win. Ask yourselves, how much more accommodating to NATO demands would Serbia be, if they knew we were preparing an invasion? Yesterday, Milosevic announced that he has over 100,000 troops in Kosovo. This is most likely a lie, but nevertheless, could Milosevic afford to have so many troops rounding up Kosovars if he knew NATO might invade? Of course not. One of the reasons that this man has been able to continue to perpetrate war crimes in Kosovo, is precisely because he has always known that he need not fear a ground war.

Mr. President, I believe it is high time that we rectify our mistake. Mr. Milosevic has underestimated the resolve of the United States and the resolve of NATO. We will see this war through to victory. The first step to victory is a very simple one. Mr. Milosevic must understand that this country will use all of its resources to prevail. No one doubts that we have the means to win the war in Kosovo, this resolution will also demonstrate that we have the will. It does not commit the United States to a ground war, but it does state that if a ground war is necessary for NATO to meet its objectives, we will fight a ground war. In

short, we will fight anywhere and anytime to accomplish this mission.

This country has faced dark days in Europe before. I think few people expressed the significance of that time better than Winston Churchill. When asked what were his goals for the war with Germany he said simply ''victory at all costs, victory in spite of all terror, victory however long and hard the road may be; for without victory there is no survival.''

I believe that if this Nation has learned any lesson from the twentieth century, it is that you do not win wars by half measures. Winston Churchill understood this. So do the American people. I hope that the Senate will demonstrate that it too understands this lesson, and will oppose tabling the McCain resolution today.

The PRESIDING OFFICER. The majority leader is recognized to move to table.

Mr. LOTT. Mr. President, I want to use my leader time to make a brief statement also.

Mr. President, I should begin by saying I understand the feeling of the sponsors of this resolution and I commend them for their dedication and their untiring efforts. But I would today, in dealing with this resolution, quote an ancient Greek historian who once said, ''Observe due measure, for right timing is in all things the most important factor.''

This resolution is out of sync with current events. There is no request for this action. NATO is not seeking additional authority. The President is not seeking additional authority. The Senate has already acted and expressed its support for the bombing campaign.

I have had my reservations about the President's policy from the beginning and I so voted; but it appears that perhaps the Administration has stopped deciding on targets by committee and that they are actually attacking targets that have greater value. We should allow that campaign to continue to work. This is the wrong language and it is at the wrong time. Currently, there seem to be some effort to find a negotiated settlement. We should encourage that.

But this language would go too far, beyond what I think the Senate is prepared to do and what is necessary and what has been requested. It authorizes the use of all necessary force and other means to prosecute this fight. That does include ground troops. I think the Senate would want to have a longer debate and want to discuss other options. For instance, when we were considering the timing of this resolution last week, we were exchanging language between the majority leader and the Democratic leader, to see if we could find language that would have broad, bipartisan support. That was interrupted by this resolution.

Let me review how we got here. This resolution was introduced weeks ago. And under the War Powers Act, it was the pending business as of last Friday. We cannot go to another matter, under the War Powers Act, once the Parliamentarian ruled that this language kicked into action the War Powers Act. So we had to either act on it or get an agreement to postpone it. I agreed and urged that we postpone it for a week or 10 days until we had some bipartisan language we could agree on. Senator MCCAIN agreed to that postponement. Senator DASCHLE indicated that he thought he could support that.

But, along the way, as Senators are entitled to do, there were objections to postponing it by unanimous consent. So we had to deal with this issue. My suggestion at that time was that we not get into a substantive debate, that we offer a procedural motion to set it aside until another time when we can better determine what is needed—if something different is required than what is already on the books, if something more is asked for by the President, or if we are ready to go forward with the War Powers Act or even a declaration of war. But I don't think we are there at this moment.

So we are forced to have this vote today. I would like to describe it as a procedural vote because I think it is. It is to table this resolution and to reserve the opportunity at some future date to have a vote on whether or not we want to give the President authority to prosecute this matter with all necessary force. I do not think that is where we are today. But I do want to say emphatically that I think the language is substantively excessive, not necessary, and uncalled for.

So, Mr. President, I urge our colleagues to support the motion to table and I so move to table the resolution. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the majority leader. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced, yeas 78, nays 22, as follows:

[Rollcall Vote No. 98 Leg.]

YEAS—78

Abraham	Collins	Gramm
Akaka	Conrad	Grams
Allard	Coverdell	Grassley
Ashcroft	Craig	Gregg
Baucus	Crapo	Harkin
Bennett	Daschle	Helms
Bingaman	Domenici	Hollings
Bond	Dorgan	Hutchinson
Boxer	Durbin	Hutchison
Breaux	Edwards	Inhofe
Brownback	Enzi	Jeffords
Bunning	Feingold	Johnson
Burns	Feinstein	Kennedy
Byrd	Fitzgerald	Kerrey
Campbell	Frist	Kohl
Chafee	Gorton	Kyl
Levin	Roberts	Specter
Lincoln	Rockefeller	Stevens
Lott	Roth	Thomas
Mikulski	Santorum	Thompson
Moynihan	Sarbanes	Thurmond
Murkowski	Schumer	Torricelli
Murray	Sessions	Voinovich
Nickles	Shelby	Warner
Reed	Smith (NH)	Wellstone
Reid	Snowe	Wyden

NAYS—22

Bayh	Hagel	Lugar
Biden	Hatch	Mack
Bryan	Inouye	McCain
Cleland	Kerry	McConnell
Cochran	Landrieu	Robb
DeWine	Lautenberg	Smith (OR)
Dodd	Leahy	
Graham	Lieberman	

The motion to lay on the table the joint resolution (S.J. Res. 20) was agreed to.

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

The PRESIDING OFFICER (Mr. BUNNING). The motion to proceed to S. 900 is agreed to and the clerk will report.

The legislative assistant read as follows:

A bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Does the Senator from New Mexico wish to say something before we start?

Mr. President, I ask unanimous consent to yield to Senator DOMENICI and to reclaim my time when he is finished.

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

The Senator from New Mexico is recognized.

(The remarks of Mr. DOMENICI pertaining to the introduction of S. 951 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me try to outline the procedure that we have agreed to by unanimous consent as we begin the debate on financial services modernization. We have agreed to have opening statements. I guess we will assume that the rest of the morning will be used up in those opening statements. I will make an opening statement, the ranking member of the committee, Senator SARBANES, will make an opening statement, and then all those who would like to make an opening statement are encouraged to come to the floor and do those statements this morning.

Under the unanimous consent agreement, Senator SARBANES would then

offer a comprehensive substitute for the committee mark. That would be debated for the remainder of the morning—if there is any morning left when it is introduced—and this afternoon. When debate on that is completed, a vote would be set. It is my assumption, since we have colleagues from two States who have had a terrible natural disaster and have gone home this morning to assist in making the evaluations that will help us respond to that through our Federal emergency programs, my assumption is that we will set aside the vote until some time tomorrow when they can come back.

Under the unanimous consent agreement, at the end of the Sarbanes amendment, I, or my designee, would be recognized to offer two amendments. Those amendments will be offered and debated. And then, depending on where we are in terms of our colleagues coming back from their States that have had the natural disasters, we would begin the voting process.

The final part of the unanimous consent agreement would be a fourth amendment that Senator SARBANES, or his designee, would offer, and that would be an amendment that would strike the CRA provisions of the committee bill and insert the provisions related to CRA, which are in the Sarbanes substitute. That would get us four amendments into the process, and we would then begin the normal debate process where the floor would be open to those who seek recognition.

I know that it is the hope of our leadership that we would finish the bill this week. I don't see any reason that we can't do that. Let me say, as we begin this debate, I am willing to stay here late at night, through the night, if we need to in order to have a full debate on these issues. I think we all recognize that under the Senate rules everybody gets to have their say. Everybody gets an opportunity to offer amendments. I am hopeful that we can complete this process by Thursday. We have a long trail to follow to complete the bill.

As many people in the Senate are aware, the House has a divided jurisdiction. The House committee has acted on the bill, the Banking Committee; but the Commerce Committee, which has joint jurisdiction, is now in the process, on a bipartisan basis, of writing a bill that is very different. So I am hopeful that by this Thursday we can complete this bill and start moving toward conference and toward all the work that still lies before us.

I would be happy to yield to Senator SARBANES.

Mr. SARBANES. Mr. President, I just want to underscore a couple of the things that the able chairman of the committee just stated. This is a partial agreement that was worked out and was an effort to get the Senate into its consideration of the bill in an orderly and prompt manner. I think it will accomplish that.

A number of colleagues asked me during the last vote about making opening statements. I indicated that the chairman would be making an opening statement, and I would make one, and then the floor would be open for opening statements. We hope we can complete those, I assume, this morning before we take a break for the conference luncheons, and then we would be able to move on to the substitute amendment in the afternoon.

So we hope Members will try to keep this schedule in mind and come over sometime during the morning here. I know a number have left to go to committee meetings, but they said they wanted to come back in order to make an opening statement. We want to try to accommodate our colleagues in that regard.

On the vote schedule, I think we will have to work that out on the basis of the people who are away, so that we can accommodate everyone in terms of being able to vote, which I assume will be sometime tomorrow, as I understand it.

Mr. GRAMM. Mr. President, I think that is right. Some time between noon and 4 o'clock is the word that I received.

Mr. SARBANES. We will have to discuss that, because I think we may have a little problem with that. We may need to extend that a little bit.

Mr. GRAMM. I don't see any reason why we can't accommodate each other. We want to have a full debate. Much of the essence of the differences that exist are embodied in the first and fourth amendments. I think having a full debate is what we should do. I think it is important that people understand the issues, and I can certainly say, from my point of view, I think the better people understand these issues, the better off we are.

We are here to debate the most important banking bill in 60 years today. This bill would dramatically change the American financial system. It would knock down existing barriers that separate insurance and banking and separate securities and banking. It would create a new financial institution in America, which would still be a bank or a bank holding company, would still have the same structure, but it would be a very different institution, and it would be basically a supermarket for financial services.

Let me say, in going into the process, that my goal is to put together a bill that will provide greater diversity and financial services at a lower price to American consumers. If this bill does not meet the test of providing benefit in terms of a greater diversity and availability of product, if it doesn't meet the test of providing a lower cost for those products, for the people who do the work and pay the taxes and pull the wagon in America, then it would be my view that we have failed in this bill. That, I think, is the test that we need to use in order to judge our success or lack thereof on this bill.

In terms of barriers erected between insurance and banking and between securities and banking, most of these barriers erected in the 1920s and 1930s, what has happened that has really brought us to this point in terms of legislating this dramatic change in the American financial system is that, over time, these barriers have stopped looking like barriers, and now they look like little slices of Swiss cheese. They have large and small holes in them, some created by innovative regulators, some created by the growth of practice and convention. But the net result is that after fighting each other for 50 years to try to keep other industries out of their individual portion of the financial services industry, these three great economic forces in the American economy—the insurance industry, the banking industry, and the securities industry—have basically concluded that they would be better off in terms of an open field of competition and greater able to meet the needs of their consumers if we simply took down these barriers.

Also students of this problem—no matter what their persuasion within limits at the beginning of the debate—have concluded that the instability that exists in allowing these walls that divide these three major financial industries to continue to stand, knowing that these walls have, because of the holes in them, produced this instability and produced an unstable structure in many cases—the basic conclusion has been reached by virtually everyone engaged in the debate that we would be better off to take down these barriers than to leave them standing as they are. The debate today is not about the changes that we make in the name of financial services modernization.

That is why I believe and hope that in the end we can reach a consensus where at least 51 Members of the Senate—hopefully more—will vote for the final product of this deliberation.

What we are debating is not about what changes are to be made, but how to make those changes. That really involves basically two areas, and they will be the focal point of this debate.

The first area is the question of where these new financial services should be provided. Should these new financial services be provided within the bank itself, within the legal structure of the bank, and what capital that is invested in these new parts of the financial services industry will count as the capital of the bank itself? Or should these new financial services be provided by affiliates of holding companies outside the bank?

This is a fundamentally important question. It is a question where we

have great differences of opinion. It is a question that the Chairman of the Federal Reserve Board, Alan Greenspan, believes is so important that he has said in testimony before the House Commerce Committee that if we had a bill that allowed banks to provide these expanded services within the bank itself, that bill would be so dangerous in terms of providing an unlevel playing surface—in terms of encouraging artificially the concentration of securities products being sold and serviced inside the bank—and the safety and soundness dangers with the Federal Deposit Insurance Corporation would be so great, that he and every member of the Board of Governors of the Federal Reserve Board have taken a position that it would be better to pass no financial services modernization than to undertake to allow banks to provide these new services within the bank itself.

The White House and the Treasury have taken exactly the opposite position—they favor a bill where banks can provide these services within the legal structure of the bank.

It is my understanding—I have not seen it, but it is my understanding—that we have another veto threat from the President. The number of items the President is threatening to veto has grown, and now we have gone from four items in his first letter to six items, some of which, it is my understanding, would also apply to the Sarbanes substitute and to the House bill, further raising some question about the administration's degree of seriousness about this bill.

That is our first issue. Should banks provide the new expanded financial services within the structure of the bank itself, or should they be forced to take capital out of the bank and invest it through their holding company in these separate and independent entities that, while affiliated with the bank holding company, will be independent of the bank?

That is probably the most important issue that we will vote on. I will say more about it later in my opening statement. You will hear a lot more about it as we get further into the debate.

Inevitably in a big bill like this, subsidiary issues take on great importance. One issue that has taken on very great importance in this bill is community reinvestment. I will talk more about this later when we turn to these two areas of dispute.

But let me say the real question here boils down to this simple question: Should we have a massive expansion in CRA and CRA enforcement and with it a massive expansion in regulatory burden, or should we reform the existing program to try to eliminate the growing abuse that is occurring in that program and the growing regulatory burden that exists in that program?

That will be the second major issue that we will deal with as part of this bill.

Before I turn to a discussion about what the underlying committee bill does, I just want to say a few words of thanks to people that have been important in putting this bill together.

I first want to thank Senator BRYAN and Senator JOHNSON for their help in committee in making many elements of this bill a bipartisan bill.

I joined with Senator BRYAN to adopt a provision related to how banks would sell insurance.

I thank Senator JOHNSON from South Dakota, who joined with Senator SHELBY in supporting an amendment to exempt very small rural banks from the regulatory burden of CRA.

I think the action by these two Senators really set a standard that we ought to work to meet in the rest of this bill.

I thank my Republican colleagues who sat through many long seminars on financial services modernization, for lack of a better term. I thank them for doing this with a minimum of complaint. I think the net result is that by and large the Republican members of the Banking Committee understand this issue better than we did when this issue was discussed last year. I think the net result is that we have a better bill.

I would like to thank all of my staff on the majority side of the committee. But I especially want to thank our staff director, Wayne Abernathy, our chief counsel, Linda Lord, and our financial economist, Steve McMillin, for all the work they have done on this bill and the work that they have done to make the bill better.

Finally, let me just express a regret. I regret that I have not done a better job in working with Senator SARBANES. We have had a difficult time in working together to forge a bipartisan bill. Some of this is inevitable, I think. Some of it is not. I just want to say that my inability to work with Senator SARBANES on this bill is something that I regret. I have the highest regard for his intellect and his sincerity on these issues. And while he and I do not agree on many of these issues, I don't doubt for a moment that he understands the issues and he is sincere about the position he has taken.

I think that is one of the reasons it is very hard to work out some of these issues, because, as Thomas Jefferson observed long ago, good men with good intentions in a free society often reach different conclusions. When that happens, the best we can do is to simply plow ahead. And that is what we are doing here.

Let me try to run through very quickly what I believe are the major elements in the Financial Services Modernization Act of 1999 as reported by the Senate Banking Committee. First, this bill repeals Glass-Steagall. It knocks down the barriers between insurance and banking and between securities and banking. It chooses to do this for the vast majority of the capital in the banking industry through affiliates of bank holding companies. This bill makes the decision that it is unwise and dangerous to allow large banks to provide these expanded services within the structure of the bank itself.

The majority of the members of the committee concluded that Chairman Greenspan is right, that there are strong safety and soundness arguments against allowing banks to provide these expanded services within the structure of the bank itself and that this endangers the taxpayer through the Federal Deposit Insurance Corporation.

Additionally, the majority of the members of the committee were convinced that to give banks the ability to sell these financial products within the structure of the bank, and therefore to give them the ability to internalize the inherent subsidies that are built into FDIC insurance, plus the ability of banks to borrow from the Fed window at the lowest interest rates in the country and use the Fed wire, that these implicit subsidies—which the Federal Reserve Board has estimated to be as high as 12 basis points—would be big enough to assure over time to virtually guarantee a massive degree of economic concentration, concentration whereby banks would end up dominating these markets—not because they are more inherently efficient but because they would have the advantage of the subsidies that come from undertaking these provisions within the bank.

This view was very broadly held last year. Senator SARBANES, in the bill he supported, supported this position last year. This was the position of the House bill last year. Now we have a debate as to whether or not the Congress, the Senate committee and the House itself, should reverse its position. This is not a partisan issue. I don't know how the votes are going to fall, and I know partisanship has really entered into this area. Historically, on issues like this there has been a great division on a bipartisan basis.

Congressman JOHN DINGELL, who is the ranking Democrat on the House Commerce Committee that has joint jurisdiction on this issue, has taken a very strong position that he will oppose the bill if banks are allowed to provide these services within the structure of the bank itself. It is clear that the House Commerce Committee is going to take the position of the Senate bill. This is clearly a very important issue.

An effort was made in the Senate Banking Committee to try to reach a compromise on this issue, to let very

small banks that in general are not big enough to operate holding companies efficiently, yet might in a very small way want to get into other financial services such as securities and insurance—we set out a dividing line of $1 billion of assets and below for smaller banks that together when added up comprise about 18 percent of the capital of our banking system, that we would allow them to use operating subsidiaries, but with special accounting rules so they could expand services and not be precluded from the activity based on their size. However, we require any bank with assets over $1 billion or that has a holding company to use subsidiaries of holding companies so that these services are provided outside the bank.

We allow banks to underwrite municipal revenue bonds. We follow functional regulations so that whatever industry you are in, no matter what name is on your marquee, and no matter what business it is associated with, you will be regulated by the regulators who regulate that particular type of activity. We make a strong effort to reduce regulatory burden and streamline the process by giving the Federal Reserve Board the umbrella supervisory ability but requiring them in most instances to use the audits of other agencies.

The committee bill takes a very strong position in reaffirming the State regulation of the insurance business. We reaffirm that McCarran-Ferguson is the law of the land, and we require that any institution that is selling insurance in any State comply with the licensing requirements of that State. Our requirement on the State is simply that they have nondiscriminatory requirements.

We expand the resolution process, knowing that in the future there will be debate about what products are insurance products or banking products or securities products. We have a resolution process. Then we give equal standing to the contesting regulators before the court. We go to extra lengths to protect small banks and their trust departments.

Between 15 percent and 20 percent of the income of many small banks comes from trust departments. There is a very real concern that banks which are providing trust functions that might never get into financial services modernization, that might never open up a securities affiliate or op-sub could find themselves regulated by the Securities and Exchange Commission and have a dual regulatory burden, are being forced to set up an op-sub or set up a subsidiary simply to continue to do the same things in their trust department that they have always done.

We have a very strong provision to protect these small banks, and basically have the preemptive provision that if a bank is providing the service in a trust department today that they cannot be required to set up a separate entity to conduct those same services.

We have two CRA provisions in the bill. The first provision has to do with integrity. It is a very simple provision. Unfortunately, in this debate one of my great frustrations is that many people don't want to debate the issue before the Senate. As almost always happens in these cases, especially when you have an emotionally charged issue, people change the subject; they set up straw men and knock them down.

Let me make it clear that nothing in this bill in any way repeals CRA. This bill, as reported by the Senate Banking Committee, does two things in CRA. First, it has an integrity provision which says if banks have historically been in compliance with CRA, if in their annual evaluations they have been found to be in compliance not once, not twice, but three times in a row, if they are currently in compliance, then if protest groups or objectors want to come in and object to a bank action, then objector or protester has to present some substantial evidence to suggest that the bank—which has been in compliance 3 years in a row and is currently deemed to be in compliance—is out of compliance.

As I will discuss in just a moment, we have a long history of case law as it relates to what ''substantial evidence'' means. But that is the first requirement. It is simply an integrity requirement. It says that if you are in compliance with CRA and you have a long history of being in compliance, someone can't rush in at the last minute on a major bank merger, where hundreds of millions of dollars are at stake, and say they want to undertake a merger and file a protest saying that these two banks are racist or these two banks are loan sharks. These are words that have been used by people who filed these protests—without presenting one scintilla of evidence. In fact, one of the definitions of substantial evidence is ''more than a single scintilla of evidence.''

So this amendment simply says, if you are going to try to prevent a bank from doing something that it has been certified historically on a continuing basis as being in compliance to do, you have to present some substantial evidence to suggest that all these evaluations have been wrong or that something has happened since the last evaluation.

I do not understand, personally, why anyone would object to that amendment. We already require in case law that the decisions of administrators at the Federal level be based on substantial evidence. So we are really requiring by statute what is already required under case law, and I will talk about that a little more in just a moment.

Our second amendment exempts very small, rural banks from CRA. These are banks that have less than $100 million of assets. These are banks that often have between 6 and 10 employees. And these are banks that are outside standard metropolitan areas. I will talk more in a minute about the regulatory burden that is imposed by CRA on these very small banks, but since many figures have been used by people who have been critical of this proposal, let me say that while 38 percent of the banks and S&Ls in America are very small, rural institutions, together they have only 2.7 percent of the capital that is contained in our banking system nationwide. The basic argument here, which has strong roots in existing banking law and which is supported, to some degree on a bipartisan basis, is that these very small, very rural banks that do not have a city to serve, in most cases, much less an inner city, should not have massive regulatory burden imposed on them through CRA.

The next provision of the bill is that we eliminate the SAIF special reserve fund, allowing that money to go into the SAIF itself.

We cut off the unitary thrift holding company provision. This is a controversial issue. It will be debated. Let me just give a brief summary of the thinking of the majority of the members of the Banking Committee on this issue. Current law permits commercial companies to own an S&L. This is called a unitary thrift, and a decision was made in our bill to end this provision.

So, then the question is what are you going to do about commercial entities that already own S&Ls? The decision we made was to cut off, effective as of the date that we introduced the committee mark, any further applications for a commercial company to own an S&L, so that all of those applications which were filed prior to that date can be evaluated by the Federal regulator, but no new applications would be allowed.

There is a second question as to whether we should go so far as to limit the ability of commercial entities that already have thrifts to sell their thrift to another commercial interest. The majority of the members of the Banking Committee concluded that we could go as far as not allowing any new entities to come into existence. But an ex post facto law that goes back and changes the rules that thrifts operate on, after people have already invested their money—many of these entities came in and made investments of hard money during the S&L crisis; many of these commercial entities were encouraged to invest this money and in doing so they saved the taxpayer literally billions of dollars—and to come in now and say not only are we not going to allow any more unitary thrifts to come into existence, something that this bill supports, but we are going to limit what you can do with the thrift you already have, we believe that runs afoul

of the takings provision of the fifth amendment of the Constitution.

We think it is very important to be aware of that conflict with the Constitution because recently savings and loans have filed suit against the Federal Government based on another bill, FIRREA, where Congress, on an ex post facto basis, went back and took back provisions when these companies entered into a contract with the Federal Government. And we are now told, based on a ruling by the Supreme Court, that we can expect billions of dollars of payments to these S&Ls because the Federal Government has breached its contract. We have set out a line that we are not willing to go over, and that line is we are not willing to violate the Constitution.

We have provisions that allow community banks of less than $500 million to be members of and to use the Federal Home Loan Bank. We also allow them to use small business, small farm and small agriculture lending as collateral for loans, and we believe this will improve the liquidity of small banks and their ability to serve their communities.

We have a 3-year freeze on existing FICO assessment. We are discussing this issue at great length, but basically when we made a decision to move the two insurance rates to the same level, there was also a discussion about merging the two insurance funds. But Congress never acted on that issue. The majority of the members of the committee in our underlying bill believed there ought to be a discussion about that issue and that we ought to make a decision on that issue.

Finally, in terms of the bill itself, we mandate a major GAO study of subchapter S corporations that are engaged in the banking business as a first step toward changing the way we tax very small banks. Many of our colleagues will remember that last year we were able to allow small banks with fewer than 75 shareholders to be taxed as individuals under subchapter S. We are now trying to expand that out to 150 shareholders. This is a very important provision for small banks.

Let me review briefly the two major issues of contention in the bill. Operating subs versus affiliates; Chairman Greenspan and all former living Chairmen of the Federal Reserve Board and most former Secretaries of the Treasury have argued that it is unwise and dangerous to let banks provide these broad financial services within the structure of the bank itself; that they should be required to separate securities, separate insurance, separate these other industries from the capital of the bank itself because the bank is insured by the American taxpayer. So the first argument is a safety and soundness argument. The second argument is that the implicit subsidies to banks will give them an unfair advantage in providing these services if they are allowed to do them within the bank.

I just want to read a couple of quotes from Alan Greenspan. This is Alan Greenspan in his April 28 testimony before the House Commerce Committee. ''I and my colleagues''—and by ''colleagues'' he means every member of the Board of Governors of the Federal Reserve Board. I want to remind our colleagues, meaning Senators, that most of those members of the Federal Reserve Board were appointed by Bill Clinton, by this President. Chairman Greenspan said:

> I and my colleagues accordingly are firmly of the view that the long-term stability of U.S. financial markets and the interest of the American taxpayer would be better served by no financial services modernization bill, rather than one that allows the proposed new activities to be conducted by the bank as proposed in H.R. 10.

And I would say in the Sarbanes-Daschle substitute.

In other words, every member of the Board of Governors of the Federal Reserve Board says that for the safety of the taxpayer in FDIC insurance, and for the general competitiveness of the economy, if we had a choice between letting banks provide these broad services within the bank or having no bill at all, they unanimously would prefer having no bill rather than doing it the wrong way, as they concluded.

Greenspan goes on to say that allowing these services to be provided within the bank ''leads to greater risks for the deposit insurance funds and for the taxpayer.''

Secondly, John Dingell, long-time chairman of the House Commerce Committee and, in the minds of many, the most influential Democrat in the House of Representatives, has said that, ''absent significant changes in H.R. 10''—that is, the House bill, and the same provisions are in the Sarbanes substitute—''that I will be compelled to oppose this bill with every bit of strength I have.''

So this is a very important issue and an issue which we will vote on as part of the general substitute that will be voted on first, and then perhaps we will vote on again.

Let me turn to a discussion of CRA. Most people think of the Community Reinvestment Act as being a very small program. And it was a very small program until 1992.

In 1977, Senator Proxmire put a little provision in a housing bill that nominally required banks to make loans in the communities where they collected deposits. A North Carolina Democrat objected to the provision. There was a vote to strip it out of the bill, and the vote failed on a 7–7 tie. This so-called CRA provision went on to become the law of the country and became far more important than the bill to which it was attached.

Prior to 1992, if you added up all the CRA agreements and all the bank capital allocated by the CRA requirements, these provisions had allocated only about $42 billion worth of capital.

Today, 6 years later, CRA is allocating $694 billion in 1 year. That is loans, that is commitments to lend, and that is hard cash payments. To put this in perspective, that is bigger than the gross domestic product of Canada. It is bigger than the combined assets of General Motors, Ford, and Chrysler. It is bigger than the total discretionary Federal budget of the U.S. Government.

Especially troubling is the $9 billion of cash payments which have been made as part of CRA agreements.

In 1977, nobody ever contemplated that under a requirement of law which required banks to meet credit needs of the communities where they collected deposits that someday banks would pay out and commit $9 billion of cash payments as part of this process.

Let me explain these cash payments: As part of every CRA agreement we have been able to obtain, there is a requirement that the banks pay cash to individual protesters and protest groups, in return for which they generally sign an agreement that they will withdraw their objection to the banks taking the activity which they objected to.

Our provisions relating to CRA are very simple. Let me begin with the integrity provision.

Under current law—or under current practice, because the law is a very general law—it is possible for a protest group, say, in Boston to protest a bank merger in Illinois and, in essence, not go away until its ''expenses'' in a cash payment to it are made.

It has now become fairly common for protest groups from one State or region to protest bank actions in another State or region, entering into the process to file a complaint or to threaten a complaint. But often official complaints are not filed. You are going to hear figures about there being complaints in only 1 percent of the bank applications. Remember, most applications are only to close or open a branch. The big applications are merger applications, and one of the reasons we have had an explosion in CRA and the cash payments in the last 6 years is from these mergers.

None of these agreements is public—every agreement we have seen, and we now have three that I have read, and we are getting more every day—every one of them requires the bank to keep the agreement private, so no one knows what percentage of the face value of the loan goes to the community group in a cash payment. No one knows how much in direct payments occurs. No one knows how much the community group collects in classes, say, that it makes the borrowers go to and then pay it cash money.

But basically our first amendment tries to deal with the following problem: The last-minute protest, or where the protester does not file with the Comptroller of the Currency but simply goes to the bank in question and says, ''Look, I'm going to file this complaint. Here is a letter that I'm going to send to the Comptroller of the Currency calling you a racist and calling you a loan shark. And these are the protests that I'm going to hold in these various locations. And I wanted to see, before I did all this stuff, if you were willing to 'comply' with the law.''

Basically what is happening in these cases is, there is immense pressure on the bank to make a cash payment or to enter into some kind of agreement in order to be able to move forward on their merger.

Here is what our amendment says. If a bank has been in compliance with CRA—the bank has been evaluated by any of the Federal regulators who have jurisdiction to come to the bank, evaluate it, review its records, and determine that it is complying with CRA—if the bank has complied 3 years in a row, and if it is currently in compliance, then a protester is not precluded from protesting. You are going to hear some people say this is a safe harbor. It is not a safe harbor. Legally, it is a rebuttable presumption. The bank is assumed to be in compliance if it has been in compliance three times in a row and is deemed by its regulators in compliance now, unless the protester or protest group can present substantial evidence of noncompliance.

Now, what does ''substantial evidence'' mean and where does the term come from? Substantial evidence is referenced 900 times in the United States Code. It is probably the best defined legal term in the American system of jurisprudence. There have been 400 major cases defining what substantial evidence means.

Title 5 of the United States Code relating to administrative law—that is, how agencies function—already requires that agency action be based upon substantial evidence, not on arbitrary or capricious action. So the reality is, it is already the law that bank regulators should be using this standard right now for evaluating CRA. In fact, all banking laws and procedures and the judicial review of all banking laws and all banking procedures use one standard—substantial evidence.

Now, what does substantial evidence mean? I have a good counsel, and she has gone back and researched all these 900 laws and all of these court rulings. Here is what substantial evidence means. In order for a protester to stop a bank merger or have its protest become a formal part of the consideration for a bank application, the protester must present substantial evidence that the bank is either not in compliance or won't be in compliance after its action.

Now, what does substantial evidence mean? It means ''more than a mere scintilla.'' In other words, you have a bank that is engaged in a transaction where it could literally lose $100 million a day by being unable to consummate its agreement, and the standard that we require for you as an individual to come in and throw a rock in the gear and potentially stop this whole process is that you have to present more than a mere scintilla of evidence that this bank, with a long history of compliance, where the regulators say it is in compliance right now, all you have to do is present more than a mere scintilla of evidence that in fact the bank is not in compliance.

Now, what is onerous about that? In fact, should we have a procedure in a free society where professional protesters, without presenting a mere scintilla of evidence, can literally hold up institutions and potentially impose hundreds of millions of dollars of costs on them and their customers without presenting a scintilla of evidence? Who could be against that proposal?

A second definition defined in case law and in statute is, such relevant evidence as a reasonable mind might—it doesn't say ''has to''—accept as adequate to support a claim; real, material, not seeming or imaginary; considerable in amount, value, and worth.

So I ask my colleagues and anybody who might be interested in this debate, is it unreasonable for a bank which has historically been in compliance with the CRA law, has been meeting the requirements as judged by the regulators who have responsibility for judging, having been in compliance 3 years in a row, being in compliance now, if somebody wants to come in and prevent them from doing things which the regulator has already judged in their last evaluation that at least as of that point they were in compliance with the law to allow them to do that, is it unreasonable to ask that they present at least one scintilla of evidence, that they present evidence that a reasonable mind might accept as adequate to support a claim, that their evidence be real, material and not seeming or imaginary, or that it be considerable in amount, value, and worth? How could anyone think that standard is too high?

The second issue related to CRA has to do with small banks. Small banks in rural areas have a very small percentage of the capital that is available in the American banking system—about 2.7 percent. But I think of greater importance is the following figure, and I think it proves one thing conclusively: Small banks in communities that are outside metropolitan areas—that is, generally don't even have a city much less an inner city—are doing an excellent job of serving their communities.

Since 1990, there have been 16,380 CRA exams on small, rural banks. Many of the small bankers from all over America who have written the Banking Committee have estimated that CRA compliance costs them about $60- to $80,000 a year. They have to name a CRA compliance officer. Many of these banks have between 6 and 10 employees. By the time they do all the paperwork and comply with all of the regulations, by the time they name a CRA compliance officer—normally that is the president of the bank—they are having to pay between $60- and $80,000 a year to comply. Sixteen thousand, three hundred and eighty of them have been examined for CRA compliance since 1990, and only three small rural banks and S&Ls have been deemed to be out of compliance. That is, 3/100 of 1 percent of the evaluations have turned up just three small banks and small S&Ls in rural areas that are out of compliance.

In return for having turned up 3 supposed bad actors, you have had 16,380 evaluations, 40 percent of the entire enforcement mechanism for CRA. What I do not understand is why CRA advocates don't want to take that enforcement and put it where the money is, in the urban areas and in the big banks.

I have numerous letters—and I will read some of them—from small bankers, several of whom have been Federal regulators enforcing these very laws in the past, outlining how hard it is for them to comply with these regulations and that they are already lending to everybody in town just to stay in business. These are very small communities, and they have a very small lending base.

Now, I have spent a lot of time going through these issues, but I think they are important issues. I look forward to debating this issue. I hope we can pass a good bill. I agree with Alan Greenspan and I agree with every one of the Board of Governors of the Federal Reserve Board, however, on one point: It is better to have no bill than to have a bad bill.

I want a bill that is going to promote competition, not reduce it. I want a bill that is going to reduce regulation and redtape and cost, not increase it. I want a bill that is going to expand financial services, not reduce them. I want a bill that is going to lower the costs of financial services, not increase them. I believe we have such a bill before the Senate.

I hope my colleagues will listen very carefully to the debate. I hope they will enter it with open, not necessarily empty, minds. I think if they listen to the two major issues we are going to debate—and those issues are: Should banks provide these expanded services within a bank, or should they have to provide it outside the bank structure?—and as they listen to the issue about whether or not we want integrity and relevance in CRA, which has become, now, the largest program undertaken by the Federal Government, if

measured against direct government spending.

It seems to me that the conclusions they will reach are obvious, and in reaching those conclusions we will have the additional benefit of passing a bill that will expand financial services and reduce costs. I thank my colleagues for their patience.

I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland.

Mr. SARBANES. Mr. President, for the fourth time in 11 years, the Senate is debating legislation to modernize the structure of the financial services industry. We are addressing this issue because we want our financial services statutes to keep pace with forces that are changing the financial marketplace, forces such as globalization, technological change, and the development of new products.

Many experts agree that the time has come to allow affiliations between banks, securities firms, and insurance companies; in other words, those actors within the financial services industry that heretofore have been kept separate by existing statutes—although those statutes have, to some extent, been eroded either by regulatory decisions or by court decisions. It is, therefore, felt that financial services modernization legislation would be useful in helping to set the structure within which financial institutions are to operate, to provide a certainty and a stability that is now missing under the existing arrangements, and which is not altogether clear along the borderline of what activities are permitted and what activities are not permitted.

Now, we have not only no objection, we are supportive of the effort to allow these affiliations to take place within the financial services industry. Therefore, we are anxious to obtain the enactment of financial services modernization legislation. However, it is important, in the course of doing that, that we achieve or preserve certain important goals: obviously, the safety and soundness of the financial system; the continuing access to credit for all communities in our country; protecting consumers, who, after all, are Mr. and Mrs. America. We are concerned that in this effort to create a new structure we don't lose sight of the very specific problems that relate to the ordinary American with respect to credit; and finally, maintaining the separation of banking and commerce. There are some who would like to cross that line as well, but we think that would be a great mistake to do that.

Now, just a little bit of history here. Last year, every Democratic member of the Senate Banking Committee voted for financial services modernization in the form of what was then referred to as H.R. 10, the Financial Services Act of 1998. That bill was reported by the Senate Banking Committee on a bipartisan vote of 16–2. So there was a joint bipartisan effort last year, to try to obtain enactment of financial services modernization legislation, which didn't prove out—unfortunately, in my view.

Now, this year, unfortunately, the bill brought out of the Committee was on a vote of 11–9, a straight party vote, which I regret. I particularly regret that, since last year we were able to bring a bill out on a 16–2 vote, which, in effect, was a very strong bipartisan statement. That obviously raises the question: Why this dramatic change from last year to this year? I think, very simply, it is because the bill brought to the Senate now, S. 900, does not meet the important goals that I set out earlier of continuing access to credit for all communities in our country, protecting consumers, and maintaining the separation of banking and commerce.

Before this year, the efforts of the Banking Committee to modernize financial services,—in other words, taking earlier efforts to which I referred, in which we moved legislation out and, on occasion, even moved it through the Senate, but weren't able to get it passed in the House—those efforts were, in each instance, bipartisan efforts. We reported legislation with support from both sides of the aisle. That effort, of course, earlier on, and certainly last year, reflected compromises among Committee members and among industry groups on a wide range of issues and, in fact, last year's bill was not opposed by a single major financial services industry association.

Now, this year, the consensus so carefully developed last year has been abandoned. That decision, of course, has made this bill a controversial one and has led to opposition to it. As I indicated, all of the Members on this side of the aisle in the Committee opposed the Committee bill. Some financial industry groups oppose aspects of the Committee bill. Civil rights groups, community groups, consumer organizations, and local government officials also strongly oppose the Committee bill, especially with respect to the Community Reinvestment Act provision, which is an extremely important issue, as Members are well aware.

Lastly, let me note, because it is highly relevant to the process in which we find ourselves, that the White House—the President himself—strongly opposes this legislation. The President sent a letter to the Committee at the time of the markup, saying:

> This administration has been a strong proponent of financial legislation that would reduce costs and increase access to financial services for consumers, businesses and communities. Nevertheless, we cannot support the Financial Services Modernization Act of 1999, as currently proposed by Chairman GRAMM, now pending before the Senate Banking Committee.

They then go on to indicate their difficulties with the Community Reinvestment Act provisions, noting that:

> It is a law that has helped to build homes, create jobs and restore hopes in communities across America.

They reference that:

> The bill would deny financial services firms the freedom to organize themselves in the way that best serves their customers, prohibits a structure with proven advantages for safety and soundness, which is the op-sub affiliate issue.
>
> The bill would provide inadequate consumer protections and, finally, the bill could expand the ability of depository institutions and non-financial firms to affiliate at a time when experience around the world suggests the need for caution in this area.

The President concludes that letter by saying:

> I agree that reform of the laws governing our Nation's financial services industry would promote the public interest. However, I will veto the financial services modernization act if it is presented to me in its current form.

I ask unanimous consent that the President's letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

(See Exhibit 1.)

Mr. SARBANES. Mr. President, the administration has also just submitted a Statement of Administration Policy, which starts out:

> The Administration strongly opposes S. 900, which would revise laws governing the financial services industry. This Administration has been a strong proponent of financial modernization legislation that would best serve the interests of consumers, businesses, and communities, while protecting the safety and soundness of our financial system. Consequently, it supports the bill's repeal of the Glass-Steagall Act's prohibition on banks affiliating with securities firms and of the Bank Holding Company Act's prohibitions on insurance underwriting. Nevertheless, because of crucial flaws in the bill, the President has stated that, if the bill were presented to him in its current form, he would veto it.

And then it enumerates their concerns with the bill, most of which repeat the points made in the President's letter to the Committee of March 2.

Mr. President, I ask unanimous consent that this Statement of Administration Policy be printed in the RECORD at the conclusion of my remarks, and following the letter from the President to the Committee.

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

(See Exhibit 2.)

Mr. SARBANES. Mr. President, my colleague from Texas, the chairman of the Committee, indicated in his remarks that he had doubts about the administration's seriousness about the bill. I don't quite know where those doubts come from. But let me simply say that I don't think they could be more serious about it than they have

indicated, and I know the very strong feeling that the Secretary of Treasury and indeed the President hold on a number of these issues that we are debating here and seeking to try to resolve on the floor of the U.S. Senate.

We have this situation where it is clear that unless these concerns enumerated and expressed by the President are resolved in a favorable way we are heading down a path towards a veto. That doesn't seem to me to be the most constructive or productive path on which to proceed in terms of trying to enact legislation.

The Democratic Members of the Banking Committee have joined with Senator DASCHLE in introducing Senate bill 753, the Financial Services Act of 1999. That bill largely encompasses the compromises that were developed last year in the bipartisan legislation.

It differs in one important respect, and that is with respect to the bank operating subsidiary provisions. I will discuss those in a little more detail shortly. But that alternative which reflects essentially last year's bipartisan agreement will be offered as an amendment in a the nature of a substitute to S. 900.

That in fact will be the first amendment that will be offered. And obviously we expect to do that at the conclusion of opening statements when Members have had an opportunity to make their opening statements. We expect them to go to the alternative, and we will discuss it obviously in some detail. It is I think a very important proposal.

If in fact the alternative were substituted for the bill we would be well on the way to getting legislation enacted into law, because it would remove the veto threat at the end of this path and would in effect put the Senate essentially in the same ballpark, although not exactly, with where the House Banking Committee was when it reported out, on a vote of 51 to 8, a bipartisan piece of legislation.

It is quite true that bill now has to go through the House Commerce Committee because of the division of jurisdiction on the House side, and presumably differences between how the House Commerce Committee sees issues and how the House Banking Committee has seen them will have to be resolved on the floor of the House of Representatives.

But at this stage, the first step, what the House Banking Committee has done—I underscore score again on a very strong 51 to 8 vote, an overwhelming bipartisan endorsement—parallels, is very similar, to what is contained in the alternative that we will be offering as an amendment as a substitute for the bill that is now before us.

Let me turn to the bill that is now before us with special emphasis on its differences from the Committee reported bill last year with the 16 to 2 vote that we had in the Committee.

It is important I think to try to develop a consensus on these issues. The Committee in the past has essentially worked in a nonpartisan way. We have divisions within the Committee but they have not usually been on a straight party basis.

I share the regret expressed by the chairman that we have not been able to work this matter out this year in a way to avoid these sharp party differences. But the failure to do so relates back directly to these very critical issues that are at stake. These were issues on which last year we were able to work out accommodations and in fact the provisions we are advancing in the substitute are last year's agreed-upon provisions, the consensus provisions from last year with the one exception of the operating sub-affiliate issue which I will address shortly.

Clearly one obvious and extremely important problem with S. 900, the bill now before us, brought out by the Committee is the treatment of the Community Reinvestment Act, or CRA. The agreement that we have reached in terms of the order of procedure provide that an amendment specifically directed to CRA will be in order as fourth in the line.

We set out this order just for the first four amendments in an effort to structure at least the outset of the consideration of this very important legislation.

I share the chairman's perception that this is very important legislation. It is an issue we have wrestled with for many years. It pertains to the workings of our financial services industry, which in turn, of course, pertains to the workings of our economy and our position in the international economic scene. These are important matters to which we are addressing ourselves.

I echo the chairman's hope that Members will pay close attention. I assume that Members will pay close attention, and that they will come to it with an open mind as they weigh the various considerations that are before us.

Let me turn to the CRA provisions.

Let me first say that the Community Reinvestment Act, in the judgment of most objective observers, has played a critical role in expanding access to credit and investment in low- and moderate-income communities. We think it has been of critical importance in providing access to credit, which very frankly is, in today's context when we talk about civil rights in terms of economic opportunity, a very important aspect of civil rights.

In 1977, the CRA was enacted to encourage banks and thrifts to serve the credit needs of their entire communities. Consistent with safe and sound banking practices, banks and thrifts must serve not just upper-income areas but low- and moderate-income neighborhoods, as well. CRA reflect the view that banks and thrifts receive public benefits such as deposit insurance, access to the Federal Reserve discount window and the Federal Reserve payment system, that they draw deposits out of these communities and that they have a responsibility to make loans into the communities in order to serve the entire community.

In fact, the loan-to-deposit ratio is often an important standard to measure the extent to which the institutions drawing deposits out of the community are providing a flow of credit back into those communities.

Now, my colleague, the chairman of the Committee, has talked about these very large amounts of money that have been committed for community reinvestment purposes. First of all, let me say those figures are grossly overstated. The figures cited reflect commitments made by financial institutions projected 10 years into the future. They are not the commitments for 1 year. He is upset by the size of them. I wish they were for 1 year. I am not upset by the size of them. I would like to see these kind of commitments made into reinvesting in our communities. In any event, in order to get this debate on an apples and apples basis, I think it is very important to understand that the figures that were being tossed around by the chairman reflect commitments made by the institutions over an extended period of time and not what is going to take place this year.

CRA has significantly improved the availability of credit in historically underserved communities. There are any number of success stories. Obviously, we will address those when we turn to the specific CRA amendment. Let me just simply point out that CRA has been credited with a dramatic increase in homeownership by low- and moderate-income individuals. Between 1993 and 1997, private sector home mortgage lending and low- and moderate-income census tracks increased by 45 percent. CRA has helped spur community economic development. The number of loans for small business in low- and moderate-income areas has increased substantially.

Now, the chairman says there has been this sharp increase in the amount of commitments. That is true, but there has been a very sharp increase in the amount of mergers and acquisitions which helped to trigger the CRA process. There has been a more receptive attitude toward CRA on the part of the regulatory agencies. In fact, regulatory agencies, community groups, local and State elected officials and many bankers agree that CRA has been beneficial. Chairman Greenspan specified that ''CRA has very significantly increased the amount of credit in communities,'' that the changes have been ''quite profound.''

The U.S. Conference of Mayors has promoted CRA as an essential tool in revitalizing cities, while the National League of Cities has listed CRA preservation as a major Federal priority for 1999.

Bankers have been able to work with CRA, made it very effective and developed new relationships with their communities. As a consequence, the chairman and CEO of BankAmerica, Hugh McColl, stated earlier this year,

> My company supports the Community Reinvestment Act in spirit and in fact. To be candid, we have gone way beyond its requirements.

CRA has accomplished these goals by encouraging banks and thrifts to make profitable market rate loans and investments. Chairman Greenspan noted last year that there is no evidence that banks' safety and soundness have been compromised by low- and moderate-income lending and bankers often report sound business opportunities. In fact, the CRA legislation requires that these loans are made consistent with safety and soundness criteria.

My colleague suggests that somehow the CRA was put into law sort of unbeknownst to everyone, that the only vote was a 7–7 vote in Committee on an amendment to take the provision out of a bill that had been laid out for markup. When that bill came to the floor an amendment was proposed to strike the CRA title of the bill. That amendment was defeated on a vote of 31 in favor and 40 against.

For whatever it is worth, I simply want to put down this notion that somehow this matter wasn't considered at the time it was first put into law in the Senate. It was considered in the Committee and it was considered on the floor of the Senate. It was voted on in both places and it remained in the law. That is the provision that we now have with some subsequent modifications.

In the mid-1990s an effort was made to revise the CRA regulations and deal with the complaint that was being received from a number of financial institutions that the regulatory process was overly burdensome. Secretary Rubin actually took the lead in doing that. I think he did a very successful job, in effect trimming down CRA requirements, in order to ease that burden. In fact, at the time his work was received with great approval.

Let me talk very quickly about the defects that are in the bill with respect to CRA. As I said, we had good agreement on this last year. This year, unfortunately, we really have had a major conflict over this extremely important issue.

The chairman makes a number of assertions about CRA but we have never held any hearings to substantiate those assertions. We are constantly being told about how extensive the abuse is. I am prepared to consider the possibility that on occasion abuses occur, but I think the ones that took place and most of the ones talked about took place in the early years of the CRA and that, by and large, now the CRA process is working quite well.

I know that doesn't meet my colleagues concern. I'm a little bit reminded of the story of the program that was working well in practice, but the objection was raised, Is it working well in theory? As I listen to this debate, I'm reminded of that story.

Let me talk about the provisions in the bill as it differed from last year's approach. The bill eliminates the need to have a ''satisfactory'' CRA rating as a precondition of expanded affiliations. In other words, the substitute we will offer will provide that if a bank wants to go into securities or into insurance, that the bank must have a ''satisfactory'' CRA rating. In other words, a bank that has an unsatisfactory performance rating would not be able to move into those activities. It is asserted that that is a major expansion of CRA. The major expansion is the ability of the banks to go into those activities which heretofore they have been precluded from. That is the expansion.

Our position is if that is going to take place, a CRA screening with respect to the bank's performance—not to the securities or insurance affiliate, the bank's performance—is a perfectly reasonable requirement to expanding the activities. Otherwise, this bill is not neutral. I mean, it allows the banks in effect to shift assets out. If they do not have the requirement of a ''satisfactory'' CRA rating, you would dramatically undermine CRA as it now exists. In fact, Secretary Rubin stated:

> If we wish to preserve the relevance of CRA at a time when the relative importance of bank mergers may decline and the establishment of non-bank financial services will become increasingly important, the authority to engage in newly authorized activities should be connected to a satisfactory CRA performance.

The financial institutions are prepared, willing, to live with this requirement. They are not clamoring that it be dropped from the legislative package. In fact, they were supportive of it last year and accepting of it this year.

Second, and I am touching on them very quickly because I know there are other Members wishing to make an opening statement.

Mr. WELLSTONE. Mr. President, might I just interrupt my colleague and ask a question?

Mr. SARBANES. Surely.

Mr. WELLSTONE. I am a little uneasy he is being rushed along. My understanding is at 12:15 we were going to go into morning business; is that correct?

The PRESIDING OFFICER. There is not an order to that effect.

Mr. WELLSTONE. There is or is not?

The PRESIDING OFFICER. There is not.

Mr. WELLSTONE. I say to my colleague I did not want him to rush. I will come after the caucuses and speak.

Mr. SARBANES. As I understand it, there are a number of people who want to make opening statements. Presumably we would complete opening statements after lunch if we have not completed them before lunch.

Mr. GRAMM. Will the Senator yield?

Mr. SARBANES. Certainly.

Mr. GRAMM. Mr. President, let me just ask our colleague how long he needs after lunch to speak?

Mr. WELLSTONE. I have a fairly lengthy statement because I am probably one of the few Senators who objects to this bill and I want to lay out my case. I want to talk strongly in the positive about some of what Senator SARBANES is presenting. So I think probably about 40 minutes, I would need.

Mr. GRAMM. Let me say I do not object. I think we should go back and forth. So if we have a Republican who would like to speak after Senator SARBANES, we can do that. If the Senator wants, he can have 40 minutes or an hour and 40 minutes. We would like to hear it.

Mr. WELLSTONE. If I could just do this, because I do not want my colleague from Maryland rushing along and there are other colleagues out here: I ask unanimous consent I be allowed to speak this afternoon before we get to amendments?

Mr. SARBANES. You don't have any objection to that?

Mr. GRAMM. Sure.

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

Mr. WELLSTONE. I thank the chair.

Mr. SARBANES. Second, Mr. President, is the provision for a safe harbor for banks with a ''satisfactory'' CRA rating. Actually, what this provision would do is effectively eliminate public comment on CRA performance. Banks that had received a ''satisfactory'' or better rating at the recent exam, and during the preceding 3 years, would be deemed to be in compliance with CRA and immune from public comments on CRA performance. That would be the case unless you had substantial, verifiable information to the contrary—which of course is a very heavy burden of proof.

Actually the regulators oppose this. Comptroller of the Currency Hawke stated:

> Public comment is extremely valuable in providing relevant information to an agency in its evaluation of an application under the CRA, convenience and needs and other applicable standards—even by an institution that has a ''satisfactory'' CRA rating. This amendment would limit or reduce public comment that is useful in our application process.

And there is a similar comment from Ellen Seidman, the Director of the Office of Thrift Supervision.

Public comment is useful because many banks or regulators sample only

a portion of the markets to determine the institution's CRA rating. Public comment provides an opportunity for community members to point out facts and data that have been overlooked in a particular examination.

Actually, 97 percent of the institutions get a ''satisfactory'' rating so you, in effect, are going to exclude out from this CRA review most of the institutions.

None of the statistics support these assertions that there are too many challenges, that there is too much delay. In fact the percentages are quite small, in terms of the number of challenges that are filed, and then the number of instances in which the challenge gains any recognition from the regulators.

The regulators, of course hear all of the comments. Individuals seeking to comment on other aspects of the bank's performance—financial and managerial resources, or competitive implications—are not going to have their rights similarly curtailed. We do not think the rights on CRA should be so curtailed. We will develop this, of course, later in the debate.

Let me now turn very quickly to the small bank exemption. The exemption for the rural institutions would exempt a vast number of institutions in underserved rural areas. It is asserted that these banks by their very nature serve their communities. But small banks have historically received the lowest CRA ratings. In fact, FDIC statistics show that 57 percent of small banks and thrifts have loan-to-deposit ratio below 70 percent, with 17 percent of those having levels below 50 percent.

The Madison, Wisconsin Capital Times, in an editorial, summed up this practice in many rural communities as follows:

> [M]any rural banks establish a very different pattern [than reinvesting in their communities], where local lending takes a lower priority than making more assured investments, like federal government securities. Thus, such banks drain local resources of the very localities that support them, making it much harder for local citizens to get credit.

We revised the regulations, I think in a very effective way, to slim them down in terms of the burden on the small banks. We don't think an exemption is necessary to relieve the regulatory burden. They now have a streamlined examination process. They generally do not need to keep paperwork or records beyond what they would do in the ordinary course of business.

OTS Director Ellen Seidman stated:

> Small banks should be subject to CRA. The simple assumption that if an institution is small it must be serving its community is not entirely correct.

Let me turn very quickly to the banking and commerce issue. Again, that is an area in which there is a difference between what was worked out last year and the bill that has been brought to the floor this year.

A wide range of commentators including, interestingly enough on this issue, Chairman Greenspan and Secretary Rubin, former Federal Reserve Chairman Paul Volcker, banking industry associations and public interest groups, support retaining the separation of banking and commerce.

Chairman Greenspan said:

> It seems to us wise to move first toward the integration of banking, insurance and securities and employ the lessons we learn from that important step before we consider whether and under what conditions it would be desirable to move to the second stage of the full integration of commerce and banking.

And Secretary Rubin stated, ''We continue to oppose any efforts to expand the integration of banking and commerce.''

The Committee bill permits the continued existence of what is called a unitary thrift loophole; and, therefore, it permits a major breaching of the separation between banking and commerce.

The American Bankers Association and the Independent Community Bankers of America have written to the Senate urging us to support the Johnson amendment on unitary thrifts that would prohibit existing unitary thrift holding companies to sell themselves to commercial firms going forward. I think it is very important that we try to check this loophole which continues to exist in the law.

I simply say to the chairman that I share his view that we ought not to cross any line that is violative of the Constitution. We do not think this provision is violative of the Constitution. We think there is a lot of very good case law that would support that position.

In addition to the unitary thrift loophole, the Committee-reported bill—and I will just touch on these—allows unnecessary, open-ended merchant banking investments. It permits holding companies to engage in any nonfinancial activities that regulators believe are ''complimentary'' to financial activities, which is, of course, a potentially very large stretch of these activities.

Former Federal Reserve Chairman Paul Volcker gave very strong testimony on this very issue. And careful observers of the issue have said that they regard the failure to maintain this distinction between banking and commerce, which we have had in our law for a very long period of time, as one of the reasons that contributed to the Asian financial crisis.

Economist Henry Kaufman warned us. He said that it would lead to conflicts of interest and unfair competition in the allocation of credit. He said:

> A large corporation that controls a big bank would use the bank for extending credit to those who can benefit the whole organization. . . . The bank would be inclined to withhold credit from those who are, or could be, competitors to the parent corporation. Thus, the cornerstone of effective banking, independent credit decisions based on objective evaluation of creditworthiness, would be undermined.

And Paul Volcker, in commenting about the Asian financial crisis has written:

> Recent experience with the banking crises in countries as different in their stages of development as Japan, Indonesia and Russia demonstrates the folly of permitting industrial-financial conglomerates to dominate financial markets and potentially larger areas of the economy.

Now, let me turn very quickly to some consumer protection issues which we think will be more adequately covered in our alternative than in the Committee bill.

The alternative, which reflects last year's bipartisan agreement, provides mechanisms for regulators to receive and address consumer complaints. It provides that Federal regulations that provide a greater protection for consumers would apply rather than weaker State regulations. It provides that the securities activities of banks would be more closely checked on the broker-dealer question and with respect to mutual fund investors.

The Committee bill extends the assessment differential on the special deposit insurance assessment paid by thrifts. We do not do that in our alternative.

Let me turn quickly to the operating subsidiary issue. This is one area where we do differ from last year's joint bipartisan bill. We were much impressed by the fact that the Treasury Department agreed to significant additional safeguards regarding the scope and regulation of bank subsidiary activities. Therefore, we thought it now reasonable to permit activities to take place in an operating subsidiary with the safeguards the Treasury came forward with.

First, that insurance underwriting may not take place in a bank's subsidiary; secondly, that the Federal Reserve shall have exclusive authority to define merchant banking activities in bank subsidiaries; thirdly, that the Treasury agrees that the Secretary and the Federal Reserve shall jointly determine which activities are financial in nature, both for a holding company and for a bank subsidiary, and that they shall jointly issue regulations and interpretations under the financial-in-nature standard.

So we think that these changes on the part of the Treasury—including the requirement that every dollar of a bank's investment in a subsidiary would be deducted from the bank's capital for regulatory purposes, that a bank could not invest in a subsidiary in an amount the bank could not pay its holding company as a dividend, and the strict limits which now apply to

transactions between a bank and its affiliates would apply to transactions between banks and their subsidiaries—we think this will level the playing field, eliminate any economic benefit, and provide for safety and soundness.

So we take the view now, on the basis of this agreement that the Treasury has made, that permitting bank operating subsidiaries can be consistent with the goals of preserving safety and soundness, protecting consumers, and promoting comparable regulation.

I ask unanimous consent that an article entitled ''Ex-FDIC Chiefs Unanimously Favor the Op-Sub Structure'' be printed in the RECORD at the end of my remarks.

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

(See Exhibit No. 3.)

Mr. SARBANES. In conclusion, let me simply state, Mr. President, that on this side of the aisle we are very much committed to trying to get financial services modernization legislation. All of us supported it last year. In the Committee again this year we supported legislation which would accomplish that purpose. We do not believe that the bill brought forward by the Committee meets the very important goals which I outlined at the outset.

I think the legislation introduced by Senator DASCHLE, and joined in by us, is a balanced, prudent approach to financial services modernization. It reflects last year's carefully struck bipartisan compromises. It is not opposed by any financial services industry actor or player. It is similar to the bill passed, by a broad bipartisan vote, by the House Banking Committee, and it is clearly the approach most likely to achieve the enactment of financial services modernization legislation.

If you want to get legislation, given that at the end of the line it must not only pass the Congress, but be signed by the President, this approach is clearly the one that is most likely to achieve the enactment of financial services modernization legislation.

When the opportunity presents itself, I urge my colleagues to shift off the path that is before us and to move on to that path.

I yield the floor.

EXHIBIT 1

THE WHITE HOUSE,
Washington, March 2, 1999.

Hon. PAUL S. SARBANES,
U.S. Senate, Washington, DC

DEAR PAUL: This Administration has been a strong proponent of financial legislation that would reduce costs and increase access to financial services for consumers, businesses and communities. Nevertheless, we cannot support the ''Financial Services Modernization Act of 1999,'' as currently proposed by Chairman Gramm, now pending before the Senate Banking Committee.

In its current form, the bill would undermine the effectiveness of the Community Reinvestment Act (CRA), a law that has helped to build homes, create jobs, and restore hope in communities across America. The CRA is working, and we must preserve its vitality as we write the financial constitution for the 21st Century. The bill would deny financial services firms the freedom to organize themselves in the Way that best serves their customers, and prohibit a structure with proven advantages for safety and soundness. The bill would also provide inadequate consumer protections. Finally, the bill could expand the ability of depository institutions and nonfinancial firms to affiliate, at a time when experience around the world suggests the need for caution in this area.

I agree that reform of the laws governing our nation's financial services industry would promote the public interest. However, I will veto the Financial Services Modernization Act if it is presented to me in its current form.

Sincerely,

BILL CLINTON.

EXHIBIT 2

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, May 3, 1999.

STATEMENT OF ADMINISTRATION POLICY

S. 900—FINANCIAL SERVICES MODERNIZATION ACT OF 1999 (GRAMM (R) TX)

The Administration strongly opposes S. 900, which would revise laws governing the financial services industry. This Administration has been a strong proponent of financial modernization legislation that would best serve the interests of consumers, businesses, and communities, while protecting the safety and soundness of our financial system. Consequently, it supports the bill's repeal of the Glass-Steagall Act's prohibition on banks affiliating with securities firms and of the Bank Holding Company Act's prohibitions on insurance underwriting. *Nevertheless, because of crucial flaws in the bill, the President has stated that, if the bill were presented to him in its current form, he would veto it.*

In its current form, the bill would undermine the effectiveness of the Community Reinvestment Act (CRA), a law that has helped to build homes and create jobs by encouraging banks to serve creditworthy borrowers throughout the communities they serve. The bill fails to require that banks seeking to conduct new financial activities achieve and maintain a satisfactory CRA record. In addition, the bill's ''safe harbor'' provision would amend current law to effectively shield financial institutions from public comment on banking applications that they file with Federal regulators. The CRA exemption for banks with less than $100 million in assets would repeal CRA for approximately 4,000 banks and thrifts that banking agency rules already exempt from CRA paperwork reporting burdens. In all, these limitations constitute an assault upon CRA and are unacceptable.

The bill would unjustifiably deny financial services firms holding 99 percent of national bank assets the choice of conducting new financial activities through subsidiaries, forcing them to conduct those activities exclusively through bank holding company affiliates. Thus the bill largely prohibits a structure with proven advantages for safety and soundness, effectively denying many financial services firms the freedom to organize themselves in the way that best serves their customers.

The bill would also inadequately inform and protect consumers under the new system of financial products it authorizes. If Congress is to authorize large, complex organizations to offer a wide range of financial products, then consumers should be guaranteed appropriate disclosures and other protections.

The bill would dramatically expand the ability of depository institutions and nonfinancial firms to affiliate. The Administration has serious concerns about mixing banking and commercial activity under any circumstances, and these concerns are heightened by the financial crises affecting other countries over the past few years.

The Administration also opposes the bill's piecemeal modification of the Federal Home Loan Bank System. The Administration believes that the System must focus more on lending to community banks and less on arbitrage activities and short-term lending that do not advance its public purpose. The Administration opposes any changes to the System that do not include these crucial reforms.

In addition, the Administration opposes granting the Federal Housing Finance Board independent litigation authority. Such authority would be inconsistent with the Attorney General's authority to coordinate and conduct litigation on behalf of the United States.

PAY-AS-YOU-GO SCORING

S. 900 would affect direct spending and receipts. Therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's pay-as-you-go scoring of this bill is under development.

EXHIBIT 3

[From the American Banker, September 2, 1998]

EX-FDIC CHIEFS UNANIMOUSLY FAVOR THE OP-SUB STRUCTURE

(By Ricki Tigert Helfer, William M. Isaac, and L. William Seidman)

The debate on banks conducting financial activities through operating subsidiaries has been portrayed as a battle between the Treasury and the Federal Reserve. The Treasury believes banks should be permitted to conduct expanded activities through direct subsidiaries. The Fed wants these activities to be conducted only through holding company affiliates.

Curiously, the concerns of the Federal Deposit Insurance Corp. have been largely ignored. The FDIC, alone among the agencies, has no ''turf'' at stake in this issue, as its supervisory reach extends to any affiliate of a bank. The FDIC's sole motivation is to safeguard the nation's banks against systemic risks.

In the early 1980s, when one of us, William Isaac, became the first FDIC chairman to testify on this subject, he was responding to a financial modernization proposal to authorize banks to expand their activities through holding company affiliates.

While endorsing the thrust of the bill, he objected to requiring that activities be conducted in the holding company format. Every subsequent FDIC chairman, including the current one, has taken the same position, favoring bank subsidiaries (except Bill Taylor who, due to his untimely death, never expressed his views). Each has had the full backing of the FDIC professional staff on this issue.

The bank holding company is a U.S. invention; no other major country requires this format. It has inherent problems, apart from its inefficiency. For example, there is a built-in conflict of interest between a bank and its parent holding company when financial problems arise. The FDIC is still fighting a lawsuit with creditors of the failed

Bank of New England about whether the holding company's directors violated their fiduciary duty by putting cash into the troubled lead bank.

Whether financial activities such as securities and insurance underwriting are in a bank subsidiary or a holding company affiliate, it is important that they be capitalized and funded separately from the bank. If we require this separation, the bank will be exposed to the identical risk of loss whether the company is organized as a bank subsidiary or a holding company affiliate.

The big difference between the two forms of organization comes when the activity is successful, which presumably will be most of the time. If the successful activity is conducted in a subsidiary of the bank, the profits will accrue to the bank.

Should the bank get into difficulty, it will be able to sell the subsidiary to raise funds to shore up the bank's capital. Should the bank fail, the FDIC will own the subsidiary and can reduce its losses by selling the subsidiary.

If the company is instead owned by the bank's parent, the profits of the company will not directly benefit the bank. Should the bank fail, the FDIC will not be entitled to sell the company to reduce its losses.

Requiring that bank-related activities be conducted in holding company affiliates will place insured banks in the worst possible position. They will be exposed to the risk of the affiliates' failure without reaping the benefits of the affiliates' successes.

Three times during the 1980s, the FDIC's warnings to Congress on safety and soundness issues went unheeded, due largely to pressures from special interests.

The FDIC urged in 1980 that deposit insurance not be increased from $40,000 to $100,000 while interest rates were being deregulated.

The FDIC urged in 1983 that money brokers be prohibited from dumping fully insured deposits into weak banks and S&Ls paying the highest interest.

The FDIC urged in 1984 that the S&L insurance fund be merged into the FDIC to allow the cleanup of the S&L problems before they spun out of control.

The failure to heed these warnings—from the agency charged with insuring the soundness of the banking system and covering its losses—cost banks and S&Ls, their customers, and taxpayers many tens of billions of dollars.

Ignoring the FDIC's strongly held views on how bank-related activities should be organized could well lead to history repeating itself. The holding company model is inferior to the bank subsidiary approach and should not be mandated by Congress.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas.

Mr. GRAMM. Mr. President, I am going to yield to the Presiding Officer and come up and preside so he can give his opening statement, if he would like to do that. Before doing that, however, I will make a couple of points in response to Senator SARBANES' statement.

First of all, the substitute that Senator SARBANES will offer is not last year's bill. In fact, it is fundamentally different from last year's bill on the most important issue in financial services modernization. That issue is, should the modernization occur within the structure of the bank, or should it occur through the holding company? Last year's bill followed the proposal which has been made and supported by all of the members of the Federal Reserve Board and its Chairman, Alan Greenspan, whereas this bill——

Mr. SARBANES. Will the Senator yield on that point?

Mr. GRAMM. I am happy to yield.

Mr. SARBANES. The Senator isn't suggesting that I didn't lay out in the course of my statement the fact that it differed in this respect from last year's bill, is he?

Mr. GRAMM. No. I am simply making sure that everybody understands—because there were a lot of references made between last year's bill and this year's bill—that how someone voted last year is interesting and may, to some extent, be relevant, but on the fundamental issue that is before us, whether or not these new services should be provided within the bank or outside the bank in holding companies, the substitute which the Senator will offer later today is a very different bill from last year's bill. That is the only point I am making.

The second thing I will make clear is, I didn't object to the growth in CRA and the commitments made to CRA. I did make the point, however, that when in a given year—in fact, last year—the loans, the commitments to lend, the cash payments, and the commitments to pay cash in the future are bigger than the Canadian economy, bigger than the discretionary budget of the Federal Government, perhaps it is time to look at potential abuses.

Now, granted, the Senator made the point that not every loan was made this year, and not every cash payment was made this year. I was simply using the data the way community groups presented it. I was very careful to say that the $694 billion was loans, commitments to lend, cash payments, commitments to pay cash in the future. I stand by those numbers, and those are the numbers of the community service groups.

Mr. SARBANES. Will the Senator yield for a question?

Mr. GRAMM. I am happy to yield.

Mr. SARBANES. Was the Canadian GNP figure the Senator was using a 1-year figure or a 10-year figure?

Mr. GRAMM. It was a 1-year figure.

Mr. SARBANES. I thank the chairman.

Mr. GRAMM. There will be more agreements next year and next year and next year. The point is, this has grown from a very small program into a very big program. I believe, and the majority of the members of the committee believe, it is time to look at this program and look at abuses, and we are going to have plenty of time to debate this later.

Let me also note that, under current law, a bank is not required to get CRA approval to sell insurance. Under current law, there are a limited number of banks that do have some insurance powers. They are not required under current law to get CRA approval to engage in those security powers.

Now, in terms of the CRA reforms in the bill reported by the Banking Committee, those reforms have been endorsed by the American Bankers Association, by the Bankers Roundtable, and by the Independent Bankers Association of America. When our colleague says everybody is happy with the provisions of his substitute, I want people to know that three major banking groups have endorsed the provisions of our bill.

Let me say again—and I don't know what you do to get people to use the English language—there is not a safe harbor in this bill. A safe harbor is where something can't be challenged. There is a rebuttable presumption in the bill. There is a big difference between the two. The rebuttable presumption in the bill simply says that in order to stop or delay a regulatory action, you have to present substantial evidence. That substantial evidence is defined in law as more than a scintilla. It is defined as such relevant evidence as a reasonable person might accept as adequate to support a claim.

That is not a safe harbor. That simply is giving the evaluation that has occurred some standing.

Our colleague talks about comments. Nothing in the bill prevents anybody from commenting on any CRA evaluation. Comments can be made. People can submit any comments. All our provision says is, if a bank has been in compliance for 3 years in a row, if they are currently in compliance in their evaluation with CRA, if the regulator is going to stop the process or delay it, they have to have more than a scintilla of evidence. In order for the protest or objection to be used to stop the process for a bank with a long history of compliance, there has to be substantial evidence. People can comment all they want to comment. Nothing in this provision prevents comments.

Finally—and we will have lots of time to debate these—in terms of unitary thrifts, unitary thrift holding companies are not a loophole. Congress legislated them. We end them in saying that you cannot do any more, but to suggest that they are a loophole, an accident, that nobody ever intended they come into existence, they have existed for over 30 years. We are not debating here whether or not we should stop the issue of new licenses to commercial interests to create ''new unitary thrifts.'' The question is, What do you do with people who already have the charters? Do you change the rules of the game on them?

If our colleagues would indulge me, I yield to Senator ENZI.

Mr. REED. Mr. President, just a point of information, I presume we are

going to adjourn at 12:30. Presumptively, that means Senator ENZI would be the last speaker this morning.

The PRESIDING OFFICER (Mr. GRAMM). Let the Chair ask Senator ENZI, could the Senator tell us how long he intends to speak?

Mr. ENZI. Mr. President, I think I have about 7 or 8 minutes' worth and would be willing to stay for Senator REED's comments as well.

Mr. REED. I thank the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. ENZI. Mr. President, I rise in support of S. 900, the Financial Services Modernization Act of 1999.

I commend the senior Senator from Texas, the chairman of the Banking Committee, Mr. GRAMM, for his leadership on this important measure, a bill that will increase global competitiveness of U.S. financial firms. It will increase access to financial services for all Americans, and it will decrease costs for consumers.

I congratulate Senator GRAMM on his willingness to meet with all of the different groups that have asked to meet with him, the way he has reached out and been willing to talk to people on both sides of the aisle, as well as spend innumerable hours with those of us who have had questions about some of the very detailed technical parts of the bill, particularly the operating subsidiaries, for the research that he has done. I compliment him on the simplification he has done. There were some very complicated issues in last year's bill that, because of the end of the year pressure, were included but weren't very concise. They seemed to be misunderstood by people on both sides of whatever issue. Of course, around here there are more than two sides to every issue.

The chairman sat down with those people and worked out some simplification of language that they say they agree with now. One of the results is, it has reduced a 308-page bill to 150 pages without damaging anything, but it has greatly increased the readability.

We have asked the banking industry and we have asked the agencies to put this in plain language. The chairman has done that and, I think, given people an opportunity to comment on it and discuss it with him in private meetings, if they wanted, as well as in other meetings. It is long overdue that Congress pass legislation that will allow full and open competition at least across the banking, securities and insurance industries.

I believe now is the best time to pass S. 900 in order for U.S. financial intermediaries to be prepared for the challenges of the new millennium. The current laws governing our financial sector have been eroded by the actions of regulators, the decisions of the courts, the continuing changes in technology, and the increasing competitive global markets. In addition, these laws limit competition and innovation, thus imposing unnecessary costs onto the service provider, and that is ultimately additional costs on the consumer.

There are several provisions in this bill I believe are particularly important as several of them are very relevant to small financial institutions.

Section 306 of the bill requires the Federal banking agencies to use plain language in all of their rulemakings used to implement this bill. Since this legislation will impact both large and small financial institutions, this provision will help ensure that small banks will not have to hire several lawyers to interpret the new rules resulting from this legislation.

The bill also requires the GAO to study expanded small bank access to S corporation status, specifically those provisions relating to Senator Allard's bill. I enthusiastically support his efforts to reduce the tax burden on small business corporations.

Additionally, this legislation grants non-metropolitan banks of less than $100 million in assets—very small institutions by any standard—an exemption from the paperwork requirements of the Community Reinvestment Act, or CRA. The total bank and thrifts assets exempt from this requirement would equal only 3 percent. Small, non-metropolitan banks and thrifts by their very nature must be responsive to the needs of the entire communities they serve or they will not remain in business. The exemption in this bill will help reduce the regulatory costs imposed on these smaller institutions. When less time is used to comply with the letter of the law, more time can be devoted to comply with the spirit of the law by better serving the needs of each customer and the entire community.

Title III of the bill also eliminates the Savings Association Insurance Fund (SAIF) special reserve, a top priority of the FDIC. Senator Johnson and I have introduced identical language in a stand alone bill, S. 377, to ensure that the special reserve is abolished. This could save the thrift industry about $1 billion because the funds set aside in the special reserve cannot be used until the SAIF reaches a dangerously low level. Therefore, if unforeseen circumstances impact the SAIF, the FDIC may choose to increase insurance premiums on thrifts to recapitalize the SAIF. The elimination of the special reserve represents a sound public policy that will save the private sector from unnecessary costs.

I strongly support the approach the chairman of the Banking Committee has taken to develop a more streamlined, less burdensome bill. It is only 150 pages. The bill reported out of the Banking Committee last year was 308 pages—double the length of the bill we are debating today. I do not believe more is usually better in terms of the length of a bill. Many times that policy means more hoops and ladders the private sector must go through, thus creating more inefficiencies and higher costs in the marketplace. I believe the bill before us will not hamper industries with unnecessary, congressional-created, burdens and inefficiencies.

Before closing, I want to dispel some of the myths surrounding this legislation—specifically the allegation that the majority in the Banking Committee have abandoned the consensus reached by the Committee last year.

There is no consensus in the substitute bill sponsored by the minority members of the Banking Committee. The House Commerce Committee held a hearing last week on H.R. 10, which is nearly identical to the substitute bill. Members on both sides of the isle were very critical of the bill. Ranking Member DINGELL was especially harsh in his criticism. I mention this to prove there is not consensus on the substitute bill.

Further, this substitute is not the product from last year. It differs in a number of respects from last year's bill, most significantly with regard to the operating subsidiary provisions. The op-sub provisions in the House bill and the minority's bill are those that are causing significant heartburn for the House Commerce Committee and Federal Reserve Chairman Alan Greenspan.

In addition, I want to set the record straight about the vote on the old H.R. 10 in Banking Committee last year. The bill did pass by a vote of 16 to 2. However, I for one can say that I support the bill we are now debating, S. 900, much more than the H.R. 10 I reluctantly supported last year. My biggest concern with that H.R. 10 was, and continues to be, the expansion of CRA.

It has been mentioned that with CRA there have been more loans, houses and businesses. I suggest that, particularly with the time period that we are relating to, those are as a result of low interest rates, not some kind of effort that we are making under CRA.

I want to reiterate that there were 16,380 investigations into CRA, and three small banks were out of compliance. It takes an extra officer to handle CRA, and that is a huge cost to them. To find three people? There has to be something better that we can do.

I strongly encourage my colleagues to support the bill passed by the Banking Committee. It represents a sensible approach to forming the future framework for our financial services industry.

Mr. President, I ask unanimous consent that the time for debate be extended for Senator REED to give his remarks, followed by Senator SPECTER.

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

At the conclusion of Senator REED's remarks, Senator SPECTER will be recognized, and at the conclusion of his

remarks, we will adjourn for the luncheons.

The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I thank Senator ENZI for his graciousness in offering the unanimous consent request.

I want to begin by stating how important I think it is to pass financial service modernization legislation as quickly as possible.

The existing legal framework has become an anachronism over the last several years—in fact, even the last decade or so. The industry has responded to changes in this market faster than the law has responded. It is our obligation to ensure that we have appropriate legal standards, so that our financial services industry can be competitive in a worldwide market, which is highly dynamic, and which requires more flexibility and more responsiveness than is inherent in the current system, which began under Glass-Steagall more than 60 years ago.

So I am a strong proponent of financial modernization. In fact, it is ironic that we were very close in the last Congress to passing financial modernization legislation, which was agreed to by all the major interest groups and which represented a balancing of the need for flexibility, the need for new and expanded powers, the need for financial services industry to be able to reach across prior lines of demarcation to the securities industry, banking industry and insurance industry, and at the same time maintain the principles of safety and soundness, and also the notion that we have to ensure community access to credit. All these things were carefully worked out. Yet, regrettably, H.R. 10 failed in the last few moments of the last Congress.

We are back today to begin to address these issues again on the floor of the Senate. That is an encouraging point because I think the worse thing to do would be to continue to delay and avoid this debate.

Having said that, let me also recognize that the current legislation we are considering, S. 900, significantly deviates from the principles and the compromises that were carefully worked out in the last Congress. In so doing, I think it raises serious questions about the viability of this legislation, regardless of whether it will pass this body or the other body. There is a strong question of whether it will ultimately become law. It think it should become law and, as a result, I think we need to make changes in the form of amendments. In fact, unless we can deal with some of the issues, I am prepared to oppose this legislation, even though I am strongly committed to ensuring that we ultimately achieve a modernization of our financial services industry.

The critical issues that face us with respect to this bill that are troubling are, first, with respect to the Community Reinvestment Act. Over the last several decades, since 1977, over $1 trillion in loans and loan commitments have been made under the Community Reinvestment Act. It has literally helped maintain and rehabilitate communities, both urban centers and rural areas, throughout this country. Without it, this would be literally a foreign issue, particularly in urban neighborhoods and rural areas. With it, we managed to spark hope and build new communities in places that were sadly lacking in significant opportunities and significant hope.

One example of the many in my State is in Woonsocket, RI. It was, at the turn of the century, a thriving mill town. In fact, the river was crowded with factory after factory after factory. With the demise of northern manufacturing, that town has seen difficult times. Through the CRA, citizens were able to avail themselves of significant assistance and credit when they formed the Woonsocket Neighborhood Development Corporation to work toward preserving the neighborhood. I have been there. I have visited these neighborhoods. They are rebuilding old homes that were built in the 1800s. They receive grants and loans from the First National Bank and the Federal Home Loan Bank Board in Boston, all under the auspices of CRA. Without these loans, they would not be able to rebuild their communities. It is necessary, it is important, and it can't be dismissed or short-circuited, as I fear S. 900 attempts to do.

One of the other provisions in the bill that specifically cuts back on the scope and the effectiveness of CRA is the limitation exemption of CRA for rural financial institutions with assets under $100 million. We all admit that a $100 million bank is a small institution. But such banks represent 76 percent of rural banks in the United States, the vast majority of rural institutions. And these banks historically have the lowest CRA ratings. They are a bank that, on their own volition, aren't responsive going through the data to their local community, and by taking away the responsibility of CRA we will make this situation worse.

I think what we will do, in effect, is deny to many rural areas what they think is part and parcel of the local bank in the community; that is, investment in their own community, in their own neighborhood. The reality of this is that people who run banks, which comes as no surprise to anybody, want to make money. When they look around their community and they see a loan for a community project, for housing redevelopment, or a local project to develop a community with a low rate of return, and yet they can see they can park their money someplace in a big city without CRA, the tendency, the temptation, and probably the reality is they will send that money out of that community.

It is the local money that forms the basis of these banks. CRA says you have to look at the community, you have to invest in it, you have to care for it, and you have to commit to it, but you don't have to lose money. There is nothing in the CRA law that says you have to make a bad loan. There is nothing in the CRA law that says you have to do something unsafe, unsound, or foolish in banking. It does say that you have to look for appropriate lending opportunities in your community and make those commitments. That is what I think most people assume that local community banks do day in and day out.

What I think will happen by the exemption is you will find in rural areas it will be harder to get the kind of credit for those types of community projects, rebuilding of housing, small businesses that do not have the kind of attraction or a track record yet to get the support of the local banks. That is something I think would represent a further demise in the community.

Then there is another provision, which has been referred to as ''rebuttal of presumption'' by some and ''safe harbor'' by others, which is included in the legislation and which essentially says, if you have a satisfactory CRA rating, you are presumptively in compliance with respect to a proposed transaction unless someone can come forward with ''substantial verifiable information'' that your rating is not warranted.

First, you have to ask yourself, who outside of the bank would have ''substantial verifiable information''? That is typically not in the public domain. So you are setting up in this rebuttal of presumption, or safe harbor, an impossible task that outside community groups particularly would be able to know the inner workings of the bank so well that they could come in and present ''substantial verifiable information.'' So, in effect, what you are doing is saying, if we get your satisfactory rating, we are not going to pay much attention to the CRA.

The practical reality is that in major transactions, the notion that CRA is a factor that prompts first these depository institutions to behave better before the transaction and, certainly in contemplation of the transaction, review carefully their commitment to their local community, is one of the most effective and nonintrusive ways, because it doesn't represent the Government going in and directing lending or directing anything in a nonintrusive way if a bank responds to the needs of the community, and to vitiate this by this rebuttal of presumption is, I think, a mistake.

One of the other aspects of this rebuttal of presumption is the fact that 97 percent of the institutions have these satisfactory ratings, which could lead to the question of how thorough

these reviews are by the regulatory agencies in the first place.

It might add a further argument to the fact that perhaps it is only in the context of a serious review or serious questions raised by outside parties that banking institutions take their CRA responsibilities seriously and, in fact, act upon them. But that is another factor which I think we have to consider when we are talking about dispensing with the opportunity to raise in a meaningful way CRA concerns with respect to major transactions.

Frankly, everything we have read in the paper over the last several years, several days, and several months has been about major transactions between financial institutions. That has been the driving force in the industry and, coincidentally, has helped the bank be more committed and more responsive to the CRA concerns, because they know this is an item that can be looked at and challenged in a meaningful way in a transaction. If you dispense with that, I think that would be a mistake.

There is another provision in the legislation which has been alluded to by the ranking member, Senator SARBANES, and that is essentially providing very limited opportunities to conduct activities in a subsidiary of a banking institution.

The bill as it stands today would establish a $1 billion asset cap on those banks that may engage in underwriting activities for securities and merchant banking in an operating subsidiary. I believe that banks of any size should have the opportunity to form themselves in such a way that they feel most competitive in the marketplace with respect to these two particular functions, securities underwriting and merchant banking. Therefore, they can choose to put them in an affiliate holding company, which would be a Federal Reserve regulation, or in a subsidiary of the depository institution which would be subject to the Office of the Comptroller of the Currency.

I think giving that type of flexibility makes more sense than determining that ''one size fits all'' and all has to be done in the context of a holding company arrangement.

I offered last year, because of these views, an amendment to H.R. 10 which would have allowed banks to engage in securities underwriting and merchant banking subsidiaries. I would anticipate another amendment with respect to that. In fact, this language is in the alternative which Senator SARBANES will offer later today, or which I would expect to be offered to try to reach this point. It is an important point. It is not just a point with respect to turf allocations between Federal regulators; it is an opportunity to give the banking industry the flexibility that all say they deserve.

There is another problem I see in the legislation. That is with respect to the elimination, for all practical purposes, of prior Federal Reserve Board approval before allowing a bank to merge or engage in a new activity. This once again goes to the heart of the regulatory process.

It is nice to assume that banking institutions and financial institutions are responsible and appropriate in their conduct of activities and that they would only conduct a merger that would be in the best interests of not only themselves but the public. But I think that sometimes strains credulity.

It is appropriate, important and, in very practical ways, necessary to have the requirement for prior approval of these major transactions by the Federal Reserve Board, because the Federal Reserve Board has a role independent of the management of the banks. They are trying to maximize shareholder value; they are trying to be competitive in a very difficult market.

But it is the Federal Reserve's responsibility to ensure safety and soundness, that competition will not be adversely affected, and that this transaction will in some way serve the public interest. I don't think you can do that by implication. I don't think you can do that by checking after the fact.

Again, the reality is that when multibillion-dollar institutions merge and then discover after the fact that it really was a bad idea, it is hard to unravel those transactions. To do it right, you have to do it up front. Therefore, this legislation should have prior approval by the Federal Reserve Board.

All of my comments have been appropriately addressed by the Democrat substitute, which will be offered by Senator SARBANES.

Let me conclude with some specific concerns about a question that has concerned me throughout the course of our debate not only in this Congress but in the last Congress. That is whether or not the regulatory framework we are creating will be sufficient to protect the safety and soundness of institutions and ultimately protect the public interest.

We are trying to expand opportunities, to break down the old hierarchies, the old barriers between different types of financial activity, to give the kind of robust, dynamic opportunities that are concomitant with this world of instantaneous transfer of information and billions of dollars across boundaries. In doing that, we have to recognize our ultimate responsibility is to ensure these institutions operate safely, that they are sound, and that regulatory responsibilities are discharged.

We expand dramatically the powers of these institutions under this legislation. But in some respect we are inhibiting some of the traditional regulatory roles of our Federal regulators. For example, in section 114, there is a prohibition which prevents the Office of the Comptroller of the Currency and the Office of Thrift Supervision from examining a mutual fund operated by a bank or thrift. Currently, they have limited authority to do such examinations. We are taking that away.

Section 111, another example, prohibits the Federal Reserve from examining the securities or insurance affiliate unless there is a ''reasonable cause to believe'' the affiliate is engaging in risky activity. Ask yourself, how do you reasonably believe such activity is taking place unless you have the opportunity and indeed the authority to at least go in and check periodically what is going on?

Many of these provisions might create a structure of regulation which is just too porous to withstand the kind of pressures that we see in the financial marketplace. It is reasonable to conclude how we got here. We have emphasized throughout this debate this notion of functional regulation, that securities should be regulated by the SEC, depositories should be regulated exclusively by banking regulators, and that a loose, overarching regulatory provision should be discharged by the Federal Reserve.

Setting up compartments with a loose umbrella invites the notion that something will go wrong, something will fall through the cracks. As we go through this process, the debate and the continued examination of this bill, we have to ask ourselves not only before the legislation is passed but if it is passed afterwards, are there any unintended loopholes that could be exploited, unfortunately, which would be detrimental to safety and soundness?

There is another provision which I think is important to point out. That is the notion that in the context of the insurance business, State insurance regulators basically have a veto over Federal Reserve authority to demand that an insurance affiliate contribute to the State of a holding company. This is a reversal from the traditional authority and the traditional regulatory perspective of the Federal Reserve.

For years, since their active regulation of the Bank Holding Company Act, the doctrine of the Federal Reserve has been that the holding company is a source of strength to the underlying depository institution. That ''source of strength'' doctrine is, in part, repealed by this legislation, because within the context of an insurance company, and specifically the next great round of mergers will be between depository institutions and insurance companies—that is the example that Travelers and Citicorp established when these insurance companies started merging together with banks, big banks, big insurance companies—we are going to have for the first time in our financial

history, a situation where an insurance regulator can say to the Chairman of the Fed, even though that depository institution is ailing mightily and my insurance company is very healthy, I'm not going to allow any transfer of funds from the insurance entity to the depository institution because I don't have to, one; and, two, I'm concerned about the long-term viability of the insurance entity, so I will not cooperate.

What that means is that rather than the present model where every subsidiary affiliate of a holding company contributes to the health of the deposit insurance, we have a situation where the taxpayer, through the insurance funds, will be bailing out a bank that very well might have a very healthy insurance affiliate.

These are some of the regulatory examples which I think have to continue to be watched, examined, and thought about. I hope as we go forward that we could engage the Fed in a constructive dialog with respect to their views on how we on a practical basis deal with some of the concerns I raised today.

We have the potential of passing legislation which would be terribly helpful to our financial community. I want to pass the legislation. Unless we resolve the issue of the Community Reinvestment Act, unless we resolve the issue of operating subsidiaries, unless we look more carefully and closely and make changes perhaps in some of the regulatory framework, this is not the legislation that ultimately can or should become law.

I yield my time.

Mr. SARBANES. Mr. President, I ask unanimous consent that when the Senate resumes its session, I believe it is now scheduled for 2:15—after the party caucus break—Senator WELLSTONE be recognized to make his opening statement. I think he thought that was the understanding but we did not actually have a unanimous consent request. This has been cleared by both sides.

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

(The remarks of Mr. SPECTER pertaining to the introduction of S. 952 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

THE PALESTINIAN AUTHORITY

Mr. SPECTER. Mr. President, I compliment the Palestinian Authority for not acting unilaterally to declare statehood. Chairman Yasser Arafat visited me on March 23, and I urged him at that time not to make a unilateral declaration of statehood. He then said to me that when the Palestinian Authority had changed its charter, as it was urged to do so by an amendment introduced by Senator SHELBY and myself some years ago, that there was no credit given for that. I said there should have been credit given. And Chairman Arafat asked if they did not make the unilateral declaration if there would be some acknowledgment of that move. I said I would take the floor when May 4 came, which was the date targeted—that is today—and there was no unilateral declaration of statehood. And there has been none.

I congratulate the Palestinian Authority for its restraint. That is a matter which ought to be negotiated under the terms of the Oslo agreement. Chairman Arafat asked me if I would put it in writing that I would make the statement. And I said I would; and I did.

I ask unanimous consent that my letter to him dated in March be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 31, 1999.

Chairman YASSER ARAFAT,
President of the National Authority, Gaza City, GAZA, Palestinian National Authority.

DEAR MR. CHAIRMAN: Thank you very much for coming to my Senate hideaway and for our very productive discussion on March 23rd.

Following up on that discussion, I urge that the Palestinian Authority not make a unilateral declaration of statehood on May 4th or on any subsequent date. The issue of the Palestinian state is a matter for negotiation under the terms of the Oslo Accords.

I understand your position that this issue will not be decided by you alone but will be submitted to the Palestinian Authority Council.

When I was asked at our meeting whether you and the Palestinian Authority would receive credit for refraining from the unilateral declaration of statehood, I replied that I would go to the Senate floor on May 5th or as soon thereafter as possible and compliment your action in not unilaterally declaring a Palestinian state.

I look forward to continuing discussions with you on the important issues in the Mid-East peace process.

Sincerely,

ARLEN SPECTER,
Chairman.

Mr. SPECTER. I again thank the Chair for his staying late. I thank him, beyond that, for listening to my speech. Very often Presiding Officers are otherwise engaged. I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, at 1:03 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GREGG).

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

The PRESIDING OFFICER. The Senate will continue consideration of S. 900.

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I will be spending some time on S. 900, but I also, in my remarks today, will be focusing on the question of when the Senate is going to start dealing with issues that affect ordinary citizens. I think that is what people in Minnesota would like to know.

This is called the Financial Services Modernization Act. I have no doubt that the large banks and lending institutions are all for this. The question I have is, When are we going to come out here with legislation that benefits ordinary citizens?—which I mean in a positive way. I will come back to this later on.

The Minnesota Farm Services Administration has now had to lay off close to 60 employees. That is where we are heading. This is an agency, the Farm Services Administration, that is a grassroots organization. They are out there trying to serve farmers. They are out in the field. They pick up on what is happening in rural Minnesota.

Right now the message we are sending here from the Congress is, we can't even pass a supplemental appropriations bill that we started working on several months ago to provide spring planting operating money for family farmers. Prices are way down. Income is way down. People are being foreclosed on. It is not just where they work, it is where they live. They are losing their farms, and we can't even get to them some disaster relief money, some loan money, so they can continue to go on until we go back and change this ''Freedom to Fail'' bill that we passed several years ago.

I am not telling you that some of the large conglomerates and some of the large grain companies and some of the large packers aren't making record profits. They are. They have muscled their way to the dinner table. They exercise raw political control over family farmers.

Meanwhile, this bill, the Financial Services Modernization Act, is all about consolidation and letting large financial institutions have unchecked power. But what we should be talking about is these family farmers going under.

I talked with Tracy Beckman today, director of the Minnesota FSA office. He told me that right now we have 340 loan requests, totaling $44.9 million, that are approved but are unfunded due to a lack of funding. Right now there is the possibility, unless we get this funding, that we are going to have 800 farm families in Minnesota that aren't going to get any financing. They need that financing if they are going to be able to go on.

Yesterday Tracy Beckman told me the story of a family farmer who found

out he couldn't get any loan money and he doesn't have any cash flow. You can work 24 hours a day and be the best manager in the world, and you will not make it as a family farmer right now. He said to one of our FSA officers out in the field, out in the countryside, when he found out that FSA can't help him because we are not able to pass a supplemental emergency assistance program, this farmer said, ''I'm just going to go home and shoot myself and my family.''

This is someone who is desperate. There is a lot of desperation in the countryside. We can't even pass a supplemental appropriations bill that will get some loan money out to family farmers, which we should have done a month ago or 6 weeks ago. Instead, we are out here on the floor talking about the Financial Services Modernization Act of 1999, the big bank act, the large conglomerate act, the large financial institution act. When are we going to be out here talking about affordable child care, or about raising the minimum wage? When are we going to make sure people get decent health coverage? When are we going to talk about providing more funding for the Head Start Program? When are we going to be out here talking about how to reduce violence in homes, and in schools, and in our communities? When are we going to be out here talking about something that makes a difference to ordinary people?

Now, Mr. President, I understand that all of the trade groups support this legislation—that is to say, all of the financial services groups. But I rise in strong opposition to this legislation called the Financial Services Modernization Act of 1999.

This bill, S. 900, would aggravate a trend toward economic concentration that endangers not only our economy, but, I think, more importantly, it endangers our democracy. S. 900 would make it easier for banks, securities firms, insurance companies, and, in some cases, commercial firms, to merge into gigantic new conglomerates that would dominate the financial industry.

Mr. President, this is the wrong kind of modernization at the wrong time. Modernization of the existing, confusing patchwork of laws, regulations, and regulatory authorities would be a good thing; but that is not what this legislation is really about. S. 900 is really about accelerating the trend toward massive consolidation in the financial sector.

This is the wrong kind of modernization because it fails to put in place adequate regulatory safeguards for these new financial giants whose failure could jeopardize the entire economy. It is the wrong kind of modernization because taxpayers could be stuck with the bill if these conglomerates become ''too big to fail.'' We have heard that before—''too big to fail.''

This is the wrong kind of modernization because it fails to protect consumers. In too many instances, S. 900 would lead to less competition in the financial industry, not more. It would result in higher fees for many customers, and it would squeeze credit for small businesses and rural America. Most importantly, Mr. President, this is the wrong kind of modernization because it encourages the concentration of more and more economic power in the hands of fewer and fewer people. The regulatory structure of S. 900, as well as the concentration it promotes, would wall off enormous areas of economic decisionmaking from democratic accountability.

Mr. President, this is the wrong time to be promoting concentration in the financial sector. S. 900 purports to update obsolete financial regulations, but the bill itself is already obsolete. This idea has been around for over a decade. But economic circumstances have changed drastically in the intervening years. Today, much of the global economy is in crisis, and this is no time to be promoting a potentially destabilizing concentration of economic power.

The banking industry has become more and more concentrated over the last 18 years, and especially during the 1990s. There have been 7,000 bank mergers since 1980. In the last year or so, we have seen megamergers that are the largest in the history of American banking. The merger of NationsBank and BankAmerica would have assets of $525 billion, and the BancOne and First Chicago/NBD merger would have assets of $233 billion. In 1980, by comparison, there were no mergers or acquisitions of commercial banks with a total of more than $1 billion in assets.

What is new and different about the situation today is that banks are beginning to merge with insurance and securities firms. The merger between one of America's largest banks, Citibank, and the largest of insurance groups and brokerage groups, Travelers, is probably the best example. This new conglomerate will control over $700 billion in assets.

Supporters of S. 900 argue that whether we like it or not, the lines between banking and securities—and the lines between banking and insurance—have already been breached. Regulators and courts have already let banks dabble more and more into securities and insurance, and they have let brokerages invade banking. The battle over Glass-Steagall has already been lost, they say.

Well, Mr. President, I am not so convinced. If S. 900 didn't encourage more and bigger mergers, I don't think so many big banks, big insurance companies, and securities firms would be so enthusiastic about it.

In fact, passage of S. 900 would set in motion a tidal wave of big money mergers. It would prompt other banks to start courting insurance and securities firms. And it would put increasing pressure on the banks of every size to find new partners. It may be true that we have already come a long way down this road. It may be true that the protections of Glass-Steagall and the Bank Holding Company Act have already been eroded. It is certainly true that we cannot turn back the clock.

But it does not necessarily follow that we are doomed to continue down this perilous path wherever it may take us. Yes, regulators have already given banks an inch, but it doesn't mean we have to give them a mile. If the old laws and regulations are inadequate to deal with the changing world of finance, then we need better regulations, not weaker ones. We should not be supplying the wrecking ball that tears down all remaining walls between banking and other risky activities, without first putting into place adequate safeguards.

Passing this bill would be an act of monumental hubris. It would reflect a smugness and complacency about our economic policy that I believe is unhealthy and unwarranted. We have heard the argument that America has entered the new age, a ''new paradigm,'' a so-called ''new economy.'' Depression and deflation are relics of a distant past. The old laws of ''boom and bust'' no longer apply. Our superior technology, so the argument goes, will allow us to sustain this economic recovery for another 20 or 30 years, and maybe more. This is the beginning of a long boom. Some have dared to imagine that we have arrived at the end of history.

There is a dangerous moral to this story: that we no longer have to prepare for emergencies or guard against disaster; that the safeguards put in place years ago to stabilize the economy can now be safely withdrawn; that a safety net that will never again be tested by adversity can now be safely shredded; that we no longer need to worry about inadequate oversight of markets because the markets can and will police themselves; that bigger is better, antitrust is obsolete, and regulation is passe.

I think we are flirting with disaster. We are strolling casually along the upper decks of the *Titanic*, oblivious to the dangers ahead of us. Remember, the *Titanic* in its day symbolized the ultimate triumph of technology and progress. Just like these new financial conglomerates, it was considered ''too big to fail.'' Because everybody assumed this flagship of Western technology was unsinkable, they saw no need to take ordinary precautions. They disregarded the usual rules of speed and safety, as Congress is now doing with S. 900. And they failed to store enough lifeboats for all the passengers, which reminds me of nothing

so much as the repeal of the welfare entitlement.

Mr. President, that is another thing that maybe we should be talking about on the floor of the Senate—what is happening with welfare reform. Later in my remarks, when I am talking about the real issues that affect real people, and in particular poor people, I will return to that.

Some of the passengers in first class may be oblivious, but the world economy is still in a precarious state. Most of Asia is still in a depression. The Japanese economy is slugging through the 9th year of an unshakable slump. Russia has been mired in a depression for 8 years, its economy shrunk to half its former size. Brazil is entering into recession, with serious implications for all of its Latin American neighbors. European economies are showing signs of weakness.

In the face of these sobering developments, the solution offered by this legislation is simply more of the same—more deregulation, more mergers, more concentration. At precisely the moment when, for the first time in 50 years, we face some of the hazards that Glass-Steagall was designed to contain, Congress wants to tear down the remaining firewalls once and for all.

We seem determined to unlearn the lessons of history. Scores of banks failed in the Great Depression as a result of unsound banking practices, and their failure only deepened the crisis. Glass-Steagall was intended to protect our financial system by insulating commercial banking from other forms of risk. It was designed to prevent a handful of powerful financial conglomerates from holding the rest of the economy hostage. Glass-Steagall was one of several stabilizers designed to keep that from ever happening again, and until very recently it was very successful. But now S. 900 openly breaches the wall between banking and commerce.

And what about the lessons of the savings and loan crisis? The Garn-St Germain Act of 1982 allowed thrifts to expand their services—people in the country will remember this—beyond basic home loans, and only seven years later taxpayers were tapped for a multibillion-dollar bailout. I'm afraid we're running the same kind of risks with this legislation. S. 900 would lead to the formation of a wide array of ''too big to fail'' conglomerates that might have to be bailed out with taxpayer money. These financial holding companies may well be tempted to run greater risks, knowing that taxpayers will come to their rescue if things go bad.

S. 900 does set up firewalls to protect banks for failures of their insurance and securities affiliates. But even Alan Greenspan has admitted that these firewalls would be weak. And as the Chairwoman of the FDIC has testified, ''In times of stress, firewalls tend to weaken.'' The economists Robert Auerbach and James Galbraith warn that ''the firewalls may be little more than placing potted plants between the desks of huge holding companies.''

Regulators will have little desire to stop violations of these firewalls if they think a holding company is ''too big to fail.'' After the stock market crash of 1987, for example, Continental Illinois breached its internal firewalls to prop up a securities subsidiary. Regulators reprimanded Continental with a slap on the wrist.

And even if there is no taxpayer bailout, the Treasury Department has expressed its concerns about unmet expectations. Investors and depositors may assume protection is indeed much greater for these holding companies than it actually is. And they may panic when they realize they were mistaken.

And what about the lessons of the Asian crisis? Just recently, the financial press was crowing about the inadequacies of Asian banking systems. Now we are considering a bill that would make out banking system more like theirs. The much maligned cozy relationships between Asian banks, brokers, insurance companies and commercial firms are precisely the kind of crony capitalism S. 900 would promote.

The economists James Galbraith and Robert Auerbach warn against repeating the mistakes of the Asian economies: ''There is already evidence of monopolistic practices in the banking industry that would be heightened by [S. 900]. There is now devastating experience from the recent problems experienced by huge banking-finance conglomerates in Asia. There is little justification to follow these examples, as would be allowed by [S. 900]. It could happen here if we build the same unwieldy structures to dominate our banking system.''

To be accurate, if we want to locate the real causes of the Asian crisis, we have to look at the reckless liberalization of capital markets that led to unbalanced development and made these economies so vulnerable to investor panic in the first place. The IMF and other multilateral institutions failed to understand how dangerous and destabilizing financial deregulation can be without first putting appropriate safeguards in place.

World Bank Chief Economist Joseph Stiglitz wrote last year about the Asian crisis:

> The rapid growth and large influx of foreign investment created economic strain. In addition, heavy foreign investment combined with weak financial regulation to allow lenders in many Southeast Asian countries to rapidly expand credit, often to risky borrowers, making the financial system more vulnerable. Inadequate oversight, not overregulation, caused these problems. Consequently, our emphasis should not be on deregulation, but on finding the right regulatory regime to reestablish stability and confidence.

That is World Bank chief economist Joseph Stiglitz. We claim to have learned our lessons from the crisis in Asia. But I am not sure we have.

Tell me why on Earth are we doing this, besides the fact that these large financial institutions have so much political power? Why now?

The backers of S. 900 claim that the Glass-Steagall Act of 1933 and the Bank Holding Act of 1956 are obsolete and financial regulation must be modernized. Well, I'm all for modernization. But the question is: what kind of modernization?

I think most of us agree that the existing patchwork of confusing and inconsistent regulations needs to be simplified and rationalized. GAO has testified that the piecemeal approach to deregulation taken by the Fed and Treasury has resulted in ''overlaps, anomalies, and even some gaps'' in oversight.

The problem is that S. 900 doesn't really fix that problem. It maintains a patchwork of regulators. Who knows how they would coordinate their efforts when holding companies run into trouble?

But most importantly, the reach of S. 900's regulatory safeguards does not match the size of these new conglomerates. A central feature of S. 900 is the transfer of regulatory authority for the newly created holding companies to the Federal Reserve. This seems a lot more like deregulation than modernization.

Let me repeat that. A central feature of S. 900 is the transfer of regulatory authority for the newly created holding companies to the Federal Reserve. This sounds a lot more like deregulation than modernization.

How much confidence can we have in the Fed's oversight? The case of Long Term Capital Management last year does not exactly inspire confidence. Only one week before that $3.5 billion bailout, Alan Greenspan testified before Congress that the risk of hedge funds was well under control and that bankers policing them knew exactly what they were doing. Well, in this case at least, they didn't know what they were doing. And apparently neither did the Fed.

What concerns me more is that this massive transfer of power is anti-democratic. The Federal Reserve Board is not an elective body, and it's not democratically accountable. To the extent Congress pries into the Fed's business—which is not very much—we focus on monetary policy, not bank oversight. Why should we hand over so much power to an institution that is essentially accountable to the financial industry and nobody else?

I repeat that. Why should we hand over so much power to an institution that is essentially accountable to the financial industry and nobody else?

James Galbraith and Robert Auerbach write:

The Federal Reserve's decision-making is contingent to a great extent on the banking industry which it regulates. Bankers elect two-thirds of its 108 directors on the boards directors of its 12 regional Federal Reserve Banks. This 25,000 employee bureaucracy with its own budget that is not authorized or approved by the Congress is not independent of the bankers and finance companies that it would regulate.

Several commentators have expressed open delight that this transfer of power to the Fed will insulate financial regulation from ''partisan politics.'' The Christian Science Monitor endorsed H.R. 10 last year because ''it would make financial regulation more remote from politics.''

But is this really something we should welcome? Another term for ''partisan politics'' in this case is ''democracy.'' Democracy may be messy sometimes. It would be vastly improved by real and meaningful campaign finance reform. But it also happens to be the basis of our form of government.

Why should such an important area of public life be ''insulated'' from democratic accountability? Why should the people making the most important economic decisions in our country be accountable only to Wall Street and not to voters?

Why are we transferring this kind of authority?

We've already walled off most economic decisionmaking from any kind of democratic input. Former Labor Secretary Robert Reich has argued that we no longer have any fiscal policy to speak of, and Congress has delegated monetary policy to the Federal Reserve. ''The Fed, the IMF, and the Treasury are staffed by skilled economists,'' he wrote, ''but can we be sure that the choices they make are the right ones in the eyes of most of the people whose lives are being altered by them?'' He has noted that ''One reason governments exist is to insure that economies function for the benefit of the people, and not the other way around.'' Already, decisions about interest rates and desirable rates of unemployment—decisions that will decisively impact the lives of millions of Americans—are beyond the reach of democracy. They are reserved to the exclusive jurisdiction of unelected bankers.

What does it mean, as a practical matter, for supervision of the financial sector to be protected from democratic accountability? The contents of S. 900 itself should give us a pretty good idea. For whose benefit is this legislation being passed? In the long debate over this legislation, there has been a lot of talk about the conflicting interests of bankers, insurance companies, and brokers, but very little discussion of the public interest.

Financial services firms argue that consolidation is necessary for their survival. They claim they need to be as large and as diversified as foreign firms in order to compete in the global marketplace. But the U.S. financial industry is already dominant across the globe and in recent years has been quite profitable. I see no crisis of competitiveness.

Financial firms also argue that consolidation will produce efficiencies that can be passed on to consumers. But there is little evidence that big mergers translate into more efficiency or better service. In fact, studies by the Federal Reserve indicate just the opposite. There is no convincing evidence that mergers produce greater economic efficiencies. On the contrary, they often lead to higher banking fees and charges for small businesses, farmers, and other customers. Bigger bankers offer fewer loans for small businesses. And other Fed studies have shown that the concentration of banking squeezes out the smaller community banks.

S. 900 reflects the same priority of interest promoted by financial consolidation itself. A provision designed to ensure that people with lower incomes can have access to basic banking services has been stripped out. Let me repeat that. A provision designed to ensure that people with lower incomes can have access to basic banking services has been stripped out. This provision was to address the growing problem that banking services are beyond the reach of millions of Americans. According to U.S. PIRG, the average cost of a checking account is $264 per year, a major obstacle to opening a checking account for low-income families. These families have to rely instead on usurious check-cashing operations and money order services.

I don't see much protection for consumers in S. 900 either. Banks that have always offered safe, federally insured deposits will have every incentive to lure their customers into riskier investments. Last year, for example, NationsBank paid $7 million to settle charges that it misled bank customers into investing in risky bonds through a securities affiliate it set up with Morgan Stanley Dean Witter.

S. 900 makes nominal attempts to address these and other problems. But in the end, I am afraid this bill is an invitation to fraud and it is an invitation to abuse.

Finally, the impact of S. 900 on the Community Reinvestment Act is a cause of real concern. I thank my colleague, Senator SARBANES, for his tremendous leadership in making sure that we protect community reinvestment as a part of his substitute legislation. CRA has been an effective financial tool for the empowerment and growth of our communities for over 20 years. Despite this success, CRA is now in great danger. Why? Because S. 900 is a legislative package of deals and favors aimed to please Wall Street, certainly not Main Street. It is not good for small business, not good for low-income families, not good for rural America, not good for our neighbors or our communities.

Within this bill are three substantial provisions intended to ''modernize'' financial services by rolling back the Community Reinvestment Act. But that will only encourage discrimination and promote economic despair.

We need to ask ourselves a very important question: Are we willing to turn the clock back and abandon the Community Reinvestment Act? Are we willing to return to the days before 1977 when banks could freely discriminate against neighbors, farms, small towns, and other underserved populations, just because they were viewed as less profitable customers?

We need to keep the doors open for families, seniors, farmers, small businesses, for consumers to access credit so they can realize their dream to own a home or start a business. We need to keep the doors open for community groups, for cities and towns to access credit to revitalize impoverished neighborhoods or to restore once abandoned buildings. We need to keep CRA strong because we all benefit from community reinvestment.

CRA establishes a simple rule—that depository institutions must serve the needs of the communities in which they are chartered. In a safe and sound manner, they form partnerships with groups and consumers to provide lending to those denied credit. In a safe and sound manner, banks work with families looking to achieve their dream of owning a home. In a safe and sound manner, banks lend to small businesses to help them grow. In a safe and sound manner, banks lend to farmers who fall on hard times and need some extra help to survive falling commodity prices.

For many consumers, CRA has been a lifesaver. To deny the positive impact CRA has made in improving the economic health of our country is simply to deny the facts. The CRA has delivered an estimated $1 trillion or more for affordable homeownership and community development. The role of CRA is not just to benefit the most impoverished neighborhoods in our States; rather, CRA cuts across class lines, race lines, gender lines, practically every hurdle to discrimination, to promote economic stability for families, small farmers, and communities. This legislation in its present form begins to take all that away.

What is my proof? According to the statistics collected by the Local Initiative Support Corporation, or LISC, in 1997 the Home Mortgage Disclosure Act data showed that lending to minority and low-income borrowers is on the rise. For example, since 1993 the number of home mortgage loans to African Americans increased by 58 percent; to Hispanics, by 62 percent; and to low- and moderate-income borrowers by 38

percent—well above the overall market.

In 1997, large commercial banks made $18.6 billion in community development investments. In 1997, banks and thrifts subject to CRA's reporting requirements made two-thirds of all the small business loans made that year. More than one-fifth of those loans were made to small businesses and low- and moderate-income communities.

Each time I return to Minnesota, I am convinced that CRA is working. Early this year, I had a chance to present an award to a family who had achieved their dream of becoming homeowners. Rene and Gloreen Cabrarra were the 750th family to purchase their home through an innovative partnership between the community group ACORN and a local bank. Rene and Gloreen had to move out of their apartment when it was condemned for repair problems. As a result, they moved in with other family members. The Cabrarras began working with the community group ACORN in the Twin Cities and were soon able to obtain a special low-income loan to buy their home, thanks to a CRA agreement between that community group and that bank in that metro area. There is no doubt that CRA has benefited Rene and Gloreen. As a result, they are now proud homeowners living in the Phillips neighborhood.

From the nearly 170 mayors who have signed their name in support of the progress CRA has made in their communities, there is tremendous support. From family farm and rural organizations who see access to credit as being essential tools for their small communities, there is tremendous support. A story of empowerment can be shared by every group working for the advancement of their rights.

Despite this undeniable success, the CRA is under attack. S. 900 would begin to dismantle its effectiveness in the communities where it has been most beneficial. Specifically, I will speak to two anti-CRA provisions in S. 900.

First, S. 900 creates a safe harbor for banks that have maintained a satisfactory CRA rating for 3 consecutive years. This provision would practically eliminate the opportunity for public comment on the CRA performance of a bank at the time of a merger application. Banks that have received a satisfactory or better CRA rating for 3 years consecutively would be deemed in compliance and therefore freed from the requirement of public comment on their application.

Public comment on a proposed merger is an especially useful tool in the case of large banks serving a variety of markets. In such cases, regulators examine only a portion of these markets to evaluate a bank's CRA rating. Since performance in small communities is weighted less than in larger areas, public comment sometimes provides the only means to truly examine the commitments of a bank to all of its community members. Simply put, public comment is a chance for community groups and consumers to bring to light important information and facts that may have been overlooked during the review process.

However, this avenue for public involvement in the merger process is seriously undercut by S. 900's safe harbor provision. The only way a citizen could exercise his or her democratic rights would be to find ''substantial verifiable information'' of noncompliance since the merging bank's last CRA examination. This is a very high burden. An estimated 95 percent of all banks are deemed CRA compliant. As a result, the vast majority of mergers would be exempted from public comment.

Some have justified this undemocratic safe harbor as a way to prevent extortion by community groups during the merger review process. Mr. President, in August 1998, I wrote a letter to the Federal Reserve requesting a public hearing on the proposed merger between Norwest Corporation, based in Minnesota, and Wells Fargo Company. I specifically requested that special attention be paid to the possible effects that this merger would have on the people and the communities who rely on Norwest's services and community participation across the State. I ask my colleagues, Was this extortion?

I was not the only elected official to request such a hearing. A Congressman, a State representative, and various community groups did as well. Were they guilty of extortion?

The 2-day hearing opened the doors for 70 different groups and individuals to publicly comment on the strengths and weaknesses of both Norwest and Wells Fargo with regard to community involvement. Representatives from the Navajo Nation, statewide nonprofit housing organizations, and microcredit lending organizations that provide a lifeline to small businesses, all had their chance to be heard. They had their chance to publicly challenge these merging entities to remain involved in their communities. Did this constitute extortion?

No one was practicing extortion by requesting a public hearing on the merger between these two financial giants. No elected officials or nonprofits were doing anything improper when they publicly commented on the lending practices of these two banks. What these 70-plus groups and individuals were practicing was democracy.

Using S. 900, citizens would be deprived of these democratic rights unless they could ''substantially verify'' a merging bank's noncompliance. That is not just undemocratic, it is unjust. At least the Daschle-Sarbanes amendment would retain the consumers' democratic right to participate in the process.

The second anti-CRA provision in S. 900 is the small bank exemption. This provision would exempt banks in rural communities with assets of less than $100 million from CRA requirements. In fact, it would exempt 63 percent of all banks from the requirements of CRA. It would send a clear message to farmers, to small businesses, and to consumers in small towns that they do not have the same rights to access credit as consumers who live in urban areas.

Some of my colleagues would argue that small banks in rural communities do not need CRA. Why? They claim that small banks by their nature serve the credit needs of local communities. But CRA compliance records will tell you a different story.

More importantly, rural America is facing an economic crisis. Family farms are disappearing one by one from this country's rural landscape. Many rural communities are in great need of access to credit before their economies collapse. This anti-CRA provision completely ignores the realities and needs of rural America.

According to a recent SBA (Small Business Administration) report, June 1998 data show a 4.6-percent decline in the number of small farm loans. That June 1998 data also reveals that the value of very large farm loans, over 1 million, has increased by 25 percent, while small farm loans under $250,000 increased by only 3.9 percent. As family farm and rural community organizations have concluded, larger loans are going to fewer farmers.

According to a similar study conducted by the State of Wisconsin, farming operations were more likely to obtain a loan if they were under contract with an agribusiness. Small and independent farmers faced greater difficulty accessing the necessary credit to remain in operation.

To quote an April 29 letter signed by 19 organizations representing the interests of farmers in rural communities:

> Rural areas continue to suffer from a serious shortage of affordable housing. Farmers are facing the worst financial conditions in more than a decade due to declining commodity prices. Rural Americans continue to need the tools of the CRA to ensure accountability of their local lending institutions. CRA helps to meet the credit demand of millions of family farmers, rural residents, and local businesses.

In a March 24 letter to Senators, the National Farmers Union also sent the message that rural America needs the CRA just as much as our urban centers. To quote the letter from President Leland Swenson:

> The Community Reinvestment Act prohibits redlining, and encourages banks to make affordable mortgage, small farm, and small business loans. Under the impetus of CRA, banks and thrifts made $11 billion in farm loans in 1997. CRA loans assisted small farmers in obtaining credit for operating expenses, livestock and real estate purchases. Low- and moderate-income residents in rural communities also benefited from $2.8 billion in small business loans in 1997.

In 1999, access to credit is tighter than usual, making it critical to maintain the CRA.

For many consumers living in rural communities, having access to credit is having access to a future. Our rural communities need CRA because they can depend on little else in today's agricultural markets.

I am strongly opposed to the small bank exemption in S. 900 because I have witnessed firsthand the important role CRA plays in rural communities in Minnesota. At least the Sarbanes-Daschle amendment would remove this harmful provision from the bill.

We need to ask ourselves, do we really intend to return to the old banking practices of red lining? Do we want to leave our cities, small towns, and families without a means to become economically stable and strong? Do we intend to draw a clear line between the haves and have-nots?

It has been nearly 3 years since the passage of welfare reform. Since then, urban and rural America has seen a dramatic rise in the numbers and needs of the desperately poor.

Mr. President, that is right. Since then, we have seen a dramatic rise in the number and needs of the desperately poor. Why are we not talking about other issues on the floor of the Senate? I will get back to this in a little while.

What does that have to do with CRA? Everything. Because of CRA, nonprofit organizations that assist the homeless are able to establish partnerships with banks to access credit and build affordable and emergency long-term housing. CRA loans that develop dilapidated neighborhoods and bring more jobs to our urban centers benefit former welfare recipients. Over $1 trillion has been invested with innovative ways of providing housing, jobs, and community revitalization to stabilize these economically troubled areas.

CRA has been a mainstream banking practice for over 20 years. It has evolved over the years to better serve banks and their communities, and it has been streamlined to reduce the regulatory burden on small banks. This is a law that has been improved and has grown to better serve banks and consumers.

A lot of big banks don't like the CRA. They feel it is an imposition. They denounce it as big government and overregulation. But for most people I ask, Which is the greatest danger here, concentration of political power in government or concentration of economic power? I don't think it is a close call.

I think our goal should be to help ordinary people make sure they have some say over the economic decisions that affect their lives. Repealing CRA is not going to do that. No amount of antigovernment rhetoric is going to do that. But enforcing some meaningful consumer protections would do that. So would prohibiting mergers that threaten to crowd out community banking, squeeze credit for small businesses, and open the door to higher fees and ever more fraud and abuse.

This is the fundamental problem with deregulation and economic concentration generally. It allows the Nation's economic power to be held in the hands of fewer and fewer people. The same thing is happening in many of our other major industries, including airlines, electric utilities, and communications.

Ben Bagdikian has noted that 20 corporations and multinationals own most of the major media in the entire country—newspapers, magazines, radio, television and publishing companies. In the 2 years since the Congress eased restrictions on ownership of radio, 4,000 stations have been sold—in the last 2 years—and more than half of all big-city stations are in the hands of just five companies.

The electric utility industry is already consolidating in expectation that the States and Congress will soon mandate retail competition. And 4,500 corporate mergers were announced in the first 6 months of last year, with the combined value of $1.7 trillion. These include SBC and Ameritech, Chrysler and Daimler Benz, Enron and PGE, Monsanto and American Home Products, Worldcom and MCI, and Columbia and HCA Healthcare. Now we hear about mergers between BP and Amoco, Mobil and Exxon, and on and on.

Pretty soon we are going to have three financial service firms in the country, four airlines, two media conglomerates, and five energy giants.

Mr. President, this is absolutely amazing to me, which is why I have spent some time making the case. We see more consolidations here. We see a dangerous concentration of power in telecommunications—that is the flow of information in democracy—and the same thing in energy, the same thing with health insurance companies.

In agriculture it is absolutely unbelievable—absolutely unbelievable. Everywhere family farmers look you have these conglomerates that have muscled their way to the dinner table, exercising their raw economic and political power over family farmers, over consumers, and I might add, over taxpayers as well.

Joel Klein came out to Minnesota, along with Mike Dunn, who heads the Packers and Stockyard Administration in the USDA, for a very dramatic public hearing in our State just a couple of Sundays ago. Let me tell you, you have these hog producers that are facing extinction, and then you have these packers that are in hog heaven. You have your grain farmers going under; and you have Cargill making a 52-percent profit in this past year.

The farmers are saying, ''What is going on here? Consumers aren't getting a break. And we're not getting the prices that enable us to even keep going on with our farming. Who is making the money?'' Everywhere you see this concentration of power. I will have an amendment on this bill later on that will talk about antitrust action.

Antitrust action has been taken off the table. Antitrust action has been taken off the table. This is a classic example of why we need reform. Because when it comes to antitrust action, and having the Senate say we are on the side of consumers, we are on the side of family farmers, we are on the side of community people, and we are willing to take on these huge companies, we dare not do that. These monopolies are the campaign givers. These are the heavy hitters. These are the investors.

We have been through this before, Mr. President. At the end of the last century, industrial concentration accelerated at an alarming pace. Lots of people, including the columnist and author E.J. Dionne, former House Speaker Newt Gingrich, and the philosopher, Michael Sandel, have noted the similarities between that era and our own.

American democracy suffered as a result of that concentration of economic power. The two parties became dominated by similar corporate interests. Their platforms started to sound an awful lot alike, and voter participation declined dramatically. Why? Because people realized that they had little to say in the economic decisions that most affected their lives.

I think that aptly describes the situation today. I tell you, when I travel in Minnesota or travel in the country, one of the things that people say to me is that they think both parties are controlled by the same investors. They do not think there is any real opportunity for them to have any say anymore in this political process.

And once again, we are about to pass a piece of legislation —I hope we do not, but if we do—a piece of legislation that will lead to the rapid consolidation in the financial services industry, to the detriment of rural America, to the detriment of small towns, to the detriment of low- and moderate-income people, and to the detriment of working families. But there is an awful lot of economic and political clout behind this bill.

And what is in store for us if we allow this trend to continue? Huge financial conglomerates the size of Citigroup will truly be ''too big to fail.'' Government officials and Members of Congress will be prone to confuse Citigroup's interests with the public interest, if they do not already. I think they do already.

What happens when one of these colossal conglomerates decides, for example, it might like to turn a profit by privatizing Social Security? Who is going to stand in their way? That is a

trick question, of course, because we already face that dilemma today. But I contend that the economic concentration resulting from passage of S. 900 would only make that problem worse.

In a sense, then, campaign finance is only a symptom of a larger problem. By all means, we should drive money out of politics. Absolutely, we should. But even if we succeed, the trend towards economic concentration will diminish the value of democratic decisionmaking. If few or none of the most important economic decisions are made democratically, or are even subject to democratic accountability, what is the point of voting? Indeed, these developments raise important and fundamental questions about the role of democracy itself.

It used to be that these questions were a source of concern for many people. And they were a hot topic for political debate. Thomas Jefferson and Andrew Jackson warned not only against the concentration of political power, but also against the concentration of economic power.

The great Supreme Court Justice Louis Brandeis railed against the ''Curse of Bigness.'' Brandeis argued that industrial concentration coarsened the value of democracy by diminishing the role of individuals in economic decisions. We should not let that debate die. It is a vital part of our democratic heritage.

There may be some colleagues who share these concerns but will nonetheless vote for S. 900. They say this is the best we can do. They say the damage has already been done, and concentration will continue with or without this legislation.

I disagree. I think we need to take a good look at this. Before we consider sweeping changes in our financial services laws, we had better understand the effects of the latest wave of mergers. The true test of these new combinations will be the impact of the next recession. We need to see how these megamergers hold up before proceeding any further.

There is simply no justification or excuse for this kind of invitation to bigness before a solid, updated regulatory system can be put in place. I believe this legislation is an enormous mistake. It is not necessary. And it could do real harm to the economy. It should be soundly defeated. It should be soundly rejected.

Mr. President, with due respect to my colleagues, while I have the floor I want to argue one other case. And I say to both the Senator from Texas and the Senator from Utah, I will not dominate the whole afternoon, but I do want to make one other argument. And it is this: I do not understand why we are on the floor dealing with this legislation. I do not really understand why we are dealing with—what is it called—the Financial Services Modernization Act.

When I talk to people in cafes in Minnesota, they do not talk to me about the Financial Services Modernization Act at all. As a matter of fact, I will tell you something. If you spend a little bit of time with people, most people will say—and both of my colleagues, the Senator from Texas and the Senator from Utah will be happy to hear the first part of what they say, and maybe not as happy to hear the second part. If you do a poll and ask them, ''Are you a liberal or a conservative,'' at the Town Talk Cafe in Willmar, which is my focus group—and that is the name of the cafe—I would say 75 percent of the people say they are conservative. They do.

But you know what? If you stick around and talk to people for a while, they do not like the way in which these big banks have taken over financial services and have driven out the community banks. And they do not like these big insurance companies that are dominating health insurance. And they do not like how these conglomerates are driving family farmers out. And they do not like the concentration in telecommunications. And they do not like to see the merger of the energy companies. And they are not all that happy with Northwest Airlines that basically dominates about 75 percent of the flights in the State of Minnesota.

Those people in the cafes of Minnesota have a healthy skepticism about bigness. They have a healthy skepticism about a piece of legislation that leads to dangerous consolidation, and basically leaves the economic decisionmaking, that can make or break the lives of families and communities and neighbors, in a few hands. They are right. More importantly, one more time, I just want to sound this alarm, which is why I am going to talk a little bit more here. We have a situation in my State of Minnesota right now which I can only define as desperate.

I have spoken at enough farm gatherings. I spoke first, it was a farm gathering in northwest Minnesota, Crookston. Then there was a farm gathering that I spoke at in Worthington. Then there was a farm gathering in Sioux Falls, SD. Then there was a farm gathering in Sioux City, IA. Every time I spoke at those gatherings—and there were 500, 600, 700, several thousand farmers—I looked out there and I saw the pain in the faces of family farmers.

I see the pain in the faces of those family farmers as I am in this Chamber for two reasons: First of all, on the long-term front, these family farmers can't make it without a decent price. They want to know what we are going to do about getting farm income up. Why aren't we talking about farm income today? Why aren't we doing something about agriculture?

They want to talk about when there is going to be antitrust action. They want to talk about who is going to be on their side, not on Cargill's side or IBP's side or Monsanto's side. They want to talk about whether or not there is going to be some protection for them so they have a chance to make it.

These family farmers also want to know why in the world we can't get emergency assistance to them as a part of the emergency supplemental bill. They thought 2 months ago we were going to do it, but we didn't. We left and went home for spring break. Now we are back. I say to the majority party, get that supplemental bill out here on the floor and pass it. How can we hold this bill up? There was supposed to be a separate ag supplemental bill. But I think it was tied to Central American assistance. I think they went together.

It should be passed out of here, because, one more time, the Minnesota FSA is laying off its employees. You might say, so what, a bunch of bureaucrats. Not so. This is a grassroots organization, with people out in the farmland providing people with credit, as a lender of last resort, with more and more demand as farm prices are down, farmers are facing foreclosure, trying to get out there and plant, and they do not have the loan money. This is a demoralized agency, and they are letting people go.

As I said earlier, we are going to have, on the present course, at least 800 farmers who aren't going to get any financing at all. They are going to go under. That is a real emergency supplemental bill.

I am tempted, while I have the floor, to speak for a while about this, because it seems to me that we ought to be doing something about this and we ought to be doing something about it right now. The Financial Services Modernization Act—I have to write this down—the Financial Services Modernization Act does not mean a thing to them. The Financial Services Modernization Act does not mean a thing to these family farmers. They want this Congress to pass that supplemental bill because for them time is not neutral. Time marches on. If they do not get any assistance, they are going to go under. These are hardworking people. I think it is just simply unconscionable. I am not just talking about the Financial Services Modernization Act. I think it is unconscionable that any piece of legislation go forward on the floor of the Senate until we do something about this.

It is absolutely unbelievable; it really is.

I mentioned a story earlier. I see there are people in the Chamber who are watching the debate—or at least watching one person speak. I have a hard time giving people a feel for the gloom that is out there. Again, I talked to Tracy Beckman, not using any names, who is director of the Minnesota FSA.

He said, I think it was this morning, that one of the farmers who was denied a loan because there was no money, because we haven't done anything—we are supposed to pass this emergency supplemental bill and get the funding out there—one farmer today said, ''Well, I'm just going to shoot myself and my family.'' That is horrifying. That is what he said.

There is tremendous economic pain, tremendous desperation. People are going under. We have the Financial Services Modernization Act, this piece of legislation. Frankly, it doesn't mean anything to these farmers. They want to get some help. They would like to get spring planting loan money. That is what they would like to have done for them. That is not what we are doing.

When are we going to get serious? It is clear what this piece of legislation does. We have the Community Reinvestment Act, which has been tremendously important to lots of people in small communities. It has ended redlining. I used to do community organizing against redlining. It has worked well. It has made a huge difference. It's a source of capital, and lots of communities have overcome discrimination. This piece of legislation takes all that away. Wipes it out, wipes it out through the two provisions that I talked about.

My question is, what does it do for ordinary citizens? What does it do for ordinary people? That is the question. Why aren't Senators talking about issues that matter to working people, that matter to ordinary citizens in our country? Why aren't we talking about the Town Talk Cafe?

I see my colleagues on the floor.

Mr. GRAMM. Will the Senator yield for one moment?

Mr. WELLSTONE. As long as I continue to have the floor, I will be pleased to yield.

Mr. GRAMM. I have to accommodate our dear colleague from Minnesota. Let me say, I wish he could go on forever, because I am always enlightened listening to him. But to accommodate him, I asked unanimous consent that he might have 40 minutes when we came back in at 2:15. It is now 3:15. The Senator has spoken an hour.

I asked other people to come over to speak based on that agreement. I do not intend to try to enforce the 40 minutes, but if the Senator could take that into account, because I asked Senator BENNETT, who, as are all of us, is busy, to come over based on that agreement. He has been sitting here now for 25 minutes or so. If the Senator could sort of begin to bring it to a close, it would be much appreciated.

Mr. WELLSTONE. Mr. President, let me say to my colleague that initially—and I appreciate what he is saying and because of that, I will try to bring it to a close—I said I thought it would take 40 minutes. My colleague was gracious enough to say, take the time you need, take an hour and a half, whatever you need. I think that is actually part of the RECORD.

And when he said that—I usually take direction from my colleague from Texas—I thought to myself, well, if I have an hour and a half to talk about the issues that I think we really ought to be talking about, I will take that. So I am about ready to finish up on that hour and a half.

Mr. BENNETT. Mr. President, will the Senator yield for a question?

Mr. WELLSTONE. I am pleased to, although I want to make sure that I focus on some of these other issues. Let me yield for a question.

Mr. BENNETT. I want to answer some of the things the Senator has been saying here and ask him a question in that context.

The Senator has asked the question, why we are taking this up, and why does it matter, and is there any urgency. My question to the Senator is, is he aware of the fact that Robert Rubin, the Secretary of the Treasury, and Alan Greenspan, Chairman of the Federal Reserve system, both testified before the Senate Banking Committee that this legislation was of the highest urgency and that if it did not pass as quickly as possible, the entire banking system of the United States would be adversely affected by virtue of foreign competition? Is the Senator aware of that testimony from the administration and the Federal Reserve Board?

Mr. WELLSTONE. Mr. President, it is a fair enough question. In answering the question, let me say that I actually just did have an opportunity to be in a session with Secretary Rubin in which several of us expressed the very concerns that I have taken an hour to express. He said they are very valid concerns. ''On balance, I think it is better that we do this'' was what he said.

And then when we had a discussion about CRA—and I have devoted a good deal of my time talking about that—the Secretary was very clear about the President's veto letter and very clear that it was important that we maintain these CRA provisions.

Of course, the Secretary is interested in this legislation, though it wasn't quite the same report I heard that my colleague heard. I say one more time—I am coming to the end of my remarks—that in deference to all my colleagues out here, I know this Financial Services Modernization Act has the support of the industry groups and has the support of the financial institutions. Of course, because it is going to lead to more concentration of power and give them more say.

I am sure Alan Greenspan would like it. The Federal Reserve Board is going to have even more power—an unelected body with yet even more decision-making power over decisions that vitally affect people's lives. But I have to tell you, in all due respect to one of my favorite colleagues, the Senator from Utah, one more time, besides believing this piece of legislation is a huge mistake, I won't support this legislation in its present form.

I won't support the alternative, the substitute, either. Besides thinking it is a huge mistake, for reasons I have argued over the last hour—and my colleague from Texas was gracious enough to give me that opportunity—I also want to say one more time to family farmers in the State of Minnesota right now that this Financial Modernization Services Act doesn't mean anything. It doesn't mean a thing. They want to know why we are not getting some loan money out to them right now because they are in such desperate shape. They are trying to live to be able to farm another day.

To the people who are going to be laid off in Minnesota FSA, who are doing the good work of trying to process loans and help people, but have no money to work with, I think it is absolutely outrageous. To all the farmers in economic pain because we are not doing a darn thing about getting farm income up, or about getting price up, or a darn thing to take on some of these big grain companies and packers so family farmers can get a fair shake in the marketplace, I am for putting more free enterprise back into the food industry. It is the big monopolies I don't care for. These farmers have every reason to wonder what we are doing here.

I will tell you one more time that the people in the cafes I have been in are not talking about this particular legislation; they don't see this as a crisis. Alan Greenspan may see the world in a very different way than people in the cafes in Minnesota, and so might the Secretary. Certainly these financial institutions do. Certainly Wall Street does.

But people in Minnesota are not particularly interested in mergers, acquisitions, and all this consolidation of power. They are interested in a good job at a good wage. Why aren't we out here talking about raising the minimum wage?

They are interested in not falling between the cracks when it comes to health care coverage. Why aren't Senators talking about decent health care coverage for people? They are interested in how they can afford prescription drugs. Why aren't Senators talking about affordable prescription drug coverage for seniors, and, for that matter, for all of us? They are interested in how there can be a decent education for their children. Why aren't Senators having a major debate about education or getting resources to communities so we can do a better job of educating our children? They are interested in how we can reduce violence in homes, in

schools, and end the violence in our communities. Why aren't Senators out here with legislation that deals with that? They are interested in how to earn a decent living and how to give their children what they need and deserve. They are interested in making sure that every child, by kindergarten, comes to school ready to learn. Why aren't we investing in good, developmental affordable child care?

That is what they are interested in.

We are not dealing with any of those issues. I want to know when Senators are going to come out on the floor and deal with pieces of legislation that dramatically affect ordinary people, working families in my State and working families around the country.

I yield the floor.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I have enjoyed the presentation by my friend from Minnesota. I return his friendship, and he is my friend. We disagree on just about everything, and we disagree about most of the things he said here today. I want to make a few comments about some of the positions he has taken before I talk about the bill.

As I listened to the Senator run down the litany of things he thinks we ought to solve with legislation—we ought to solve farm prices with legislation; we ought to solve preparation for school with legislation; we ought to solve education, generally, with legislation; we ought to solve the amount of money people earn with legislation, and on down the list—he reminds me of a comment that I found very insightful that was made by a head of state in another country as I was visiting there. This man said to me, ''Politicians think that money comes from the budget.'' Money does not come from the budget. Money comes from the economy. If the economy doesn't work, there is no money in the budget. And if I may, Mr. President, I think that discussing financial modernization has a great deal to do with all of the issues that the Senator from Minnesota was discussing because it has to do with the health of the economy.

If the banking system, the financial system, and the economy does not work efficiently, if it does not work carefully and properly, the economy as a whole will suffer, the amount of tax revenue coming into the Government will suffer, and we can have all of the discussions we want about solving all of the social problems with legislation, and then we will turn around and find that the cupboard is bare.

It is very important that we recognize the impact of this legislation on the Nation's economy. As I said in my question to my friend from Minnesota, we heard testimony in the Banking Committee from the member of the administration most charged with focusing on this area of the economy, the Secretary of the Treasury, and with the head of the independent agency most charged with keeping the economy strong and vital, the Chairman of the Federal Reserve Board, that it was essential that we modernize our financial legislative structure in this country.

Why? They told us that foreign banks are coming to the United States, and as the American banks go overseas, they are competing in a different regulatory framework. They said that the American framework is outdated, it is outmoded, it is expensive, and that it gets in the way of America's ability to compete.

The big banks that my friend from Minnesota attacks so vigorously, the last time I checked, all paid taxes on the revenues they received. The best way to make sure that we do not get those tax revenues is to say, let us hobble those banks in their competitive structure with foreign banks. Let's see to it that they cannot compete in the same kind of atmosphere as their foreign competitors, in the name of preventing them from concentrating power, and then see how much taxes we get from those big banks. Taxes are a percentage of profits; if there are no profits, there are no taxes and there is no money in the budget to pay for all of the programs that the Senator from Minnesota wants to fund.

Now, he made another comment that I found fascinating, from a personal point of view. He said that, of course, the big banks don't like CRA because it forces them to do what they should be doing. He stands up for the little banks that he wants to protect from the big banks that, in his view, want to gobble them up. In my experience with this legislation, it has been exactly the reverse. The big banks have said to me: We don't much care about the CRA provisions. We have learned to live with CRA. We have learned to handle our banking practices in such a way that gets us appropriate CRA ratings. And some of the big banks have said: Don't pay any attention to the CRA amendments in this bill because we can live with them just fine. No. The protest about CRA has come, ironically, given the position of the Senator from Minnesota, from the small banks, the little bank.

Let me give you an example that I have heard of, secondhand, but I think summarizes what we are dealing with here. I have heard of a bank in California that was opened by a group of Chinese Americans. What do you do in the marketplace when you are trying to find a niche that will allow you to survive, whether you are in the banking business, or the clothing business, or the automobile business, or whatever kind of a business? You do look around for some community that is not being served properly, and say to yourself, ''I can fill that niche.'' The oldest business advice in the world is find a need and fill it. Here were a group of Chinese Americans who decided that other Chinese Americans for some reason or another were not getting access to the credit they needed. They found this need and they hoped they could fill it. They did. They were successful. They prospered.

Then comes the CRA regulators, and they said, ''Let us see your books. Let us look at your loans.'' They came back and said, ''You are only making loans to Chinese Americans. That is, you are not complying with the Community Reinvestment Act that requires you to make loans to Hispanics or African Americans or other minorities that we, the regulators, will identify and determine.'' The people at this bank said, ''Of course we are only making loans to Chinese Americans. That is what we set up to do. That is the market we set up to serve.'' ''Well, you will accept the penalties and strictures of CRA regulation if you do not go out and find statistically enough African Americans and Hispanics to meet our requirements.''

This was a community that these Chinese Americans did not understand instinctively. This was the community that they were not set up to serve. Maybe you can say that it was a good kind of thing for them to reach out beyond their natural business area and start serving these other sectors, but it created a burden on this small bank, and it was a very small bank that the managers of the bank objected to.

In my own State of Utah, I get the same reaction. The big banks don't much care about CRA. They don't like it. They find it burdensome. But they have learned to live with it. Banks that have written in that are complaining are the little banks, and they are complaining for the same reason in the example that I have given. They feel they are serving their communities and they are being forced to try to reach beyond their natural communities to try to find somebody who can statistically qualify under CRA.

This is from a very small bank in Utah. The President of the bank says, ''We have and will continue to lend to all segments of our community because it has been defined by regulation. The time spent documenting our community lending efforts for regulatory purposes is in itself counterproductive, as we could instead redirect our energies toward additional lending and community development activities.''

In other words, they are spending more time filling out forms for CRA than they are investing in their community.

Another one from a very small town in Utah, and it is surrounded by the family farmers that the Senator from

Minnesota was talking about: ''Exempting our institution from CRA requirements would allow bank personnel to spend more time with our customers and developing new products rather than gathering information to satisfy CRA documentation requirements.''

We will have a great deal more to say about the CRA issue, I am sure, when it comes up. I simply wanted to make those points in response to the points that were made by my friend from Minnesota, because he is very clearly talking to different people than I am talking to. He is talking to the people in the crossroads cafes. And I think that is fine. But I think when it gets to the issue of banking regulation, he might spend some time talking to people who run banks and talking to people who borrow from banks.

He made another point that I will talk about and then get specifically to the bill.

He talked about the concentration of power, and he railed at great length against corporations that he felt were destroying our democracy. ''Fewer and fewer people,'' he said—I wrote that phrase down—are controlling our economic power.

I want to share a statistic that I saw in the paper last week that has an interesting slant on this.

Back in, say, 1950—my memory is not sharp enough to give you the exact year, but it was sometime in the 1950s—the percentages of Americans who owned stock in corporations was 4 percent. Today it is over 50 percent.

I would say to those who, like my colleague from Minnesota, are concerned about the concentration of power in the hands of a few people, who does he think owns Citibank? Who does he think owns these corporations that he says are so terrible? They are owned by Americans. They are owned by individuals. Fifty percent of Americans now own stock, and the number is going up all the time.

This is one of the reasons that the class warfare arguments that we have heard around this Chamber for so long are beginning to wear thinner and thinner, because the people who own the corporations are ordinary, everyday, hard-working Americans. The days of J.P. Morgan being the controller of these institutions are over. J.P. Morgan is dead, his heirs scattered, and the controlling shareholder ownership of these corporations is in the hands of the teachers' pension fund—in the hands of ordinary people who have invested their savings in these corporations and have a stake in seeing to it that these corporations survive. That is why the class warfare arguments get thinner and thinner with each passing year.

We are in a sense, Mr. President, turning Karl Marx on his head. He wanted the people to own all of the means of production. That was tried in the Soviet Union in the name of the government as they attacked the terrible capitalists in the United States, and ironically it is the capitalists that are seeing to it that the people ultimately own the means of production, but they own the means of production in their own name with shares held in their own name, which they can control and which they can vote and which they can sell if they don't like what the corporation is doing. And we are getting the people's ownership of the means of production through capitalism rather than through the forced distribution of wealth that Karl Marx and his followers practiced in modern communism.

Having given that reaction to the political science lecture from my friend, who was once a professor of political science—I was never a professor, but I was once a student of political science, and I like to engage in these kinds of debate—I would like to say just a few words about the bill.

The fact that it is just a few words is a testament to the expertise of our chairman who has worked harder and more personally on a piece of legislation than any chairman I have ever seen. We have resolved the controversies in this legislation to the point where there are only a few left. The Senator from Texas has led the fight in doing that.

When we first started this, when I first came to the Banking Committee, the number of issues was huge and the gap between those issues was very wide. I would go out and people would ask me where we were on financial modernization. Unlike my friend from Minnesota, I did get those questions. I would go out in places where people were interested. And I would say repeatedly through my first term of service in the Senate that we were nowhere and we were not going to have financial modernization legislation, because the issues were so contentious and the gap between the two sides was so great that we were simply not going to get it done, and, quite frankly, I was not paying any attention to it for that reason. I didn't want to waste my time becoming cognizant of all of the ins and outs of these arguments when the arguments were going nowhere, and the legislation was going nowhere.

We made a major step towards resolving these last year when Senator D'Amato was the chairman of the committee, and we finally began to grapple with some of these issues and tried to bring them closer together. But Senator GRAMM has brought us even closer together and produced a bill on which there are now only relatively few issues in contention rather than the great many issues that were in contention 4 or 5 years ago.

I think that is an extraordinary achievement, not only on the part of the chairman who has led the issue, but, frankly, on the part of the committee as a whole. The fact that we are having this debate when we should have been having it a few years ago, according to those who are following the issue, demonstrates how far we have come.

This reminds me in some ways of the debate we had in the telecommunications bill where we had huge forces on both sides of the issue struggling, literally, for survival. We had telephone companies, cable companies, long-distance carriers, local carriers, all fighting over what would happen to their future.

We finally came together on a bill that virtually everybody could buy off on. They weren't happy with it, but they said they could live with it. We made a landmark step forward in telecommunications.

I think that analogy holds true here. Insurance companies, when I first came to the Senate, were bitter in their opposition to any kind of change that would affect them; banks were chomping at the bit for more competitive opportunities and complaining that laws passed in the 1930s were freezing them out; testimony which I have referred to from Chairman Greenspan and Secretary Rubin indicated we are being savaged by foreign competition because our regulatory structure gets in the way; the securities industry and all the other folks, everybody agreed we needed reform but nobody could agree on the form of that reform.

Now we have a bill before the Senate that, however reluctantly, the insurance companies have said, ''We can live with,'' and the banks have said, ''We can live with''—the big banks and the little banks that are not usually on the same page on everything; the insurance agents and the insurance companies are not necessarily always on the same page.

We have reconciled these various interests now. The regulators have said they can live with this and that. There is only one major regulatory argument left, and we will do our best to work our way through that one and find a compromise.

The time to pass the bill is now. The moment has come when all of these forces are together. Let us not waste that moment. Let the Senate not shatter it all and say we will deal with it later. The forces of competition that led Secretary Rubin and Chairman Greenspan to speak of the urgency of this are still there and their pressures are still there. The passage of time, as we get farther and farther away from the 1930s when our present regulatory structure was put in place, is not on our side in terms of making the financial services in this country efficient, more effective, and more competitive.

We need this bill. We need it now. We should not lose the opportunity we have to seize the moment while there

is a degree of agreement among all of the parties of the bill to get it done.

I salute the chairman for his personal effort in getting us where we are. I urge the Senate to pass the bill.

Mr. GRAMM. Mr. President, let me thank our dear colleague from Utah for his very fine comments. Any colleagues who want an opportunity to speak on the bill should come to the floor to be afforded that opportunity. At some point, if we don't have people over to speak on the bill, Senator SARBANES, under the unanimous consent request, will offer his substitute. Members can wait and speak on that substitute, if the Senator chooses to offer it, and obviously if you want to speak about the bill itself, you can do it on the substitute. Members desiring to speak on the bill before the substitute is pending, should come on over.

Mr. President, I will respond very briefly to our dear colleague, Senator WELLSTONE. Senator WELLSTONE gave an impassioned plea not to repeal CRA. Let me say that one of my great frustrations with our efforts to reform CRA and curb abuses in CRA is that nobody wants to debate the reforms. Even the spokesman for the national association of the community groups that form the heart of CRA has said what they call ''green mail'' exists. They think it is harmful to CRA. Most Americans would call that process ''blackmail'' and not ''green mail.''

I think many people have had at least their eyebrows raised by the fact that $9 billion in cash payments have been made or committed under CRA. CRA is not about giving people money not to testify against your bank merger, or to testify for it; instead, CRA is about giving people an opportunity to have input and present evidence as to whether they are meeting the requirements of the law.

I don't know what any judicial process—and this is a quasi-judicial process, I guess you could say—how anyone would not be revolted by the practice of paying witnesses. In essence, as Members will see when we begin the debate on CRA and we show some of the documents with the names redacted, that is exactly what is happening all over America today.

The point I make about CRA is no one is talking about repealing CRA. This is not a debate about repealing or weakening CRA. This is a debate about integrity of banks that have longstanding records of compliance, and whether somebody just by calling them a name—by saying they are a loan shark, they are a racist, or some other inflammatory name—should be able to delay actions that they are guaranteed on an impartial basis under the law.

All our provision in the bill says is that if a bank is going to be denied the ability to do something that they would have to be in CRA compliance for, and they have a long history of being in compliance on CRA, then those people who object—for their objection to be used to delay the process—have to present substantial evidence.

Now, ''substantial evidence'' is defined in law more precisely than any other term of art in the American legal system: more than a scintilla of evidence; facts that would lead a reasonable person to think that something might be true.

We are talking about the lowest standard of law, not the highest standard.

The second provision in out bill would allow very small banks in rural areas that don't have a city to serve, much less an inner city, to be exempt from a regulatory burden that costs them between $60,000 and $80,000 a year, even though these banks generally have only between 6 and 10 employees. Since 1990, in 16,000 audits of these small, rural banks, only three banks have been found to be in substantial noncompliance.

Every word that the Senator said about not repealing CRA I am sure resonated, but it doesn't have anything to do with the debate we are having. Nobody is proposing we repeal CRA in this bill. We are talking about two targeted reforms. I don't want anybody to get confused.

Senator DODD has come to the floor. I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, I have noticed over the last week every time I get up to give a talk, the Senator from Idaho is in the Chair.

The PRESIDING OFFICER. I love to hear the Senator's speech.

Mr. DODD. I enjoy the Senator's collegiality and leadership. It is nice to have the distinguished Senator from Idaho as a new Member of the Senate.

Let me begin these brief remarks by commending the distinguished chairman of the committee, Senator GRAMM, and the ranking Democrat, Senator SARBANES, for their efforts on this legislation to date.

I have been on the Banking Committee, and in fact I sat with my colleague from Maryland. I have been in the Congress 24 years, and I think for almost all 24 years he has been my seatmate—usually depending on where we were, the majority or the minority, to the left or right of me—almost all 24 years on one committee or another, including service in the House, in the Judiciary Committee, and then over these last 18 years in both the Foreign Relations Committee and the Banking Committee. I have been fortunate to have his good counsel and advice, and admired his leadership and thoughtfulness on so many issues. This is one which I constantly feel like the mythological figure of Sisyphus, rolling up this rock of financial services modernization every Congress. I do not think there is one we have missed since my arrival in this Chamber 18 years ago, not one Congress in which we have not tried to address the issue of modernization of financial services. On numerous occasions, the Senate, this body, actually completed its work but, because of bifurcated jurisdictions and other matters in the House, we were never able to attain success; that is, sending a bill, a broad bill on financial modernization, to a President, any of them that I served with—including President Reagan, President Bush, and now President Clinton.

But we are precariously close to achieving a result that has been unattainable over the last number of years. The fact that we are dealing with this legislation as early as we are in this Congress is heartening to me, because it means we have in front of us an opportunity to complete action on what I think is a worthwhile endeavor.

Again, let me commend my two colleagues who are making it possible for us to arrive at the point where we are on the floor of the Senate. Over the next several days we will consider, I assume, a number of different amendments that will, I hope, allow us to bring broad-based support to this proposal and to enter a conference with the other body and send a measure to the President which he can sign.

That is a lot of steps in front of us. I realize that. But if you know the past history of this legislation, they seem like minor steps indeed, when you consider we rarely reach the point we are today.

Let me also, once again, in this forum here, commend my colleague from Texas, Senator GRAMM. This is his first major legislative effort as chairman of the Banking Committee. He has had other major legislative efforts but never as the chairman of this committee. He deserves all due credit for his contributions to this bill. Few committee chairmen have more personally invested themselves in a piece of legislation than he has. As I said a moment ago, my colleague and friend from Maryland brings a career's worth of experience in dealing with financial services issues, both domestic and international. His counsel and advice and words of wisdom ought to be heeded.

The legislation before us does address some very, very important issues, outstanding issues. It provides a framework for modernization of our Nation's financial services. It allows banks and securities firms, as I know you have heard from both the chairman of the committee and the Senator from Maryland, and insurance companies, to affiliate. It provides a rational process, we think, for these affiliations to take place.

Although it needs to improve, in my view this bill provides some significant

benefits and protections to consumers who would not only benefit from these diversified firms but who would also benefit from having standardized and comprehensive protections for the sale of securities and insurance products.

Let me add right here, these are arcane subject matters. Sometimes we are asked where the consumer protections are in this bill; where is the consumer in this legislation? The consumer is all through this bill, in a sense. First and foremost, the consumer is there because consumers are seeking to handle their financial matters in a more expeditious way, knowing they have broad, comprehensive protections.

In many ways, this legislation is trying to catch up with what already is occurring in the marketplace, both at home and abroad. By regulation and court decision, much of our modernization is occurring. What we are seeking to do here is involve ourselves, as we should have been years ago, in setting out the guidelines of modernization from a public policy standpoint. So it is very important legislation because the courts, and in too many cases the regulators, do not bring to bear the kind of consumer issues that only a public policy forum like the Senate can do.

When the issue is raised where is the consumer in this legislation, in fact the consumer is all through this bill. It is our goal here to see to it that they will be able to conduct their financial matters, financial business in a way that conforms to the lives and demands of consumers in this country, and that will also better equip them with protections in dealing with other matters in securities and insurance issues.

This bill also protects the traditional right of States to regulate insurance, something that has been subject to longstanding debate. This will codify at the end of the 20th century how we in Congress feel about that issue, while at the same time will provide for functional regulation of all financial institutions. That has been an ongoing debate for years, and one that the adoption of this bill would establish firmly as we enter the 21st century.

But I believe the outstanding issues, such as banking and commerce, the operating subsidy of affiliate structure and additional consumer protections, can and will be worked out in a reasonable fashion. However, I must share my deep frustration, frankly, and great concern over the future of financial services modernization legislation. During my tenure, as I said a moment ago, in the Senate, I, like many of my colleagues, have invested a significant amount of time and effort attempting to enact modernization legislation. I am of the belief that it is vital to the future of America's financial services industries and important to consumers as well.

This process has not been an easy one. Finding the delicate balance of protecting consumers while at the same time creating a regulatory framework that fosters market efficiency and industry innovation has been a difficult and a long task. I had hoped that by today I would be speaking on behalf of the merits of a bipartisan legislative approach. I had hoped to speak on behalf of a bill that last year received the overwhelming support of the Senate Banking Committee by a vote of 16 to 2. Just recently, similar legislation passed the House Banking Committee by a vote of 51 to 8. Instead, I reluctantly rise to express my deep concerns about the legislation before us that attacks what I consider to be one of the most important laws in our Federal code, the Community Reinvestment Act, CRA, of which you are going to hear a great deal in the coming days.

The attack on CRA contained in this legislation is clear, in my view, and unmitigated. It broadly exempts depository institutions from CRA. It attempts to address a problem that simply does not exist, and in the process, in my view, does great harm to a law that has brought billions of dollars in mortgage and small business credit to rural and urban Americans, allowing them to participate with equal opportunity to expand their financial gains and opportunities in this country.

As you know, this bill as drafted will be vetoed by the President. We usually receive a statement of administration policy written by the appropriate department head. Only on rare occasions does the President of the United States write a personal letter prior to committee markup, stating his concerns and articulating his promise to veto a bill if certain provisions are not resolved. Of primary importance to the President is the preservation of the Community Reinvestment Act in the context of any financial modernization legislation.

I will say very directly—I say this to my colleagues, whom I know have a different point of view. If this bill is not changed to address various CRA concerns, the President of the United States will veto this bill. And that mythological figure of Sisyphus will, once again, rear his head at the close of the 20th century and we will fail in our attempts to modernize financial services.

That would be a great misfortune. But I say as well that to pass a piece of legislation as we end the 20th century, about to begin the 21st, and to disregard the principles and values incorporated in the Community Reinvestment Act, also, in my view, would be a tragedy of significant proportion.

The veto of this bill as written is certain, as certain as our ability to avoid it. We should understand who supports this attack on the CRA provisions contained in this bill. The attack has not been sought by the industry, which is normally the case. There is no constituency of support for them. The support of this legislation is not contingent on the inclusion of CRA provisions. Banks are in the midst of their 7th year of record profits with CRA as the law of the land.

Over the years, at the request of industry and appropriate regulators, CRA has been simplified and modified to be far less invasive to depository institutions. The fact of the matter is that banks care little about changing CRA. The attack on CRA is truly supported only by a few people. I say again with deep respect to my colleague and friend from Texas, who cares deeply about this issue, as does the senior Senator from Alabama: I respect their points of view. I disagree with them fundamentally. I respect their points of view. But there are really no other constituencies that I can find who share their point of view on this issue. There are many people who have a different point of view, including financial institutions, consumer groups, and others about the importance of extending the CRA provisions.

Let me reiterate, if I can. The President of the United States, all Federal regulators, industry, 51 of the 60 Democrats and Republicans in the House Banking Committee, 16 of the 18 Democrats and Republicans in the Senate Banking Committee, all support the preservation of CRA.

While not perfect—and no one is arguing that it is—CRA, in my view, and in the view of many others, has been truly a success story.

Between 1993 and 1997, the number of conventional home mortgage loans extended to African Americans increased by over 70 percent. Let me repeat that. Between 1993 and 1997, the number of conventional home mortgages extended to African Americans increased by over 70 percent.

Over the same period, the number of home mortgage loans increased 45 percent for Hispanics, and 30 percent for Native Americans.

According to the Small Business Administration, loans to African-American-owned businesses doubled between the years of 1993 and 1997.

More than $1 trillion has been leveraged under CRA—credit for home mortgages, small businesses, and other purposes—that has enabled creditworthy citizens, minority creditworthy citizens to improve their economic status and that of their families in both rural areas and inner cities.

We should not retreat from these laudable goals if we are going to make the modernization of financial services conform with the modernization of a society that reaches out to each and every sector of that society to see to it that they have the equal opportunity to invest and to grow and to enjoy the full benefits of being Americans.

Despite these strides, CRA has not erased all lending discrimination in this country.

In 1997, mortgage loans for African Americans, Native Americans, and Hispanics were denied at a rate of more than twice those of white mortgage applicants of similar incomes. For both urban and rural areas, CRA has played an invaluable role in economic development.

I recently received a letter from the U.S. Conference of Mayors, signed by the mayors of nearly 200 towns and cities of all sizes, from New Haven, CT, to Houston, TX. Let me quote them. It states:

> The Community Reinvestment Act has played a critical role in encouraging federally insured financial institutions to invest in the cities of our nation.

The letter goes on further and says:

> Unless the onerous CRA provisions are addressed and the CRA is preserved, we would urge strong opposition to the Senate bill as presently drafted.

Urban areas are not the only beneficiaries of CRA. CRA loans assist small farmers in obtaining credit for operating expenses, livestock, and real estate.

Less than a month ago, we voted unanimously to award a Congressional Medal of Honor to Rosa Parks. As we all know, Ms. Parks led the fight in this country for racial equality. The CRA provisions in this bill we have before us today would send, in my view, Rosa Parks and many others to the back of that bus economically. They would directly hurt minorities and rural citizens by restricting their right to pursue the American dream to own a home, start a small business, to receive fair access to credit.

Despite my strong support for financial services modernization—and, Mr. President, it is very strong, indeed—if the price of modernization is the denial of financial services in the 21st century to rural Americans, African Americans, Asian Americans, Hispanic Americans, and Native Americans in the country, then I am unwilling to pay it.

I strongly urge my colleagues to support Senator SARBANES' substitute amendment and Senator BRYAN's CRA amendment. In my view, if these measures are improved, as I believe they should be, then I think we would have a strong bill.

There are a lot of other amendments that may be offered. There is a debate over the op-sub and the affiliate issue. I think that is an important issue. I think the issue of privacy in financial dealings is an important issue. And there are many other matters that may be raised.

But, in my view, nothing—nothing—is as important as whether or not we are going to provide equal access to our financial institutions to all Americans. The Community Reinvestment Act has made a significant contribution to tearing down the barriers that have existed far too long and has provided the access to credit, home mortgages, and improving the financial future of too many of our citizens to retreat now. To back up on a major, major bill such as this, I think, would be a great retreat, indeed.

So as strongly as I support the concepts included in the fundamental financial modernization bill, Mr. President, I could not support a bill that treats too many of our Americans unfairly as they presently are by retreating on Community Reinvestment Act provisions.

So I urge my colleagues, those who care about financial modernization, those who care about civil rights and care about access to financial institutions, to support the substitute, support the CRA amendments. I think then we would have a strong bill, and remaining issues could be resolved without too much difficulty. But a bill that fails to address this issue is a bill that, in my view, will not pass and will not be signed into law, and it would be an unfortunate, unfortunate day, indeed.

Mr. President, with that, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GORTON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BYRD. Mr. President, is time under control?

The PRESIDING OFFICER. There is no control of time.

Mr. BYRD. I thank the Chair.

I presume that the Pastore rule has expired for the day?

The PRESIDING OFFICER. It expired at 1:15 this afternoon.

Mr. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent to speak for not to exceed 5 minutes out of order.

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

COMMENDATION OF THE REVEREND JESSE JACKSON

Mr. BYRD. Mr. President, over the weekend, a glimmer of light broke through the war clouds shrouding Yugoslavia. That light was kindled by the release of the three American soldiers who have been held hostage in the Federal Republic of Yugoslavia since their capture by the forces of Yugoslav President Slobodan Milosevic on March 31. The individual responsible for this remarkable turn of events is the Reverend Jesse L. Jackson. For his efforts, he has earned the thanks of a grateful nation. Due to the faith and determination of Mr. Jackson, the Reverend Joan Brown Campbell of the National Council of Churches and the delegation of religious leaders that Mr. Jackson led to Yugoslavia, in this one small corner of a terrible conflict, good has triumphed over evil.

I have no doubt but that the motives of President Milosevic in freeing the American servicemen will be analyzed, dissected, and ruminated on by the commentators in the coming days. Despite all the conjectures, we may never know what he was hoping to achieve. Surely Milosevic will be disappointed if he believes that this gesture, welcome as it is, will blind the United States and the rest of NATO to the atrocities that he is inflicting on the ethnic Albanian population of Kosovo.

But in contrast to Mr. Milosevic, we do know what the Reverend Mr. Jackson was hoping to achieve.

He has faced some of the most ruthless strongmen in the world, including Syrian President Hafiz Assad, Cuban President Fidel Castro, and Iraqi President Saddam Hussein.

In 1984, Mr. Jackson won the release from Syria of Navy Lieutenant Robert Goodman Jr., who was shot down over Lebanon. That same year, he persuaded Castro to release 48 American and Cuban prisoners. In 1990, he helped to win freedom for more than 700 foreigners who were being detained as human shields by Saddam Hussein following the invasion of Kuwait. His trip to Yugoslavia marks the fourth time that Jesse Jackson has won freedom for hostages.

In the faces of the freed soldiers and their families, I am reminded once again that faith can move mountains. I salute the Reverend Mr. Jackson and his delegation for their remarkable success.

Mr. President, as a mark of respect for Mr. Jackson and the delegation of church leaders, I am today submitting a Sense of the Senate Resolution commending Mr. Jackson for the deep faith that marked his mission to Belgrade, and for his successful efforts to free Staff Sergeant Andrew A. Ramirez of California, Staff Sergeant Christopher J. Stone of Michigan, and Specialist Steven M. Gonzales of Texas. We welcome these soldiers home with open arms. We also salute the brave men and women of our armed forces who remain in harm's way in the Balkans. Their courage and patriotism, and the dedication and sacrifice of their families, are appreciated and honored by all Americans.

Mr. President, I ask unanimous consent that I may send the resolution to the desk and that it be held there until the majority leader and the minority leader decide upon a proper disposition of it, but that it can't be held longer than a day, the end of business today.

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

Mr. GRAMM. Mr. President, I ask the distinguished Senator from West Virginia to add me as a cosponsor to that resolution, if he would.

Mr. BYRD. I thank the distinguished Senator. Mr. President, I make that request.

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

Mr. BYRD. Mr. President, I have retrieved my resolution from the desk. I ask unanimous consent that S. Res. 94 be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 94

Whereas on March 31, 1999, Staff Sergeant Andrew A. Ramirez, Staff Sergeant Christopher J. Stone, and Specialist Steven M. Gonzales were taken prisoner by the armed forces of the Federal Republic of Yugoslavia while on patrol along the Macedonia-Yugoslav border;

Whereas Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales conducted themselves throughout their ordeal with dignity, patriotism, and faith;

Whereas the Reverend Jesse Jackson led a delegation of religious leaders to the Federal Republic of Yugoslavia that succeeded in negotiating the release of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales; and

Whereas the Reverend Jesse Jackson has previously succeeded in securing the release of hostages held in Syria, Cuba, and Iraq: Now, therefore, be it

Resolved, That—

(1) the Senate commends the Reverend Jesse Jackson for his successful efforts in securing the release of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales, and for his leadership and actions arising from his deep faith in God; and

(2) the Senate joins the families of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales in expressing relief and joy at their safe release.

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

The Senate resumed consideration of the bill.

Mr. ALLARD addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, I rise in support of S. 900, the financial modernization bill. I supported this legislation as a member of the Banking Committee, and I commend Chairman GRAMM for the excellent work he has done in bringing this bill to the floor. The chairman has worked very hard to craft a bill that makes sense. It is balanced and will benefit our economy.

This legislation is designed to modernize America's financial services industry by providing a sensible framework for the affiliation of banks, securities firms, insurance companies, and other financial institutions. It is, of course, very difficult to craft a compromise that is acceptable to many diverse interests, but it is necessary that we do so.

Much of our financial services industry is governed by laws written in the 1930s. Congress has struggled with this issue for many years. I am hopeful that this is finally the year we enact this legislation.

I will focus my comments on several issues concerning community banks.

In Colorado, the community bank is an important institution. It is the center of many of our towns and rural areas. I have worked hard to represent their interests in the Banking Committee. I am a supporter of the provisions in this bill to exempt small rural banks from the Community Reinvestment Act. For small banks, the CRA, or Community Reinvestment Act, is a regulatory burden. While a large bank can often devote an entire department to CRA compliance, a small bank has to divert scarce resources toward compliance. Each of these small banks is required to undergo regular exams and actually designate a CRA compliance officer. This makes little sense when one recognizes that small rural banks could not survive if they did not invest in the community. Frankly, where else could they put their money?

I will read a few excerpts from Colorado banks on this very important point.

From the First National Bank of Stratton:

> Your amendment removing the CRA requirement will have a positive benefit for small community banks located in non-metropolitan areas. As a small community bank in a town of 700, the employees and the bank's officers are already involved in literally everything going on in the town. The CRA requirement provides a burdensome paper and personnel requirement for small community banks.

Remember, this is coming from a bank in a town of only 700 people.

Then from the First National Bank of Cortez:

> In our bank, our compliance officer spends a great deal of time preparing documents for the CRA file and Bank Examiners. We estimate that it takes 80 to 100 hours each year to update the CRA file, and to date, we have never had a customer ask to see the file.

Then from the First National Bank in Las Animas and La Junta:

> I strongly support the provision to remove the onerous requirements of the CRA from small rural banks. We serve our communities well and if we do not serve the needs of our community we will not exist.

From the Kirk State Bank:

> As a small rural bank, the CRA is a burdensome regulation. In reality, small banks and small communities have to be good community citizens to be successful and a bureaucratic regulation does nothing to improve the situation.

Mr. President, I ask unanimous consent to have the text of these letters and others from Colorado bankers printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE FIRST NATIONAL BANK OF STRATTON,
Stratton, CO, March 29, 1999.

Hon. PHIL GRAMM,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR GRAMM: Your amendment removing the CRA requirement will have a positive benefit for small community banks located in Non-metropolitan areas. As a small community bank in a town of 700, the employees and the bank's officers are already involved in literally everything going on in the town. The CRA requirement provides a burdensome paper and personnel requirement for small community banks.

Your support of this amendment is greatly appreciated.

Yours Truly,

DANA M. SIEKMAN,
Vice President.

FIRST NATIONAL BANK, CORTEZ,
Cortez, CO, March 30, 1999.

Hon. PHIL GRAMM,
Chairman, Committee on Banking, Housing and Urban Affairs, Washington, DC.

DEAR SENATOR GRAMM: Thank you for your letter of inquiry regarding our position on your amendment to exempt banks less than $100 million in aggregate assets from the CRA regulation.

Needless to say, I am very proud of you and your committee and strongly desire that this amendment be passed.

In our bank, our compliance officer spends a great deal of time preparing documents for the CRA file and Bank Examiners. We estimate that it takes 80 to 100 hours each year to update the CRA file, and to date, we have never had a customer request to see the file. Of course the Bank examiners do request this information. We find that this regulation is completely worthless and of no benefit at all.

Also, in my opinion the whole CRA regulation should be disposed of, since it does not apply to others in the financial industry.

Very truly yours,

DONALD G. HALEY,
President.

THE FIRST NATIONAL BANK,
Las Animas, CO, March 29, 1999.

Hon. PHIL GRAMM,
Chairman, U.S. Senate Committee on Banking, Housing and Urban Affairs, Washington, DC.

DEAR SENATOR GRAMM: I appreciated your letter of March 22, inquiring about the financial services modernization bill and the exemption from the requirements of CRA for smaller rural banks, such as our own. Although I do not believe many of the aspects of the financial services modernization bill are in the best interest of our nation I strongly support the provision to remove the onerous requirements of the CRA from small rural banks. We serve our communities well and if we do not serve the needs of our communities we will not exist. The CRA requirements, are in many cases, counter-productive and anything that can be done to remove the bureaucracy involved in that would be appreciated. Thank you again for soliciting input.

Sincerely,

DALE L. LEIGHTY,
President.

THE KIRK STATE BANK,
Kirk, CO, March 31, 1999.

Senator PHIL GRAMM,
U.S. Senate, Committee on Banking, Housing and Urban Affairs, Washington, DC.

DEAR SENATOR GRAMM: Thank you for your letter of March 22, 1999 regarding the CRA Amendment.

As a small rural bank, the CRA is a burdensome regulation. In reality, small banks in small communities have to be good community citizens to be successful and a bureaucratic regulation does nothing to improve the situation.

Very truly yours,

L.E. HOUSE,
President.

FOOTHILLS BANK,
Wheat Ridge, CO, April 13, 1999.

Hon. PHIL GRAMM,
Chairman, Banking Committee, U.S. Senate, Washington, DC.

DEAR SENATOR GRAMM: The Community Reinvestment Act has outlived it's usefulness, and was never fairly implemented to included all financial institutions. It was a government hammer to force banks to make loans and open branches that were not prudent. Enforcement of discrimination laws produces better results.

Please hold firm on exempting banks with less than $100 million in assets from CRA requirements during your consideration of the Financial Services Modernization bill. The exemption should be at the $500 million level, if not removed altogether, and all financial institutions (lenders) should be included; such as Credit Unions.

Finally, please remember, this great Country's economic health is largely based on the freedom of individuals who take the risk of opening a small business, and a small bank is a small business. The less government regulation for small banks the better we can compete with large banks who have full time staffs to handle regulatory requirements. As the President of a small bank that I started after a large bank purchased the bank I had worked at for 20+ years, and let me go at the ripe old age of 49 years, I wear many hats and spend much of my mornings reviewing stacks of regulatory correspondence. Any relief will be appreciated.

Sincerely,

JOE L. WILLIAMS,
President & CEO.

FIRST NATIONAL BANK
OF CANON CITY,
Cañon City, CO, April 7, 1999.

Hon. PHIL GRAMM,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR GRAMM: We support your thoughts that rural banks of less than $100 million in assets should be exempt from the provisions of CRA. In my thirty years of banking, I can honestly say that CRA compliance issues in a bank of this size ($95 million in assets in a community of less than 50,000 people)are unnecessary. This bank and every other rural bank, by their very nature, are leaders and innovators in meeting the credit needs of the citizens and businesses in communities in which they are located.

Our directors, officers and employees, for the most part, were born and raised in this community and they volunteer untold numbers of hours to community organizations and governmental agencies. While attending these events, we have and take the opportunity to listen to the needs of the community and to communicate our products and services accordingly. We often develop new products and services, or actually sponsor events, to satisfy specific needs based on feed-back we have received from the community.

The present CRA examination procedures for small banks have already been simplified to the point, that the remaining procedures are nothing more than an exercise in futility. The results prove nothing that the examiner doing the work and the bank being examined does not already know. The bank is truly meeting the community's credit needs and there is no discrimination or redlining taking place. Eliminating small rural banks from any and all CRA requirements would be cost effective and will permit bank examiners to focus on safety and soundness areas that are truly meaningful and effective in the examination process.

Respectfully yours,

WILLIAM H. PAOLINO,
Sr. V.P. and Cashier.

PAONIA STATE BANK,
Paonia, CO, April 1, 1999.

Senator PHIL GRAMM,
Chairman, Committee on Banking, Housing, & Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR GRAMM: Thank you for your letter of March 22, 1999, received today. Please be advised that we do support the amendment to the Financial Services Modernization bill, to exempt banks with less than $100 million in assets and in non-metropolitan areas, from CRA requirements.

We believe that mall community banks have more than demonstrate that we must reinvent in our communities on a wide basis, simply to continue in business. With the high levels of competition in the marketplace, we do not have any alternative but to complete rigorously, and that means covering all areas and segments of our population and service areas, with full and complete banking services. The costs of doing so are enormous without the added costs of documentation of compliance with CRA. It will be more helpful to small community banks like ours to be relieved of such burden, and we thank you for pursuing the amendment.

Sincerely,

CLINTON W. BOOTH,
President & CEO.

THE GUNNISON BANK
AND TRUST COMPANY,
Gunnison, CO, April 9, 1999.

Hon. PHIL GRAMM,
Committee on Banking, Housing, and Urban Affairs, Washington, DC.

DEAR SENATOR GRAMM: Thank you for your letter regarding the pending financial modernization legislation. While I applaud your support of regulatory relief from the burdens of the Community Reinvestment Act for small rural banks, there continue to be provisions of the financial modernization legislation that concerns me. I believe, as does the Independent Bankers of Colorado on whose Board I am a member, that the financial modernization bill as it is currently written is harmful to community bank interests.

We support the closure of the unitary thrift holding company loophole through which an increasing number of non-banking firms are acquiring thrifts. We agree with the Federal Reserve, Independent Bankers' of America Association and American Bankers' Association that this loophole allows the mixing of banking and commerce and the entry of non-federally insured entities to the payments system and discount window. Without a payments system reserved solely for federally insured financial institutions the future of community banking is doubtful. Community banks cannot compete effectively against a combination of the country's largest banking, financial and commercial firms. These combined entities would own and control products and services vital to the continuing viability of community banks. Moreover, they would control access to the payments system the lifeblood of community banks and communities throughout Colorado and the nation, especially of our rural community banks and communities.

For these same reasons, we oppose any commercial basket that allows a bank to invest its revenues in commercial firms-the mixing of banking and commerce. Community banks cannot compete effectively against financial and commercial conglomerates that will control a variety of commercial and consumer markets.

We support an increase in community bank access to the Federal Home Loan Bank (FHLB) by according membership to the FHLB for all banks less than $500 million in assets and by including agricultural and small business paper as eligible collateral. Alternative sources of funding are becoming increasingly expensive for community banks to acquire. Increased access to the FHLB will help to ensure an additional, affordable source of funds for community bank lending, particularly rural community bank lending. Without affordable sources of funding, community banks cannot adequately support their local communities.

Community banks remain concerned about the insurance provisions that may be included in financial modernization legislation. We urge that Congress not take any legislative steps that would hinder community bank insurance activities. Community banks must retain the authority to engage in insurance activities to be able to compete effectively against big banks, insurance companies and financial conglomerates controlled by unitary thrift holding companies that are increasingly in pursuit of community bank customers.

Thank you for seeking my input into your laudable efforts to reach a comprise on financial modernization that benefits all parties.

With Sincere Regards,

TOM L. HAVENS,
President.

THE FIRST NATIONAL BANK
OF STRATTON,
Stratton, CO, March 26, 1999.

Hon. PHIL GRAMM,
Chairman, Committee On Banking, Housing & Urban Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR GRAMM: I would like to thank you for your support in the Senate Banking Committee, concerning your proposal to exempt Banks with under one hundred million in assets, from the Community Reinvestment Act.

We strongly support this exemption. We are all over burdened with regulatory requirements and CRA is at the top of this list. We have devoted countless hours and thousands of reams of paper to be outstanding in our CRA Reports.

It is a well known and documented fact that any Bank surviving in the 80's and into the 90's who is not meeting the requirements of the Community Reinvestment Act, is not succeeding. Most small Banks not in the

metropolitan setting perform all the acts, required under CRA, in their daily survival.

It might be further interesting to note that due to the change in the matrix and composition of the requirements for an outstanding CRA rural Banks find it very difficult to receive an outstanding. We had worked diligently and faithfully to maintain an outstanding CRA Rating and then with the change of rules we are almost excluded by a definition form being able to obtain an outstanding rating and have to be satisfied with merely a satisfactory.

This again points up the fact that there is no reason to go through that gyration to be only satisfactory, as we certainly are satisfied in the daily performance of our Banking lives. We are all concerned about the Community and daily make every effort to enhance the Communities which we serve.

We therefore highly support the exemption of this requirement on the smaller institutions. It would save us dollars and cents, but more importantly would allow us the time to get out of the office, away from the paper work requirements and actually serve the customers as we intend to. It would also help provide one less unfair advantage to small Banks concerning our Credit Union struggles and brings us one step closer to a level playing field. Credit Unions are not required to be under any CRA requirements.

I thank you for the opportunity to be heard and to support your efforts on the Financial Modernization Bill. We also would ask for your support in closing the unitary thrift loophole which is detrimental to the small Banks and the Banking payment system in general. We believe these two items are of the highest priority in the up coming Modernization Bill.

Respectfully,

ROBERT L. TODD,
President.

Mr. ALLARD. Mr. President, these letters contain a number of views on the CRA and other provisions of the bill.

Now I want to talk about taxes. For over a year now, I have been working on legislation to reduce the tax burden on small banks. Last week, I introduced S. 875 along with Chairman GRAMM and Senators BENNETT, ABRAHAM, HAGEL, ENZI, MACK, GRAMS and SHELBY.

This legislation expands the subchapter S option for small banks. Subchapter S is a portion of the Tax Code designed for small businesses with a modest number of shareholders. The most important feature of subchapter S is that it eliminates the double taxation faced by corporations. Subchapter S businesses are taxed only at the shareholder level.

Congress made this provision available to banks 3 years ago. Since then, nearly 1,000 small banks have converted from C corporations to S corporations. Unfortunately, many more would like to convert. They are prevented from doing so by a number of remaining obstacles in the tax law.

My legislation would change this by making subchapter S available to many more banks. I will be working closely with Senator GRAMM and the Finance Committee in the months to come in an attempt to include this legislation in a tax bill.

Mr. President, I will include a full description of the provisions of my bill at the end of these comments.

I also want to talk briefly about one additional matter that has come to my attention. This is a proposal to permit banks to be organized as limited liability companies, or LLCs. LLCs were first created in the mid-1980s and have spread throughout the Nation. Virtually every State now permits businesses to be organized as LLCs, as well as corporations and partnerships. The tax benefit of an LLC is similar to that of a subchapter S corporation. Double taxes are eliminated and taxes are paid at the level of the owners. Up to this point, Federal law had limited banks to the corporate form.

In recent years, a number of experts have questioned this restriction, and there appear to be good reasons why we may wish to examine permitting small banks to be organized as LLCs.

I will provide the chairman with language on this point and ask that he take a good look at it. I want to thank Chairman GRAMM, once again, for his hard work on this bill. I have been pleased to be a member of the Banking Committee, and I am pleased to support the legislation.

Mr. President, I ask unanimous consent that an explanation of my legislation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SMALL BUSINESS AND FINANCIAL INSTITUTIONS TAX RELIEF ACT OF 1999 LEGISLATION TO REDUCE THE FEDERAL TAX BURDEN ON SMALL BANKS

This legislation expands Subchapter S of the IRS Code. Subchapter S corporations do not pay corporate income taxes, earnings are passed through to the shareholders where income taxes are paid, eliminating the double taxation of corporations. By contrast, Subchapter C corporations pay corporate income taxes on earnings, and shareholders pay income taxes again on those same earnings when they pass through as dividends. Subchapter S of the IRS Code was enacted in 1958 to reduce the tax burden on small business. The Subchapter S provisions have been liberalized a number of times over the last two decades, significantly in 1982, and again in 1996. This reflects a desire on the part of Congress to reduce taxes on small business.

This S corporation legislation would benefit many small businesses, but its provisions are particularly applicable to banks. Congress made S corporation status available to small banks for the first time in the 1996 ''Small Business Job Protection Act'' but many banks are having trouble qualifying under the current rules. The proposed legislation:

Permits S corporation shares to be held as Individual Retirement Accounts (IRAs), and permits IRA shareholders to purchase their shares from the IRA in order to facilitate a Subchapter S election.

Clarifies that interest and dividends on investments maintained by a bank for liquidity and safety and soundness purposes shall not be ''passive'' income. This is necessary because S corporations are restricted in the amount of passive investment income they may generate.

Increases the number of S corporation eligible shareholders from 75 to 150.

Provides that any stock that bank directors must hold under banking regulations shall not be a disqualifying second class of stock. This is necessary because S corporations are permitted only one class of stock.

Permits banks to treat bad debt charge offs as items of built in loss over the same number of years that the accumulated bad debt reserve must be recaptured (four years) for built in gains tax purposes. This provision is necessary to properly match built in gains and losses relating to accounting for bad debts. Banks that are converting to S corporations must convert from the reserve method of accounting to the specific charge off method and the recapture of the accumulated bad debt reserve is built in gain. Presently the presumption that a bad debt charge off is a built in loss applies only to the first S corporation year.

Clarifies that the general 3 Year S corporation rule for certain ''preference'' items applies to interest deductions by S corporation banks, thereby providing equitable treatment for S corporation banks. S corporations that convert from C corporations are denied certain interest deductions (preference items) for up to 3 years after the conversion, at the end of three years the deductions are allowed.

Provides that non-health care related fringe benefits such as group-term life insurance will be excludable from wages for ''more-than-two-percent'' shareholders. Current law taxes the fringe benefits of these shareholders. Health care related benefits are not included because their deductibility would increase the revenue impact of the legislation.

Permits Family Limited Partnerships to be shareholders in Subchapter S corporations. Many family owned small businesses are organized as Family Limited Partnerships or controlled by Family Limited Partnerships for a variety of reasons. A number of small banks have Family Limited Partnership shareholders, and this legislation would for the first time permit those partnerships to be S corporation shareholders.

Permits S corporations to issue preferred stock in addition to common. Prohibited under current law which permits S corporations to have only one class of stock. Because of limitations on the number of common shareholders, banks need to be able to issue preferred stock in order to have adequate access to equity.

Reduces the required level of shareholder consent to convert to an S corporation from unanimous to 90 percent of shares. Non-consenting shareholders retain their stock, with such stock treated as C corporation stock. The procedures for consent are clarified in order to streamline the process.

Clarifies that Qualified Subchapter S Subsidiaries (QSSS) provide information returns under their own tax id number. This can help avoid confusion by depositors and other parties over the insurance of deposits and the payer of salaries and interest.

Mr. ALLARD. Mr. President, I yield back my time.

Mr. SCHUMER addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. SCHUMER. Mr. President, I rise to address the issue of the financial services legislation now before us. Like many of my colleagues, Mr. President, this marks my 19th year of trying to improve financial services. We haven't

done much in 19 years, but I am hoping this 20th year is the charm.

Today, however, regrettably I have a few doubts. As much as anyone in the Senate, I want to see modernization pass, and I want to see it pass now. The bill is critical to the vitality of New York's economy. New York City is the financial capital of the world.

As I have said time and time again, financial modernization legislation is critical to ensuring that our financial institutions are competitive at home and abroad. Because of the entrepreneurialness of America, particularly in financial services, we dominate the world. Hundreds of thousands, if not millions, of people are employed in every one of the 50 great States because of our dominance in this area. And even as things that have happened in America spread to Europe and Asia, it is more and more American companies that are taking the lead and doing them. That is because we are technologically, entrepreneurially, and in innovation ahead of just about every other country in the world in financial services. So today we are the financial capital. We are the leaders. But we may not be tomorrow. Our superiority is not some historical inevitability. We need to compete in order to win. And we cannot compete in the present context of the laws.

Mr. President, when I came to the Congress in 1981, I was strongly supportive of the Glass-Steagall law. It seemed to me very simple—that while my inclination would be to allow financial institutions to do whatever they chose, they should not take part in risky activities with insured dollars. In those days, many of the banking institutions in the country wanted to use their insured dollars for the riskiest of activities. Some of us, even back in the early eighties, warned against it, and we were like voices against the wind.

I will never forget an amendment of the Banking Committee in the House, sponsored by the gentleman from Louisiana, Mr. Roemer, and myself, that said no S&L, for instance, could use insured dollars for equity investments in real estate. It lost by one vote. Had it passed, America would have saved $200 billion.

But as a result of the awful S&L crisis, we were able to come closer together on financial services. One of the great ironies is that in the early eighties, when many had said let everybody do everything, even with insured dollars, and they deadlocked with those of us who felt—some felt that each institution should be pigeonholed, but others felt don't pigeon-hole institutions but pigeon-hole insured dollars and make sure they only go to low-risk types of activities. But the S&L crisis allowed us to come together because everyone realized that insured dollars should not be used for risky activities.

And so in the early and middle nineties, legislation was crafted that allowed institutions to underwrite, sell, and even be agents for all varieties of financial services, but that successfully walled off insured dollars from the rest. This is good legislation. And so in the last few years, I—who was regarded, I guess, as one of the leading opponents of modernization—became an advocate. I was proud to support the modernization bill that reached the floor of the House last year. In fact, I persuaded a good number of my New York colleagues to support it and it passed by one vote.

We found a good model, Mr. President; we ought to stick with it. There was balance in that model. There was bipartisanship in that model. It worked. Yet, we come here to the floor of the Senate today, with financial services at risk. They are at risk because even though we had a plan that had almost everyone's support, that is not the bill coming to the floor today.

One of the main sticking points is CRA. CRA is supported by most of the financial institutions in my State, while those who seek to lift CRA say that it is a terrible burden for the financial institutions. I seem to hear that more from some of my colleagues in the Senate than from the institutions that it is supposed to help. In fact, if you surveyed the major banks and major insurance companies and major securities firms in my State of New York, almost every one would say they were happy to support last year's H.R. 10 and would be happy to support it again this year.

They realize that CRA has been an important tool for building communities across America. It has been at work in my State, whether it be in the inner city, which in the past was starved for capital, or whether it be in rural areas, also starved for capital. Individuals, homeowners, small builders, small business people, from the Adirondack Mountains and from the South Bronx, have come and said, ''Senator, make sure we keep CRA.''

The amazing thing is that CRA has worked. While in the past financial institutions, banks, would write off whole areas because it was hard to find the good loans, the economical loans, CRA forced them to go in and now they find they are making money by lending money in rural areas and inner-city areas. So it works. All of a sudden, we see that these provisions, widely accepted by the industry, widely accepted in a bipartisan measure in the House this year, accepted last year by the Senate Banking Committee by a 16–2 vote margin, are ready to scuttle the whole bill.

Let me say this: I fear that the Community Reinvestment Act provisions in the bill before us would doom modernization's failure once again, doom modernization to partisanship, doom modernization to a Presidential veto. It cannot and should not be the monkey wrench that grinds modernization to a halt. CRA or removing CRA should not be the monkey wrench that grinds modernization to a halt.

I greatly respect the views of our chairman. He is a towering intellect—somebody I joust with on many occasions and have always done it in a respectful way so that we each enjoyed it and went away shaking hands.

I say to my chairman that I understand his strongly held views. But if you believe that financial modernization is important, given the consensus that CRA has built through most parts of this country and among most Members of both parties—the House, for instance, passed a bill with a similar CRA provision as the Sarbanes substitute by a 51 to 8 margin—I ask the chairman to reexamine it, and again not have his strong feelings about CRA be the monkey wrench that undoes the whole financial services construct.

Strangely enough, it is not the passions of the many in the House but rather the passions of the few in the Senate that are causing us problems today. This is a reversal of what has usually happened.

The bill's provisions that undermine CRA will clearly cause a Presidential veto. It caused all of the Democrats on the committee to vote against the bill.

One thing we have learned in financial services in this long, tortuous, and sad history is that unless we have bipartisan support, a bill such as this with so many conflicting interests will fail. It is my hope we can today move this bill forward by setting aside partisanship and confrontation and replacing it with pragmatism and compromise.

There are certain provisions in the Democratic substitute that I don't particularly like. I am giving serious thought to the affiliate op-sub issue. In the past I have strongly been for the affiliates for the same Glass-Steagall reasons I mentioned before. I talked to the Secretary of the Treasury, who feels strongly on the other side, and he has modified the bill to meet some of the objections I have. But I don't want to let my views on that issue hold up the bill.

It is my hope similarly with CRA that we will act with dispatch. It is my hope that the Senate will adopt the CRA provisions of the Democratic substitute and we can move this bill forward to conference assured that we have created a bill that has sufficient support to pass the Senate on a bipartisan basis, assured that we have created a bill that will finally, after 20 years, be signed into law.

Thank you, Mr. President.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, we have been trying to accommodate

Members who wish to make opening statements. We have been forbearing on offering the substitute, which is in order under the agreement as the first amendment. I guess I am really just trying to let colleagues know that I am sort of close to being ready to offer the substitute. I don't know whether there are others who want to make an opening statement before we get to that. I see the Senator from Nebraska may be interested in doing so. I withhold. Obviously, Members, once the substitute is offered, can make statements, too. But I withhold. I see the Senator is seeking recognition.

Mr. ALLARD addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, on this side I think we have at least two Members right now who want to be recognized to make opening statements. I request we go ahead and give them an opportunity to do that.

Mr. HAGEL addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Thank you, Mr. President.

Mr. President, I rise today in support of S. 900, the Financial Services Modernization Act of 1999. As a member of the Senate Banking Committee, I am proud to have played a small role in writing this bill.

America's financial services companies operate under a regulatory regime that dates back to the Great Depression. Our banks, insurance, and securities firms are bound by artificial barriers that do not recognize the current realities of the global marketplace. The reality is this: That the line separating these industries have been blurred by the evolution of new financial products and technology.

Securities firms, insurance companies, and banks already affiliate with one another, because the marketplace demands it. However, these affiliations cannot lead to full and fair competition or the full potential benefits for consumers because of the Glass-Steagall Act and its legal barriers.

Clearly, it is time for Congress to modernize U.S. financial service regulations and introduce full and open competition across the banking securities and insurance industries. S. 900 would accomplish that.

Passage of this bill will benefit consumers in two basic ways: First, allowing competition among banks, securities firms, and insurance companies will lead to lower costs and higher savings for consumers. Second, this competition will strengthen our financial service firms that are integral to the health of the American economy.

A 1995 Bureau of Economic Analysis report estimated that increased competition in the financial services industry would save consumers nearly $3 billion a year. I realize, Mr. President, that $3 billion may not seem to be a large figure around here, but in places such as Scottsbluff, NE, and other towns in my State that is real money.

If we don't modernize our laws governing the delivery of financial services, then we will put our companies and our industries at a severe disadvantage in the global arena.

Today, the United States is the world leader in financial services. We must not jeopardize this position through congressional inaction. Just as exports of manufactured goods and commodities have become increasingly important to the growth of our Nation's economy, so are our exports of financial services very important to our economy's growth.

Our global position was strengthened by the conclusion of a historic financial services side agreement to the Uruguay Round of GATT. It is ironic that the United States pushed hard for this agreement to reduce barriers to competition abroad while our domestic market continues to operate under a 1930s regulatory regime. It is time to tear down barriers to competition in our domestic markets and ensure that our industries are able to continue to compete at home and abroad.

The members of the Senate Banking Committee took a hard look at this important issue surrounding financial modernization. S. 900 balances the sense of urgency surrounding passage of financial services reform legislation with the need to ensure that the legislation responds to future marketplace dynamics and not just to today's realities and political pressures.

Is this legislation perfect? No, it is not perfect. There are far too many competing and important interests involved in this legislation. And perfection means different things to different people. But this bill does achieve a very workable and relevant and realistic balance between the politics of financial modernization and sound public policy.

Some of my colleagues have alleged that this bill is only going to help large financial institutions and will not help small banks. This is not true. S. 900 includes some very important changes, for example, to the Federal home loan bank system. These changes are very important to small banks everywhere across this country, not just in the rural States, such as my State of Nebraska, but in urban communities and large cities as well.

The Federal home loan bank provisions in S. 900 will strengthen local community banks that are vital to the economic growth and viability of all communities. They will ensure that in an era of banking megamergers, smaller banks are able to compete effectively and continue to serve their customers' lending needs.

These provisions are supported by all of the major banking trade organizations. There are many specific dynamics to improving the marketplace and the ability for the small institutions to compete. Many of my colleagues this afternoon have detailed those changes rather well.

It is important, Mr. President, to modernize our financial service laws to ensure that our companies can compete in this new global marketplace. As barriers to trade come down, our financial service firms must be prepared to take advantage of new global opportunities.

Congress can help them prepare by giving them the flexibility they so desperately need. S. 900 provides this flexibility. I urge my colleagues to support its speedy passage.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am not a member of the Banking Committee, although I have served there from time to time. I don't have an opening statement in the normal sense of the word because I don't intend to address the specific provisions in the bill, but rather to say to those who are on the committee, and in particular the chairman of the committee, Senator GRAMM, while many may not understand and appreciate the significance of the banking and financing institutions of the United States, and some may even come to the floor, as my good friend, Senator WELLSTONE, and talk about when we might get on to some business in the Senate that really helps people, that prompted me to come down and talk about something that I think is very, very people-oriented.

As a matter of fact, I have given a number of talks to fellow Americans. When I have asked, what do you think is the most significant thing institutionally about the United States that contributes to the opportunities we have in our daily lives to live better lives? Then I answer for them and say, it is the financing system in the United States.

There is no doubt about what helps the average man buy a car, buy a house, make renovations to his house, perhaps even buy a second cabin, or a second car for his children, those things which, when added up, make America the most prosperous Nation on Earth, the country that has people with more material wealth—if that is what measures the validity of a society—than any other nation in the world. It is that we can finance purchases. We can finance what we buy, we can pay for it over time, and of late we are getting the interest rates down where they ought to be, as low as possible.

This is the best thing for Americans in their day-by-day life which permits them to use their salary and their earnings in a way that will let them spread out the costs of items that they

need over a period of time, with a reasonable and rational finance plan.

It is absolutely important that from time to time, even though in the Congress we don't like to legislate items like a brand-new banking and finance bill—it is tedious for some, it is difficult, and for many it doesn't even seem like anything exciting we ought to be doing in the Senate. However, realizing what it does for our people, it ought to be full speed ahead to get to the floor with a good bill to modernize the banking and financing system of this country.

Earlier in our history, almost everything was financed through banks and the type of institutions that are principally the subject matter of this bill. Because we didn't modernize the system soon enough, financing is done in various ways—perhaps there is more financing done outside the banking system than there is in the banking system per se. Insurance companies do financing; companies that are big enough do their own financing of appliances; clearly, institutions that are not banks and not subject to banking rules or financing purchases.

When it comes to measuring a country's long-term success and the international markets and the day-by-day availability of good credit and soundness of our economy, we have to always look to the banking system. As a matter of fact, just think a moment of the past 3 years when things have gone wrong in other countries, when some of these countries went almost totally bankrupt. What led such failures? It was frequently led by the failure of their banking system. That should say something when we see that all around us.

Why is the country of Japan, that many people 15 years ago said we should mimic—obviously we don't choose to speak that way today; I never spoke about it even 15 years ago—what has happened to Japan today? They don't want to face up to the fact their financing institutions are in a state of chaos, if not bankruptcy. It is tough for them to admit.

We didn't want to admit it when our savings and loans were going bankrupt. We didn't want to come up with the money it took to bail out the depositors who were guaranteed their money, up to $100,000, who financed the S&L banking system in the United States, but we finally did it. We saved it. We spent a lot of money doing it.

In a very real sense, those who are managing this bill, including my good friend from Maryland, Senator SARBANES, and obviously the chairman, who I have already mentioned, are contributing a very vital quality to American life by trying to modernize the financial and banking system of the United States.

As my good friend from Nebraska said, what we have is too old, too ancient. It is not modern. It is not taking care of modern problems. It is not helping banks grow in a way they can and should to be modern institutions of financing.

I commend and laud those on the committee who have worked hard. I hope even with our differences we will get a bill. I read a letter from the President saying if certain things are in the bill, he will veto it. This letter was directed to the distinguished chairman, Senator GRAMM. We know the executive branch has a couple of strong feelings about this bill; perhaps the Senate has equally strong feelings about the same items.

On the other hand, I believe when we are finished and go to conference and work this through with the House and with the administration in an effort to get a bill that is sound, reform-minded, modern and yet protects certain interests that the banking system is currently helping and protecting, we will get a bill. The opportunity doesn't come very often for Congress to reform a significant portion of our capitalist system.

I will make one other observation. For anyone who doesn't think capital—which is the substance of banks—isn't important to a capitalist society, let me suggest that the last 3 years ought to prove it up in America in spades. While many economies in the world were in a state of bankruptcy, couldn't buy our goods and were having great economic difficulty, what happened to America? Our consumers bought more rather than less. Interest rates went down rather than up. There was more money for almost any venture desired because the banking system in our country was the greatest safe haven for capital that the world has ever seen. That meant anyone with extra money sent it here. Thus, that money was available to finance purchases in America, bring interest rates down rather than up.

The question is, What will happen when the world economy goes the other direction? Frankly, we ought to have a modernized banking system when that occurs. It is predicted that America's prosperity may turn a little bit in the wrong direction within 3 to 5 years. If it lasts 5 years, it will be astronomical in terms of a previous growth period. We have learned that the availability of a lot of capital in a capitalist system such as ours can make this economy grow and prosper in a way we had never quite figured out until we became almost totally dependent upon that.

There are signs all over the place that this great opportunistic land of ours needs a good, sound, solvent, and modern banking system. I came down to make sure those listening understand this is not a bill for bankers. This is not a bill for rich people. This is a bill to let a banking and finance system work for Americans—whether they are financing a home, whether they are moderate-income people, whether they are financing an education for their kids, whatever it may be. We have to have a sound set of financial rules in America for Americans to grow and prosper.

American business needs to borrow money, and clearly a banking system has to be ready and able to do that for the American business people here and abroad. It cannot be done with a system that is hog tied with ancient rules and regulations that don't meet today's times.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. I thank both my Republican colleagues for great statements. I think the Senator from New Mexico reminded us of the successes of our banking system and how we should appreciate it. I think he made a very good statement. My colleague from Nebraska, who is working real hard on the Banking Committee with the chairman and all members on the Banking Committee, I appreciate his effort and help on these very important issues. He has contributed considerably to this legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

AMENDMENT NO. 302

Mr. SARBANES. Mr. President, pursuant to the order that is governing our consideration of this bill, at least currently, I send an amendment in the nature of a substitute to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maryland [Mr. SARBANES], for Mr. DASCHLE, for himself, Mr. SARBANES, Mr. DODD, Mr. KERRY, Mr. BRYAN, Mr. JOHNSON, Mr. REED, Mr. SCHUMER, Mr. BAYH and Mr. EDWARDS proposes an amendment numbered 302.

Mr. SARBANES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Maryland.

Mr. SARBANES. Mr. President, as I have indicated earlier in the course of the opening debate on this issue, we are very anxious on our side to have financial service modernization legislation, and most of us subscribe to the proposition of allowing affiliations between banks, security firms, and insurance companies.

However, as I have indicated, that is not the only issue before us. We have to consider that question in the context of addressing important questions

of providing credit in all communities in our country; namely, the Community Reinvestment Act issue. We have to consider how these activities are to be done, whether they are to be done solely in an affiliate, outside of the banking structure, or whether banks will have the opportunity either to use the affiliate or to do it in an operating subsidiary. We have the important issue of the long historical separation between banking and commerce, which has prevailed in this country. And we have other aspects of the legislation which I think are of importance, including important provisions with respect to consumer protection.

As we have indicated earlier, we were not able to support this legislation in the committee and the legislation was brought to the floor on an 11-to-9 vote. The alternative, which we have now offered, just offered, and which is at the desk, is, in effect, the bill that the committee reported last year on a 16-to-2 vote with the one substantial change of providing for the operating subsidiary approach. That is now contained in the alternative, the substitute amendment which I have sent to the desk.

Last year some very careful compromises were worked out in order to move this legislation forward on a consensus basis. Unfortunately, that has not been the case this year, and the legislation that was developed in the committee was reported by the majority but contained no supporting vote from any of the Democratic members of the committee. The proposal before us, S. 900, the bill from the committee, is strongly opposed by a great number of civil rights groups, community groups, consumer organizations, and local government officials. People within the financial services industry have mixed views on some of the provisions of S. 900, and of course the President has indicated that he will veto the committee bill.

Unfortunately, we have this sharp contrast with last year's bipartisan approach. I think it is fair to say that none of the industry association groups oppose the substitute. They have been caught in the switches, so to speak, on this issue, and subjected to considerable persuasion. But I think it is fair to say that the provisions that are in the substitute will pass muster. These provisions also are fairly close to what the House Banking Committee has done by a 51-to-8 bipartisan vote. So we think the approach contained in the substitute just sent to the desk stands the greatest chance of finally being enacted into law. This substitute amendment, in effect, would put us on a path, at the end of which we could obtain the President's signature and get legislation.

Let me briefly seek to contrast the substitute and S. 900, the bill brought from the committee. It should be clearly understood that there is an intense view on this side of the aisle, and I believe shared by at least a few on the other side of the aisle, that the Community Reinvestment Act has really been a very significant and constructive public policy. It has improved the availability of credit in low- and moderate-income communities. There is example after example, and we will put those in the RECORD as this debate develops, where the CRA lending and investments have brought life to previously neglected communities and given people not only hope, but the ability to move up the American ladder of opportunity. It has helped to alleviate credit needs and improve services in rural areas and on Native American reservations. It has had a significant impact on home ownership amongst minority groups, African Americans and Hispanic Americans, whose numbers in terms of home ownership have increased dramatically, and everyone who goes and observes that phenomenon reports back that the CRA has had a considerable role to play in that very important objective.

The President has stated:

> [W]e should all be proud of what [CRA] has meant for low and moderate-income Americans of all races. Although we still have a long way to go in bringing all Americans into the economic mainstream, under CRA the private sector has pumped billions of dollars of credit to build housing, create jobs and restore hope in communities left behind.

It is for this reason that farm groups, labor unions, mayors all across the country, community development corporations, Hispanic organizations, Asian American, Native American—this has had a significant impact on the Indian reservations across the country—and civil rights groups all support retaining the effectiveness of CRA.

I will include in the RECORD at the end of my remarks letters from these various organizations detailing their very strong view about CRA, and in effect their support for this substitute.

The substitute requires that banks should have at least a satisfactory CRA rating before they can affiliate with securities and insurance firms, and that they would have to maintain that rating to continue the new affiliation. These provisions are essential in order to maintain the effectiveness of CRA within the expanded holding company structure. Capital, management, and CRA performance are at issue when an institution files an application for deposit insurance, a charter, a merger, an acquisition or other corporate reorganization, a branch or the relocation of a home office or branch.

If you are going to allow banks for the first time in a comprehensive way to engage in insurance and securities activities, then it is important that those banks, before they can do that, meet the CRA test. Otherwise, you are going to have a situation in which financial institutions could enter into additional activities, even if they were deficient in their CRA performance.

As the FDIC Chairman, Donna Tanoue stated:

> The bank and thrift regulatory agencies consistently take into account an insured institution's record of performance under CRA when considering an application to open or relocate a branch, a main office, or acquire or merge with another institution. As this legislation would enable institutions to enter into additional activities, it would seem consistent that CRA compliance should continue to be a determining factor.

Last year, we worked out these CRA provisions in the bill that was reported out of the committee. And the consensus, a 16–2 vote, contained these important CRA provisions.

This year, the provision requiring a satisfactory rating as a precondition of expanded affiliations is absent from the committee-reported bill. There are two provisions in the committee-reported bill which we feel very strongly contribute to undermining the application of CRA.

This substitute amendment, unlike the committee bill, requires banks have and maintain satisfactory CRA ratings in order to engage in and maintain expanded affiliations. To fail to do so would allow banks, for the first time, to move out in terms of the activities they can engage in, in a comprehensive way—both securities and insurance—without the bank that is going to do that having to meet the CRA test.

It does not apply, the CRA, to the insurance and securities activities, although many CRA advocates want to do exactly that. It only requires that the bank, as a condition of affiliation, meet the CRA performance standards.

As Secretary Rubin has stated:

> If we wish to preserve the relevance of CRA at a time when the relative importance of bank mergers may decline and the establishment of non-bank financial services will become increasingly important, the authority to engage in newly authorized activities should be connected to a satisfactory CRA performance.

Let me turn to the other CRA issues that are, in effect, posed by the substitute as compared to the committee-reported bill.

The second provision of the committee bill that weakens CRA is its safe harbor for banks with a ''satisfactory'' or better CRA rating. This is, banks would be deemed in compliance with CRA if they had in each of their three preceding examinations received a satisfactory rating. Groups, in fact, would not be able to comment about CRA performance unless they could carry the very heavy burden of providing substantial, verifiable information to the contrary.

The Federal bank regulatory agencies oppose this provision. They agree that a satisfactory CRA rating is not conclusive evidence that a bank is

meeting the credit needs of all of its communities. On the contrary, they welcome comments from the public regarding the CRA performance of the institutions they supervise.

For example, Ellen Seidman, Director of the Office of Supervision said:

[w]e generally find that the information received from those few who do comment on applications is relevant, constructive, and thoughtful, and frequently raise issues that need to be considered. In order for us to reach a supportable disposition on an application, and satisfy our statutory responsibilities, we need to have public input.

Public comment is especially useful in the case of large banks serving multiple markets, because regulators sample only a portion of these markets to determine the institution's CRA rating. Public comment provides an opportunity for community members to point out facts and data that may have been overlooked in a particular examination.

In fact, the provision that is in the committee bill would preclude looking at anything that took place prior to the past examinations if those examinations produced a satisfactory rating.

It is very clear that this safe harbor provision of the committee bill would stifle public comment on banks' and thrifts' CRA performance. This is so because nearly all banks and thrifts receive satisfactory or better CRA ratings, well up into the 90s, 90-percentile figures.

The committee majority asserts that the public comment process has been routinely abused, but that assertion is not supported by the record. We get these sort of examples that are brought in. There has never been a full-scale hearing on this issue. All of the statistical information from the regulatory agencies indicate that there has not been abuse of the public comment process. The vast majority of applications reviewed on CRA grounds are approved in a timely manner. Many do not receive any adverse comments. Very few applications that receive adverse CRA comments are delayed.

The substantial, verifiable information would really knock community groups and ordinary citizens out of being able to comment in any meaningful way. As the FDIC Chairman Tanoue stated, ''Public comments relating to CRA should not bear a burden of proof that is not imposed on public comment related to any other aspect of a bank's performance.''

The regulators take in all these comments and then they make their judgment. There seems to be a presumption here that when people come in and make a comment that somehow they then carry the day. Nothing could be further from the truth. The regulators collate all these comments, consider them, and proceed to make their judgment. And the number of instances in which CRA has been raised is a very small percentage of the total.

The third way in which the committee bill attacks CRA is the exemption for rural institutions with less than $100 million in assets. This would obviously have very severe consequences for low- and moderate-income rural communities which depend heavily on small banks for their credit needs.

It is asserted that these small banks, by their nature, serve the credit needs of their local communities. However, historically, in the ratings made by the regulators, small banks have received the lowest CRA ratings. Although many small banks do serve the needs of their communities, observers note that some small banks often invest in Treasury bonds rather than in their own communities.

Some have argued that you need an exemption in order to relieve the regulatory burden. The fact of the matter is, as the Federal bank regulators revised the CRA regulations in 1995 to reduce the cost of compliance for small banks, the new rules provided a streamlined examination for small banks. They exempted small banks from reporting requirements. And they emphasized the institution's actual performance rather than paperwork.

The FDIC, the OTS, and the OCC support the application of CRA to small banks. FDIC Chairman Tanoue stated:

Although the vast majority of institutions satisfactorily help to meet the credit needs of their communities, not all institutions may do so over time, including small institutions. Some institutions may unreasonably lend outside of their communities, or arbitrarily exclude low- and moderate-income areas or individuals within their communities. We believe that periodic CRA examinations for all insured depository institutions, regardless of asset-size, are an effective means to ensure that institutions help to meet the credit needs of their entire communities, including low- and moderate-income areas.

Before I turn to that subject, let me again stress how critical the flow of credit, which has resulted from CRA, has been to the redevelopment of low- and moderate-income areas. The bill brought out of the committee, S. 900, would really close down opportunity for large numbers of people in these low- and moderate-income communities to really improve themselves, to move to home ownership, to open small businesses, to carry out the sort of community renewal which gives them a better neighborhood in which to live.

I have heard these assertions, but we can take you through instance after instance in which the impact of CRA has been such as to provide hope to communities and to lift them up and to enable people to move up the ladder of opportunity. I do not know what could be more consistent with an American goal or objective than to give people this opportunity to advance. And particularly the financial institutions, which are subject to these CRA requirements, are prepared to abide by them. Many of them have given testimony about the beneficial impact it has had on the community and the beneficial impact on their relationship with the community.

Let me turn to the banking and commerce issue. Another aspect of the committee bill—and this is an important part of the substitute—that differs significantly from the substitute amendment is its approach to the separation of banking and commerce. In an important respect, the committee bill breaches the separation of banking and commerce, and this could lead to biased lending decisions and may well ultimately put the taxpayer-backed deposit insurance funds at risk.

Now, this separation of banking and commerce is a longstanding principle in American law, dating back over now almost 140 years to the National Bank Act of 1864, which specifically forbids banks to engage in or invest in commercial or industrial activities. Under existing law, a commercial firm, such as General Motors or Microsoft, may not own a bank or be owned by a bank. We have tried to draw a line there. There has been some fuzzing of that line, but not much.

In 1956, the Congress enacted the Bank Holding Company Act, which prohibited commercial firms from owning banks and prohibited holding companies owning two or more banks from owning commercial firms. This policy was strengthened by the Bank Holding Company Act Amendments of 1970, which extended the prohibition on owning commercial firms to holding companies owning just one bank. In other words, it drew a very sharp line.

In submitting the 1970 amendments, President Nixon said:

The strength of our banking system depends largely on its independence. Banking must not dominate commerce or be dominated by it.

Now, why do we have this principle of separating banking and commerce in U.S. law? Because allowing banks to affiliate with commercial firms raises concerns relating to risk to the deposit insurance fund, the impartial granting of credit, unfair competition, and concentration of economic power. A bank affiliated with a commercial firm would have an incentive to make loans to that firm, even if the firm were less creditworthy than other borrowers. The bank would have a similar incentive not to lend to the firm's competitors, even if they were creditworthy.

Financial experts have pointed out these dangers. Secretary Rubin testified that mixing banking and commerce:

. . . might pose additional, unforeseen and undue risk to the safety and soundness of the financial system, potentially exposing the federal deposit Insurance funds and taxpayers to substantial losses. . . . Equally uncertain is the effect such combinations might have on the cost and availability of

credit to numerous diverse borrowers and on the concentration of economic resources.

The leading economist Henry Kaufman warned that mixing banking and commerce would lead to conflicts of interest and unfair competition in the allocation of credit. In his view:

. . . a large corporation that controls a big bank would use the bank for extending credit to those who can benefit the whole organization. . . . The bank would be inclined to withhold credit from those who are or could be competitors to the parent corporation. Thus, the cornerstone of effective banking, independent credit decisions based on objective evaluation of creditworthiness, would be undermined.

Public interest groups have made the same point. Consumers Union testified that it opposes:

. . . permitting federally-insured institutions to combine with commercial interests because of the potential to skew the availability of credit, conflict of interest issues, and general safety and soundness concerns from expanding the safety net provided by the government.

The difficulties experienced in Asia demonstrate the risks associated with mixing banking and commerce. Both Secretary Rubin and Chairman Greenspan testified that the financial crisis in Asia was made worse by imprudent lending by banks to affiliated commercial firms. In other words, if you cross that line and put the commercial firm in the bank—as it were, in the same pot—you run a heavy risk, as was exemplified in the Asian financial crisis, of imprudent lending.

Former Federal Reserve Chairman Paul Volcker wrote, recent experience with the banking crises in countries as different in their stages of development as Japan, Indonesia and Russia demonstrate the folly of permitting industrial financial conglomerates to dominate financial markets in potentially large areas of the economy.

The substitute amendment tries to sustain this line between banking and commerce. The committee bill crosses this line in a number of respects.

First of all, it permits bank affiliates to acquire any type of company in connection with merchant banking activities. However, the committee bill drops certain safeguards that are in the substitute and that were in last year's bipartisan bill. Those safeguards allowed merchant banking investment to be held only for such period of time as would permit the sale of the investment on a reasonable basis. It precluded the bank affiliate from actively participating in the day-to-day management of the company.

The committee bill drops those safeguards. In effect, it would allow a bank holding company to operate commercial companies of any size and in any industry for an unlimited period of time. This would break down the separation of banking and commerce.

The substitute restores the safeguards that were in last year's bill.

Secondly, both the committee bill and the substitute amendment allow holding companies that own banks to engage in activities that are financial in nature or incidental to such financial activities. But the committee bill goes further by authorizing holding companies to engage in activities that are complementary activities that are financial in nature. It provides no definition or limitation of these complementary activities and, therefore, raises the danger that these complementary activities would be commercial in nature and cross the separation between banking and commerce. The substitute does not permit those complementary activities.

Finally, the committee bill does not close the unitary thrift company loophole. That loophole refers to the fact that a company that owns just one thrift, called a unitary thrift holding company, may also own a commercial firm. There are currently over 500 thrifts owned by unitary holding companies. The vast majority of these are owned by financial firms. Now, both the committee bill and the substitute would prohibit the creation of new unitary thrift holding companies by commercial firms. However, there is a sharp difference in that the committee bill would allow a commercial company to acquire any of the 500 existing unitary thrift holding companies.

Now, obviously, if they can do that, if hundreds of commercial firms, in effect, can acquire a unitary thrift holding company, they can effectively obliterate the separation between banking and commerce. Financial leaders and banking industry groups advise the committee to prohibit commercial firms from acquiring control of thrifts. Chairman Greenspan recommended that financial services modernization legislation at least prohibit, or significantly restrict, the ability of grandfather unitary thrift holding companies to transfer their legislatively created grandfather rights to another commercial organization.

Secretary Rubin observed that, ''without such a limit on transferability, existing charters may tend to migrate to commercial firms and could become a significant exception to the general prohibition against commercial ownership of depository institutions.''

Both the ABA and IBAA—the American Bankers Association and the Independent Bankers Association of America—wrote to Senators yesterday expressing their support for closing the unitary thrift holding company provision, including restricting transferability of existing unitaries.

Now, let me turn briefly to some important consumer protection provisions that are in the substitute amendment, but that are not in the committee bill, and which we think make the substitute more desirable legislation than the committee bill.

Obviously, if you are going to have a financial services modernization bill, you must ensure adequate consumer protection. We need to be sure that consumer protections keep pace with changes taking place in the financial market. In recent years, banking securities and insurance products have become more similar. A wider variety of financial products is available through banks. This increases potential customer confusion about the risks of the product the customer is buying, who is selling it, and whether or not it is insured by the FDIC. Measures such as disclosure to customers and licensing of personnel can help keep such misunderstandings to a minimum, and such a provision should be included in any financial services modernization bill.

Unfortunately, the committee bill fails to include a number of important consumer protection provisions that passed the committee overwhelmingly last year, and which we have now included in the substitute that is now before the body.

Very quickly, on insurance sales, while some of the provisions of last year's bill relating to insurance sales have been substituted into the committee bill—that was done in the committee—but more remains to be done. The substitute amendment would require Federal bank regulators to establish mechanisms for receiving and addressing consumer complaints—something that is completely absent in the committee bill.

The substitute amendment would provide that Federal regulations would supersede State regulations when the Federal regulations afforded greater protection for consumers. The committee bill allows State regulations to prevail even if it offers less protection to consumers.

With respect to securities activities, the committee bill provides less protection for consumers than does the substitute amendment.

Currently, banks enjoy a total exemption from the definitions of ''broker,'' ''dealer'' and ''investment advisor'' under the Federal securities law. Because of this blanket exemption, consumers who purchase securities from banks do not receive any of the protections of the securities laws, which in many ways are superior to those offered by the banking laws. For example, broker-dealer personnel have an obligation to recommend to their clients only transactions that are suitable based on their client's tolerance for risk, overall portfolio, and so forth.

Bank personnel have no such obligation. Broker-dealer personnel must pass licensing exams and are subject to continuing education requirements. Bank personnel are exempt from these requirements. Disciplinary histories of broker-dealer personnel are made publicly available to investors. No such

history is available regarding bank personnel. Broker-dealer managers have a duty to supervise their sales personnel, which is enforceable under the Federal securities laws. Bank managers do not.

Finally, customer disputes with brokerage firms are subject to arbitration, which offers a specialized, quicker and cheaper forum for settling disputes. No arbitration exists for customer disputes with banks.

Now, the committee bill, like the substitute amendment, would repeal the total exemption banks enjoy from the definition of broker and dealer. Also, like the substitute amendment, the committee bill contains a number of exceptions that allow certain securities activities to continue to take place directly within banks. However, the exceptions in the committee bill are significantly wider than those in the substitute amendment. Let me just mention some of those important differences.

The committee bill allows a bank trust department conducting securities transactions to be compensated on a transaction-by-transaction basis, just like a broker. Where the substitute amendment allows a bank to sell unregistered securities exclusively to sophisticated investors, the committee bill allows a bank to sell unregistered securities to all investors.

Finally, the committee bill prohibits the SEC from determining that a new product is a security and, therefore, must be sold by an SEC-registered broker-dealer, unless the Federal Reserve concurs. Over time, this will move even more securities activities directly into banks. The substitute amendment would afford the SEC the first opportunity to define new products as securities.

The committee bill also leaves the SEC with less authority over bank-advised mutual funds and with less ability to protect investors in those funds.

Now, the substitute amendment requires the Federal banking regulators to issue regulations regarding the sale of securities by banks and bank affiliates. The bank regulators would have established mechanisms to review and address consumer complaints. The committee bill does not include this provision.

No one of these provisions that I made reference to may seem to be of major import. But all of them taken together, I think, indicate that the protections for consumers that are contained in the substitute amendment significantly exceed those that are in the committee-reported bill.

Another area in which the committee bill departs from last year's agreement regards a special deposit insurance assessment paid by thrifts.

Prior to 1996, thrifts paid a higher assessment rate than banks did for interest payments on certain bonds issued to pay for the resolution of the savings and loan crisis, so-called ''FICO bonds.'' In 1996, Congress acted to close this assessment differential on FICO bonds. The rates were to be equalized until January 1, 2000, and the bill that we reported last year left the 1996 agreement intact. The committee bill now before us would extend this assessment differential for another 3 years, so that thrifts would continue to pay a higher assessment rate for another 3 years.

This may well lead institutions to shift their deposits from the thrift insurance fund to the bank insurance fund, which might well create stability problems for the thrift insurance fund.

Chairman Tanoue has written that this provision serves no positive public policy purpose. And it is not in the substitute amendment that is now before us.

Let me now turn to an issue in which my colleague, the chairman of the committee, has spent a considerable amount of time here on the floor today in pointing out the differences between the substitute that is now before us and the committee bill.

All of these provisions I have thus far enumerated were essentially contained in the bill that was reported last year by the committee on a 16-to-2 vote. The one area in which the substitute amendment differs from last year's bipartisan bill is its treatment of operating subsidiaries and banks.

Last year's bill contemplated that principal activities, such as underwriting securities and insurance, would take place in a holding company's subsidiary rather than bank subsidiaries. Certain agency activities such as sales of insurance were permitted in bank subsidiaries.

This approach was supported by the Federal Reserve. It was opposed by the Treasury Department. That was an important difference last year. It remains an important difference this year.

As the legislative process has proceeded, the Treasury Department has agreed to significant additional safeguards regarding the scope and regulation of bank subsidiaries' activities. With these safeguards, it appeared to us that banks should be given the option of conducting financial activities in operating subsidiaries. That approach is contained in the substitute amendment now before the Chamber.

President Clinton has indicated that he will veto the reported bill in part because ''it would deny financial services firms the freedom to organize themselves in a way that best serves their customers.''

Let me talk a bit about the safeguards, the changes in the sense that the Treasury has agreed to, which I think now warrant allowing the banking institution to have a choice. They wouldn't be required to do it in an op-sub. They could still do it in an affiliate. They could have a choice between the two as a matter of their own organizational preference.

Last year, the Treasury was clear that they would not do real estate in the operating-sub. And they continue to hold to that position this year. In addition, the Treasury last year agreed that insurance underwriting may not take place in a bank subsidiary. This prohibition on insurance underwriting would be in addition to an explicit prohibition on real estate development conducted by bank subsidiaries to which the Treasury agreed last year. So we have these two areas now that were provided for and placed outside of the op-sub umbrella.

On merchant banking, the Treasury has agreed that the Federal Reserve shall have the authority to define merchant banking activities and bank subsidiaries. This meaningful step on the part of the Treasury will contribute to bank subsidiary activities being structured in a prudent fashion.

Merchant banking presents a potential breach in the separation of banking and commerce. The possible dangers would be increased if two different regulators were to define separately the dimensions of permissible merchant banking activities. Then to avoid the possibility that would happen—that the dimensions of the permissible merchant banking activities would be defined by two different regulators who would have different concepts—in the substitute, we have the provision that the Federal Reserve would have the exclusive authority to define merchant banking activities and bank subsidiaries.

The Treasury has also agreed that the Secretary and the Federal Reserve should jointly determine which activities are financial in nature, both for a holding company subsidiary and for a bank subsidiary. Both the Secretary and the Federal Reserve would jointly issue regulations and interpretations under ''the financial in nature'' standard. This would eliminate a potential competition between bank regulators.

Further, to place activities on an equal footing, the same conditions would apply to a national bank seeking to exercise expanded affiliation through a subsidiary as a holding company seeking to exercise those affiliations. These conditions are that banks be well capitalized, well managed, and in compliance with CRA.

The Treasury also supports the application of the functional regulation of securities and insurance activities taking place in bank subsidiaries just as it applies to holding company subsidiaries.

These provisions are all reflected in the substitute amendment.

In addition, the Treasury supports a requirement that national banks with total assets of $10 billion or more retain a holding company, even if they choose to engage in expanded financial

activities through subsidiaries. This is designed to preserve the oversight that the Federal Reserve now has over the Nation's largest commercial banks through their holding company. So this was an effort by the Treasury to accommodate one of the concerns that had been repeatedly expressed by the Federal Reserve.

Furthermore, the substitute amendment contains certain additional safeguards that the Treasury Department now supports for financial services modernization legislation. Every dollar of a bank's investment in a subsidiary would be deducted from the bank's capital for regulatory purposes. In this way, the bank would have to remain well capitalized, even after deducting the investment in the subsidiary, and even should it lose its entire investment.

Secondly, a bank could not invest in a subsidiary in an amount exceeding the amount the bank would pay to a holding company as a dividend.

And, thirdly, the strict limits that now apply to transactions between banks and their affiliates would apply to transactions between banks and their subsidiaries.

These restrict extensions of credit from banks to their affiliates guaranteed by banks for the benefit of their affiliates and purchases of assets by banks from their affiliates. All such transactions must be at arm's length, and fully collateralized, and the total amount of such transactions between a bank and all of the affiliates is limited.

In total, these safeguards pertaining to the regulation of bank subsidiaries should eliminate any economic benefit that may exist when activities are conducted in bank subsidiaries rather than holding company subsidiaries.

The provisions regarding the scope of activities permitted for bank subsidiaries should remove any opportunity for regulators to compete with one another to the detriment of the safety and soundness of the banking system, or the separation of banking and commerce.

FDIC Chairman Tanoue testified:

> From a safety-and-soundness perspective, both the bank operating subsidiary and the holding company affiliate structures can provide adequate protection to the insured depository institution from the direct and indirect effects of losses in nonbank subsidiaries or affiliates.

This position of the current FDIC Chairman was echoed by three former Chairmen of the FDIC in an editorial that I printed earlier in the remarks.

> On the basis of the provisions agreed to by the Treasury Department and the testimony given by the FDIC—

And I want to underscore the efforts on the part of the Treasury Department to address questions that had been raised last year; in other words, what we are containing in the substitute differs from what the Treasury was putting forward last year and has encompassed all of these various safeguards which they have sought to develop—

> [it was our judgment that] permitting bank operating subsidiaries can be consistent with the goals of preserving safety and soundness, protecting consumers, and promoting comparable regulation.

Therefore, we have included the operating subsidiary provisions in this substitute amendment and regard it as a meaningful step toward enactment of financial services modernization legislation.

Let me simply close with these observations. The substitute amendment now before the body achieves the primary objective of financial services modernization; namely, allowing affiliation of banks, securities firms, and insurance companies. It does so while preserving safety and soundness, protecting consumers, providing for regulatory parity, and promoting the availability of financial services to all communities.

The committee bill, S. 900, falls short of these goals. It undermines the Community Reinvestment Act. It does not provide bank operating subsidiaries with the scope sought by the Treasury Department. Its protections for consumers are substantially less than in the substitute. And, finally, it enables the separation of banking and commerce to be breached with respect to the unitary thrift holding companies.

For all of these reasons, the President has declared he will veto it in its current form. I believe that the substitute amendment, the one that is now before the Senate and on which at the conclusion of this debate we will vote, represents a balanced, prudent approach to financial services modernization. It is legislation which has broad acceptance within the industry. In many ways, it is comparable to the activities of the legislation of the House Banking Committee.

I am frank to say that I clearly think it is the approach most likely to achieve the enactment of financial services modernization legislation. If Members want financial services modernization legislation, if Members want to manufacture a legislative vehicle that can go all the way through to Presidential signature and become law, then Members should vote for the substitute amendment.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. GRAMM. Mr. President, let me talk about simplicity and clarity in the two bills. I know that seldom in writing laws do we hear lawmakers talk about what makes sense and what is simple and what is readable.

I begin by asking people to look at the bill adopted by the Senate Banking Committee modernizing financial services. That bill is 150 pages long. The substitute which has been offered by Senator SARBANES is 349 pages long. Members might ask, What is the extra 200 pages for? The extra 200 pages is for a convoluted process that breaks the simplicity of the bill adopted by the Banking Committee.

What is very good about our bill is, it is very easy to understand. If a securities firm wants to set up a bank holding company and engage in securities activities, banking activities, and insurance activities, it can set up a bank holding company, and outside the bank it can be involved in insurance and securities and it can be involved in banking under the bank holding company. It is a very simple organization. It is an organization that provides any one of the three financial industries to become bank holding companies and participate in providing a broad array of services, including banking services. And it is an organization that is very easy to understand. It is an organization that you can set out in 150 pages with all the whistles and bells and all the icing on the cake.

The Sarbanes substitute is 200 pages more complicated, and it is more complicated because it goes about things in a very different way. You can have a bank holding company that can be in the banking business and in the securities business under the basic framework of the bank. You can have a financial services holding company, a totally new entity, and it can have an insurance company, a bank holding company, and a securities firm. And under the bank holding company, you can have a bank, and that bank can be in the securities business, and it creates another totally new entity, a wholesale financial holding company, and it can be in the insurance business, wholesale financial institution business, and securities firms. Finally, banks can be in the securities business.

So the first argument I want to make is based on simplicity—not that anybody ever gauged a Federal law based on, ''Does it make sense, is it simple, could people actually employ it, what kind of roadmap is it for the development of new financial institutions in America?'' But the reason our bill can do what it sets out to do in 150 pages, and the reason the substitute takes 300 pages, is the underlying bill adopted by the Banking Committee has a simple structure that everybody can understand and that securities firms, banks, and insurance companies could all participate in. Under our bill, it is easy for any one of the three to set up a bank holding company.

The substitute is a lot more complicated and brings in a lot of new institutions. It would be very hard, in terms of a user-friendly roadmap, as to how to do this. I do not know that sways anybody in the private sector or in any real world activity. But simplicity, and the sort of clear approach that people can follow—if they are buying a roadmap or if they are buying a computer program—is an important thing. Unfortunately, it is not something that is often mentioned in making the law of the land; but, quite frankly, it should be.

I am going to try to take less time in responding than I did in my opening statement on this. I want to break the proposal into eight areas and discuss the proposal in that way. There are eight key ways that this substitute is fundamentally different from the bill which was adopted by the Banking Committee and which is before us.

The first and most important difference is that the substitute before us—offered by Senator SARBANES, which is different from the bill that Senator SARBANES supported last year, different from the bill that was adopted by the Banking Committee last year, and far different from the bill that is before the Senate now—allows banks to engage in broad financial services within the legal framework of the bank.

Alan Greenspan, the Chairman of the Board of Governors of the Federal Reserve, has said—and I want to read this quote because I think it is important. I think, No. 1, everybody in America takes Alan Greenspan seriously. Second, I want to remind people that the majority of the Governors of the Federal Reserve Board were appointed by this President, Bill Clinton. This is a statement that Chairman Greenspan made just last week before the House Commerce Committee in opposition to exactly the proposal which is the heart of the Sarbanes substitute. When Chairman Greenspan refers to ''colleagues,'' he means every member of the Federal Reserve Board, including those appointed by Bill Clinton:

> I and my colleagues are firmly convinced of the view that the long-term stability of U.S. financial markets and the interests of the American taxpayer would be better served by no financial modernization bill rather than one that allows the proposed new activities to be conducted by the bank. . . .

I want to be sure everybody understands this quote. It is as clear as you can be clear. The most respected economic mind in America, the man who more than any other person on this planet has been responsible for the financial stability that has created over 20 million jobs and enriched working Americans by driving up equity values and by creating unparalleled prosperity in America, said last week that he and every member of the Board of Governors of the Federal Reserve believe it would be better to have no financial services modernization bill than to adopt the Sarbanes substitute.

That is pretty clear. I think it is a profound position to take. Let me make the point: Everybody who knows Alan Greenspan knows that Alan Greenspan goes out of his way not to be confrontational. Everybody who knows Chairman Greenspan knows that if there is a way of saying something around the barn, something which might be offensive to somebody, he sort of walks all the way around the barn and let's you understand—where you can hope nobody else understands—that he said your idea is a bad idea. That is the way Alan Greenspan works.

But in front of God and everybody at the House Commerce Committee last week, Alan Greenspan said if the alternative is the Sarbanes substitute or no bill, he and every member of the Board of Governors of the Federal Reserve are convinced that ''no bill'' is better than the Sarbanes substitute.

Why does he say this? In a dozen other quotes, he basically says two things: No. 1, since we have deposit insurance, where the taxpayer is on the hook for bank failures that threaten insured deposits, he is concerned that allowing banks to get into these other kinds of financial businesses within the framework of the bank itself endangers deposit insurance and threatens the taxpayer. So the first reason that Chairman Greenspan made this extraordinary statement—in fact, the strongest statement he has made as Chairman of the Board of Governors of the Federal Reserve—is concern about the insurance fund and the taxpayer being on the hook.

The second concern is that if banks provide these expanded activities, such as securities and insurance or whatever activities are ultimately allowed within banks, the subsidy that banks have in deposit insurance—something no other institution has besides banks, S&Ls, and other institutions that have Federal guarantees, and when I am saying banks I mean broadly defined—plus the ability to borrow from the Federal Reserve at the lowest interest rates at which anybody in the world borrows, and the ability to use the Fed wire, where they can wire money that instantly becomes bank reserves and it is guaranteed by the Federal Reserve bank, Chairman Greenspan and the Federal Reserve have estimated that if banks were allowed to provide these services within the bank, they probably have an effective subsidy of around 14 basis points. And this subsidy is due to the access to these three items: Deposit insurance, the Fed window, the Fed wire.

Chairman Greenspan has explained to anybody who would listen that if you let banks perform these services within the banking structure itself, banks will have an advantage over those who are providing securities services and selling securities outside of banks; that if you allowed banks to do insurance within the bank, they would have an advantage over insurance companies that are not banks.

Chairman Greenspan has tried to alert us to the fact that if we adopted the Sarbanes substitute we could literally, within 10 or 20 years, have a financial system where virtually all of the securities activities and all of the insurance activities, if banks were allowed to do insurance within the bank itself, would be dominated by a handful of big banks. In other words, our economy would look very much like the Japanese economy, in terms of its financial structure.

Chairman Greenspan says, if your choice is no bill or doing what the Sarbanes substitute wants to do, for safety and soundness reasons, for the protection of the taxpayer, for the protection of competition, for the protection of the competitiveness of the American economy, Chairman Greenspan says: Kill the bill before you do what the Sarbanes substitute would do, in terms of letting banks in these other lines of financial services within the structure of the bank.

Chairman Greenspan said let banks do these things—let them sell insurance, let them provide securities services—but make banks do them outside the bank where they have to take capital out of the bank to capitalize these companies and where they compete with nonbanks on an equal footing.

This is a critically important issue, and it is an incredible paradox, an absolutely astounding paradox that Senator SARBANES, who supported Chairman Greenspan's position in the bill last year, is now taking exactly the opposite position. It is my understanding that perhaps all the Democrat Members of the Senate may be inclined to take this position, a position that many of them, perhaps two out of every three, would have opposed as any kind of freestanding measure. I hope that is not the case, but perhaps it is.

If for no other reason, if you do not have 101 other reasons to vote against the Sarbanes substitute, listen to Alan Greenspan: Spare the taxpayer, spare deposit insurance, and spare the economy by rejecting this proposal.

The pending substitute dramatically expands CRA. It dramatically expands CRA in several ways. For the first time in the history of CRA, the Sarbanes substitute provides that financial institutions that fall out of compliance with CRA will now be deemed to be in violation of banking law and, therefore, potentially subject to fines of up to $1 million a day.

Let me remind those who do not follow these issues—and why would you unless you are in this line of work?—

currently under the Community Reinvestment Act, while banks are evaluated every year and while banks take a legitimate pride in getting good scores on their evaluations, they are not required to be in compliance. The only time CRA imposes a ''penalty'' is if a bank wants to take an action that requires CRA evaluation—such as the opening or closing of a branch, or selling or buying a bank, or merging with another bank.

The Sarbanes substitute would vastly expand CRA by making it a violation of Federal banking law simply to be out of compliance with CRA and, in the process, potentially subject not just the bank, but an individual bank officer and an individual board member, to a fine of $1 million a day.

The Independent Community Bankers of America sent a letter today raising a very important issue. Little banks have trouble getting people of substance to serve on their bank boards. It is hard because there are liability issues involved, and one of the big struggles that little banks have is getting city leaders to be on the bank board. We want the best people to serve on bank boards because they are the people who ultimately make decisions that affect safety and soundness, that affect the well-being of the depositor, that affect lending policy, and that affect the taxpayer through Federal deposit insurance.

I want you to listen to the president of the Independent Community Bankers of America. This is an organization that represents small, independent banks all over America. Listen to this paragraph:

> We also have grave concerns about expanding CRA enforcement authority to include the levying of heavy fines and penalties against banks or their officers and directors. An ongoing challenge for many community banks in small communities is finding willing and qualified bank directors. Legislation following the savings and loan crisis of the 1980s and early 1990s greatly increased the amount of civil monetary penalties to which bank officers and directors may be subject. Any increase in the potential for fines and penalties could provide further disincentive for serving on a bank board.

All Members should realize that this does not apply just to small banks, it applies to big banks. If you had a bank with 200 branches and just one branch fell out of compliance, you could potentially be subjected to this fine. This is regulatory overkill. This is totally unjustified.

Our colleague, Senator SARBANES, says we have not presented enough data about abuses. Where is the abuse that could possibly call for such a provision? This is punitive legislation at its worst, and if you think we have a problem now with community groups intervening and demanding cash payments, you add to it a possibility that a bank officer or board member could be fined $1 million a day and you are going to multiply the abuse a thousandfold. This is a proposal which was clearly written, and I can tell you where and when, when there was a desperate effort in the House to get their bill passed last year. It passed by one vote, and they basically gave this provision to groups that wanted to massively expand CRA. That is how it got into this whole debate.

I cannot believe anybody seriously would want to subject bank officers and bank directors to a potential $1-million-a-day fine for temporarily falling out of compliance with CRA.

The Sarbanes substitute expands CRA by requiring CRA compliance to engage in new financial activities, including insurance and securities. No CRA test is now required for such banking activities.

Here is the whole issue. Today, some banks do sell insurance. Today, some 20 banks engage in securities activities, and virtually every bank, through their holding company, engages in activities which, under the Sarbanes substitute, would be pushed out of the trust department and into an affiliate or an operating sub and, therefore, would subject that bank to this new regulation.

The point is, current law does not require a bank to get CRA approval to sell insurance. Current law does not require a bank to get CRA approval to sell securities. This is, again, a massive expansion in CRA. And if the Senator is justified in questioning our justification for wanting to adopt two modest reforms of CRA, I think it is reasonable to ask what is the justification for this massive expansion in CRA.

Finally, on CRA, for the first time in American history, the Sarbanes substitute would expand CRA to a noninsured institution. The justification for CRA was that banks and other banking-type institutions, S&Ls, have deposit insurance.

And that is a subsidy to the bank. Therefore, asking the bank to provide these resources, on a broad basis, to the community or to allocate capital based on a Government dictate rather than the market had a justification. That was the justification for CRA.

The Sarbanes substitute would expand CRA coverage to a new institution, the wholesale financial institution, or WFI, which does not have FDIC insurance. This is a clear expansion of CRA beyond anything that has ever been enacted into law. In addition, the Sarbanes substitute would repeal the two reform provisions that are in the bill.

I am not going to get into a long dissertation on this subject, because we are going to have an opportunity to debate this subject at length tomorrow—and believe me, I am ready to debate it—but I just want to make a couple points about the provisions that would be stricken by the Sarbanes substitute.

First of all, our first provision is an integrity provision. Put simply, consider a bank that is in compliance and has been in continuing compliance with CRA for 3 years in a row, so that in the mind of the regulator, based on the information they have been presented—and any group in America can have an input into those evaluations—this bank is a good actor, they have a good record of compliance.

The Sarbanes substitute would strike our provision that says that while anybody can present any information they want to the regulator—and the regulator can demand a new evaluation when the bank in question seeks, for example, to merge with another bank or sell or buy a bank—but unless the protesting group presents some substantial evidence that this bank is out of compliance—something that their regulators had said three times in a row they were not—unless they can present some substantial evidence, then based on that objection alone, the regulator cannot turn down the proposal or delay it.

I went through earlier today—and I hope people heard it and remember it—but I went through what ''substantial evidence'' means. The most important thing to remember about it is, the law already requires it. All banking law requires decisionmaking to be based on ''substantial evidence,'' and bars decisionmaking based on arbitrary and capricious action. All banking law currently requires it. All appeals of banking regulator decisions must be based on the absence of substantial evidence.

So really what we are trying to do here is force the regulator to comply with the normal administrative convention, which is, if somebody wants to enter a process—at the last moment, in this case—and demand that someone not be allowed to do something that they have earned a right to do, then they must present substantial evidence to show that they are not complying.

Senator SARBANES suggested that the evidence can only be on items which have occurred since the last evaluation. Not so. In fact, what our bill says is that the regulator may not delay or deny an application unless ''substantial verifiable information arising since the time of [the bank's] most recent examination under that Act demonstrating noncompliance is filed with the appropriate Federal [regulator].''

Our provision provides that any new information may be presented. It is not something that has occurred since the last evaluation. It is something that the banking examiners did not have before when they said the bank was complying with the law.

I went through at great length the 900—I did not go through all 900 of them—but 900 times in Federal statutes we refer to ''substantial evidence.'' We have 400 court cases that have defined it. What does it mean?

''More than a scintilla of information,'' a factual basis under which a reasonable person might reach a conclusion—not that they would reach a conclusion, but that they might reach a conclusion.

So what Senator SARBANES is determined to kill is a simple proposal that certainly does not repeal CRA or overturn CRA or do violence to CRA. All it says is, if a bank has a long record of being in compliance with CRA, if they are in compliance with CRA now, and they want to undertake an action that requires CRA evaluation, that if somebody wants to come in and object, they can say anything they want, they can present any information they want, but the regulator cannot overturn their established record unless the protester presents substantial information or data to back up their claim.

You might ask, why could anybody be opposed to that? Can you imagine that you have a bank which is trying to buy another bank, and they have been in compliance with CRA for three evaluations in a row and are currently in compliance, they have hundreds of millions of dollars at stake in consummating this agreement, a decision that can affect thousands of people, and you let one protester, who often is from not just another State but another region of the country—a protester from Brooklyn, NY—and he comes in and protests a bank merger in Illinois and will not go away until he gets his ''expenses paid'' and until he gets a cash payment? Now, under our provision, anybody can come in and protest, but in order for them to be able to stop the process, they have to provide substantial information.

I cannot understand how anybody can be opposed to that.

The second provision of our bill that would be overturned by the SARBANES substitute is the small bank exemption. Let me try to explain this, I think, in a way that everybody can understand.

I have two colleagues here. Let me say that I am sorry, but Senator SARBANES took an extended period of time to present this, and I have to go through and be sure it is responded to comprehensively. So I am probably going to talk for another half an hour or 45 minutes. If either one of my colleagues has just a few minutes, I will stop and let them speak. But I do not want them staying around here, standing up and thinking that I am about to finish. So with that, if either one of you just has an announcement you want to make or a unanimous consent request, I will yield. OK.

Here is the problem. You have little banks in rural areas. They have, most of them, between 6 and 10 employees. They are serving communities that do not even have a city, much less an inner city, and they are being forced to comply with this law called CRA.

It would be one thing if there were a record showing that these small, rural banks are not lending in their communities. But the plain truth is, as I pointed out earlier, since 1990 there have been 16,380 examinations conducted by bank regulators of small banks and S&Ls in rural areas, that is, outside standard metropolitan areas. And in those 16,380 examinations, only 3 rural banks have been found to be in substantial noncompliance. These examinations and the regulatory burden imposed in complying with this law costs the average rural bank between $60- and $80,000. Imagine, you have a bank with 6 to 10 employees and they have to pay $80,000 to comply with a law that has found, since 1990, 3/100 of 1 percent of them out of compliance.

You might ask, is this overkill? It is interesting, because in other financial laws that relate to similar issues, we exempt banks outside standard metropolitan areas. In the HMDA statute related to similar areas, if you are very small, you are exempt if you are outside a standard metropolitan area. And that is what we are talking in our provision—exempting very small banks in very rural areas.

Instead of my speaking for the problem, let me let the people who are affected speak. They are a lot more articulate on these issues than I am. Let me just run over some numbers with you.

We have received hundreds of letters from small banks all over America urging us to adopt the provision in this bill; we have received 488 as of today. What these small banks tell us is that CRA compliance is costing them between $60- and $80,000 a year.

The First National Bank of Seiling, OK, has estimated it takes the equivalent of one full-time employee to comply with CRA. The Chemical Bank of Big Rapids, MN—with assets of $94 million—agrees that it takes one full-time employee. Crosby State Bank of Crosby, TX, agrees with the one full-time employee. The First National Bank of Cortez, CO, thinks that they spend a minimum of 100 hours annually of CRA compliance officer time.

Let me read from some of the letters that have been submitted to the committee. I am only going to read from five or six of them, but I think they tell the story.

The first letter is from the Cattle National Bank. The Cattle National Bank, for those of you who don't know, and you should, is in Seward, NE. Here is what the vice president and cashier of the Cattle National Bank in Seward, NE, says:

> Let me add that since the origination of public disclosure of CRA examinations we have not had one person from our community ever request the information. The only requests that we have had have come from bank consultants wanting to glean some tidbit from our disclosure.

This is a letter from Copiah Bank, which is a national bank in Crystal Springs, MS. This is written by the president and chief executive officer.

> Our Compliance Officer, Gary Broome, and his assistant have spent many research hours and reams of paper in their efforts to comply with the mandated requirement's paper work. We have even had to outsource some of its checkpoints to a compliance consultant from time to time. As an $83 million community bank . . . that means they probably have 6 or 7 employees . . . we feel an obligation to help in your efforts toward easing our paper work burden.

Lakeside State Bank, ND.

> As a former bank examiner for the Federal Deposit Insurance Corporation, which included consumer compliance experience, and as a banker for over 15 years I believe I have a good understanding of the intent and the workings of CRA. Over 47 years of our existence we have provided financing to virtually every main street business in our town, our customer base includes approximately 80 percent of the area farms and for the last several years over 50 percent of our loans have been to American Indians. The law—

And he means CRA.

> . . . is a heavy burden because of the expansiveness of the regulations and the paper requirements of compliance. We spend hours documenting what we have already done rather than spending that time more efficiently by doing more for our community.

This is from Farmers and Merchants Bank, and this is in Arnett, OK, written by the executive vice president and CEO.

> I am the CEO as well as the chief loan officer, compliance officer and CRA officer. I have to wear so many hats because we are small and have a staff of only 7 including myself. CRA compliance, done correctly, takes a lot of time, which takes me away from my primary responsibility of loaning money to my community. It has almost gotten to the point that lending is a secondary function. It seems like we have the choice of lending to our community or writing up CRA plans showing how we would lend to the community if we had time to make the loans.

It is funny how wisdom just leaps off the page.

> Large banks can hire full time CRA officers and other compliance personnel to administer CRA programs, but small banks cannot . . .

This is from the Redlands Centennial Bank, and it is in Redlands, CA.

> We spent approximately $80 thousand dollars of our shareholders' money last year supporting this ill-defined regulation. Even the regulators who examined us were hard pressed to give us specific definitions on how we might better implement this regulation. I am urging you to get rid of this nonsensical CRA yoke. Keep up the fight, because there are a lot of us out here who are too busy balancing making a living with government regulations in this crazy business . . .

Chemical Bank North, which is a little bank in Grayling, MI. It is a $74 million bank, which means it probably has 6 to 10 employees.

> As it is, we must devote disproportionate resources to creating and maintaining the ''paper trail'' that the current CRA regulations require. Our board members must attend time consuming CRA Committee meetings and our officers and staff members

spend significant valuable time preparing reports and keeping records that serve no purpose other than to keep us in compliance with a regulation that attempts to enforce from a regulatory standpoint what we do everyday in the normal course of our business . . . I would estimate that we devote the equivalent of a full time employee to all aspects of CRA compliance.

I mean, does anybody care that, for this little bank, that one-tenth of their payroll is needed to comply with a government regulation that in 9 years, in 16,000 such audits, has found only 3 banks substantially out of compliance? In 9 years, in 16,000 audits of banks like the Chemical Bank in Grayling, MI, government regulators have found only 3 banks out of the 16,000 evaluations where there was substantial noncompliance. And yet, we are making these banks pay $80,000 a year. Does anybody care? You know, we talk about the little guy and why aren't we here debating this and that. Does anybody care that a little bank, trying to serve consumers in a small town, a little independent bank in an era when a lot of people are worried about all the banks being taken over by big banks, here is a little bitty bank trying to stay in business, and 1 out of every 10 people they employ—because they only employ 10—has to spend time complying with one regulation, which, over 9 years, in 16,000 audits, has found 3 violators? Yet, our colleague, Senator SARBANES, is so outraged that we would lift this paperwork burden that he has offered a substitute. I don't understand it. I don't understand it. But I don't guess I have to understand it.

First National Bank, founded in 1876, in Wamego, KS, spelled W-A-M-E-G-O. I ask the Chair, am I pronouncing it right?

The PRESIDING OFFICER (Mr. BROWNBACK). The Chair notes that the correct pronunciation is Wamego.

Mr. GRAMM. The occupant of the Chair knows because he knows and loves everybody that lives in that State, and I appreciate that. Wamego, KS. This is a little bitty bank, the First National Bank of Wamego, KS, founded in 1876. In other words, it has been in business for 123 years. How big do you think it is after 123 years of service? They have $65 million in assets, and it is the lifeblood of Wamego, KS. It is struggling with paperwork. It is a small bank and has 6 to 10 employees. People in that town are proud they have a bank. In a lot of towns that size, the bank has already gone broke and moved off to the big city. This bank has not deserted its customer base. They are trying to make a living. Let me read to you from their letter:

Our bank was listed 2 years in a row as the best bank in Kansas to obtain loans for small businesses by Entrepreneur Magazine.

They have received an outstanding rating under CRA—the best rating you can get.

Our outstanding grade did not make us a better bank. CRA did not make us make more loans than we would have made. CRA did take a lot of employee time to document that we were an outstanding bank.

Here is the point. This is a little bank that has been doing the job for 123 years. It only has $65 million in assets. This is a very small bank. It probably does not have 10 employees. It has been evaluated as being outstanding. But in 16,000 evaluations over the last 9 years, bank regulators nationwide found only 3 banks that were in substantial noncompliance. Why are we tormenting this little bank in Wamego, KS, which is doing a great job, and imposing $60,000 to $80,000 in costs on them to discover that only 3 banks out of 16,000 evaluations aren't doing a good job?

The next letter is from Nebraska National Bank, which is in Kearney, NE. They have $34 million in assets. This has to be one of the smallest banks in America. It has been in business for an extended period of time. I don't know how many employees they have, but I would guess five or six employees in the whole bank:

We do not make foreign loans. We don't speculate in derivatives. We don't siphon deposits from this area to fund loans elsewhere. Instead, like virtually all banks under $250 million in assets [remember, they are only $34 million in assets], we provide home loans, business loans, farm loans, construction loans. We don't do this because of the Community Reinvestment Act, but because it makes good business sense. I bitterly resent every minute of my time and that of my staff spent to comply with this regulation because it takes time away from productive duties. I feel the regulation is now being used by consumer activist groups to shake down banks seeking regulatory approval for expansion of mergers.

Now, that is a strong testament. Nothing I could say could give a stronger testament than that.

Let me give you one final one. Like I said, we have 488 just like it. They don't understand why it is unreasonable to lift this heavy regulatory burden when only 3 substantial noncompliant banks have been discovered in 9 years after 16,000 audits. You take 16,000 audits at $80,000 apiece, for the banks, that is a lot of money for these little towns.

The last letter is from American State Bank, an independent bank in Portland, OR. It is signed by the chairman and the CEO:

As one of the oldest and most strongly capitalized African American owned banks west of the Mississippi River, Portland based American State Bank supports your position on CRA exemption for nonmetropolitan banks. We also urge you to explore exempting from CRA requirements minority-owned commercial banks. Today, minority-owned banks still maintain their focus on serving our Nation's minority communities and their citizens. It is redundant at best to impose CRA requirements on banks whose sole purpose is to serve minority citizens. At worst, it compels minority banks to sustain burdensome, expensive administrative costs and subjects banks to a bureaucracy largely unaware of the realities of the inner-city marketplace.

Now, I could go on and on, Mr. President, in outlining the arguments related to small banks, but let me stop there on this issue and go back to the other provisions of the bill.

Let me say to my colleague that to go through and respond to each of the points Senator SARBANES made is probably going to take me another half hour. If the Senator has a unanimous consent request, or a short statement, I would be glad to yield. But if not, I want him and others to know that I should be finished maybe by 7 o'clock.

Mr. SARBANES. Will the Senator yield?

Mr. GRAMM. I am happy to yield.

Mr. SARBANES. Senator KERRY has been trying to make a statement all day. I guess, by this process he won't be able to do it now. What is the Senator's intention for tomorrow? How can we carve out some time?

Mr. GRAMM. It was my hope tonight that we could finish debate on this amendment, and that we would have a vote tomorrow. Our problem, as you know, is that we have the two Senators from Oklahoma who have flown home to participate in the evaluation and assistance with the terrible tragedy that happened there with the tornadoes. We are hopeful that they are going to be back tonight or in the morning. Then we are going to have a vote on Senator BYRD's resolution commending the Rev. Jesse Jackson, and other clergy leaders who participated in his trip. That vote is going to occur in the morning; I am not sure exactly what time. But the idea would be to have that vote in the morning and then, at that point, either I or the majority leader would move to table the amendment and we would have a vote on it. We would then offer one of our amendments at that point.

Mr. KERRY. Will the Senator yield?

Mr. GRAMM. I am happy to yield.

Mr. KERRY. Unaccustomed as I am to speaking from this side of the aisle, maybe it will get me extra credit from the Senator from Texas. Would it be possible to carve out some time because of my complications on the schedule? I have been here a number of times today trying to get in on the schedule to speak prior to the vote. Would I be able to have 20 minutes set aside for that purpose?

Mr. GRAMM. I would assume we will have a debate in the morning and that we will probably have at least a half an hour on each side. I see nothing unreasonable about having time in the morning. I would strongly suggest that we do it. Any Member can object to any unanimous consent request. Otherwise, if the Senator wishes to have time, we will divide the time equally tomorrow. I don't see any reason why he couldn't have a chance to speak tomorrow.

Mr. KERRY. Mr. President, if the Senator will further yield, I don't want

to disturb the schedule of the Senator from Maryland or concept of how he wishes to proceed managing our side of the aisle, if that would fit within his framework.

Mr. SARBANES. If we have sufficient time before we vote on this substitute to take care of the Senator and a couple of others who want to speak on it, including the minority leader, I don't have a problem with that. But if the time period is extremely short, then we would be precluded from accomplishing this objective.

Mr. GRAMM. Why don't I do this. Just reclaiming my time, why don't I try to finish up here in 20 minutes and yield and let the Senator speak?

Mr. KERRY. Mr. President, the problem is that isn't going to work on the schedule I have now this evening. I simply say to the Senator, Mr. President, that it would seem to me, in furtherance of what the Senator from Maryland has said, that if we were to write in the order for the morning for tomorrow that X amount of time will be set on both sides, taking into account the amount of time I have requested from the Senator, we could accomplish all of the goals, if the Senator were willing to try to make that the order.

Mr. GRAMM. I don't know whether we have 30 minutes equally divided or 1 hour equally divided, but within that constraint, it seems to me, the Senator could speak.

Mr. KERRY. I thank the Chair. I thank the Senator from Texas. I thank the Senator from Maryland.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, let me just touch on four more issues in the Sarbanes substitute that I take strong issue with. I see Senator GORTON is here and he wanted to say something.

The next concern that I have and that the majority has with the Sarbanes substitute is that it adopts security law revisions making it significantly more difficult for small banks to engage in trust and fiduciary activities. These activities currently make up about 15 to 20 percent of the revenues of small banks.

Here is the problem. Our bill goes to great lengths to say to some small bank in some small town that doesn't intend to get into financial services, that nothing in this bill is going to force them to take their trust department activities that they are now engaged in and either set up an operating subsidiary or set up an affiliate.

I believe the provisions of the Sarbanes substitute could adversely affect virtually every small bank in America and endanger the operations that they currently can do within a bank only under regulation by the bank in the name of trust department activities. I believe the provision offered by Senator SARBANES could force many of these banks to set up operating subsidiaries, or set up affiliates, and in the process drive up their costs and threaten their revenues.

Now we come to the so-called unitary thrift holding company. If you listen to Senator SARBANES, you get the idea that somehow we are expanding commercial activities of banks. The reality is that the Sarbanes substitute, by allowing banks to hold a commercial basket for 15 years, expands commercial activities of banks substantially more than our bill does.

Our bill restricts the ability of commercial companies—an ability they have under current law—our bill restricts their ability to apply for charters and to set up a unitary thrift.

Unitary thrifts are legal under current law. So, for example, General Motors can get an S&L charter and can go into the S&L or banking business through that charter. That is the law of the land today. As a result, a substantial number of commercial companies have gotten those charters.

Our bill ends that practice. And effective on the day that the underlying committee bill was released as a committee print, any application for a unitary thrift received after that date would not be acted upon.

The difference between the Sarbanes substitute and what we do is that, in addition, the Sarbanes substitute goes back and says that those unitary thrifts that already exist would have an ex post facto change in law that would limit their ability to sell their thrift—which is a change in the regulations under which they set up or bought the charter.

I believe that this is a takings of property, that it violates the fifth amendment of the Constitution. In fact, we have recently had a Supreme Court ruling striking down another ex post facto law that Congress passed that took away provisions that were in contracts that banks—and in this case S&Ls—had negotiated with Federal S&L regulators.

So we create no new commercial powers. There is nothing in our bill that in any way expands the ability of banks to hold commercial assets, whereas the substitute will allow them to hold them for 15 years under a grandfather provision, a provision that is not in our bill.

I was somewhat stunned to hear the presentation by Senator SARBANES that we were expanding commercial powers when in reality his substitute has a 15-year grandfather for existing activities, a provision that our bill does not have. Our bill not only does not expand commercial activities but it cuts off the issue of new unitary thrift licenses. But we do not go back and change the rules of the game on S&Ls that invested good money, many of them during the S&L crisis, saving the taxpayer billions of dollars. We don't go back and change the rules of the game on them.

I talked about No. 7. That is the commercial basket issue. The substitute offered by Senator SARBANES allows commercial banks to hold these commercial assets for up to 15 years. There is no similar provision in our bill.

Finally, the Sarbanes substitute strips away power from State insurance regulators. Under the Sarbanes substitute, States could only collect information but could not act on information, nullifying the authority of State insurance commissioners to review and approve or disapprove applications.

The National Association of Insurance Commissioners opposes this provision.

So basically those are the differences. I think the differences are very clear and very stark. I hope my colleagues will look at them and will reject this substitute.

This substitute would create a bill that Alan Greenspan and every member of the Federal Reserve Board, speaking as a body through the Chairman, has said would be worse, in terms of danger to the taxpayers, danger to the insurance fund, danger to the economy, than passing no bill at all.

This bill would repeal two very simple, very targeted, very minor reforms of CRA, and would institute the most massive expansion of CRA in America history.

I think if people look at any one of these eight areas that I have outlined, they will conclude that the committee acted properly in rejecting the Sarbanes substitute. But the Sarbanes substitute wasn't rejected just because it was deficient in, say, five of these eight areas. It was rejected because in each and every one of these areas it was inferior—in terms of the well-being of the taxpayer, the well-being of the depository insurance system, the well-being of the economy—to the underlying bill that was adopted by the Banking Committee.

I urge my colleagues to reject this substitute. There will be a tabling motion tomorrow on some basis yet to be agreed to.

I yield the floor.

Mr. GORTON. Mr. President, I support the distinguished Senator from Texas, the chairman of the Banking Committee, in his advocacy of his own proposal and in his desire that we defeat the substitute which is before the Senate at the present time.

He has stated in great detail his reason for his support and the majority support for his financial reorganization bill. I mention only three differences that seem to me to be very significant.

One is the arcane but vitally important difference between a holding company structure and a structure of making subsidiaries. In this respect, it

seems to me the holding company system has worked well for this country, literally for generations. The advice of the Chairman of the Federal Reserve Board, Alan Greenspan, overwhelmingly supports the proposition of the choice that has been made in this regard by the committee majority itself.

Second, with respect to the Community Reinvestment Act, it also seems to me that the chairman's modest reforms are steps in the right direction. They do not destroy that system by any stretch of the imagination but, they do fire a warning shot across the bow of those who would use that bill for extortion purposes.

Finally, and most important to me in my own State, is the way in which the bill, is against the proposed substitute, deals with unitary thrifts. A unitary thrift is authorized to affiliate with both financial and commercial companies. This authority is balanced both by lending restrictions and by safeguards prohibiting thrifts from extending credit to a commercial affiliate. This chartering structure has been available for more than 30 years. To the best of my knowledge, during that 30-year period of time, 30 years during which thrifts have been allowed to combine with commercial firms, there have been no major scandals, no serious corruption, no sapping of America's capitalism vigor. In other words, to limit the authority of thrifts while we are extending the authority of commercial banks in the bulk of this bill is to deal with an evil that simply does not exist.

Financial modernization should be about expanding choices for consumers and chartering options, not constricting those options and stripping existing authorities from consumer-oriented institutions without sound policy justification.

I do not believe we should limit the unitary thrift chartering option at all. Unitary thrifts have a longstanding record of serving their communities. There is a glaring absence of any evidence that their commercial affiliations have led to a concentration of economic powers or posed risks to consumers or taxpayers. This legislation includes a provision that grandfathers the commercial affiliation authorities of unitary thrifts chartered or applied for before February 28 of this year. Given the lack of any evidence that those affiliations are harmful, financial modernization should, at the minimum, not roll back the authority of existing unitary thrifts.

Limiting the ability of commercial firms to charter thrifts in the future is debatable policy, but there is no question in my mind that the authorities of existing unitary thrifts should not be abolished.

For these reasons, I oppose the Democratic substitute and intend to fight any later amendment which deals with this issue alone.

With the expression of my support for the position taken by the distinguished chairman of the Banking Committee, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE UNITED STATES CAPITOL POLICE AND RECRUIT CLASS 116

Mr. LOTT. Mr. President, the past year has been a trying one for the United States Capitol Police. The deaths of Officer Jacob Chestnut and Detective John Gibson struck a chord with the American people and the Congress. We are keenly aware that we rely on the men and women of the U.S. Capitol Police to protect the Capitol Complex and all of those who work and visit here. In doing so, they ensure that the national legislative process proceeds unhindered and that citizens are safe and free to visit their Capitol, view the House and Senate in session, and meet with their elected representatives.

Protecting the Capitol Complex requires well trained, highly-motivated, and dedicated police officers. On April 27, the U.S. Capitol Police added such officers to its ranks when it graduated Recruit Class 116. The twenty-four recruits in this class proudly became police officers after successfully completing five months of exhaustive training. These officers came from all walks of life and from a number of states around the nation. Many had prior military experience, others had previous experience in the law enforcement profession, while some just recently graduated from college. The common bond among these officers is the desire to enter the law enforcement profession and honor the memory of Officer Chestnut and Detective Gibson.

During the graduation ceremony, which was attended by the members of the U.S. Capitol Police Board, the Department's Command Staff, and family and friends of the recruit officers, Class President Robert Garisto gave a speech on behalf of the members of the Recruit Class 116. I feel that this speech is indicative of the caliber of personnel who fill the ranks of the U.S. Capitol Police. I ask unanimous consent that Officer Garisto's speech be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNITED STATES CAPITOL POLICE CLASS 116—GRADUATION SPEECH

Good afternoon everyone. I would like to start by expressing my gratitude to the Members of Class 116. I have been fortunate to have spent the last five months getting to know each and every one of you. Now that I do, the honor you have bestowed on me by allowing me to represent you means so much more and it is an experience I will cherish forever.

Now, class, we are about to take a dramatic step forward. The challenges which lie ahead of us are immense, many of the problems we will confront as police officers are highly complex. The skills and abilities we bring to our positions in law enforcement must be continually honed to transcend these obstacles.

I am sure everyone here is aware of the events that have taken place recently in the United States. The crisis of crime and violence in our society is really a crisis of values and conscience. It is a problem compounded by the glamorization of violence, drugs, sex and greed in Hollywood films and music lyrics. Our young people are being told that it is okay to carry a 9MM and live the lifestyle of a drug dealer, it is all right to "sex you up." They are told they have the right to the latest music CD or the coolest clothes. They have the right to have these things even if they have to take from someone else. They can have what they want at any price regardless of the consequences. However, there are consequences to a society that sensationalizes sin while it trivializes morality and religious beliefs. The consequence is the carnage we see on the streets of America almost every day. Too many of our children have learned to solve problems of conflict and anger with weapons for the simple reason that they haven't experienced love, compassion and understanding from those who should be the role models in their lives. It's insane and it's hurting our Nation in the worst possible way, because our young people are our greatest national resource and asset. More importantly, they are our future.

We as parents, police officers, teachers and public officials must take an active role in the rearing of America's youth.

This world we live upon is a tremendously huge place but, technology is, and will continue to make, the global experience more accessible to everyone. Young people must understand the global context of our existence. The horizons and life opportunities that exist for them throughout this world. And, yes, there will continue to be racism and bias fueled by ignorance and fear. Those who are different will continue to be judged by the standard of what is considered by the judge to be normal. However, it should never be intellectualized as the sole excuse for failure. More importantly, it must serve as the impetus which pushes us forward toward higher achievement and success.

A contemporary society cannot develop unless it places a premium on education and human development. The complex issues and problems we face today require agents with thoughtful and progressive minds committed to bringing about positive change.

I believe that each of us of The Graduating Class of 116 are those agents of change.

Thank you.

Mr. LOTT. Mr. President, I am proud of the men and women of the United States Capitol Police and I appreciate what they do, each day, in service to the Congress and the nation. I would like to congratulate Officer Garisto and the men and women of Recruit Class 116 on their accomplishments and I wish them continued success during their careers with the United States Capitol Police.

HONORING THE AAA SAFETY PATROL LIFESAVING MEDAL AWARD WINNERS

Mr. DASCHLE. Mr. President, I am proud to announce to the Senate today the names of the 7 young men and women who have been selected to receive the 1999 American Automobile Association Lifesaving Medal. This award is the highest honor given to members of the school safety patrol.

There are roughly 500,000 members of the school safety patrol in this country, helping over 50,000 schools. Every day, these young people ensure that their peers arrive safely at school in the morning, and back home in the afternoon.

Most of the time, they accomplish their jobs uneventfully. But, on occasion, these volunteers must make split-second decisions, placing themselves in harm's way to save the lives of others. The heroic actions of this year's honorees exemplify this selflessness, and richly deserve recognition.

The first AAA Lifesaving Medal recipient comes from Rochester, New York.

On September 22, 1998, 11-year-old Theodore Roosevelt Elementary School Safety Patrol Katherine Garcia was at her post in the back parking lot. She was helping create order out of the chaos that occurs when buses, walkers and parents all try to leave the school at the same time.

Behind her post, a 9-year-old boy and his 7-year-old friend separated from his grandmother to look for their car. They tried to run past Katherine. As they did, she quickly reached out, grabbed the boys by their t-shirts, and pulled them out of the path of an oncoming car.

This year's second AAA Lifesaving Medal honoree comes from Brooklyn, New York.

On January 5, 1999, an 8-year-old student asked Public School 151 Safety Patrol Anthony Christian, Jr. if he would walk him across the street.

Leaving his post in the hands of his patrol partner, Anthony carefully checked the traffic signal and crossed the street. Just as they reached the other corner, two cars collided at high speed in the middle of the intersection. One of the cars spun out of control, heading directly for the two boys. Without regard for his own safety, Anthony pulled the little boy out of the way just before the car jumped the curb where the two boys were.

The third AAA Lifesaving Medal winner comes from Unadilla, New York.

On October 8, 1997, Unadilla Elementary School Safety Patrol Nichole L. Decker was at her post at the school's back door when she heard a 7-year-old boy's desperate cries for help.

When she went outside, she saw the boy trapped on the ground by a huge dog—a husky/wolf mix. The dog was biting at the little boy's face and throat. Without considering what the 50-pound dog could do to her, 13-year-old Nichole began shouting and waving her arms to distract it from the boy. When the dog ran away, Nichole scooped up the badly bleeding boy and took him inside the school for help.

The fourth recipient of the AAA Lifesaving Medal comes from Brooklyn, New York.

On January 28, 1999, 10-year-old Public School 91 Safety Patrol Stacia Walker saw a car drop off a 5-year-old boy at school, then depart.

Instead of entering the schoolyard, the little boy turned around and headed for a park across the street, Stacia ran to the little boy and stopped him just before he crossed the street in front of a car.

This year's fifth AAA Lifesaving Medal honoree comes from Mt. Pleasant, Michigan.

On September 2, 1998, 12-year-old Ganiard Elementary School Safety Patrol Michael T. Wiltsie was helping the adult crossing guard at the corner of Broadway and Adams streets, the busiest corner for patrols.

The adult crossing guard had just walked to the center of the street to stop traffic when a 7-year-old boy walked around Michael's outstretched arms to follow her. A truck made a left-hand turn and passed between the adult crossing guard and Michael's post on the curb, ignoring the stop sign held by the adult crossing guard. Michael reached out, grabbed the 7-year-old boy by the backpack, and pulled him to safety just as the truck sped by.

The fifth recipient of the AAA Lifesaving Medal comes from Fairfax, Virginia.

On February 22, 1999, Fairhill Elementary School Safety Patrol Roxanne A. Bauland (BALL-lund) was standing at her post near a bus stop when she noticed there was something wrong with a 6-year-old girl approaching the bus stop from across the street.

When the little girl began running toward the bus stop, the hard candy she had been eating became lodged in her throat, causing her to cough and choke. Quickly sizing up the situation, 11-year-old Roxanne performed the Heimlich maneuver on the little girl and dislodged the candy from her throat, quite possibl saving the little girl's life.

The final AAA School Safety Patrol Lifesaving Award recipient comes from Minneapolis, Minnesota.

On November 2, 1998, 11-year-old Jenny Lind Community School Safety Patrol Tonya L. M. Boner was completing her shift for the day when she decided to wait a little longer to help some stragglers cross the street safely.

Three students, ages 7, 9, and 10, began to cross the road. Across the intersection, a car stopped briefly at the stop sign, then headed straight for the crosswalk and the students. Seeing the immediate danger, Tonya hurried the students to the other side just as the car sped through the crosswalk a mere 2 feet from where she and the students had been walking seconds before.

Mr. President, on behalf of the Senate, I extend congratulations and thanks to these young women and men who are visiting the Capitol today. They are an asset to their communities, and their families and neighbors should be very proud of their courage and dedication.

I would also like to recognize the American Automobile Association for providing the supplies and training necessary to keep the safety patrol on duty nationwide.

Since the 1920's, AAA clubs across the country have been sponsoring student safety patrols to guide and protect younger classmates against traffic accidents. Easily recognizable by their fluorescent orange safety belt and shoulder strap, safety patrol members represent the very best of their schools and communities. Experts credit school safety patrol programs with helping to lower the number of traffic accidents and fatalities involving young children.

We owe AAA our gratitude for their tireless efforts to ensure that our Nation's children arrive to and from school safe and sound.

And we owe our thanks to these exceptional young men and women for their selfless actions. The discipline and courage they displayed deserves the praise and recognition of their schools, their communities and the Nation.

CLARIFYING TAX TREATMENT OF SETTLEMENT TRUSTS ESTABLISHED UNDER ANCSA

Mr. STEVENS. Mr. President, today I join Senator MURKOWSKI in rising in support of S. 933, which would clarify tax treatment of Settlement Trusts established under the Alaska Native Claims Settlement Act. Our legislation would amend the U.S. tax code by allowing these Settlement Trusts to organize as 501(c)(28) tax exempt organizations. This bill is similar to S. 2065 which I co-sponsored with Senator MURKOWSKI last year.

Consistent with last year's proposal, this bill allows for conveyances to a Settlement Trust without including those contributions in the beneficiaries' gross income. This is an important provision because under the current tax code, beneficiaries of a Settlement Trust can be taxed on contributions to the trust, even though they haven't received a payment or disbursement from the Settlement Trust.

Our new provision also outlines the process and terms for revoking a trust's tax exempt status as a 501(c)(28) organization. Under this provision, if a Settlement Trust engages in forbidden

activities as outlined in the Alaska Native Claims Settlement Act, its election as a 501(c)(28) tax exempt organization would be revoked and the trust would pay a tax on the fair market value of the assets held. This ensures that U.S. taxpayers will not underwrite forbidden transactions within the trusts or between the trusts and the beneficiaries.

This provision also requires a Settlement Trust to distribute at least 55 percent of its adjusted taxable income for each year. This would insure that Settlement Trusts fulfill a basic obligation to the beneficiaries.

In addition, the new provision requires trusts electing to be recognized as 501(c)(28) tax exempt organizations to withhold income tax from payments made to beneficiaries. There is, however, an important exception to this withholding provision. That exception would apply to third party payments made on the behalf of beneficiaries for educational, funeral, or medical benefits.

It is my hope that we will clarify the tax treatment of these Settlement Trusts so that beneficiaries are treated in a fair and just manner.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, May 3, 1999, the federal debt stood at $5,562,741,424,540.43 (Five trillion, five hundred sixty-two billion, seven hundred forty-one million, four hundred twenty-four thousand, five hundred forty dollars and forty-three cents).

Five years ago, May 3, 1994, the federal debt stood at $4,569,524,000,000 (Four trillion, five hundred sixty-nine billion, five hundred twenty-four million).

Ten years ago, May 3, 1989, the federal debt stood at $2,769,324,000,000 (Two trillion, seven hundred sixty-nine billion, three hundred twenty-four million).

Fifteen years ago, May 3, 1984, the federal debt stood at $1,489,259,000,000 (One trillion, four hundred eighty-nine billion, two hundred fifty-nine million).

Twenty-five years ago, May 3, 1974, the federal debt stood at $467,768,000,000 (Four hundred sixty-seven billion, seven hundred sixty-eight million) which reflects a debt increase of more than $5 trillion—$5,094,973,424,540.43 (Five trillion, ninety-four billion, nine hundred seventy-three million, four hundred twenty-four thousand, five hundred forty dollars and forty-three cents) during the past 25 years.

REVISED BUDGET LEVELS FOR FISCAL YEAR 1999

Mr. DOMENICI. Mr. President, pursuant to Sec. 209 of H. Con. Res. 68, the Concurrent Resolution on the Budget for Fiscal Year 2000, I hereby submit to the Senate revised budget levels for fiscal year 1999.

The following table displays the appropriations caps and the committee allocation levels that will be enforced for the remainder of fiscal year 1999.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT, BUDGET YEAR TOTAL 1999

[In millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations:				
Defense	279,891	271,403	0	0
General Purpose Discretionary	287,157	273,901	0	0
Violent Crime Reduction Trust Fund	5,800	4,953	0	0
Highways	0	21,885	.....	.....
Mass Transit	0	4,401	.....	.....
Mandatory	299,159	291,731	0	0
Total	872,007	868,274	0	0
Agriculture, Nutrition, and Forestry	8,931	6,362	17,273	9,183
Armed Services	48,285	48,158	0	0
Banking, Housing, and Urban Affairs	9,200	3,182	0	0
Commerce, Science, and Transportation	8,119	5,753	682	678
Energy and Natural Resources	2,185	2,163	40	39
Environmental and Public Works	28,591	1,365	0	0
Finance	694,516	688,064	146,033	146,926
Foreign Relations	10,908	12,141	0	0
Governmental Affairs	58,113	57,036	0	0
Judiciary	4,954	4,528	231	232
Labor and Human Resources	8,000	7,525	1,328	1,328
Rules and Administration	93	56	0	0
Veterans' Affairs	1,204	1,428	22,629	22,536
Indian Affairs	492	485	0	0
Small Business	0	(220)	0	0
Unassigned to Committee	(303,086)	(294,966)	0	0
Total	1,452,512	1,411,334	188,216	180,922

RECOGNITION OF KAREN MIKOLASY—WASHINGTON STATE TEACHER OF THE YEAR

Mr. GORTON. Mr. President, ''Teacher''—Webster's defines a teacher as one who ''imparts knowledge of or skill in'' a particular subject matter. Teaching, of course, extends far beyond that clinical definition. Many teachers bring passion and dedication to their work that often reaches outside the classroom as teachers serve as mentors, coaches, advisors and friends to their students. Each of us can remember a teacher who inspired us, motivated us, even changed our lives.

The students at Shorecrest High School in Washington state have just such a teacher. Karen Mikolasy has taught for 28 years with passion for her students and for her work. She emphasizes consistency and standards. In Mrs. Mikolasy's class homework is handed in on time and papers are rewritten until they earn at least a B. That consistency in expectations also carries over to consistent positive reinforcement to her students—she tells them daily that it is a privilege to be their teacher. She says that in 28 years, not one day has gone by which she hasn't wanted to be in the classroom with her students.

I was honored to meet Mrs. Mikolasy a few weeks ago in my office while she was in DC to be recognized as the Washington State Teacher of the Year. In the few minutes I met with her, I understood why she won this honor. Her passion and commitment to educating and inspiring young people was clear. The words of her students however, are probably the best tribute.

One student characterized Mrs. Mikolasy this way: ''. . . she teased, she nagged, fumed, roared, tested and laughed. She turned us into real readers. She led us through worlds both familiar and foreign. There are still rumors that hint at her unwavering

stance in class, but one legend should not be overlooked or forgotten. Mrs. Mikolasy is and always will be a masterful teacher.''

Mrs. Mikolasy also tells a story about a package she received one day from a former student who is now a lawyer. The package, in which was a Mont Blanc pen, also included a note: ''Dear teacher, big case, won lots of bucks! Won case because of writing. You taught writing: you get pen. I did writing: I get money. Spend money. Money gone? Do more writing, get more money. Writing not work, maybe I come get another writing lesson.'' It is said that while most Americans spend their living building careers, teachers spend their careers building lives. That certainly seems to be the case with Karen Mikolasy.

So today I recognize Karen Mikolasy with the Innovation in Education Award. This is an award I give out each week to recognize people who make a difference in our local communities. It is based on the common-sense idea, that it is parents and educators who look our children in the eyes every day who know best how to educate them. Karen Mikolasy is most deserving of this award.

Last night another experience made clear to me the impact teachers can have on their students. I attended an awards dinner for the ''We the People . . . the Citizens and the Constitution'' program. The program encourages junior high and high school students to study the constitution by developing competitive teams at each school. Each team has a teacher as a coach. Last night each teacher was recognized. There were no fewer than 1200 students giving their teachers standing ovations and cheering in appreciation of their efforts.

I also like to recognize all of the teachers in Washington state, who demonstrate their passion for teaching and for kids every day in the classroom. Today and the balance of this week is set aside to honor and celebrate teachers. I know that all of my colleagues will join me in recognizing our wonderful teachers across the nation.

RECOGNITION OF THE WASHINGTON STATE CHAMPIONS OF THE ''WE THE PEOPLE . . . THE CITIZENS AND THE CONSTITUTION'' COMPETITION

Mr. GORTON. Mr. President, this week's Innovation in Education Award recipient is an award winning class from Tahoma High School in Maple Valley, Washington. Earlier this year 29 exceptional students from Tahoma High School in Washington state won Washington state's competition testing their knowledge of the Constitution. As a result of that victory, this past weekend they were in Washington, D.C. to participate in the national finals of the ''We the People . . . The Citizen and the Constitution'' program.

The ''We the People . . . The Citizens and the Constitution'' program, administered by the Center for Civic Education, provides our elementary and secondary students a strong foundation in the history and philosophical underpinnings of the Constitution. That foundation ultimately promotes a sense of civic responsibility in these students and provides them with the means to act effectively within a democratic society.

The final activity in this program, which took place April 30–May 3, is a simulated congressional hearing in which students ''testify'' before a panel of judges. Students demonstrate their knowledge and understanding of constitutional principles and have opportunities to evaluate, take, and defend positions on relevant historical and contemporary issues. I am happy to announce that I attended last night's award ceremony which the Tahoma High team won a regional award.

I am proud of the achievement of these students and am happy to recognize them. They are Adam Baldridge, Mary Basinger, Josh Bodily, Sydney Brumbach, Katie Carder, Erica Chavez, Elizabeth Dauenhauer, Steven Dekoker, Meaghan Denney, Nathan Dill, Marisa Dorazio, Jesse Duncan, Jayson Hart, Jon Hallstrom, Carolyn Hott, Daniel Linder, Casey Lineberger, Clark Lundberg, Karrie Pilgrim, Michael Pirog, David Rosales, Jason Shinn, Jeremy Sloan, Justin Sly, Donny Trieu, Orianna Tucker, Jessica Walker, Raymond Williams, and Elizabeth Zaleski. I also recognize Kathy Hand, the Washington state coordinator for the ''We the People . . .'' program, and Kristy Ulrich, the district coordinator.

Finally, I applaud Mark Oglesby and his assistant Stephanie Galloway, the teachers who have led their Tahoma High School class to this national competition, and have taught the past four state championship classes from Washington state. That track record shows great leadership and dedication to the education of their students.

I enjoyed meeting with the students this weekend and wish them the best for their future. They will certainly be well prepared for it.

MESSAGES FROM THE HOUSE

At 12:59 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1480. An act to provide for the conservation and development of water and related resources, to authorize the United States Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 93. Concurrent resolution expressing the sense of the Congress regarding the social problem of child abuse and neglect and supporting efforts to enhance public awareness of this problem.

MEASURE REFERRED

The following concurrent resolution was read and referred as indicated:

H. Con. Res. 93. Concurrent resolution expressing the sense of the Congress regarding the social problem of child abuse and neglect and supporting efforts to enhance public awareness of this problem; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2823. A communication from the Administrator, General Services Administration, transmitting, pursuant to law, a report entitled ''Fiscal Year 2000 Capital Investment and Leasing Program''; to the Committee on Environment and Public Works.

EC–2824. A communication from the Vice President, Communications, Tennessee Valley Authority, transmitting, pursuant to law, a report entitled ''The Statistical Summary for Fiscal Year 1998''; to the Committee on Environment and Public Works.

EC–2825. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''Builder Warranty for High-Ratio FHA-Insured Single Family Mortgages for New Homes (FR–4288–C–02)'' (RIN2502–AH08), received April 9, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–2826. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Fair Housing and Equal Opportunity, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''Fair Housing Complaint Processing; Plain Language Revision and Reorganization; Interim Rule (FR–4431–I–01)'' (RIN2529–AA86), received April 27, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–2827. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled ''Public Housing Agency Plans and Section 8 Certificate and Voucher Merger Rules; Announcement of Public Forums; Solicitation of Additional Public Comment on Relationship of PHA Plans to Consolidate Plan (FR–4420–N–02)'' (RIN2577–AB89), received April 27, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–2828. A communication from the Assistant General Counsel for Regulations, Office

of the Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Affairs, transmitting, pursuant to law, the report of a rule entitled ''Public Housing Agency Plans and Section 8 Certificate and Voucher Merger Rules; Announcement of Public Forums; Solicitation of Additional Public Comment on Relationship of PHA Plans to Consolidated Plan (FR–4420–N–02)'' (RIN2577–AB89), received on April 27, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–2829. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled ''Native Hawaiian Revolving Loan Fund'' for fiscal years 1995 through 1997; to the Committee on Indian Affairs.

EC–2830. A communication from the Administrator, Office of Juvenile Justice and Delinquency Prevention, Department of Justice, transmitting, pursuant to law, the report of a rule entitled ''Juvenile Accountability Incentive Block Grants'' (RIN1121–AA46), received on April 30, 1999; to the Committee on the Judiciary.

EC–2831. A communication from the Executive Director, American Academy of Arts and Letters, transmitting, pursuant to law, a report of activities during calendar year 1999; to the Committee on the Judiciary.

EC–2832. A communication from the Director, Administrative Office of the United States Courts, transmitting, pursuant to law, the annual report for calendar year 1998; to the Committee on the Judiciary.

EC–2833. A communication from the General Counsel, Department of Justice, transmitting, a draft of proposed legislation to authorize consent to and authorize appropriations for the United States subscription to additional shares of the capital of the Multilateral Investment Guarantee Agency; to the Committee on Foreign Relations.

EC–2834. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC–2835. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the report of an export license relative to Turkey; to the Committee on Foreign Relations.

EC–2836. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the report of a rule entitled ''Visas: Documentation of Nomimmigrants Under the Immigration and Nationality Act—Amendment of Transit Without Visa (TWOV) List'' (RIN1400–AA48), received April 27, 1999; to the Committee on Foreign Relations.

EC–2837. A communication from the Secretary of Education and the Chief Operating Officer, Office of Student Financial Assistance Programs, Department of Education, transmitting jointly, pursuant to law, a report relative to student financial aid programs; to the Committee on Health, Education, Labor, and Pensions.

EC–2838. A communication from the Secretary of Labor, transmitting a report of proposed legislation entitled ''Hazard Reporting Protection Act of 1999''; to the Committee on Health, Education, Labor, and Pensions.

EC–2839. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, a report entitled ''Premarket Notification Program for Food Contact Substances-Cost Estimate''; to the Committee on Health, Education, Labor, and Pensions.

EC–2840. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Carbohydrase and Protease Enzyme Preparations Derived from Bacillus Subtilis or Bacillus Amyloliquefaciens; Affirmation of GRAS Status as Direct Food Ingredients'', received April 26, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC–2841. A communication from the Director, Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Investigational New Drug Applications; Clinical Holds; Confirmation of Effective Date'' (RIN0910–AA84), received April 26, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC–2842. A communication from the Director, Division of Policy, Planning and Program Development, Office of Federal Contract Compliance Programs, Department of Labor, transmitting, pursuant to law, the report of a rule entitled ''Affirmative Action and Nondiscrimination Obligations of Contractors and Subcontractors Regarding Special Disabled Veterans and Vietnam Era Veterans; OMB Control Numbers for OFCCP Information Collection Requirements'' (FR Docket No. 99–7835), received April 13, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC–2843. A communication from the Assistant General Counsel for Regulation, Special Education & Rehabilitative Services, Department of Education, transmitting, pursuant to law, the report of a rule entitled ''National Institute on Disability & Rehabilitative Research'' (84.133), received April 29, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC–2844. A communication from the Assistant Secretary of the Army (Civil Works), transmitting, pursuant to law, the report of the Chief of Engineers dated February 3, 1999; to the Committee on Environment and Public Works.

EC–2845. A communication from the Assistant Secretary for Fish and Wildlife and Parks, National Park Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Kaloko-Honokohau National Historical Park, Hawaii; Public Nudity'' (RIN1024–AC66); to the Committee on Energy and Natural Resources.

EC–2846. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report entitled ''Annual Performance Plan, Fiscal Year 2000''; to the Committee on Energy and Natural Resources.

EC–2847. A communication from the Administrator, Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report entitled ''International Energy Outlook 1999''; to the Committee on Energy and Natural Resources.

EC–2848. A communication from the Director, Office of Surface Mining, Department of The Interior, transmitting, pursuant to law, the report of a rule entitled ''Virginia Regulatory Program'' SPATS No. VA–110–FOR, received April 27, 1999; to the Committee on Energy and Natural Resources.

EC–2849. A communication from the Director, Office of Surface Mining, Department of The Interior, transmitting, pursuant to law, the report of a rule entitled ''Texas Regulatory Program'' SPATS No. TX–045–FOR, received April 27, 1999; to the Committee on Energy and Natural Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–81. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Environment and Public Works.

SENATE JOINT MEMORIAL 8013

To the Honorable William J. Clinton, President of the United States, and to the President of the Senate and the Speaker of the House of Representatives, and to the Senate and House of Representatives of the United States, in Congress assembled:

We, your Memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition as follows:

Whereas, parts of Western Washington received the highest amount of rainfall in state history between the months of November and February, raining for ninety-one consecutive days and producing over fifty-five inches of rain in King County; and

Whereas, parts of the Olympic Peninsula, i.e., Lilliwaup, received over one hundred fourteen inches of rain in a four-month period; and

Whereas, sixty-one homes have been damaged and twenty-six homes are uninhabitable in the area known as Carlyon Beach in Thurston County, with property losses estimated at over ten million dollars; and

Whereas, ground water flooding and landslides in Thurston County have directly impacted at least seven hundred and sixty-five residents, many of whom are elderly or have special needs; and

Whereas, a landslide in the Aldercrest neighborhood in Cowlitz County has damaged one hundred and thirty-seven homes to date, and at least fifty additional homes are threatened; and

Whereas, ground water problems will cost over two million dollars to repair and currently no water or sewer systems are in operation; and

Whereas, shoreline bulkheads are failing, and public facilities expenses are estimated at one million dollars, excluding the cost of geotechnical assistance; and

Whereas, Washington State Department of Transportation estimates of highway damages reach eleven million two hundred two thousand dollars, and ten million dollars of those damages are in Mason County alone; and

Whereas, local government estimates of damages to county roads and city streets reach seven million three hundred ninety-two thousand four hundred thirty-five dollars; and

Whereas, Governor Locke's emergency proclamation now includes six western counties and directs state government to support emergency response activities as needed around the state and authorizes the Washington Military Department and its Emergency Management Division to coordinate state agencies in the affected areas; and

Whereas, county officials are continuing to assess damages to determine sufficient damage for justification of federal assistance; and

Whereas, when damage from an event is so great it is beyond the capability of local and state government to repair, the Governor can ask the President to declare a disaster, thus making a variety of federal disaster assistance programs available to help restore communities to their predisaster condition; and

Whereas, the federal disaster assistance programs available may include housing and relocation assistance, individual and family grants, funding to restore public infrastructure and roads, tax exemptions for the relocation of evacuated citizens, funding for geotechnical studies to prevent future damage, and hazard mitigation;

Now, therefore, your Memorialists respectfully pray that if the Governor requests federal assistance, the President and the Federal Emergency Management Agency will respond favorably to the request and authorize the needed maximum available disaster recovery support to address the needs of Washington's citizens devastated by the record rainfall.

Be it resolved, That copies of this Memorial be immediately transmitted to the Honorable William J. Clinton, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

POM–82. A joint resolution adopted by the Legislature of the State of Washington; to the Committee on Appropriations.

HOUSE JOINT MEMORIAL 4008

To the Honorable William J. Clinton, President of the United States, and to the President of the Senate and the Speaker of the House of Representatives, and to the Senate and House of Representatives of the United States, in Congress assembled:

We, your Memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, respectfully represent and petition as follows:

Whereas, the introduction of aquatic nuisance species, such as the zebra mussel, European green crab, and the mitten crab have the potential to cause significant environmental and economic damage to our state and nation; and

Whereas, aquatic nuisance species can spread from any state within our nation causing harm to all; and

Whereas, the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 authorizes the Aquatic Nuisance Species Task Force to approve aquatic nuisance species management plans that are submitted by state governors, and authorizes the United States Fish and Wildlife Service to fund up to seventy-five percent of the implementation cost of approved plans; and

Whereas, an important function of aquatic nuisance species management plans is to encourage state and regional jurisdictions to respond to aquatic nuisance species problems; and

Whereas, Congress has authorized four million dollars annually to fund the implementation of state management plans to minimize the environmental and economic damage caused by aquatic nuisance species to our state and nation; and

Whereas, in recent years only two hundred thousand dollars has been appropriated annually to fund the implementation of aquatic nuisance species management plans; and

Whereas, the Washington State Aquatic Nuisance Species Management Plan alone identified one million seven hundred thousand dollars in additional funding needed to address aquatic nuisance species problems; and

Whereas, two hundred thousand dollars is inadequate to allow fifty states, as well as interstate organizations, to implement effective programs identified in aquatic nuisance species management plans; and

Whereas, the appropriation of the full four million dollars authorized to fund aquatic nuisance species management plans would encourage development of plans, and thereby serve to reduce the destructive impact of aquatic nuisance species and minimize the risk of their spread to other states;

Now, therefore, your Memorialists respectfully pray that the President and Congress should recognize the destructive potential of aquatic nuisance species and act to minimize this destruction by supporting appropriation of the four million dollars authorized to fund state aquatic nuisance species management plans in fiscal year 2000 and future years.

Be it resolved, That copies of this Memorial be immediately transmitted to the Honorable William J. Clinton, President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

POM–83. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on Energy and Natural Resources.

JOINT RESOLUTION 17

Whereas, the President of the United States, by Executive Order, initiated the Interior Columbia Basin Ecosystem Management Project (ICBEMP) to create a scientifically sound, legally defensible, ecosystem management plan; and

Whereas, the ICBEMP was to be a broad-scale, 12-month project that would give general direction to public land managers for ecosystem management but has become a top-down, highly prescriptive set of management directives; and

Whereas, the management direction provided by the ICBEMP does not match the purpose and need statements made in the environmental impact statement (EIS), which were to restore and maintain a healthy forest, to provide sustainable and predictable levels of products and services, and to support economic and social needs of people, cultures, and communities; and

Whereas, the Columbia Basin ecosystem is a very diverse and complex environment, and basinwide standards could be a detriment to some or all forest-dependent and range-dependent economies; and

Whereas, experts maintain that the ICBEMP violates the Multiple-Use Sustained-Yield Act of 1960, the National Forest Management Act of 1976, the Forest and Rangeland Renewable Resource Planning Act of 1974, the Regulatory Flexibility Act, and the Small Business Regulatory Enforcement Fairness Act of 1996; and

Whereas, the ICBEMP was intended to be a scientifically sound management plan but has become politically based on selective science, which supports predetermined preservation goals with a top-down, one-size-fits-all, highly prescriptive set of management objectives and standards; and

Whereas, the recent interim roadless policy proposed by federal agencies indicates a strong desire to create de facto wilderness areas and circumvent the authority of Congress (in direct violation of the previously listed laws) and indicates the political direction incorporated into the ICBEMP, which obfuscates the tireless, good faith efforts of local representatives who participated in the ICBEMP process; and

Whereas, public lands administered by the U.S. Forest Service and U.S. Bureau of Land Management (BLM) are to be managed for multiple use for the benefit of the citizens of the United States, and road closures proposed within the ICBEMP EIS preferred alternative will severely limit the multiple use of millions of acres of public land; and

Whereas, current road closures already dramatically limit physical and financial abilities to control noxious weeds, and the ICBEMP-proposed further closures pose a serious threat of further and more serious weed encroachment into Montana's forests and grasslands; and

Whereas, the ICBEMP has become a political document, rather than a resource manageable planning document; and

Whereas, the ICBEMP contains too many economic assumptions and too few economic projections based on accurate information; and

Whereas, implementation of the ICBEMP will directly affect management of 16 BLM districts and 30 national forests, all in the western United States; and

Whereas, the ICBEMP coverage extends to 104 counties and 144 million acres of land (72 million scores of which are private), and the ICBEMP implementation will directly and indirectly affect the livelihoods of millions of citizens in the planning area; and

Whereas, a major component of the basic economies of about two-thirds of the affected rural and natural resource-dependent counties would be directly and potentially severely impacted by implementation of the ICBEMP; and

Whereas, the citizens of Montana, Montana's local government units, and Montana's communities have a direct interest in public land management that produces payments in lieu of taxes and (most importantly) forest receipts that generate revenue to the federal treasury and significantly contribute to funding public schools and roads; and

Whereas, it is questionable whether Congress will fund the ICBEMP implementation, and the impacts of inadequate implementation funding would be significantly more disastrous for natural resources than if implementation were fully funded; and

Whereas, the citizens of the United States and communities throughout the western United States depend on the stewardship, sustained yield, and even-flow production of goods and services from multiple-use management of public lands located in those states; and

Whereas, there is increasing national and world demand for renewable, recyclable goods and services, including recreation, wildlife, fisheries, food, fiber, clean air, and clean water; and

Whereas, in Montana, the U.S. Forest Service has reduced timber harvest by over 50% since 1950, even though wood is the preferred raw material for home building, and transferred global environmental consequences were never discussed or considered when decisions were being made to reduce budgets; and

Whereas, domestic raw materials production is being increasingly restricted in the United States, even in light of rising domestic consumption and the United States' position as a massive net importer of raw materials; and

Whereas, decisions are being made on a daily basis and at all levels of government to restrict raw materials production, almost always on environmental grounds, yet consumption is virtually never discussed; and

Whereas, the ICBEMP draft documents fail to adequately and truthfully define and disclose the economic, environmental, and social conditions of Montana's communities and local government units and the future effects on these entities of implementation of the proposed ecosystem management practices; and

Whereas, the ICBEMP represents a top-down management paradigm that reduces or eliminates effective local input to natural resource management and environmental decisionmaking; and

Whereas, the ICBEMP has become a 6-year, over $40 million project, with no end in sight: Now, therefore, be it

Resolved by the Senate and the House of Representatives of the State of Montana, That the federal government be strongly urged to:

(1) terminate the ICBEMP and issue no Record of Decision on the ICBEMP;

(2) forward the accurate ecosystem management data developed through the ICBEMP to relevant BLM district managers and U.S. Forest Service forest supervisors;

(3) ensure that all public comments on the ICBEMP be incorporated into the public record for the ICBEMP;

(4) forward to district managers and supervisors the public comments provided on the ICBEMP for the managers' and supervisors' consideration related to updates to the land and resource management plans required by federal law; and

(5) coordinate plan revisions between adjoining management units to provide consistency and connectivity and to consider cumulative impacts in dealing with broad-scale issues that affect multiple jurisdictions.

BE IT FURTHER RESOLVED, that federal natural resource planning and environmental management feature site-specific management decisions made by local decisionmakers, local citizenry, and parties directly and personally affected by these decisions for our public lands.

BE IT FURTHER RESOLVED, that the federal government acknowledge that the alternatives presented in the ICBEMP EIS are inconsistent with but should be consistent with the balanced ''Purpose of and Need for Action'' statements in the same documents, which are:

(1) ''restore and maintain long-term ecosystem health and ecological integrity'' (i.e., restore and maintain a healthy forest); and

(2) ''support economic and/or social needs of people, cultures, and communities, and provide sustainable and predictable levels of products and services from our public lands administered by the Forest Service or BLM . . .''; be it further

Resolved, That copies of this resolution be sent by the Secretary of State to the President of the United States, the Vice President of the United States, the Secretary of Agriculture, the Secretary of the Interior, the presiding officers of the Appropriations Committees of the U.S. Senate and U.S. House, the Montana Congressional Delegation, the Chief of the Forest Service, and the Director of the Bureau of Land Management.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ROBB:

S. 948. A bill to amend chapter 83 and 84 of title 5, United States Code, to provide for the equitable waiver of certain limitations on the election of survivor reductions of Federal annuities, and for other purposes; to the Committee on Governmental Affairs.

By Mr. LUGAR (for himself, Mr. FITZGERALD, and Mr. FEINGOLD):

S. 949. A bill to clarify and enhance the authorities of the Chief Information Officer of the Department of Agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

By Mrs. FEINSTEIN:

S. 950. A bill to award grants for school construction; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DOMENICI (for himself, Mr. BINGAMAN, Mr. FRIST, Mr. LIEBERMAN, and Ms. SNOWE):

S. 951. A bill to amend the Internal Revenue Code of 1986 to establish a permanent tax incentive for research and development, and for other purposes; to the Committee on Finance.

By Mr. SPECTER:

S. 952. A bill to expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSON (for himself and Mr. DASCHLE):

S. 953. A bill to direct the Secretary of Agriculture to convey certain land in the State of South Dakota to the Terry Peak Ski Area; to the Committee on Energy and Natural Resources.

By Mr. SMITH of New Hampshire:

S. 954. A bill to amend title 18, United States Code, to protect citizens' rights under the Second Amendment to obtain firearms for legal use, and for other purposes; to the Committee on the Judiciary.

By Mr. WARNER (for himself, Mr. ROBB, and Mr. MCCONNELL):

S. 955. A bill to allow the National Park Service to acquire certain land for addition to the Wilderness Battlefield in Virginia, as previously authorized by law, by purchase or exchange as well as by donation; to the Committee on Energy and Natural Resources.

By Ms. SNOWE (for herself, Mr. HARKIN, and Mr. FRIST):

S. 956. A bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss; to the Committee on Health, Education, Labor, and Pensions.

By Mr. KOHL:

S. 957. A bill to amend chapter 111 of title 28, United States Code, relating to protective orders, sealing of cases, disclosures of discovery information in civil actions, and for other purposes; to the Committee on the Judiciary.

By Mr. BENNETT:

S. 958. A bill to amend certain banking and securities laws with respect to financial contracts; to the Committee on Banking, Housing, and Urban Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DURBIN (for himself and Mr. FITZGERALD):

S. Res. 93. A resolution to recognize Lincoln Park High School for its educational excellence, congratulating the faculty and staff of Lincoln Park High School for their efforts, and encouraging the faculty, staff, and students of Lincoln Park High School to continue their good work into the next millennium; to the Committee on Health, Education, Labor, and Pensions.

By Mr. BYRD (for himself and Mr. GRAMM):

S. Res. 94. A resolution commending the efforts of the Reverend Jesse Jackson to secure the release of the soldiers held by the Federal Republic of Yugoslavia.

By Mr. THURMOND:

S. Res. 95. A resolution designating August 16, 1999, as ''National Airborne Day''; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LUGAR (for himself, Mr. FITZGERALD, and Mr. FEINGOLD):

S. 949. A bill to clarify and enhance the authorities of the Chief Information Officer of the Department of Agriculture; to the Committee on Agriculture, Nutrition, and Forestry.

THE USDA INFORMATION TECHNOLOGY REFORM AND YEAR-2000 COMPLIANCE ACT OF 1999

Mr. LUGAR. Mr. President, today I rise to introduce the USDA Information Technology Reform and Year-2000 Compliance Act of 1999. This legislation aims to centralize all year 2000 computer conversion and other information technology acquisition and management activities within the Office of the Chief Information Office of the Department of Agriculture. Centralization is the most efficient way to manage the complex and important task of ensuring that all critical computer functions at the department are operational on January 1, 2000. It is also a wiser and more cost-effective way to construct an information technology infrastructure to enable USDA's hundreds of computer systems to interoperate, which unfortunately they cannot now do.

The Department of Agriculture is charged with enormous responsibilities and its year 2000 readiness is crucial. It has a diverse portfolio of over 200 Federal programs throughout the Nation and the world. The department delivers about $80 billion in programs. It is the fourth largest Federal agency, with 31 agencies and offices. The department is responsible for the safety of our food supply, nutrition programs that serve the poor, young and old, and the protection of our natural resources. Since more than 40 percent of the non-tax debt owed to the Federal Government is owed to USDA, the department has a responsibility to ensure the financial soundness of taxpayers' investments.

Responsibility for keeping the mission-critical information technology functioning should clearly rest with the Chief Information Officer. The decentralized approach to the year 2000 issue at USDA led to a lack of focus on departmental priorities. Each agency

was allowed to determine what services, programs, and activities it deemed important enough to be operational at the end of the millennium. This decentralized approach also led to a lack of guidance, oversight and the development of contingency plans. Efforts to rectify this situation are well underway. I am pleased that Secretary of Agriculture Glickman has pledged his personal commitment to the success of year 2000 compliance and has made it one of the highest priorities for USDA.

In fiscal year 1999, USDA plans to spend more than $1.2 billion on information technology and related information resources management activities, including year 2000 computer compliance. The General Accounting Office has chronicled USDA's long history of problems in managing its substantial information technology investments. The GAO reports that such ineffective planning and management have resulted in USDA's wasting millions of dollars on computer systems.

Last year, I introduced S. 2116, a bill to reform the information technology systems of the Department of Agriculture. It gave the Chief Information Officer control over the planning, development, and acquisition of information technology at the department. Introduction of that bill and similar legislation in 1997 prompted some coordination of information technology among the department's agencies and offices. However, component agencies are still allowed to independently acquire and manage information technology investments solely on the basis of their own parochial interests or needs. This legislation is needed to strengthen that coordination and ensure that centralized information technology management continues in the future.

This legislation further requires that the Chief Information Officer manage the design and implementation of an information technology architecture based on strategic business plans that maximizes the effectiveness and efficiency of USDA's program activities. Included in the bill is authority for the Chief Information Officer to approve expenditures for information resources and for year 2000 compliance purposes, except for minor acquisitions. To accomplish these purposes, the bill requires that each agency transfer up to 10 percent of its information technology budget to the Chief Information Officer's control.

The bill makes the Chief Information Officer responsible for ensuring that the information technology architecture facilitates a flexible common computing environment for the field service centers based on integrated program delivery. The architecture will also provide maximum data sharing with USDA customers and other Federal and state agencies, which is expected to result in a significant reduction in operating costs.

Mr. President, this is a bill whose time has come. Unfortunately, USDA's problems in managing information technology are not unusual among Government agencies, according to the General Accounting Office. I commend the attention of my colleagues to this bill designed to address a portion of the information resource management problems of the Federal Government and ask for their support of it.

Mr. President, I ask that the full text and a summary of the bill be printed in the RECORD.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

S. 949

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''USDA Information Technology Reform and Year-2000 Compliance Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Definitions.
Sec. 4. Management of year-2000 compliance at Department.
Sec. 5. Position of Chief Information Officer.
Sec. 6. Duties and authorities of Chief Information Officer.
Sec. 7. Funding approval by Chief Information Officer.
Sec. 8. Availability of agency information technology funds.
Sec. 9. Authority of Chief Information Officer over information technology personnel.
Sec. 10. Annual Comptroller General report on compliance.
Sec. 11. Office of Inspector General.
Sec. 12. Technical amendment.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) United States agriculture, food safety, the health of plants and animals, the economies of rural communities, international commerce in food, and food aid rely on the Department of Agriculture for the effective and timely administration of program activities essential to their success and vitality;

(2) the successful administration of the program activities depends on the ability of the Department to use information technology in as efficient and effective manner as is technologically feasible;

(3) to successfully administer the program activities, the Department relies on information technology that requires comprehensive and Department-wide overview and control to avoid needless duplication and misuse of resources;

(4) to better ensure the continued success and vitality of agricultural producers and rural communities, it is imperative that measures are taken within the Department to coordinate and centrally plan the use of the information technology of the Department;

(5) because production control and subsidy programs are ending, agricultural producers of the United States need the best possible information to make decisions that will maximize profits, satisfy consumer demand, and contribute to the alleviation of hunger in the United States and abroad;

(6) a single authority for Department-wide planning is needed to ensure that the information technology architecture of the Department is based on the strategic business plans, information technology, management goals, and core business process methodology of the Department;

(7) information technology is a strategic resource for the missions and program activities of the Department;

(8) year-2000 compliance is 1 of the most important challenges facing the Federal Government and the private sector;

(9) because the responsibility for ensuring year-2000 compliance at the Department was initially left to individual offices and agencies, no overall priorities have been established, and there is no assurance that the most important functions of the Department will be operable on January 1, 2000;

(10) it is the responsibility of the Chief Information Officer to provide leadership in—

(A) defining and explaining the importance of achieving year-2000 compliance;

(B) selecting the overall approach for structuring the year-2000 compliance efforts of the Department;

(C) assessing the ability of the information resource management infrastructures of the Department to adequately support the year-2000 compliance efforts; and

(D) mobilizing the resources of the Department to achieve year-2000 compliance;

(11) the failure of the Department to meet the requirement of the Director of the Office of Management and Budget that all mission-critical systems of the Department achieve year-2000 compliance would have serious adverse consequences on the program activities of the Department, the economies of rural communities, the health of the people of the United States, world hunger, and international commerce in agricultural commodities and products;

(12) centralizing the approval authority for planning and investment for information technology in the Office of the Chief Information Officer will—

(A) provide the Department with strong and coordinated leadership and direction;

(B) ensure that the business architecture of an office or agency is based on rigorous core business process methodology;

(C) ensure that the information technology architecture of the Department is based on the strategic business plans of the offices or agencies and the missions of the Department;

(D) ensure that funds will be invested in information technology only after the Chief Information Officer has determined that—

(i) the planning and review of future business requirements of the office or agency are complete; and

(ii) the information technology architecture of the office or agency is based on business requirements and is consistent with the Department-wide information technology architecture; and

(E) cause the Department to act as a single enterprise with respect to information technology, thus eliminating the duplication and inefficiency associated with a single office- or agency-based approach; and

(13) consistent with the Information Technology Management Reform Act of 1996 (40 U.S.C. 1401 et seq.), each office or agency of the Department should achieve at least—

(A) a 5 percent per year decrease in costs incurred for operation and maintenance of information technology; and

(B) a 5 percent per year increase in operational efficiency through improvements in information resource management.

(b) PURPOSES.—The purposes of this Act are—

(1) to facilitate the successful administration of programs and activities of the Department through the creation of a centralized office, and Chief Information Officer position, in the Department to provide strong and innovative managerial leadership to oversee the planning, funding, acquisition, and management of information technology and information resource management; and

(2) to provide the Chief Information Officer with the authority and funding necessary to correct the year-2000 compliance problem of the Department.

SEC. 3. DEFINITIONS.

In this Act:

(1) CHIEF INFORMATION OFFICER.—The term ''Chief Information Officer'' means the individual appointed by the Secretary to serve as Chief Information Officer (as established by section 5125 of the Information Technology Management Reform Act of 1996 (40 U.S.C. 1425)) for the Department.

(2) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(3) INFORMATION RESOURCE MANAGEMENT.—The term ''information resource management'' means the process of managing information resources to accomplish agency missions and to improve agency performance.

(4) INFORMATION TECHNOLOGY.—

(A) IN GENERAL.—The term ''information technology'' means any equipment or interconnected system or subsystem of equipment that is used by an office or agency in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information.

(B) USE OF EQUIPMENT.—For purposes of subparagraph (A), equipment is used by an office or agency if the equipment is used by—

(i) the office or agency directly; or

(ii) a contractor under a contract with the office or agency—

(I) that requires the use of the equipment; or

(II) to a significant extent, that requires the use of the equipment in the performance of a service or the furnishing of a product.

(C) INCLUSIONS.—The term ''information technology'' includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.

(D) EXCLUSIONS.—The term ''information technology'' does not include any equipment that is acquired by a Federal contractor that is incidental to a Federal contract.

(5) INFORMATION TECHNOLOGY ARCHITECTURE.—The term ''information technology architecture'' means an integrated framework for developing or maintaining existing information technology, and acquiring new information technology, to achieve or effectively use the strategic business plans, information resources, management goals, and core business processes of the Department.

(6) OFFICE OR AGENCY.—The term ''office or agency'' means, as applicable, each—

(A) national, regional, county, or local office or agency of the Department;

(B) county committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5));

(C) State committee, State office, or field service center of the Department; and

(D) group of multiple offices and agencies of the Department that are, or will be, connected through common program activities or systems of information technology.

(7) PROGRAM ACTIVITY.—The term ''program activity'' means a specific activity or project of a program that is carried out by 1 or more offices or agencies of the Department.

(8) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(9) YEAR-2000 COMPLIANCE.—The term ''year-2000 compliance'', with respect to the Department, means a condition in which information systems are able to accurately process data relating to the 20th and 21st centuries—

(A) within the Department;

(B) between the Department and local and State governments;

(C) between the Department and the private sector;

(D) between the Department and foreign governments; and

(E) between the Department and the international private sector.

SEC. 4. MANAGEMENT OF YEAR-2000 COMPLIANCE AT DEPARTMENT.

(a) FINDING.—Congress finds that the Chief Information Officer of the Department has not been provided the funding and authority necessary to adequately manage the year-2000 compliance problem at the Department.

(b) MANAGEMENT.—The Chief Information Officer shall provide the leadership and innovative management within the Department to—

(1) identify, prioritize, and mobilize the resources needed to achieve year-2000 compliance;

(2) coordinate the renovation of computer systems through conversion, replacement, or retirement of the systems;

(3) develop verification and validation strategies (within the Department and by independent persons) for converted or replaced computer systems;

(4) develop contingency plans for mission-critical systems in the event of a year-2000 compliance system failure;

(5) coordinate outreach between computer systems of the Department and computer systems in—

(A) the domestic private sector;

(B) State and local governments;

(C) foreign governments; and

(D) the international private sector, such as foreign banks;

(6) identify, prioritize, and mobilize the resources needed to correct periodic date problems in computer systems within the Department and between the Department and outside computer systems; and

(7) during the period beginning on the date of enactment of this Act and ending on June 1, 2001, consult, on a quarterly basis, with the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on actions taken to carry out this section.

(c) FUNDING AND AUTHORITIES.—To carry out subsection (b), the Chief Information Officer shall use—

(1) the authorities in sections 7, 8, and 9, particularly the authority to approve the transfer or obligation of funds described in section 7(a) intended for information technology and information resource management; and

(2) the transferred funds targeted by offices and agencies for information technology and information resource management under section 8.

SEC. 5. POSITION OF CHIEF INFORMATION OFFICER.

(a) ESTABLISHMENT.—To ensure the highest quality and most efficient planning, acquisition, administration, and management of information technology within the Department, there is established the position of the Chief Information Officer of the Department.

(b) CONFIRMATION.—

(1) IN GENERAL.—The position of the Chief Information Officer shall be appointed by the President, by and with the advice and consent of the Senate.

(2) SUCCESSION.—An official who is serving as Chief Information Officer on the date of enactment of this Act shall not be required to be reappointed by the President.

(c) REPORT.—The Chief Information Officer shall report directly to the Secretary.

(d) POSITION ON EXECUTIVE INFORMATION TECHNOLOGY INVESTMENT REVIEW BOARD.—The Chief Information Officer shall serve as an officer of the Executive Information Technology Investment Review Board (or its successor).

SEC. 6. DUTIES AND AUTHORITIES OF CHIEF INFORMATION OFFICER.

(a) IN GENERAL.—Notwithstanding any other provision of law (except the Government Performance and Results Act of 1993 (Public Law 103–62), amendments made by that Act, and the Information Technology Management Reform Act of 1996 (40 U.S.C. 1401 et seq.)) and policies and procedures of the Department, in addition to the general authorities provided to the Chief Information Officer by section 5125 of the Information Technology Management Reform Act of 1996 (40 U.S.C. 1425), the Chief Information Officer shall have the authorities and duties within the Department provided in this Act.

(b) INFORMATION TECHNOLOGY ARCHITECTURE.—

(1) IN GENERAL.—To ensure the efficient and effective implementation of program activities of the Department, the Chief Information Officer shall ensure that the information technology architecture of the Department, and each office or agency, is based on the strategic business plans, information resources, goals of information resource management, and core business process methodology of the Department.

(2) DESIGN AND IMPLEMENTATION.—The Chief Information Officer shall manage the design and implementation of an information technology architecture for the Department in a manner that ensures that—

(A) the information technology systems of each office or agency maximize—

(i) the effectiveness and efficiency of program activities of the Department;

(ii) quality per dollar expended; and

(iii) the efficiency and coordination of information resource management among offices or agencies, including the exchange of information between field service centers of the Department and each office or agency;

(B) the planning, transfer or obligation of funds described in section 7(a), and acquisition of information technology, by each office or agency most efficiently satisfies the needs of the office or agency in terms of the customers served, and program activities and employees affected, by the information technology; and

(C) the information technology of each office or agency is designed and managed to coordinate or consolidate similar functions of the missions of the Department and offices or agencies, on a Department-wide basis.

(3) COMPLIANCE WITH RESULTING ARCHITECTURE.—The Chief Information Officer shall—

(A) if determined appropriate by the Chief Information Officer, approve the transfer or obligation of funds described in section 7(a) in connection with information technology architecture for an office or agency; and

(B) be responsible for the development, acquisition, and implementation of information technology by an office or agency in a manner that—

(i) is consistent with the information technology architecture designed under paragraph (2);

(ii) results in the most efficient and effective use of information technology of the office or agency; and

(iii) maximizes the efficient delivery and effectiveness of program activities of the Department.

(4) FIELD SERVICE CENTERS.—The Chief Information Officer shall ensure that the information technology architecture of the Department facilitates the design, acquisition, and deployment of an open, flexible common computing environment for the field service centers of the Department that—

(A) is based on strategic goals, business reengineering, and integrated program delivery;

(B) is flexible enough to accommodate and facilitate future business and organizational changes;

(C) provides maximum data sharing, interoperability, and communications capability with other Department, Federal, and State agencies and customers; and

(D) results in significant reductions in annual operating costs.

(c) EVALUATION OF PROPOSED INFORMATION TECHNOLOGY INVESTMENTS.—

(1) IN GENERAL.—In consultation with the Executive Information Technology Investment Review Board (or its successor), the Chief Information Officer shall adopt criteria to evaluate proposals for information technology investments that are applicable to individual offices or agencies or are applicable Department-wide.

(2) CRITERIA.—The criteria adopted under paragraph (1) shall include consideration of—

(A) whether the function to be supported by the investment should be performed by the private sector, negating the need for the investment;

(B) the Department-wide or Government-wide impacts of the investment;

(C) the costs and risks of the investment;

(D) the consistency of the investment with the information technology architecture;

(E) the interoperability of information technology or information resource management in offices or agencies; and

(F) whether the investment maximizes the efficiency and effectiveness of program activities of the Department.

(3) EVALUATION OF INFORMATION TECHNOLOGY AND INFORMATION RESOURCE MANAGEMENT.—

(A) IN GENERAL.—In consultation with the Executive Information Technology Investment Review Board (or its successor), the Chief Information Officer shall monitor and evaluate the information resource management practices of offices or agencies with respect to the performance and results of the information technology investments made by the offices or agencies.

(B) GUIDELINES FOR EVALUATION.—The Chief Information Officer shall issue Departmental regulations that provide guidelines for—

(i) establishing whether the program activity of an office or agency that is proposed to be supported by the information technology investment should be performed by the private sector;

(ii)(I) analyzing the program activities of the office or agency and the mission of the office or agency; and

(II) based on the analysis, revising the mission-related and administrative processes of the office or agency, as appropriate, before making significant investments in information technology to be used in support of the program activities and mission of the office or agency;

(iii) establishing effective and efficient capital planning for selecting, managing, and evaluating the results of all major investments in information technology by the Department;

(iv) ensuring compliance with governmental and Department-wide policies, regulations, standards, and guidelines that relate to information technology and information resource management;

(v) identifying potential information resource management problem areas that could prevent or delay delivery of program activities of the office or agency;

(vi) validating that information resource management of the office or agency facilitates—

(I) strategic goals of the office or agency;

(II) the mission of the office or agency; and

(III) performance measures established by the office or agency; and

(vii) ensuring that the information security policies, procedures, and practices for the information technology are sufficient.

(d) ELECTRONIC FUND TRANSFERS.—The Chief Information Officer shall ensure that the information technology architecture of the Department complies with the requirement of section 3332 of title 31, United States Code, that certain current, and all future payments after January 1, 1999, be tendered through electronic fund transfer.

(e) DEPARTMENTAL REGULATIONS.—The Chief Information Officer shall issue such Departmental regulations as the Chief Information Officer considers necessary to carry out this Act within all offices and agencies.

(f) REPORT.—Not later than March 1 of each year through March 1, 2003, the Chief Information Officer shall submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes—

(1) an evaluation of the current and future information technology directions and needs of the Department;

(2) an accounting of—

(A) each transfer or obligation of funds described in section 7(a), and each outlay of funds, for information technology or information resource management by each office or agency for the past fiscal year; and

(B) each transfer or obligation of funds described in section 7(a) for information technology or information resource management by each office or agency known or estimated for the current and future fiscal years;

(3) a summary of an evaluation of information technology and information resource management applicable Department-wide or to an office or agency; and

(4) a copy of the annual report to the Secretary by the Chief Information Officer that is required by section 5125(c)(3) of the Information Technology Management Reform Act of 1996 (40 U.S.C. 1425(c)(3)).

SEC. 7. FUNDING APPROVAL BY CHIEF INFORMATION OFFICER.

(a) IN GENERAL.—Notwithstanding any other provision of law, an office or agency, without the prior approval of the Chief Information Officer, shall not—

(1) transfer funds (including appropriated funds, mandatory funds, and funds of the Commodity Credit Corporation or any other corporation within the Department) from 1 account of a fund or office or agency to another account of a fund or office or agency for the purpose of investing in information technology or information resource management involving planning, evaluation, or management, providing services, or leasing or purchasing personal property (including all hardware and software) or services;

(2) obligate funds (including appropriated funds, mandatory funds, and funds of the Commodity Credit Corporation or any other corporation within the Department) for the purpose of investing in information technology or information resource management involving planning, evaluation, or management, providing services, or leasing or purchasing personal property (including all hardware and software) or services; or

(3) obligate funds (including appropriated funds, mandatory funds, and funds of the Commodity Credit Corporation) for the purpose of investing in information technology or information resource management involving planning, evaluation, or management, providing services, or leasing or purchasing personal property (including all hardware and software) or services, obtained through a contract, cooperative agreement, reciprocal agreement, or any other type of agreement with an agency of the Federal Government, a State, the District of Columbia, or any person in the private sector.

(b) DISCRETION OF CHIEF INFORMATION OFFICER.—The Chief Information Officer may, by Departmental regulation, waive the requirement under subsection (a) applicable to, as the Chief Information Officer determines is appropriate for the office or agency—

(1) the transfer or obligation of funds described in subsection (a) in an amount not to exceed $200,000; or

(2) a specific class or category of information technology.

(c) CONDITIONS FOR APPROVAL OF FUNDING.—Under subsection (a), the Chief Information Officer shall not approve the transfer or obligation of funds described in subsection (a) with respect to an office or agency unless the Chief Information Officer determines that—

(1) the proposed transfer or obligation of funds described in subsection (a) is consistent with the information technology architecture of the Department;

(2) the proposed transfer or obligation of funds described in subsection (a) for information technology or information resource management is consistent with and maximizes the achievement of the strategic business plans of the office or agency;

(3) the proposed transfer or obligation of funds described in subsection (a) is consistent with the strategic business plan of the office or agency; and

(4) to the maximum extent practicable, economies of scale are realized through the proposed transfer or obligation of funds described in subsection (a).

(d) CONSULTATION WITH EXECUTIVE INFORMATION TECHNOLOGY INVESTMENT REVIEW BOARD.—To the maximum extent practicable, as determined by the Chief Information Officer, prior to approving a transfer or obligation of funds described in subsection (a) for information technology or information resource management, the Chief Information Officer shall consult with the Executive Information Technology Investment Review Board (or its successor) concerning whether the investment—

(1) meets the objectives of capital planning processes for selecting, managing, and evaluating the results of major investments in information technology or information resource management; and

(2) links the affected strategic plan with the information technology architecture of the Department.

SEC. 8. AVAILABILITY OF AGENCY INFORMATION TECHNOLOGY FUNDS.

(a) TRANSFER.—

(1) IN GENERAL.—Not later than December 1 of each fiscal year, the Secretary shall transfer to the appropriations account of the Chief Information Officer an amount of funds of an office or agency determined under paragraph (2).

(2) AMOUNT.—

(A) IN GENERAL.—Subject to subparagraph (B), the amount of funds of an office or agency for a fiscal year transferred under paragraph (1) may be up to 10 percent of the discretionary funds made available for that fiscal year by the office or agency for information technology or information resource management.

(B) ADJUSTMENT.—Not later than September 30 of each fiscal year, the Secretary shall adjust the amount to be transferred from the funds of an office or agency for the fiscal year to the extent that the estimate for the fiscal year was in excess of, or less than, the amount actually expended by the office or agency for information technology or information resource management.

(b) USE OF FUNDS.—Funds transferred under subsection (a) shall be used by the Chief Information Officer—

(1) to carry out the duties and authorities of the Chief Information Officer under—

(A) this Act;

(B) section 5125 of the Information Technology Management Reform Act of 1996 (40 U.S.C. 1425); and

(C) section 3506 of title 44, United States Code;

(2) to direct and control the planning, transfer or obligation of funds described in section 7(a), and administration of information technology or information resource management by an office or agency;

(3) to meet the requirement of the Director of the Office and Management and Budget that all mission-critical systems achieve year-2000 compliance; or

(4) to pay the salaries and expenses of all personnel and functions of the office of the Chief Information Officer.

(c) AVAILABILITY OF FUNDS.—The Chief Information Officer shall transfer unexpended funds at the end of a fiscal year to the office or agency that made the funds available under subsection (a), to remain available until expended.

(d) NO REDUCTION OF EMPLOYEES OF OFFICES OR AGENCIES.—A transfer of funds under subsection (a) shall not result in a reduction in the number of employees in an office or agency.

(e) TERMINATION OF AUTHORITY.—The authority under this section terminates on September 30, 2004.

SEC. 9. AUTHORITY OF CHIEF INFORMATION OFFICER OVER INFORMATION TECHNOLOGY PERSONNEL.

(a) AGENCY CHIEF INFORMATION OFFICERS.—

(1) ESTABLISHMENT.—Subject to the concurrence of the Chief Information Officer, the head of each office or agency shall establish within the office or agency the position of Agency Chief Information Officer and shall appoint an individual to that position.

(2) RELATIONSHIP TO HEAD OF OFFICE OR AGENCY.—The Agency Chief Information Officer shall—

(A) report to the head of the office or agency; and

(B) regularly update the head of the office or agency on the status of year-2000 compliance and other significant information technology issues.

(3) PERFORMANCE REVIEW.—The Chief Information Officer shall—

(A) provide input for the performance review of an Agency Chief Information Officer of an office or agency;

(B) annually review and assess the information technology functions of the office or agency; and

(C) provide a report on the review and assessment to the Under Secretary or Assistant Secretary for the office or agency.

(4) DUTIES.—The Agency Chief Information Officer of an office or agency shall be responsible for carrying out the policies and procedures established by the Chief Information Officer for that office or agency, the Administrator for the office or agency, and the Under Secretary or Assistant Secretary for the office or agency.

(b) MANAGERS OF MAJOR INFORMATION TECHNOLOGY PROJECTS.—

(1) IN GENERAL.—The assignment, and continued eligibility for the assignment, of an employee of the Department to serve as manager of a major information technology project (as defined by the Chief Information Officer) of an office or agency, shall be subject to the approval of the Chief Information Officer.

(2) PERFORMANCE REVIEW.—The Chief Information Officer shall provide input into the performance review of a manager of a major information technology project.

(c) DETAIL AND ASSIGNMENT OF PERSONNEL.—Notwithstanding any other provision of law, an employee of the Department may be detailed to the Office of the Chief Information Officer for a period of more than 30 days without reimbursement by the Office of the Chief Information Officer to the office or agency from which the employee is detailed.

(d) INFORMATION TECHNOLOGY PROCUREMENT OFFICERS.—A procurement officer of an office or agency shall procure information technology for the office or agency in a manner that is consistent with the Departmental regulations issued by the Chief Information Officer.

SEC. 10. ANNUAL COMPTROLLER GENERAL REPORT ON COMPLIANCE.

(a) REPORT.—Not later than May 15 of each year through May 15, 2003, in coordination with the Inspector General of the Department, the Comptroller General of the United States shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the compliance with this Act in the past fiscal year by the Chief Information Officer and each office or agency.

(b) CONTENTS OF REPORT.—Each report shall include—

(1) an audit of the transfer or obligation of funds described in section 7(a) and outlays by an office or agency for the fiscal year;

(2) an audit and evaluation of the compliance of the Chief Information Officer with the requirements of section 8(c);

(3) a review and evaluation of the performance of the Chief Information Officer under this Act; and

(4) a review and evaluation of the success of the Department in—

(A) creating a Department-wide information technology architecture; and

(B) complying with the requirement of the Director of the Office of Management and Budget that all mission-critical systems of an office or agency achieve year-2000 compliance.

SEC. 11. OFFICE OF INSPECTOR GENERAL.

(a) IN GENERAL.—The Office of Inspector General of the Department shall be exempt from the requirements of this Act.

(b) REPORT.—The Inspector General of the Department shall semiannually submit a report to the Committee on Agriculture and the Committee on Government Reform and Oversight of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the progress of the Office of Inspector General regarding—

(1) year-2000 compliance; and

(2) the establishment of an information technology architecture for the Office of Inspector General of the Department.

SEC. 12. TECHNICAL AMENDMENT.

Section 13 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714k) is amended in the second sentence by striking ''section 5 or 11'' and inserting ''section 4, 5, or 11''.

SUMMARY OF THE USDA INFORMATION TECHNOLOGY REFORM AND YEAR 2000 COMPLIANCE ACT OF 1999

The bill:

Requires the Chief Information Officer to manage the design and implementation of an information technology architecture, based on strategic business plans, that maximizes the effectiveness and efficiency of USDA's program activities;

requires the Chief Information Officer to approve or disapprove all expenditures for information resources, and allows the Chief Information Officer to waive this authority for expenditures under $200,000;

permits the Secretary of Agriculture to transfer to the Chief Information Officer up to ten percent of each agency's information technology funds for year 2000 compliance, information technology acquisition or information resource management (this authority expires in 2003);

requires the Secretary of Agriculture to ensure the transfer of information technology funds does not result in a reduction in the number of employees in an agency;

requires the Chief Information Officer to manage the year 2000 computing crisis throughout USDA agencies, between USDA and other federal, state and local agencies and between USDA and private and international partners;

makes the Chief Information Officer a presidential appointee, subject to Senate confirmation, thereby raising the stature of the Chief Information Officer in the department as envisioned by the Clinger-Cohen Act; and

requires an annual report from the Comptroller General regarding USDA's compliance with this act.

By Mr. DOMENICI (for himself, Mr. BINGAMAN, Mr. FRIST, Mr. LIEBERMAN, and Ms. SNOWE):

S. 951. A bill to amend the Internal Revenue Code of 1986 to establish permanent tax incentives for research and development, and for other purposes; to the Committee on Finance.

PRIVATE SECTOR RESEARCH AND DEVELOPMENT INVESTMENT ACT OF 1999

Mr. DOMENICI. Mr. President, today I am joining my cosponsors, Senators BINGAMAN, FRIST, LIEBERMAN, and

SNOWE, in introducing the Private Sector Research and Development Investment Act of 1999.

This bill makes the research tax credit permanent and significantly improves the structure of that credit. Many Senators are for this extension, and it is high time, and for the permanentization of this credit.

This also adjusts the credit to today. That credit was put in place many years ago, and much of what it does doesn't fit today's industrial base, including many startup companies that cannot take the right kind of credit.

We have made some changes which will make it cost a little bit more, but I think the Finance Committee should take a look at some of the changes that are in this Domenici-Bingaman bill, because it will make the credit more effective and more available.

In March of 1998, 150 of our Nation's top decisionmakers met at MIT for the first national innovative summit. The summit leaders included CEOs, university presidents, labor leaders, Governors, Members of Congress, and senior administrative officials.

In essence, they conclude that in order to keep the United States of America on the cutting edge of research that can be applied to innovative things for America's future and for our businesses, that we must make this tax permanent, that dollar for dollar it is the best investment in both general research and specific research to keep America strong and competitive in the world.

When those people say dollar for dollar it is the most effective, they are saying it is more effective than programmatic assistance to research, which obviously is very necessary, and we continue to expand upon and have it grow. But if you don't make this permanent, you are losing a lot of research by American businesses, No. 1. If you don't correct it, you will lose the effectiveness among companies that need it the most. And third, you will see to it that more, rather than less, American companies do research overseas.

Research jobs are great jobs. They are just as much a part of America's basic prosperity as are the jobs that come from that research by way of products or activities.

Mr. President, advanced technologies drive a significant part of our nation's economic strength. Our economy and our standard of living depend on a constant influx of new technologies, processes, and products from our industries.

Many countries provide labor at lower costs than the United States. Thus, as any new product matures, competitors using overseas labor frequently find ways to undercut our production costs. We maintain our economic strength only by constantly improving our products through innovation. Maintaining and improving our national ability to innovate is critically important to the nation.

The majority of new products requires industrial research and development to reach the market stage. I want to encourage that research and development to create new products to ensure that our factories stay busy and that our workforce stays fully employed at high salaried jobs.

I want more of our large multi-national companies to select the United States as the location of their R&D. R&D done here creates American jobs. And since frequently the benefits of research in one area apply in another area, I want those spin-off benefits here, too.

Congress created the Research Tax Credit to encourage companies to perform research. But many studies document that the present form of this Tax Credit is not providing as much stimulation to industrial R&D as it could. Today, we're introducing legislation to improve the Research Tax Credit.

In March of 1998, 150 of our nation's top decision makers met at MIT, for the first National Innovation Summit. The Summit included corporate CEO's, university presidents, labor leaders, governors, members of Congress, and Senior Administration officials.

At the Summit, these experts discussed the health of the future national research base. More than three-quarters of them thought that the quality of that base would be no better or worse than it is today, with nearly one third projecting that it would be weaker.

The Summit participants singled out the Research Tax Credit as the policy measure with the greatest potential for a positive near-term impact. The Council on Competitiveness, who co-sponsored that Summit, stated that ''making the [Research] Tax Credit permanent reflected a widely share consensus among leaders whose companies and universities contribute decisively to the nation's economy.''

The single most important change in our bill is to make the Credit permanent. Many studies point out that the temporary nature of the Credit has prevented companies from building careful research strategies.

Many of my colleagues in Congress have also expressed interest in making the Credit permanent. But we're urging them to go beyond that action and, at the same time, address shortcomings that have been identified in the current Credit. I want to use the current enthusiasm for permanence to also craft a Credit that will better serve the nation.

For example, the current Credit references a company's research intensity back to 1984–88. That's too outdated to meet today's dynamic market conditions. Many companies are involved today in products that weren't even invented in 1984.

Our legislation allows a company to base their credit on their research intensity averaged over the preceding eight years. It also allows companies to stay with the current formulation of the Credit if they prefer.

Our bill builds other improvements into the Credit as well. For example, the Alternative Research Credit component has been criticized because it only rewards the maintenance level of a company's research, it does not provide significant motivation to increase research intensity. With our proposed changes, the Alternative Credit now incorporates the same 20 percent motivation for increased research intensity that is found in the regular Credit—this is a major improvement. We also increase the base level of the Alternative Credit significantly.

The current Credit has a provision that severely restricts the ability of start-up companies to fully benefit. Analysis by the Congressional Research Service showed that 5 our of 6 start-up companies received reduced benefits because of a current provision that limits their allowable increase in research expenditures.

I'm concerned when start-up companies aren't receiving full Credit. These are just the companies that drive the innovative cycle in this country; they are the ones that frequently bring out the newest leading-edge products. Our legislation thus drops this limitation and introduces additional help for start-up businesses.

Our legislation addresses several other shortcomings in the current Credit as well. Now there is a ''Basic Research Credit'' allowed, but rarely used. This should be encouraging research conducted at universities.

But that part of the Credit is now defined to include only research that does ''not have a specific commercial objective.'' There aren't many companies that want to support—much less admit to their stockholders that they are supporting—research with no commercial interest. The idea of this clause was to encourage support of long term research, which is a fine idea.

This is the kind of research that benefits far more than just the next product improvement. It can enable a whole new product or service and we need to encourage it.

Our legislation adds major incentives for basic research by dropping the requirement that only increments above a baseline can be used and by including any research that is done for a consortium of U.S. companies or any research that is destined for open literature publication. We're also allowing this Credit to apply to research done in national labs.

And finally our legislation recognizes the importance of encouraging companies to use research capabilities wherever they exist in the country, whether

in other businesses, universities, or national labs. The current credit disallows 35% of all expenses for research performed under an external contract—our legislation allows all such expenses to apply towards the Credit when the research is performed at a university, small business, or national laboratory.

In summary, this bill incorporates all the improvement suggested in other bills that primarily make the credit permanent and provide some increase in the alternative credit. But this bill goes further and corrects weaknesses in the current formulation of the Credit. I want to seize this opportunity to make the Research Tax Credit a tool that will truly meet the goals for which it was established.

The fact that this bill addresses significant shortcomings in the current Credit has not gone unnoticed. Spokesman for several groups that endorse this bill are here with us today. After Senator BINGAMAN speaks, I'll invite representatives from the Council on Competitiveness, the National Association of State Universities and Land Grant Colleges, the National Coalition for Advanced Manufacturing, and the American Association of Engineering Societies to add their perspectives.

With this new bill, we will significantly strengthen incentives for private companies to undertake research that leads to new processes, new services, and new products. The result will be stronger companies that are better positioned for global competition. Those stronger companies will hire people at higher salaries with real benefits to our national economy and workforce.

I ask unanimous consent that the text and a summary of the bill, section by section, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 951

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Private Sector Research and Development Investment Act of 1999''.

SEC. 2. PERMANENT EXTENSION OF RESEARCH CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking subsection (h).

(b) CONFORMING AMENDMENT.—Section 45C(b)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after June 30, 1999.

SEC. 3. IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities), as amended by section 2, is amended by adding at the end the following new subsection:

''(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

''(2) DETERMINATION OF BASE AMOUNT.—

''(A) IN GENERAL.—In computing the base amount under subsection (c)—

''(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

''(ii) the minimum base amount under subsection (c)(2) shall not apply.

''(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

''(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

''(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''

(b) CONFORMING AMENDMENT.—Section 41(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 4. MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) of the Internal Revenue Code of 1986 (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

''(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection.''

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) of such Code is amended by striking ''determined under subsection (e)(1)(A)'' and inserting ''for the taxable year''.

(B) Section 41(e) of such Code is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4) of such Code, as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) of such Code is amended by striking ''section 41(e)(6)'' and inserting ''section 41(e)(3)''.

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) of the Internal Revenue Code of 1986 (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following new subparagraph:

''(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.''

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) of such Code (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

''(ii) basic research in the arts and humanities.''

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3) of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

''(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 5. CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking ''and'' at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting '', and '', and by adding at the end the following new paragraph:

''(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium.''

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

''(A) which is—

''(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

''(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

''(B) which is not a private foundation,

''(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

''(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D).''

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) of the Internal Revenue Code of 1986 is amended by striking subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 6. IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) of the Internal Revenue Code of 1986, as amended by section 5(c), is amended by adding at the end the following new subparagraph:

''(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

''(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

''(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

''(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

''(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

''(iii) SMALL BUSINESS.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

''(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause.''

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) of the Internal Revenue Code of 1986, as amended by section 5(a), is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

DOMENICI-BINGAMAN RESEARCH TAX CREDIT BILL

This bill addresses two broad goals: establishes a permanent Credit, and strengthens the formulation of the Credit.

The Bill enhances the Credit received by all users of the regular Research Tax Credit. Thus, all companies benefiting from its current formulation are positively impacted. The changes in the Credit are focused in the Alternative Credit and Basic Research Credit portions of the current Credit legislation and represent significant enhancements to these options.

The Bill addresses several concerns with the existing Credit: base period used for the regular credit, 1984–88, is out-dated; 50% rule precludes most startups from gaining full credit; basic research credit is very difficult to use, and alternative credit provides no strong incentive for increased research intensity.

In addition to permanence, the Bill increases the maintenance level of the alternative credit to 4%. (Thus the Bill meets the goals of some groups who favor simply permanence and 1% additional to the alternative credit). In addition, the bill; establishes a 20% marginal rate for increased intensity for users of the alternative credit; changes the base period for alternative credit users to an 8 year average; eliminates the 50% rule for users of the alternative credit; encourages industrial partnerships with universities and national labs; expands definition of basic research to include all published work; enables basic research at FFRDCs to count toward their basic research credit; qualifies 100% of contract research accomplished at universities, national labs, and small businesses; encourages establishment of research-driven consortia by providing 20% credit for their research expenses; provides a phase-in of credit for start-up businesses, and enables small businesses to count patent filing fees toward research expenses.

With these enhancements, the Domenici-Bingaman Bill provides a permanent Research Tax Credit that address shortcomings in the current formulation of the Credit. Furthermore, the Bill meets the goals of constituents who favor only permanence or only permanence plus an increase in the alternative credit.

SUMMARY

Joint Tax 10-yr evaluations:	
Section II: Make the Credit permanent	$26.3 B
Section III: Improve the Alternative Investment Credit, AIC, by increasing the Credit allowed for the base maintenance level of R&E expenditures, and add an incremental incentive package onto the AIC. Create a floating 8-year base period for the AIC. Drop the ''50%'' rule for the AIC. Insert a transition approach to help startups	3.8
Section IV: Provide a flat credit for basic research expenditures at universities, small businesses, and national labs. Improve definition of basic research	5.0
Section V: Provide flat credit for consortia-based research	0.1
Section VI: Increase the allowance for contract research conducted at universities, small businesses, and national labs from 65% to 100%. Add patent filing expenses as qualified expenditures for small businesses	[1]3??
Total	38.2

[1] Joint Tax did not score Section VI yet. A version of Section VI was in S. 2072 last year, except that it increased the allowance for everybody, including large businesses. They scored that at $4.8B. The score this year ''has to'' be well below $4.8B, I used $3 for talking purposes.

NOTES—TO JOINT TAX SCORES

Section II duplicates Senator BOXER's S. 195 by just making the Credit permanent, Representative SENSENBRENNER has the same version in the House.

Sections II and III together duplicate and extend the approach of the Baucus/Hatch S. 680 with 36 cosponsors and the Johnson/Matsui Bill in the House. These two sections give permanence plus increase the AIC by slightly more than 1%. They also add major enhancements to the AIC by establishing an option for companies to realize a 20% incremental benefit. The Baucus/Hatch version is supported by the R&D Tax Coalition, using their mantra of ''Permanence plus 1%.'' Sections II and III do everything that the R&D Tax Coalition wants and a lot more.

Section IV is expensive at $5 Billion, but gains the strongest possible support from universities. This section changes the definition of basic research, but more important, lets contract research at a university (+SB or lab) be treated as a flat 20% credit, not above an incremental base. This is a tremendous incentive to fund expenditures for basic research at universities.

Section V encourages consortia to fund research. Senator has encouraged consortia formation in other ways, this continues his leadership in this area.

Section VI is a further major incentive for companies to fund research at universities, labs, and small businesses.

Mr. BINGAMAN. Mr. President, I am pleased to join with my co-sponsors, Senators DOMENICI, LIEBERMAN, FRIST, and SNOWE in introducing the Private Sector Research and Development Investment Act of 1999. This bill will finally make the Research and Experimentation Tax Credit permanent, a provision of the federal tax code that was first enacted in 1981, and has been extended 9 times since.

In addition to the provision of permanence, our bill has other improvements that I believe will address many of the shortcomings of existing law, and will bring the code more in synch with the ways industry is performing R&D today. But before I speak to some of those provisions, I would like to spend a little time discussing why I think we need to enact this legislation now.

I think it is fair to say that the nation's economy owes much of its resurgence to the increases in productivity attributable to the infusion of high technology products and services. Our nation is today in the enviable position of not only having the greatest access to these products, but also being the primary provider of these products for the rest of the world.

These capabilities have enabled American businesses to be in a position of world leadership in areas as diverse as medical and bio technologies, microelectronics, and financial services.

In order for us to insure that the economic engine continues to run at peak form, we must assure that there is a continual infusion of new technologies that will spawn the products and services of the future market. Many economists state that the best way to do this is to create a stable incentive for research investment and an environment where businesses have the flexibility to choose among all the options available to perform the research. A policy which achieves these goals will provide businesses with the long-term incentive to invest in both the research and the people that will create the next generation of commercially successful products.

That is exactly what the ''Private Sector Research and Development Investment Act of 1999'' does. First, it makes Section 41 of the Internal Revenue Code permanent, creating a stable long-term environment for investment. But it goes beyond that.

Present law does not allow all companies to benefit equally from the Tax Credit. Some companies, simply as a result of where they were in the business cycle in the late 80's, find that they cannot attain the full benefit of the credit. And, if the company did not exist at all in the 80's, as is the case with most of the Internet and many of the biotech start-up firms, there is simply no way at all for them to access the full credit rate. This is simply not fair. Our bill proposes to correct that inequity by making the 20% marginal rate available to all companies that are growing their research investment.

With much of the nation's research talent residing in our universities and federal laboratories, we are proposing to extend the full Tax Credit for research investments companies make in those institutions.

I am particularly pleased with the part of this provision that provides a more cost effective way for companies to invest in the education of our future generation of scientists and engineers at our universities. If this bill becomes law, as many as 3000 additional masters and doctoral level engineers and scientists could be produced each year, with up to 1000 of these being women and minorities, all at no additional cost to businesses.

I fully expect that the ''Private Sector Research and Development Investment Act of 1999'' will accelerate business investment in universities, growing the number of trained scientists and engineers even faster. At a time when there has been much debate over providing additional employment visas to foreign engineers, this bill provides one mechanism for educating qualified Americans to fill these high tech jobs.

As the cost of doing research continues to escalate, and companies find it more difficult to go it alone, our bill proposes that the research investments companies make in research consortia with other businesses, universities, and federal laboratories be fully available for the Tax Credit. I have seen firsthand, at places like Sandia and Los Alamos National Laboratories, the results of consortia partnerships between industry and our national labs, and I believe that it is in our nation's best interest to promote these research arrangements.

All of our studies indicate that small businesses are the ''high test'' fuel of the nation's economy, producing more and highly paid jobs. Yet it is this group of companies that have the hardest time in accessing the Tax Credit under existing law. We propose to modify the law so that small businesses have greater benefit in their early years, when the value of the credit can have the greatest impact on a rapidly growing, but often cash-limited, company.

Finally, to assure that these small businesses are truly able to compete in the global market and to protect their intellectual assets, we are proposing that the full value of the Tax Credit be applied to their patent filing fees, both here and abroad.

In speaking with owners of small, high tech businesses in New Mexico, I hear that anything we can do to increase the capital funds available to these businesses as they are starting up is critical to their success. These two special provisions for small businesses are positive steps in that direction.

Mr. President, many of my fellow Senators and Members of the House have already endorsed the concept of a permanent R&D Tax Credit. With that base of enthusiasm already in place, I encourage my colleagues to seize the opportunity to move forward and complete the job. Let's make it permanent, and let's make it right.

Mr. LIEBERMAN. Mr. President, I am pleased to join Senators DOMENICI and BINGAMAN today in supporting the Private Sector Research and Development Investment Act of 1999. This bill recognizes that we are moving toward a New Economy and supports the engine of that New Economy. Let me explain.

In this decade, we have returned to our nation's historic growth rate of 3% plus growth. We haven't seen this in 30 years, but now we are back there again. We know what the last few years of growth feel like—America is starting to feel like an opportunity society again. We are moving toward some fundamental changes in our economic structure, toward a knowledge-based economy and further away from a resource-based economy. Key to these high growth rates has been overall productivity gains that are back in the 2% range, which has enabled the United States to experience real growth and real growth in incomes without significant inflation. A significant part of our productivity gains have come from gains in manufacturing productivity, which has approached 4% in each of the past three years. These manufacturing gains come directly from innovation, and in recent years these are largely driven by innovation in information technology—one of the most amazing results of R&D in this century from the invention of the transistor over 50 years ago to the development of the Internet today. And it looks like we are starting to get noticeable productivity gains in our services sector as well, also driven by information technology. The digital revolution is affecting every sector of our economy. As Andy Grove, Chairman of Intel, said, ''In five years, there will be no Internet companies. Every company will be an Internet company,'' or it won't be in business.

Some analysts look at the stock market today and compare it to the 1600's Dutch tulip bulbs investment bubble, maybe the largest bubble of all time, and its subsequent crash. The difference is that tulip bulbs did not fundamentally alter the means of communication and increase productivity as the Internet does.

Pharmaceuticals and health care is another area in which our country's investment in R&D has catapulted us above our competitors. A recent study from the Department of Commerce found that the United States is decades ahead of other countries in the pharmaceutical and health related industries directly because of our investment in R&D. In the past 50 years, researchers from U.S. pharmaceutical companies have discovered and developed breakthrough treatments for asthma, heart disease, osteoporosis, HIV/AIDS, stroke, ulcers, and glaucoma. And they have developed vaccines against previously common causes of infant death including polio, rubella, influenza B and whooping cough. Why is the U.S. pharmaceutical industry the number one global innovator in medicine? According to Raymond Gilmartin, Chairman, President and CEO of Merck & Co., because ''The U.S. pharmaceutical industry leads the world in its commitment to research. . . .''

There have been at least a dozen major economic studies, including those of Nobel Prize winner Robert Solow, which conclude that technological progress accounts for 50%, and lately considerable more, of our total growth and has twice the impact on economic growth as labor or capital. For the long term health of our economy, we need to invest now in activities that will have a future payoff in innovation and productivity. A one percent increase in our nation's investment in research results in a productivity increase of 0.23%. We need to ensure our future by creating the institutions and incentives to increase R&D

investment in the United States. This Act will replace our current, dysfunctional system of on-again, off-again R&D tax credits with a tax credit that is reliably permanent. In the global economy we will have to not only outperform our competitors, but out-innovate them. Giving our industry the tools to support their own innovation is a timely act.

This Act meets the goals of some groups who favor simply making the credit permanent and increasing the alternative credit by one percent, as does the bill introduced by my esteemed colleague Senator HATCH. I am a cosponsor of Senator HATCH's bill. I believe we need to make the R&D credit permanent. But I feel strongly that we need further changes to the Act to increase its effectiveness, make it more accessible to small and start up businesses, update the credit to account for changes we are seeing in industry and, importantly, to complement the relationship between Federal and private sector research. The bill that Senators DOMENICI, BINGAMAN, FRIST, SNOWE, and myself are introducing makes these important changes, as well as making the R&D tax credit permanent.

Industry research is largely dependent on the basic research undertaken by the Federal government. Because industry itself does not perform basic research—84% of industry research is concentrated on product development, the final stage of R&D—the private sector must draw on government-funded research to develop ideas for new market products. Of all papers cited in U.S. industry patents, 73% are from government and non-profit funded research. This marriage of basic Federal research and applied private research is essential. Yet, as a percent of GDP, Federal investment in R&D has been nearly halved over the last 30 years. We are living off of the fruits of basic research from the mid-1960s. In addition, the national labs and universities are facing a brain drain by the private sector as engineers and scientists are in high demand and increasingly in short supply. The private sector recognizes the importance of work accomplished through Federal funding and knows this is a problem that needs to be addressed. This bill encourages collaboration between private sector research and national labs and universities and offers a financial incentive to use the national labs and universities. Specifically, the Act encourages industry to use the federally funded programs by qualifying 100% of contract research accomplished at universities, national labs, and small businesses. It also enables basic research at Federally Funded R&D Centers to count toward the basic research credit. By expanding the credit to research done in consortia, the Act also recognizes that research today is more often done in collaboration than in isolation.

The fastest method of moving research into the marketplace is often through small, startup companies. The Act updates the tax credit rules to accommodate the special R&D cycles faced by these companies. By supporting the small but crucial R&D efforts of new technology-based firms, the Act nurtures the very companies who contribute disproportionately to our national productivity and employment growth.

The Act also updates our view of R&D. For the alternative credit, it calculates R&D expenditures with respect to a rolling baseline, rather than a fixed 1980's baseline that is increasingly remote and outdated as time passes.

Mr. President, I believe there has been a growing awareness among Senators over the past couple of years that technology has been one of the driving forces behind our fantastic economic growth in this country. Despite that we are finally out of the red on the budget and finally in the black, we know that continued control and restraint must be exercised on the budget and we will have to make difficult choices about what programs to fund and what tax cuts to make. But now that we know that technological progress is responsible for 50% or more of economic growth, I think we owe it to ourselves to encourage such progress whenever possible. It is an investment in our future which we cannot do without.

By Mr. SPECTER:

S. 952. A bill to expand an antitrust exemption applicable to professional sports leagues and to require, as a condition of such an exemption, participation by professional football and major league baseball sports leagues in the financing of certain stadium construction activities, and for other purposes; to the Committee on the Judiciary.

STADIUM FINANCING AND FRANCHISE RELOCATION ACT OF 1999

Mr. SPECTER. Mr. President, I have sought recognition today to introduce legislation, the Stadium Financing and Franchise Relocation Act of 1999, which is designed to respond to the need for stabilizing major league baseball and football franchises located in metropolitan areas of the United States.

I have long been concerned with the pressure put upon communities by baseball and football clubs seeking new playing facilities, where, with the gun to their heads of the team's overt or tacit threat to move to another city, government leaders feel compelled to have taxpayers finance a lion's share of ballpark and stadium construction costs. As those costs rise—a present state-of-the-art new facility goes for close to $300 million—those pressures have intensified.

Professional sports teams are entrusted with a public interest. The movement of the Dodgers from Brooklyn, which broke the hearts of millions of their Flatbush followers, was the start of pirating of sports franchises in America, and should never have been allowed. It was accompanied, of course, by the flight of the Giants from New York to San Francisco.

Since then, the matter has proliferated to an almost absurd degree. It is hard to understand why the taxpayers of Maryland and Baltimore had to be in a bidding contest for the Cleveland Browns, when Baltimore should have had its own team, the Colts, instead of the Colts moving out of Baltimore in the middle of the night to go to Indianapolis.

I have participated in America's love affair with sports since I was a youngster in Wichita, Kansas, reading the box scores in the Wichita Eagle every morning because of my love and passion for baseball. I have been attending Phillies and Eagles games, and, when I can, Pirates and Steelers games, because of my love for each of these sports. They are tremendously exciting.

Basically, it was unfair for the old Browns to have been taken out of Cleveland, but now I am glad to hail the arrival of the new Browns, even though it was at great cost to the taxpayers, and deprived the Eagles of a well-earned first overall draft pick.

The value of sports franchises to their owners has ballooned in recent years. Jeffrey Lurie bought the Philadelphia Eagles in 1995 for a then-high price of $185 million. Last year, the successful bidder for an expansion NFL franchise in Cleveland paid $530 million. The bidding for the Washington Redskins franchise (including Cooke Stadium) has surpassed $800 million. There also seems to be no limit to the amount of money available to club owners when it comes to paying players—witness Mike Piazza's signing last year of a $91 million ten-year contract with the New York Mets.

New ballparks and stadiums clearly provide an enhancement to the culture and tax base of communities. That said, however, there is also no doubt that having a new ballpark or stadium significantly increases the value of a sports franchise for its owner. In December, 1998, Forbes Magazine estimated the net worth of the nation's professional sports teams. Seven of the top ten valued baseball franchises and eight of the top ten valued football franchises were in cities with ballparks and stadiums built or approved to be built since 1990.

In January, 1999, the Philadelphia Inquirer quoted Jeffrey Stein, managing director of McDonald Investments, a Cleveland brokerage house, who said: ''New stadiums, in and of themselves, significantly enhance the value of a team.'' He cited the Cleveland Indians Baseball Club as an example. In the December, 1998, Forbes article, the value

of that team, which now plays in beautiful new Jacobs Field, was listed as $322 million, the third highest in baseball. In 1986, the Indians had been purchased for $35 million. In 1993, the last year the Indians played at Cleveland Stadium, the team had revenues of $54.1 million. Its 1997 revenues were $140 million.

The value of these sports franchises to a community is reflected in the astronomical broadcast rights fees the sports leagues command in the U.S. marketplace. Ten years ago, the National Football League received $970 million a year for its network television rights. The NFL now receives three times that amount, through contracts with TV and cable networks that pay the League $17.6 billion for its TV rights over an 8-year period commencing with the 1998 season, an average of $2.2 billion per year, while Major League Baseball annually derives more than $400 million from this source. These revenues are shared by the clubs and their players.

One would think some of that giant revenue windfall might trickle down and be used to help finance new ballparks and stadiums, which produce greatly enhanced revenues for team owners, yet it seems the more TV money a league makes, the more its clubs demand from local taxpayers to fund the construction of new playing facilities. The irony of this is that none of these huge TV revenues would accrue to the clubs and their players if the leagues did not have the benefit of an antitrust exemption permitting clubs to pool their TV rights.

In the interest of fairness, I believe the leagues should, with a small portion of these TV revenues, assist local communities in the financing of new playing facilities for the leagues' clubs, as a condition of their continuing to receive the antitrust exemption which permits pooling of TV rights.

I also believe the leagues should have an antitrust exemption which permits them to deny a club's request to move, thus minimizing the implied threat to move which has characteristically accompanied demands upon local government for a new ballpark or stadium.

Both these objectives are met by the legislation I am offering today. It will clarify the broadcast antitrust exemption given to sports leagues and give the National Football League and Major League Baseball an opportunity to continue to receive it by agreeing to place 10% of their network TV revenues into a trust fund to be used to help finance construction or renovation of ballparks and stadiums for use by their teams. Trust fund revenues will be restricted to such use and will be excluded from the league's gross receipts which are distributed to clubs and players.

Money from the trust fund will be provided to finance up to one-half the cost of construction or renovation of ballparks and stadiums on a matching fund basis, conditioned upon the local government's agreement to provide at least one dollar of financing for every two dollars to be provided from the trust fund.

Thus, for example, if the cost of constructing a new stadium for the Philadelphia Eagles, or for the Pittsburgh Steelers, were $280 million, the National Football League would be obliged to provide $140 million to each such project, on condition that the city and state, combined, provided at least $70 million. Ideally, the League would pay one-half the cost out of the trust fund and the other half would be financed by the club owner and the local government.

The legislation will also enlarge the antitrust exemption given to baseball, basketball, football, and hockey leagues to permit those leagues to deny a member club's request to move its franchise to a different city.

My bill will take effect on the date of its passage, and will apply to all network TV revenues thereafter received by the leagues, and to all new ballpark and stadium facilities not yet constructed, such as the construction now underway in Cleveland and Pittsburgh.

I have sought recognition today to introduce the Stadium Financing and Franchise Relocation Act of 1999. This legislation would require that the National Football League and Major League Baseball act to provide financing for 50 percent of new stadium construction costs, and that the National Football League be given a limited antitrust exemption to regulate franchise moves.

This legislation is necessary because baseball and football have for too long had a public-be-damned attitude. At the present time, major league sports is out of control on franchise moves for football teams and the demands upon cities and states for exorbitant construction costs is a form of legalized extortion in major league sports.

The National Football League has a multi-year television contract for $17.6 billion which it enjoys by virtue of a special status and antitrust exemption which they have for revenue sharing or else they could not collect television receipts of $17 billion. But, at the same time, when they are asked to step forward and help with stadium construction costs, which are minimal compared to their television receipts, they put one community in competition with another community. A franchise, being what it is, leaves a city like Hartford and a state like Connecticut to offer $375 million to lure the Patriots from Massachusetts to Connecticut.

This is a problem which is particularly acute for my State, Pennsylvania, which is now looking at the construction of four new stadiums. Two are now under construction in western Pennsylvania—Pittsburgh for the Pirates and the Steelers—and two more are being sought in eastern Pennsylvania for the Phillies and for the Eagles. It is a $1 billion price tag which we are looking at now, which is significant for public funding, especially in a context where our schools are under funded, where our housing is in need of assistance, where we need funds for child assistance, where we need funds for transition from welfare to work, where we need funds for highways, and for so many other important matters. But, understandably, a NFL franchise is a very major matter for the prestige of a city and also for the economy of a city. And a major league baseball franchise, similarly, is a major matter for the economy and the prestige of a city.

You have a situation, for example, where the Colts left Baltimore in the middle of the night for Indianapolis. Then there was a bidding war for the Browns, which left Cleveland to go to Baltimore at an enormous cost to the taxpayers of Maryland and Baltimore. Indianapolis ought to have a football team, but they ought not to have Baltimore's football team. Similarly, Cleveland ought to be able to retain the Browns. It has been a matter of great pride for Cleveland for many, many years.

The start occurred in 1958 when the Dodgers left Brooklyn to go to Los Angeles. Brooklyn had no more precious possession than ''Dem Bums,'' the Dodgers. And I recall as a youngster the 1941 World Series, Mickey Owens' famous fumble, dropping of the third strike, and the tremendous tradition that the Dodgers had with Jackie Robinson and Pee Wee Reese in the Pennant races. And off they went to Los Angeles. Los Angeles should have had a baseball team, but not Brooklyn's baseball team. And they had a twofer, they took the Giants out of New York and put them in San Francisco at the same time.

Baseball has had an opportunity, to some extent, to control franchise moves because baseball has an unlimited antitrust exemption. And they have it in a very curious, illogical way. Justice Oliver Wendell Holmes ruled in the 1920s that baseball was a sport and not involved in interstate commerce and therefore exempt. That has been an item which has been out of touch with reality for a long time. Justice Blackmun said baseball was a big business, in a Supreme Court decision, and involved in interstate commerce. But since it had been unregulated with the antitrust exemption for so long, it has been left to Congress to make a change.

It may be that we ought to make a change and take away the antitrust exemption from baseball generally. Baseball fiercely resists any contribution to stadium construction costs—fiercely

resists with a lobbying campaign, which is now underway, of great intensity. I will not list the cosponsors who have prospectively dropped off this bill because of that lobbying.

I am introducing this bill on behalf of Senator HATCH, chairman of the Judiciary Committee, Senator BIDEN, former chairman of the Judiciary Committee, and myself. We had a hearing in the Antitrust Subcommittee of Judiciary where I serve, and I asked the head of the Antitrust Division of the Department of Justice and the Chairman of the Federal Trade Commission to take a look at revoking baseball's antitrust exemption totally. Baseball has not been responsible in dealing with salary caps and with revenue sharing. So there would be some equality and some parity for cities like Pittsburgh, small cities, where you have the financial power of the New York Yankees dominating the league, buying up all the players; where you have Mr. Murdoch acquiring the Dodgers for a giant price in connection with his satellite ideas and with television revenues and the superstation which Atlanta now has.

Here you have a goose which is laying a golden egg and baseball has not faced up to fairness in changing its approach to dealing with the realities of the market and has not undertaken the salary caps and the revenue sharing necessary to stabilize baseball.

So this bill goes, to a limited extent, on conditioning baseball's continuation of its antitrust exemption to helping with stadium construction costs. I want them to help build a stadium for the Philadelphia Phillies. I want them to help on the construction costs for the Pittsburgh Pirates. I went them to help on construction costs for new teams, where cities are facing the reality of either spending hundreds of millions of dollars for these new stadiums, or having the teams flee to other cities. That is something baseball ought to face up to, even though it is true that baseball has a different situation from football, because baseball's television revenues are lesser. But there has to be some equality and there has to be some parity. Or if baseball wants to function like any other business, let them do so, but without the antitrust exemption, and let's see what will happen to those giant salaries for the baseball players and those tremendous rates and the way baseball operates, if it does not have an antitrust exemption which is very special and unique.

Football has an antitrust exemption as to revenue sharing. Without that exemption they could not have the $17 billion multi-year television contract. They have plenty of funds to face up to stadium construction costs for the Pittsburgh Steelers and for the Philadelphia Eagles and for other teams. The facts are not yet before the public, but I hear the rumors that football is putting up a very substantial sum to have the Patriots remain in Massachusetts to top the bid of Connecticut. Connecticut is a television market, according to the media, about 24th. Boston, MA, is a media market about 6th. And the National Football League wants to protect its media market so they will put up a substantial sum of money to accomplish that.

It ought to be regularized and they ought to have a specific obligation. And 50 percent is not too much for the leagues to contribute. That would leave the owners with 25 percent and would still leave the public with 25 percent. One of the prospective cosponsors dropped off the bill because he does not want to be associated with even 25 percent for the public. But I suggest when the raiders—I am not talking about the Oakland Raiders; I am talking about the sports franchise raiders coming to his State, which I shall not name—go after his baseball team and go after his football team, watch the scurrying around to pay a lot more than 25 percent unless there is some leveraging and some compulsion.

Baseball and football are not going to face up to a fair allocation of funds if they are left to their own devices. But the Congress of the United States does have control of the antitrust exemption and we can take it away from baseball or we can limit it for baseball. And we can take away, if we choose, the football antitrust exemption on revenue sharing. So I do believe this is a matter which is of significant public interest. When a city like Hartford and a State like Connecticut bids $375 million of funds which could obviously be used better; where Pennsylvania is looking at more than $1 billion in four new stadiums at a time when $17 billion comes to the NFL, and the salaries are astronomical. If the leagues are to have this exemption, if they are to have this special break, they ought to face up to some public responsibility.

The second part of this legislation would grant football a limited antitrust exemption so they could regulate franchise moves. When the Raiders moved from Oakland to Los Angeles, there was a multimillion-dollar lawsuit which the NFL had to pay. So they are reluctant to take a stand on exercising their league rules which require three-fourths approval. But, if they had an antitrust exemption to this limited extent, then they would be in a position to ameliorate the larceny. Maybe it would be petit larceny instead of grand larceny. But I think that kind of antitrust exemption would be worthwhile.

As you can tell, I feel very strongly about this subject. I have been a sports fan since I was 8 years old—perhaps 5 years old when my family, living in Wichita, KS, made a trip to Chicago for the World's Fair and I became a Cubs fan. And I became a Phillies fan when I moved to Philadelphia more than a half century ago. And I am a Pirates fan, too, except when they are playing the Phillies.

If you lived in Wichita, KS, when the morning paper came, the major item of interest would be the sports page and the box scores. And I am an Eagles fan and a Steelers fan and held season tickets as early as 1958. When the Dodgers and Giants moved away from Brooklyn and New York City, I thought that was really a very serious breach. Such moves have a great impact on the public, and we ought to stop this legalized extortion, and we ought to get a fair share for the tremendous antitrust break which baseball and football enjoy.

By Mr. SMITH of New Hampshire:

S. 954. A bill to amend title 18, United States Code, to protect citizens' rights under the second amendment to obtain firearms for legal use, and for other purposes; to the Committee on the Judiciary.

SECOND AMENDMENT PRESERVATION ACT OF 1999

Mr. SMITH of New Hampshire. Mr. President, I rise today to introduce the Second Amendment Preservation Act of 1999.

Mr. President, my bill is intended to address the lawsuits that have been filed by various municipal governments against firearms manufacturers. These lawsuits are premised on the novel theory that manufacturers in full compliance with all of the laws governing the production of their products can nevertheless be held liable for the criminal misuse of those products by individuals who are completely beyond their control. This radical notion is flatly contrary to the principle of individual responsibility on which the tort laws of our Nation are based.

In at least some cases, Mr. President, these lawsuits seem to be intended to subject firearms manufacturers, importers and dealers to legal costs that are so onerous that they may not be able to defend themselves, or indeed be able to remain in business. A majority of firearms manufacturers, importers and dealers are small, privately-owned businesses that cannot afford to bear the legal costs of defending themselves in a large number of judicial forums. Moreover, compared to most firearms manufacturers, importers and dealers, States and local governments are large and relatively wealthy entities that are able to spend large amounts of taxpayers' dollars on wars of attrition against small business.

Mr. President, these lawsuits represent an effort by social activists and trial lawyers to use the Nation's judiciary to secure victories against the firearms industry that they never would be able to achieve through the legislative process. In fact, the firearms industry won't be the last target of these lawsuits. In a January 31, 1999, article in

the Washington Post, plaintiffs' attorney John Coale stated ''. . . we are interested in taking a close look at the exorbitant prices of prescription drugs for the elderly, for example.'' ''Unless the courts reject our approach,'' Coale continued, ''we will continue to utilize it to tackle industry bullies.''

Thankfully, Mr. President, the public is not fooled. A December, 1998, survey of 1,008 U.S. adults by DecisionQuest, a jury consulting firm, found that 66.2% of American adults oppose these lawsuits against firearms manufacturers. Only 19.3% of Americans believe that these suits are justified.

Even some anti-gun elements of the media oppose these lawsuits. A March 1, 1999, editorial in the Boston Globe stated that ''. . . guns should be controlled by the legislative process rather than through litigation.'' ''gun makers may be responsible for flaws in their products that lead to injury or death,'' the editorial continued. ''Making manufacturers liable for the actions of others,'' the editorial concluded, ''. . . stretches the boundaries beyond reasonable limits . . . .''

Mr. President, I believe that fairness requires that a unit of government that undertakes an unsuccessful ''fishing expedition'' against a firearms manufacturer, importer or dealer should bear the costs of that business in defending itself against such a frivolous and unwarranted civil action. Fairness also requires that taxpayers not be required to pay millions of dollars to wealthy attorneys, out of awards that are intended, at least in part, to benefit the victims of crime.

The second amendment to the Constitution of the United States requires that Congress must respond to actions that are intended to, and that would have the effect of, nullifying that provision of the Bill of Rights. Congress has the power under the second amendment, and under the Commerce Clause, to take appropriate action to protect the rights of citizens to obtain and own firearms.

One action that Congress may take, Mr. President, is to provide protection from excessive and unwarranted legal fees. The Second Amendment Preservation Act, which I am introducing today, provides that protection. My bill limits attorneys' fees to plaintiffs in civil lawsuits that seek ''to hold a firearms manufacturer, importer, or dealer liable for damages caused by the unlawful or tortuous use of a firearm by a person not employed by or affiliated with the manufacturer, dealer, or importer.'' Under my bill, those fees are limited to the lesser of $150 per hour, plus expenses, or 10% of the amount that the plaintiff is awarded in the action.

Further, my bill provides that in lawsuits in which the defendant is found by the court to be ''not wholly or primarily liable for the damages sought,'' the plaintiff must reimburse the defendant for reasonable attorney's fees and costs.

Finally, Mr. President, my bill provides that if a court strikes down this legislation as unconstitutional, the decision is directly appealable as of right to the Supreme Court of the United States.

Mr. President, I ask unanimous consent that the text of my bill, the Second Amendment Preservation Act, be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Second Amendment Preservation Act of 1999''.

SEC. 2. FINDINGS.

Congress finds that—

(1) a number of State and local governments have commenced civil actions, or are considering commencing civil actions, against manufacturers, importers, and dealers of firearms based on the unlawful use of the firearms by a purchaser or other person;

(2) in at least some cases, the intent in bringing the action is to subject manufacturers, importers, and dealers to legal costs that are so onerous that the manufacturers, importers, and dealers may not be able defend themselves, or indeed be able to remain in business;

(3) a majority of manufacturers, importers, and dealers of firearms are small, privately owned businesses that cannot afford to bear the legal costs of defending themselves in a large number of judicial forums;

(4) compared to most manufacturers, importers, and dealers of firearms, States and local governments are large and relatively wealthy entities that are able to spend large amounts of taxpayers' dollars on a war of attrition with small businesses;

(5) fairness requires that—

(A) a unit of government that undertakes an unsuccessful ''fishing expedition'' against a firearm manufacturer, importer, or dealer bear the cost of defending against its frivolous and unwarranted civil action; and

(B) taxpayers not be required to pay millions of dollars to wealthy attorneys, out of awards that are intended, at least in part, to benefit the victims of crime;

(6) the Second Amendment to the Constitution requires that Congress respond to actions that are intended to, and that would have the effect of, nullifying that provision of the Bill of Rights;

(7) Congress has power under the Second Amendment and under the Commerce Clause to take appropriate action to protect the right of citizens to obtain and own firearms; and

(8) one appropriate action that Congress may take is to provide protection from excessive and unwarranted legal fees.

SEC. 3. RULES GOVERNING ACTIONS BROUGHT TO CURTAIL THE SALE OR AVAILABILITY OF FIREARMS FOR LEGAL PURPOSES.

(a) IN GENERAL.—Chapter 44 of title 18, United States Code, is amended by adding at the end the following:

''§ 926B. Rules governing actions brought to curtail the sale or availability of firearms for legal purposes

''(a) DEFINITIONS.—In this section, the term 'action brought to curtail the sale or availability of firearms for legal purposes' means a civil action brought in Federal or State court that—

''(1) has as a defendant a firearms manufacturer, importer, or dealer in firearms;

''(2) expressly or by implication requests actual damages, punitive damages, or any other form of damages in excess of the lesser of—

''(A) $1,000,000; or

''(B) 50 percent of the net assets of any such defendant; and

''(3) seeks, in whole or in part, to hold a firearms manufacturer, importer, or dealer liable for damages caused by the unlawful or tortious use of a firearm by a person not employed by or affiliated with the manufacturer, dealer, or importer.

''(b) LIMITATION ON ATTORNEY'S FEES AWARDED TO PLAINTIFF.—In a civil action brought to curtail the sale or availability of firearms for legal purposes, notwithstanding any other provision of law or any agreement between any persons to the contrary, amounts paid in plaintiff's attorney's fees in connection with the settlement or adjudication of the action shall not exceed the lesser of—

''(1) an amount equal to $150 per hour for each hour spent productively, plus actual expenses incurred by the attorney in connection with the action; or

''(2) an amount equal to 10 percent of the amount that the plaintiff receives under the action.

''(c) ATTORNEY'S FEES FOR THE DEFENDANT.—In a civil action brought to curtail the sale or availability of firearms for legal purposes, if the court finds that the defendant is not wholly or primarily liable for the damages sought, the court shall require the plaintiff to reimburse the defendant for reasonable attorney's fees and court costs, as determined by the court, incurred in litigating the action, unless the court finds that special circumstances make such a reimbursement unjust.

''(d) POWER OF CONGRESS.—If any court renders a decision in an action brought to curtail the sale or availability of firearms for legal purposes or in any other proceeding that the Constitution does not confer on Congress the power to enact this section, the decision shall be directly appealable as of right to the Supreme Court.''.

(b) CONFORMING AMENDMENT.—The analysis for chapter 44 of title 18 is amended by inserting after the item relating to section 926A the following:

''926B. Rules governing actions brought to curtail the sale or availability of firearms for legal purposes.''.

(c) EFFECTIVE DATE.—The amendment made by subsection (a)—

(1) takes effect on the date of enactment of this Act; and

(2) applies to any action pending or on appeal on that date or brought after that date.

By Mr. WARNER (for himself, Mr. ROBB, and Mr. MCCONNELL):

S. 955. A bill to allow the National Park Service to acquire certain land for addition to the Wilderness Battlefield in Virginia, as previously authorized by law, by purchase or exchange as well as by donation; to the Committee on Energy and Natural Resources.

LONGSTREET'S FLANK ATTACK

Mr. WARNER. Mr. President, I rise today to introduce legislation which will preserve a site of great historical importance. The legacy of Civil War battlefields must be perpetuated, not only to commemorate those who lost their lives in this tragic epoch, but also to consecrate land upon which some our country's finest strategic maneuvers occurred. On the hallowed land of Wilderness, Virginia occurred one of the greatest tactical stratagems in military history. Snatching the initiative to turn the tide of battle, Lt. General James A. Longstreet, under the command of General Robert E. Lee, forced back Union forces directed by General Ulysses S. Grant, in an advance known as ''Longstreet's Flank Attack''.

Mr. President, this legislation will allow the Park Service to acquire this stretch of land, which will serve to ''complete'' Wilderness Battlefield. The legacy of the Civil War is far-reaching. A war which wrought such destruction has been the source of much fascination for scholars and amateur historians. The Battle of Wilderness is legendary for the tactical skills employed and the caliber of the soldiers who fought. There, among the tangled forests and twisted undergrowth, the Union Army, numerically superior and well supplied, were forced into confrontation with General Lee's hard scrabble Confederate troops. It would be one of the last battles in which Lee's incomparable martial machine would force Grant's Army of the Potomac to withdraw. It is also the site of the wounding of Gen. Longstreet, who, like General Stonewall Jackson, was wounded by friendly fire. Though Longstreet's injury was not mortal, the genius of the cadre of officers under the command of Lee dwindled. Thus would begin the twilight of the Confederacy.

Legislation passed in the 102nd Congress would have allowed the Park Service to acquire this land by donation. Despite numerous efforts, the Park Service has been unable to accomplish this. The legislation at hand would amend Public Law 102–541 to allow the Park Service to procure the land by purchase or exchange as well as donation. The heritage and history which dwell amongst the interlaced undergrowth of this land deserve our recognition. I look forward to the swift passage of this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 955

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ADDITION TO WILDERNESS BATTLEFIELD, VIRGINIA.

(a) REMOVAL OF CONDITION ON BATTLEFIELD ADDITION.—Section 2(a)(2) of Public Law 102–541 (16 U.S.C. 525k note; 106 Stat. 3565) is amended by striking '': *Provided*,'' and all that follows through ''Interior''.

(b) AUTHORIZED METHODS OF ACQUISITION.—

(1) ACQUISITION OF CERTAIN LANDS BY DONATION.—Section 3(a) of Public Law 101–214 (16 U.S.C. 425*l*(a)) is amended by adding at the end the following new sentence: ''However, the lands designated 'P04–04' on the map referred to in section 2(a) numbered 326–40072E/89/A and dated September 1990 may be acquired only by donation.''.

(2) REMOVAL OF RESTRICTION ON ACQUISITION OF ADDITION.—Section 2 of Public Law 102–541 (16 U.S.C. 525k note; 106 Stat. 3565) is amended by striking subsection (b).

(c) TECHNICAL CORRECTION.—Section 2(a) of Public Law 101–214 (16 U.S.C. 425k(a)) is amended by striking ''Spotslyvania'' and inserting ''Spotsylvania''.

By Ms. SNOWE (for herself, Mr. HARKIN, and Mr. FRIST):

S. 956. A bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss; to the Committee on Health, Education, Labor, and Pensions.

NEWBORN AND INFANT HEARING SCREENING AND INTERVENTION ACT OF 1999

• Ms. SNOWE. Mr. President, I rise today to introduce the Newborn and Infant Hearing Screening and Intervention Act of 1999. This bill is a companion bill to H.R. 1193, introduced in the House by Representative JIM WALSH. I am pleased to be joined again this year by my colleague from Iowa, Senator HARKIN, who has long been a champion of the hearing impaired, and my colleague from Tennessee, Senator FRIST.

We usually associate hearing problems with the aging process, and it is true that the largest group of Americans suffering from hearing impairment are those in the 65 to 75 year age range. But at the same time, approximately 1.5 to 3 out of every 1000 children—or as many as 33 children per day—are born with significant hearing problems. According to the National Institute on Deafness and Other Communication Disorders, as many as 12,000 infants are born each year in the United States with some form of hearing impairment.

In recent years, scientists have stressed that the first years of a child's life are crucial to their future development. This makes early detection and intervention of hearing loss a necessity if we are to ensure that all our children get the strong start they deserve. Specialists in speech and language development believe that the crucial period of speech and communication in a child's life can begin as early as six months of age. Unfortunately, though the average age of diagnosis of hearing loss is close to three years of age.

The ability to hear is a major element of one's ability to read and communicate. To the extent that we can help infants and young children overcome disabilities detected early in life, we will improve their ability to function in society, receive an education, obtain meaningful employment, and enjoy a better quality of life. Without early diagnosis and intervention, these children are behind the learning curve—literally—before they have even started. They should not be denied a strong start in life simply for the lack of a simple screening test.

There are many causes of hearing loss, and in many states a newborn child is screened only if the physician is aware of some factor that puts that baby in a risk category. The good news is that over 550 hospitals in 46 states operate universal newborn hearing screening programs. Nine states—Hawaii, Rhode Island, Mississippi, Connecticut, Colorado, Utah, Virginia, West Virginia, and Massachusetts—have passed legislation requiring universal newborn hearing screening. Hawaii, Mississippi, Rhode Island, Utah, and Wyoming have statewide early hearing detection and intervention programs. And scientists across the country are developing and implementing model rural-based infant hearing, screening, follow-up, and intervention programs for children at risk for hearing and language disabilities.

The bad news is that, unfortunately, only about 20 percent of the babies in this country are born in hospitals with universal newborn hearing screening programs, and more than 85 percent of all hospitals do not do a hearing screening before sending the baby home.

Universal screening is not a new idea. As early as 1965, the Advisory Committee on Education of the Deaf, in a report of the Secretary of Health, Education and Welfare, recommended the development and nationwide implementation of ''universally applied procedures for early identification.'' In 1989, former Surgeon General C. Everett Koop used the year 2000 as a goal for identifying 90 percent of children with significant hearing loss before they are one year old.

In 1997, an expert panel at the National Institute of Deafness and Other Communication Disorders recommended that the first hearing screening be carried out before an infant is three months old in order to ensure that treatment can begin before six months of age. The Panel also recommended that the most comprehensive and effective way of ensuring screening before an infant is six months old is to have newborns screened before they sent home from the hospital. But a 1998 report by the Commission on Education of the Deaf estimated that the average age at which a child with congenital hearing loss was identified in the United States was a 2½ to 3 years old, with many children not being identified until five or six years old.

It is time to move beyond the recommendations and achieve the goal of

universal screening. In addition to the nine states that require screening, the Bureau of Maternal and Child Health, in conjunction with the Centers for Disease Control, is helping 17 states commit to achieving universal hearing screening by the year 2000. This plan will lead to the screening of more than one million newborns a year, but it still leaves more than half the states without universal screening programs.

The purpose of the bill I am introducing today is to provide the additional assistance necessary to help all the states in implementing programs to ensure that all our newborns are tested and to ensure that those identified with a hearing impairment get help. Specifically, the bill:

(1) Authorizes $5 million in FY 2000 and $8 million in FY 2001 for the Secretary of Health and Human Services to work with the states to develop early detection, diagnosis and intervention networks for the purpose of developing models to ensure testing and to collect data;

(2) Authorizes $5 million in FY 2000 and $7 million in FY 2001 for the Centers for Disease Control to provide technical assistance to State agencies and to conduct applied research related to infant hearing detection, diagnosis and treatment/intervention; and

(3) Authorizes the National Institutes of Health to carry out research on the efficacy of new screening techniques and technology.

A baby born today will be part of this country's future in the 21st century. Surely we owe it to that child to give them a strong start on that future by ensuring that if they do have a hearing impairment it is diagnosed and treatment started well before their first year of life is completed. I urge my colleagues to join me, Senator HARKIN, and Senator FRIST in supporting the Newborn and Infant Hearing Screening and Intervention Act of 1999.●

● Mr. HARKIN. Mr. President, I am pleased to introduce, along with my colleagues, Senator SNOWE and Senator FRIST, the Newborn and Infant Hearing Screening and Intervention Act of 1999.

Tne Newborn and Infant Hearing Screening and Intervention Act would help States establish programs to detect and diagnose hearing loss in every newborn child and to promote appropriate treatment and intervention for newborns with hearing loss. The Act would fund research by the National Institutes of Health to determine the best detection, diagnostic, treatment and intervention techniques and technologies.

Every year, approximately 12,000 children in the United States are born with a hearing impairment. Most of them will not be diagnosed as hearing-impaired until after their second birthday. The consequences of not detecting early hearing impairment are significant, but easily avoidable.

Late detection means that crucial years of stimulating the brain's hearing centers are lost. It may delay speech and language development. Delayed language development can retard a child's educational progress, minimize his or her socialization skills, and as a result, destroy his or her self-esteem and confidence. On top of all that, many children are diagnosed incorrectly as having behavioral or cognitive problems, simply because of their undetected hearing loss.

In 1988, the Commission on Education of the Deaf reported to Congress that early detection, diagnosis and treatment were essential to improving the status of education for people who are deaf in the United States. Based on that report and others, in 1991, when I was chair of the Labor-HHS Subcommittee on Appropriations, we urged the National Institute on Deafness and Other Communication Deisorders—NIDCD—to determine the most effective means of identifying hearing impairments in newborn infants. In 1993, the Labor-HHS Subcommittee supported NIDCD's efforts to sponsor a consensus development conference on early identification of hearing impairment in infants and children. And in 1998, the Subcommittee encouraged NIDCD to pursue research on intervention strategies for infants with hearing impairments, and encouraged HRSA to provide states with the results of the NIH study on the most effective forms of screening infants for hearing loss.

Mr. President, the Act we are introducing today builds on these earlier efforts. The Act would help states develop programs that many of them already are working on; it would not impose a single federal mandate. At least eight states already have mandatory testing programs; many others have legislation pending to establish such programs. Other states have achieved universal newborn testing voluntarily. These programs can work; they deserve federal help.

One of the highlights of my Congressional career, indeed, of my life, has been working on policies and laws to ensure that people with disabilities have an equal opportunity to succeed in our society. This is especially meaningful to me, because my brother Frank became deaf as a child.

I watched Frank grow up, and I saw how few options and support services were available for people who were deaf. I remember the frustrations and challenges Frank faced, and I told myself early on that I would do all I could to break down the barriers in our society that prevented people who were deaf from reaching their potential. By supporting early screening, diagnosis, and treatment programs, this act would go a long way toward accomplishing that goal.

I would like to thank Senators SNOWE and FRIST for their hard work and support of this act, and I hope our colleagues will join us in this worthy effort.●

By Mr. KOHL:

S. 957. A bill to amend chapter 111 of title 28, United States Code, relating to protective orders, sealing of cases, disclosures of discovery information in civil actions, and for other purposes, to the Committee on the Judiciary.

SUNSHINE IN LITIGATION ACT OF 1999

Mr. KOHL. Mr. President, I rise today to offer the Sunshine in Litigation Act of 1999, a measure that addresses the growing abuse of secrecy orders issued by our Federal courts. All too often our Federal courts allow vital information that is discovered in litigation—and which directly bears on public health and safety—to be covered up, to be shielded from mothers, fathers and children whose lives are potentially at stake, and from the public officials we have asked to protect our health and safety.

All this happens because of the use of so-called ''protective orders''—really gag orders issued by courts—that are designed to keep information discovered in the course of litigation secret and undisclosed. Typically, injured victims agree to a defendant's request to keep lawsuit information secret. They agree because defendants threaten that, without secrecy, they will fight every document requested and will refuse to agree to a settlement. Victims cannot afford to take such chances. And while courts in these situations actually have the legal authority to deny requests for secrecy, typically they do not—because both sides have agreed, and judges have other matters to which they prefer to attend. So judges are regularly and frequently entering these protective orders, using the power of the Federal government to keep people in the dark about the dangers they face.

Perhaps the worst offenders are the tobacco companies. They have used protective orders not only to keep incriminating documents away from public view, but also to drive up litigation costs by preventing document sharing, effectively forcing every successive plaintiff to ''reinvent the wheel.'' One tobacco industry official even boasted, ''The aggressive posture we have taken regarding depositions and discovery in general continues to make these cases extremely burdensome and expensive for plaintiffs' lawyers, particularly sole practitioners. To paraphrase General Patton, the way we won these cases was not by spending all of our money, but by making the other S.O.B. spend all his.''

This systematic abuse of secrecy orders is one of the reasons that it took more than four decades of tobacco litigation to achieve a reasonable settlement. In fact, Congress and the public's

shift in recent years against Big Tobacco resulted in large part from disclosure of materials that had been concealed under secrecy orders, including materials regarding youth targeting and nicotine manipulation.

The problem of excessive secrecy orders in cases involving public health and safety has been apparent for years. The Judiciary Committee first held hearings on this issue in 1990 and again in 1994. In 1990, Arthur Bryant, the executive director of Trial Lawyers for Public Justice, told us, ''The one thing we learned . . . is that this problem is far more egregious than we ever imagined. It goes the length and depth of this country, and the frank truth is that much of civil litigation in this country is taking place in secret.''

Four years later, attorney Gerry Spence told us about 19 cases in which he had been involved where his clients had been required to sign secrecy agreements. They included cases involving defects in a hormonal pregnancy test that caused severe birth defects, a defective braking system on a steamroller, and an improperly manufactured tire rim.

But that's not surprising, because individual examples of this problem abound. For over a decade, Miracle Recreation, a U.S. playground equipment company, marketed a merry-go-round that caused serious injury to scores of small children—including severed fingers and feet. Lawsuits brought against the manufacturer were confidentially settled, preventing the public and the Consumer Products Safety Commission from learning about the hazard. It took more than a decade for regulators to discover the danger and for the company to recall the merry-go-round.

There are yet more cases like these. In 1973, GM allegedly began marketing vehicles with dangerously placed fuel tanks that tended to rupture, burn, and explode on impact more frequently than regular tanks. Soon after these vehicles hit the American road, tragic accidents began occurring, and lawsuits were filed. More than 150 lawsuits were settled confidentially by GM. For years this secrecy prevented the public from learning of the alleged dangers presented by these vehicles—millions of which are still on the road. It wasn't until a 1993 trail that the public learned about sidesaddle gas tanks and some GM crash test data that demonstrated these dangers.

The thrust of our legislation is straightforward. In cases affecting public health and safety, Federal courts would be required to apply a balancing test: they could permit secrecy only if the need for privacy outweighs the public need to know about potential health or safety hazards. Moreover, all courts—both Federal and state—would be prohibited from issuing protective orders that prevent disclosure to regulatory agencies. In this way, our bill will bring crucial information out of the darkness and into the light.

Although this law may result in some small additional burden on judges, a little extra work seems a tiny price to pay to protect blameless people from danger. Every day, in the course of litigation, judges make tough calls about how to construe the public interest and interpret other laws that Congress passes. I am confident that the courts will administer this law fairly and sensibly. If this requires extra work, then that work is well worth the effort. After all, no one argues that spoiled meat should be allowed on the market because stricter regulations mean more work for FDA meat inspectors.

Having said all this, we must in fairness recognize that there is another side to this problem. Privacy is a cherished possession, and business information is a cherished commodity. For this reason, the courts must, in some cases, keep trade secrets and other business information confidential.

But, in my opinion, today's balance of these interests is entirely inadequate. Our legislation will ensure that courts do not carelessly and automatically sanction secrecy when the health and safety of the American public are at stake. At the same time, this bill will allow defendants to obtain secrecy orders when the need for privacy is significant and substantial.

Indeed, this proposal would simply codify the practices of the most thoughtful Federal judges. As Justice Breyer has said, ''no court can or should stand silent when they see an immediate, serious risk to . . . health or safety.'' Virtually identical legislation received 49 votes on the floor in 1994 and was passed with bipartisan support out of the Judiciary Committee in 1996.

Who knows what other hazards are hidden behind courthouse doors? Do we want to wait four decades for the next ''tobacco'' to be disclosed? We need to take action to prevent the next threat before it's too late.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 957

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROTECTIVE ORDERS AND SEALING OF CASES AND SETTLEMENTS RELATING TO PUBLIC HEALTH OR SAFETY.

(a) SHORT TITLE.—This section may be cited as the ''Sunshine in Litigation Act of 1999''.

(b) PROTECTIVE ORDERS AND SEALING OF CASES.—Chapter 111 of title 28, United States Code, is amended by adding at the end the following new section:

''§ 1660. Protective orders and sealing of cases and settlements relating to public health or safety

''(a)(1) A court shall enter an order under rule 26(c) of the Federal Rules of Civil Procedure restricting the disclosure of information obtained through discovery, an order approving a settlement agreement that would restrict the disclosure of such information, or an order restricting access to court records in a civil case only after making particularized findings of fact that—

''(A) such order would not restrict the disclosure of information which is relevant to the protection of public health or safety; or

''(B)(i) the public interest in disclosure of potential health or safety hazards is clearly outweighed by a specific and substantial interest in maintaining the confidentiality of the information or records in question; and

''(ii) the requested protective order is no broader than necessary to protect the privacy interest asserted.

''(2) No order entered in accordance with paragraph (1) (other than an order approving a settlement agreement) shall continue in effect after the entry of final judgment, unless at or after such entry the court makes a separate particularized finding of fact that the requirements of paragraph (1) (A) or (B) have been met.

''(b) The party who is the proponent for the entry of an order, as provided under this section, shall have the burden of proof in obtaining such an order.

''(c)(1) No court of the United States may approve or enforce any provision of an agreement between or among parties to a civil action, or approve or enforce an order subject to subsection (a)(1), that prohibits or otherwise restricts a party from disclosing any information relevant to such civil action to any Federal or State agency with authority to enforce laws regulating an activity relating to such information.

''(2) Any such information disclosed to a Federal or State agency shall be confidential to the extent provided by law.''.

(c) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 111 of title 28, United States Code, is amended by adding after the item relating to section 1659 the following:

''1660. Protective orders and sealing of cases and settlements relating to public health or safety.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect 30 days after the date of enactment of this Act and shall apply only to orders entered in civil actions or agreements entered into on or after such date.

By Mr. BENNETT:

S. 958. A bill to amend certain banking and securities laws with respect to financial contracts; to the Committee on Banking, Housing, and Urban Affairs.

FINANCIAL INSTITUTIONS INSOLVENCY IMPROVEMENT ACT OF 1999

Mr. BENNETT. Mr. President, I rise today to introduce the Financial Institutions Insolvency Improvement Act of 1999. Recognizing that the changes to our Nations' banking laws have not kept pace with changes in our capital markets, this bill would strengthen the laws that enforce and protect certain financial agreements and transactions

in the event that one of the parties involved becomes insolvent. This legislation would also harmonize the treatment of financial instruments under the bankruptcy code and the banking insolvency laws.

The legislation that I am introducing is based largely on the recommendations made in March of 1998 by the President's Working Group on Financial Markets. This same working group reiterated on April 29th of this year, in their report on hedge fund activity, that Congress should pass this legislation. However, in an effort to keep this legislation free and separate from the ongoing bankruptcy debate, I am only introducing those portions of the proposal which amend banking law. I will be chairing a hearing on this legislation on the Financial Institutions Subcommittee tomorrow morning.

Since the adoption of the Bankruptcy Code in 1978, Congress has recognized that certain financial market transactions qualify for different treatment in the event that one of the parties becomes insolvent. Specifically, many financial instruments are exempted from the automatic stay that is imposed on general commercial contracts during a bankruptcy proceeding. This is largely due to the fact that the Federal Deposit Insurance Corporation (FDIC), by law, becomes a trustee during any bankruptcy proceeding.

Mr. President, the ability to terminate, or close out and ''net'' financial products is an essential and vital part of our capital markets. Congress has recognized that participants in swap transactions should have the ability to terminate and ''net'' their swap agreements. Simply put, netting means that money payments or other obligations owed between parties with multiple contracts can be offset against each other, and one net amount can be paid by one party to the other in settlement. Cross-product netting means that parties can net out different kinds of financial contracts, such as swap agreements being offset with repurchase agreements. By eliminating the need for large fund transfers for each transaction in favor of a smaller net payment, netting allows parties to enter into multiple-transaction relationships with reduced credit and liquidity exposures to a counterparty's insolvency.

Many parties involved in financial transactions have entered into them for hedging purposes. My legislation encourages this type of behavior by clarifying that cross-product close-out netting should be permitted for positions in securities contracts, commodity contracts, forward contracts, repurchase agreements and swaps.

For example, in certain cases, the protections for financial contracts in the bank insolvency laws have not kept pace with market evolution. Assume, for example, that Party A and Party B have two outstanding equity swaps in which the payments are calculated on the basis of an equity securities index. If Party A enter insolvency, it is not entirely clear whether Party B's contractual rights to close-out and net would be protected by the current ''swap agreement'' definition in the Federal Deposit Insurance Act. If both of the parties are ''financial institutions'' under the Federal Deposit Insurance Corporation Improvement Act or the Federal Reserve Board's Regulation EE and the swap agreements are ''netting contracts,'' then Party B might (although it is not entirely clear) be able to exercise its close-out, netting and foreclosure rights.

However, if one of the parties is not a ''financial institution'' or the contract does not constitute a ''netting contract'' (for example, because it is governed by the laws of the United Kingdom), then Party B could be subject, among other things, to the risk of ''cherry-picking''—the risk that Party A's receiver would assume responsibility only for the swap that currently favors Party A, leaving Party B with a potentially sizable claim against Party A (which would be undersecured because of the impairment of netting) and the risk that its foreclosure on any collateral would be blocked indefinitely. This could impair Party B's creditworthiness, which in turn could lead to its default to its counterparties. It is this sort of ''chain reaction'' that can exacerbate systemic risk in the financial markets.

Finally, Mr. President, it is important to recognize that the framework for the bill I am introducing was contained in S. 1301, the bankruptcy bill introduced by Senator GRASSLEY last year which passed the Senate by a vote of 97–1.

ADDITIONAL COSPONSORS

S. 341

At the request of Mr. CRAIG, the name of the Senator from New Hampshire [Mr. SMITH] was added as a cosponsor of S. 341, a bill to amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

S. 376

At the request of Mr. BURNS, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 376, a bill to amend the Communications Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes.

S. 385

At the request of Mr. ENZI, the names of the Senator from Tennessee [Mr. FRIST] and the Senator from Kansas [Mr. BROWNBACK] were added as cosponsors of S. 385, a bill to amend the Occupational Safety and Health Act of 1970 to further improve the safety and health of working environments, and for other purposes.

S. 434

At the request of Mr. BREAUX, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 434, a bill to amend the Internal Revenue Code of 1986 to simplify the method of payment of taxes on distilled spirits.

S. 440

At the request of Mr. DURBIN, his name was added as a cosponsor of S. 440, a bill to provide support for certain institutes and schools.

S. 505

At the request of Mr. GRASSLEY, the names of the Senator from South Dakota [Mr. DASCHLE] and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of S. 505, a bill to give gifted and talented students the opportunity to develop their capabilities.

S. 512

At the request of Mr. GORTON, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 512, a bill to amend the Public Health Service Act to provide for the expansion, intensification, and coordination of the activities of the Department of Health and Human Services with respect to research on autism.

S. 514

At the request of Mr. COCHRAN, the name of the Senator from Montana [Mr. BAUCUS] was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

S. 625

At the request of Mr. GRASSLEY, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 625, a bill to amend title 11, United States Code, and for other purposes.

S. 710

At the request of Mr. LOTT, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 710, a bill to authorize the feasibility study on the preservation of certain Civil War battlefields along the Vicksburg Campaign Trail.

S. 774

At the request of Mr. BREAUX, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 774, a bill to amend the Internal Revenue Code of 1986 to increase the deduction for meal and entertainment expenses of small businesses.

S. 784

At the request of Mr. ROCKEFELLER, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 784, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for

medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 882

At the request of Mr. MURKOWSKI, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of S. 882, a bill to strengthen provisions in the Energy Policy Act of 1992 and the Federal Nonnuclear Energy Research and Development Act of 1974 with respect to potential Climate Change.

S. 918

At the request of Mr. KERRY, the name of the Senator from Pennsylvania [Mr. SANTORUM] was added as a cosponsor of S. 918, A bill to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small business, and for other purposes.

SENATE CONCURRENT RESOLUTION 22

At the request of Mr. DODD, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of Senate Concurrent Resolution 22, a concurrent resolution expressing the sense of the Congress with respect to promoting coverage of individuals under long-term care insurance.

SENATE RESOLUTION 34

At the request of Mr. TORRICELLI, the name of the Senator from Idaho [Mr. CRAPO] was added as a cosponsor of Senate Resolution 34, a resolution designating the week beginning April 30, 1999, as ''National Youth Fitness Week.''

SENATE RESOLUTION 59

At the request of Mr. LAUTENBERG, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of Senate Resolution 59, a resolution designating both July 2, 1999, and July 2, 2000, as ''National Literacy Day.''

SENATE RESOLUTION 71

At the request of Mr. ABRAHAM, the name of the Senator from Louisiana [Mr. BREAUX] was added as a cosponsor of Senate Resolution 71, a resolution expressing the sense of the Senate rejecting a tax increase on investment income of certain associations.

SENATE RESOLUTION 93—TO RECOGNIZE LINCOLN PARK HIGH SCHOOL FOR ITS EDUCATIONAL EXCELLENCE, CONGRATULATING THE FACULTY AND STAFF OF LINCOLN PARK HIGH SCHOOL FOR THEIR EFFORTS, AND ENCOURAGING THE FACULTY, STAFF, AND STUDENTS OF LINCOLN PARK HIGH SCHOOL TO CONTINUE THEIR GOOD WORK INTO THE NEXT MILLENNIUM

Mr. DURBIN (for himself and Mr. FITZGERALD) submitted the following resolution; which was referred to the Committee on Health, Education, Labor, and Pensions:

S. RES. 93

Whereas 1999 marks the centennial anniversary of the establishment of Lincoln Park High School;

Whereas Lincoln Park High School is the oldest continually operated high school building in the Chicago Public School System;

Whereas Lincoln Park High School has been a cornerstone of the community and an educational leader in Chicago for 100 years;

Whereas over 100,000 students have graduated from Lincoln Park High School, with 85 percent of those students pursuing higher education;

Whereas throughout its existence, Lincoln Park High School has created an environment of academic excellence and has produced many Illinois State Scholars and National Merit Scholars;

Whereas Lincoln Park High School has been a leader in education, being the first school in Illinois to offer the International Baccalaureate program;

Whereas Lincoln Park High School has been a racially integrated institution throughout its 100-year history;

Whereas Lincoln Park High School has provided stability to the community in times of need, through World War I, the Great Depression, World War II, the Korean conflict, the civil rights struggle, and the Vietnam era; and

Whereas Lincoln Park High School is consistently among the top public high schools in both test scores and other measures of academic achievement: Now, therefore, be it

Resolved, That the Senate—

(1) recognizes Lincoln Park High School for its educational excellence;

(2) congratulates the faculty and staff of Lincoln Park High School for their efforts; and

(3) encourages the faculty, staff, and students of Lincoln Park High School to continue their good work into the next millennium.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the principal of Lincoln Park High School.

• Mr. DURBIN. Mr. President, I rise today to submit a resolution honoring the academic achievements and excellence of Lincoln Park High School in Chicago, Illinois, which is celebrating its 100th anniversary this year.

Educating America's youth is a difficult and often overlooked task. For the students of today to become the leaders of tommorrow, education is critical. It is the foundation on which a student builds his or her future. With our ever changing world, education is the key that unlocks the door of opportunity. Therefore, it is an honor to acknowledge this institution for its great service over the last century.

Since 1899, Lincoln Park High School has been an educational leader in Chicago, maintaining a standard of excellence that should be looked upon as a model. Furthermore, Lincoln Park High School has been consistently among the top public high schools in test scores and other measures of achievement, and has been racially integrated throughout its history.

I am pleased to be joined today by my colleague from Illinois, Senator PETER FITZGERALD, in presenting this resolution recognizing Lincoln Park High School as a model for educational institutions throughout the United States.•

• Mr. FITZGERALD. Mr. President, It is my pleasure to recognize an outstanding public high school in my home state of illinois. I, along with Senator DICK DURBIN, want to congratulate Lincoln Park High School, a public high school in Chicago, Illinois, on its 100th anniversary this year.

Throughout its history, Lincoln Park High School has been a model for other public schools in its single minded pursuit of excellence. I'd like to share with you some of the history of this terrific school. Lincoln Park is the oldest continually-used public high school in the Chicago Public School system. Since its opening in 1899, more than 100,000 students have passed through the doors of Lincoln Park High and benefitted from the classes and extracurricular activities offered. Additionally, Lincoln Park High has created an atmosphere of academic excellence and produced many Illinois State Scholars and National Merit Scholars. It is ranked consistently among the top high schools in test scores and other measures of academic achievement. The school's strive to excel is readily apparent with the establishment of rigorous academic programs such as the ''Access to Excellence'' magnet program and the International Baccalaureate Program, a program available only in selected schools. The outstanding academic success of Lincoln Park High School prompted President Ronald Reagan to praise the school publicly in 1984.

Mr. President, I am pleased to submit this resolution with my colleague, Senator DURBIN, and congratulate the faculty, staff and students who attend Lincoln Park High School on their 100th anniversary. They should be very proud of this tremendous accomplishment.•

SENATE RESOLUTION 94—COMMENDING THE EFFORTS OF THE REVEREND JESSE JACKSON TO SECURE THE RELEASE OF THE SOLDIERS HELD BY THE FEDERAL REPUBLIC OF YUGOSLAVIA

Mr. BYRD (for himself and Mr. GRAMM) submitted the following resolution; which was ordered held at the desk until the close of business on May 4, 1999:

S. RES. 94

Whereas on March 31, 1999, Staff Sergeant Andrew A. Ramirez, Staff Sergeant Christopher J. Stone, and Specialist Steven M. Gonzales were taken prisoner by the armed forces of the Federal Republic of Yugoslavia while on patrol along the Macedonia-Yugoslav border;

Whereas Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales conducted themselves throughout their ordeal with dignity, patriotism, and faith;

Whereas the Reverend Jesse Jackson led a delegation of religious leaders to the Federal Republic of Yugoslavia that succeeded in negotiating the release of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales; and

Whereas the Reverend Jesse Jackson has previously succeeded in securing the release of hostages held in Syria, Cuba, and Iraq: Now, therefore, be it

Resolved, That—

(1) the Senate commends the Reverend Jesse Jackson for his successful efforts in securing the release of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales, and for his leadership and actions arising from his deep faith in God; and

(2) the Senate joins the families of Sergeant Ramirez, Sergeant Stone, and Specialist Gonzales in expressing relief and joy at their safe release.

SENATE RESOLUTION 95—DESIGNATING AUGUST 16, 1999, AS ''NATIONAL AIRBORNE DAY''

Mr. THURMOND submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 95

Whereas the Parachute Test Platoon was authorized by the War Department on June 25, 1940, to experiment with the potential use of airborne troops;

Whereas the Parachute Test Platoon was composed of 48 volunteers that began training in July, 1940;

Whereas the Parachute Test Platoon performed the first official Army parachute jump on August 16, 1940;

Whereas the success of the Parachute Test Platoon led to the formation of a large and successful airborne contingent serving from World War II until the present;

Whereas the 11th, 13th, 17th, 82nd, and 101st Airborne Divisions and the numerous other regimental and battalion-sized airborne units were organized following the success of the Parachute Test Platoon;

Whereas the 501 Parachute Battalion participated successfully and valiantly in achieving victory in World War II;

Whereas the airborne achievements during World War II provided the basis for continuing the development of a diversified force of parachute and air assault troops;

Whereas paratroopers, glidermen, and air assault troops of the United States were and are proud members of the world's most exclusive and honorable fraternity, have earned and wear the ''Silver Wings of Courage'', have participated in a total of 93 combat jumps, and have distinguished themselves in battle by earning 68 Congressional medals of Honor, the highest military decoration of the United States, and hundreds of Distinguished Service Crosses and Silver Stars;

Whereas these airborne forces have performed in important military and peacekeeping operations, wherever needed, in World War II, Korea, Vietnam, Lebanon, Sinai, the Dominican Republic, Panama, Somalia, Haiti, and Bosnia; and

Whereas the Senate joins together with the airborne community to celebrate August 16, 1999, as ''National Airborne Day'': Now, therefore, be it

Resolved, That the Senate—

(1) designates August 16, 1999, as ''National Airborne Day''; and

(2) requests that the President issue a proclamation calling on Federal, State, and local administrators and the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

Mr. THURMOND. Mr. President, I am pleased to submit today a Senate resolution proclaiming August 16, 1999 as ''National Airborne Day.''

On June 25, 1940, the War Department authorized the Parachute Test Platoon to experiment with the potential use of airborne troops. The Parachute Test Platoon, which was composed of 48 volunteers, performed the first official army parachute jump on August 16, 1940. The success of the Platoon led to the formation of a large and successful airborne contingent that has served from World War Two unto the present.

The 82d Airborne Division was the first airborne division to be organized. In a two-year period during World War Two, the regiments of the 82d served in Italy at Anzio, in France at Normandy, where I landed with them, and at the Battle of the Bulge.

Other units were subsequently organized, including the 101st Airborne, and since their formation airborne forces have defended American interests all over the world. They have seen action in the Caribbean, Asia, Panama, and in the Persian Gulf. Airborne units have earned over 65 Congressional Medals of Honor, our Nation's highest military honor.

These brave soldiers have served our Nation for over sixty years with distinction. This resolution recognizes the airborne's past and present commitment to our country. It is only fitting that we honor them.

I urge you to join with me in sponsoring ''National Airborne Day'' to express our support for the members of the airborne community and also our gratitude for their tireless commitment to our Nation's defense and ideals.

AMENDMENTS SUBMITTED

FINANCIAL SERVICES MODERNIZATION ACT OF 1999

DASCHLE (AND OTHERS) AMENDMENT NO. 302

Mr. SARBANES (for Mr. DASCHLE (for himself, Mr. SARBANES, Mr. DODD, Mr. KERRY, Mr. BRYAN, Mr. REED, Mr. SCHUMER, Mr. BAYH, and Mr. EDWARDS)) proposed an amendment to the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; PURPOSES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Services Act of 1999''.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To enhance competition in the financial services industry, in order to foster innovation and efficiency.

(2) To ensure the continued safety and soundness of depository institutions.

(3) To provide necessary and appropriate protections for investors and ensure fair and honest markets in the delivery of financial services.

(4) To avoid duplicative, potentially conflicting, and overly burdensome regulatory requirements through the creation of a regulatory framework for financial holding companies that respects the divergent requirements of each of the component businesses of the holding company, and that is based upon principles of strong functional regulation and enhanced regulatory coordination.

(5) To reduce and, to the maximum extent practicable, to eliminate the legal barriers preventing affiliation among depository institutions, securities firms, insurance companies, and other financial service providers and to provide a prudential framework for achieving that result.

(6) To enhance the availability of financial services to citizens of all economic circumstances and in all geographic areas.

(7) To enhance the competitiveness of United States financial service providers internationally.

(8) To ensure compliance by depository institutions with the provisions of the Community Reinvestment Act of 1977 and enhance the ability of depository institutions to meet the capital and credit needs of all citizens and communities, including underserved communities and populations.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; purposes; table of contents.

TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

Sec. 101. Glass-Steagall Act reformed.
Sec. 102. Activity restrictions applicable to bank holding companies which are not financial holding companies.
Sec. 103. Financial holding companies.
Sec. 104. Operation of State law.
Sec. 105. Mutual bank holding companies authorized.
Sec. 106. Prohibition on deposit production offices.
Sec. 107. Clarification of branch closure requirements.
Sec. 108. Amendments relating to limited purpose banks.
Sec. 109. Reports on ongoing FTC study of consumer privacy issues.
Sec. 110. GAO study of economic impact on community banks and other small financial institutions.

Subtitle B—Streamlining Supervision of Financial Holding Companies

Sec. 111. Streamlining financial holding company supervision.
Sec. 112. Elimination of application requirement for financial holding companies.
Sec. 113. Authority of State insurance regulator and Securities and Exchange Commission.
Sec. 114. Prudential safeguards.
Sec. 115. Examination of investment companies.
Sec. 116. Limitation on rulemaking, prudential, supervisory, and enforcement authority of the Board.

Sec. 117. Interagency consultation.
Sec. 118. Equivalent regulation and supervision.
Sec. 119. Prohibition on FDIC assistance to affiliates and subsidiaries.

Subtitle C—Subsidiaries of National Banks

Sec. 121. Subsidiaries of national banks authorized to engage in financial activities.
Sec. 122. Subsidiaries of State banks.
Sec. 123. Safety and soundness firewalls between banks and their financial subsidiaries.
Sec. 124. Functional regulation.
Sec. 125. Misrepresentations regarding depository institution liability for obligations of affiliates.
Sec. 126. Repeal of stock loan limit in Federal Reserve Act.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

Sec. 131. Wholesale financial holding companies established.
Sec. 132. Authorization to release reports.
Sec. 133. Conforming amendments.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

Sec. 136. Wholesale financial institutions.

Subtitle E—Preservation of FTC Authority

Sec. 141. Amendment to the Bank Holding Company Act of 1956 to modify notification and post-approval waiting period for section 3 transactions.
Sec. 142. Interagency data sharing.
Sec. 143. Clarification of status of subsidiaries and affiliates.
Sec. 144. Annual GAO report.

Subtitle F—Applying the Principles of National Treatment and Equality of Competitive Opportunity to Foreign Banks and Foreign Financial Institutions

Sec. 151. Applying the principles of national treatment and equality of competitive opportunity to foreign banks that are financial holding companies.
Sec. 152. Applying the principles of national treatment and equality of competitive opportunity to foreign banks and foreign financial institutions that are wholesale financial institutions.
Sec. 153. Representative offices.

Subtitle G—Federal Home Loan Bank System Modernization

Sec. 161. Short title.
Sec. 162. Definitions.
Sec. 163. Savings association membership.
Sec. 164. Advances to members; collateral.
Sec. 165. Eligibility criteria.
Sec. 166. Management of banks.
Sec. 167. Resolution Funding Corporation.

Subtitle H—Direct Activities of Banks

Sec. 181. Authority of national banks to underwrite certain municipal bonds.

Subtitle I—Deposit Insurance Funds

Sec. 186. Study of safety and soundness of funds.
Sec. 187. Elimination of SAIF and DIF special reserves.

Subtitle J—Effective Date of Title

Sec. 191. Effective date.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

Sec. 201. Definition of broker.
Sec. 202. Definition of dealer.
Sec. 203. Registration for sales of private securities offerings.
Sec. 204. Sales practices and complaint procedures.
Sec. 205. Information sharing.
Sec. 206. Definition and treatment of banking products.
Sec. 207. Derivative instrument and qualified investor defined.
Sec. 208. Government securities defined.
Sec. 209. Effective date.
Sec. 210. Rule of construction.

Subtitle B—Bank Investment Company Activities

Sec. 211. Custody of investment company assets by affiliated bank.
Sec. 212. Lending to an affiliated investment company.
Sec. 213. Independent directors.
Sec. 214. Additional SEC disclosure authority.
Sec. 215. Definition of broker under the Investment Company Act of 1940.
Sec. 216. Definition of dealer under the Investment Company Act of 1940.
Sec. 217. Removal of the exclusion from the definition of investment adviser for banks that advise investment companies.
Sec. 218. Definition of broker under the Investment Advisers Act of 1940.
Sec. 219. Definition of dealer under the Investment Advisers Act of 1940.
Sec. 220. Interagency consultation.
Sec. 221. Treatment of bank common trust funds.
Sec. 222. Investment advisers prohibited from having controlling interest in registered investment company.
Sec. 223. Conforming change in definition.
Sec. 224. Conforming amendment.
Sec. 225. Effective date.

Subtitle C—Securities and Exchange Commission Supervision of Investment Bank Holding Companies

Sec. 231. Supervision of investment bank holding companies by the Securities and Exchange Commission.

Subtitle D—Studies

Sec. 241. Study of methods to inform investors and consumers of uninsured products.
Sec. 242. Study of limitation on fees associated with acquiring financial products.

TITLE III—INSURANCE

Subtitle A—State Regulation of Insurance

Sec. 301. State regulation of the business of insurance.
Sec. 302. Mandatory insurance licensing requirements.
Sec. 303. Functional regulation of insurance.
Sec. 304. Insurance underwriting in national banks.
Sec. 305. Title insurance activities of national banks and their affiliates.
Sec. 306. Expedited and equalized dispute resolution for Federal regulators.
Sec. 307. Consumer protection regulations.
Sec. 308. Certain State affiliation laws preempted for insurance companies and affiliates.
Sec. 309. Publication of preemption of State laws.

Subtitle B—National Association of Registered Agents and Brokers

Sec. 321. State flexibility in multistate licensing reforms.
Sec. 322. National Association of Registered Agents and Brokers.
Sec. 323. Purpose.
Sec. 324. Relationship to the Federal Government.
Sec. 325. Membership.
Sec. 326. Board of Directors.
Sec. 327. Officers.
Sec. 328. Bylaws, rules, and disciplinary action.
Sec. 329. Assessments.
Sec. 330. Functions of the NAIC.
Sec. 331. Liability of the Association and the directors, officers, and employees of the Association.
Sec. 332. Elimination of NAIC oversight.
Sec. 333. Relationship to State law.
Sec. 334. Coordination with other regulators.
Sec. 335. Judicial review.
Sec. 336. Definitions.

TITLE IV—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

Sec. 401. Prevention of creation of new savings and loan holding companies with commercial affiliates.
Sec. 402. Optional conversion of Federal savings associations to national banks.
Sec. 403. Retention of ''Federal'' in name of converted Federal savings association.

TITLE V—FINANCIAL INFORMATION ANTI-FRAUD

Sec. 501. Financial information anti-fraud.
Sec. 502. Report to Congress on financial privacy.

TITLE VI—MISCELLANEOUS

Sec. 601. Grand jury proceedings.
Sec. 602. Sense of the Committee on Banking, Housing, and Urban Affairs of the Senate.
Sec. 603. Investments in Government sponsored enterprises.
Sec. 604. Repeal of savings bank provisions in the Bank Holding Company Act of 1956.
Sec. 605. Service of members of the Board of Governors of the Federal Reserve System.
Sec. 606. Provision of technical assistance to microenterprises.

TITLE I—FACILITATING AFFILIATION AMONG SECURITIES FIRMS, INSURANCE COMPANIES, AND DEPOSITORY INSTITUTIONS

Subtitle A—Affiliations

SEC. 101. GLASS-STEAGALL ACT REFORMED.

(a) SECTION 20 REPEALED.—Section 20 of the Banking Act of 1933 (12 U.S.C. 377) (commonly referred to as the ''Glass-Steagall Act'') is repealed.

(b) SECTION 32 REPEALED.—Section 32 of the Banking Act of 1933 (12 U.S.C. 78) is repealed.

SEC. 102. ACTIVITY RESTRICTIONS APPLICABLE TO BANK HOLDING COMPANIES WHICH ARE NOT FINANCIAL HOLDING COMPANIES.

(a) IN GENERAL.—Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended to read as follows:

''(8) shares of any company the activities of which had been determined by the Board by regulation under this paragraph as of the day before the date of enactment of the Financial Services Act of 1999, to be so closely related to banking as to be a proper incident thereto (subject to such terms and conditions contained in such regulation, unless modified by the Board);''.

(b) CONFORMING CHANGES TO OTHER STATUTES.—

(1) AMENDMENT TO THE BANK HOLDING COMPANY ACT AMENDMENTS OF 1970.—Section 105 of

the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1850) is amended by striking '', to engage directly or indirectly in a nonbanking activity pursuant to section 4 of such Act,''.

(2) AMENDMENT TO THE BANK SERVICE COMPANY ACT.—Section 4(f) of the Bank Service Company Act (12 U.S.C. 1864(f)) is amended by striking the period and adding at the end the following: ''as of the day before the date of enactment of the Financial Services Act of 1999.''.

SEC. 103. FINANCIAL HOLDING COMPANIES.

The Bank Holding Company Act of 1956 is amended by inserting after section 5 (12 U.S.C. 1844) the following new section:

''SEC. 6. FINANCIAL HOLDING COMPANIES.

''(a) FINANCIAL HOLDING COMPANY DEFINED.—For purposes of this section, the term 'financial holding company' means a bank holding company which meets the requirements of subsection (b).

''(b) ELIGIBILITY REQUIREMENTS FOR FINANCIAL HOLDING COMPANIES.—

''(1) IN GENERAL.—No bank holding company may engage in any activity or directly or indirectly acquire or retain shares of any company under this section unless the bank holding company meets the following requirements:

''(A) All of the subsidiary depository institutions of the bank holding company are well capitalized.

''(B) All of the subsidiary depository institutions of the bank holding company are well managed.

''(C) All of the subsidiary depository institutions of the bank holding company have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution under the Community Reinvestment Act of 1977.

''(D) The company has filed with the Board a declaration that the company elects to be a financial holding company and certifying that the company meets the requirements of subparagraphs (A) through (C).

''(2) FOREIGN BANKS AND COMPANIES.—For purposes of paragraph (1), the Board shall establish and apply comparable capital and other operating standards to a foreign bank that operates a branch or agency or owns or controls a bank or commercial lending company in the United States, and any company that owns or controls such foreign bank, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(3) LIMITED EXCLUSIONS FROM COMMUNITY NEEDS REQUIREMENTS FOR NEWLY ACQUIRED DEPOSITORY INSTITUTIONS.—

''(A) IN GENERAL.—If the requirements of subparagraph (B) are met, any depository institution acquired by a bank holding company during the 24-month period preceding the submission of a declaration under paragraph (1)(D) and any depository institution acquired after the submission of such declaration may be excluded for purposes of paragraph (1)(C) until the later of—

''(i) the end of the 24-month period beginning on the date the acquisition of the depository institution by such company is consummated; or

''(ii) the date of completion of the first examination of such depository institution under the Community Reinvestment Act of 1977 which is conducted after the date of the acquisition of the depository institution.

''(B) REQUIREMENTS.—The requirements of this subparagraph are met with respect to any bank holding company referred to in subparagraph (A) if—

''(i) the bank holding company has submitted an affirmative plan to the appropriate Federal banking agency to take such action as may be necessary in order for such institution to achieve a rating of 'satisfactory record of meeting community credit needs', or better, at the next examination of the institution under the Community Reinvestment Act of 1977; and

''(ii) the plan has been approved by such agency.

''(c) ENGAGING IN ACTIVITIES THAT ARE FINANCIAL IN NATURE.—

''(1) FINANCIAL ACTIVITIES.—Notwithstanding section 4(a), a financial holding company and a wholesale financial holding company may engage in any activity, and acquire and retain the shares of any company engaged in any activity, that the Board and the Secretary of the Treasury have jointly determined, pursuant to paragraph (2) (by regulation or order), to be financial in nature or incidental to such financial activities.

''(2) FACTORS TO BE CONSIDERED.—In determining whether an activity is financial in nature or incidental to financial activities, the Board and the Secretary of the Treasury shall take into account—

''(A) the purposes of this Act and the Financial Services Act of 1999;

''(B) changes or reasonably expected changes in the marketplace in which bank holding companies compete;

''(C) changes or reasonably expected changes in the technology for delivering financial services; and

''(D) whether such activity is necessary or appropriate to allow bank holding companies to—

''(i) compete effectively with any company seeking to provide financial services in the United States;

''(ii) use any available or emerging technological means, including any application necessary to protect the security or efficacy of systems for the transmission of data or financial transactions, in providing financial services; and

''(iii) offer customers any available or emerging technological means for using financial services.

''(3) ACTIVITIES THAT ARE FINANCIAL IN NATURE.—The following activities shall be considered to be financial in nature:

''(A) Lending, exchanging, transferring, investing for others, or safeguarding money or securities.

''(B) Insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or providing and issuing annuities, and acting as principal, agent, or broker for purposes of the foregoing.

''(C) Providing financial, investment, or economic advisory services, including advising an investment company (as defined in section 3 of the Investment Company Act of 1940).

''(D) Issuing or selling instruments representing interests in pools of assets permissible for a bank to hold directly.

''(E) Underwriting, dealing in, or making a market in securities.

''(F) Engaging in any activity that the Board has determined, by order or regulation that is in effect on the date of enactment of the Financial Services Act of 1999, to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (subject to the same terms and conditions contained in such order or regulation, unless modified by the Board).

''(G) Engaging, in the United States, in any activity that—

''(i) a bank holding company may engage in outside the United States; and

''(ii) the Board has determined, under regulations issued pursuant to section 4(c)(13) of this Act (as in effect on the day before the date of enactment of the Financial Services Act of 1999) to be usual in connection with the transaction of banking or other financial operations abroad.

''(H) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by a securities affiliate or an affiliate thereof as part of a bona fide underwriting or merchant banking activity, including investment activities engaged in for the purpose of appreciation and ultimate resale or disposition of the investment;

''(iii) such shares, assets, or ownership interests are held only for such a period of time as will permit the sale or disposition thereof on a reasonable basis consistent with the nature of the activities described in clause (ii); and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not actively participate in the day to day management or operation of such company or entity, except insofar as necessary to achieve the objectives of clause (ii).

''(I) Directly or indirectly acquiring or controlling, whether as principal, on behalf of 1 or more entities (including entities, other than a depository institution or subsidiary of a depository institution, that the bank holding company controls) or otherwise, shares, assets, or ownership interests (including without limitation debt or equity securities, partnership interests, trust certificates or other instruments representing ownership) of a company or other entity, whether or not constituting control of such company or entity, engaged in any activity not authorized pursuant to this section if—

''(i) the shares, assets, or ownership interests are not acquired or held by a depository institution or a subsidiary of a depository institution;

''(ii) such shares, assets, or ownership interests are acquired and held by an insurance company that is predominantly engaged in underwriting life, accident and health, or property and casualty insurance (other than credit-related insurance);

''(iii) such shares, assets, or ownership interests represent an investment made in the ordinary course of business of such insurance company in accordance with relevant State law governing such investments; and

''(iv) during the period such shares, assets, or ownership interests are held, the bank holding company does not directly or indirectly participate in the day-to-day management or operation of the company or entity except insofar as necessary to achieve the objectives of clauses (ii) and (iii).

''(4) ACTIONS REQUIRED.—

''(A) REGULATION OF MERCHANT BANKING.—The Board may prescribe regulations and

issue interpretations to implement paragraph (3)(H).

''(B) REGULATION OF OTHER ACTIVITIES.—The Board and the Secretary of the Treasury—

''(i) may jointly prescribe regulations and issue interpretations under paragraph (3), other than subparagraph (H); and

''(ii) shall jointly define, by regulation, activities described in paragraph (5), to the extent that they are consistent with the purposes of this Act, as financial in nature or incidental to activities that are financial in nature.

''(5) ACTIVITIES DESCRIBED.—The activities described in this paragraph are—

''(A) lending, exchanging, transferring, investing for others, or safeguarding financial assets other than money or securities;

''(B) providing any device or other instrumentality for transferring money or other financial assets; and

''(C) arranging, effecting, or facilitating financial transactions for the account of third parties.

''(6) POST-CONSUMMATION NOTIFICATION.—

''(A) IN GENERAL.—A financial holding company and a wholesale financial holding company that acquires any company, or commences any activity, pursuant to this subsection shall provide written notice to the Board describing the activity commenced or conducted by the company acquired no later than 30 calendar days after commencing the activity or consummating the acquisition.

''(B) APPROVAL NOT REQUIRED FOR CERTAIN FINANCIAL ACTIVITIES.—Except as provided in section 4(j) with regard to the acquisition of a savings association or in paragraph (7) of this subsection, a financial holding company and a wholesale financial holding company may commence any activity, or acquire any company, pursuant to paragraph (3) or any regulation prescribed or order issued under paragraph (4), without prior approval of the Board.

''(7) NOTICE REQUIRED FOR LARGE COMBINATIONS.—

''(A) IN GENERAL.—No financial holding company or wholesale financial holding company shall directly or indirectly acquire, and no company that becomes a financial holding company or a wholesale financial holding company shall directly or indirectly acquire control of, any company in the United States, including through merger, consolidation, or other type of business combination, that—

''(i) is engaged in activities permitted under this subsection or subsection (g); and

''(ii) has consolidated total assets in excess of $40,000,000,000,

unless such holding company has provided notice to the Board, not later than 60 days prior to such proposed acquisition or prior to becoming a financial holding company or wholesale financial holding company, and during that time period, or such longer time period not exceeding an additional 60 days, as established by the Board, the Board has not issued a notice disapproving the proposed acquisition or retention.

''(B) FACTORS FOR CONSIDERATION.—In reviewing any prior notice filed under this paragraph, the Board shall take into consideration—

''(i) whether the company is in compliance with all applicable criteria set forth in subsection (b) and the provisions of subsection (d);

''(ii) whether the proposed combination represents an undue aggregation of resources;

''(iii) whether the proposed combination poses a risk to the deposit insurance system;

''(iv) whether the proposed combination poses a risk to State insurance guaranty funds;

''(v) whether the proposed combination can reasonably be expected to be in the best interests of depositors or policyholders of the respective entities; and

''(vi) whether the proposed transaction can reasonably be expected to produce benefits to the public.

''(C) REQUIRED INFORMATION.—The Board may disapprove any prior notice filed under this paragraph if the company submitting such notice neglects, fails, or refuses to furnish to the Board all relevant information required by the Board.

''(D) SOLICITATION OF VIEWS OF OTHER SUPERVISORY AGENCIES.—

''(i) IN GENERAL.—Upon receiving a prior notice under this paragraph, in order to provide for the submission of their views and recommendations, the Board shall give notice of the proposal to—

''(I) the appropriate Federal banking agency of any bank involved;

''(II) the appropriate functional regulator of any functionally regulated nondepository institution (as defined in section 5(c)(1)(C)) involved; and

''(III) the Secretary of the Treasury, the Department of Justice, and the Federal Trade Commission.

''(ii) TIMING.—The views and recommendations of any agency provided notice under this paragraph shall be submitted to the Board not later than 30 calendar days after the date on which notice to the agency was given, unless the Board determines that another shorter time period is appropriate.

''(d) PROVISIONS APPLICABLE TO FINANCIAL HOLDING COMPANIES THAT FAIL TO MEET REQUIREMENTS.—

''(1) IN GENERAL.—If a financial holding company is not in compliance with the requirements of subparagraph (A), (B), (C), or (D) of subsection (b)(1), the appropriate Federal banking agency of the subsidiary depository institution shall notify the Board which shall give notice of such finding to the company.

''(2) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—

''(A) IN GENERAL.—Not later than 45 days after receipt by a financial holding company of a notice given under paragraph (1) (or such additional period as the Board may permit), the company and any relevant depository institution shall execute an agreement acceptable to the Board and the appropriate Federal banking agency to comply with the requirements applicable to a financial holding company.

''(B) CERTAIN FAILURES TO COMPLY.—A financial holding company shall not be required to divest any company held, or terminate any activity conducted pursuant to, subsection (c) solely because of a failure to comply with subsection (b)(1)(C).

''(3) BOARD MAY IMPOSE LIMITATIONS.—Until the conditions described in a notice to a financial holding company under paragraph (1) are corrected—

''(A) the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company (other than a depository to institution or a subsidiary of a depository institution) as the Board determines to be appropriate under the circumstances; and

''(B) the appropriate Federal banking agency may impose such limitations on the conduct or activities of an affiliated depository institution or subsidiary of a depository institution as the appropriate Federal banking agency determines to be appropriate under the circumstances.

''(4) FAILURE TO CORRECT.—If, after receiving a notice under paragraph (1), a financial holding company or a depository institution affiliate of such company does not—

''(A) execute and implement an agreement in accordance with paragraph (2);

''(B) comply with any limitations imposed under paragraph (3);

''(C) in the case of a notice of failure to comply with subsection (b)(1)(A), restore each depository institution subsidiary to well capitalized status before the end of the 180-day period beginning on the date such notice is received by the company (or such other period permitted by the Board); or

''(D) in the case of a notice of failure to comply with subparagraph (B) or (C) of subsection (b)(1), restore compliance with any such subparagraph on or before the date on which the next examination of the depository institution subsidiary is completed or by the end of such other period as the Board determines to be appropriate,

the Board may require such company, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the Board's discretion, to divest control of any depository institution subsidiary or, at the election of the financial holding company, instead to cease to engage in any activity conducted by such company or its subsidiaries pursuant to this section.

''(5) CONSULTATION.—In taking any action under this subsection, the Board shall consult with all relevant Federal and State regulatory agencies.

''(e) SAFEGUARDS FOR BANK SUBSIDIARIES.—A financial holding company shall assure that—

''(1) the procedures of the holding company for identifying and managing financial and operational risks within the company, and the subsidiaries of such company, adequately protect the subsidiaries of such company which are insured depository institutions from such risks;

''(2) the holding company has reasonable policies and procedures to preserve the separate corporate identity and limited liability of such company and the subsidiaries of such company, for the protection of the company's subsidiary insured depository institutions; and

''(3) the holding company complies with this section.

''(f) AUTHORITY TO RETAIN LIMITED NONFINANCIAL ACTIVITIES AND AFFILIATIONS.—

''(1) IN GENERAL.—Notwithstanding section 4(a), a company that is not a bank holding company or a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978) and becomes a financial holding company after the date of enactment of the Financial Services Act of 1999 may continue to engage in any activity and retain direct or indirect ownership or control of shares of a company engaged in any activity if—

''(A) the holding company lawfully was engaged in the activity or held the shares of such company on September 30, 1997;

''(B) the holding company is predominantly engaged in financial activities as defined in paragraph (2); and

''(C) the company engaged in such activity continues to engage only in the same activities that such company conducted on September 30, 1997, and other activities permissible under this Act.

''(2) PREDOMINANTLY FINANCIAL.—For purposes of this subsection, a company is predominantly engaged in financial activities if the annual gross revenues derived by the holding company and all subsidiaries of the holding company (excluding revenues derived from subsidiary depository institutions), on a consolidated basis, from engaging in activities that are financial in nature or are incidental to activities that are financial in nature under subsection (c) represent at least 85 percent of the consolidated annual gross revenues of the company.

''(3) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A financial holding company that engages in activities or holds shares pursuant to this subsection, or a subsidiary of such financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under subsection (c).

''(4) CONTINUING REVENUE LIMITATION ON GRANDFATHERED COMMERCIAL ACTIVITIES.—Notwithstanding any other provision of this subsection, a financial holding company may continue to engage in activities or hold shares in companies pursuant to this subsection only to the extent that the aggregate annual gross revenues derived from all such activities and all such companies does not exceed 15 percent of the consolidated annual gross revenues of the financial holding company (excluding revenues derived from subsidiary depository institutions).

''(5) CROSS MARKETING RESTRICTIONS APPLICABLE TO COMMERCIAL ACTIVITIES.—A depository institution controlled by a financial holding company shall not—

''(A) offer or market, directly or through any arrangement, any product or service of a company whose activities are conducted or whose shares are owned or controlled by the financial holding company pursuant to this subsection or subparagraph (H) or (I) of subsection (c)(3); or

''(B) permit any of its products or services to be offered or marketed, directly or through any arrangement, by or through any company described in subparagraph (A).

''(6) TRANSACTIONS WITH NONFINANCIAL AFFILIATES.—An insured depository institution controlled by a financial holding company or wholesale financial holding company may not engage in a covered transaction (as defined by section 23A(b)(7) of the Federal Reserve Act) with any affiliate controlled by the company pursuant to section 10(c), this subsection, or subparagraph (H) or (I) of subsection (c)(3).

''(7) SUNSET OF GRANDFATHER.—A financial holding company engaged in any activity, or retaining direct or indirect ownership or control of shares of a company, pursuant to this subsection, shall terminate such activity and divest ownership or control of the shares of such company before the end of the 10-year period beginning on the date of enactment of the Financial Services Act of 1999. The Board may, upon application by a financial holding company, extend such 10-year period by a period not to exceed an additional 5 years if such extension would not be detrimental to the public interest.

''(g) DEVELOPING ACTIVITIES.—A financial holding company and a wholesale financial holding company may engage directly or indirectly, or acquire shares of any company engaged, in any activity that the Board has not determined to be financial in nature or incidental to financial activities under subsection (c) if—

''(1) the holding company reasonably concludes that the activity is financial in nature or incidental to financial activities;

''(2) the gross revenues from all activities conducted under this subsection represent less than 5 percent of the consolidated gross revenues of the holding company;

''(3) the aggregate total assets of all companies the shares of which are held under this subsection do not exceed 5 percent of the holding company's consolidated total assets;

''(4) the total capital invested in activities conducted under this subsection represents less than 5 percent of the consolidated total capital of the holding company;

''(5) the Board has not determined that the activity is not financial in nature or incidental to financial activities under subsection (c);

''(6) the holding company is not required to provide prior written notice of the transaction to the Board under subsection (c)(6); and

''(7) the holding company provides written notification to the Board describing the activity commenced or conducted by the company acquired no later than 10 business days after commencing the activity or consummating the acquisition.

''(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) WELL CAPITALIZED.—The term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act. For purposes of this section, the appropriate Federal banking agency shall have exclusive jurisdiction to determine whether an depository institution is well capitalized.

''(2) WELL MANAGED.—

''(A) IN GENERAL.—The term 'well managed' means—

''(i) in the case of an depository institution that has been examined, unless otherwise determined in writing by the appropriate Federal banking agency, the achievement of—

''(I) a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the depository institution; and

''(II) at least a rating of 2 for management, if that rating is given; or

''(ii) in the case of an depository institution that has not been examined, the existence and use of such managerial resources as the appropriate Federal banking agency determines are satisfactory.

''(B) EXISTING JURISDICTION PRESERVED.—For purposes of this section, the appropriate Federal banking agency shall have exclusive jurisdiction to determine whether a depository institution is well managed.''.

SEC. 104. OPERATION OF STATE LAW.

(a) AFFILIATIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), no State may, by statute, regulation, order, interpretation, or other action, prevent or restrict an insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof, from being affiliated directly or indirectly or associated with any person or entity, as authorized or permitted by this Act or any other provision of Federal law.

(2) INSURANCE.—With respect to affiliations between insured depository institutions or wholesale financial institutions, or any subsidiary or affiliate thereof, and persons or entities engaged in the business of insurance, paragraph (1) does not prohibit any State from—

(A) requiring any person or entity that proposes to acquire control of an entity that is engaged in the business of insurance and domiciled in that State (hereafter in this subparagraph referred to as the ''insurer'') to furnish to the insurance regulatory authority of that State, not later than 60 days before the effective date of the proposed acquisition—

(i) the name and address of each person by whom, or on whose behalf, the affiliation referred to in this subparagraph is to be effected (hereafter in this subparagraph referred to as the ''acquiring party'');

(ii) if the acquiring party is an individual, his or her principal occupation and all offices and positions held during the 5 years preceding the date of notification, and any conviction of crimes other than minor traffic violations during the 10 years preceding the date of notification;

(iii) if the acquiring party is not an individual—

(I) a report of the nature of its business operations during the 5 years preceding the date of notification, or for such shorter period as such person and any predecessors thereof shall have been in existence;

(II) an informative description of the business intended to be done by the acquiring party and any subsidiary thereof; and

(III) a list of all individuals who are, or who have been selected to become, directors or executive officers of the acquiring party or who perform, or will perform, functions appropriate to such positions, including, for each such individual, the information required by clause (ii);

(iv) the source, nature, and amount of the consideration used, or to be used, in effecting the merger or other acquisition of control, a description of any transaction wherein funds were, or are to be, obtained for any such purpose, and the identity of persons furnishing such consideration, except that, if a source of such consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential if the person filing such statement so requests;

(v) fully audited financial information as to the earnings and financial condition of each acquiring party for the 5 fiscal years preceding the date of notification of each such acquiring party, or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence, and similar unaudited information as of a date not earlier than 90 days before the date of notification, except that, in the case of an acquiring party that is an insurer actively engaged in the business of insurance, the financial statements of such insurer need not be audited, but such audit may be required if the need therefor is determined by the insurance regulatory authority of the State;

(vi) any plans or proposals that each acquiring party may have to liquidate such insurer, to sell its assets, or to merge or consolidate it with any person or to make any other material change in its business or corporate structure or management;

(vii) the number of shares of any security of the insurer that each acquiring party proposes to acquire, the terms of any offer, request, invitation, agreement, or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at;

(viii) the amount of each class of any security of the insurer that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party;

(ix) a full description of any contracts, arrangements, or understandings with respect

to any security of the insurer in which any acquiring party is involved, including transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, and identification of the persons with whom such contracts, arrangements, or understandings have been entered into;

(x) a description of the purchase of any security of the insurer during the 12-month period preceding the date of notification by any acquiring party, including the dates of purchase, names of the purchasers, and consideration paid, or agreed to be paid, therefor;

(xi) a description of any recommendations to purchase any security of the insurer made during the 12-month period preceding the date of notification by any acquiring party or by any person based upon interviews or at the suggestion of such acquiring party;

(xii) copies of all tender offers for, requests or invitations for tenders of, exchange offers for and agreements to acquire or exchange any securities of the insurer and, if distributed, of additional soliciting material relating thereto; and

(xiii) the terms of any agreement, contract, or understanding made with any broker-dealer as to solicitation of securities of the insurer for tender and the amount of any fees, commissions, or other compensation to be paid to broker-dealers with regard thereto;

(B) requiring an entity that is acquiring control of an entity that is engaged in the business of insurance and domiciled in that State to maintain or restore the capital requirements of that insurance entity to the level required under the capital regulations of general applicability in that State to avoid the requirement of preparing and filing with the insurance regulatory authority of that State a plan to increase the capital of the entity, except that any determination by the State insurance regulatory authority with respect to such requirement shall be made not later than 60 days after the date of notification under subparagraph (A);

(C) taking actions with respect to the receivership or conservatorship of any insurance company; or

(D) restricting a change in the ownership of stock in an insurance company, or a company formed for the purpose of controlling such insurance company, for a period of not more than 3 years beginning on the date of the conversion of such company from mutual to stock form.

(3) PRESERVATION OF STATE ANTITRUST AND GENERAL CORPORATE LAWS.—

(A) IN GENERAL.—Nothing in paragraph (1) shall be construed as affecting State laws, regulations, orders, interpretations, or other actions of general applicability relating to the governance of corporations, partnerships, limited liability companies or other business associations incorporated or formed under the laws of that State or domiciled in that State, or the applicability of the antitrust laws of any State or any State law that is similar to the antitrust laws.

(B) DEFINITION.—For purposes of this paragraph, the term ''antitrust laws'' has the same meaning as in subsection (a) of the first section of the Clayton Act, and includes section 5 of the Federal Trade Commission Act to the extent that such section 5 relates to unfair methods of competition.

(b) ACTIVITIES.—

(1) IN GENERAL.—Except as provided in paragraph (3), and except with respect to insurance sales, solicitation, and cross marketing activities, which shall be governed by paragraph (2), no State may, by statute, regulation, order, interpretation, or other action, prevent or restrict an insured depository institution, wholesale financial institution, or subsidiary or affiliate thereof from engaging directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other entity or person, in any activity authorized or permitted under this Act.

(2) INSURANCE SALES.—

(A) IN GENERAL.—In accordance with the legal standards for preemption set forth in the decision of the Supreme Court of the United States in Barnett Bank of Marion County N.A. v. Nelson, 116 S. Ct. 1103 (1996), no State may, by statute, regulation, order, interpretation, or other action, prevent or significantly interfere with the ability of an insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof, to engage, directly or indirectly, either by itself or in conjunction with a subsidiary, affiliate, or any other party, in any insurance sales, solicitation, or cross-marketing activity.

(B) CERTAIN STATE LAWS PRESERVED.—Notwithstanding subparagraph (A), a State may impose any of the following restrictions, or restrictions which are substantially the same as, but no more burdensome or restrictive than, those in each of the following clauses:

(i) Restrictions prohibiting the rejection of an insurance policy solely because the policy has been issued or underwritten by any person who is not associated with such insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, when such insurance is required in connection with a loan or extension of credit.

(ii) Restrictions prohibiting a requirement for any debtor, insurer, or insurance agent or broker to pay a separate charge in connection with the handling of insurance that is required in connection with a loan or other extension of credit or the provision of another traditional banking product, unless such charge would be required when the insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, is the licensed insurance agent or broker providing the insurance.

(iii) Restrictions prohibiting the use of any advertisement or other insurance promotional material by an insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, that would cause a reasonable person to believe mistakenly that—

(I) a State or the Federal Government is responsible for the insurance sales activities of, or stands behind the credit of, the institution, affiliate, or subsidiary; or

(II) a State, or the Federal Government guarantees any returns on insurance products, or is a source of payment on any insurance obligation of or sold by the institution, affiliate, or subsidiary.

(iv) Restrictions prohibiting the payment or receipt of any commission or brokerage fee or other valuable consideration for services as an insurance agent or broker to or by any person, unless such person holds a valid State license regarding the applicable class of insurance at the time at which the services are performed, except that, in this clause, the term ''services as an insurance agent or broker'' does not include a referral by an unlicensed person of a customer or potential customer to a licensed insurance agent or broker that does not include a discussion of specific insurance policy terms and conditions.

(v) Restrictions prohibiting any compensation paid to or received by any individual who is not licensed to sell insurance, for the referral of a customer that seeks to purchase, or seeks an opinion or advice on, any insurance product to a person that sells or provides opinions or advice on such product, based on the purchase of insurance by the customer.

(vi) Restrictions prohibiting the release of the insurance information of a customer (defined as information concerning the premiums, terms, and conditions of insurance coverage, including expiration dates and rates, and insurance claims of a customer contained in the records of the insured depository institution or wholesale financial institution, or a subsidiary or affiliate thereof) to any person or entity other than an officer, director, employee, agent, subsidiary, or affiliate of an insured depository institution or a wholesale financial institution, for the purpose of soliciting or selling insurance, without the express consent of the customer, other than a provision that prohibits—

(I) a transfer of insurance information to an unaffiliated insurance company, agent, or broker in connection with transferring insurance in force on existing insureds of the insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof, or in connection with a merger with or acquisition of an unaffiliated insurance company, agent, or broker; or

(II) the release of information as otherwise authorized by State or Federal law.

(vii) Restrictions prohibiting the use of health information obtained from the insurance records of a customer for any purpose, other than for its activities as a licensed agent or broker, without the express consent of the customer.

(viii) Restrictions prohibiting the extension of credit or any product or service that is equivalent to an extension of credit, lease or sale of property of any kind, or furnishing of any services, or fixing or varying the consideration for any of the foregoing, on the condition or requirement that the customer obtain insurance from the insured depository institution, wholesale financial institution, a subsidiary or affiliate thereof, or a particular insurer, agent, or broker, other than a prohibition that would prevent any insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof—

(I) from engaging in any activity that would not violate section 106 of the Bank Holding Company Act Amendments of 1970, as interpreted by the Board of Governors of the Federal Reserve System; or

(II) from informing a customer or prospective customer that insurance is required in order to obtain a loan or credit, that loan or credit approval is contingent upon the procurement by the customer of acceptable insurance, or that insurance is available from the insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof.

(ix) Restrictions requiring, when an application by a consumer for a loan or other extension of credit from an insured depository institution or wholesale financial institution is pending, and insurance is offered or sold to the consumer or is required in connection with the loan or extension of credit by the insured depository institution or wholesale financial institution, or any subsidiary or affiliate thereof, that a written disclosure be

provided to the consumer (or prospective customer) indicating that his or her choice of an insurance provider will not affect the credit decision or credit terms in any way, except that the insured depository institution or wholesale financial institution may impose reasonable requirements concerning the creditworthiness of the insurance provider and scope of coverage chosen.

(x) Restrictions requiring clear and conspicuous disclosure, in writing, where practicable, to the customer prior to the sale of any insurance policy that such policy—

(I) is not a deposit;

(II) is not insured by the Federal Deposit Insurance Corporation;

(III) is not guaranteed by the insured depository institution or wholesale financial institution or, if appropriate, its subsidiaries or affiliates or any person soliciting the purchase of or selling insurance on the premises thereof; and

(IV) where appropriate, involves investment risk, including potential loss of principal.

(xi) Restrictions requiring that, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or wholesale financial institution, or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, the credit and insurance transactions be completed through separate documents.

(xii) Restrictions prohibiting, when a customer obtains insurance (other than credit insurance or flood insurance) and credit from an insured depository institution or wholesale financial institution or its subsidiaries or affiliates, or any person soliciting the purchase of or selling insurance on the premises thereof, inclusion of the expense of insurance premiums in the primary credit transaction without the express written consent of the customer.

(xiii) Restrictions requiring maintenance of separate and distinct books and records relating to insurance transactions, including all files relating to and reflecting consumer complaints, and requiring that such insurance books and records be made available to the appropriate State insurance regulator for inspection upon reasonable notice.

(C) LIMITATIONS.—

(i) OCC DEFERENCE.—Section 306(e) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before March 4, 1999, and that is not described in subparagraph (B).

(ii) NONDISCRIMINATION.—Subsection (c) does not apply with respect to any State statute, regulation, order, interpretation, or other action regarding insurance sales, solicitation, or cross marketing activities described in subparagraph (A) that was issued, adopted, or enacted before March 4, 1999, and that is not described in subparagraph (B).

(iii) CONSTRUCTION.—Nothing in this paragraph shall be construed to limit the applicability of the decision of the Supreme Court in Barnett Bank of Marion County N.A. v. Nelson, 116 S. Ct. 1103 (1996) with respect to a State statute, regulation, order, interpretation, or other action that is not described in subparagraph (B).

(iv) LIMITATION ON INFERENCES.—Nothing in this paragraph shall be construed to create any inference with respect to any State statute, regulation, order, interpretation, or other action that is not referred to or described in this paragraph.

(3) INSURANCE ACTIVITIES OTHER THAN SALES.—State statutes, regulations, interpretations, orders, and other actions shall not be preempted under subsection (b)(1) to the extent that they—

(A) relate to, or are issued, adopted, or enacted for the purpose of regulating the business of insurance in accordance with the Act of March 9, 1945 (commonly known as the ''McCarran-Ferguson Act'');

(B) apply only to persons or entities that are not insured depository institutions or wholesale financial institutions, but that are directly engaged in the business of insurance (except that they may apply to depository institutions engaged in providing savings bank life insurance as principal to the extent of regulating such insurance);

(C) do not relate to or directly or indirectly regulate insurance sales, solicitations, or cross-marketing activities; and

(D) are not prohibited under subsection (c).

(4) FINANCIAL ACTIVITIES OTHER THAN INSURANCE.—No State statute, regulation, interpretation, order, or other action shall be preempted under subsection (b)(1) to the extent that—

(A) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, insurance sales, solicitations, or cross marketing activities covered under paragraph (2);

(B) it does not relate to, and is not issued and adopted, or enacted for the purpose of regulating, directly or indirectly, the business of insurance activities other than sales, solicitations, or cross marketing activities, covered under paragraph (3);

(C) it does not relate to securities investigations or enforcement actions referred to in subsection (d); and

(D) it—

(i) does not distinguish by its terms between insured depository institutions, wholesale financial institutions, and subsidiaries and affiliates thereof engaged in the activity at issue and other persons or entities engaged in the same activity in a manner that is in any way adverse with respect to the conduct of the activity by any such insured depository institution, wholesale financial institution, or subsidiary or affiliate thereof engaged in the activity at issue;

(ii) as interpreted or applied, does not have, and will not have, an impact on depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof engaged in the activity at issue, or any person or entity affiliated therewith, that is substantially more adverse than its impact on other persons or entities engaged in the same activity that are not insured depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof, or persons or entities affiliated therewith;

(iii) does not effectively prevent a depository institution, wholesale financial institution, or subsidiary or affiliate thereof from engaging in activities authorized or permitted by this Act or any other provision of Federal law; and

(iv) does not conflict with the intent of this Act generally to permit affiliations that are authorized or permitted by Federal law.

(c) NONDISCRIMINATION.—Except as provided in any restrictions described in subsection (b)(2)(B), no State may, by statute, regulation, order, interpretation, or other action, regulate the insurance activities authorized or permitted under this Act or any other provision of Federal law of an insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof, to the extent that such statute, regulation, order, interpretation, or other action—

(1) distinguishes by its terms between insured depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, and other persons or entities engaged in such activities, in a manner that is in any way adverse to any such insured depository institution or wholesale financial institution, or subsidiary or affiliate thereof;

(2) as interpreted or applied, has or will have an impact on depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, that is substantially more adverse than its impact on other persons or entities providing the same products or services or engaged in the same activities that are not insured depository institutions, wholesale financial institutions, or subsidiaries or affiliates thereof, or persons or entities affiliated therewith;

(3) effectively prevents a depository institution or wholesale financial institution, or subsidiary or affiliate thereof, from engaging in insurance activities authorized or permitted by this Act or any other provision of Federal law; or

(4) conflicts with the intent of this Act generally to permit affiliations that are authorized or permitted by Federal law between insured depository institutions or wholesale financial institutions, or subsidiaries or affiliates thereof, and persons and entities engaged in the business of insurance.

(d) LIMITATION.—Subsections (a) and (b) shall not be construed to affect the jurisdiction of the securities commission (or any agency or office performing like functions) of any State, under the laws of such State, to investigate and bring enforcement actions, consistent with section 18(c) of the Securities Act of 1933, with respect to fraud or deceit or unlawful conduct by any person, in connection with securities or securities transactions.

(e) DEFINITION.—For purposes of this section, the term ''State'' means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

SEC. 105. MUTUAL BANK HOLDING COMPANIES AUTHORIZED.

Section 3(g)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(g)(2)) is amended to read as follows:

''(2) REGULATIONS.—A bank holding company organized as a mutual holding company shall be regulated on terms, and shall be subject to limitations, comparable to those applicable to any other bank holding company.''.

SEC. 106. PROHIBITION ON DEPOSIT PRODUCTION OFFICES.

(a) IN GENERAL.—Section 109(d) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(d)) is amended—

(1) by inserting '', the Financial Services Act of 1999,'' after ''pursuant to this title''; and

(2) by inserting ''or such Act'' after ''made by this title''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 109(e)(4) of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (12 U.S.C. 1835a(e)(4)) is amended by inserting ''and any branch of a bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 107. CLARIFICATION OF BRANCH CLOSURE REQUIREMENTS.

Section 42(d)(4)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1831r–1(d)(4)(A)) is

amended by inserting ''and any bank controlled by an out-of-State bank holding company (as defined in section 2(o)(7) of the Bank Holding Company Act of 1956)'' before the period.

SEC. 108. AMENDMENTS RELATING TO LIMITED PURPOSE BANKS.

(a) IN GENERAL.—Section 4(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(f)) is amended—

(1) in paragraph (2)(A)(ii)—

(A) by striking ''and'' at the end of subclause (IX);

(B) by inserting ''and'' after the semicolon at the end of subclause (X); and

(C) by inserting after subclause (X) the following new subclause:

''(XI) assets that are derived from, or incidental to, consumer lending activities in which institutions described in section 2(c)(2)(F) or section 2(c)(2)(H) are permitted to engage;'';

(2) in paragraph (2), by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) any bank subsidiary of such company engages in any activity in which the bank was not lawfully engaged as of March 5, 1987, unless the bank is well managed and well capitalized;

''(C) any bank subsidiary of such company both—

''(i) accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties; and

''(ii) engages in the business of making commercial loans (and, for purposes of this clause, loans made in the ordinary course of a credit card operation shall not be treated as commercial loans); or

''(D) after the date of enactment of the Competitive Equality Amendments of 1987, any bank subsidiary of such company permits any overdraft (including any intraday overdraft), or incurs any such overdraft in such bank's account at a Federal reserve bank, on behalf of an affiliate, other than an overdraft described in paragraph (3).''; and

(3) by striking paragraphs (3) and (4) and inserting the following new paragraphs:

''(3) PERMISSIBLE OVERDRAFTS DESCRIBED.—For purposes of paragraph (2)(D), an overdraft is described in this paragraph if—

''(A) such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the bank and the affiliate;

''(B) such overdraft—

''(i) is permitted or incurred on behalf of an affiliate which is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York; and

''(ii) is fully secured, as required by the Board, by bonds, notes, or other obligations which are direct obligations of the United States or on which the principal and interest are fully guaranteed by the United States or by securities and obligations eligible for settlement on the Federal Reserve book entry system; or

''(C) such overdraft—

''(i) is permitted or incurred by or on behalf of an affiliate that is engaged predominantly in activities that are financial in nature, and is incurred solely in connection with an activity that is financial in nature, as determined under section 6(c); and

''(ii) does not cause the bank to violate any provision of section 23A or 23B of the Federal Reserve Act, either directly, in the case of a bank that is a member of the Federal Reserve System, or by virtue of section 18(j) of the Federal Deposit Insurance Act, in the case of a bank that is not a member of the Federal Reserve System.

''(4) DIVESTITURE IN CASE OF LOSS OF EXEMPTION.—If any company described in paragraph (1) fails to qualify for the exemption provided under such paragraph by operation of paragraph (2), such exemption shall cease to apply to such company and such company shall divest control of each bank it controls before the end of the 180-day period beginning on the date that the company receives notice from the Board that the company has failed to continue to qualify for such exemption, unless before the end of such 180-day period, the company has—

''(A) corrected the condition or ceased the activity that caused the company to fail to continue to qualify for the exemption; and

''(B) implemented procedures that are reasonably adapted to avoid the reoccurrence of such condition or activity.''.

(b) INDUSTRIAL LOAN COMPANIES AFFILIATE OVERDRAFTS.—Section 2(c)(2)(H) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(2)(H)) is amended by inserting before the period at the end '', or that is otherwise permissible for a bank controlled by a company described in section 4(f)(1)''.

SEC. 109. REPORTS ON ONGOING FTC STUDY OF CONSUMER PRIVACY ISSUES.

With respect to the ongoing multistage study being conducted by the Federal Trade Commission on consumer privacy issues, the Commission shall submit to the Congress an interim report on the findings and conclusions of the Commission, together with such recommendations for legislative and administrative action as the Commission determines to be appropriate, at the conclusion of each stage of such study and a final report at the conclusion of the study.

SEC. 110. GAO STUDY OF ECONOMIC IMPACT ON COMMUNITY BANKS AND OTHER SMALL FINANCIAL INSTITUTIONS.

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of the projected economic impact that the enactment of this Act will have on financial institutions which have total assets of $100,000,000 or less.

(b) REPORT TO THE CONGRESS.—The Comptroller General of the United States shall submit a report to the Congress before the end of the 6-month period beginning on the date of the date of enactment of this Act containing the findings and conclusions of the Comptroller General with regard to the study required under subsection (a) and such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

Subtitle B—Streamlining Supervision of Financial Holding Companies

SEC. 111. STREAMLINING FINANCIAL HOLDING COMPANY SUPERVISION.

Section 5(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(c)) is amended to read as follows:

''(c) REPORTS AND EXAMINATIONS.—

''(1) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any bank holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) its financial condition, systems for monitoring and controlling financial and operating risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) compliance by the company or subsidiary with applicable provisions of this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that a bank holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A bank holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(iii) REQUIRED USE OF PUBLICLY REPORTED INFORMATION.—The Board shall, to the fullest extent possible, accept in fulfillment of any reporting or recordkeeping requirements under this Act information that is otherwise required to be reported publicly and externally audited financial statements.

''(iv) REPORTS FILED WITH OTHER AGENCIES.—In the event the Board requires a report from a functionally regulated nondepository institution subsidiary of a bank holding company of a kind that is not required by another Federal or State regulator or appropriate self-regulatory organization, the Board shall request that the appropriate regulator or self-regulatory organization obtain such report. If the report is not made available to the Board, and the report is necessary to assess a material risk to the bank holding company or any of its subsidiary depository institutions or compliance with this Act, the Board may require such subsidiary to provide such a report to the Board.

''(C) DEFINITION.—For purposes of this subsection, the term 'functionally regulated nondepository institution' means—

''(i) a broker or dealer registered under the Securities Exchange Act of 1934;

''(ii) an investment adviser registered under the Investment Advisers Act of 1940, or with any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(iii) an insurance company subject to supervision by a State insurance commission, agency, or similar authority; and

''(iv) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.

''(2) EXAMINATIONS.—

''(A) EXAMINATION AUTHORITY.—

''(i) IN GENERAL.—The Board may make examinations of each bank holding company and each subsidiary of a bank holding company.

''(ii) FUNCTIONALLY REGULATED NONDEPOSITORY INSTITUTION SUBSIDIARIES.—Notwithstanding clause (i), the Board may make examinations of a functionally regulated nondepository institution subsidiary of a bank holding company only if—

''(I) the Board has reasonable cause to believe that such subsidiary is engaged in activities that pose a material risk to an affiliated depository institution, or

''(II) based on reports and other available information, the Board has reasonable cause to believe that a subsidiary is not in compliance with this Act or with provisions relating to transactions with an affiliated depository institution and the Board cannot make such determination through examination of the affiliated depository institution or bank holding company.

''(B) LIMITATIONS ON EXAMINATION AUTHORITY FOR BANK HOLDING COMPANIES AND SUBSIDIARIES.—Subject to subparagraph (A)(ii), the Board may make examinations under

subparagraph (A)(i) of each bank holding company and each subsidiary of such holding company in order to—

''(i) inform the Board of the nature of the operations and financial condition of the holding company and such subsidiaries;

''(ii) inform the Board of—

''(I) the financial and operational risks within the holding company system that may pose a threat to the safety and soundness of any subsidiary depository institution of such holding company; and

''(II) the systems for monitoring and controlling such risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any subsidiary depository institution and its affiliates.

''(C) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a bank holding company to—

''(i) the bank holding company; and

''(ii) any subsidiary of the holding company that, because of—

''(I) the size, condition, or activities of the subsidiary;

''(II) the nature or size of transactions between such subsidiary and any depository institution which is also a subsidiary of such holding company; or

''(III) the centralization of functions within the holding company system,

could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(D) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use, for the purposes of this paragraph, the reports of examinations of depository institutions made by the appropriate Federal and State depository institution supervisory authority.

''(E) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and instead reviewing the reports of examination made of—

''(i) any registered broker or dealer by or on behalf of the Securities and Exchange Commission;

''(ii) any registered investment adviser properly registered by or on behalf of either the Securities and Exchange Commission or any State;

''(iii) any licensed insurance company by or on behalf of any state regulatory authority responsible for the supervision of insurance companies; and

''(iv) any other subsidiary that the Board finds to be comprehensively supervised by a Federal or State authority.

''(3) CAPITAL.—

''(A) IN GENERAL.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, guidelines, standards, or requirements on any subsidiary of a financial holding company that is not a depository institution and—

''(i) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority; or

''(ii) is properly registered as an investment adviser under the Investment Advisers Act of 1940, or with any State.

''(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities.

''(C) LIMITATIONS ON INDIRECT ACTION.—In developing, establishing, or assessing holding company capital or capital adequacy rules, guidelines, standards, or requirements for purposes of this paragraph, the Board shall not take into account the activities, operations, or investments of an affiliated investment company registered under the Investment Company Act of 1940, if the investment company is not—

''(i) a bank holding company; or

''(ii) controlled by a bank holding company by reason of ownership by the bank holding company (including through all of its affiliates) of 25 percent or more of the shares of the investment company, where the shares owned by the bank holding company have a market value equal to more than $1,000,000.

''(4) TRANSFER OF BOARD AUTHORITY TO APPROPRIATE FEDERAL BANKING AGENCY.—

''(A) IN GENERAL.—In the case of any bank holding company which is not significantly engaged in nonbanking activities, the Board, in consultation with the appropriate Federal banking agency, may designate the appropriate Federal banking agency of the lead insured depository institution subsidiary of such holding company as the appropriate Federal banking agency for the bank holding company.

''(B) AUTHORITY TRANSFERRED.—An agency designated by the Board under subparagraph (A) shall have the same authority as the Board under this Act to—

''(i) examine and require reports from the bank holding company and any affiliate of such company (other than a depository institution) under section 5;

''(ii) approve or disapprove applications or transactions under section 3;

''(iii) take actions and impose penalties under subsections (e) and (f) of section 5 and section 8; and

''(iv) take actions regarding the holding company, any affiliate of the holding company (other than a depository institution), or any institution-affiliated party of such company or affiliate under the Federal Deposit Insurance Act and any other statute which the Board may designate.

''(C) AGENCY ORDERS.—Section 9 of this Act and section 105 of the Bank Holding Company Act Amendments of 1970, shall apply to orders issued by an agency designated under subparagraph (A) in the same manner such sections apply to orders issued by the Board.

''(5) FUNCTIONAL REGULATION OF SECURITIES AND INSURANCE ACTIVITIES.—The Board shall defer to—

''(A) the Securities and Exchange Commission with regard to all interpretations of, and the enforcement of, applicable Federal securities laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of registered brokers, dealers, investment advisers, and investment companies;

''(B) the relevant State securities authorities with regard to all interpretations of, and the enforcement of, applicable State securities laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of registered brokers, dealers, and investment advisers; and

''(C) the relevant State insurance authorities with regard to all interpretations of, and the enforcement of, applicable State insurance laws (and rules, regulations, orders, and other directives issued thereunder) relating to the activities, conduct, and operations of insurance companies and insurance agents.''.

SEC. 112. ELIMINATION OF APPLICATION REQUIREMENT FOR FINANCIAL HOLDING COMPANIES.

(a) PREVENTION OF DUPLICATIVE FILINGS.—Section 5(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(a)) is amended by adding the following new sentence at the end: ''A declaration filed in accordance with section 6(b)(1)(D) shall satisfy the requirements of this subsection with regard to the registration of a bank holding company but not any requirement to file an application to acquire a bank pursuant to section 3.''.

(b) DIVESTITURE PROCEDURES.—Section 5(e)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1844(e)(1)) is amended—

(1) by striking ''Financial Institutions Supervisory Act of 1966, order'' and inserting ''Financial Institutions Supervisory Act of 1966, at the election of the bank holding company—

''(A) order''; and

(2) by striking ''shareholders of the bank holding company. Such distribution'' and inserting ''shareholders of the bank holding company; or

''(B) order the bank holding company, after due notice and opportunity for hearing, and after consultation with the primary supervisor for the bank, which shall be the Comptroller of the Currency in the case of a national bank, and the Federal Deposit Insurance Corporation and the appropriate State supervisor in the case of an insured nonmember bank, to terminate (within 120 days or such longer period as the Board may direct) the ownership or control of any such bank by such company.

''The distribution referred to in subparagraph (A)''.

SEC. 113. AUTHORITY OF STATE INSURANCE REGULATOR AND SECURITIES AND EXCHANGE COMMISSION.

Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by adding at the end the following new subsection:

''(g) AUTHORITY OF STATE INSURANCE REGULATOR AND THE SECURITIES AND EXCHANGE COMMISSION.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any regulation, order, or other action of the Board which requires a bank holding company to provide funds or other assets to a subsidiary insured depository institution shall not be effective nor enforceable if—

''(A) such funds or assets are to be provided by—

''(i) a bank holding company that is an insurance company or is a broker or dealer registered under the Securities Exchange Act of 1934; or

''(ii) an affiliate of the depository institution which is an insurance company or a broker or dealer registered under such Act; and

''(B) the State insurance authority for the insurance company or the Securities and Exchange Commission for the registered broker or dealer, as the case may be, determines in writing sent to the holding company and the Board that the holding company shall not provide such funds or assets because such action would have a material adverse effect on the financial condition of the insurance company or the broker or dealer, as the case may be.

''(2) NOTICE TO STATE INSURANCE AUTHORITY OR SEC REQUIRED.—If the Board requires a bank holding company, or an affiliate of a

bank holding company, which is an insurance company or a broker or dealer described in paragraph (1)(A) to provide funds or assets to an insured depository institution subsidiary of the holding company pursuant to any regulation, order, or other action of the Board referred to in paragraph (1), the Board shall promptly notify the State insurance authority for the insurance company or the Securities and Exchange Commission, as the case may be, of such requirement.

''(3) DIVESTITURE IN LIEU OF OTHER ACTION.—If the Board receives a notice described in paragraph (1)(B) from a State insurance authority or the Securities and Exchange Commission with regard to a bank holding company or affiliate referred to in that paragraph, the Board may order the bank holding company to divest the insured depository institution not later than 180 days after receiving the notice, or such longer period as the Board determines consistent with the safe and sound operation of the insured depository institution.

''(4) CONDITIONS BEFORE DIVESTITURE.—During the period beginning on the date an order to divest is issued by the Board under paragraph (3) to a bank holding company and ending on the date the divestiture is completed, the Board may impose any conditions or restrictions on the holding company's ownership or operation of the insured depository institution, including restricting or prohibiting transactions between the insured depository institution and any affiliate of the institution, as are appropriate under the circumstances.''.

SEC. 114. PRUDENTIAL SAFEGUARDS.

Section 5 of the Bank Holding Company Act of 1956 (12 U.S.C. 1844) is amended by inserting after subsection (g) (as added by section 113 of this subtitle) the following new subsection:

''(h) PRUDENTIAL SAFEGUARDS.—

''(1) IN GENERAL.—The Board and the appropriate Federal banking agency may, jointly, by regulation or order, impose, modify, or eliminate restrictions or requirements on relationships or transactions between a depository institution subsidiary of a bank holding company and any affiliate of such depository institution which the Board and the appropriate Federal banking agency jointly find is consistent with the public interest, the purposes of this Act, the Financial Services Act of 1999, the Federal Reserve Act, and other Federal law applicable to depository institution subsidiaries of bank holding companies and the standards in paragraph (2).

''(2) STANDARDS.—The Board and the appropriate Federal banking agency may exercise joint authority under paragraph (1) if they find that such action would—

''(A) avoid any significant risk to the safety and soundness of depository institutions or any Federal deposit insurance fund;

''(B) enhance the financial stability of bank holding companies;

''(C) avoid conflicts of interest or other abuses;

''(D) enhance the privacy of customers of depository institutions; or

''(E) promote the application of national treatment and equality of competitive opportunity between nonbank affiliates owned or controlled by domestic bank holding companies and nonbank affiliates owned or controlled by foreign banks operating in the United States.

''(3) REVIEW.—The appropriate Federal banking agency shall regularly—

''(A) review all restrictions or requirements established pursuant to paragraph (1) to determine whether there is a continuing need for any such restriction or requirement to carry out the purposes of the Act, including any purpose described in paragraph (2); and

''(B) propose the modification or elimination of any restriction or requirement that it finds is no longer required for such purposes.

''(4) FOREIGN BANKS.—The Board may, by regulation or order, impose restrictions or requirements on relationships or transactions between a foreign bank and any affiliate in the United States of such foreign bank that the Board finds are consistent with the public interest, the purposes of this Act, the Financial Services Act of 1999, the Federal Reserve Act, and other Federal law applicable to foreign banks and their affiliates in the United States, and the standards in paragraphs (2) and (3).''.

SEC. 115. EXAMINATION OF INVESTMENT COMPANIES.

(a) EXCLUSIVE COMMISSION AUTHORITY.—

(1) IN GENERAL.—Except as provided in paragraph (3), the Commission shall be the sole Federal agency with authority to inspect and examine any registered investment company that is not a bank holding company or a savings and loan holding company.

(2) PROHIBITION ON BANKING AGENCIES.—Except as provided in paragraph (3), a Federal banking agency may not inspect or examine any registered investment company that is not a bank holding company or a savings and loan holding company.

(3) CERTAIN EXAMINATIONS AUTHORIZED.—Nothing in this subsection prevents the Federal Deposit Insurance Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—The Commission shall provide to any Federal banking agency, upon request, the results of any examination, reports, records, or other information with respect to any registered investment company to the extent necessary for the agency to carry out its statutory responsibilities.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) BANK HOLDING COMPANY.—The term ''bank holding company'' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

(2) COMMISSION.—The term ''Commission'' means the Securities and Exchange Commission.

(3) FEDERAL BANKING AGENCY.—The term ''Federal banking agency'' has the same meaning as in section 3(z) of the Federal Deposit Insurance Act.

(4) REGISTERED INVESTMENT COMPANY.—The term ''registered investment company'' means an investment company which is registered with the Commission under the Investment Company Act of 1940.

(5) SAVINGS AND LOAN HOLDING COMPANY.—The term ''savings and loan holding company'' has the same meaning as in section 10(a)(1)(D) of the Home Owners' Loan Act.

SEC. 116. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended by inserting after section 10 the following new section:

''SEC. 10A. LIMITATION ON RULEMAKING, PRUDENTIAL, SUPERVISORY, AND ENFORCEMENT AUTHORITY OF THE BOARD.

''(a) LIMITATION ON DIRECT ACTION.—

''(1) IN GENERAL.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a regulated subsidiary of a bank holding company unless the action is necessary to prevent or redress an unsafe or unsound practice or breach of fiduciary duty by such subsidiary that poses a material risk to—

''(A) the financial safety, soundness, or stability of an affiliated depository institution; or

''(B) the domestic or international payment system.

''(2) CRITERIA FOR BOARD ACTION.—The Board shall not take action otherwise permitted under paragraph (1) unless the Board finds that it is not reasonably possible to effectively protect against the material risk at issue through action directed at or against the affiliated depository institution or against depository institutions generally.

''(b) LIMITATION ON INDIRECT ACTION.—The Board may not prescribe regulations, issue or seek entry of orders, impose restraints, restrictions, guidelines, requirements, safeguards, or standards, or otherwise take any action under or pursuant to any provision of this Act or section 8 of the Federal Deposit Insurance Act against or with respect to a financial holding company or a wholesale financial holding company where the purpose or effect of doing so would be to take action indirectly against or with respect to a regulated subsidiary that may not be taken directly against or with respect to such subsidiary in accordance with subsection (a).

''(c) ACTIONS SPECIFICALLY AUTHORIZED.—Notwithstanding subsection (a), the Board may take action under this Act or section 8 of the Federal Deposit Insurance Act to enforce compliance by a regulated subsidiary with Federal law that the Board has specific jurisdiction to enforce against such subsidiary.

''(d) REGULATED SUBSIDIARY DEFINED.—For purposes of this section, the term 'regulated subsidiary' means any company that is not a bank holding company and is—

''(1) a broker or dealer registered under the Securities Exchange Act of 1934;

''(2) a registered investment adviser, properly registered by or on behalf of either the Securities and Exchange Commission or any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

''(3) an investment company registered under the Investment Company Act of 1940;

''(4) an insurance company or an insurance agency subject to supervision by a State insurance commission, agency, or similar authority; or

''(5) an entity subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such entity and activities incidental to such commodities activities.''.

SEC. 117. INTERAGENCY CONSULTATION.

(a) PURPOSE.—It is the intention of Congress that the Board of Governors of the Federal Reserve System, as the umbrella supervisor for financial holding companies, and the State insurance regulators, as the functional regulators of companies engaged in insurance activities, coordinate efforts to supervise companies that control both a depository institution and a company engaged in insurance activities regulated under State law. In particular, Congress believes that the Board and the State insurance regulators should share, on a confidential basis, information relevant to the supervision of companies that control both a depository institution and a company engaged in insurance activities, including information regarding the financial health of the consolidated organization and information regarding transactions and relationships between insurance companies and affiliated depository institutions. The appropriate Federal banking agencies for depository institutions should also share, on a confidential basis, information with the relevant State insurance regulators regarding transactions and relationships between depository institutions and affiliated companies engaged in insurance activities. The purpose of this section is to encourage this coordination and confidential sharing of information, and to thereby improve both the efficiency and the quality of the supervision of financial holding companies and their affiliated depository institutions and companies engaged in insurance activities.

(b) EXAMINATION RESULTS AND OTHER INFORMATION.—

(1) INFORMATION OF THE BOARD.—Upon the request of the appropriate insurance regulator of any State, the Board may provide any information of the Board regarding the financial condition, risk management policies, and operations of any financial holding company that controls a company that is engaged in insurance activities and is regulated by such State insurance regulator, and regarding any transaction or relationship between such an insurance company and any affiliated depository institution. The Board may provide any other information to the appropriate State insurance regulator that the Board believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(2) BANKING AGENCY INFORMATION.—Upon the request of the appropriate insurance regulator of any State, the appropriate Federal banking agency may provide any information of the agency regarding any transaction or relationship between a depository institution supervised by such Federal banking agency and any affiliated company that is engaged in insurance activities regulated by such State insurance regulator. The appropriate Federal banking agency may provide any other information to the appropriate State insurance regulator that the agency believes is necessary or appropriate to permit the State insurance regulator to administer and enforce applicable State insurance laws.

(3) STATE INSURANCE REGULATOR INFORMATION.—Upon the request of the Board or the appropriate Federal banking agency, a State insurance regulator may provide any examination or other reports, records, or other information to which such insurance regulator may have access with respect to a company which—

(A) is engaged in insurance activities and regulated by such insurance regulator; and

(B) is an affiliate of an insured depository institution, wholesale financial institution, or financial holding company.

(c) CONSULTATION.—Before making any determination relating to the initial affiliation of, or the continuing affiliation of, an insured depository institution, wholesale financial institution, or financial holding company with a company engaged in insurance activities, the appropriate Federal banking agency shall consult with the appropriate State insurance regulator of such company and take the views of such insurance regulator into account in making such determination.

(d) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to an insured depository institution, wholesale financial institution, or bank holding company or any affiliate thereof under any provision of law.

(e) CONFIDENTIALITY AND PRIVILEGE.—

(1) CONFIDENTIALITY.—The appropriate Federal banking agency shall not provide any information or material that is entitled to confidential treatment under applicable Federal banking agency regulations, or other applicable law, to a State insurance regulator unless such regulator agrees to maintain the information or material in confidence and to take all reasonable steps to oppose any effort to secure disclosure of the information or material by the regulator. The appropriate Federal banking agency shall treat as confidential any information or material obtained from a State insurance regulator that is entitled to confidential treatment under applicable State regulations, or other applicable law, and take all reasonable steps to oppose any effort to secure disclosure of the information or material by the Federal banking agency.

(2) PRIVILEGE.—The provision pursuant to this section of information or material by a Federal banking agency or State insurance regulator shall not constitute a waiver of, or otherwise affect, any privilege to which the information or material is otherwise subject.

(f) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) APPROPRIATE FEDERAL BANKING AGENCY; INSURED DEPOSITORY INSTITUTION.—The terms ''appropriate Federal banking agency'' and ''insured depository institution'' have the same meanings as in section 3 of the Federal Deposit Insurance Act.

(2) BOARD; FINANCIAL HOLDING COMPANY; AND WHOLESALE FINANCIAL INSTITUTION.—The terms ''Board'', ''financial holding company'', and ''wholesale financial institution'' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

SEC. 118. EQUIVALENT REGULATION AND SUPERVISION.

(a) IN GENERAL.—Notwithstanding any other provision of law, the provisions of—

(1) section 5(c) of the Bank Holding Company Act of 1956 (as amended by this Act) that limit the authority of the Board of Governors of the Federal Reserve System to require reports from, to make examinations of, or to impose capital requirements on bank holding companies and their nonbank subsidiaries; and

(2) section 10A of the Bank Holding Company Act of 1956 (as added by this Act) that limit whatever authority the Board might otherwise have to take direct or indirect action with respect to bank holding companies and their nonbank subsidiaries,

shall also limit whatever authority that the Federal Deposit Insurance Corporation might otherwise have under any statute to require reports, make examinations, impose capital requirements or take any other direct or indirect action with respect to bank holding companies and their nonbank subsidiaries (including nonbank subsidiaries of depository institutions), subject to the same standards and requirements as are applicable to the Board under such provisions.

(b) CERTAIN EXAMINATIONS AUTHORIZED.—Nothing in this section shall prevent the Federal Deposit Insurance Corporation, if the Corporation finds it necessary to determine the condition of an insured depository institution for insurance purposes, from examining an affiliate of any insured depository institution, pursuant to its authority under section 10(b)(4) of the Federal Deposit Insurance Act, as may be necessary to disclose fully the relationship between the depository institution and the affiliate, and the effect of such relationship on the depository institution.

SEC. 119. PROHIBITION ON FDIC ASSISTANCE TO AFFILIATES AND SUBSIDIARIES.

Section 11(a)(4)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(4)(B)) is amended by striking ''to benefit any shareholder of'' and inserting ''to benefit any shareholder, affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act), or subsidiary of''.

Subtitle C—Subsidiaries of National Banks

SEC. 121. SUBSIDIARIES OF NATIONAL BANKS AUTHORIZED TO ENGAGE IN FINANCIAL ACTIVITIES.

(a) FINANCIAL SUBSIDIARIES OF NATIONAL BANKS.—Chapter one of title LXII of the Revised Statutes of United States (12 U.S.C. 21 et seq.) is amended—

(1) by redesignating section 5136A (12 U.S.C. 25a) as section 5136C; and

(2) by inserting after section 5136 (12 U.S.C. 24) the following new section:

''SEC. 5136A. SUBSIDIARIES OF NATIONAL BANKS.

''(a) ACTIVITIES PERMISSIBLE.—

''(1) IN GENERAL.—A subsidiary of a national bank may—

''(A) engage in any activity that is permissible for the parent national bank;

''(B) engage in any activity that is authorized under the Bank Service Company Act, section 25 or 25A of the Federal Reserve Act, or any other Federal statute that expressly authorizes national banks to own or control subsidiaries; and

''(C) engage in any activity that is permissible for a bank holding company under any provision of section 6(c) of the Bank Holding Company Act of 1956, other than—

''(i) paragraph (3)(B) of that section (relating to insurance activities), insofar as that paragraph (3)(B) permits a bank holding company to engage as principal in insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death, or in providing or issuing annuities; and

''(ii) paragraph (3)(I) of that section (relating to insurance company investments).

''(2) ACTIVITY LIMITATIONS.—In addition to any other limitation imposed on the activity of subsidiaries of national banks, a subsidiary of a national bank may not, pursuant to paragraph (1)—

''(A) engage as principal in insuring, guaranteeing, or indemnifying against loss, harm, damage, illness, disability, or death (other than in connection with credit-related insurance) or in providing or issuing annuities; or

''(B) engage in real estate investment or development activities,

(except to the extent that a Federal statute expressly authorizes a national bank to engage directly in such an activity).

''(3) SIZE FACTOR WITH REGARD TO FREE-STANDING NATIONAL BANKS.—A national bank which has total assets of $10,000,000,000 or more may not control a subsidiary engaged in activities pursuant to paragraph (1) or (2) unless such national bank is a subsidiary of a bank holding company.

''(b) REQUIREMENTS APPLICABLE TO NATIONAL BANKS WITH FINANCIAL SUBSIDIARIES.—

''(1) IN GENERAL.—A financial subsidiary of a national bank may engage in activities pursuant to subsection (a)(1)(C) only if—

''(A) the national bank is well capitalized, is well managed, and achieved the rating described in section 6(b)(1)(C) of the Bank Holding Company Act of 1956, during the most recent examination of the bank by the Comptroller of the Currency;

''(B) each insured depository institution affiliate of the national bank is well capitalized, is well managed, and achieved the rating described in section 6(b)(1)(C) of the Bank Holding Company Act of 1956, during the most recent examination of the institution by the appropriate Federal banking agency;

''(C) the national bank and each of the subsidiary depository institutions of the same bank holding company have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution under the Community Reinvestment Act of 1977; and

''(D) the national bank has received the approval of the Comptroller of the Currency by regulation or order.

''(2) CORRECTIVE PROCEDURE.—

''(A) IN GENERAL.—If a national bank that controls a financial subsidiary, or any insured depository institution affiliated with such national bank, fails to meet the requirements of paragraph (1), the Comptroller shall give written notice to the national bank to that effect, describing the conditions giving rise to the notice.

''(B) AGREEMENT TO CORRECT CONDITIONS REQUIRED.—

''(i) CONTENT OF AGREEMENT.—Not later than 45 days after the date on which the national bank receives a notice under subparagraph (A) (or such additional period of time as the Comptroller may permit), the national bank or its insured depository institution affiliate failing to meet the requirements of paragraph (1) shall provide a plan to the appropriate Federal banking agency for such institution to correct the conditions described in the notice.

''(ii) COMPTROLLER MAY IMPOSE LIMITATIONS.—Until the conditions giving rise to the notice referred to in clause (i) are corrected, the Comptroller may (notwithstanding any other provision of law) impose such limitations on the conduct of the business of the national bank or the financial subsidiary of the national bank as the Comptroller determines to be appropriate under the circumstances.

''(iii) CERTAIN FAILURES TO COMPLY.—A national bank shall not be required to divest any financial subsidiary held, or terminate any activity conducted pursuant to, subsection (a) solely because of a failure to comply with subsection (b)(1)(D).

''(C) FAILURE TO CORRECT.—If the conditions described in the notice under subparagraph (A) are not corrected before the end of the 180-day period beginning on the date on which the bank receives the notice, the Comptroller may (notwithstanding any other provision of law) require, under such terms and conditions as the Comptroller may impose—

''(i) that the national bank divest control of each financial subsidiary engaged in an activity that is not permissible for the bank to engage in directly; or

''(ii) that each financial subsidiary of the national bank cease any activity that is not permissible for the bank to engage in directly.

''(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) AFFILIATE.—The term 'affiliate' has the same meaning in section 3 of the Federal Deposit Insurance Act.

''(2) FINANCIAL SUBSIDIARY.—The term 'financial subsidiary' means a company that—

''(A) is a subsidiary of an insured bank; and

''(B) is engaged in any financial activity that is not otherwise permissible under subparagraph (A) or (B) of subsection (a)(1) of this section.

''(3) SUBSIDIARY.—The term 'subsidiary' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

''(4) WELL CAPITALIZED.—The term 'well capitalized' has the same meaning as in section 38 of the Federal Deposit Insurance Act. For purposes of this section, the appropriate Federal banking agency shall have exclusive jurisdiction to determine whether an insured depository institution is well capitalized.

''(5) WELL MANAGED.—The term 'well managed' means—

''(A) in the case of an insured depository institution that has been examined, the achievement of—

''(i) a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System (or an equivalent rating under an equivalent rating system) in connection with the most recent examination or subsequent review of the insured depository institution; and

''(ii) at least a rating of 2 for management, if that rating is given; or

''(B) in the case of an insured depository institution that has not been examined, the existence and use of managerial resources that the appropriate Federal banking agency determines are satisfactory.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended—

(1) by redesignating the item relating to section 5136A as section 5136C; and

(2) by inserting after the item relating to section 5136 the following new item:

''5136A. Subsidiaries of national banks.''.

SEC. 122. SUBSIDIARIES OF STATE BANKS.

(a) SUBSIDIARIES OF STATE BANKS AUTHORIZED TO ENGAGE IN FINANCIAL ACTIVITIES.—Section 24(d) of the Federal Deposit Insurance Act (12 U.S.C. 1831a(d)) is amended by adding at the end the following new paragraphs:

''(4) CONDITIONS ON CERTAIN ACTIVITIES.—

''(A) IN GENERAL.—No subsidiary of a State bank shall engage as principal in an activity that is not described in subparagraph (A) or (B) of section 5136A(a)(1) of the Revised Statutes of the United States unless the State bank is in compliance with the requirements of subsection (b) of that section 5136A and receives the approval of the appropriate Federal banking agency.

''(B) APPLICATION OF SECTION 5136A OF REVISED STATUTES.—For purposes of applying section 5136A of the Revised Statutes of the United States to the activities of a subsidiary of a State bank under this paragraph—

''(i) all references in that section to a national bank shall be deemed to be references to a State bank;

''(ii) all references in that section to the Comptroller of the Currency shall be deemed to be references to the appropriate Federal banking agency with respect to such State bank; and

''(iii) all references to regulations and orders of the Comptroller shall be deemed to be references to regulations and orders of the appropriate Federal banking agency.

''(C) NOTIFICATION OF NONCOMPLIANCE.—The Board of Governors of the Federal Reserve System, the Corporation, the Comptroller of the Currency, and the Office of Thrift Supervision shall establish procedures for notifying the appropriate Federal banking agency if a national bank, State bank, or savings association that is affiliated with a State bank under this paragraph fails to meet the requirements described in subparagraph (A).''.

(b) FINANCIAL SUBSIDIARIES OF STATE MEMBER BANKS.—The 20th undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 335) is amended by adding at the end the following new sentence: ''To the extent permitted under State law, a State member bank may acquire, establish, or retain a financial subsidiary (as defined in section 5136A(c) of the Revised Statutes of the United States), except that all references in subsection (b) of that section 5136A to the Comptroller of the Currency, the Comptroller, or regulations or orders of the Comptroller, shall be deemed to be references to the Board or regulations or orders of the Board.''.

SEC. 123. SAFETY AND SOUNDNESS FIREWALLS BETWEEN BANKS AND THEIR FINANCIAL SUBSIDIARIES.

(a) PURPOSES.—The purposes of this section are—

(1) to protect the safety and soundness of any insured bank that has a financial subsidiary;

(2) to apply to any transaction between the bank and the financial subsidiary (including a loan, extension of credit, guarantee, or purchase of assets), other than an equity investment, the same restrictions and requirements as would apply if the financial subsidiary were a subsidiary of a bank holding company having control of the bank; and

(3) to apply to any equity investment of the bank in the financial subsidiary restrictions and requirements equivalent to those that would apply if—

(A) the bank paid a dividend in the same dollar amount to a bank holding company having control of the bank; and

(B) the bank holding company used the proceeds of the dividend to make an equity investment in a subsidiary that was engaged in the same activities as the financial subsidiary of the bank.

(b) SAFETY AND SOUNDNESS FIREWALLS APPLICABLE TO SUBSIDIARIES OF BANKS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 45. SAFETY AND SOUNDNESS FIRE WALLS APPLICABLE TO SUBSIDIARIES OF BANKS.

''(a) LIMITING THE EQUITY INVESTMENT OF A BANK IN A SUBSIDIARY.—

''(1) CAPITAL DEDUCTION.—In determining whether an insured bank complies with applicable regulatory capital standards, the appropriate Federal banking agency shall deduct from assets and tangible equity of the bank the aggregate amount of the outstanding equity investments of the bank in the financial subsidiaries of the bank, and the assets and liabilities of such financial subsidiaries shall not be consolidated with those of the bank.

''(2) INVESTMENT LIMITATION.—An insured bank may not, without the prior approval of the appropriate Federal banking agency, purchase or make an investment in the equity securities of a financial subsidiary that would, at the time of such purchase or investment, exceed the amount that the bank could pay as a dividend without obtaining prior regulatory approval.

''(b) OPERATIONAL AND FINANCIAL SAFEGUARDS FOR THE BANK.—An insured bank that has a financial subsidiary shall maintain procedures for identifying and managing financial and operational risks posed by the financial subsidiary.

''(c) MAINTENANCE OF SEPARATE CORPORATE IDENTITY AND SEPARATE LEGAL STATUS.—

''(1) IN GENERAL.—Each insured bank shall ensure that the bank maintains and complies with reasonable policies and procedures to preserve the separate corporate identity and legal status of the bank and any financial subsidiary or affiliate of the bank.

''(2) EXAMINATIONS.—The appropriate Federal banking agency, as part of each examination, shall review whether an insured bank is observing the separate corporate identity and separate legal status of any subsidiaries and affiliates of the bank.

''(d) FINANCIAL SUBSIDIARY DEFINED.—For purposes of this section, the term 'financial subsidiary' has the same meaning as section 5136A(c) of the Revised Statutes of the United States.

''(e) REGULATIONS.—The appropriate Federal banking agencies shall jointly prescribe regulations implementing this section.''.

(c) LIMITING THE CREDIT EXPOSURE OF A BANK TO A FINANCIAL SUBSIDIARY TO THE AMOUNT OF PERMISSIBLE CREDIT EXPOSURE TO AN AFFILIATE.—Section 23A of the Federal Reserve Act (12 U.S.C. 371c) is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d), the following new subsection:

''(e) RULES RELATING TO BANKS WITH FINANCIAL SUBSIDIARIES.—

''(1) FINANCIAL SUBSIDIARY DEFINED.—For purposes of this section and section 23B, the term 'financial subsidiary' has the same meaning as section 5136A(c) of the Revised Statutes of the United States.

''(2) APPLICATION TO TRANSACTIONS BETWEEN A FINANCIAL SUBSIDIARY OF A BANK AND THE BANK.—For purposes of applying this section and section 23B to a transaction between a financial subsidiary of a bank and the bank (or between such financial subsidiary and any other subsidiary of the bank that is not a financial subsidiary), and notwithstanding subsection (b)(2) of this section and section 23B(d)(1)—

''(A) the financial subsidiary of the bank—

''(i) shall be an affiliate of the bank and of any other subsidiary of the bank that is not a financial subsidiary; and

''(ii) shall not be deemed a subsidiary of the bank; and

''(B) a purchase of or investment in equity securities issued by the financial subsidiary shall not be deemed to be a covered transaction.

''(3) APPLICATION TO TRANSACTIONS BETWEEN FINANCIAL SUBSIDIARY AND NONBANK AFFILIATES.—

''(A) IN GENERAL.—A transaction between a financial subsidiary and an affiliate of the financial subsidiary (that is not a subsidiary of a bank) shall not be deemed to be a transaction between a subsidiary of a bank and an affiliate of the bank for purposes of section 23A or section 23B of this Act.

''(B) CERTAIN AFFILIATES EXCLUDED.—For purposes of this paragraph and notwithstanding paragraph (4), the term 'affiliate' shall not include a bank, or a subsidiary of a bank that is engaged exclusively in activities permissible for a national bank to engage in directly or activities referred to in section 5136A(a)(1)(B) of the Revised Statutes of the United States.''.

SEC. 124. FUNCTIONAL REGULATION.

(a) PURPOSE.—The purpose of this section is to ensure that—

(1) securities activities conducted in a subsidiary of a bank are functionally regulated by the Securities and Exchange Commission to the same extent as if they were conducted in a nonbank subsidiary of a financial holding company; and

(2) insurance agency and brokerage activities conducted in a subsidiary of a bank are functionally regulated by a State insurance authority to the same extent as if they were conducted in a nonbank subsidiary of a financial holding company.

(b) FUNCTIONAL REGULATION OF FINANCIAL SUBSIDIARIES.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 46. FUNCTIONAL REGULATION OF SECURITIES AND INSURANCE AGENCY SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS.

''(a) BROKER OR DEALER SUBSIDIARY.—A broker or dealer that is a subsidiary of an insured depository institution shall be subject to regulation under the Securities Exchange Act of 1934, in the same manner and to the same extent as a broker or dealer that—

''(1) is controlled by the same bank holding company as controls the insured depository institution; and

''(2) is not an insured depository institution or a subsidiary of an insured depository institution.

''(b) INSURANCE AGENCY SUBSIDIARY.—An insurance agency or brokerage that is a subsidiary of an insured depository institution shall be subject to regulation by a State insurance authority in the same manner and to the same extent as an insurance agency or brokerage that—

''(1) is controlled by the same bank holding company as controls the insured depository institution; and

''(2) is not an insured depository institution or a subsidiary of an insured depository institution.

''(c) DEFINITIONS.—For purposes of this section, the terms 'broker' and 'dealer' have the same meanings as in section 3 of the Securities Exchange Act of 1934.''.

SEC. 125. MISREPRESENTATIONS REGARDING DEPOSITORY INSTITUTION LIABILITY FOR OBLIGATIONS OF AFFILIATES.

(a) IN GENERAL.—Chapter 47 of title 18, United States Code, is amended by inserting after section 1007 the following new section:

''§ 1008. Misrepresentations regarding financial institution liability for obligations of affiliates

''(a) IN GENERAL.—No institution-affiliated party of an insured depository institution or institution-affiliated party of a subsidiary or affiliate of an insured depository institution shall fraudulently represent that the institution is or will be liable for any obligation of a subsidiary or other affiliate of the institution.

''(b) CRIMINAL PENALTY.—Whoever violates subsection (a) shall be fined under title, imprisoned for not more than 1 year, or both.

''(c) INSTITUTION-AFFILIATED PARTY DEFINED.—For purposes of this section, the term 'institution-affiliated party' with respect to a subsidiary or affiliate has the same meaning as in section 3 of the Federal Deposit Insurance Act, except that references to an insured depository institution shall be deemed to be references to a subsidiary or affiliate of an insured depository institution.

''(d) OTHER DEFINITIONS.—For purposes of this section, the terms 'affiliate', 'insured depository institution', and 'subsidiary' have same meanings as in section 3 of the Federal Deposit Insurance Act.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 47 of title 18, United States Code, is amended by inserting after the item relating to section 1007 the following new item:

''1008. Misrepresentations regarding financial institution liability for obligations of affiliates.''.

SEC. 126. REPEAL OF STOCK LOAN LIMIT IN FEDERAL RESERVE ACT.

Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by striking the paragraph designated as ''(m)'' and inserting ''(m) [Repealed]''.

Subtitle D—Wholesale Financial Holding Companies; Wholesale Financial Institutions

CHAPTER 1—WHOLESALE FINANCIAL HOLDING COMPANIES

SEC. 131. WHOLESALE FINANCIAL HOLDING COMPANIES ESTABLISHED.

(a) DEFINITION AND SUPERVISION.—Section 10 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended to read as follows:

''SEC. 10. WHOLESALE FINANCIAL HOLDING COMPANIES.

''(a) COMPANIES THAT CONTROL WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) WHOLESALE FINANCIAL HOLDING COMPANY DEFINED.—The term 'wholesale financial holding company' means any company that—

''(A) is registered as a bank holding company;

''(B) is predominantly engaged in financial activities as defined in section 6(g)(2);

''(C) controls 1 or more wholesale financial institutions;

''(D) does not control—

''(i) a bank other than a wholesale financial institution;

''(ii) an insured bank other than an institution permitted under subparagraph (D), (F), or (G) of section 2(c)(2); or

''(iii) a savings association; and

''(E) is not a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978).

''(2) SAVINGS ASSOCIATION TRANSITION PERIOD.—Notwithstanding paragraph (1)(D)(iii), the Board may permit a company that controls a savings association and that otherwise meets the requirements of paragraph (1) to become supervised under paragraph (1), if the company divests control of any such savings association within such period, not to exceed 5 years after becoming supervised under paragraph (1), as permitted by the Board.

''(b) SUPERVISION BY THE BOARD.—

''(1) IN GENERAL.—The provisions of this section shall govern the reporting, examination, and capital requirements of wholesale financial holding companies.

''(2) REPORTS.—

''(A) IN GENERAL.—The Board from time to time may require any wholesale financial holding company and any subsidiary of such company to submit reports under oath to keep the Board informed as to—

''(i) the company's or subsidiary's activities, financial condition, policies, systems

for monitoring and controlling financial and operational risks, and transactions with depository institution subsidiaries of the holding company; and

''(ii) the extent to which the company or subsidiary has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Board shall, to the fullest extent possible, accept reports in fulfillment of the Board's reporting requirements under this paragraph that the wholesale financial holding company or any subsidiary of such company has provided or been required to provide to other Federal and State supervisors or to appropriate self-regulatory organizations.

''(ii) AVAILABILITY.—A wholesale financial holding company or a subsidiary of such company shall provide to the Board, at the request of the Board, a report referred to in clause (i).

''(C) EXEMPTIONS FROM REPORTING REQUIREMENTS.—

''(i) IN GENERAL.—The Board may, by regulation or order, exempt any company or class of companies, under such terms and conditions and for such periods as the Board shall provide in such regulation or order, from the provisions of this paragraph and any regulation prescribed under this paragraph.

''(ii) CRITERIA FOR CONSIDERATION.—In making any determination under clause (i) with regard to any exemption under such clause, the Board shall consider, among such other factors as the Board may determine to be appropriate, the following factors:

''(I) Whether information of the type required under this paragraph is available from a supervisory agency (as defined in section 1101(7) of the Right to Financial Privacy Act of 1978) or a foreign regulatory authority of a similar type.

''(II) The primary business of the company.

''(III) The nature and extent of the domestic and foreign regulation of the activities of the company.

''(3) EXAMINATIONS.—

''(A) LIMITED USE OF EXAMINATION AUTHORITY.—The Board may make examinations of each wholesale financial holding company and each subsidiary of such company in order to—

''(i) inform the Board regarding the nature of the operations and financial condition of the wholesale financial holding company and its subsidiaries;

''(ii) inform the Board regarding—

''(I) the financial and operational risks within the wholesale financial holding company system that may affect any depository institution owned by such holding company; and

''(II) the systems of the holding company and its subsidiaries for monitoring and controlling those risks; and

''(iii) monitor compliance with the provisions of this Act and those governing transactions and relationships between any depository institution controlled by the wholesale financial holding company and any of the company's other subsidiaries.

''(B) RESTRICTED FOCUS OF EXAMINATIONS.—The Board shall, to the fullest extent possible, limit the focus and scope of any examination of a wholesale financial holding company under this paragraph to—

''(i) the holding company; and

''(ii) any subsidiary (other than an insured depository institution subsidiary) of the holding company that, because of the size, condition, or activities of the subsidiary, the nature or size of transactions between such subsidiary and any affiliated depository institution, or the centralization of functions within the holding company system, could have a materially adverse effect on the safety and soundness of any depository institution affiliate of the holding company.

''(C) DEFERENCE TO BANK EXAMINATIONS.—The Board shall, to the fullest extent possible, use the reports of examination of depository institutions made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision or the appropriate State depository institution supervisory authority for the purposes of this section.

''(D) DEFERENCE TO OTHER EXAMINATIONS.—The Board shall, to the fullest extent possible, address the circumstances which might otherwise permit or require an examination by the Board by forgoing an examination and by instead reviewing the reports of examination made of—

''(i) any registered broker or dealer or any registered investment adviser by or on behalf of the Commission; and

''(ii) any licensed insurance company by or on behalf of any State government insurance agency responsible for the supervision of the insurance company.

''(E) CONFIDENTIALITY OF REPORTED INFORMATION.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, the Board shall not be compelled to disclose any nonpublic information required to be reported under this paragraph, or any information supplied to the Board by any domestic or foreign regulatory agency, that relates to the financial or operational condition of any wholesale financial holding company or any subsidiary of such company.

''(ii) COMPLIANCE WITH REQUESTS FOR INFORMATION.—No provision of this subparagraph shall be construed as authorizing the Board to withhold information from the Congress, or preventing the Board from complying with a request for information from any other Federal department or agency for purposes within the scope of such department's or agency's jurisdiction, or from complying with any order of a court of competent jurisdiction in an action brought by the United States or the Board.

''(iii) COORDINATION WITH OTHER LAW.—For purposes of section 552 of title 5, United States Code, this subparagraph shall be considered to be a statute described in subsection (b)(3)(B) of such section.

''(iv) DESIGNATION OF CONFIDENTIAL INFORMATION.—In prescribing regulations to carry out the requirements of this subsection, the Board shall designate information described in or obtained pursuant to this paragraph as confidential information.

''(F) COSTS.—The cost of any examination conducted by the Board under this section may be assessed against, and made payable by, the wholesale financial holding company.

''(4) CAPITAL ADEQUACY GUIDELINES.—

''(A) CAPITAL ADEQUACY PROVISIONS.—Subject to the requirements of, and solely in accordance with, the terms of this paragraph, the Board may adopt capital adequacy rules or guidelines for wholesale financial holding companies.

''(B) METHOD OF CALCULATION.—In developing rules or guidelines under this paragraph, the following provisions shall apply:

''(i) FOCUS ON DOUBLE LEVERAGE.—The Board shall focus on the use by wholesale financial holding companies of debt and other liabilities to fund capital investments in subsidiaries.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Board shall not, by regulation, guideline, order, or otherwise, impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that—

''(I) is not a depository institution; and

''(II) is in compliance with applicable capital requirements of another Federal regulatory authority (including the Securities and Exchange Commission) or State insurance authority.

''(iv) CERTAIN SUBSIDIARIES.—The Board shall not, by regulation, guideline, order or otherwise, prescribe or impose any capital or capital adequacy rules, standards, guidelines, or requirements upon any subsidiary that is not a depository institution and that is registered as an investment adviser under the Investment Advisers Act of 1940, except that this clause shall not be construed as preventing the Board from imposing capital or capital adequacy rules, guidelines, standards, or requirements with respect to activities of a registered investment adviser other than investment advisory activities or activities incidental to investment advisory activities.

''(v) LIMITATIONS ON INDIRECT ACTION.—In developing, establishing, or assessing holding company capital or capital adequacy rules, guidelines, standards, or requirements for purposes of this paragraph, the Board shall not take into account the activities, operations, or investments of an affiliated investment company registered under the Investment Company Act of 1940, if the investment company is not—

''(I) a bank holding company; or

''(II) controlled by a bank holding company by reason of ownership by the bank holding company (including through all of its affiliates) of 25 percent or more of the shares of the investment company, where the shares owned by the bank holding company have a market value equal to more than $1,000,000.

''(vi) APPROPRIATE EXCLUSIONS.—The Board shall take full account of—

''(I) the capital requirements made applicable to any subsidiary that is not a depository institution by another Federal regulatory authority or State insurance authority; and

''(II) industry norms for capitalization of a company's unregulated subsidiaries and activities.

''(vii) INTERNAL RISK MANAGEMENT MODELS.—The Board may incorporate internal risk management models of wholesale financial holding companies into its capital adequacy guidelines or rules and may take account of the extent to which resources of a subsidiary depository institution may be used to service the debt or other liabilities of the wholesale financial holding company.

''(c) NONFINANCIAL ACTIVITIES AND INVESTMENTS.—

''(1) GRANDFATHERED ACTIVITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a company that becomes a wholesale financial holding company may continue to engage, directly or indirectly, in any activity and may retain ownership and control of shares of a company engaged in any activity if—

''(i) on the date of enactment of the Financial Services Act of 1999, such wholesale financial holding company was lawfully engaged in that nonfinancial activity, held the

shares of such company, or had entered into a contract to acquire shares of any company engaged in such activity; and

''(ii) the company engaged in such activity continues to engage only in the same activities that such company conducted on the date of enactment of the Financial Services Act of 1999, and other activities permissible under this Act.

''(B) NO EXPANSION OF GRANDFATHERED COMMERCIAL ACTIVITIES THROUGH MERGER OR CONSOLIDATION.—A wholesale financial holding company that engages in activities or holds shares pursuant to this paragraph, or a subsidiary of such wholesale financial holding company, may not acquire, in any merger, consolidation, or other type of business combination, assets of any other company which is engaged in any activity which the Board has not determined to be financial in nature or incidental to activities that are financial in nature under section 6(c).

''(C) LIMITATION TO SINGLE EXEMPTION.—No company that engages in any activity or controls any shares under subsection (f) of section 6 may engage in any activity or own any shares pursuant to this paragraph.

''(2) COMMODITIES.—

''(A) IN GENERAL.—Notwithstanding section 4(a), a wholesale financial holding company which was predominately engaged as of January 1, 1997, in financial activities in the United States (or any successor to any such company) may engage in, or directly or indirectly own or control shares of a company engaged in, activities related to the trading, sale, or investment in commodities and underlying physical properties that were not permissible for bank holding companies to conduct in the United States as of January 1, 1997, if such wholesale financial holding company, or any subsidiary of such holding company, was engaged directly, indirectly, or through any such company in any of such activities as of January 1, 1997, in the United States.

''(B) LIMITATION.—The attributed aggregate consolidated assets of a wholesale financial holding company held under the authority granted under this paragraph and not otherwise permitted to be held by all wholesale financial holding companies under this section may not exceed 5 percent of the total consolidated assets of the wholesale financial holding company, except that the Board may increase such percentage of total consolidated assets by such amounts and under such circumstances as the Board considers appropriate, consistent with the purposes of this Act.

''(3) CROSS MARKETING RESTRICTIONS.—A wholesale financial holding company shall not permit—

''(A) any company whose shares it owns or controls pursuant to paragraph (1) or (2) to offer or market any product or service of an affiliated wholesale financial institution; or

''(B) any affiliated wholesale financial institution to offer or market any product or service of any company whose shares are owned or controlled by such wholesale financial holding company pursuant to such paragraphs.

''(d) QUALIFICATION OF FOREIGN BANK AS WHOLESALE FINANCIAL HOLDING COMPANY.—

''(1) IN GENERAL.—Any foreign bank, or any company that owns or controls a foreign bank, that operates a branch, agency, or commercial lending company in the United States, including a foreign bank or company that owns or controls a wholesale financial institution, may request a determination from the Board that such bank or company be treated as a wholesale financial holding company (other than for purposes of subsection (c)), subject to such conditions as the Board deems appropriate, giving due regard to the principle of national treatment and equality of competitive opportunity and the requirements imposed on domestic banks and companies.

''(2) CONDITIONS FOR TREATMENT AS A WHOLESALE FINANCIAL HOLDING COMPANY.—A foreign bank and a company that owns or controls a foreign bank may not be treated as a wholesale financial holding company unless the bank and company meet and continue to meet the following criteria:

''(A) NO INSURED DEPOSITS.—No deposits held directly by a foreign bank or through an affiliate (other than an institution described in subparagraph (D) or (F) of section 2(c)(2)) are insured under the Federal Deposit Insurance Act.

''(B) CAPITAL STANDARDS.—The foreign bank meets risk-based capital standards comparable to the capital standards required for a wholesale financial institution, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(C) TRANSACTION WITH AFFILIATES.—Transactions between a branch, agency, or commercial lending company subsidiary of the foreign bank in the United States, and any securities affiliate or company in which the foreign bank (or any company that owns or controls such foreign bank) has invested and which engages in any activity authorized only as a result of the application of subsection (c) or (g) of section 6, comply with the provisions of sections 23A and 23B of the Federal Reserve Act in the same manner and to the same extent as such transactions would be required to comply with such sections if the foreign bank were a member bank.

''(3) TREATMENT AS A WHOLESALE FINANCIAL INSTITUTION.—Any foreign bank which is, or is affiliated with a company which is, treated as a wholesale financial holding company under this subsection shall be treated as a wholesale financial institution for purposes of paragraphs (1)(C) and (3) of section 9B(c) of the Federal Reserve Act, and any such foreign bank or company shall be subject to paragraphs (3), (4), and (5) of section 9B(d) of the Federal Reserve Act, except that the Board may adopt such modifications, conditions, or exemptions as the Board deems appropriate, giving due regard to the principle of national treatment and equality of competitive opportunity.

''(4) SUPERVISION OF FOREIGN BANK WHICH MAINTAINS NO BANKING PRESENCE OTHER THAN CONTROL OF A WHOLESALE FINANCIAL INSTITUTION.—A foreign bank that owns or controls a wholesale financial institution but does not operate a branch, agency, or commercial lending company in the United States (and any company that owns or controls such foreign bank) may request a determination from the Board that such bank or company be treated as a wholesale financial holding company, except that such bank or company shall be subject to the restrictions of paragraphs (2)(A) and (3) of this subsection.

''(5) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the authority of the Board under the International Banking Act of 1978 with respect to the regulation, supervision, or examination of foreign banks and their offices and affiliates in the United States.''.

(b) UNINSURED STATE BANKS.—Section 9 of the Federal Reserve Act (12 U.S.C. 321 et seq.) is amended by adding at the end the following new paragraph:

''(24) ENFORCEMENT AUTHORITY OVER UNINSURED STATE MEMBER BANKS.—Section 3(u) of the Federal Deposit Insurance Act, subsections (j) and (k) of section 7 of such Act, and subsections (b) through (n), (s), (u), and (v) of section 8 of such Act shall apply to an uninsured State member bank in the same manner and to the same extent such provisions apply to an insured State member bank and any reference in any such provision to 'insured depository institution' shall be deemed to be a reference to 'uninsured State member bank' for purposes of this paragraph.''.

SEC. 132. AUTHORIZATION TO RELEASE REPORTS.

(a) FEDERAL RESERVE ACT.—The last sentence of the eighth undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 326) is amended to read as follows: ''The Board of Governors of the Federal Reserve System, at its discretion, may furnish reports of examination or other confidential supervisory information concerning State member banks or any other entities examined under any other authority of the Board to any Federal or State authorities with supervisory or regulatory authority over the examined entity, to officers, directors, or receivers of the examined entity, and to any other person that the Board determines to be proper.''.

(b) COMMODITY FUTURES TRADING COMMISSION.—The Right to Financial Privacy Act of 1978 (12 U.S.C. 3401 et seq.) is amended—

(1) in section 1101(7) (12 U.S.C. 3401(7))—

(A) by redesignating subparagraphs (G) and (H) as subparagraphs (H) and (I), respectively; and

(B) by inserting after subparagraph (F) the following new subparagraph:

''(G) the Commodity Futures Trading Commission; or''; and

(2) in section 1112(e) (12 U.S.C. 3412(e)), by striking ''and the Securities and Exchange Commission'' and inserting '', the Securities and Exchange Commission, and the Commodity Futures Trading Commission''.

SEC. 133. CONFORMING AMENDMENTS.

(a) BANK HOLDING COMPANY ACT OF 1956.—

(1) DEFINITIONS.—Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) is amended by adding at the end the following new subsections:

''(p) WHOLESALE FINANCIAL INSTITUTION.—The term 'wholesale financial institution' means a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(q) COMMISSION.—The term 'Commission' means the Securities and Exchange Commission.

''(r) DEPOSITORY INSTITUTION.—The term 'depository institution'—

''(1) has the same meaning as in section 3 of the Federal Deposit Insurance Act; and

''(2) includes a wholesale financial institution.''.

(2) DEFINITION OF BANK INCLUDES WHOLESALE FINANCIAL INSTITUTION.—Section 2(c)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c)(1)) is amended by adding at the end the following new subparagraph:

''(C) A wholesale financial institution.''.

(3) INCORPORATED DEFINITIONS.—Section 2(n) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(n)) is amended by inserting '' 'insured bank','' after '' 'in danger of default',''.

(4) EXCEPTION TO DEPOSIT INSURANCE REQUIREMENT.—Section 3(e) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(e)) is amended by adding at the end the following: ''This subsection shall not apply to a wholesale financial institution.''.

(b) FEDERAL DEPOSIT INSURANCE ACT.—Section 3(q)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)(2)(A)) is amended to read as follows:

''(A) any State member insured bank (except a District bank) and any wholesale financial institution as authorized pursuant to section 9B of the Federal Reserve Act;''.

CHAPTER 2—WHOLESALE FINANCIAL INSTITUTIONS

SEC. 136. WHOLESALE FINANCIAL INSTITUTIONS.

(a) NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended by inserting after section 5136A (as added by section 121(a) of this title) the following new section:

''SEC. 5136B. NATIONAL WHOLESALE FINANCIAL INSTITUTIONS.

''(a) AUTHORIZATION OF THE COMPTROLLER REQUIRED.—A national bank may apply to the Comptroller on such forms and in accordance with such regulations as the Comptroller may prescribe, for permission to operate as a national wholesale financial institution.

''(b) REGULATION.—A national wholesale financial institution may exercise, in accordance with such institution's articles of incorporation and regulations issued by the Comptroller, all the powers and privileges of a national bank formed in accordance with section 5133 of the Revised Statutes of the United States, subject to section 9B of the Federal Reserve Act and the limitations and restrictions contained therein.

''(c) COMMUNITY REINVESTMENT ACT OF 1977.—A national wholesale financial institution shall be subject to the Community Reinvestment Act of 1977, only if the wholesale financial institution has an affiliate that is an insured depository institution or that operates an insured branch, as those terms are defined in section 3 of the Federal Deposit Insurance Act.''.

(2) CLERICAL AMENDMENT.—The table of sections for chapter one of title LXII of the Revised Statutes of the United States is amended by inserting after the item relating to section 5136A (as added by section 121(d) of this title) the following new item:

''5136B. National wholesale financial institutions.''.

(b) STATE WHOLESALE FINANCIAL INSTITUTIONS.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 9A the following new section:

''SEC. 9B. WHOLESALE FINANCIAL INSTITUTIONS.

''(a) APPLICATION FOR MEMBERSHIP AS WHOLESALE FINANCIAL INSTITUTION.—

''(1) APPLICATION REQUIRED.—

''(A) IN GENERAL.—Any bank may apply to the Board of Governors of the Federal Reserve System to become a wholesale financial institution and, as a wholesale financial institution, to subscribe to the stock of the Federal reserve bank organized within the district where the applying bank is located.

''(B) TREATMENT AS MEMBER BANK.—Any application under subparagraph (A) shall be treated as an application under, and shall be subject to the provisions of, section 9.

''(2) INSURANCE TERMINATION.—No bank the deposits of which are insured under the Federal Deposit Insurance Act may become a wholesale financial institution unless it has met all requirements under that Act for voluntary termination of deposit insurance.

''(b) GENERAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) FEDERAL RESERVE ACT.—Except as otherwise provided in this section, wholesale financial institutions shall be member banks and shall be subject to the provisions of this Act that apply to member banks to the same extent and in the same manner as State member insured banks, except that a wholesale financial institution may terminate membership under this Act only with the prior written approval of the Board and on terms and conditions that the Board determines are appropriate to carry out the purposes of this Act.

''(2) PROMPT CORRECTIVE ACTION.—A wholesale financial institution shall be deemed to be an insured depository institution for purposes of section 38 of the Federal Deposit Insurance Act except that—

''(A) the relevant capital levels and capital measures for each capital category shall be the levels specified by the Board for wholesale financial institutions; and

''(B) all references to the appropriate Federal banking agency or to the Corporation in that section shall be deemed to be references to the Board.

''(3) ENFORCEMENT AUTHORITY.—Subsections (j) and (k) of section 7, subsections (b) through (n), (s), and (v) of section 8, and section 19 of the Federal Deposit Insurance Act shall apply to a wholesale financial institution in the same manner and to the same extent as such provisions apply to State member insured banks and any reference in such sections to an insured depository institution shall be deemed to include a reference to a wholesale financial institution.

''(4) CERTAIN OTHER STATUTES APPLICABLE.—A wholesale financial institution shall be deemed to be a banking institution, and the Board shall be the appropriate Federal banking agency for such bank and all such bank's affiliates, for purposes of the International Lending Supervision Act.

''(5) BANK MERGER ACT.—A wholesale financial institution shall be subject to sections 18(c) and 44 of the Federal Deposit Insurance Act in the same manner and to the same extent the wholesale financial institution would be subject to such sections if the institution were a State member insured bank.

''(6) BRANCHING.—Notwithstanding any other provision of law, a wholesale financial institution may establish and operate a branch at any location on such terms and conditions as established by the Board and, in the case of a State-chartered wholesale financial institution, with the approval of the Board, and, in the case of a national bank wholesale financial institution, with the approval of the Comptroller of the Currency.

''(7) ACTIVITIES OF OUT-OF-STATE BRANCHES OF WHOLESALE FINANCIAL INSTITUTIONS.—

''(A) GENERAL.—A State-chartered wholesale financial institution shall be deemed to be a State bank and an insured State bank for purposes of paragraphs (1), (2), and (3) of section 24(j) of the Federal Deposit Insurance Act, and a national wholesale financial institution shall be deemed to be a national bank for purposes of section 5155(f) of the Revised Statutes of the United States.

''(B) DEFINITIONS.—The following definitions shall apply solely for purposes of applying paragraph (1):

''(i) HOME STATE.—The term 'home State' means—

''(I) with respect to a national wholesale financial institution, the State in which the main office of the institution is located; and

''(II) with respect to a State-chartered wholesale financial institution, the State by which the institution is chartered.

''(ii) HOST STATE.—The term 'host State' means a State, other than the home State of the wholesale financial institution, in which the institution maintains, or seeks to establish and maintain, a branch.

''(iii) OUT-OF-STATE BANK.—The term 'out-of-State bank' means, with respect to any State, a wholesale financial institution whose home State is another State.

''(8) DISCRIMINATION REGARDING INTEREST RATES.—Section 27 of the Federal Deposit Insurance Act shall apply to State-chartered wholesale financial institutions in the same manner and to the same extent as such provisions apply to State member insured banks and any reference in such section to a State-chartered insured depository institution shall be deemed to include a reference to a State-chartered wholesale financial institution.

''(9) PREEMPTION OF STATE LAWS REQUIRING DEPOSIT INSURANCE FOR WHOLESALE FINANCIAL INSTITUTIONS.—The appropriate State banking authority may grant a charter to a wholesale financial institution notwithstanding any State constitution or statute requiring that the institution obtain insurance of its deposits and any such State constitution or statute is hereby preempted solely for purposes of this paragraph.

''(10) PARITY FOR WHOLESALE FINANCIAL INSTITUTIONS.—A State bank that is a wholesale financial institution under this section shall have all of the rights, powers, privileges, and immunities (including those derived from status as a federally chartered institution) of and as if it were a national bank, subject to such terms and conditions as established by the Board.

''(11) COMMUNITY REINVESTMENT ACT OF 1977.—A State wholesale financial institution shall be subject to the Community Reinvestment Act of 1977, only if the wholesale financial institution has an affiliate that is an insured depository institution or that operates an insured branch, as those terms are defined in section 3 of the Federal Deposit Insurance Act.

''(c) SPECIFIC REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) LIMITATIONS ON DEPOSITS.—

''(A) MINIMUM AMOUNT.—

''(i) IN GENERAL.—No wholesale financial institution may receive initial deposits of $100,000 or less, other than on an incidental and occasional basis.

''(ii) LIMITATION ON DEPOSITS OF LESS THAN $100,000.—No wholesale financial institution may receive initial deposits of $100,000 or less if such deposits constitute more than 5 percent of the institution's total deposits.

''(B) NO DEPOSIT INSURANCE.—Except as otherwise provided in section 8A(f) of the Federal Deposit Insurance Act, no deposits held by a wholesale financial institution shall be insured deposits under the Federal Deposit Insurance Act.

''(C) ADVERTISING AND DISCLOSURE.—The Board shall prescribe regulations pertaining to advertising and disclosure by wholesale financial institutions to ensure that each depositor is notified that deposits at the wholesale financial institution are not federally insured or otherwise guaranteed by the United States Government.

''(2) MINIMUM CAPITAL LEVELS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—The Board shall, by regulation, adopt capital requirements for wholesale financial institutions—

''(A) to account for the status of wholesale financial institutions as institutions that accept deposits that are not insured under the Federal Deposit Insurance Act; and

''(B) to provide for the safe and sound operation of the wholesale financial institution

without undue risk to creditors or other persons, including Federal reserve banks, engaged in transactions with the bank.

''(3) ADDITIONAL REQUIREMENTS APPLICABLE TO WHOLESALE FINANCIAL INSTITUTIONS.—In addition to any requirement otherwise applicable to State member insured banks or applicable, under this section, to wholesale financial institutions, the Board may impose, by regulation or order, upon wholesale financial institutions—

''(A) limitations on transactions, direct or indirect, with affiliates to prevent—

''(i) the transfer of risk to the deposit insurance funds; or

''(ii) an affiliate from gaining access to, or the benefits of, credit from a Federal reserve bank, including overdrafts at a Federal reserve bank;

''(B) special clearing balance requirements; and

''(C) any additional requirements that the Board determines to be appropriate or necessary to—

''(i) promote the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(ii) prevent the transfer of risk to the deposit insurance funds; or

''(iii) protect creditors and other persons, including Federal reserve banks, engaged in transactions with the wholesale financial institution.

''(4) EXEMPTIONS FOR WHOLESALE FINANCIAL INSTITUTIONS.—The Board may, by regulation or order, exempt any wholesale financial institution from any provision applicable to a member bank that is not a wholesale financial institution, if the Board finds that such exemption is not inconsistent with—

''(A) the promotion of the safety and soundness of the wholesale financial institution or any insured depository institution affiliate of the wholesale financial institution;

''(B) the protection of the deposit insurance funds; and

''(C) the protection of creditors and other persons, including Federal reserve banks, engaged in transactions with the wholesale financial institution.

''(5) LIMITATION ON TRANSACTIONS BETWEEN A WHOLESALE FINANCIAL INSTITUTION AND AN INSURED BANK.—For purposes of section 23A(d)(1) of the Federal Reserve Act, a wholesale financial institution that is affiliated with an insured bank shall not be a bank.

''(6) NO EFFECT ON OTHER PROVISIONS.—This section shall not be construed as limiting the Board's authority over member banks under any other provision of law, or to create any obligation for any Federal reserve bank to make, increase, renew, or extend any advance or discount under this Act to any member bank or other depository institution.

''(d) CAPITAL AND MANAGERIAL REQUIREMENTS.—

''(1) IN GENERAL.—A wholesale financial institution shall be well capitalized and well managed.

''(2) NOTICE TO COMPANY.—The Board shall promptly provide notice to a company that controls a wholesale financial institution whenever such wholesale financial institution is not well capitalized or well managed.

''(3) AGREEMENT TO RESTORE INSTITUTION.—Not later than 45 days after the date of receipt of a notice under paragraph (2) (or such additional period not to exceed 90 days as the Board may permit), the company shall execute an agreement acceptable to the Board to restore the wholesale financial institution to compliance with all of the requirements of paragraph (1).

''(4) LIMITATIONS UNTIL INSTITUTION RESTORED.—Until the wholesale financial institution is restored to compliance with all of the requirements of paragraph (1), the Board may impose such limitations on the conduct or activities of the company or any affiliate of the company as the Board determines to be appropriate under the circumstances.

''(5) FAILURE TO RESTORE.—If the company does not execute and implement an agreement in accordance with paragraph (3), comply with any limitation imposed under paragraph (4), restore the wholesale financial institution to well capitalized status not later than 180 days after the date of receipt by the company of the notice described in paragraph (2), or restore the wholesale financial institution to well managed status within such period as the Board may permit, the company shall, under such terms and conditions as may be imposed by the Board and subject to such extension of time as may be granted in the Board's discretion, divest control of its subsidiary depository institutions.

''(6) WELL MANAGED DEFINED.—For purposes of this subsection, the term 'well managed' has the same meaning as in section 2 of the Bank Holding Company Act of 1956.

''(e) RESOLUTION OF WHOLESALE FINANCIAL INSTITUTIONS.—

''(1) CONSERVATORSHIP OR RECEIVERSHIP.—

''(A) APPOINTMENT.—The Board may appoint a conservator or receiver for a wholesale financial institution to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator or receiver for a national bank.

''(B) POWERS.—The conservator or receiver for a wholesale financial institution shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

''(2) BOARD AUTHORITY.—The Board shall have the same authority with respect to any conservator or receiver appointed for a wholesale financial institution under paragraph (1), and the wholesale financial institution for which it has been appointed, as the Comptroller of the Currency has with respect to a conservator or receiver for a national bank and the national bank for which the conservator or receiver has been appointed.

''(3) BANKRUPTCY PROCEEDINGS.—The Comptroller of the Currency (in the case of a national wholesale financial institution) and the Board may direct the conservator or receiver of a wholesale financial institution to file a petition pursuant to title 11, United States Code, in which case, title 11, United States Code, shall apply to the wholesale financial institution in lieu of otherwise applicable Federal or State insolvency law.

''(f) EXCLUSIVE JURISDICTION.—Subsections (c) and (e) of section 43 of the Federal Deposit Insurance Act shall not apply to any wholesale financial institution.''.

(c) VOLUNTARY TERMINATION OF INSURED STATUS BY CERTAIN INSTITUTIONS.—

(1) SECTION 8 DESIGNATIONS.—Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. 1818(a)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (10) as paragraphs (1) through (9), respectively.

(2) VOLUNTARY TERMINATION OF INSURED STATUS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by inserting after section 8 the following new section:

''SEC. 8A. VOLUNTARY TERMINATION OF STATUS AS INSURED DEPOSITORY INSTITUTION.

''(a) IN GENERAL.—Except as provided in subsection (b), an insured State bank or a national bank may voluntarily terminate such bank's status as an insured depository institution in accordance with regulations of the Corporation if—

''(1) the bank provides written notice of the bank's intent to terminate such insured status—

''(A) to the Corporation and the Board of Governors of the Federal Reserve System not less than 6 months before the effective date of such termination; and

''(B) to all depositors at such bank, not less than 6 months before the effective date of the termination of such status; and

''(2) either—

''(A) the deposit insurance fund of which such bank is a member equals or exceeds the fund's designated reserve ratio as of the date the bank provides a written notice under paragraph (1) and the Corporation determines that the fund will equal or exceed the applicable designated reserve ratio for the 2 semiannual assessment periods immediately following such date; or

''(B) the Corporation and the Board of Governors of the Federal Reserve System approved the termination of the bank's insured status and the bank pays an exit fee in accordance with subsection (e).

''(b) EXCEPTION.—Subsection (a) shall not apply with respect to—

''(1) an insured savings association; or

''(2) an insured branch that is required to be insured under subsection (a) or (b) of section 6 of the International Banking Act of 1978.

''(c) ELIGIBILITY FOR INSURANCE TERMINATED.—Any bank that voluntarily elects to terminate the bank's insured status under subsection (a) shall not be eligible for insurance on any deposits or any assistance authorized under this Act after the period specified in subsection (f)(1).

''(d) INSTITUTION MUST BECOME WHOLESALE FINANCIAL INSTITUTION OR TERMINATE DEPOSIT-TAKING ACTIVITIES.—Any depository institution which voluntarily terminates such institution's status as an insured depository institution under this section may not, upon termination of insurance, accept any deposits unless the institution is a wholesale financial institution subject to section 9B of the Federal Reserve Act.

''(e) EXIT FEES.—

''(1) IN GENERAL.—Any bank that voluntarily terminates such bank's status as an insured depository institution under this section shall pay an exit fee in an amount that the Corporation determines is sufficient to account for the institution's pro rata share of the amount (if any) which would be required to restore the relevant deposit insurance fund to the fund's designated reserve ratio as of the date the bank provides a written notice under subsection (a)(1).

''(2) PROCEDURES.—The Corporation shall prescribe, by regulation, procedures for assessing any exit fee under this subsection.

''(f) TEMPORARY INSURANCE OF DEPOSITS INSURED AS OF TERMINATION.—

''(1) TRANSITION PERIOD.—The insured deposits of each depositor in a State bank or a national bank on the effective date of the voluntary termination of the bank's insured status, less all subsequent withdrawals from any deposits of such depositor, shall continue to be insured for a period of not less than 6 months and not more than 2 years, as determined by the Corporation. During such period, no additions to any such deposits,

and no new deposits in the depository institution made after the effective date of such termination shall be insured by the Corporation.

''(2) TEMPORARY ASSESSMENTS; OBLIGATIONS AND DUTIES.—During the period specified in paragraph (1) with respect to any bank, the bank shall continue to pay assessments under section 7 as if the bank were an insured depository institution. The bank shall, in all other respects, be subject to the authority of the Corporation and the duties and obligations of an insured depository institution under this Act during such period, and in the event that the bank is closed due to an inability to meet the demands of the bank's depositors during such period, the Corporation shall have the same powers and rights with respect to such bank as in the case of an insured depository institution.

''(g) ADVERTISEMENTS.—

''(1) IN GENERAL.—A bank that voluntarily terminates the bank's insured status under this section shall not advertise or hold itself out as having insured deposits, except that the bank may advertise the temporary insurance of deposits under subsection (f) if, in connection with any such advertisement, the advertisement also states with equal prominence that additions to deposits and new deposits made after the effective date of the termination are not insured.

''(2) CERTIFICATES OF DEPOSIT, OBLIGATIONS, AND SECURITIES.—Any certificate of deposit or other obligation or security issued by a State bank or a national bank after the effective date of the voluntary termination of the bank's insured status under this section shall be accompanied by a conspicuous, prominently displayed notice that such certificate of deposit or other obligation or security is not insured under this Act.

''(h) NOTICE REQUIREMENTS.—

''(1) NOTICE TO THE CORPORATION.—The notice required under subsection (a)(1)(A) shall be in such form as the Corporation may require.

''(2) NOTICE TO DEPOSITORS.—The notice required under subsection (a)(1)(B) shall be—

''(A) sent to each depositor's last address of record with the bank; and

''(B) in such manner and form as the Corporation finds to be necessary and appropriate for the protection of depositors.''.

(3) DEFINITION.—Section 19(b)(1)(A)(i) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)(i)) is amended by inserting '', or any wholesale financial institution subject to section 9B of this Act'' after ''such Act''.

(d) TECHNICAL AND CONFORMING AMENDMENTS TO THE BANKRUPTCY CODE.—

(1) BANKRUPTCY CODE DEBTORS.—Section 109(b)(2) of title 11, United States Code, is amended by striking ''; or'' and inserting the following: '', except that—

''(A) a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act may be a debtor if a petition is filed at the direction of the Comptroller of the Currency (in the case of a wholesale financial institution established under section 5136B of the Revised Statutes of the United States) or the Board of Governors of the Federal Reserve System (in the case of any wholesale financial institution); and

''(B) a corporation organized under section 25A of the Federal Reserve Act may be a debtor if a petition is filed at the direction of the Board of Governors of the Federal Reserve System; or''.

(2) CHAPTER 7 DEBTORS.—Section 109(d) of title 11, United States Code, is amended to read as follows:

''(d) Only a railroad and a person that may be a debtor under chapter 7 of this title, except that a stockbroker, a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, a corporation organized under section 25A of the Federal Reserve Act, or a commodity broker, may be a debtor under chapter 11 of this title.''.

(3) DEFINITION OF FINANCIAL INSTITUTION.—Section 101(22) of title 11, United States Code, is amended to read as follows:

''(22) 'financial institution' means a person that is a commercial or savings bank, industrial savings bank, savings and loan association, trust company, wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, or corporation organized under section 25A of the Federal Reserve Act and, when any such person is acting as agent or custodian for a customer in connection with a securities contract, as defined in section 741 of this title, such customer,''.

(4) SUBCHAPTER V OF CHAPTER 7.—

(A) IN GENERAL.—Section 103 of title 11, United States Code, is amended—

(i) by redesignating subsections (e) through (i) as subsections (f) through (j), respectively; and

(ii) by inserting after subsection (d) the following:

''(e) Subchapter V of chapter 7 of this title applies only in a case under such chapter concerning the liquidation of a wholesale financial institution established under section 5136B of the Revised Statutes of the United States or section 9B of the Federal Reserve Act, or a corporation organized under section 25A of the Federal Reserve Act.''.

(B) WHOLESALE BANK LIQUIDATION.—Chapter 7 of title 11, United States Code, is amended by adding at the end the following:

''SUBCHAPTER V—WHOLESALE BANK LIQUIDATION

''§ 781. Definitions for subchapter

''In this subchapter—

''(1) the term 'Board' means the Board of Governors of the Federal Reserve System;

''(2) the term 'depository institution' has the same meaning as in section 3 of the Federal Deposit Insurance Act, and includes any wholesale bank;

''(3) the term 'national wholesale financial institution' means a wholesale financial institution established under section 5136B of the Revised Statutes of the United States; and

''(4) the term 'wholesale bank' means a national wholesale financial institution, a wholesale financial institution established under section 9B of the Federal Reserve Act, or a corporation organized under section 25A of the Federal Reserve Act.

''§ 782. Selection of trustee

''Notwithstanding any other provision of this title, the conservator or receiver who files the petition shall be the trustee under this chapter, unless the Comptroller of the Currency (in the case of a national wholesale financial institution for which it appointed the conservator or receiver) or the Board (in the case of any wholesale bank for which it appointed the conservator or receiver) designates an alternative trustee. The Comptroller of the Currency or the Board (as applicable) may designate a successor trustee, if required.

''§ 783. Additional powers of trustee

''(a) The trustee under this subchapter has power, with permission of the court—

''(1) to sell the wholesale bank to a depository institution or consortium of depository institutions (which consortium may agree on the allocation of the wholesale bank among the consortium);

''(2) to merge the wholesale bank with a depository institution;

''(3) to transfer contracts to the same extent as could a receiver for a depository institution under paragraphs (9) and (10) of section 11(e) of the Federal Deposit Insurance Act;

''(4) to transfer assets or liabilities to a depository institution;

''(5) to distribute property not of the estate, including distributions to customers that are mandated by subchapters III and IV of this chapter; or

''(6) to transfer assets and liabilities to a bridge bank as provided in paragraphs (1), (3)(A), (5), (6), and (9) through (13), and subparagraphs (A) through (H) and (K) of paragraph (4) of section 11(n) of the Federal Deposit Insurance Act, except that—

''(A) the bridge bank shall be treated as a wholesale bank for the purpose of this subsection; and

''(B) any references in any such provision of law to the Federal Deposit Insurance Corporation shall be construed to be references to the appointing agency and that references to deposit insurance shall be omitted.

''(b) Any reference in this section to transfers of liabilities includes a ratable transfer of liabilities within a priority class.

''§ 784. Right to be heard

''The Comptroller of the Currency (in the case of a national wholesale financial institution), the Board (in the case of any wholesale bank), or a Federal Reserve bank (in the case of a wholesale bank that is a member of that bank) may raise and may appear and be heard on any issue in a case under this subchapter.

''§ 785. Expedited transfers

''The trustee may make a transfer pursuant to section 783 without prior judicial approval, if the Comptroller of the Currency (in the case of a national wholesale financial institution for which it appointed the conservator or receiver) or the Board (in the case of any wholesale bank for which it appointed the conservator or receiver) determines that the transfer would be necessary to avert serious adverse effects on economic conditions or financial stability.''.

(C) CONFORMING AMENDMENT.—The table of sections for chapter 7 of title 11, United States Code, is amended by adding at the end the following:

''781. Definitions for subchapter.
''782. Selection of trustee.
''783. Additional powers of trustee.
''784. Right to be heard.
''785. Expedited transfers.''.

(e) RESOLUTION OF EDGE CORPORATIONS.—Section 25A(16) of the Federal Reserve Act (12 U.S.C. 624(16)) is amended to read as follows:

''(16) APPOINTMENT OF RECEIVER OR CONSERVATOR.—

''(A) IN GENERAL.—The Board may appoint a conservator or receiver for a corporation organized under the provisions of this section to the same extent and in the same manner as the Comptroller of the Currency may appoint a conservator or receiver for a national bank, and the conservator or receiver for such corporation shall exercise the same powers, functions, and duties, subject to the same limitations, as a conservator or receiver for a national bank.

''(B) EQUIVALENT AUTHORITY.—The Board shall have the same authority with respect

to any conservator or receiver appointed for a corporation organized under the provisions of this section under this paragraph and any such corporation as the Comptroller of the Currency has with respect to a conservator or receiver of a national bank and the national bank for which a conservator or receiver has been appointed.

''(C) TITLE 11 PETITIONS.—The Board may direct the conservator or receiver of a corporation organized under the provisions of this section to file a petition pursuant to title 11, United States Code, in which case, title 11, United States Code, shall apply to the corporation in lieu of otherwise applicable Federal or State insolvency law.''.

Subtitle E—Preservation of FTC Authority

SEC. 141. AMENDMENT TO THE BANK HOLDING COMPANY ACT OF 1956 TO MODIFY NOTIFICATION AND POST-APPROVAL WAITING PERIOD FOR SECTION 3 TRANSACTIONS.

Section 11(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b)(1)) is amended by inserting ''and, if the transaction also involves an acquisition under section 4 or section 6, the Board shall also notify the Federal Trade Commission of such approval'' before the period at the end of the first sentence.

SEC. 142. INTERAGENCY DATA SHARING.

To the extent not prohibited by other law, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System shall make available to the Attorney General and the Federal Trade Commission any data in the possession of any such banking agency that the antitrust agency deems necessary for antitrust review of any transaction requiring notice to any such antitrust agency or the approval of such agency under section 3, 4, or 6 of the Bank Holding Company Act of 1956, section 18(c) of the Federal Deposit Insurance Act, the National Bank Consolidation and Merger Act, section 10 of the Home Owners' Loan Act, or the antitrust laws.

SEC. 143. CLARIFICATION OF STATUS OF SUBSIDIARIES AND AFFILIATES.

(a) CLARIFICATION OF FEDERAL TRADE COMMISSION JURISDICTION.—Any person which directly or indirectly controls, is controlled directly or indirectly by, or is directly or indirectly under common control with, any bank or savings association (as such terms are defined in section 3 of the Federal Deposit Insurance Act) and is not itself a bank or savings association shall not be deemed to be a bank or savings association for purposes of the Federal Trade Commission Act or any other law enforced by the Federal Trade Commission.

(b) SAVINGS PROVISION.—No provision of this section shall be construed as restricting the authority of any Federal banking agency (as defined in section 3 of the Federal Deposit Insurance Act) under any Federal banking law, including section 8 of the Federal Deposit Insurance Act.

(c) HART-SCOTT-RODINO AMENDMENT.—Section 7A(c)(7) of the Clayton Act (15 U.S.C. 18a(c)(7)) is amended by inserting before the semicolon at the end thereof the following: '', except that a portion of a transaction is not exempt under this paragraph if such portion of the transaction (A) requires notice under section 6 of the Bank Holding Company Act of 1956; and (B) does not require approval under section 3 or 4 of the Bank Holding Company Act of 1956''.

SEC. 144. ANNUAL GAO REPORT.

(a) IN GENERAL.—By the end of the 1-year period beginning on the date of enactment of this Act and annually thereafter, the Comptroller General of the United States shall submit a report to the Congress on market concentration in the financial services industry and its impact on consumers.

(b) ANALYSIS.—Each report submitted under subsection (a) shall contain an analysis of—

(1) the positive and negative effects of affiliations between various types of financial companies, and of acquisitions pursuant to this Act and the amendments made by this Act to other provisions of law, including any positive or negative effects on consumers, area markets, and submarkets thereof or on registered securities brokers and dealers which have been purchased by depository institutions or depository institution holding companies;

(2) the changes in business practices and the effects of any such changes on the availability of venture capital, consumer credit, and other financial services or products and the availability of capital and credit for small businesses; and

(3) the acquisition patterns among depository institutions, depository institution holding companies, securities firms, and insurance companies including acquisitions among the largest 20 percent of firms and acquisitions within regions or other limited geographical areas.

Subtitle F—Applying the Principles of National Treatment and Equality of Competitive Opportunity to Foreign Banks and Foreign Financial Institutions

SEC. 151. APPLYING THE PRINCIPLES OF NATIONAL TREATMENT AND EQUALITY OF COMPETITIVE OPPORTUNITY TO FOREIGN BANKS THAT ARE FINANCIAL HOLDING COMPANIES.

Section 8(c) of the International Banking Act of 1978 (12 U.S.C. 3106(c)) is amended by adding at the end the following new paragraph:

''(3) TERMINATION OF GRANDFATHERED RIGHTS.—

''(A) IN GENERAL.—If any foreign bank or foreign company files a declaration under section 6(b)(1)(D) of the Bank Holding Company Act of 1956, or receives a determination under section 10(d)(1) of the Bank Holding Company Act of 1956, any authority conferred by this subsection on any foreign bank or company to engage in any activity which the Board has determined to be permissible for financial holding companies under section 6 of such Act shall terminate immediately.

''(B) RESTRICTIONS AND REQUIREMENTS AUTHORIZED.—If a foreign bank or company that engages, directly or through an affiliate pursuant to paragraph (1), in an activity which the Board has determined to be permissible for financial holding companies under section 6 of the Bank Holding Company Act of 1956 has not filed a declaration with the Board of its status as a financial holding company under such section or received a determination under section 10(d)(1) by the end of the 2-year period beginning on the date of enactment of the Financial Services Act of 1999, the Board, giving due regard to the principle of national treatment and equality of competitive opportunity, may impose such restrictions and requirements on the conduct of such activities by such foreign bank or company as are comparable to those imposed on a financial holding company organized under the laws of the United States, including a requirement to conduct such activities in compliance with any prudential safeguards established under section 5(h) of the Bank Holding Company Act of 1956.''.

SEC. 152. APPLYING THE PRINCIPLES OF NATIONAL TREATMENT AND EQUALITY OF COMPETITIVE OPPORTUNITY TO FOREIGN BANKS AND FOREIGN FINANCIAL INSTITUTIONS THAT ARE WHOLESALE FINANCIAL INSTITUTIONS.

Section 8A of the Federal Deposit Insurance Act (as added by section 136(c)(2) of this Act) is amended by adding at the end the following new subsection:

''(i) VOLUNTARY TERMINATION OF DEPOSIT INSURANCE.—The provisions on voluntary termination of insurance in this section shall apply to an insured branch of a foreign bank (including a Federal branch) in the same manner and to the same extent as they apply to an insured State bank or a national bank.''.

SEC. 153. REPRESENTATIVE OFFICES.

(a) DEFINITION OF ''REPRESENTATIVE OFFICE''.—Section 1(b)(15) of the International Banking Act of 1978 (12 U.S.C. 3101(15)) is amended by striking ''State agency, or subsidiary of a foreign bank'' and inserting ''or State agency''.

(b) EXAMINATIONS.—Section 10(c) of the International Banking Act of 1978 (12 U.S.C. 3107(c)) is amended by adding at the end the following: ''The Board may also make examinations of any affiliate of a foreign bank conducting business in any State if the Board deems it necessary to determine and enforce compliance with this Act, the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), or other applicable Federal banking law.''.

Subtitle G—Federal Home Loan Bank System Modernization

SEC. 161. SHORT TITLE.

This subtitle may be cited as the ''Federal Home Loan Bank System Modernization Act of 1999''.

SEC. 162. DEFINITIONS.

Section 2 of the Federal Home Loan Bank Act (12 U.S.C. 1422) is amended—

(1) in paragraph (1), by striking ''term 'Board' means'' and inserting ''terms 'Finance Board' and 'Board' mean'';

(2) by striking paragraph (3) and inserting the following:

''(3) STATE.—The term 'State', in addition to the States of the United States, includes the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.''; and

(3) by adding at the end the following new paragraph:

''(13) COMMUNITY FINANCIAL INSTITUTION.—

''(A) IN GENERAL.—The term 'community financial institution' means a member—

''(i) the deposits of which are insured under the Federal Deposit Insurance Act; and

''(ii) that has, as of the date of the transaction at issue, less than $500,000,000 in average total assets, based on an average of total assets over the 3 years preceding that date.

''(B) ADJUSTMENTS.—The $500,000,000 limit referred to in subparagraph (A)(ii) shall be adjusted annually by the Finance Board, based on the annual percentage increase, if any, in the Consumer Price Index for all urban consumers, as published by the Department of Labor.''.

SEC. 163. SAVINGS ASSOCIATION MEMBERSHIP.

(a) FEDERAL HOME LOAN BANK MEMBERSHIP.—Section 5(f) of the Home Owners' Loan Act (12 U.S.C. 1464(f)) is amended to read as follows:

''(f) FEDERAL HOME LOAN BANK MEMBERSHIP.—On and after January 1, 1999, a Federal savings association may become a member of the Federal Home Loan Bank System, and

shall qualify for such membership in the manner provided by the Federal Home Loan Bank Act.''.

(b) WITHDRAWAL.—Section 6(e) of the Federal Home Loan Bank Act (12 U.S.C. 1426(e)) is amended by striking ''Any member other than a Federal savings and loan association may withdraw'' and inserting ''Any member may withdraw''.

SEC. 164. ADVANCES TO MEMBERS; COLLATERAL.

(a) IN GENERAL.—Section 10(a) of the Federal Home Loan Bank Act (12 U.S.C. 1430(a)) is amended—

(1) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and indenting appropriately;

(2) by striking ''(a) Each'' and inserting the following:

''(a) IN GENERAL.—

''(1) ALL ADVANCES.—Each'';

(3) by striking the second sentence and inserting the following:

''(2) PURPOSES OF ADVANCES.—A long-term advance may only be made for the purposes of—

''(A) providing funds to any member for residential housing finance; and

''(B) providing funds to any community financial institution for small businesses, agricultural, rural development, or low-income community development lending.'';

(4) by striking ''A Bank'' and inserting the following:

''(3) COLLATERAL.—A Bank'';

(5) in paragraph (3) (as so designated by paragraph (4) of this subsection)—

(A) in subparagraph (C) (as so redesignated by paragraph (1) of this subsection) by striking ''Deposits'' and inserting ''Cash or deposits'';

(B) in subparagraph (D) (as so redesignated by paragraph (1) of this subsection), by striking the second sentence; and

(C) by inserting after subparagraph (D) (as so redesignated by paragraph (1) of this subsection) the following new subparagraph:

''(E) Secured loans for small business, agriculture, rural development, or low-income community development, or securities representing a whole interest in such secured loans, in the case of any community financial institution.'';

(6) in paragraph (5)—

(A) in the second sentence, by striking ''and the Board'';

(B) in the third sentence, by striking ''Board'' and inserting ''Federal home loan bank''; and

(C) by striking ''(5) Paragraphs (1) through (4)'' and inserting the following:

''(4) ADDITIONAL BANK AUTHORITY.—Subparagraphs (A) through (E) of paragraph (3)''; and

(7) by adding at the end the following:

''(5) REVIEW OF CERTAIN COLLATERAL STANDARDS.—The Board may review the collateral standards applicable to each Federal home loan bank for the classes of collateral described in subparagraphs (D) and (E) of paragraph (3), and may, if necessary for safety and soundness purposes, require an increase in the collateral standards for any or all of those classes of collateral.

''(6) DEFINITIONS.—For purposes of this subsection, the terms 'small business', 'agriculture', 'rural development', and 'low-income community development' shall have the meanings given those terms by rule or regulation of the Finance Board.''.

(b) CLERICAL AMENDMENT.—The section heading for section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended to read as follows:

''SEC. 10. ADVANCES TO MEMBERS.''.

(c) CONFORMING AMENDMENTS RELATING TO MEMBERS WHICH ARE NOT QUALIFIED THRIFT LENDERS—Section 10(e)(1) of the Federal Home Loan Bank Act (12 U.S.C. 1430(e)(1)) is amended in the second sentence, by inserting before the period ''or, in the case of any community financial institution, for the purposes described in subsection (a)(2)''.

SEC. 165. ELIGIBILITY CRITERIA.

Section 4(a) of the Federal Home Loan Bank Act (12 U.S.C. 1424(a)) is amended—

(1) in paragraph (2)(A), by inserting, ''(other than a community financial institution)'' after ''institution''; and

(2) by adding at the end the following new paragraph:

''(3) LIMITED EXEMPTION FOR COMMUNITY FINANCIAL INSTITUTIONS.—A community financial institution that otherwise meets the requirements of paragraph (2) may become a member without regard to the percentage of its total assets that is represented by residential mortgage loans, as described in subparagraph (A) of paragraph (2).''.

SEC. 166. MANAGEMENT OF BANKS.

(a) BOARD OF DIRECTORS.—Section 7(d) of the Federal Home Loan Bank Act (12 U.S.C. 1427(d)) is amended—

(1) by striking ''(d) The term'' and inserting the following:

''(d) TERMS OF OFFICE.—The term''; and

(2) by striking ''shall be two years''.

(b) COMPENSATION.—Section 7(i) of the Federal Home Loan Bank Act (12 U.S.C. 1427(i)) is amended by striking '', subject to the approval of the board''.

(c) REPEAL OF SECTIONS 22A AND 27.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended by striking sections 22A (12 U.S.C. 1442a) and 27 (12 U.S.C. 1447).

(d) SECTION 12.—Section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended—

(1) in subsection (a)—

(A) by striking '', but, except'' and all that follows through ''ten years'';

(B) by striking '', subject to the approval of the Board'' each place that term appears;

(C) by striking ''and, by its Board of directors,'' and all that follows through ''agent of such bank,'' and inserting ''and, by the board of directors of the bank, to prescribe, amend, and repeal by-laws governing the manner in which its affairs may be administered, consistent with applicable laws and regulations, as administered by the Finance Board. No officer, employee, attorney, or agent of a Federal home loan bank''; and

(D) by striking ''Board of directors'' each place that term appears and inserting ''board of directors''; and

(2) in subsection (b), by striking ''loans banks'' and inserting ''loan banks''.

(e) POWERS AND DUTIES OF FEDERAL HOUSING FINANCE BOARD.—

(1) ISSUANCE OF NOTICES OF VIOLATIONS.—Section 2B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1422b(a)) is amended by adding at the end the following new paragraphs:

''(5) To issue and serve a notice of charges upon a Federal home loan bank or upon any executive officer or director of a Federal home loan bank if, in the determination of the Finance Board, the bank, executive officer, or director is engaging or has engaged in, or the Finance Board has reasonable cause to believe that the bank, executive officer, or director is about to engage in, any conduct that violates any provision of this Act or any law, order, rule, or regulation or any condition imposed in writing by the Finance Board in connection with the granting of any application or other request by the bank, or any written agreement entered into by the bank with the agency, in accordance with the procedures provided in section 1371(c) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. Such authority includes the same authority to take affirmative action to correct conditions resulting from violations or practices or to limit activities of a bank or any executive officer or director of a bank as appropriate Federal banking agencies have to take with respect to insured depository institutions under paragraphs (6) and (7) of section 8(b) of the Federal Deposit Insurance Act, and to have all other powers, rights, and duties to enforce this Act with respect to the Federal home loan banks and their executive officers and directors as the Office of Federal Housing Enterprise Oversight has to enforce the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, the Federal National Mortgage Association Charter Act, or the Federal Home Loan Mortgage Corporation Act with respect to the Federal housing enterprises under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

''(6) To address any insufficiencies in capital levels resulting from the application of section 5(f) of the Home Owners' Loan Act.

''(7) To sue and be sued, by and through its own attorneys.''.

(2) TECHNICAL AMENDMENT.—Section 111 of Public Law 93–495 (12 U.S.C. 250) is amended by inserting ''Federal Housing Finance Board,'' after ''Director of the Office of Thrift Supervision,''.

(f) ELIGIBILITY TO SECURE ADVANCES.—

(1) SECTION 9.—Section 9 of the Federal Home Loan Bank Act (12 U.S.C. 1429) is amended—

(A) in the second sentence, by striking ''with the approval of the Board''; and

(B) in the third sentence, by striking '', subject to the approval of the Board,''.

(2) SECTION 10.—Section 10 of the Federal Home Loan Bank Act (12 U.S.C. 1430) is amended—

(A) in subsection (c)—

(i) in the first sentence, by striking ''Board'' and inserting ''Federal home loan bank''; and

(ii) in the second sentence, by striking ''held by'' and all that follows before the period;

(B) in subsection (d)—

(i) in the first sentence, by striking ''and the approval of the Board''; and

(ii) by striking ''Subject to the approval of the Board, any'' and inserting ''Any''; and

(C) in subsection (j)(1)—

(i) by striking ''to subsidize the interest rate on advances'' and inserting ''to provide subsidies, including subsidized interest rates on advances'';

(ii) by striking ''Pursuant'' and inserting the following:

''(A) ESTABLISHMENT.—Pursuant''; and

(iii) by adding at the end the following new subparagraph:

''(B) NONDELEGATION OF APPROVAL AUTHORITY.—Subject to such regulations as the Finance Board may prescribe, the board of directors of each Federal home loan bank may approve or disapprove requests from members for Affordable Housing Program subsidies, and may not delegate such authority.''.

(g) SECTION 16.—Section 16(a) of the Federal Home Loan Bank Act (12 U.S.C. 1436(a)) is amended—

(1) in the third sentence—

(A) by striking ''net earnings'' and inserting ''previously retained earnings or current net earnings''; and

(B) by striking '', and then only with the approval of the Federal Housing Finance Board''; and

(2) by striking the fourth sentence.

(h) SECTION 18.—Section 18(b) of the Federal Home Loan Bank Act (12 U.S.C. 1438(b)) is amended by striking paragraph (4).

SEC. 167. RESOLUTION FUNDING CORPORATION.

(a) IN GENERAL.—Section 21B(f)(2)(C) of the Federal Home Loan Bank Act (12 U.S.C. 1441b(f)(2)(C)) is amended to read as follows:

''(C) PAYMENTS BY FEDERAL HOME LOAN BANKS.—

''(i) IN GENERAL.—To the extent that the amounts available pursuant to subparagraphs (A) and (B) are insufficient to cover the amount of interest payments, each Federal home loan bank shall pay to the Funding Corporation in each calendar year, 20.75 percent of the net earnings of that bank (after deducting expenses relating to section 10(j) and operating expenses).

''(ii) ANNUAL DETERMINATION.—The Board annually shall determine the extent to which the value of the aggregate amounts paid by the Federal home loan banks exceeds or falls short of the value of an annuity of $300,000,000 per year that commences on the issuance date and ends on the final scheduled maturity date of the obligations, and shall select appropriate present value factors for making such determinations.

''(iii) PAYMENT TERM ALTERATIONS.—The Board shall extend or shorten the term of the payment obligations of a Federal home loan bank under this subparagraph as necessary to ensure that the value of all payments made by the banks is equivalent to the value of an annuity referred to in clause (ii).

''(iv) TERM BEYOND MATURITY.—If the Board extends the term of payments beyond the final scheduled maturity date for the obligations, each Federal home loan bank shall continue to pay 20.75 percent of its net earnings (after deducting expenses relating to section 10(j) and operating expenses) to the Treasury of the United States until the value of all such payments by the Federal home loan banks is equivalent to the value of an annuity referred to in clause (ii). In the final year in which the Federal home loan banks are required to make any payment to the Treasury under this subparagraph, if the dollar amount represented by 20.75 percent of the net earnings of the Federal home loan banks exceeds the remaining obligation of the banks to the Treasury, the Finance Board shall reduce the percentage pro rata to a level sufficient to pay the remaining obligation.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective on January 1, 1999. Payments made by a Federal home loan bank before that effective date shall be counted toward the total obligation of that bank under section 21B(f)(2)(C) of the Federal Home Loan Bank Act, as amended by this section.

Subtitle H—Direct Activities of Banks

SEC. 181. AUTHORITY OF NATIONAL BANKS TO UNDERWRITE CERTAIN MUNICIPAL BONDS.

The paragraph designated the Seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24(7)) is amended by adding at the end the following new sentence: ''In addition to the provisions in this paragraph for dealing in, underwriting or purchasing securities, the limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986) issued by or on behalf of any state or political subdivision of a state, including any municipal corporate instrumentality of 1 or more states, or any public agency or authority of any state or political subdivision of a state, if the national banking association is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).''.

Subtitle I—Deposit Insurance Funds

SEC. 186. STUDY OF SAFETY AND SOUNDNESS OF FUNDS.

(a) STUDY REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation shall conduct a study of the following issues with regard to the Bank Insurance Fund and the Savings Association Insurance Fund:

(1) SAFETY AND SOUNDNESS.—The safety and soundness of the funds and the adequacy of the reserve requirements applicable to the funds in light of—

(A) the size of the insured depository institutions which are resulting from mergers and consolidations since the effective date of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994; and

(B) the affiliation of insured depository institutions with other financial institutions pursuant to this Act and the amendments made by this Act.

(2) CONCENTRATION LEVELS.—The concentration levels of the funds, taking into account the number of members of each fund and the geographic distribution of such members, and the extent to which either fund is exposed to higher risks due to a regional concentration of members or an insufficient membership base relative to the size of member institutions.

(3) MERGER ISSUES.—Issues relating to the planned merger of the funds, including the cost of merging the funds and the manner in which such costs will be distributed among the members of the respective funds.

(b) REPORT REQUIRED.—

(1) IN GENERAL.—Before the end of the 9-month period beginning on the date of enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall submit a report to the Congress on the study conducted pursuant to subsection (a).

(2) CONTENTS OF REPORT.—The report shall include—

(A) detailed findings of the Board of Directors with regard to the issues described in subsection (a);

(B) a description of the plans developed by the Board of Directors for merging the Bank Insurance Fund and the Savings Association Insurance Fund, including an estimate of the amount of the cost of such merger which would be borne by Savings Association Insurance Fund members; and

(C) such recommendations for legislative and administrative action as the Board of Directors determines to be necessary or appropriate to preserve the safety and soundness of the deposit insurance funds, reduce the risks to such funds, provide for an efficient merger of such funds, and for other purposes.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' has the same meaning as in section 3(c) of the Federal Deposit Insurance Act.

(2) BIF AND SAIF MEMBERS.—The terms ''Bank Insurance Fund member'' and ''Savings Association Insurance Fund member'' have the same meanings as in section 7(*l*) of the Federal Deposit Insurance Act.

SEC. 187. ELIMINATION OF SAIF AND DIF SPECIAL RESERVES.

(a) SAIF SPECIAL RESERVES.—Section 11(a)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6)) is amended by striking subparagraph (L).

(b) DIF SPECIAL RESERVES.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is amended—

(1) by striking subsection (b); and

(2) in subsection (d)—

(A) by striking paragraph (4);

(B) in paragraph (6)(C)(i), by striking ''(6) and (7)'' and inserting ''(5), (6), and (7)''; and

(C) in paragraph (6)(C), by striking clause (ii) and inserting the following:

''(ii) by redesignating paragraph (8) as paragraph (5).''.

Subtitle J—Effective Date of Title

SEC. 191. EFFECTIVE DATE.

Except with regard to any subtitle or other provision of this title for which a specific effective date is provided, this title and the amendments made by this title shall take effect at the end of the 270-day period beginning on the date of enactment of this Act.

TITLE II—FUNCTIONAL REGULATION

Subtitle A—Brokers and Dealers

SEC. 201. DEFINITION OF BROKER.

Section 3(a)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4)) is amended to read as follows:

''(4) BROKER.—

''(A) IN GENERAL.—The term 'broker' means any person engaged in the business of effecting transactions in securities for the account of others.

''(B) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a broker because the bank engages in any of the following activities under the conditions described:

''(i) THIRD PARTY BROKERAGE ARRANGEMENTS.—The bank enters into a contractual or other arrangement with a broker or dealer registered under this title under which the broker or dealer offers brokerage services on or off the premises of the bank if—

''(I) such broker or dealer is clearly identified as the person performing the brokerage services;

''(II) the broker or dealer performs brokerage services in an area that is clearly marked and, to the extent practicable, physically separate from the routine deposit-taking activities of the bank;

''(III) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement clearly indicate that the brokerage services are being provided by the broker or dealer and not by the bank;

''(IV) any materials used by the bank to advertise or promote generally the availability of brokerage services under the contractual or other arrangement are in compliance with the Federal securities laws before distribution;

''(V) bank employees (other than associated persons of a broker or dealer who are qualified pursuant to the rules of a self-regulatory organization) perform only clerical or ministerial functions in connection with brokerage transactions including scheduling appointments with the associated persons of a broker or dealer, except that bank employees may forward customer funds or securities

and may describe in general terms the range of investment vehicles available from the bank and the broker or dealer under the contractual or other arrangement;

''(VI) bank employees do not directly receive incentive compensation for any brokerage transaction unless such employees are associated persons of a broker or dealer and are qualified pursuant to the rules of a self-regulatory organization, except that the bank employees may receive compensation for the referral of any customer if the compensation is a nominal one-time cash fee of a fixed dollar amount and the payment of the fee is not contingent on whether the referral results in a transaction;

''(VII) such services are provided by the broker or dealer on a basis in which all customers which receive any services are fully disclosed to the broker or dealer;

''(VIII) the bank does not carry a securities account of the customer except in a customary custodian or trustee capacity; and

''(IX) the bank, broker, or dealer informs each customer that the brokerage services are provided by the broker or dealer and not by the bank and that the securities are not deposits or other obligations of the bank, are not guaranteed by the bank, and are not insured by the Federal Deposit Insurance Corporation.

''(ii) TRUST ACTIVITIES.—The bank effects transactions in a trustee capacity, or effects transactions in a fiduciary capacity in its trust department or other department that is regularly examined by bank examiners for compliance with fiduciary principles and standards, and (in either case)—

''(I) is primarily compensated for such transactions on the basis of an administration or annual fee (payable on a monthly, quarterly, or other basis), a percentage of assets under management, or a flat or capped per order processing fee equal to not more than the cost incurred by the bank in connection with executing securities transactions for trustee and fiduciary customers, or any combination of such fees, consistent with fiduciary principles and standards; and

''(II) does not publicly solicit brokerage business, other than by advertising that it effects transactions in securities in conjunction with advertising its other trust activities.

''(iii) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank effects transactions in—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(iv) CERTAIN STOCK PURCHASE PLANS.—

''(I) EMPLOYEE BENEFIT PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of any pension, retirement, profit-sharing, bonus, thrift, savings, incentive, or other similar benefit plan for the employees of that issuer or its subsidiaries, if—

(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan; and

''(bb) the bank's compensation for such plan or program consists primarily of administration fees, or flat or capped per order processing fees, or both.

''(II) DIVIDEND REINVESTMENT PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of that issuer's dividend reinvestment plan, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan;

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; and

''(cc) the bank's compensation for such plan or program consists primarily of administration fees, or flat or capped per order processing fees, or both.

''(III) ISSUER PLANS.—The bank effects transactions, as part of its transfer agency activities, in the securities of an issuer as part of a plan or program for the purchase or sale of that issuer's shares, if—

''(aa) the bank does not solicit transactions or provide investment advice with respect to the purchase or sale of securities in connection with the plan or program;

''(bb) the bank does not net shareholders' buy and sell orders, other than for programs for odd-lot holders or plans registered with the Commission; and

''(cc) the bank's compensation for such plan or program consists primarily of administration fees, or flat or capped per order processing fees, or both.

''(IV) PERMISSIBLE DELIVERY OF MATERIALS.—The exception to being considered a broker for a bank engaged in activities described in subclauses (I), (II), and (III) will not be affected by a bank's delivery of written or electronic plan materials to employees of the issuer, shareholders of the issuer, or members of affinity groups of the issuer, so long as such materials are—

''(aa) comparable in scope or nature to that permitted by the Commission as of the date of enactment of the Financial Services Act of 1999; or

''(bb) otherwise permitted by the Commission.

''(v) SWEEP ACCOUNTS.—The bank effects transactions as part of a program for the investment or reinvestment of bank deposit funds into any no-load, open-end management investment company registered under the Investment Company Act of 1940 that holds itself out as a money market fund.

''(vi) AFFILIATE TRANSACTIONS.—The bank effects transactions for the account of any affiliate of the bank (as defined in section 2 of the Bank Holding Company Act of 1956) other than—

''(I) a registered broker or dealer; or

''(II) an affiliate that is engaged in merchant banking, as described in section 6(c)(3)(H) of the Bank Holding Company Act of 1956.

''(vii) PRIVATE SECURITIES OFFERINGS.—The bank—

''(I) effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 or the rules and regulations issued thereunder;

''(II) at any time after the date that is 1 year after the date of enactment of the Financial Services Act of 1999, is not affiliated with a broker or dealer that has been registered for more than 1 year in accordance with this title, and engages in dealing, market making, or underwriting activities, other than with respect to exempted securities; and

''(III) effects transactions exclusively with qualified investors.

''(viii) SAFEKEEPING AND CUSTODY ACTIVITIES.—

''(I) IN GENERAL.—The bank, as part of customary banking activities—

''(aa) provides safekeeping or custody services with respect to securities, including the exercise of warrants and other rights on behalf of customers;

''(bb) facilitates the transfer of funds or securities, as a custodian or a clearing agency, in connection with the clearance and settlement of its customers' transactions in securities;

''(cc) effects securities lending or borrowing transactions with or on behalf of customers as part of services provided to customers pursuant to division (aa) or (bb) or invests cash collateral pledged in connection with such transactions; or

''(dd) holds securities pledged by a customer to another person or securities subject to purchase or resale agreements involving a customer, or facilitates the pledging or transfer of such securities by book entry or as otherwise provided under applicable law.

''(II) EXCEPTION FOR CARRYING BROKER ACTIVITIES.—The exception to being considered a broker for a bank engaged in activities described in subclause (I) shall not apply if the bank, in connection with such activities, acts in the United States as a carrying broker (as such term, and different formulations thereof, are used in section 15(c)(3) and the rules and regulations thereunder) for any broker or dealer, unless such carrying broker activities are engaged in with respect to government securities (as defined in paragraph (42) of this subsection).

''(ix) BANKING PRODUCTS.—The bank effects transactions in traditional banking products, as defined in section 206(a) of the Financial Services Act of 1999.

''(x) DE MINIMIS EXCEPTION.—The bank effects, other than in transactions referred to in clauses (i) through (ix), not more than 500 transactions in securities in any calendar year, and such transactions are not effected by an employee of the bank who is also an employee of a broker or dealer.

''(C) BROKER DEALER EXECUTION.—The exception to being considered a broker for a bank engaged in activities described in clauses (ii), (iv), and (viii) of subparagraph (B) shall not apply if the activities described in such provisions result in the trade in the United States of any security that is a publicly traded security in the United States, unless—

''(i) the bank directs such trade to a registered broker dealer for execution;

''(ii) the trade is a cross trade or other substantially similar trade of a security that—

''(I) is made by the bank or between the bank and an affiliated fiduciary; and

''(II) is not in contravention of fiduciary principles established under applicable Federal or State law; or

''(iii) the trade is conducted in some other manner permitted under rules, regulations, or orders as the Commission may prescribe or issue.

''(D) NO EFFECT OF BANK EXEMPTIONS ON OTHER COMMISSION AUTHORITY.—The exception to being considered a broker for a bank engaged in activities described in subparagraphs (B) and (C) shall not affect the authority of the Commission under any other provision of this Act or any other securities law.

''(E) FIDUCIARY CAPACITY.—For purposes of subparagraph (B)(ii), the term 'fiduciary capacity' means—

''(i) in the capacity as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gift to minor act, or as an investment adviser if the bank receives a fee for its investment advice;

''(ii) in any capacity in which the bank possesses investment discretion on behalf of another; or

''(iii) in any other similar capacity.

''(F) EXCEPTION FOR ENTITIES SUBJECT TO SECTION 15(e).—The term 'broker' does not include a bank that—

''(i) was, immediately prior to the enactment of the Financial Services Act of 1999, subject to section 15(e); and

''(ii) is subject to such restrictions and requirements as the Commission considers appropriate.''.

SEC. 202. DEFINITION OF DEALER.

Section 3(a)(5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(5)) is amended to read as follows:

''(5) DEALER.—

''(A) IN GENERAL.—The term 'dealer' means any person engaged in the business of buying and selling securities for such person's own account through a broker or otherwise.

''(B) EXCEPTION FOR PERSON NOT ENGAGED IN THE BUSINESS OF DEALING.—The term 'dealer' does not include a person that buys or sells securities for such person's own account, either individually or in a fiduciary capacity, but not as a part of a regular business.

''(C) EXCEPTION FOR CERTAIN BANK ACTIVITIES.—A bank shall not be considered to be a dealer because the bank engages in any of the following activities under the conditions described:

''(i) PERMISSIBLE SECURITIES TRANSACTIONS.—The bank buys or sells—

''(I) commercial paper, bankers acceptances, or commercial bills;

''(II) exempted securities;

''(III) qualified Canadian government obligations as defined in section 5136 of the Revised Statutes of the United States, in conformity with section 15C of this title and the rules and regulations thereunder, or obligations of the North American Development Bank; or

''(IV) any standardized, credit enhanced debt security issued by a foreign government pursuant to the March 1989 plan of then Secretary of the Treasury Brady, used by such foreign government to retire outstanding commercial bank loans.

''(ii) INVESTMENT, TRUSTEE, AND FIDUCIARY TRANSACTIONS.—The bank buys or sells securities for investment purposes—

''(I) for the bank; or

''(II) for accounts for which the bank acts as a trustee or fiduciary.

''(iii) ASSET-BACKED TRANSACTIONS.—The bank engages in the issuance or sale to qualified investors, through a grantor trust or otherwise, of securities backed by or representing an interest in notes, drafts, acceptances, loans, leases, receivables, other obligations, or pools of any such obligations predominantly originated by the bank, or a syndicate of banks of which the bank is a member, or an affiliate of any such bank other than a broker or dealer.

''(iv) BANKING PRODUCTS.—The bank buys or sells traditional banking products, as defined in section 206(a) of the Financial Services Act of 1999.

''(v) DERIVATIVE INSTRUMENTS.—The bank issues, buys, or sells any derivative instrument to which the bank is a party—

''(I) to or from a qualified investor, except that if the instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), the transaction shall be effected with or through a registered broker or dealer;

''(II) to or from other persons, except that if the derivative instrument provides for the delivery of one or more securities (other than a derivative instrument or government security), or is a security (other than a government security), the transaction shall be effected with or through a registered broker or dealer; or

''(III) to or from any person if the instrument is neither a security nor provides for the delivery of one or more securities (other than a derivative instrument).''.

SEC. 203. REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.

Section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3) is amended by inserting after subsection (i) the following new subsection:

''(j) REGISTRATION FOR SALES OF PRIVATE SECURITIES OFFERINGS.—A registered securities association shall create a limited qualification category for any associated person of a member who effects sales as part of a primary offering of securities not involving a public offering, pursuant to section 3(b), 4(2), or 4(6) of the Securities Act of 1933 and the rules and regulations thereunder, and shall deem qualified in such limited qualification category, without testing, any bank employee who, in the 6-month period preceding the date of enactment of the Financial Services Act of 1999, engaged in effecting such sales.''.

SEC. 204. SALES PRACTICES AND COMPLAINT PROCEDURES.

Section 18 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(s) SALES PRACTICES AND COMPLAINT PROCEDURES WITH RESPECT TO BANK SECURITIES ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—Each Federal banking agency shall prescribe and publish in final form, not later than 6 months after the date of enactment of the Financial Services Act of 1999, regulations which apply to retail transactions, solicitations, advertising, or offers of any security by any insured depository institution or any affiliate thereof other than a registered broker or dealer or an individual acting on behalf of such a broker or dealer who is an associated person of such broker or dealer. Such regulations shall include—

''(A) requirements that sales practices comply with just and equitable principles of trade that are substantially similar to the Rules of Fair Practice of the National Association of Securities Dealers; and

''(B) requirements prohibiting (i) conditioning an extension of credit on the purchase or sale of a security; and (ii) any conduct leading a customer to believe that an extension of credit is conditioned upon the purchase or sale of a security.

''(2) PROCEDURES REQUIRED.—The appropriate Federal banking agencies shall jointly establish procedures and facilities for receiving and expeditiously processing complaints against any bank or employee of a bank arising in connection with the purchase or sale of a security by a customer, including a complaint alleging a violation of the regulations prescribed under paragraph (1), but excluding a complaint involving an individual acting on behalf of such a broker or dealer who is an associated person of such broker or dealer. The use of any such procedures and facilities by such a customer shall be at the election of the customer. Such procedures shall include provisions to refer a complaint alleging fraud to the Securities and Exchange Commission and appropriate State securities commissions.

''(3) REQUIRED ACTIONS.—The actions required by the Federal banking agencies under paragraph (2) shall include the following:

''(A) establishing a group, unit, or bureau within each such agency to receive such complaints;

''(B) developing and establishing procedures for investigating, and permitting customers to investigate, such complaints;

''(C) developing and establishing procedures for informing customers of the rights they may have in connection with such complaints;

''(D) developing and establishing procedures that allow customers a period of at least 6 years to make complaints and that do not require customers to pay the costs of the proceeding; and

''(E) developing and establishing procedures for resolving such complaints, including procedures for the recovery of losses to the extent appropriate.

''(4) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraphs (1) and (2), after consultation with the Securities and Exchange Commission.

''(5) PROCEDURES IN ADDITION TO OTHER REMEDIES.—The procedures and remedies provided under this subsection shall be in addition to, and not in lieu of, any other remedies available under law.

''(6) DEFINITION.—As used in this subsection—

''(A) the term 'security' has the same meaning as in section 3(a)(10) of the Securities Exchange Act of 1934;

''(B) the term 'registered broker or dealer' has the same meaning as in section 3(a)(48) of the Securities Exchange Act of 1934; and

''(C) the term 'associated person' has the same meaning as in section 3(a)(18) of the Securities Exchange Act of 1934.''.

SEC. 205. INFORMATION SHARING.

Section 18 of the Federal Deposit Insurance Act is amended by adding at the end the following new subsection:

''(t) RECORDKEEPING REQUIREMENTS.—

''(1) REQUIREMENTS.—Each appropriate Federal banking agency, after consultation with and consideration of the views of the Commission, shall establish recordkeeping requirements for banks relying on exceptions contained in paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934. Such recordkeeping requirements shall be sufficient to demonstrate compliance with the terms of such exceptions and be designed to facilitate compliance with such exceptions. Each appropriate Federal banking agency shall make any such information available to the Commission upon request.

''(2) DEFINITIONS.—As used in this subsection the term 'Commission' means the Securities and Exchange Commission.''.

SEC. 206. DEFINITION AND TREATMENT OF BANKING PRODUCTS.

(a) DEFINITION OF TRADITIONAL BANKING PRODUCT.—For purposes of paragraphs (4) and (5) of section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a) (4), (5)), the term ''traditional banking product'' means—

(1) a deposit account, savings account, certificate of deposit, or other deposit instrument issued by a bank;

(2) a banker's acceptance;

(3) a letter of credit issued or loan made by a bank;

(4) a debit account at a bank arising from a credit card or similar arrangement;

(5) a participation in a loan which the bank or an affiliate of the bank (other than a broker or dealer) funds, participates in, or owns that is sold—

(A) to qualified investors; or

(B) to other persons that—

(i) have the opportunity to review and assess any material information, including information regarding the borrower's creditworthiness; and

(ii) based on such factors as financial sophistication, net worth, and knowledge and experience in financial matters, have the capability to evaluate the information available, as determined under generally applicable banking standards or guidelines; and

(6) any derivative instrument, whether or not individually negotiated, involving or relating to—

(A) foreign currencies, except options on foreign currencies that trade on a national securities exchange;

(B) interest rates, except interest rate derivative instruments that—

(i) are based on a security or a group or index of securities (other than government securities or a group or index of government securities);

(ii) provide for the delivery of one or more securities (other than government securities); or

(iii) trade on a national securities exchange; and

(C) commodities, other rates, indices, or other assets, except derivative instruments that—

(i) are securities or that are based on a group or index of securities (other than government securities or a group or index of government securities);

(ii) provide for the delivery of one or more securities (other than government securities); or

(iii) trade on a national securities exchange.

(b) AMENDMENT TO THE SECURITIES EXCHANGE ACT OF 1934.—Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following new subsection:

''(i) TRANSACTIONS INVOLVING HYBRID PRODUCTS.—

''(1) COMMISSION AUTHORITY.—

''(A) IN GENERAL.—The Commission may, after consultation with the Board, determine, by regulation published in the Federal Register, that a bank that effects transactions in, or buys or sells, a new product should be subject to the registration requirements of this section.

''(B) LIMITATION.—The Commission may not impose the registration requirements of this section on any bank that effects transactions in, or buys or sells, a product under this subsection unless the Commission determines in the regulations described in subparagraph (A) that—

''(i) the subject product is a new product;

''(ii) the subject product is a security; and

''(iii) imposing the registration requirements of this section is necessary or appropriate in the public interest and for the protection of investors.

''(2) OBJECTION TO COMMISSION REGULATION.—

''(A) FILING OF PETITION FOR REVIEW.—The Board, or any aggrieved party, may obtain review of any final regulation described in paragraph (1) in the United States Court of Appeals for the District of Columbia Circuit by filing in such court, not later than 60 days after the date of publication of the final regulation, a written petition requesting that the regulation be set aside.

''(B) TRANSMITTAL OF PETITION AND RECORD.—A copy of a petition described in subparagraph (A) shall be transmitted as soon as possible by the Clerk of the Court to an officer or employee of the Commission designated for that purpose. Upon receipt of the petition, the Commission shall file with the court the regulation under review and any documents referred to therein, and any other relevant materials prescribed by the court.

''(C) EXCLUSIVE JURISDICTION.—On the date of the filing of the petition under subparagraph (A), the court has jurisdiction, which becomes exclusive on the filing of the materials set forth in subparagraph (B), to affirm and enforce or to set aside the regulation at issue.

''(D) STANDARD OF REVIEW.—

''(i) IN GENERAL.—The court shall determine to affirm and enforce or set aside a regulation of the Commission under this subsection, based on the determination of the court as to whether the subject product—

''(I) is a new product, as defined in this subsection;

''(II) is a security; and

''(III) would be more appropriately regulated under the Federal securities laws or the Federal banking laws, giving equal deference to the views of the Commission and the Board.

''(ii) CONSIDERATIONS.—In making a determination under clause (i)(III), the court shall consider—

''(I) the nature of the subject new product;

''(II) the history, purpose, extent, and appropriateness of the regulation of the new product under the Federal securities laws; and

''(III) the history, purpose, extent, and appropriateness of the regulation of the new product under the Federal banking laws.

''(E) JUDICIAL STAY.—The filing of a petition by the Board or an aggrieved party pursuant to subparagraph (A) shall operate as a judicial stay, until the date on which the court makes a final determination under this paragraph, of—

''(i) any Commission requirement that a bank register as a broker or dealer under this section, because the bank engages in any transaction in, or buys or sells, the new product that is the subject of the petition; and

''(ii) any Commission action against a bank for a failure to comply with a requirement described in clause (i).

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) the term 'Board' means the Board of Governors of the Federal Reserve System; and

''(B) the term 'new product' means a product or instrument offered or provided by a bank that—

''(i) was not subject to regulation by the Commission as a security under this title before the date of enactment of this subsection; and

''(ii) is not a traditional banking product, as defined in paragraphs (1) through (6) of section 206(a) of the Financial Services Act of 1999.''.

(c) CLASSIFICATION LIMITED.—Classification of a particular product or instrument as a traditional banking product pursuant to this section or the amendments made by this section shall not be construed as finding or implying that such product or instrument is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

(d) NO LIMITATION ON OTHER AUTHORITY TO CHALLENGE.—Nothing in this section or the amendments made by this section shall affect the right or authority of the Board of Governors of the Federal Reserve System, any appropriate Federal banking agency, or any interested party under any other provision of law to object to or seek judicial review as to whether a product or instrument is or is not appropriately classified as a traditional banking product under paragraphs (1) through (6) of section 206(a).

(e) INCORPORATED DEFINITIONS.—For purposes of this section—

(1) the term ''appropriate Federal banking agency'' has the same meaning as in section 3 of the Federal Deposit Insurance Act;

(2) the term ''bank'' has the same meaning as in section 3(a)(6) of the Securities Exchange Act of 1934;

(3) the term ''Board'' means the Board of Governors of the Federal Reserve System;

(4) the term ''government securities'' has the same meaning as in section 3(a)(42) of the Securities Exchange Act of 1934, and, for purposes of this subsection, commercial paper, bankers acceptances, and commercial bills shall be treated in the same manner as government securities; and

(5) the term ''qualified investor'' has the same meaning as in section 3(a)(55) of the Securities Exchange Act of 1934, as amended by this Act.

SEC. 207. DERIVATIVE INSTRUMENT AND QUALIFIED INVESTOR DEFINED.

Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amended by adding at the end the following new paragraphs:

''(54) DERIVATIVE INSTRUMENT.—

''(A) DEFINITION.—The term 'derivative instrument' means any individually negotiated contract, agreement, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets, but does not include a traditional banking product, as defined in section 206(a) of the Financial Services Act of 1999.

''(B) CLASSIFICATION LIMITED.— Classification of a particular contract as a derivative instrument pursuant to this paragraph shall not be construed as finding or implying that such instrument is or is not a security for any purpose under the securities laws, or is or is not an account, agreement, contract, or transaction for any purpose under the Commodity Exchange Act.

''(55) QUALIFIED INVESTOR.—

''(A) DEFINITION.—For purposes of this title, the term 'qualified investor' means—

''(i) any investment company registered with the Commission under section 8 of the Investment Company Act of 1940;

''(ii) any issuer eligible for an exclusion from the definition of investment company pursuant to section 3(c)(7) of the Investment Company Act of 1940;

''(iii) any bank (as defined in paragraph (6) of this subsection), savings association (as defined in section 3(b) of the Federal Deposit Insurance Act), broker, dealer, insurance company (as defined in section 2(a)(13) of the Securities Act of 1933), or business development company (as defined in section 2(a)(48) of the Investment Company Act of 1940);

''(iv) any small business investment company licensed by the United States Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;

''(v) any State sponsored employee benefit plan, or any other employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, other than an individual retirement account, if the investment decisions are made by a plan fiduciary, as defined in section 3(21) of that Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser;

''(vi) any trust whose purchases of securities are directed by a person described in clauses (i) through (v) of this subparagraph;

''(vii) any market intermediary exempt under section 3(c)(2) of the Investment Company Act of 1940;

''(viii) any associated person of a broker or dealer other than a natural person;

''(ix) any foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

''(x) the government of any foreign country;

''(xi) any corporation, company, or partnership that owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xii) any natural person who owns and invests on a discretionary basis, not less than $10,000,000 in investments;

''(xiii) any government or political subdivision, agency, or instrumentality of a government who owns and invests on a discretionary basis not less than $50,000,000 in investments; or

''(xiv) any multinational or supranational entity or any agency or instrumentality thereof.

''(B) ADDITIONAL AUTHORITY.—The Commission may, by rule or order, define a 'qualified investor' as any other person, taking into consideration such factors as the financial sophistication of the person, net worth, and knowledge and experience in financial matters.''.

SEC. 208. GOVERNMENT SECURITIES DEFINED.

Section 3(a)(42) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(42)) is amended—

(1) by striking ''or'' at the end of subparagraph (C);

(2) by striking the period at the end of subparagraph (D) and inserting ''; or''; and

(3) by adding at the end the following new subparagraph:

''(E) for purposes of section 15C as applied to a bank, a qualified Canadian government obligation as defined in section 5136 of the Revised Statutes.''.

SEC. 209. EFFECTIVE DATE.

This subtitle shall take effect at the end of the 270-day period beginning on the date of enactment of this Act.

SEC. 210. RULE OF CONSTRUCTION.

Nothing in this Act shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act (7 U.S.C. 1 et seq.).

Subtitle B—Bank Investment Company Activities

SEC. 211. CUSTODY OF INVESTMENT COMPANY ASSETS BY AFFILIATED BANK.

(a) MANAGEMENT COMPANIES.—Section 17(f) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(f)) is amended—

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) by striking ''(f) Every registered'' and inserting the following:

''(f) CUSTODY OF SECURITIES.—

''(1) Every registered'';

(3) by redesignating the second, third, fourth, and fifth sentences of such subsection as paragraphs (2) through (5), respectively, and indenting the left margin of such paragraphs appropriately; and

(4) by adding at the end the following new paragraph:

''(6) SERVICES AS TRUSTEE OR CUSTODIAN.—The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person, promoter, organizer, or sponsor of, or principal underwriter for, a registered management company may serve as custodian of that registered management company.''.

(b) UNIT INVESTMENT TRUSTS.—Section 26 of the Investment Company Act of 1940 (15 U.S.C. 80a–26) is amended—

(1) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b) The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the conditions under which a bank, or an affiliated person of a bank, either of which is an affiliated person of a principal underwriter for, or depositor of, a registered unit investment trust, may serve as trustee or custodian under subsection (a)(1).''.

(c) FIDUCIARY DUTY OF CUSTODIAN.—Section 36(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–35(a)) is amended—

(1) in paragraph (1), by striking ''or'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; or''; and

(3) by inserting after paragraph (2) the following:

''(3) as custodian.''.

SEC. 212. LENDING TO AN AFFILIATED INVESTMENT COMPANY.

Section 17(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–17(a)) is amended—

(1) by striking ''or'' at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting ''; or''; and

(3) by adding at the end the following new paragraph:

''(4) to loan money or other property to such registered company, or to any company controlled by such registered company, in contravention of such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.''.

SEC. 213. INDEPENDENT DIRECTORS.

(a) IN GENERAL.—Section 2(a)(19)(A) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(A)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) the investment company;

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

''(III) any account over which the investment company's investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) the investment company;

''(II) any other investment company having the same investment adviser as such investment company or holding itself out to investors as a related company for purposes of investment or investor services; or

''(III) any account for which the investment company's investment adviser has borrowing authority,''.

(b) CONFORMING AMENDMENT.—Section 2(a)(19)(B) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(19)(B)) is amended—

(1) by striking clause (v) and inserting the following new clause:

''(v) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has executed any portfolio transactions for, engaged in any principal transactions with, or distributed shares for—

''(I) any investment company for which the investment adviser or principal underwriter serves as such;

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

''(III) any account over which the investment adviser has brokerage placement discretion,'';

(2) by redesignating clause (vi) as clause (vii); and

(3) by inserting after clause (v) the following new clause:

''(vi) any person or any affiliated person of a person (other than a registered investment company) that, at any time during the 6-month period preceding the date of the determination of whether that person or affiliated person is an interested person, has loaned money or other property to—

''(I) any investment company for which the investment adviser or principal underwriter serves as such;

''(II) any investment company holding itself out to investors, for purposes of investment or investor services, as a company related to any investment company for which the investment adviser or principal underwriter serves as such; or

''(III) any account for which the investment adviser has borrowing authority,''.

(c) AFFILIATION OF DIRECTORS.—Section 10(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–10(c)) is amended by striking ''bank, except'' and inserting ''bank (together with its affiliates and subsidiaries) or any one bank holding company (together with its affiliates and subsidiaries) (as such terms are defined in section 2 of the Bank Holding Company Act of 1956), except''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect at the end of the 1-year period beginning on the date of enactment of this subtitle.

SEC. 214. ADDITIONAL SEC DISCLOSURE AUTHORITY.

Section 35(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–34(a)) is amended to read as follows:

''(a) MISREPRESENTATION OF GUARANTEES.—

''(1) IN GENERAL.—It shall be unlawful for any person, issuing or selling any security of which a registered investment company is the issuer, to represent or imply in any manner whatsoever that such security or company—

''(A) has been guaranteed, sponsored, recommended, or approved by the United States, or any agency, instrumentality or officer of the United States;

''(B) has been insured by the Federal Deposit Insurance Corporation; or

''(C) is guaranteed by or is otherwise an obligation of any bank or insured depository institution.

''(2) DISCLOSURES.—Any person issuing or selling the securities of a registered investment company that is advised by, or sold through, a bank shall prominently disclose that an investment in the company is not insured by the Federal Deposit Insurance Corporation or any other government agency. The Commission may adopt rules and regulations, and issue orders, consistent with the protection of investors, prescribing the manner in which the disclosure under this paragraph shall be provided.

''(3) DEFINITIONS.—The terms 'insured depository institution' and 'appropriate Federal banking agency' have the same meanings as in section 3 of the Federal Deposit Insurance Act.''.

SEC. 215. DEFINITION OF BROKER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(6) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(6)) is amended to read as follows:

''(6) The term 'broker' has the same meaning as in section 3 of the Securities Exchange Act of 1934, except that such term does not include any person solely by reason of the fact that such person is an underwriter for one or more investment companies.''.

SEC. 216. DEFINITION OF DEALER UNDER THE INVESTMENT COMPANY ACT OF 1940.

Section 2(a)(11) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(11)) is amended to read as follows:

''(11) The term 'dealer' has the same meaning as in section 3 of the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 217. REMOVAL OF THE EXCLUSION FROM THE DEFINITION OF INVESTMENT ADVISER FOR BANKS THAT ADVISE INVESTMENT COMPANIES.

(a) INVESTMENT ADVISER.—Section 202(a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(11)) is amended in subparagraph (A), by striking ''investment company'' and inserting ''investment company, except that the term 'investment adviser' includes any bank or bank holding company to the extent that such bank or bank holding company serves or acts as an investment adviser to a registered investment company, but if, in the case of a bank, such services or actions are performed through a separately identifiable department or division, the department or division, and not the bank itself, shall be deemed to be the investment adviser''.

(b) SEPARATELY IDENTIFIABLE DEPARTMENT OR DIVISION.—Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)) is amended by adding at the end the following:

''(26) The term 'separately identifiable department or division' of a bank means a unit—

''(A) that is under the direct supervision of an officer or officers designated by the board of directors of the bank as responsible for the day-to-day conduct of the bank's investment adviser activities for one or more investment companies, including the supervision of all bank employees engaged in the performance of such activities; and

''(B) for which all of the records relating to its investment adviser activities are separately maintained in or extractable from such unit's own facilities or the facilities of the bank, and such records are so maintained or otherwise accessible as to permit independent examination and enforcement by the Commission of this Act or the Investment Company Act of 1940 and rules and regulations promulgated under this Act or the Investment Company Act of 1940.''.

SEC. 218. DEFINITION OF BROKER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(3) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(3)) is amended to read as follows:

''(3) The term 'broker' has the same meaning as in section 3 of the Securities Exchange Act of 1934.''.

SEC. 219. DEFINITION OF DEALER UNDER THE INVESTMENT ADVISERS ACT OF 1940.

Section 202(a)(7) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(7)) is amended to read as follows:

''(7) The term 'dealer' has the same meaning as in section 3 of the Securities Exchange Act of 1934, but does not include an insurance company or investment company.''.

SEC. 220. INTERAGENCY CONSULTATION.

The Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended by inserting after section 210 the following new section:

''SEC. 210A. CONSULTATION.

''(a) EXAMINATION RESULTS AND OTHER INFORMATION.—

''(1) The appropriate Federal banking agency shall provide the Commission upon request the results of any examination, reports, records, or other information to which such agency may have access with respect to the investment advisory activities—

''(A) of any—

''(i) bank holding company;

''(ii) bank; or

''(iii) separately identifiable department or division of a bank, that is registered under section 203 of this title; and

''(B) in the case of a bank holding company or bank that has a subsidiary or a separately identifiable department or division registered under that section, of such bank or bank holding company.

''(2) The Commission shall provide to the appropriate Federal banking agency upon request the results of any examination, reports, records, or other information with respect to the investment advisory activities of any bank holding company, bank, or separately identifiable department or division of a bank, any of which is registered under section 203 of this title.

''(b) EFFECT ON OTHER AUTHORITY.—Nothing in this section shall limit in any respect the authority of the appropriate Federal banking agency with respect to such bank holding company, bank, or department or division under any provision of law.

''(c) DEFINITION.—For purposes of this section, the term 'appropriate Federal banking agency' has the same meaning as in section 3 of the Federal Deposit Insurance Act.''.

SEC. 221. TREATMENT OF BANK COMMON TRUST FUNDS.

(a) SECURITIES ACT OF 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by striking ''or any interest or participation in any common trust fund or similar fund maintained by a bank exclusively for the collective investment and reinvestment of assets contributed thereto by such bank in its capacity as trustee, executor, administrator, or guardian'' and inserting ''or any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940''.

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(12)(A)(iii) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(12)(A)(iii)) is amended to read as follows:

''(iii) any interest or participation in any common trust fund or similar fund that is excluded from the definition of the term 'investment company' under section 3(c)(3) of the Investment Company Act of 1940;''.

(c) INVESTMENT COMPANY ACT OF 1940.—Section 3(c)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(c)(3)) is amended by inserting before the period the following: '', if—

''(A) such fund is employed by the bank solely as an aid to the administration of trusts, estates, or other accounts created and maintained for a fiduciary purpose;

''(B) except in connection with the ordinary advertising of the bank's fiduciary services, interests in such fund are not—

''(i) advertised; or

''(ii) offered for sale to the general public; and

''(C) fees and expenses charged by such fund are not in contravention of fiduciary principles established under applicable Federal or State law''.

SEC. 222. INVESTMENT ADVISERS PROHIBITED FROM HAVING CONTROLLING INTEREST IN REGISTERED INVESTMENT COMPANY.

Section 15 of the Investment Company Act of 1940 (15 U.S.C. 80a–15) is amended by adding at the end the following new subsection:

''(g) CONTROLLING INTEREST IN INVESTMENT COMPANY PROHIBITED.—

''(1) IN GENERAL.—If an investment adviser to a registered investment company, or an affiliated person of that investment adviser, holds a controlling interest in that registered investment company in a trustee or fiduciary capacity, such person shall—

''(A) if it holds the shares in a trustee or fiduciary capacity with respect to any employee benefit plan subject to the Employee Retirement Income Security Act of 1974, transfer the power to vote the shares of the investment company through to another person acting in a fiduciary capacity with respect to the plan who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(B) if it holds the shares in a trustee or fiduciary capacity with respect to any person or entity other than an employee benefit plan subject to the Employee Retirement Income Security Act of 1974—

''(i) transfer the power to vote the shares of the investment company through to—

''(I) the beneficial owners of the shares;

''(II) another person acting in a fiduciary capacity who is not an affiliated person of that investment adviser or any affiliated person thereof; or

''(III) any person authorized to receive statements and information with respect to the trust who is not an affiliated person of that investment adviser or any affiliated person thereof;

''(ii) vote the shares of the investment company held by it in the same proportion

as shares held by all other shareholders of the investment company; or

''(iii) vote the shares of the investment company as otherwise permitted under such rules, regulations, or orders as the Commission may prescribe or issue consistent with the protection of investors.

''(2) EXEMPTION.—Paragraph (1) shall not apply to any investment adviser to a registered investment company, or any affiliated person of that investment adviser, that holds shares of the investment company in a trustee or fiduciary capacity if that registered investment company consists solely of assets held in such capacities.

''(3) SAFE HARBOR.—No investment adviser to a registered investment company or any affiliated person of such investment adviser shall be deemed to have acted unlawfully or to have breached a fiduciary duty under State or Federal law solely by reason of acting in accordance with clause (i), (ii), or (iii) of paragraph (1)(B).

''(4) CHURCH PLAN EXEMPTION.—Paragraph (1) does not apply to any investment adviser to a registered investment company, or an affiliated person of that investment adviser, holding shares in such a capacity, if such investment adviser or such affiliated person is an organization described in section 414(e)(3)(A) of the Internal Revenue Code of 1986.''.

SEC. 223. CONFORMING CHANGE IN DEFINITION.

Section 2(a)(5) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(5)) is amended by striking ''(A) a banking institution organized under the laws of the United States'' and inserting ''(A) a depository institution (as defined in section 3 of the Federal Deposit Insurance Act) or a branch or agency of a foreign bank (as such terms are defined in section 1(b) of the International Banking Act of 1978)''.

SEC. 224. CONFORMING AMENDMENT.

Section 202 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2) is amended by adding at the end the following new subsection:

''(c) CONSIDERATION OF PROMOTION OF EFFICIENCY, COMPETITION, AND CAPITAL FORMATION.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.''.

SEC. 225. EFFECTIVE DATE.

This subtitle shall take effect 90 days after the date of enactment of this Act.

Subtitle C—Securities and Exchange Commission Supervision of Investment Bank Holding Companies

SEC. 231. SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES BY THE SECURITIES AND EXCHANGE COMMISSION.

(a) AMENDMENT.—Section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q) is amended—

(1) by redesignating subsection (i) as subsection (l); and

(2) by inserting after subsection (h) the following new subsections:

''(i) INVESTMENT BANK HOLDING COMPANIES.—

''(1) ELECTIVE SUPERVISION OF AN INVESTMENT BANK HOLDING COMPANY NOT HAVING A BANK OR SAVINGS ASSOCIATION AFFILIATE.—

''(A) IN GENERAL.—An investment bank holding company that is not—

''(i) an affiliate of a wholesale financial institution, an insured bank (other than an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956), or a savings association;

''(ii) a foreign bank, foreign company, or company that is described in section 8(a) of the International Banking Act of 1978; or

''(iii) a foreign bank that controls, directly or indirectly, a corporation chartered under section 25A of the Federal Reserve Act,

may elect to become supervised by filing with the Commission a notice of intention to become supervised, pursuant to subparagraph (B) of this paragraph. Any investment bank holding company filing such a notice shall be supervised in accordance with this section and comply with the rules promulgated by the Commission applicable to supervised investment bank holding companies.

''(B) NOTIFICATION OF STATUS AS A SUPERVISED INVESTMENT BANK HOLDING COMPANY.—An investment bank holding company that elects under subparagraph (A) to become supervised by the Commission shall file with the Commission a written notice of intention to become supervised by the Commission in such form and containing such information and documents concerning such investment bank holding company as the Commission, by rule, may prescribe as necessary or appropriate in furtherance of the purposes of this section. Unless the Commission finds that such supervision is not necessary or appropriate in furtherance of the purposes of this section, such supervision shall become effective 45 days after the date of receipt of such written notice by the Commission, or within such shorter time period as the Commission, by rule or order, may determine.

''(2) ELECTION NOT TO BE SUPERVISED BY THE COMMISSION AS AN INVESTMENT BANK HOLDING COMPANY.—

''(A) VOLUNTARY WITHDRAWAL.—A supervised investment bank holding company that is supervised pursuant to paragraph (1) may, upon such terms and conditions as the Commission deems necessary or appropriate, elect not to be supervised by the Commission by filing a written notice of withdrawal from Commission supervision. Such notice shall not become effective until one year after receipt by the Commission, or such shorter or longer period as the Commission deems necessary or appropriate to ensure effective supervision of the material risks to the supervised investment bank holding company and to the affiliated broker or dealer, or to prevent evasion of the purposes of this section.

''(B) DISCONTINUATION OF COMMISSION SUPERVISION.—If the Commission finds that any supervised investment bank holding company that is supervised pursuant to paragraph (1) is no longer in existence or has ceased to be an investment bank holding company, or if the Commission finds that continued supervision of such a supervised investment bank holding company is not consistent with the purposes of this section, the Commission may discontinue the supervision pursuant to a rule or order, if any, promulgated by the Commission under this section.

''(3) SUPERVISION OF INVESTMENT BANK HOLDING COMPANIES.—

''(A) RECORDKEEPING AND REPORTING.—

''(i) IN GENERAL.—Every supervised investment bank holding company and each affiliate thereof shall make and keep for prescribed periods such records, furnish copies thereof, and make such reports, as the Commission may require by rule, in order to keep the Commission informed as to—

''(I) the company's or affiliate's activities, financial condition, policies, systems for monitoring and controlling financial and operational risks, and transactions and relationships between any broker or dealer affiliate of the supervised investment bank holding company; and

''(II) the extent to which the company or affiliate has complied with the provisions of this Act and regulations prescribed and orders issued under this Act.

''(ii) FORM AND CONTENTS.—Such records and reports shall be prepared in such form and according to such specifications (including certification by an independent public accountant), as the Commission may require and shall be provided promptly at any time upon request by the Commission. Such records and reports may include—

''(I) a balance sheet and income statement;

''(II) an assessment of the consolidated capital of the supervised investment bank holding company;

''(III) an independent auditor's report attesting to the supervised investment bank holding company's compliance with its internal risk management and internal control objectives; and

''(IV) reports concerning the extent to which the company or affiliate has complied with the provisions of this title and any regulations prescribed and orders issued under this title.

''(B) USE OF EXISTING REPORTS.—

''(i) IN GENERAL.—The Commission shall, to the fullest extent possible, accept reports in fulfillment of the requirements under this paragraph that the supervised investment bank holding company or its affiliates have been required to provide to another appropriate regulatory agency or self-regulatory organization.

''(ii) AVAILABILITY.—A supervised investment bank holding company or an affiliate of such company shall provide to the Commission, at the request of the Commission, any report referred to in clause (i).

''(C) EXAMINATION AUTHORITY.—

''(i) FOCUS OF EXAMINATION AUTHORITY.—The Commission may make examinations of any supervised investment bank holding company and any affiliate of such company in order to—

''(I) inform the Commission regarding—

''(aa) the nature of the operations and financial condition of the supervised investment bank holding company and its affiliates;

''(bb) the financial and operational risks within the supervised investment bank holding company that may affect any broker or dealer controlled by such supervised investment bank holding company; and

''(cc) the systems of the supervised investment bank holding company and its affiliates for monitoring and controlling those risks; and

''(II) monitor compliance with the provisions of this subsection, provisions governing transactions and relationships between any broker or dealer affiliated with the supervised investment bank holding company and any of the company's other affiliates, and applicable provisions of subchapter II of chapter 53, title 31, United States Code (commonly referred to as the 'Bank Secrecy Act') and regulations thereunder.

''(ii) RESTRICTED FOCUS OF EXAMINATIONS.—The Commission shall limit the focus and scope of any examination of a supervised investment bank holding company to—

''(I) the company; and

''(II) any affiliate of the company that, because of its size, condition, or activities, the

nature or size of the transactions between such affiliate and any affiliated broker or dealer, or the centralization of functions within the holding company system, could, in the discretion of the Commission, have a materially adverse effect on the operational or financial condition of the broker or dealer.

''(iii) DEFERENCE TO OTHER EXAMINATIONS.—For purposes of this subparagraph, the Commission shall, to the fullest extent possible, use the reports of examination of an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956 made by the appropriate regulatory agency, or of a licensed insurance company made by the appropriate State insurance regulator.

''(4) HOLDING COMPANY CAPITAL.—

''(A) AUTHORITY.—If the Commission finds that it is necessary to adequately supervise investment bank holding companies and their broker or dealer affiliates consistent with the purposes of this subsection, the Commission may adopt capital adequacy rules for supervised investment bank holding companies.

''(B) METHOD OF CALCULATION.—In developing rules under this paragraph:

''(i) DOUBLE LEVERAGE.—The Commission shall consider the use by the supervised investment bank holding company of debt and other liabilities to fund capital investments in affiliates.

''(ii) NO UNWEIGHTED CAPITAL RATIO.—The Commission shall not impose under this section a capital ratio that is not based on appropriate risk-weighting considerations.

''(iii) NO CAPITAL REQUIREMENT ON REGULATED ENTITIES.—The Commission shall not, by rule, regulation, guideline, order or otherwise, impose any capital adequacy provision on a nonbanking affiliate (other than a broker or dealer) that is in compliance with applicable capital requirements of another Federal regulatory authority or State insurance authority.

''(iv) APPROPRIATE EXCLUSIONS.—The Commission shall take full account of the applicable capital requirements of another Federal regulatory authority or State insurance regulator.

''(C) INTERNAL RISK MANAGEMENT MODELS.—The Commission may incorporate internal risk management models into its capital adequacy rules for supervised investment bank holding companies.

''(5) FUNCTIONAL REGULATION OF BANKING AND INSURANCE ACTIVITIES OF SUPERVISED INVESTMENT BANK HOLDING COMPANIES.—The Commission shall defer to—

''(A) the appropriate regulatory agency with regard to all interpretations of, and the enforcement of, applicable banking laws relating to the activities, conduct, ownership, and operations of banks, and institutions described in subparagraph (D), (F), and (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956; and

''(B) the appropriate State insurance regulators with regard to all interpretations of, and the enforcement of, applicable State insurance laws relating to the activities, conduct, and operations of insurance companies and insurance agents.

''(6) DEFINITIONS.—For purposes of this subsection and subsection (j)—

''(A) the term 'investment bank holding company' means—

''(i) any person other than a natural person that owns or controls one or more brokers or dealers; and

''(ii) the associated persons of the investment bank holding company;

''(B) the term 'supervised investment bank holding company' means any investment bank holding company that is supervised by the Commission pursuant to this subsection;

''(C) the terms 'affiliate', 'bank', 'bank holding company', 'company', 'control', and 'savings association' have the same meanings as in section 2 of the Bank Holding Company Act of 1956;

''(D) the term 'insured bank' has the same meaning as in section 3 of the Federal Deposit Insurance Act;

''(E) the term 'foreign bank' has the same meaning as in section 1(b)(7) of the International Banking Act of 1978; and

''(F) the terms 'person associated with an investment bank holding company' and 'associated person of an investment bank holding company' mean any person directly or indirectly controlling, controlled by, or under common control with, an investment bank holding company.

''(j) COMMISSION BACKUP AUTHORITY.—

''(1) AUTHORITY.—The Commission may make inspections of any wholesale financial holding company that—

''(A) controls a wholesale financial institution;

''(B) is not a foreign bank; and

''(C) does not control an insured bank (other than an institution permitted under subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956) or a savings association,

and any affiliate of such company, for the purpose of monitoring and enforcing compliance by the wholesale financial holding company with the Federal securities laws.

''(2) LIMITATION.—The Commission shall limit the focus and scope of any inspection under paragraph (1) to those transactions, policies, procedures, or records that are reasonably necessary to monitor and enforce compliance by the wholesale financial holding company or any affiliate with the Federal securities laws.

''(3) DEFERENCE TO EXAMINATIONS.—To the fullest extent possible, the Commission shall use, for the purposes of this subsection, the reports of examinations—

''(A) made by the Board of Governors of the Federal Reserve System of any wholesale financial holding company that is supervised by the Board;

''(B) made by or on behalf of any State regulatory agency responsible for the supervision of an insurance company of any licensed insurance company; and

''(C) made by any Federal or State banking agency of any bank or institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956.

''(4) NOTICE.—To the fullest extent possible, the Commission shall notify the appropriate regulatory agency prior to conducting an inspection of a wholesale financial institution or institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956.

''(k) AUTHORITY TO LIMIT DISCLOSURE OF INFORMATION.—Notwithstanding any other provision of law, the Commission shall not be compelled to disclose any information required to be reported under subsection (h) or (i) or any information supplied to the Commission by any domestic or foreign regulatory agency that relates to the financial or operational condition of any associated person of a broker or dealer, investment bank holding company, or any affiliate of an investment bank holding company. Nothing in this subsection shall authorize the Commission to withhold information from Congress, or prevent the Commission from complying with a request for information from any other Federal department or agency or any self-regulatory organization requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States or the Commission. For purposes of section 552 of title 5, United States Code, this subsection shall be considered a statute described in subsection (b)(3)(B) of such section 552. In prescribing regulations to carry out the requirements of this subsection, the Commission shall designate information described in or obtained pursuant to subparagraphs (A), (B), and (C) of subsection (i)(5) as confidential information for purposes of section 24(b)(2) of this title.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 3(a)(34) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(34)) is amended by adding at the end the following new subparagraphs:

''(H) When used with respect to an institution described in subparagraph (D), (F), or (G) of section 2(c)(2), or held under section 4(f), of the Bank Holding Company Act of 1956—

''(i) the Comptroller of the Currency, in the case of a national bank or a bank in the District of Columbia examined by the Comptroller of the Currency;

''(ii) the Board of Governors of the Federal Reserve System, in the case of a State member bank of the Federal Reserve System or any corporation chartered under section 25A of the Federal Reserve Act;

''(iii) the Federal Deposit Insurance Corporation, in the case of any other bank the deposits of which are insured in accordance with the Federal Deposit Insurance Act; or

''(iv) the Commission in the case of all other such institutions.''.

(2) Section 1112(e) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3412(e)) is amended—

(A) by striking ''this title'' and inserting ''law''; and

(B) by inserting '', examination reports'' after ''financial records''.

Subtitle D—Studies

SEC. 241. STUDY OF METHODS TO INFORM INVESTORS AND CONSUMERS OF UNINSURED PRODUCTS.

Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the efficacy, costs, and benefits of requiring that any depository institution that accepts federally insured deposits and that, directly or through a contractual or other arrangement with a broker, dealer, or agent, buys from, sells to, or effects transactions for retail investors in securities or consumers of insurance to inform such investors and consumers through the use of a logo or seal that the security or insurance is not insured by the Federal Deposit Insurance Corporation.

SEC. 242. STUDY OF LIMITATION ON FEES ASSOCIATED WITH ACQUIRING FINANCIAL PRODUCTS.

Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the efficacy and benefits of uniformly limiting any commissions, fees, markups, or other costs incurred by customers in the acquisition of financial products.

TITLE III—INSURANCE

Subtitle A—State Regulation of Insurance

SEC. 301. STATE REGULATION OF THE BUSINESS OF INSURANCE.

The Act entitled ''An Act to express the intent of the Congress with reference to the regulation of the business of insurance'' and approved March 9, 1945 (15 U.S.C. 1011 et seq.), commonly referred to as the ''McCarran-Ferguson Act'') remains the law of the United States.

SEC. 302. MANDATORY INSURANCE LICENSING REQUIREMENTS.

No person or entity shall provide insurance in a State as principal or agent unless such person or entity is licensed as required by the appropriate insurance regulator of such State in accordance with the relevant State insurance law, subject to section 104.

SEC. 303. FUNCTIONAL REGULATION OF INSURANCE.

The insurance sales activity of any person or entity shall be functionally regulated by the States, subject to section 104.

SEC. 304. INSURANCE UNDERWRITING IN NATIONAL BANKS.

(a) IN GENERAL.—Except as provided in section 305, a national bank and the subsidiaries of a national bank may not provide insurance in a State as principal except that this prohibition shall not apply to authorized products.

(b) AUTHORIZED PRODUCTS.—For the purposes of this section, a product is authorized if—

(1) as of January 1, 1997, the Comptroller of the Currency had determined in writing that national banks may provide such product as principal, or national banks were in fact lawfully providing such product as principal;

(2) no court of relevant jurisdiction had, by final judgment, overturned a determination of the Comptroller of the Currency that national banks may provide such product as principal; and

(3) the product is not title insurance, or an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

(c) DEFINITION.—For purposes of this section, the term ''insurance'' means—

(1) any product regulated as insurance as of January 1, 1997, in accordance with the relevant State insurance law, in the State in which the product is provided;

(2) any product first offered after January 1, 1997, which—

(A) a State insurance regulator determines shall be regulated as insurance in the State in which the product is provided because the product insures, guarantees, or indemnifies against liability, loss of life, loss of health, or loss through damage to or destruction of property, including, but not limited to, surety bonds, life insurance, health insurance, title insurance, and property and casualty insurance (such as private passenger or commercial automobile, homeowners, mortgage, commercial multiperil, general liability, professional liability, workers' compensation, fire and allied lines, farm owners multiperil, aircraft, fidelity, surety, medical malpractice, ocean marine, inland marine, and boiler and machinery insurance); and

(B) is not a product or service of a bank that is—

(i) a deposit product;

(ii) a loan, discount, letter of credit, or other extension of credit;

(iii) a trust or other fiduciary service;

(iv) a qualified financial contract (as defined in or determined pursuant to section 11(e)(8)(D)(i) of the Federal Deposit Insurance Act); or

(v) a financial guaranty, except that this subparagraph (B) shall not apply to a product that includes an insurance component such that if the product is offered or proposed to be offered by the bank as principal—

(I) it would be treated as a life insurance contract under section 7702 of the Internal Revenue Code of 1986; or

(II) in the event that the product is not a letter of credit or other similar extension of credit, a qualified financial contract, or a financial guaranty, it would qualify for treatment for losses incurred with respect to such product under section 832(b)(5) of the Internal Revenue Code of 1986, if the bank were subject to tax as an insurance company under section 831 of that Code; or

(3) any annuity contract, the income on which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.

SEC. 305. TITLE INSURANCE ACTIVITIES OF NATIONAL BANKS AND THEIR AFFILIATES.

(a) AUTHORITY.—Notwithstanding any other provision of this Act or any other law, no national bank, and no subsidiary of a national bank, may engage in any activity involving the underwriting of title insurance, other than title insurance underwriting activities in which such national bank or subsidiary was actively and lawfully engaged before the date of enactment of this Act.

(b) INSURANCE AFFILIATE.—In the case of a national bank which has an affiliate which provides insurance as principal and is not a subsidiary of the bank, the national bank and any subsidiary of the national bank may not engage in any activity involving the underwriting of title insurance pursuant to subsection (a).

(c) INSURANCE SUBSIDIARY.—In the case of a national bank which has a subsidiary which provides insurance as principal and has no affiliate which provides insurance as principal and is not a subsidiary, the national bank may not engage in any activity involving the underwriting of title insurance pursuant to subsection (a).

(d) ''AFFILIATE'' AND ''SUBSIDIARY'' DEFINED.—For purposes of this section, the terms ''affiliate'' and ''subsidiary'' have the same meanings as in section 2 of the Bank Holding Company Act of 1956.

SEC. 306. EXPEDITED AND EQUALIZED DISPUTE RESOLUTION FOR FEDERAL REGULATORS.

(a) FILING IN COURT OF APPEALS.—In the case of a regulatory conflict between a State insurance regulator and a Federal regulator as to whether any product is or is not insurance, as defined in section 304(c), or whether a State statute, regulation, order, or interpretation regarding any insurance sales or solicitation activity is properly treated as preempted under Federal law, either regulator may seek expedited judicial review of such determination by the United States Court of Appeals for the circuit in which the State is located or in the United States Court of Appeals for the District of Columbia Circuit by filing a petition for review in such court.

(b) EXPEDITED REVIEW.—The United States Court of Appeals in which a petition for review is filed in accordance with subsection (a) shall complete all action on such petition, including rendering a judgment, before the end of the 60-day period beginning on the date on which such petition is filed, unless all parties to such proceeding agree to any extension of such period.

(c) SUPREME COURT REVIEW.—Any request for certiorari to the Supreme Court of the United States of any judgment of a United States Court of Appeals with respect to a petition for review under this section shall be filed with the Supreme Court of the United States as soon as practicable after such judgment is issued.

(d) STATUTE OF LIMITATION.—No action may be filed under this section challenging an order, ruling, determination, or other action of a Federal regulator or State insurance regulator after the later of—

(1) the end of the 12-month period beginning on the date on which the first public notice is made of such order, ruling, determination, or other action in its final form; or

(2) the end of the 6-month period beginning on the date on which such order, ruling, determination, or other action takes effect.

(e) STANDARD OF REVIEW.—The court shall decide an action filed under this section based on its review on the merits of all questions presented under State and Federal law, including the nature of the product or activity and the history and purpose of its regulation under State and Federal law, without unequal deference.

SEC. 307. CONSUMER PROTECTION REGULATIONS.

The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 45. CONSUMER PROTECTION REGULATIONS.

''(a) REGULATIONS REQUIRED.—

''(1) IN GENERAL.—The Federal banking agencies shall prescribe and publish in final form, before the end of the 1-year period beginning on the date of enactment of the Financial Services Act of 1999, consumer protection regulations (which the agencies jointly determine to be appropriate) that—

''(A) apply to retail sales practices, solicitations, advertising, or offers of any insurance product by any insured depository institution or wholesale financial institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution; and

''(B) are consistent with the requirements of this Act and provide such additional protections for consumers to whom such sales, solicitations, advertising, or offers are directed as the agency determines to be appropriate.

''(2) APPLICABILITY TO SUBSIDIARIES.—The regulations prescribed pursuant to paragraph (1) shall extend such protections to any subsidiaries of an insured depository institution, as deemed appropriate by the regulators referred to in paragraph (3), where such extension is determined to be necessary to ensure the consumer protections provided by this section.

''(3) CONSULTATION AND JOINT REGULATIONS.—The Federal banking agencies shall consult with each other and prescribe joint regulations pursuant to paragraph (1), after consultation with the State insurance regulators, as appropriate.

''(b) SALES PRACTICES.—The regulations prescribed pursuant to subsection (a) shall include anticoercion rules applicable to the sale of insurance products which prohibit an insured depository institution from engaging in any practice that would lead a consumer to believe an extension of credit, in violation of section 106(b) of the Bank Holding Company Act Amendments of 1970, is conditional upon—

''(1) the purchase of an insurance product from the institution or any of its affiliates or subsidiaries; or

''(2) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(c) DISCLOSURES AND ADVERTISING.—The regulations prescribed pursuant to subsection (a) shall include the following provisions relating to disclosures and advertising in connection with the initial purchase of an insurance product:

''(1) DISCLOSURES.—

''(A) IN GENERAL.—Requirements that the following disclosures be made orally and in writing before the completion of the initial sale and, in the case of clause (iii), at the time of application for an extension of credit:

''(i) UNINSURED STATUS.—As appropriate, the product is not insured by the Federal Deposit Insurance Corporation, the United States Government, or the insured depository institution.

''(ii) INVESTMENT RISK.—In the case of a variable annuity or other insurance product which involves an investment risk, that there is an investment risk associated with the product, including possible loss of value.

''(iii) COERCION.—The approval of an extension of credit may not be conditioned on—

''(I) the purchase of an insurance product from the institution in which the application for credit is pending or any of its affiliates or subsidiaries; or

''(II) an agreement by the consumer not to obtain, or a prohibition on the consumer from obtaining, an insurance product from an unaffiliated entity.

''(B) MAKING DISCLOSURE READILY UNDERSTANDABLE.—Regulations prescribed under subparagraph (A) shall encourage the use of disclosure that is conspicuous, simple, direct, and readily understandable, such as the following:

''(i) 'NOT FDIC–INSURED'.

''(ii) 'NOT GUARANTEED BY THE BANK'.

''(iii) 'MAY GO DOWN IN VALUE'.

''(C) ADJUSTMENTS FOR ALTERNATIVE METHODS OF PURCHASE.—In prescribing the requirements under subparagraphs (A) and (D), necessary adjustments shall be made for purchase in person, by telephone, or by electronic media to provide for the most appropriate and complete form of disclosure and acknowledgments.

''(D) CONSUMER ACKNOWLEDGMENT.—A requirement that an insured depository institution shall require any person selling an insurance product at any office of, or on behalf of, the institution to obtain, at the time a consumer receives the disclosures required under this paragraph or at the time of the initial purchase by the consumer of such product, an acknowledgment by such consumer of the receipt of the disclosure required under this paragraph with respect to such product.

''(2) PROHIBITION ON MISREPRESENTATIONS.—A prohibition on any practice, or any advertising, at any office of, or on behalf of, the insured depository institution, or any subsidiary as appropriate, which could mislead any person or otherwise cause a reasonable person to reach an erroneous belief with respect to—

''(A) the uninsured nature of any insurance product sold, or offered for sale, by the institution or any subsidiary of the institution; or

''(B) in the case of a variable annuity or other insurance product that involves an investment risk, the investment risk associated with any such product.

''(d) SEPARATION OF BANKING AND NONBANKING ACTIVITIES.—

''(1) REGULATIONS REQUIRED.—The regulations prescribed pursuant to subsection (a) shall include such provisions as the Federal banking agencies consider appropriate to ensure that the routine acceptance of deposits is kept, to the extent practicable, physically segregated from insurance product activity.

''(2) REQUIREMENTS.—Regulations prescribed pursuant to paragraph (1) shall include the following requirements:

''(A) SEPARATE SETTING.—A clear delineation of the setting in which, and the circumstances under which, transactions involving insurance products should be conducted in a location physically segregated from an area where retail deposits are routinely accepted.

''(B) REFERRALS.—Standards which permit any person accepting deposits from the public in an area where such transactions are routinely conducted in an insured depository institution to refer a customer who seeks to purchase any insurance product to a qualified person who sells such product, only if the person making the referral receives no more than a one-time nominal fee of a fixed dollar amount for each referral that does not depend on whether the referral results in a transaction.

''(C) QUALIFICATION AND LICENSING REQUIREMENTS.—Standards prohibiting any insured depository institution from permitting any person to sell or offer for sale any insurance product in any part of any office of the institution, or on behalf of the institution, unless such person is appropriately qualified and licensed.

''(e) DOMESTIC VIOLENCE DISCRIMINATION PROHIBITION.—

''(1) IN GENERAL.—In the case of an applicant for, or an insured under, any insurance product described in paragraph (2), the status of the applicant or insured as a victim of domestic violence, or as a provider of services to victims of domestic violence, shall not be considered as a criterion in any decision with regard to insurance underwriting, pricing, renewal, or scope of coverage of insurance policies, or payment of insurance claims, except as required or expressly permitted under State law.

''(2) SCOPE OF APPLICATION.—The prohibition contained in paragraph (1) shall apply to any insurance product which is sold or offered for sale, as principal, agent, or broker, by any insured depository institution or any person who is engaged in such activities at an office of the institution or on behalf of the institution.

''(3) SENSE OF THE CONGRESS.—It is the sense of the Congress that, by the end of the 30-month period beginning on the date of enactment of the Financial Services Act of 1999, the States should enact prohibitions against discrimination with respect to insurance products that are at least as strict as the prohibitions contained in paragraph (1).

''(4) DOMESTIC VIOLENCE DEFINED.—For purposes of this subsection, the term 'domestic violence' means the occurrence of 1 or more of the following acts by a current or former family member, household member, intimate partner, or caretaker:

''(A) Attempting to cause or causing or threatening another person with physical harm, severe emotional distress, psychological trauma, rape, or sexual assault.

''(B) Engaging in a course of conduct or repeatedly committing acts toward another person, including following the person without proper authority, under circumstances that place the person in reasonable fear of bodily injury or physical harm.

''(C) Subjecting another person to false imprisonment.

''(D) Attempting to cause or causing damage to property so as to intimidate or attempt to control the behavior of another person.

''(f) CONSUMER GRIEVANCE PROCESS.—The Federal banking agencies shall jointly establish a consumer complaint mechanism, for receiving and expeditiously addressing consumer complaints alleging a violation of regulations issued under this section, which mechanism shall—

''(1) establish a group within each regulatory agency to receive such complaints;

''(2) develop procedures for investigating such complaints;

''(3) develop procedures for informing consumers of rights they may have in connection with such complaints; and

''(4) develop procedures for addressing concerns raised by such complaints, as appropriate, including procedures for the recovery of losses to the extent appropriate.

''(g) EFFECT ON OTHER AUTHORITY.—

''(1) IN GENERAL.—No provision of this section shall be construed as granting, limiting, or otherwise affecting—

''(A) any authority of the Securities and Exchange Commission, any self-regulatory organization, the Municipal Securities Rulemaking Board, or the Secretary of the Treasury under any Federal securities law; or

''(B) except as provided in paragraph (2), any authority of any State insurance commissioner or other State authority under any State law.

''(2) COORDINATION WITH STATE LAW.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), regulations prescribed by a Federal banking agency under this section shall not apply to retail sales, solicitations, advertising, or offers of any insurance product by any insured depository institution or wholesale financial institution or to any person who is engaged in such activities at an office of such institution or on behalf of the institution, in a State where the State has in effect statutes, regulations, orders, or interpretations, that are inconsistent with or contrary to the regulations prescribed by the Federal banking agencies.

''(B) PREEMPTION.—If, with respect to any provision of the regulations prescribed under this section, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Board of Directors of the Federal Deposit Insurance Corporation determine jointly that the protection afforded by such provision for consumers is greater than the protection provided by a comparable provision of the statutes, regulations, orders, or interpretations referred to in subparagraph (A) of any State, such provision of the regulations prescribed under this section shall supersede the comparable provision of such State statute, regulation, order, or interpretation.

''(h) INSURANCE PRODUCT DEFINED.—For purposes of this section, the term 'insurance product' includes an annuity contract the income of which is subject to tax treatment under section 72 of the Internal Revenue Code of 1986.''.

SEC. 308. CERTAIN STATE AFFILIATION LAWS PREEMPTED FOR INSURANCE COMPANIES AND AFFILIATES.

Except as provided in section 104(a)(2), no State may, by law, regulation, order, interpretation, or otherwise—

(1) prevent or significantly interfere with the ability of any insurer, or any affiliate of an insurer (whether such affiliate is organized as a stock company, mutual holding company, or otherwise), to become a financial holding company or to acquire control of an insured depository institution;

(2) limit the amount of an insurer's assets that may be invested in the voting securities of an insured depository institution (or any

company which controls such institution), except that the laws of an insurer's State of domicile may limit the amount of such investment to an amount that is not less than 5 percent of the insurer's admitted assets; or

(3) prevent, significantly interfere with, or have the authority to review, approve, or disapprove a plan of reorganization by which an insurer proposes to reorganize from mutual form to become a stock insurer (whether as a direct or indirect subsidiary of a mutual holding company or otherwise) unless such State is the State of domicile of the insurer.

SEC. 309. PUBLICATION OF PREEMPTION OF STATE LAWS.

Section 5244 of the Revised Statutes of the United States (12 U.S.C. 43) is amended—

(1) by inserting ''or Federal savings association'' after ''national bank'' each place that term appears; and

(2) in subsection (c)(3)(B)(i), by inserting ''or savings associations'' after ''banks''.

Subtitle B—National Association of Registered Agents and Brokers

SEC. 321. STATE FLEXIBILITY IN MULTISTATE LICENSING REFORMS.

(a) IN GENERAL.—The provisions of this subtitle shall take effect unless, not later than 3 years after the date of enactment of this Act, at least a majority of the States—

(1) have enacted uniform laws and regulations governing the licensure of individuals and entities authorized to sell and solicit the purchase of insurance within the State; or

(2) have enacted reciprocity laws and regulations governing the licensure of nonresident individuals and entities authorized to sell and solicit insurance within those States.

(b) UNIFORMITY REQUIRED.—States shall be deemed to have established the uniformity necessary to satisfy subsection (a)(1) if the States—

(1) establish uniform criteria regarding the integrity, personal qualifications, education, training, and experience of licensed insurance producers, including the qualification and training of sales personnel in ascertaining the appropriateness of a particular insurance product for a prospective customer;

(2) establish uniform continuing education requirements for licensed insurance producers;

(3) establish uniform ethics course requirements for licensed insurance producers in conjunction with the continuing education requirements under paragraph (2);

(4) establish uniform criteria to ensure that an insurance product, including any annuity contract, sold to a consumer is suitable and appropriate for the consumer based on financial information disclosed by the consumer; and

(5) do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(c) RECIPROCITY REQUIRED.—States shall be deemed to have established the reciprocity required to satisfy subsection (a)(2) if the following conditions are met:

(1) ADMINISTRATIVE LICENSING PROCEDURES.—At least a majority of the States permit a producer that has a resident license for selling or soliciting the purchase of insurance in its home State to receive a license to sell or solicit the purchase of insurance in such majority of States as a nonresident to the same extent that such producer is permitted to sell or solicit the purchase of insurance in its State, if the producer's home State also awards such licenses on such a reciprocal basis, without satisfying any additional requirements other than submitting—

(A) a request for licensure;

(B) the application for licensure that the producer submitted to its home State;

(C) proof that the producer is licensed and in good standing in its home State; and

(D) the payment of any requisite fee to the appropriate authority.

(2) CONTINUING EDUCATION REQUIREMENTS.—A majority of the States accept an insurance producer's satisfaction of its home State's continuing education requirements for licensed insurance producers to satisfy the States' own continuing education requirements if the producer's home State also recognizes the satisfaction of continuing education requirements on such a reciprocal basis.

(3) NO LIMITING NONRESIDENT REQUIREMENTS.—A majority of the States do not impose any requirement upon any insurance producer to be licensed or otherwise qualified to do business as a nonresident that has the effect of limiting or conditioning that producer's activities because of its residence or place of operations, except that countersignature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section.

(4) RECIPROCAL RECIPROCITY.—Each of the States that satisfies paragraphs (1), (2), and (3) grants reciprocity to residents of all of the other States that satisfy such paragraphs.

(d) DETERMINATION.—

(1) NAIC DETERMINATION.—At the end of the 3-year period beginning on the date of enactment of this Act, the National Association of Insurance Commissioners shall determine, in consultation with the insurance commissioners or chief insurance regulatory officials of the States, whether the uniformity or reciprocity required by subsections (b) and (c) has been achieved.

(2) JUDICIAL REVIEW.—The appropriate United States district court shall have exclusive jurisdiction over any challenge to the National Association of Insurance Commissioners' determination under this section and such court shall apply the standards set forth in section 706 of title 5, United States Code, when reviewing any such challenge.

(e) CONTINUED APPLICATION.—If, at any time, the uniformity or reciprocity required by subsections (b) and (c) no longer exists, the provisions of this subtitle shall take effect 2 years after the date on which such uniformity or reciprocity ceases to exist, unless the uniformity or reciprocity required by those provisions is satisfied before the expiration of that 2-year period.

(f) SAVINGS PROVISION.—No provision of this section shall be construed as requiring that any law, regulation, provision, or action of any State which purports to regulate insurance producers, including any such law, regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including countersignature laws, be altered or amended in order to satisfy the uniformity or reciprocity required by subsections (b) and (c), unless any such law, regulation, provision, or action is inconsistent with a specific requirement of any such subsection and then only to the extent of such inconsistency.

(g) UNIFORM LICENSING.—Nothing in this section shall be construed to require any State to adopt new or additional licensing requirements to achieve the uniformity necessary to satisfy subsection (a)(1).

SEC. 322. NATIONAL ASSOCIATION OF REGISTERED AGENTS AND BROKERS.

(a) ESTABLISHMENT.—There is established the National Association of Registered Agents and Brokers (hereafter in this subtitle referred to as the ''Association'').

(b) STATUS.—The Association shall—

(1) be a nonprofit corporation;

(2) have succession until dissolved by an Act of Congress;

(3) not be an agent or instrumentality of the United States Government; and

(4) except as otherwise provided in this Act, be subject to, and have all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act (D.C. Code, sec. 29y–1001 et seq.).

SEC. 323. PURPOSE.

The purpose of the Association shall be to provide a mechanism through which uniform licensing, appointment, continuing education, and other insurance producer sales qualification requirements and conditions can be adopted and applied on a multistate basis, while preserving the right of States to license, supervise, and discipline insurance producers and to prescribe and enforce laws and regulations with regard to insurance-related consumer protection and unfair trade practices.

SEC. 324. RELATIONSHIP TO THE FEDERAL GOVERNMENT.

The Association shall be subject to the supervision and oversight of the National Association of Insurance Commissioners (hereafter in this subtitle referred to as the ''NAIC'').

SEC. 325. MEMBERSHIP.

(a) ELIGIBILITY.—

(1) IN GENERAL.—Any State-licensed insurance producer shall be eligible to become a member in the Association.

(2) INELIGIBILITY FOR SUSPENSION OR REVOCATION OF LICENSE.—Notwithstanding paragraph (1), a State-licensed insurance producer shall not be eligible to become a member if a State insurance regulator has suspended or revoked such producer's license in that State during the 3-year period preceding the date on which such producer applies for membership.

(3) RESUMPTION OF ELIGIBILITY.—Paragraph (2) shall cease to apply to any insurance producer if—

(A) the State insurance regulator renews the license of such producer in the State in which the license was suspended or revoked; or

(B) the suspension or revocation is subsequently overturned.

(b) AUTHORITY TO ESTABLISH MEMBERSHIP CRITERIA.—The Association shall have the authority to establish membership criteria that—

(1) bear a reasonable relationship to the purposes for which the Association was established; and

(2) do not unfairly limit the access of smaller agencies to the Association membership.

(c) ESTABLISHMENT OF CLASSES AND CATEGORIES.—

(1) CLASSES OF MEMBERSHIP.—The Association may establish separate classes of membership, with separate criteria, if the Association reasonably determines that performance of different duties requires different levels of education, training, or experience.

(2) CATEGORIES.—The Association may establish separate categories of membership for individuals and for other persons. The establishment of any such categories of membership shall be based either on the types of licensing categories that exist under State laws or on the aggregate amount of business handled by an insurance producer. No special categories of membership, and no distinct membership criteria, shall be established for members which are insured depository institutions or wholesale financial institutions or for their employees, agents, or affiliates.

(d) MEMBERSHIP CRITERIA.—

(1) IN GENERAL.—The Association may establish criteria for membership which shall include standards for integrity, personal qualifications, education, training, and experience.

(2) MINIMUM STANDARD.—In establishing criteria under paragraph (1), the Association shall consider the highest levels of insurance producer qualifications established under the licensing laws of the States.

(e) EFFECT OF MEMBERSHIP.—Membership in the Association shall entitle the member to licensure in each State for which the member pays the requisite fees, including licensing fees and, where applicable, bonding requirements, set by such State.

(f) ANNUAL RENEWAL.—Membership in the Association shall be renewed on an annual basis.

(g) CONTINUING EDUCATION.—The Association shall establish, as a condition of membership, continuing education requirements which shall be comparable to or greater than the continuing education requirements under the licensing laws of a majority of the States.

(h) SUSPENSION AND REVOCATION.—The Association may—

(1) inspect and examine the records and offices of the members of the Association to determine compliance with the criteria for membership established by the Association; and

(2) suspend or revoke the membership of an insurance producer if—

(A) the producer fails to meet the applicable membership criteria of the Association; or

(B) the producer has been subject to disciplinary action pursuant to a final adjudicatory proceeding under the jurisdiction of a State insurance regulator, and the Association concludes that retention of membership in the Association would not be in the public interest.

(i) OFFICE OF CONSUMER COMPLAINTS.—

(1) IN GENERAL.—The Association shall establish an office of consumer complaints that shall—

(A) receive and investigate complaints from both consumers and State insurance regulators related to members of the Association; and

(B) recommend to the Association any disciplinary actions that the office considers appropriate, to the extent that any such recommendation is not inconsistent with State law.

(2) RECORDS AND REFERRALS.—The office of consumer complaints of the Association shall—

(A) maintain records of all complaints received in accordance with paragraph (1) and make such records available to the NAIC and to each State insurance regulator for the State of residence of the consumer who filed the complaint; and

(B) refer, when appropriate, any such complaint to any appropriate State insurance regulator.

(3) TELEPHONE AND OTHER ACCESS.—The office of consumer complaints shall maintain a toll-free telephone number for the purpose of this subsection and, as practicable, other alternative means of communication with consumers, such as an Internet home page.

SEC. 326. BOARD OF DIRECTORS.

(a) ESTABLISHMENT.—There is established the board of directors of the Association (hereafter in this subtitle referred to as the ''Board'') for the purpose of governing and supervising the activities of the Association and the members of the Association.

(b) POWERS.—The Board shall have such powers and authority as may be specified in the bylaws of the Association.

(c) COMPOSITION.—

(1) MEMBERS.—The Board shall be composed of 7 members appointed by the NAIC.

(2) REQUIREMENT.—At least 4 of the members of the Board shall have significant experience with the regulation of commercial lines of insurance in at least 1 of the 20 States in which the greatest total dollar amount of commercial-lines insurance is placed in the United States.

(3) INITIAL BOARD MEMBERSHIP.—

(A) IN GENERAL.—If, by the end of the 2-year period beginning on the date of enactment of this Act, the NAIC has not appointed the initial 7 members of the Board of the Association, the initial Board shall consist of the 7 State insurance regulators of the 7 States with the greatest total dollar amount of commercial-lines insurance in place as of the end of such period.

(B) ALTERNATE COMPOSITION.—If any of the State insurance regulators described in subparagraph (A) declines to serve on the Board, the State insurance regulator with the next greatest total dollar amount of commercial-lines insurance in place, as determined by the NAIC as of the end of such period, shall serve as a member of the Board.

(C) INOPERABILITY.—If fewer than 7 State insurance regulators accept appointment to the Board, the Association shall be established without NAIC oversight pursuant to section 332.

(d) TERMS.—The term of each director shall, after the initial appointment of the members of the Board, be for 3 years, with ⅓ of the directors to be appointed each year.

(e) BOARD VACANCIES.—A vacancy on the Board shall be filled in the same manner as the original appointment of the initial Board for the remainder of the term of the vacating member.

(f) MEETINGS.—The Board shall meet at the call of the chairperson, or as otherwise provided by the bylaws of the Association.

SEC. 327. OFFICERS.

(a) IN GENERAL.—

(1) POSITIONS.—The officers of the Association shall consist of a chairperson and a vice chairperson of the Board, a president, secretary, and treasurer of the Association, and such other officers and assistant officers as may be deemed necessary.

(2) MANNER OF SELECTION.—Each officer of the Board and the Association shall be elected or appointed at such time and in such manner and for such terms not exceeding 3 years as may be prescribed in the bylaws of the Association.

(b) CRITERIA FOR CHAIRPERSON.—Only individuals who are members of the NAIC shall be eligible to serve as the chairperson of the board of directors.

SEC. 328. BYLAWS, RULES, AND DISCIPLINARY ACTION.

(a) ADOPTION AND AMENDMENT OF BYLAWS.—

(1) COPY REQUIRED TO BE FILED WITH THE NAIC.—The board of directors of the Association shall file with the NAIC a copy of the proposed bylaws or any proposed amendment to the bylaws, accompanied by a concise general statement of the basis and purpose of such proposal.

(2) EFFECTIVE DATE.—Except as provided in paragraph (3), any proposed bylaw or proposed amendment shall take effect—

(A) 30 days after the date of the filing of a copy with the NAIC;

(B) upon such later date as the Association may designate; or

(C) upon such earlier date as the NAIC may determine.

(3) DISAPPROVAL BY THE NAIC.—Notwithstanding paragraph (2), a proposed bylaw or amendment shall not take effect if, after public notice and opportunity to participate in a public hearing—

(A) the NAIC disapproves such proposal as being contrary to the public interest or contrary to the purposes of this subtitle and provides notice to the Association setting forth the reasons for such disapproval; or

(B) the NAIC finds that such proposal involves a matter of such significant public interest that public comment should be obtained, in which case it may, after notifying the Association in writing of such finding, require that the procedures set forth in subsection (b) be followed with respect to such proposal, in the same manner as if such proposed bylaw change were a proposed rule change within the meaning of such subsection.

(b) ADOPTION AND AMENDMENT OF RULES.—

(1) FILING PROPOSED REGULATIONS WITH THE NAIC.—

(A) IN GENERAL.—The board of directors of the Association shall file with the NAIC a copy of any proposed rule or any proposed amendment to a rule of the Association which shall be accompanied by a concise general statement of the basis and purpose of such proposal.

(B) OTHER RULES AND AMENDMENTS INEFFECTIVE.—No proposed rule or amendment shall take effect unless approved by the NAIC or otherwise permitted in accordance with this paragraph.

(2) INITIAL CONSIDERATION BY THE NAIC.—Not later than 35 days after the date of publication of notice of filing of a proposal, or before the end of such longer period not to exceed 90 days as the NAIC may designate after such date, if the NAIC finds such longer period to be appropriate and sets forth its reasons for so finding, or as to which the Association consents, the NAIC shall—

(A) by order approve such proposed rule or amendment; or

(B) institute proceedings to determine whether such proposed rule or amendment should be modified or disapproved.

(3) NAIC PROCEEDINGS.—

(A) IN GENERAL.—Proceedings instituted by the NAIC with respect to a proposed rule or amendment pursuant to paragraph (2) shall—

(i) include notice of the grounds for disapproval under consideration;

(ii) provide opportunity for hearing; and

(iii) be concluded not later than 180 days after the date of the Association's filing of such proposed rule or amendment.

(B) DISPOSITION OF PROPOSAL.—At the conclusion of any proceeding under subparagraph (A), the NAIC shall, by order, approve or disapprove the proposed rule or amendment.

(C) EXTENSION OF TIME FOR CONSIDERATION.—The NAIC may extend the time for concluding any proceeding under subparagraph (A) for—

(i) not more than 60 days if the NAIC finds good cause for such extension and sets forth its reasons for so finding; or

(ii) for such longer period as to which the Association consents.

(4) STANDARDS FOR REVIEW.—

(A) GROUNDS FOR APPROVAL.—The NAIC shall approve a proposed rule or amendment if the NAIC finds that the rule or amendment is in the public interest and is consistent with the purposes of this Act.

(B) APPROVAL BEFORE END OF NOTICE PERIOD.—The NAIC shall not approve any proposed rule before the end of the 30-day period beginning on the date on which the Association files proposed rules or amendments in accordance with paragraph (1), unless the NAIC finds good cause for so doing and sets forth the reasons for so finding.

(5) ALTERNATE PROCEDURE.—

(A) IN GENERAL.—Notwithstanding any provision of this subsection other than subparagraph (B), a proposed rule or amendment relating to the administration or organization of the Association shall take effect—

(i) upon the date of filing with the NAIC, if such proposed rule or amendment is designated by the Association as relating solely to matters which the NAIC, consistent with the public interest and the purposes of this subsection, determines by rule do not require the procedures set forth in this paragraph; or

(ii) upon such date as the NAIC shall for good cause determine.

(B) ABROGATION BY THE NAIC.—

(i) IN GENERAL.—At any time within 60 days after the date of filing of any proposed rule or amendment under subparagraph (A)(i) or clause (ii) of this subparagraph, the NAIC may repeal such rule or amendment and require that the rule or amendment be refiled and reviewed in accordance with this paragraph, if the NAIC finds that such action is necessary or appropriate in the public interest, for the protection of insurance producers or policyholders, or otherwise in furtherance of the purposes of this subtitle.

(ii) EFFECT OF RECONSIDERATION BY THE NAIC.—Any action of the NAIC pursuant to clause (i) shall—

(I) not affect the validity or force of a rule change during the period such rule or amendment was in effect; and

(II) not be considered to be a final action.

(c) ACTION REQUIRED BY THE NAIC.—The NAIC may, in accordance with such rules as the NAIC determines to be necessary or appropriate to the public interest or to carry out the purposes of this subtitle, require the Association to adopt, amend, or repeal any bylaw, rule or amendment of the Association, whenever adopted.

(d) DISCIPLINARY ACTION BY THE ASSOCIATION.—

(1) SPECIFICATION OF CHARGES.—In any proceeding to determine whether membership shall be denied, suspended, revoked, or not renewed (hereafter in this section referred to as a ''disciplinary action''), the Association shall bring specific charges, notify such member of such charges, give the member an opportunity to defend against the charges, and keep a record.

(2) SUPPORTING STATEMENT.—A determination to take disciplinary action shall be supported by a statement setting forth—

(A) any act or practice in which such member has been found to have been engaged;

(B) the specific provision of this subtitle, the rules or regulations under this subtitle, or the rules of the Association which any such act or practice is deemed to violate; and

(C) the sanction imposed and the reason for such sanction.

(e) NAIC REVIEW OF DISCIPLINARY ACTION.—

(1) NOTICE TO THE NAIC.—If the Association orders any disciplinary action, the Association shall promptly notify the NAIC of such action.

(2) REVIEW BY THE NAIC.—Any disciplinary action taken by the Association shall be subject to review by the NAIC—

(A) on the NAIC's own motion; or

(B) upon application by any person aggrieved by such action if such application is filed with the NAIC not more than 30 days after the later of—

(i) the date the notice was filed with the NAIC pursuant to paragraph (1); or

(ii) the date the notice of the disciplinary action was received by such aggrieved person.

(f) EFFECT OF REVIEW.—The filing of an application to the NAIC for review of a disciplinary action, or the institution of review by the NAIC on the NAIC's own motion, shall not operate as a stay of disciplinary action unless the NAIC otherwise orders.

(g) SCOPE OF REVIEW.—

(1) IN GENERAL.—In any proceeding to review such action, after notice and the opportunity for hearing, the NAIC shall—

(A) determine whether the action should be taken;

(B) affirm, modify, or rescind the disciplinary sanction; or

(C) remand to the Association for further proceedings.

(2) DISMISSAL OF REVIEW.—The NAIC may dismiss a proceeding to review disciplinary action if the NAIC finds that—

(A) the specific grounds on which the action is based exist in fact;

(B) the action is in accordance with applicable rules and regulations; and

(C) such rules and regulations are, and were, applied in a manner consistent with the purposes of this subtitle.

SEC. 329. ASSESSMENTS.

(a) INSURANCE PRODUCERS SUBJECT TO ASSESSMENT.—The Association may establish such application and membership fees as the Association finds necessary to cover the costs of its operations, including fees made reimbursable to the NAIC under subsection (b), except that, in setting such fees, the Association may not discriminate against smaller insurance producers.

(b) NAIC ASSESSMENTS.—The NAIC may assess the Association for any costs that the NAIC incurs under this subtitle.

SEC. 330. FUNCTIONS OF THE NAIC.

(a) ADMINISTRATIVE PROCEDURE.—Determinations of the NAIC, for purposes of making rules pursuant to section 328, shall be made after appropriate notice and opportunity for a hearing and for submission of views of interested persons.

(b) EXAMINATIONS AND REPORTS.—

(1) EXAMINATIONS.—The NAIC may make such examinations and inspections of the Association and require the Association to furnish to the NAIC such reports and records or copies thereof as the NAIC may consider necessary or appropriate in the public interest or to effectuate the purposes of this subtitle.

(2) REPORT BY ASSOCIATION.—As soon as practicable after the close of each fiscal year, the Association shall submit to the NAIC a written report regarding the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year. The NAIC shall transmit such report to the President and the Congress with such comment thereon as the NAIC determines to be appropriate.

SEC. 331. LIABILITY OF THE ASSOCIATION AND THE DIRECTORS, OFFICERS, AND EMPLOYEES OF THE ASSOCIATION.

(a) IN GENERAL.—The Association shall not be deemed to be an insurer or insurance producer within the meaning of any State law, rule, regulation, or order regulating or taxing insurers, insurance producers, or other entities engaged in the business of insurance, including provisions imposing premium taxes, regulating insurer solvency or financial condition, establishing guaranty funds and levying assessments, or requiring claims settlement practices.

(b) LIABILITY OF THE ASSOCIATION, ITS DIRECTORS, OFFICERS, AND EMPLOYEES.—Neither the Association nor any of its directors, officers, or employees shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter subject to this subtitle.

SEC. 332. ELIMINATION OF NAIC OVERSIGHT.

(a) IN GENERAL.—The Association shall be established without NAIC oversight and the provisions set forth in section 324, subsections (a), (b), (c), and (e) of section 328, and sections 329(b) and 330 of this subtitle shall cease to be effective if, at the end of the 2-year period beginning on the date on which the provisions of this subtitle take effect pursuant to section 321—

(1) at least a majority of the States representing at least 50 percent of the total United States commercial-lines insurance premiums have not satisfied the uniformity or reciprocity requirements of subsections (a), (b), and (c) of section 321; and

(2) the NAIC has not approved the Association's bylaws as required by section 328 or is unable to operate or supervise the Association, or the Association is not conducting its activities as required under this Act.

(b) BOARD APPOINTMENTS.—If the repeals required by subsection (a) are implemented, the following shall apply:

(1) GENERAL APPOINTMENT POWER.—The President, with the advice and consent of the Senate, shall appoint the members of the Association's Board established under section 326 from lists of candidates recommended to the President by the National Association of Insurance Commissioners.

(2) PROCEDURES FOR OBTAINING NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS APPOINTMENT RECOMMENDATIONS.—

(A) INITIAL DETERMINATION AND RECOMMENDATIONS.—After the date on which the provisions of subsection (a) take effect, the NAIC shall, not later than 60 days thereafter, provide a list of recommended candidates to the President. If the NAIC fails to provide a list by that date, or if any list that is provided does not include at least 14 recommended candidates or comply with the requirements of section 326(c), the President shall, with the advice and consent of the Senate, make the requisite appointments without considering the views of the NAIC.

(B) SUBSEQUENT APPOINTMENTS.—After the initial appointments, the NAIC shall provide a list of at least 6 recommended candidates for the Board to the President by January 15 of each subsequent year. If the NAIC fails to provide a list by that date, or if any list that

is provided does not include at least 6 recommended candidates or comply with the requirements of section 326(c), the President, with the advice and consent of the Senate, shall make the requisite appointments without considering the views of the NAIC.

(C) PRESIDENTIAL OVERSIGHT.—

(i) REMOVAL.—If the President determines that the Association is not acting in the interests of the public, the President may remove the entire existing Board for the remainder of the term to which the members of the Board were appointed and appoint, with the advice and consent of the Senate, new members to fill the vacancies on the Board for the remainder of such terms.

(ii) SUSPENSION OF RULES OR ACTIONS.—The President, or a person designated by the President for such purpose, may suspend the effectiveness of any rule, or prohibit any action, of the Association which the President or the designee determines is contrary to the public interest.

(c) ANNUAL REPORT.—As soon as practicable after the close of each fiscal year, the Association shall submit to the President and to the Congress a written report relative to the conduct of its business, and the exercise of the other rights and powers granted by this subtitle, during such fiscal year. Such report shall include financial statements setting forth the financial position of the Association at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year.

SEC. 333. RELATIONSHIP TO STATE LAW.

(a) PREEMPTION OF STATE LAWS.—State laws, regulations, provisions, or other actions purporting to regulate insurance producers shall be preempted as provided in subsection (b).

(b) PROHIBITED ACTIONS.—No State shall—

(1) impede the activities of, take any action against, or apply any provision of law or regulation to, any insurance producer because that insurance producer or any affiliate plans to become, has applied to become, or is a member of the Association;

(2) impose any requirement upon a member of the Association that it pay different fees to be licensed or otherwise qualified to do business in that State, including bonding requirements, based on its residency;

(3) impose any licensing, appointment, integrity, personal or corporate qualifications, education, training, experience, residency, or continuing education requirement upon a member of the Association that is different from the criteria for membership in the Association or renewal of such membership, except that counter-signature requirements imposed on nonresident producers shall not be deemed to have the effect of limiting or conditioning a producer's activities because of its residence or place of operations under this section; or

(4) implement the procedures of such State's system of licensing or renewing the licenses of insurance producers in a manner different from the authority of the Association under section 325.

(c) SAVINGS PROVISION.—Except as provided in subsections (a) and (b), no provision of this section shall be construed as altering or affecting the continuing effectiveness of any law, regulation, provision, or other action of any State which purports to regulate insurance producers, including any such law, regulation, provision, or action which purports to regulate unfair trade practices or establish consumer protections, including countersignature laws.

SEC. 334. COORDINATION WITH OTHER REGULATORS.

(a) COORDINATION WITH STATE INSURANCE REGULATORS.—The Association shall have the authority to—

(1) issue uniform insurance producer applications and renewal applications that may be used to apply for the issuance or removal of State licenses, while preserving the ability of each State to impose such conditions on the issuance or renewal of a license as are consistent with section 333;

(2) establish a central clearinghouse through which members of the Association may apply for the issuance or renewal of licenses in multiple States; and

(3) establish or utilize a national database for the collection of regulatory information concerning the activities of insurance producers.

(b) COORDINATION WITH THE NATIONAL ASSOCIATION OF SECURITIES DEALERS.—The Association shall coordinate with the National Association of Securities Dealers in order to ease any administrative burdens that fall on persons that are members of both associations, consistent with the purposes of this subtitle and the Federal securities laws.

SEC. 335. JUDICIAL REVIEW.

(a) JURISDICTION.—The appropriate United States district court shall have exclusive jurisdiction over litigation involving the Association, including disputes between the Association and its members that arise under this subtitle. Suits brought in State court involving the Association shall be deemed to have arisen under Federal law and therefore be subject to jurisdiction in the appropriate United States district court.

(b) EXHAUSTION OF REMEDIES.—An aggrieved person shall be required to exhaust all available administrative remedies before the Association and the NAIC before it may seek judicial review of an Association decision.

(c) STANDARDS OF REVIEW.—The standards set forth in section 553 of title 5, United States Code, shall be applied whenever a rule or bylaw of the Association is under judicial review, and the standards set forth in section 554 of title 5, United States Code, shall be applied whenever a disciplinary action of the Association is judicially reviewed.

SEC. 336. DEFINITIONS.

For purposes of this subtitle, the following definitions shall apply:

(1) HOME STATE.—The term ''home State'' means the State in which the insurance producer maintains its principal place of residence and is licensed to act as an insurance producer.

(2) INSURANCE.—The term ''insurance'' means any product, other than title insurance, defined or regulated as insurance by the appropriate State insurance regulatory authority.

(3) INSURANCE PRODUCER.—The term ''insurance producer'' means any insurance agent or broker, surplus lines broker, insurance consultant, limited insurance representative, and any other person that solicits, negotiates, effects, procures, delivers, renews, continues or binds policies of insurance or offers advice, counsel, opinions or services related to insurance.

(4) STATE.—The term ''State'' includes any State, the District of Columbia, American Samoa, Guam, Puerto Rico, and the United States Virgin Islands.

(5) STATE LAW.—The term ''State law'' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

TITLE IV—UNITARY SAVINGS AND LOAN HOLDING COMPANIES

SEC. 401. PREVENTION OF CREATION OF NEW S&L HOLDING COMPANIES WITH COMMERCIAL AFFILIATES.

(a) IN GENERAL.—Section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) is amended by adding at the end the following new paragraph:

''(9) PREVENTION OF NEW AFFILIATIONS BETWEEN S&L HOLDING COMPANIES AND COMMERCIAL FIRMS.—

''(A) IN GENERAL.—Notwithstanding paragraph (3), no company may directly or indirectly, including through any merger, consolidation, or other type of business combination, acquire control of a savings association after March 4, 1999, unless the company is engaged, directly or indirectly (including through a subsidiary other than a savings association), only in activities that are permitted—

''(i) under paragraph (1)(C) or (2); or

''(ii) for financial holding companies under section 6(c) of the Bank Holding Company Act of 1956.

''(B) PREVENTION OF NEW COMMERCIAL AFFILIATIONS.—Notwithstanding paragraph (3), no savings and loan holding company may engage directly or indirectly (including through a subsidiary other than a savings association) in any activity other than as described in clauses (i) and (ii) of subparagraph (A).

''(C) PRESERVATION OF AUTHORITY OF EXISTING UNITARY S&L HOLDING COMPANIES.—Subparagraphs (A) and (B) do not apply with respect to any company that was a savings and loan holding company on March 4, 1999, or that becomes a savings and loan holding company pursuant to an application pending before the Office of Thrift Supervision on or before that date, and that—

''(i) meets and continues to meet the requirements of paragraph (3); and

''(ii) continues to control not fewer than 1 savings association that it controlled on March 4, 1999, or that it acquired pursuant to an application pending before the Office of Thrift Supervision on or before that date, or the successor to such savings association.

''(D) CORPORATE REORGANIZATIONS PERMITTED.—This paragraph does not prevent a transaction that—

''(i) involves solely a company under common control with a savings and loan holding company from acquiring, directly or indirectly, control of the savings and loan holding company or any savings association that is already a subsidiary of the savings and loan holding company; or

''(ii) involves solely a merger, consolidation, or other type of business combination as a result of which a company under common control with the savings and loan holding company acquires, directly or indirectly, control of the savings and loan holding company or any savings association that is already a subsidiary of the savings and loan holding company.

''(E) AUTHORITY TO PREVENT EVASIONS.—The Director may issue interpretations, regulations, or orders that the Director determines necessary to administer and carry out the purpose and prevent evasions of this paragraph, including a determination that, notwithstanding the form of a transaction, the transaction would in substance result in a company acquiring control of a savings association.

''(F) PRESERVATION OF AUTHORITY FOR FAMILY TRUSTS.—Subparagraphs (A) and (B) do

not apply with respect to any trust that becomes a savings and loan holding company with respect to a savings association, if—

''(i) not less than 85 percent of the beneficial ownership interests in the trust are continuously owned, directly or indirectly, by or for the benefit of members of the same family, or their spouses, who are lineal descendants of common ancestors who controlled, directly or indirectly, such savings association on March 4, 1999, or a subsequent date, pursuant to an application pending before the Office of Thrift Supervision on or before March 4, 1999; and

''(ii) at the time at which such trust becomes a savings and loan holding company, such ancestors or lineal descendants, or spouses of such descendants, have directly or indirectly controlled the savings association continuously since March 4, 1999, or a subsequent date, pursuant to an application pending before the Office of Thrift Supervision on or before March 4, 1999.''.

(b) CONFORMING AMENDMENT.—Section 10(o)(5)(E) of the Home Owners' Loan Act (15 U.S.C. 1467a(o)(5)(E)) is amended by striking '', except subparagraph (B)'' and inserting ''or (c)(9)(A)(ii)''.

SEC. 402. OPTIONAL CONVERSION OF FEDERAL SAVINGS ASSOCIATIONS TO NATIONAL BANKS.

Section 5(i) of the Home Owners' Loan Act (12 U.S.C. 1464(i)) is amended by adding at the end the following new paragraph:

''(5) CONVERSION TO A NATIONAL BANK.—Notwithstanding any other provision of law, any Federal savings association chartered and in operation before the date of enactment of the Financial Services Act of 1999, with branches in 1 or more States, may convert, with the approval of the Comptroller of the Currency, into 1 or more national banks, each of which may encompass one or more of the branches of the Federal savings association in 1 or more States, but only if the resulting national bank or banks will meet any and all financial, management, and capital requirements applicable to a national bank.''.

SEC. 403. RETENTION OF "FEDERAL" IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.

Section 2 of the Act entitled ''An Act to enable national banking associations to increase their capital stock and to change their names or locations'', approved May 1, 1886 (12 U.S.C. 30), is amended by adding at the end the following new subsection:

''(d) RETENTION OF 'FEDERAL' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.—

''(1) IN GENERAL.—Notwithstanding subsection (a) or any other provision of law, any depository institution the charter of which is converted from that of a Federal savings association to a national bank or a State bank after the date of enactment of the Financial Services Act of 1999 may retain the term 'Federal' in the name of such institution if such depository institution remains an insured depository institution.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution', 'insured depository institution', 'national bank', and 'State bank' have the same meanings as in section 3 of the Federal Deposit Insurance Act.''.

TITLE V—FINANCIAL INFORMATION ANTI-FRAUD

SEC. 501. FINANCIAL INFORMATION ANTI-FRAUD.

The Consumer Credit Protection Act (15 U.S.C. 1601 et seq.) is amended by adding at the end the following:

"TITLE X—FINANCIAL INFORMATION PRIVACY PROTECTION

"SEC. 1001. SHORT TITLE; TABLE OF CONTENTS.

''(a) SHORT TITLE.—This title may be cited as the 'Financial Information Anti-Fraud Act of 1999'.

''(b) TABLE OF CONTENTS.—The table of contents for this title is as follows:

''TITLE X—FINANCIAL INFORMATION PRIVACY PROTECTION

''Sec. 1001. Short title; table of contents.
''Sec. 1002. Definitions.
''Sec. 1003. Privacy protection for customer information of financial institutions.
''Sec. 1004. Administrative enforcement.
''Sec. 1005. Civil liability.
''Sec. 1006. Criminal penalty.
''Sec. 1007. Relation to State laws.
''Sec. 1008. Agency guidance.

"SEC. 1002. DEFINITIONS.

''For purposes of this title, the following definitions shall apply:

''(1) CUSTOMER.—The term 'customer' means, with respect to a financial institution, any person (or authorized representative of a person) to whom the financial institution provides a product or service, including that of acting as a fiduciary.

''(2) CUSTOMER INFORMATION OF A FINANCIAL INSTITUTION.—The term 'customer information of a financial institution' means any information maintained by a financial institution which is derived from the relationship between the financial institution and a customer of the financial institution and is identified with the customer.

''(3) DOCUMENT.—The term 'document' means any information in any form.

''(4) FINANCIAL INSTITUTION.—

''(A) IN GENERAL.—The term 'financial institution' means any institution engaged in the business of providing financial services to customers who maintain a credit, deposit, trust, or other financial account or relationship with the institution.

''(B) CERTAIN FINANCIAL INSTITUTIONS SPECIFICALLY INCLUDED.—The term 'financial institution' includes any depository institution (as defined in section 19(b)(1)(A) of the Federal Reserve Act), any loan or finance company, any credit card issuer or operator of a credit card system, and any consumer reporting agency that compiles and maintains files on consumers on a nationwide basis (as defined in section 603(p)).

''(C) FURTHER DEFINITION BY REGULATION.—The Board of Governors of the Federal Reserve System may prescribe regulations further defining the term 'financial institution', in accordance with subparagraph (A), for purposes of this title.

"SEC. 1003. PRIVACY PROTECTION FOR CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.

''(a) PROHIBITION ON OBTAINING CUSTOMER INFORMATION BY FALSE PRETENSES.—It shall be a violation of this title for any person to obtain or attempt to obtain, or cause to be disclosed or attempt to cause to be disclosed to any person, customer information of a financial institution relating to another person—

''(1) by knowingly making a false, fictitious, or fraudulent statement or representation to an officer, employee, or agent of a financial institution with the intent to deceive the officer, employee, or agent into relying on that statement or representation for purposes of releasing the customer information;

''(2) by knowingly making a false, fictitious, or fraudulent statement or representation to a customer of a financial institution with the intent to deceive the customer into relying on that statement or representation for purposes of releasing the customer information or authorizing the release of such information; or

''(3) by knowingly providing any document to an officer, employee, or agent of a financial institution, knowing that the document is forged, counterfeit, lost, or stolen, was fraudulently obtained, or contains a false, fictitious, or fraudulent statement or representation, if the document is provided with the intent to deceive the officer, employee, or agent into relying on that document for purposes of releasing the customer information.

''(b) PROHIBITION ON SOLICITATION OF A PERSON TO OBTAIN CUSTOMER INFORMATION FROM FINANCIAL INSTITUTION UNDER FALSE PRETENSES.—It shall be a violation of this title to request a person to obtain customer information of a financial institution, knowing or consciously avoiding knowing that the person will obtain, or attempt to obtain, the information from the institution in any manner described in subsection (a).

''(c) NONAPPLICABILITY TO LAW ENFORCEMENT AGENCIES.—No provision of this section shall be construed so as to prevent any action by a law enforcement agency, or any officer, employee, or agent of such agency, to obtain customer information of a financial institution in connection with the performance of the official duties of the agency.

''(d) NONAPPLICABILITY TO FINANCIAL INSTITUTIONS IN CERTAIN CASES.—No provision of this section shall be construed to prevent any financial institution, or any officer, employee, or agent of a financial institution, from obtaining customer information of such financial institution in the course of—

''(1) testing the security procedures or systems of such institution for maintaining the confidentiality of customer information;

''(2) investigating allegations of misconduct or negligence on the part of any officer, employee, or agent of the financial institution; or

''(3) recovering customer information of the financial institution which was obtained or received by another person in any manner described in subsection (a) or (b).

''(e) NONAPPLICABILITY TO CERTAIN TYPES OF CUSTOMER INFORMATION OF FINANCIAL INSTITUTIONS.—No provision of this section shall be construed to prevent any person from obtaining customer information of a financial institution that otherwise is available as a public record filed pursuant to the securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934).

"SEC. 1004. ADMINISTRATIVE ENFORCEMENT.

''(a) ENFORCEMENT BY FEDERAL TRADE COMMISSION.—Except as provided in subsection (b), compliance with this title shall be enforced by the Federal Trade Commission in the same manner and with the same power and authority as the Commission has under the Fair Debt Collection Practices Act to enforce compliance with that title.

''(b) ENFORCEMENT BY OTHER AGENCIES IN CERTAIN CASES.—

''(1) IN GENERAL.—Compliance with this title shall be enforced under—

''(A) section 8 of the Federal Deposit Insurance Act, in the case of—

''(i) national banks, and Federal branches and Federal agencies of foreign banks, by the Office of the Comptroller of the Currency;

''(ii) member banks of the Federal Reserve System (other than national banks), branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured State branches of foreign

banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act, by the Board;

''(iii) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System and national nonmember banks) and insured State branches of foreign banks, by the Board of Directors of the Federal Deposit Insurance Corporation; and

''(iv) savings associations the deposits of which are insured by the Federal Deposit Insurance Corporation, by the Director of the Office of Thrift Supervision; and

''(B) the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal credit union.

''(2) VIOLATIONS OF THIS TITLE TREATED AS VIOLATIONS OF OTHER LAWS.—For the purpose of the exercise by any agency referred to in paragraph (1) of its powers under any Act referred to in that paragraph, a violation of this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in paragraph (1), each of the agencies referred to in that paragraph may exercise, for the purpose of enforcing compliance with this title, any other authority conferred on such agency by law.

''(c) STATE ACTION FOR VIOLATIONS.—

''(1) AUTHORITY OF STATES.—In addition to such other remedies as are provided under State law, if the chief law enforcement officer of a State, or an official or agency designated by a State, has reason to believe that any person has violated or is violating this title, the State—

''(A) may bring an action to enjoin such violation in any appropriate United States district court or in any other court of competent jurisdiction;

''(B) may bring an action on behalf of the residents of the State to recover damages of not more than $1,000 for each violation; and

''(C) in the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

''(2) RIGHTS OF FEDERAL REGULATORS.—

''(A) PRIOR NOTICE.—The State shall serve prior written notice of any action under paragraph (1) upon the Federal Trade Commission and, in the case of an action which involves a financial institution described in section 1004(b)(1), the agency referred to in such section with respect to such institution and provide the Federal Trade Commission and any such agency with a copy of its complaint, except in any case in which such prior notice is not feasible, in which case the State shall serve such notice immediately upon instituting such action.

''(B) RIGHT TO INTERVENE.—The Federal Trade Commission or an agency described in subsection (b) shall have the right—

''(i) to intervene in an action under paragraph (1);

''(ii) upon so intervening, to be heard on all matters arising therein;

''(iii) to remove the action to the appropriate United States district court; and

''(iv) to file petitions for appeal.

''(3) INVESTIGATORY POWERS.—For purposes of bringing any action under this subsection, no provision of this subsection shall be construed as preventing the chief law enforcement officer, or an official or agency designated by a State, from exercising the powers conferred on the chief law enforcement officer or such official by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

''(4) LIMITATION ON STATE ACTION WHILE FEDERAL ACTION PENDING.—If the Federal Trade Commission or any agency described in subsection (b) has instituted a civil action for a violation of this title, no State may, during the pendency of such action, bring an action under this section against any defendant named in the complaint of the Federal Trade Commission or such agency for any violation of this title that is alleged in that complaint.

''SEC. 1005. CIVIL LIABILITY.

''Any person, other than a financial institution, who fails to comply with any provision of this title with respect to any financial institution or any customer information of a financial institution shall be liable to such financial institution or the customer to whom such information relates in an amount equal to the sum of the amounts determined under each of the following paragraphs:

''(1) ACTUAL DAMAGES.—The greater of—

''(A) the amount of any actual damage sustained by the financial institution or customer as a result of such failure; or

''(B) any amount received by the person who failed to comply with this title, including an amount equal to the value of any nonmonetary consideration, as a result of the action which constitutes such failure.

''(2) ADDITIONAL DAMAGES.—Such additional amount as the court may allow.

''(3) ATTORNEYS' FEES.—In the case of any successful action to enforce any liability under paragraph (1) or (2), the costs of the action, together with reasonable attorneys' fees.

''SEC. 1006. CRIMINAL PENALTY.

''(a) IN GENERAL.—Whoever violates, or attempts to violate, section 1003 shall be fined in accordance with title 18, United States Code, or imprisoned for not more than 5 years, or both.

''(b) ENHANCED PENALTY FOR AGGRAVATED CASES.—Whoever violates, or attempts to violate, section 1003 while violating another law of the United States or as part of a pattern of any illegal activity involving more than $100,000 in a 12-month period shall be fined twice the amount provided in subsection (b)(3) or (c)(3) (as the case may be) of section 3571 of title 18, United States Code, imprisoned for not more than 10 years, or both.

''SEC. 1007. RELATION TO STATE LAWS.

''(a) IN GENERAL.—This title shall not be construed as superseding, altering, or affecting the statutes, regulations, orders, or interpretations in effect in any State, except to the extent that such statutes, regulations, orders, or interpretations are inconsistent with the provisions of this title, and then only to the extent of the inconsistency.

''(b) GREATER PROTECTION UNDER STATE LAW.—For purposes of this section, a State statute, regulation, order, or interpretation is not inconsistent with the provisions of this title if the protection such statute, regulation, order, or interpretation affords any person is greater than the protection provided under this title.

''SEC. 1008. AGENCY GUIDANCE.

''In furtherance of the objectives of this title, each Federal banking agency (as defined in section 3(z) of the Federal Deposit Insurance Act) shall issue advisories to depository institutions under the jurisdiction of the agency, in order to assist such depository institutions in deterring and detecting activities proscribed under section 1003.''.

SEC. 502. REPORT TO CONGRESS ON FINANCIAL PRIVACY.

Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the Federal Trade Commission, the Federal banking agencies, and other appropriate Federal law enforcement agencies, shall submit to the Congress a report on—

(1) the efficacy and adequacy of the remedies provided in the amendments made by section 501 in addressing attempts to obtain financial information by fraudulent means or by false pretenses; and

(2) any recommendations for additional legislative or regulatory action to address threats to the privacy of financial information created by attempts to obtain information by fraudulent means or false pretenses.

TITLE VI—MISCELLANEOUS

SEC. 601. GRAND JURY PROCEEDINGS.

Section 3322(b) of title 18, United States Code, is amended—

(1) in paragraph (1), by inserting ''Federal or State'' before ''financial institution''; and

(2) in paragraph (2), by inserting ''at any time during or after the completion of the investigation of the grand jury,'' before ''upon''.

SEC. 602. SENSE OF THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS OF THE SENATE.

(a) FINDINGS.—The Committee on Banking, Housing, and Urban Affairs of the Senate finds that—

(1) financial modernization legislation should benefit small institutions as well as large institutions;

(2) the Congress made the subchapter S election of the Internal Revenue Code of 1986, available to banks in 1996, reflecting a desire by the Congress to reduce the tax burden on community banks;

(3) large numbers of community banks have elected or expressed interest in the subchapter S election; and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate recognizes that some obstacles remain for community banks wishing to make the subchapter S election.

(b) SENSE OF THE COMMITTEE.—It is the sense of the Committee on Banking, Housing, and Urban Affairs of the Senate that—

(1) the small business tax provisions of the Internal Revenue Code of 1986, should be more widely available to community banks;

(2) legislation should be passed to amend the Internal Revenue Code of 1986, to—

(A) increase the allowed number of S corporation shareholders;

(B) permit S corporation stock to be held in individual retirement accounts;

(C) clarify that interest on investments held for safety, soundness, and liquidity purposes should not be considered to be passive income;

(D) provide that bank director stock is not treated as a disqualifying second class of stock for S corporations; and

(E) improve the tax treatment of bad debt and interest deductions; and

(3) the legislation described in paragraph (2) should be adopted by the Congress in conjunction with any financial modernization legislation.

SEC. 603. INVESTMENTS IN GOVERNMENT SPONSORED ENTERPRISES.

Section 18(s) of the Federal Deposit Insurance Act (12 U.S.C. 1828(s)) is amended—

(1) by redesignating paragraph (4) as paragraph (6); and

(2) by inserting after paragraph (3) the following:

''(4) CERTAIN INVESTMENTS.—Paragraph (1) shall not apply with respect to investments lawfully made before April 11, 1996, by a depository institution in any Government sponsored enterprise.

''(5) STUDENT LOANS.—

''(A) IN GENERAL.—This subsection does not apply to any arrangement between a Holding Company (or any subsidiary of the Holding Company other than the Student Loan Marketing Association, hereafter in this paragraph referred to as the 'Association') and a depository institution, if the Secretary approves the affiliation and determines that—

''(i) the reorganization of the Association in accordance with section 440 of the Higher Education Act of 1965 (20 U.S.C. 1087–3), will not be adversely affected by the arrangement;

''(ii) the dissolution of the Association pursuant to such reorganization will occur before the end of the 2-year period beginning on the date on which such arrangement is consummated, or on such earlier date as the Secretary determines to be appropriate, except that the Secretary may extend such period for not more than 1 year at a time (not to exceed 2 years, in the aggregate) if the Secretary determines that such extension is in the public interest and is appropriate to achieve an orderly reorganization of the Association or to prevent market disruptions in connection with such reorganization;

''(iii) the Association will not purchase or extend credit to, or guarantee or provide credit enhancement to, any obligation of the depository institution;

''(iv) the operations of the Association will be separate from the operations of the depository institution; and

''(v) until the dissolution date (as that term is defined in section 440(i)(2) of the Higher Education Act of 1965) has occurred, such depository institution will not use the trade name or service mark 'Sallie Mae' in connection with any product or service it offers, if the appropriate Federal banking agency for the depository institution determines that—

''(I) the depository institution is the only institution offering such product or service using the Sallie Mae name; and

''(II) the use of such name would result in the depository institution having an unfair competitive advantage over other depository institutions.

''(B) TERMS AND CONDITIONS.—In approving any arrangement referred to in subparagraph (A), the Secretary may impose any terms and conditions on the arrangement that the Secretary considers appropriate, including—

''(i) imposing additional restrictions on the issuance of debt obligations by the Association; or

''(ii) restricting the use of proceeds from the issuance of such debt.

''(C) ADDITIONAL LIMITATIONS.—In the event that the Holding Company (or any subsidiary of the Holding Company) enters into such an arrangement, the value of the investment portfolio of the Association shall not at any time exceed the lesser of—

''(i) the value of such portfolio on the date of enactment of the Financial Services Act of 1999; or

''(ii) the value of such portfolio on the date on which such an arrangement is consummated.

''(D) ENFORCEMENT.—The terms and conditions imposed under subparagraph (B) may be enforced by the Secretary in accordance with section 440 of the Higher Education Act of 1965.

''(E) DEFINITIONS.—For purposes of this paragraph, the following definition shall apply:

''(i) ASSOCIATION; HOLDING COMPANY.—Notwithstanding any provision in section 3, the terms 'Association' and 'Holding Company' have the same meanings as in section 440(i) of the Higher Education Act of 1965.

''(ii) INVESTMENT PORTFOLIO.—The term 'investment portfolio' means all investments shown on the consolidated balance sheet of the Association, other than—

''(I) any instruments or assets described in section 439(d) of the Higher Education Act of 1965 (20 U.S.C. 1087–2(d));

''(II) any direct non-callable obligations of the United States, or any agency thereof, for which the full faith and credit of the United States is pledged; or

''(III) cash or cash equivalents.

''(iii) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.''.

SEC. 604. REPEAL OF SAVINGS BANK PROVISIONS IN THE BANK HOLDING COMPANY ACT OF 1956.

Section 3(f) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(f)) is amended to read as follows:

''(f) [Reserved].''.

SEC. 605. SERVICE OF MEMBERS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

Notwithstanding the first undesignated paragraph of section 10 of the Federal Reserve Act, the vice chairman of the Board of Governors of the Federal Reserve System may serve as a member of the District of Columbia Financial Responsibility and Management Assistance Authority established by section 101 of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

SEC. 606. PROVISION OF TECHNICAL ASSISTANCE TO MICROENTERPRISES.

(a) IN GENERAL.—Title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.) is amended by adding at the end the following new subtitle:

''Subtitle C—Microenterprise Technical Assistance and Capacity Building Program

''SEC. 171. SHORT TITLE.

''This subtitle may be cited as the 'Program for Investment in Microentrepreneurs Act of 1999', also referred to as the 'PRIME Act'.

''SEC. 172. DEFINITIONS.

''For purposes of this subtitle—

''(1) the term 'Administrator' has the same meaning as in section 103;

''(2) the term 'capacity building services' means services provided to an organization that is, or is in the process of becoming a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs;

''(3) the term 'collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this subtitle;

''(4) the term 'disadvantaged entrepreneur' means a microentrepreneur that is—

''(A) a low-income person;

''(B) a very low-income person; or

''(C) an entrepreneur that lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator;

''(5) the term 'Fund' has the same meaning as in section 103;

''(6) the term 'Indian tribe' has the same meaning as in section 103;

''(7) the term 'intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs as authorized under section 175;

''(8) the term 'low-income person' has the same meaning as in section 103;

''(9) the term 'microentrepreneur' means the owner or developer of a microenterprise;

''(10) the term 'microenterprise' means a sole proprietorship, partnership, or corporation that—

''(A) has fewer than 5 employees; and

''(B) generally lacks access to conventional loans, equity, or other banking services;

''(11) the term 'microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs or prospective entrepreneurs;

''(12) the term 'training and technical assistance' means services and support provided to disadvantaged entrepreneurs or prospective entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services; and

''(13) the term 'very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2), including any revision required by that section).

''SEC. 173. ESTABLISHMENT OF PROGRAM.

''The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Fund in the form of grants to qualified organizations in accordance with this subtitle.

''SEC. 174. USES OF ASSISTANCE.

''A qualified organization shall use grants made under this subtitle—

''(1) to provide training and technical assistance to disadvantaged entrepreneurs;

''(2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;

''(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and

''(4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.

''SEC. 175. QUALIFIED ORGANIZATIONS.

''For purposes of eligibility for assistance under this subtitle, a qualified organization shall be—

''(1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;

''(2) an intermediary;

''(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or

''(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.

"SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.

''(a) ALLOCATION OF ASSISTANCE.—

''(1) IN GENERAL.—The Administrator shall allocate assistance from the Fund under this subtitle to ensure that—

''(A) activities described in section 174(1) are funded using not less than 75 percent of amounts made available for such assistance; and

''(B) activities described in section 174(2) are funded using not less than 15 percent of amounts made available for such assistance.

''(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No single organization or entity may receive more than 10 percent of the total funds appropriated under this subtitle in a single fiscal year.

''(b) TARGETED ASSISTANCE.—The Administrator shall ensure that not less than 50 percent of the grants made under this subtitle are used to benefit very low-income persons, including those residing on Indian reservations.

''(c) SUBGRANTS AUTHORIZED.—

''(1) IN GENERAL.—A qualified organization receiving assistance under this subtitle may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

''(2) LIMIT ON ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of assistance received by a qualified organization under this subtitle may be used for administrative expenses in connection with the making of subgrants under paragraph (1).

''(d) DIVERSITY.—In making grants under this subtitle, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities and racially and ethnically diverse populations.

"SEC. 177. MATCHING REQUIREMENTS.

''(a) IN GENERAL.—Financial assistance under this subtitle shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Fund.

''(b) SOURCES OF MATCHING FUNDS.—Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in subsection (a).

''(c) EXCEPTION.—

''(1) IN GENERAL.—In the case of an applicant for assistance under this subtitle with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirements of subsection (a).

''(2) LIMITATION.—Not more than 10 percent of the total funds made available from the Fund in any fiscal year to carry out this subtitle may be excepted from the matching requirements of subsection (a), as authorized by paragraph (1) of this subsection.

"SEC. 178. APPLICATIONS FOR ASSISTANCE.

''An application for assistance under this subtitle shall be submitted in such form and in accordance with such procedures as the Fund shall establish.

"SEC. 179. RECORDKEEPING.

''The requirements of section 115 shall apply to a qualified organization receiving assistance from the Fund under this subtitle as if it were a community development financial institution receiving assistance from the Fund under subtitle A.

"SEC. 180. AUTHORIZATION.

''In addition to funds otherwise authorized to be appropriated to the Fund to carry out this title, there are authorized to be appropriated to the Fund to carry out this subtitle—

''(1) $15,000,000 for fiscal year 2000;

''(2) $25,000,000 for fiscal year 2001;

''(3) $30,000,000 for fiscal year 2002; and

''(4) $35,000,000 for fiscal year 2003.

"SEC. 181. IMPLEMENTATION.

''The Administrator shall, by regulation, establish such requirements as may be necessary to carry out this subtitle.''.

(b) ADMINISTRATIVE EXPENSES.—Section 121(a)(2)(A) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4718(a)(2)(A)) is amended—

(1) by striking ''$5,550,000'' and inserting ''$6,100,000''; and

(2) in the first sentence, by inserting before the period '', including costs and expenses associated with carrying out subtitle C''.

(c) CONFORMING AMENDMENTS.—Section 104(d) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4703(d)) is amended—

(1) in paragraph (2)—

(A) by striking ''15'' and inserting ''17''; and

(B) in subparagraph (G)—

(i) by striking ''9'' and inserting ''11'';

(ii) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and

(iii) by inserting after clause (iii) the following:

''(iv) 2 individuals who have expertise in microenterprises and microenterprise development;''; and

(2) in paragraph (4), in the first sentence, by inserting before the period ''and subtitle C''.

NOTICES OF HEARINGS

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. JEFFORDS. Mr. President, I would like to announce for information of the Senate and the public that a hearing of the Senate Committee on Health, Education, Labor, and Pensions will be held on Thursday, May 6, 1999, 10 a.m., in SD–628 of the Senate Dirksen Building. The subject of the hearing is ''ESEA: Safe Schools.'' For further information, please call the committee, 202/224–5375.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place on Tuesday, May 11, 1999 and will commence at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on S. 25, the Conservation and Reinvestment Act of 1999; S. 446, the Resources 2000 Act; S. 532, the Public Land and Recreation Investment Act of 1999; S. 819, the National Park Preservation Act and the Administration's Lands Legacy proposal. The hearing also will examine the role of the Council on Environmental Quality in the decision-making and management processes of agencies under the Committee's jurisdiction—Department of the Interior, Department of Energy, and the U.S. Forest Service.

Because of the limited time available for each hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Kelly Johnson at (202) 224–4971.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce that on Tuesday, May 25, 1999, the Committee on Energy and Natural Resources will hold an oversight hearing on State Progress in Retail Electricity Competition. The hearing will be held at 9:30 a.m. in room 366 of the Dirksen Senate Office Building in Washington, D.C.

Those who wish to testify or submit a written statement should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510. For further information, please call Julia McCaul at (202) 224–6567.

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources. The purpose of this hearing is to review the Youth Conservation Corps and other job programs conducted by the National Park Service, Bureau of Land Management, Forest Service, and the U.S. Fish and Wildlife Service.

The hearing will take place on Wednesday, May 19, 1999 at 2:00 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD–364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole or Shawn Taylor of the committee staff at (202) 224–6969.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and

Transportation be allowed to meet on Tuesday, May 4, 1999, at 9:30 a.m. on TV violence.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Tuesday, May 4, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 a.m. The purposes of this hearing is to receive testimony on S. 25, the Conservation and Reinvestment Act of 1000; S. 446, the Resources 2000 Act; S. 532, the Public Land and Recreation Investment Act of 1999; S. 819, the National Park Preservation Act; and the Administration's Lands Legacy proposal.

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

COMMITTEE ON FINANCE

Mr. GRAMM. Mr. President, the Finance Committee requests unanimous consent to conduct a hearing on Tuesday, May 4, 1999 beginning at 10:00 a.m. in room 215 Dirksen.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, May 4, 1999 at 10 a.m. to hold a hearing.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Tuesday, May 4, 1999 at 9:30 a.m. to conduct an Oversight Hearing on Census 2000, Implementation in Indian Country. The Hearing will be held in room 485 of the Russell Senate Office Building.

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

SUBCOMMITTEE ON ADMINISTRATIVE OVERSIGHT AND THE COURTS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Subcommittee on Administrative Oversight and the Courts, of the Senate Judiciary Committee, be authorized to meet during the session of the Senate on Tuesday, May 4, 1999 at 2:00 p.m. to hold a hearing in room 226, Senate Dirksen Building, on ''S. 353, the Class Action Fairness Act of 1999.''

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

SUBCOMMITTEE ON ANTITRUST, BUSINESS RIGHTS, AND COMPETITION

Mr. GRAMM. Mr. President, I ask unanimous consent that the Subcommittee on Antitrust, Business Rights, and Competition, of the Senate Judiciary Committee, be authorized to hold a hearing during the session of the Senate on Tuesday, May 4, 1999 at 10 a.m. in room 226 of the Senate Dirksen Office Building, on: ''S. 467, the Antitrust Merger Review Act: Accelerating FCC Review of Mergers.''

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

SUBCOMMITTEE ON INTERNATIONAL TRADE

Mr. GRAMM. Mr. President, I ask unanimous consent that the Subcommittee on International Trade and Finance of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session on the Senate on Tuesday, May 4, 1999, to conduct a hearing on ''Effects of International Institutions on U.S. Agricultural Exports.''

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

ADDITIONAL STATEMENTS

TRIBUTE TO JOHN ELWAY

• Mr. CAMPBELL. Mr. President, on Sunday, May 2nd, John Elway, who for 16 seasons has been the uncontested leader of the Denver Broncos and a valuable civic leader and mentor for young Americans, officially announced his retirement from the NFL. He will be sorely missed. From extraordinary moments like ''The Drive'' in the 1986 AFC Championship Game to countless other picturesque instances, all we have are the many memories now. How do you replace a legend? You can't.

Exactly 16 years from the date of his announcement—May 2, 1983—the Denver Broncos acquired John Elway from, the then Baltimore Colts in return for offensive lineman Chris Hinton, quarterback Mark Herrman, and the Broncos' first round draft pick in the 1984 draft. That day will go down as arguably the best day in Broncos' history, and one of the best in football history.

I had the pleasure on January 27, 1998 of addressing my colleagues on the Senate floor regarding the accomplishments of one of the best quarterbacks in the history of the NFL, John Elway, with Senate Resolution 167. On February 3, 1999, I again had the honor of calling to my colleagues' attention the outstanding accomplishments of the Denver Broncos and John Elway for capturing another Super Bowl victory. Today I have the distinct honor of congratulating John Elway for a remarkable career and would like to thank him for all he contributed to Colorado and to our nation.

Mr. President, John Elway's career has been packed with astonishing statistics; 148 victories, the NFL record for a quarterback; nine Pro Bowl selections; 5 Super Bowl starts, another NFL record; two Super bowl Championships; 300 career touchdown passes; over 50,000 passing yards; Super Bowl XXXIII's Most Valuable Player; the NFL's Most Valuable Player in 1987; the American Football Conference's Most Valuable Player in 1993; and 47 fourth-quarter comebacks, to name just a few of the many highlights of a stellar career.

John Elway's leadership and dedication to excellence have benefitted the Broncos, the city of Denver, the state of Colorado, and America. John Elway, your place in Canton, Ohio in the Pro Football Hall of Fame awaits.

I thank the Chair and yield the floor.•

TRIBUTE TO JOHN ELWAY

• Mr. ALLARD. Mr. President, on May 2, 1999, John Elway retired concluding one of the most remarkable sports careers ever. After sixteen National Football League seasons, exactly sixteen years to the day after he was traded to the Denver Broncos by the Baltimore Colts, the Magnificent Number 7 bid farewell to the team he has led to five Super Bowls and two consecutive world championships.

John Elway has been among the most prolific quarterbacks ever. He is the all-time winningest quarterback with 148 wins as a starter. In 46 of those wins Elway engineered game winning fourth quarter drives. He stands second in all-time passing yards and third all-time in touchdown passes. He has been elected to nine Pro Bowls, starting in eight of them. He is the only quarterback to ever throw for 3,000 yards and rush for 200 in 7 consecutive seasons. Elway started in a record 5 Super Bowls, and last year was elected MVP of the game. In addition to his peerless offensive production John Elway has been the model of leadership and consistency both on and off the field.

On the field Elway missed only 15 games in 16 years due to illness or injury. This toughness is amazing considering that in 256 career games he was sacked an NFL record 559 times. Former Broncos coach Dan Reeves says that it is Elway's mental toughness that has allowed this consistency. Current coach Mike Shanahan cites Elway's competitive hunger and his confidence. What is clear at the end of sixteen years is that Elway's combined physical gifts and the mettle of his character have made him an American icon.

Off the field Elway has worked tirelessly for numerous Colorado charities, and his John Elway Foundation has generated more than a million dollars in contributions since its inception. The stability and commitment of the Elway Foundation insures that it will continue to make Colorado a better place for years to come.

In an age when so many celebrities shrink under the intensity of the spotlight John Elway has carried himself

with class and dignity. It is hard to define what John Elway means to Colorado, but it is clear to me that he is more than just a football player. He is more than just a superstar. He is a figure that stands for something good, something strong and dedicated. John Elway is the athlete you don't mind being a role model. It makes you feel good to see his jersey on a kid playing in the park. I believe that says far more than any statistic.

I know that the people of Colorado join me in wishing John Elway and his family the very best.●

SALUTE TO THE NATIONWIDE COMPANIES

● Mr. CLELAND. Mr. President, I rise today to recognize an exeptional company based in Atlanta, GA. The Nationwide Companies proudly established its national headquarters in Atlanta just 7 years ago, and through the progressive, dynamic leadership of its founder and president, Bill Case, it has succeeded in the marketplace from coast to coast.

Success earns recognition, and Money Maker's Monthly, the prestigious business journal, recently awarded this ever-growing company the distinction as ''The Company of the Month'' in the United States. The front-page feature, appropriately titled, ''The Nationwide Miracle,'' meticulously describes the amazing progress of Nationwide, and applauds the company's founder and president Bill Case for his leadership and unquestioned integrity. Perhaps the best description of Nationwide as a uniquely American business is the conclusion in the feature that Bill Case and his company are ''revolutionizing the way the American public earns and saves money.''

The Money Maker's Monthly feature is a tribute to a man's vision and the ability to transfer dreams into reality. In order that others may celebrate this wonderful and well-deserved award and perhaps be inspired each day to realize the American dream, Mr. President, I ask you to join me and our colleagues in saluting the many successes of Bill Case and the Nationwide Companies. I ask that the Money Maker's monthly article be printed in the RECORD.

The article follows:

THE NATIONWIDE MIRACLE—ONE MAN'S VISION PRODUCES UNIQUE NETWORK MARKETING BIZ

Bill Case dreamed for many years of a business where people could enjoy financial freedom. He already knew that network marketing was the wave of the future, but concluded that the industry had complications that disillusioned many able and talented people. He wanted to find the simplest way that a home-based entrepreneur could earn impressively through network marketing without spending hard-earned money on things like inventory and also avoid obstacles like unproductive downlines. In other words, could you build a business where financial freedom was obtainable through good, honest work?

After carefully researching other network marketing companies and interviewing a cross-section of successful networking entrepreneurs throughout the country, Case found the answer. The result became The Nationwide Companies, his seven-year-old business that is viewed by many observers as a miracle in the network marketplace.

''Instead of selling marked-up merchandise, we sell a benefits package which gives the owner the right to purchase popular items like cars, boats, furniture and health insurance with the same group buying power and low prices enjoyed by Fortune 500 Companies.'' Case emphasizes that the Nationwide Benefits Package is ''a hot item because of value in savings.'' Case says his network marketing business, which is headquartered in Atlanta, is revolutionizing the way the American public earns and saves money. Skeptics are few and far between as Case and his company gladly showcase a growing number of success stories from California to Florida who are earning six-figure incomes. Nationwide networkers called Independent Marketing Directors (IMDs), publicly and rather proudly state that they are enjoying genuine financial freedom as associates of Case's ''Team Nationwide.''

With evangelical drive, Case welcomes everyone to visit under the umbrella of The Nationwide Companies. ''We are truly one of a kind among network marketing companies,'' observes Case. ''We have a quality product that stands on its own in the marketplace because it allows purchasers to obtain items of genuine value.'' He emphasizes that the Nationwide Benefits Package can be purchased by anyone. It is a retail item in the truest sense of the word. The Benefits Package allows the owner, according to Case, to buy or lease cars, trucks, RVs, boats, along with furniture, eye care, health insurance, and even exotic vacations. ''Our Benefits Package saves consumers substantial amounts of good, hard dollars. The benefits are from recognizable Fortune 500 companies like ''the big three'' automakers, General Electric, United Parcel Service, Hertz and LensCrafters, just to name a few,'' says Case, adding that the Package is ''one of the best bargains in the country!''

WITHOUT BURDENS

Like other network marketing businesses, Nationwide operates through its IMDs from Hawaii to New York. From the company's Atlanta headquarters, Case's fast-growing enterprise provides marketing and sales information, computer support and state-of-the-art, easily accessible training for its IMDs. When asked what makes Nationwide different from other network marketers, Case, breaking into a wide grin, responds, ''Our IMDS don't have to buy or keep any inventory. There's no quota of any kind, no penalties, no competition and no levels of unpaid production.'' Case adds that Nationwide's system ''pays to infinity.'' ''You get paid what you are worth with Nationwide, and you only have to make two sales each year. We believe that our IMDs should earn good money without unnecessary difficulty,'' he says.

Case describes Nationwide's management as ''hands-on.'' ''We have a National Sales Training Coordinator for Nationwide who has created the lion's share of the effective marketing tools used in the company's training program. Lynda is a crown jewel,'' says Hendryx. ''Her training expertise gives our IMDS the head start they need in earning good, solid money as quickly as possible.''

One of the key players on Nationwide's team is Dick Loehr, president of Loehr's Auto Consultants in Ft. Lauderdale, Fla., who operates the benefits company for Nationwide. Loehr, who once owned nine automobile franchises, ranging from Porsche to Chrysler, has vast experience in the national automobile marketplace. A protégé of Lee Iococca (Loehr was an advisor to Iococca at Chrysler and still wears the lapel pin award given for his service to Iococca and Chrysler), Loehr is a virtual encyclopedia of knowledge of the automobile industry, including the complicated areas of financing and leasing. Nationwide recently produced a video interview with Loehr, which is a reservoir of vital information that any consumer would need to know before buying or leasing an automobile.

Loehr's joining Nationwide meant coming out of retirement. ''When I heard about Nationwide, I did my own investigation and knew this company was a winner,'' says Loehr. With Loehr's auto industry skills, Nationwide continues to be able to make popular items like automobiles available to its associates through the same group buying power enjoyed by Fortune 500 companies. Also, Loehr's heralded experience in the car market is invaluable to Nationwide. ''I understand pricing of automobiles and trucks, and financing and leasing is almost secondhand to me,'' says Loehr, who is not bragging, but stating fact.

One of the most recent benefits available to Nationwide associates is the availability of Program cars, which became possible through Loehr's esoteric knowledge of the automobile industry. Loehr says this makes the Benefits Package even more valuable. ''A Program car is a recent model, low mileage auto in top shape from a fleet program which we obtain for sale or lease. These are incredible bargains available to anyone owning the Nationwide Benefits Package.''

TRIBUTES FROM THE TRENCHES

Case describes his national network of IMD's as ''my field generals.'' ''I'm proud of the quality and high character of every one,'' he says. Robert and Donna Fason of Mount Vernon, Ark., are Nationwide's National Sales Directors who earned their lofty title through impressive success. ''Every day is a vacation to us,'' says Robert, adding, ''We are making more money than ever and our IMD's are truly excited about even greater earnings as we work together for financial freedom.''

Two key Team Nationwide Associates, says Case are Ruby and Ray Riedel of Yakima, Wash. Both are successful veteran network marketers who left one of the big names in the industry for nationwide. Their story is a fascinating, personal endorsement of Case's network business dream. ''Unlike our previous company, we now have absolutely no inventory, monthly quotas or penalties,'' stated Ruby Riedel, ''How refreshing to be part of a genuine network company and to be free of all overhead, competition and no levels of unpaid production!'' In place of these obstacles, Ruby says that IMD's now have ''value with rewards,'' ''We and all others are paid what we're worth without limitations, under an amazing income system that pays to infinity.'' She hastens to add that Nationwide's regular training program deserves accolades. ''The intensive and effective support given to every IMD by people like Jack Hendryx and Lynda Davis keeps all of us going upward with our earnings. This training may be the very best in the network marketing industry.''

Perhaps no higher praise for Nationwide has been given than the observation of internationally respected and widely read author

Alfred Huang. A Maui, Hawaii resident and Nationwide IMD, Huang says he became an associate of Case's team not solely because of its proven earnings and savings, but particularly because the system ''helps people to live a better life.'' ''The true spirit and value of Nationwide is caring of people.'' Huang is a best-selling author whose next book, ''The Century of the Dragon—Creating Your Success and Prosperity in the Next Century,'' is due for publication later this year. He is convinced that network marketing will soon be the mainstream solution for financial wellness.

''Nationwide,'' Huang says, ''is the best network marketing [company] I have ever known.'' A native of China, who was imprisoned for 13 years after being wrongly convicted and sentenced as an American spy (his conviction was overturned), plans to write a book about Nationwide. ''I want to tell people how to change their attitude and build their self-confidence by sharing the beauty of Nationwide, its philosophy, its system, its opportunity and its loving and caring of people.''

INCOME TESTIMONIALS

Nationwide, according to Case, is a 100 percent debt-free company that parallels the American Dream of entrepreneurial success. ''Just look at Jack Hendryx, says Case. ''No man in America could, I believe, exceed his professional marketing ability and wonderful reputation for honesty.'' As a matter of fact, one of Hendryx's presentations, which he gives live in regional meetings, and is recorded on one of Nationwide's video programs, concludes with Hendryx' advice to everyone, ''The Benefits Package will sell itself. All you have to do is tell the truth, the whole truth, and nothing but the truth. the rest is easy.''

Case's expectations for 1999 and into the next millennium are high. ''We turned the corner sometime back and this year and the next will see us explode with new sales. My projection is to have tens of thousands more IMD's on board, spread evenly throughout the geographical areas of America with resulting growth in sales of the Benefits Package.'' Case revealed that new benefits are scheduled to be added to the package soon, and as they are added, they will be placed retroactively into Benefits Packages already owned. ''Remember, we are family and we share,'' says Case with his engaging smile and twinkling eyes.

Every great American business pioneer has said, in one way or another, that a company is measured by the accomplishments of its people. Perhaps no better measure of Nationwide's enviable position in America's network marketplace can be found than in the successes of its IMDs. Many companies, for whatever reason, are reluctant to disclose individuals with verifiable earnings, but not Nationwide ''We want people who are looking for the best earnings opportunity in America today to contact our folks and ask them questions,'' Case says. ''They are going to hear revelations from our people whose lives have been transformed because of the Nationwide miracle. And, I might add, I am talking about genuinely impressive earnings.''

Joyce Ross, along with her husband Marvin, is a Nationwide Regional Director in Malden, MO. She revealed an upward transformation in income during her first year with Nationwide. ''For 26 years, we owned a combination barber and beauty shop in a lovely small town, but worked ourselves nearly to death with an accumulation of bills and not enough money for the work we were doing. Then came Nationwide,'' says Joyce. ''It would have taken me ten years to earn as a hairdresser what I have earned with Nationwide in less than two years.''

Similarly, Don Garrison of Lampe, MO discloses that he earned over $300,000 in the first year. ''This is the only way I want to live and work, as a free American citizen!'' David Hervey mirrors Garrison's success by revealing that he, too, earned beyond $300,000 during the past year as an associate of Team Nationwide. Hervey, it should be added, is a Nationwide Regional Director in Jackson, Miss. Lamar Adams, a Regional Director in Madison, Miss., earned over $10,000, he says ''. . . in just my first six months as a Nationwide IMD!''

Jack Hendryx, speaking from Nationwide's Atlanta head-quarters, confirms that there are ''large numbers of similar testimonials that we are delighted to share with anyone, anytime, who has a genuine interest in bettering their lives and the lives of their families.'' Hendryx has an abundance of examples. ''All of our Regional Directors have their own earnings success stories. Jack and Becky Hearrell, Fred and Betty Swindle, and Shelby Langston deserve special recognition, as does Bob and Judi Montgomery. The team is built upon the Regional Directors' Shoulders.

Case is inseparable from his wife, Carol. It is more than symbolic that he includes Carol in as many Nationwide activities as her time and schedule will permit. ''Carol was instrumental in providing me with some of the central ideas that made Nationwide possible.'' Case says, ''She, in an admirable way, has marketing and public relations talents that go well beyond what you might expect to find on Madison Avenue or even here on Peachtree Street in Atlanta. Plus, we believe in husbands and wives, along with their families, being the core of Team Nationwide.''

The IMD Honor Roll of Nationwide bears out Case's ''family'' vision. The Regional Directors are almost invariably in husband and wife pairs. IMD's everywhere, pictured on his large conference room walls, are there with their respective husbands and wives and occasionally, other family members. Dick Loehr and his wife, Mary Lou are main stays in the Nationwide miracle; likewise, Jack and Heide Hendryx. ''What a wonderful country this will continue to be if we have more businesses like Nationwide,'' says Case ''where the preservation and betterment of the family unit is not only encouraged, but made possible through the miracle of financial freedom!''

Nationwide's story is the embodiment of the American dream. Case believes that Nationwide is just beginning its revolution in the network marketplace. During 1999 and well beyond, he is committed to making Nationwide the national exemplar of true financial freedom. He and his key team players like Hendryx, Loehr and Davis are driven toward their goal of financial freedom for everyone who is willing to work for it. Every bit of evidence, out in the national field and within their own business data in Atlanta, indicates that they must be taken seriously.

Nationwide is on solid ground in the precarious mine field we call the marketplace. Leadership, from Bill Case on down through the chain of command, is top-notch. The determination to grow and expand, based upon time-honored business methods, is evidenced dramatically by its affiliation with Superior Bank. The respected financial institution provides consumer loans and mortgages as one of Nationwide's benefits. Standing on its own, this banking relationship is a network industry original but merits applause.

Case lives his dream everyday, only now it's real for others as well. His IMDs are earning handsomely through the Nationwide miracle because Case has blended the magic business ingredients of planning, managing, and training with honesty and integrity, and combined it with a valuable, unprecedented Benefits Package.

Case and his team are telling America that a dream becomes a reality through hard work. The road to financial freedom took some effort to locate, but they found it and have it available today. It's a very rewarding journey.●

TRIBUTE TO THE REVEREND MONSIGNOR R. DONALD KIERNAN

● Mr. COVERDELL. Mr. President, I rise today to pay tribute to an outstanding Georgian and a good friend, the Reverend Monsignor R. Donald Kiernan, of Dunwoody, who today celebrates his 50th Anniversary of service to the Church.

Monsignor Kiernan is a man of great warmth and humor, strong compassion for others, and deep devotion to God, the Church, and to his community. I have been privileged to work with Monsignor Kiernan as a member of the Selection Committee that assists me in choosing nominees for appointment to the United States military academies. His perception and judgment have been invaluable in making those always difficult selections. But that is only one example of the community service that has distinguished his career.

In 1962, Monsignor Kiernan was instrumental in founding the Georgia Association of Chiefs of Police, and served as that organization's director and chaplain for over twenty years. He has also served as a chaplain for the Georgia State Patrol, the Georgia Bureau of Investigation, the DeKalb County Police Department, the Atlanta office of the Bureau of Alcohol, Tobacco, and Firearms, the emergency medical technicians, and several other organizations. Three governors have recognized his dedication to the law enforcement community by appointing him to state commissions on crime.

He also plays leading roles as a member of the executive committee of the Atlanta Area Boy Scouts of America and on the Board of Directors of the United Service Organization.

The Monsignor's many civic activities have been an expression of his devoted service to the Church itself. After graduating from Mount Saint Mary's Seminary in Emmitsburg, Maryland, he was ordained on May 4, 1949 by Richard Cardinal Cushing, Archbishop of Boston, at the Holy Cross Cathedral in Boston. He was assigned to serve as Assistant Rector at the Cathedral of St. John the Baptist in Savannah Georgia. He went on to serve as an assistant pastor and then pastor of nearly a dozen churches across the state of Georgia, currently serving All Saints Catholic Church in

Dunwoody. In 1969 he was given the title Prelate of Honor (Reverend Monsignor) by Pope Paul VI. He was elevated to the highest rank of Monsignor by Pope John Paul I in 1979.

I could list many other honors and awards conferred upon Monsignor Kiernan, but perhaps his greatest achievement is in the many lives he has touched. By now he must be on the third generation of performing baptisms and marriages. His counsel, his example, and his leadership have been a comfort and an inspiration to many thousands of Georgians. His community service and his work raising money for the Church have benefitted many others.

Those of us fortunate enough to know Monsignor Kiernan are thankful that we do and so I am pleased, Mr. President, to congratulate Monsignor Kiernan on reaching this milestone and to thank him for his many years of outstanding service to our state, our nation, and to God.●

UPCOMING ELECTIONS IN INDONESIA AND THE FUTURE OF EAST TIMOR

● Mr. KERRY. Mr. President, there are two issues of critical importance to the future of Indonesia, the region, and the international community which has interest in securing a stable and democratic future for Southeast Asia: the upcoming elections in Indonesia and the political status of East Timor. If the June national elections in Indonesia are determined to be free, fair and transparent, the ballot for East Timor's political future has a much better chance of being conducted under the same conditions. The U.S. and the international community must make a strong effort now to ensure that these conditions are established and upheld.

For the first time in forty-five years, Indonesians have a chance to participate in a free and fair election and to establish a government with popular support and legitimacy. For the first time in twenty-four years, the Indonesian government is willing to consider an East Timor that is independent of Indonesian rule, pending the decision of the East Timorese, themselves. Indonesia, indeed, stands at a cross-roads.

We must be sure that the U.S. and the international community stands there with it to guide Indonesia down the correct path. The path that leads to democracy and free-market economic growth. Not the one headed into chaos and economic downturn. It is clear that the stakes are high.

Indonesia boasts the fourth largest population, and is a crucial player in Asia, where American economic and political interests overlap. In 1996, the United States benefitted from some $3 billion in exports to Indonesia and American firms had invested over $5.1 billion in Indonesia's growing economy. The Asian financial crisis reversed this course of economic expansion, crippling Indonesia's economy and exposing the inherent weakness in Indonesia's political structure under the Suharto regime.

The resulting disintegration, which I saw first-hand during my trip to Indonesia in December, is overwhelming. Indonesia's GNP fell by fifteen percent in 1998, and is predicted to experience another decline this year. Unemployment stands at over 20 million, up from 8 million last May. Forty percent of Indonesia's 218 million people live below the poverty line. But, this is not the end of it.

Economic instability has exacerbated the already prevalent political and social tensions. Student protests, attacks on Chinese businessmen, conflicts between Ambonese Christians and Muslims, and paramilitary violence in East Timor is evident across the country. Separatist forces on Aceh, Irian Jaya and other islands in Indonesia's multi-ethnic archipelago are gaining sway as Timorese independence moves closer to reality. The Indonesian government must take strong and decisive steps now to reduce these tensions and build respect for the rule of law and human rights. This is necessary and crucial in order to create an atmosphere conducive to holding democratic elections and determining, peacefully, the future political status of East Timor.

I must, however, commend the actions that President Habibie has taken thus far to open the political process and set the stage for democratic elections in June. In February, 1999, he signed legislation that established guidelines and procedures for conducting national elections. Forty-eight parties are now registered to compete in the June election, as opposed to three in the Suharto era. The military's representation in the parliament has also been reduced. Seats will be allocated by proportional representation, rather than the winner take all strategy which favored the Golkar party.

I am pleased to cosponsor legislation introduced by Senator Robert TORRICELLI which supports these efforts of the Indonesian government to achieve a real and peaceful transition to democracy. This bill calls upon the government to make necessary preparations to ensure that free, fair and transparent national elections will occur in June and that there is a strong commitment to uphold the results of them. It also asks all parties involved in determining the status of East Timor to seek an equitable and workable resolution to this issue. I have cosponsored similar legislation in the past which affirmed the right of the East Timorese to have a referendum on self-determination, encouraged the Indonesian government to protect human rights and fundamental freedoms and urged the Indonesian political leaders to implement political and economic reforms. I will continue to support such efforts in the future.

The reforms that the Indonesian government has implemented —however encouraging—do not on their own guarantee free and fair elections, nor do they help to reduce the tensions related to East Timor's political status. Violence has been on the rise. The world has witnessed increased hostilities in recent months among groups that have cultural and political interest in what the future shape of East Timor will be. The Indonesian government has a responsibility to resolve these tensions. I believe it can begin by abandoning its plan to employ civilian militias to combat violence and dismantling existing militias, whose abuses are already heightening the potential for violence. The government must help the military find means for handling violent outbursts effectively, without abuse.

Allegations of the Indonesian military's direct involvement in committing human rights abuses and perpetuating violence led me to support a restriction on U.S. arms sales and International Military Education and Training (IMET) aid to Indonesia which was initiated by Congress in 1993. I was, and still am, concerned that the Indonesian armed forces might use U.S. arms, military training, and financial assistance to commit human rights violations against innocent civilians. It remains necessary to keep these restrictions in place until it is clear that the Indonesian military is committed to upholding democratic principles.

I am encouraged that the leaders of the Indonesian military, the pro-Indonesia militias and the pro-Independence rebels signed a peace agreement on April 21, 1999 that calls for an end to the violence and a laying down of arms. It also establishes a Peace and Stability Commission which may help to determine the process by which full disarmament can occur and the political status of East Timor can be determined. These are significant steps forward and I believe lay the groundwork for real stability and peace.

Mr. President, it must not stop there, however. The Indonesian government—with the support and commitment of its military—must continue its dialogue with all competing factions, both those that support and those that oppose independence. Together, they must seek to resolve outstanding issues—such as disarmament and the question that will be asked on the ballot—in the most expeditious way possible. I am pleased that East Timor groups favoring independence from Indonesia have been included in recent discussions regarding the future political status of East Timor. It is important for all parties to be at the table since all parties must ultimately abide

by the agreement if it is to be credible and enduring.

While the exact details of the tripartite negotiations that occurred last month between Indonesia, Portugal and the U.N. are not fully clear at this time, the world community will be watching closely when they are released. The August ballot is supposed to determine the political future of East Timor. Whether the East Timorese choose independence or continued unity with Indonesia, the voting process and the period following the vote must be free of violence and intimidation. The world community can play an active role in helping the Indonesian government see that this happens.

The Administration has pledged $30 million to assist Indonesia during its national election. However, I believe we, and others in the international community, should do more to make sure that sufficient funds are available both for a free and fair election to occur in June and to help the Indonesian government conduct a free and fair ballot for East Timor in August. The United Nations already has agreed to send a civilian police force to East Timor to monitor the vote. I believe this is a good first step. The U.N. presence should, though, be supplemented by international, non-governmental organizations, or equivalent Indonesian groups, which can help monitor and facilitate the ballot process.

The time is now for the U.S. and the international community to focus on Indonesia and East Timor. The national election for Indonesia is less than six weeks away and the ballot for East Timor is only about eight weeks after that. I believe, as one long involved in Southeast Asia, that it is important for those who have interest in the future stability of this region to start creating a positive atmosphere in which both of these events can occur.●

OLDER AMERICANS MONTH

● Mr. GRASSLEY. Mr. President, since 1963, May has traditionally been designated Older Americans Month. I would like to take this opportunity to thank these valuable citizens and share an article that was recently printed in the Des Moines Register. The author reminds us of the many contributions older Americans make to our communities.

As we prepare for one of the largest demographic shifts in the history of our nation, we as policy makers often focus on the challenges presented by a graying nation. However, as suggested by Francis Keith in his article, ''Celebrate the Old Folks, Iowa's Assets,'' it would be a shame not to take the time to recognize and appreciate the vital role that seniors play in our communities.

Today more than ever, seniors are continuing to play active roles in their communities. In my home state of Iowa, I know many seniors who perform both paid and volunteer work well into their later years. Their wisdom and experience are a valuable resource that we should not allow to go to waste.

Mr. Marion Tierney, of Des Moines, Iowa recently spoke at an Aging Committee event. He is a perfect example of an older American who continues to be an active participant in his community. He made a career change half a lifetime ago because he was looking for a new challenge in sales and increased earning potential. Today, at the age of eighty, he serves nearly 100 customers of Iowa Machinery and Supply.

In a highly competitive business, Mr. Tierney says hard work is the key to success. He brings know-how, experience, relationships, and trust to customers as he assists them in developing solutions to improve their productivity through the use of his company's industrial products. He stays on top of new technology and products and retrains frequently to effectively meet customer needs. In turn, his field experience helps the company decide which new product lines to acquire.

His employer cites Mr. Tierney's willingness to share knowledge and experience with younger salesmen as a major contribution to the business.

Mr. Tierney is just one example of the many contributions older Americans make to their communities. I hope you will join me in honoring Mr. Tierney and all Older Americans for their many contributions. Not just during the month of May, but all year long.

I ask an article regarding Older Americans be printed in the RECORD.

The article follows:

[From the Des Moines Register, Apr. 27, 1999]

CELEBRATE THE 'OLD FOLKS,' IOWA'S ASSETS

(By Francis Keith)

In recent months there have been numerous stories about the aging of Iowa. The news reporters say our older population is a burden. They say that the increasing numbers of older people will be a liability for all the younger people who still work and pay taxes in Iowa. The graying of Iowa it's called.

There are predictions that as this trend continues, the problem of so many old people will become acute and drag the state into some economic quagmire that will have a negative effect on everyone living here.

I take a different and more positive view. I am retired, over 65; I was born in Iowa, I worked my whole life in Iowa and I retired in Iowa. Most of my peers and close friends are over 65. Many are over 70 and some over 80. For the most part, we ''old Iowans'' remain very active in our community and church and we know we are an asset to the state. We pay our own way and we make a contribution. We old people are a renewable resource.

We pay property taxes and help pay for the public schools, yet none of us has children still in school. We don't drive as much as when we worked and chauffeured our children to school and activities. Still, we pay our share of the street budget and we don't wear out the roads.

We pay income taxes, like everyone else, on our pensions, on interest earned on our savings, even on part of our Social Security.

We don't go to jail very often. As a group, we have a very low crime rate. Few of us are druggies, abuse children, speed, rob banks or use excess alcohol. We don't tie up the courts or fill the jails.

We pay our share of sales tax. We still buy things locally and support the stores and shops of Iowa. We eat out more often. while we may not have as much income as when we worked, we have more disposable income.

Most of our income is fixed, which has its limitations. But on the other hand, we aren't caught in economic downturns, layoffs, unemployment, labor strikes and other crises of the work years. Our income is limited, but dependable.

We know how to work. While it's true we don't run as fast as we used to, we are steady and dependable and we're not afraid to work. Some of us still have business interests and work every day. When we do have a business, we employ Iowans and contribute to the economic well-being of our state.

We work for free. We volunteer. We serve on boards and committees of many community activities and at hospitals and care centers, libraries, churches and schools. We give our time; some of us almost as much as a full-time job. We baby-sit our grandchildren.

We're a stable population. We don't move around much. Not that we don't travel for fun. We do that whenever we can, but we aren't job-hopping. We don't have to prove ourselves anymore by buying a bigger house or a bigger car, just to impress our peers. Been there, done that. We've been in the rat race—we know sometimes the rat wins. We've learned to rest a little, to see the world up close and far away. We look at sunsets and flowers and people in a little different way now. We have learned patience and tolerance and we are more thankful and appreciative of little things.

We even contribute when we are sick, which some doomsayers point out derisively as a negative of being old. Even our being in the hospital more than our younger friends contributes to the economy of Iowa. We keep people working as nurses, therapists, lab technicians and so on. We all die sometime, and for us it's likely to be sooner. Even that gives a job to someone.

Wouldn't any state like to have a group of honest, reliable, stable, sociable, tax-paying citizens who are willing to work without pay, who support our local businesses and who never go on strike?

Well, look around, Iowa, we're already here. We're your retired citizens. And we're working hard to keep Iowa the great state we choose to retire in.

We're nice people to have around. We know we're pretty darned good citizens and we have our pride. We have beaten the system. We have reached retirement with all its promises, most of which are true. Let's celebrate all the ''old folks'' in Iowa, not put them down as a liability.●

JAPANESE CAR CARRIER TRADE

● Mr. HOLLINGS. Mr. President, with our trade deficit continuing to grow and with Japanese vehicle manufacturers continuing to increase exports to the United States, I rise to remind my colleagues that competitive U.S. companies continue to be thwarted in their efforts to break down the walls of ''kereitsu'' relationships built up over

decades in Japan. With Prime Minister Obuchi making his first official state visit to the United States, I thought it useful to review our economic relationship, or lack thereof.

As my colleagues know, the Japanese economy has been in a recession for quite some time. Unfortunately, it would appear the country has sought to export its way out of the problem and to continue to shield inefficient domestic companies from international competition. For instance, just last week the Commerce Department determined that Japanese steel imports were being dumped by margins of up to nearly 70%. Such actions are not acceptable. As the office of USTR recently said,

> [A]s its demand for imports declines and its firms redouble their efforts to sell to healthier markets abroad, the effects of Japan's economic policies will continue to hit the United States. In 1998, the U.S. goods trade deficit with Japan reached $64.1 billion, an increase of $8.4 billion (14.2 percent) from the 1997 level. . . . U.S. merchandise exports to Japan fell to $57.9 billion, a decrease of 11.9 percent from the 1997 level. . . . Japan is more dependent on the U.S. market to absorb its exports than it has been for many years. In 1998, the United States bought about 31 percent of Japan's exports, the highest level since 1990, and close to the all-time high of 36 percent in 1986.

It will come as little surprise to Senators who are concerned about our steel industry and other sectors that Japan accounted for approximately one-fourth of our entire trade deficit in 1998. It is a mistake to suppose that such huge amounts of money can continue indefinitely to move one way across the exchange with reciprocal movement in the other direction blocked. In view of this situation, the USTR said in its report: ''The United States attaches top priority to opening Japan's markets to U.S. goods and services.'' I trust the President will share our government's concerns in his meeting with Prime Minister Obuchi, and will urge him to take steps to increase U.S. access to the Japanese market.

I also believe Japan can, and should, take additional steps to increase its defense sharing burden. Let me give one example. In the early 1990s, Congress and the Department of Defense recognized that more needed to be done to augment our strategic sealift capacity. Our experience in Desert Storm demonstrated a critical shortage of U.S.-flagged, U.S.-manned roll-on roll-off strategic sealift vessels. We therefore undertook new construction of a fleet of military ships of this type. Even with this new construction, however, there will continue to be a deficiency of lifting capacity.

To meet this deficiency, under the leadership of then-Senator Bill Cohen, Congress created the National Defense Features program. Under the program, U.S. companies have been invited to build vessels equipped with special military features for operation in normal commercial service but available in times of national emergency.

Under one proposal, a fleet of refrigerated car carriers would be built in the United States for operation in the U.S.-Japan trade. In normal commercial service, the vessels would carry vehicles to the United States and refrigerated products to Japan. In times of national emergency, the vessels would carry tanks, heavy trucks, and other military equipment, as well as substantial amounts of live ammunition.

Unfortunately, notwithstanding support from the Congress and the Secretary of Defense, the project has met with no interest or actual resistance in Japan. This is particularly disturbing because implementation of the project would, at no economic cost to the Government of Japan, enhance the mutual security of our two nations. Especially at a time when the Government of Japan wishes to play a greater role in advancing shared defense objectives, I am disappointed that it has not given more serious attention to this proposal.

I hope the Administration will continue to press the Government of Japan to take steps to reduce our trade deficit and enhance our mutual security. I also hope the Government of Japan will use the occasion of the Prime Minister's state visit to make further commitments to doing so.●

COMMEMORATING BRANDON BURLSWORTH

● Mr. HUTCHINSON. Mr. President, it is not often that I rise to speak about specific individuals, but the individual I want to talk about today was a man of extraordinary character, Brandon Burlsworth.

Last Wednesday, I was saddened to learn about the tragic and untimely death of Brandon Burlsworth. Brandon was only 22 years old when a car accident ended his life. While his time on this earth was short, his impact on our world will be long lasting. Brandon was a hero to the community of Harrison, the Razorback family, and the entire state of Arkansas.

Brandon lived the kind of life that would make any parent proud. He led a wholesome life, and was a devout Christian who used his faith and strong work ethic to become a success in every facet of life.

Brandon was not a highly recruited athlete coming out of Harrison High School. Several small colleges expressed interest in him, but Brandon had his sights on walking on at Fayetteville and becoming a Razorback. While the odds were long, Brandon worked hard and not only made the team, but went on to start for the Razorbacks for three years. Last year, he earned All-American honors, while leading Arkansas to the SEC West Co-Championship and a berth in the Citrus Bowl. Last month, the Indianapolis Colts selected Brandon in the third round of the National Football League draft.

Not only was Brandon a disciplined player on the field, he was an outstanding student in the classroom as well. Brandon earned a bachelor's degree in marketing management and a master's in business administration, all in 4½ years. In addition, he was a three time member of the SEC Academic Honor Roll.

Today, newspapers and newscasts are often filled with stories about athletes and their brushes with the law. Brandon became a symbol of how student athletes should conduct themselves. The manner in which he conducted himself on and off the field will be Brandon's legacy. He was a young man of great character and dedication. While I recognize that words alone provide little comfort in times such as these, I hope that Brandon's family knows how many lives this young man has touched.●

ORDERS FOR WEDNESDAY, MAY 5, 1999

Mr. GRAMM. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 a.m. on Wednesday, May 5. I further ask that on Wednesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that the Senate then proceed to vote on the adoption of S. Res. 94, which is at the desk.

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

Mr. GRAMM. I now ask unanimous consent that it be in order to ask for the yeas and nays on S. Res. 94.

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

Mr. GRAMM. Mr. President, I now ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. I ask unanimous consent that immediately following the vote, there be a period of morning business until 11 a.m., with the time equally divided. I further ask that the first half of the time be allocated to Senator COVERDELL and the second half of the time to be allocated to Senator DORGAN or his designee.

I also ask consent that at 11 a.m. the Senate resume consideration of S. 900, the financial modernization bill, and the pending Sarbanes amendment.

I finally ask that the time until 12 noon be equally divided between Senator GRAMM and Senator SARBANES, and that Senator GRAMM be recognized

at 12 noon to make a motion to table the pending Sarbanes amendment to S. 900.

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

PROGRAM

Mr. GRAMM. For the information of all Senators, the Senate will convene on Wednesday at 9:30 a.m. and will immediately proceed to a rollcall vote on adoption of S. Res. 94. Following the vote, the Senate will be in a period of morning business until 11 a.m. At 11 a.m., the Senate will resume consideration of Senator SARBANES' substitute amendment to S. 900, the Financial Services Modernization Act, with a vote on the Gramm motion to table occurring at approximately 12 noon. Additional amendments are expected, and therefore Senators can expect votes throughout Wednesday's session of the Senate.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. GRAMM. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:08 p.m., adjourned until Wednesday, May 5, 1999, at 9:30 a.m.

HOUSE OF REPRESENATIVES—*Tuesday, May 4, 1999*

The House met at 12:30 p.m.

MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes.

The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

MTBE USAGE

Mr. STEARNS. Mr. Speaker, this week in the Committee on Commerce we are going to have a hearing Thursday, May 6, at 9:30, concerning amendment to the Clean Air Act. I am going to paint a little bit what the problem is, and it is centered at the EPA. In their efforts to really clean up the air what has happened is they have polluted the water, and it is a very interesting, but sad, commentary, and the Governor of California is coming here to testify, and almost all the Members of Congress from California are on the bill of the gentleman from California (Mr. BILBRAY), which is H.R. 11, and we are going to be holding a hearing on this bill. And let me just give my colleagues, Mr. Speaker, a little bit of background on this because this shows the unintended consequences sometimes of what we do here in Washington and what the EPA extends further to do.

So, if my colleagues will bear with me, imagine a city suddenly faced with contaminated drinking water. The elected officials desperately search for the responsible parties, they want retribution and justice, they want their tainted water supply cleaned up, the guilty must be found, and they must be punished.

Now this perhaps sounds like a Hollywood plot, a Hollywood movie, but it is not, and for many communities across this Nation, they are facing this situation. The guilty party is none other than the supposed protector, the Environmental Protection Agency.

Tom Randall, a managing editor of the Environmental News, recently brought some articles to my attention. They detail a pollutant being forced upon the American public by the EPA. The pollutant is methyl tertiary-butyl ether, MTBE. Now this may not be a common household word to many, but the EPA, oil companies which were mandated to produce it and many communities across this country are all too familiar with this water polluting gasoline additive.

The problem began in 1990 with a misguided amendment to the Clean Air Act which led the EPA to mandate the use of oxygenates in gasoline sold in areas which are out of compliance with clean air standards. Many in this body assumed the EPA had done their homework. In California, they trusted the EPA enough to become the first to use MTBE statewide even in areas not mandated by the EPA. In doing so, they also became the first State to face a water pollution problem we may all face in this country all because the EPA did not do its homework and still has not to this day.

These are the facts: There are basically two types of oxygenates: alcohol-based and ether-based. Alcohols are generally used in the Midwest where they are produced, but since they cannot be shipped through pipelines because they pick up water ethers, primarily MTBE, are the only economically feasible choices for the rest of the country.

What the EPA apparently did not know back when their mandate went into effect, and they still will not admit, is that MTBE is a powerful and persistent water pollutant and, from leaks and spills, has made its way into groundwater of nearly every State in this Nation; the problem, of course, being worse in California, the harbinger of what will surely come to pass in much of the rest of this country. It takes only a small amount of MTBE to make water undrinkable. It spreads rapidly in both groundwater and reservoirs, and so far attempts to remove MTBE from water have proven difficult and costly.

Has the EPA done anything to advance independent peer review research into this? Not at this point, Mr. Speaker. They have appointed a, quote, blue ribbon panel to study it, a panel composed in most parts in part of representatives of MTBE producers and environmental lobbyists which in my opinion have vested interest in protecting the use of this fuel additive.

In the meantime, States, universities and the courts are scrambling to clean up the EPA's mess. It is time, Mr. Speaker, we move to help them with meaningful legislation to end the mandates for oxygenates which, by the way, many scientists contend do nothing to reduce air pollution from the majority of cars on the road today.

Fortunately, Mr. Speaker, my friends and colleagues, the gentleman from California (Mr. BILBRAY) and the gentleman from New Jersey (Mr. FRANKS) have introduced corrective legislation. Mr. BILBRAY has introduced H.R. 11 which the Committee on Commerce will be holding a hearing on this Thursday. H.R. 11 allows for California to use alternative methods other than only using the oxygenates in gasoline. I applaud their efforts and encourage State engagement rather than federal mandates. The bill of the gentleman from New Jersey (Mr. FRANKS), H.R. 1367, would effectively end the use of MTBE.

Mr. Speaker, I strongly support both of these bills, and I urge my colleagues to support them also.

TRANSPORTATION AND COMMUNITY SYSTEMS PRESERVATION ACT

The SPEAKER pro tempore (Mr. RADANOVICH). Under the Speaker's announced policy of January 19, 1999, the gentleman from Oregon (Mr. BLUMENAUER) is recognized during morning hour debates for 5 minutes.

Mr. BLUMENAUER. Mr. Speaker, as someone who came to Congress because I believe that Federal Government should do more to be a constructive partner with our communities to help promote livability, I could not be more excited about developments that are taking place this week in Detroit. I just left the conference, the town meeting, on sustainable development where there were over 3100 people from around the country and more still registering. It was not so much a wrap-up of the President's Council of Sustainable Development, but rather a handoff to citizen activists, students, business, government, nongovernmental agencies to deal with specific activities that they could do to help promote livable communities. There were a variety of workshops with people learning from one another, and the administration has announced 70 specific commitments to help promote that more sustainable future.

One of the programs that I am most pleased with was the Transportation and Community Systems Preservation Act. This was a provision in our TEA–21 legislation, the Surface Transportation Act last year, that was born in the Oregon experience where a group of

private citizens pushed the State and Federal transportation agencies to consider an alternative to simply constructing a traditional bypass to look at what would happen if we were more thoughtful about the ways that we put pieces together.

The results of their research was stunning. It proved conclusively that by dealing with the integration of land use, transportation being more connected and giving people more choices that we could, in fact, reduce congestion more than simply having a pavement-only solution.

That found its way into TEA–21. I was happy to have supported it in our House Committee on Transportation and Infrastructure. The driving force in the Senate was my Senator, RON WYDEN, a former colleague here in the House, and it has opened the floodgates; over 500 applications from around the country totaling over $400 million from people who understand the power of being able to plan their community. Sadly we are only able to award a small portion of those programs, approximately 39, although there are opportunities in the horizon to increase those in future years.

There may be some federal programs that obviously spend more money, but I think there will be fewer that will have more of an impact than helping citizens sort out the right investments and allowing them to be part of framing those solutions.

The entire town meeting effort is an illustration of what livable communities are all about. It is not about Federal interference, but partnership. It is about giving people more choices rather than fewer and that will end up costing people less money rather than more.

It is not the solutions for livable communities that are pushing people to the edge financially. It is the consequences of throwing money at problems in an unplanned way, problems that were first created by not carefully planning and thinking about what we are doing.

A country that can put a man on the moon and bring him back safely over 20 years ago does not have to build a generation of failed infrastructure projects. It should not be illegal in most of America for a clerk working in a drug store to live in an apartment above that drug store rather than having to have to commute every day. The Federal Government should not pay people more to pave a creek than restore a wetland, especially if that wetland restoration will actually solve the problem as well or even better, and we should guarantee that people in communities, large and small, across America have a place at the table to discuss the impacts of infrastructure investments rather than being shut out by State bureaucracies.

Finally, the Federal Government itself should do more to lead by example, whether it is finally requiring the Post Office to obey the same laws and codes that the private sector or that local government itself needs to follow or, for that matter, having the House of Representatives do as good a job in our recycling efforts as a couple of ambitious Boy Scout troops do back home.

The bottom line is that the American public wants our families to be safe, economically secure and healthy. What is going on with the town meeting this week in Detroit is an example of how to do that. I hope that my colleagues will look at ways that each of us in Congress can do our best to help make our communities more livable.

THE CONTINUING STEEL IMPORT CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Ohio (Mr. REGULA) is recognized during morning hour debates for 5 minutes.

Mr. REGULA. Mr. Speaker, the steel import crisis, which began in 1997, is still continuing today. The numbers tell the story. Total steel imports in 1998 were at the highest level ever, 41.5 million net tons of steel mill products. This was a 33 percent increase over imports in 1997, which also was a record year.

While the pressure was on as the House debated the steel issue earlier this year and overwhelmingly passed H.R. 975, we saw steel imports begin to come down in December 1998 and in January and February of this year. But as soon as the pressure let up with uncertainty over the fate of this legislation in the other body, steel imports shot up again in March. We saw a 25 percent increase in steel imports in March over the levels in February.

The U.S. market continues to be the market of last resort for many exporters. As markets overseas continue to face economic turmoil, exporters continue to ship unprecedented levels of steel into the United States, the world's most open market. In order to obtain hard currency, exporters have sent the world's oversupply of steel to the U.S., often at prices that bear no relation to the actual production costs.

In March we also saw some imports source and product switching, which all of us had feared. We saw an increase in imports of blooms, billets and slabs and in hot rolled sheet from countries not subject to the current trade cases.

The impacts of this steel import crisis cannot be overstated. Every single ton of dumped steel displaces a ton of domestic production. The United States industry is losing competitiveness because of these unfairly traded imports. Companies are finding that as prices drop and imports continue to increase, they cannot commit to future capital investments, they cannot commit to needed modernizations, and they cannot commit to additional research and development. These effects, if not reversed soon, could have a lasting implication on an important industry well into the 21st century.

Company by company the impact is also being felt in the short term. Four companies have filed for bankruptcy protection. Mills are dramatically cutting production in capacity utilization. Foreign producers that dump their products are now realizing the benefits of American companies' successful efforts to rebuild the market for steel products here in the United States, and most disturbing is the damage that is being done to many American families as steelworkers lose their jobs. As stated in the President's steel report in January, 10,000 Americans have lost their jobs because of this crisis. Many will never return to jobs that can provide the level of pay and benefits that were provided by the steelworker jobs that have been lost, and that does not take into account the impact on local community services where jobs are lost, the impact of suppliers. So the job number could be much larger.

□ 1245

Some workers may not lose their jobs, but short work weeks, reduced shifts and lost hours can also have a devastating impact on their families. Those laid off and those with reduced hours are struggling to pay rent and mortgages, to put food on the table and to provide their children with the things they need.

As I have stated before, this crisis does not just impact steelworkers and their families. The shortage or the imports affect outside contractors, suppliers and everyone in the community that depends on these steel mills. I recently read a statistic that for every one million tons of domestic steel lost, nearly 5,000 U.S. jobs are directly or indirectly affected.

The highly competitive United States steel industry cannot compete with massive foreign subsidies, closed home markets and industrial cartels that protect an enormous worldwide overcapacity. It is now time for Congress and our government to step in and take the steps necessary to provide the U.S. industry a fair and level playing field in the global marketplace.

I urge the other body to complete action on H.R. 975. I further urge the House to take up other important trade law bills, including H.R. 412, which I introduced; H.R. 1120, which was introduced by the gentleman from Michigan (Mr. LEVIN) and the gentleman from New York (Mr. HOUGHTON); and H.R. 1505, which was introduced by the gentleman from Pennsylvania (Mr. ENGLISH).

The current steel import crisis must be stopped, and we must ensure that such a crisis will not happen again in the future.

I might add, I thought it was interesting that President Clinton even took the time to take this subject up with the Prime Minister of Japan because of their dumping practices.

STEEL IMPORTS ONCE AGAIN ON THE RISE

The SPEAKER pro tempore (Mr. RADANOVICH). Under the Speaker's announced policy of January 19, 1999, the gentleman from Arkansas (Mr. BERRY) is recognized during morning hour debates for 3 minutes.

Mr. BERRY. Mr. Speaker, I rise today because the steelworkers in Northeast Arkansas and all over this country are frustrated, and they are the most productive steelworkers in the world. They have lost faith in their government's promise to uphold its basic trade laws.

The steel import figures for March show that imports are once again on the rise. Imports for March are 25 percent higher than the imports in February. Imports from Japan rose 36 percent; from Brazil, 54 percent; from Korea, 11 percent; from Indonesia, 339 percent. Compared to July of 1997, before the crisis began, Japan's imports are up 22 percent; Brazil's are up 25 percent; Korea, 77 percent; Indonesia, 889 percent.

Clearly, the steel crisis is not over.

Although they continue to assure us that they are negotiating and consulting with these nations, we continue to see higher rates of steel entering this Nation.

The President warned Japan Monday to reduce its steel shipments to the United States on a consistent basis or the government will act to block them. The President also said during a news conference that the U.S. would act to keep Japanese steel out of U.S. markets if those imports continued to exceed the levels existing before the Asian economic crisis.

How long does this crisis have to go on? Something must be done. We must take action now.

Arkansas steelworkers have lost faith in their government because we have failed them by failing to enforce our own trade laws.

The administration continues to sit on this problem without offering a substantive and timely remedy. Steelworkers need solid, immediate plans to end the flow of underpriced steel that is flooding our market. We cannot simply solve the world's financial crisis on the backs of the steelworkers of the United States. The time for action is now, as I have already said, strong and decisive action. For the sake of American steelworkers and their families, we must end this import crisis.

THE CONTINUING STEEL IMPORT CRISIS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New York (Mr. QUINN) is recognized during morning hour debates for 2 minutes.

Mr. QUINN. Mr. Speaker, I would like associate myself with the remarks of the gentleman from Ohio (Mr. REGULA) and also the gentleman from Arkansas (Mr. BERRY).

We rise today to discuss the steel crisis that continues to grip the steel industry and its workers.

On March 17, this past year, 289 House Members passed the bipartisan Steel Recovery Act. This bipartisan legislation calls for quotas to be placed on foreign steel to get back to its pre-crisis levels of July, 1997.

The bill would also set up a steel monitoring system that would track the amount of steel imports into the United States by foreign countries.

Mr. Speaker, I am not going to go into detail this morning about the reasons why our steel industry and its workers find themselves in this serious crisis. We have been through that in the months leading up to the vote on March 17. What I am here to say and to join the others in pointing out is that there still is a steel crisis in the United States and that we need something done immediately.

As many as four major steel companies are in bankruptcy right now, and we know that when those good-paying jobs disappear they disappear forever.

The need for our steel bill was clear on March 17, and today it is even more clear. 289 House Members believed that something must be done to stop these imports, as we continue to see higher rates of steel entering the country each and every day.

The administration may argue that the amount of steel imports for the month of March represents a 30 percent drop in imports since November of 1998; and, while that may be true, shipments from countries such as Brazil and Japan showed a significant increase.

It is important to point out that just yesterday the President warned Japan that the United States will take action if the steel imports are not returned to their pre-crisis levels. I believe that is an absolute positive step in the right direction, and I applaud the President for this action.

We must continue, though, in our action to make sure that passage of the bill that the House sent over is approved in the Senate and signed by the President of the United States.

On behalf of the American steelworkers and their families, I ask our administration and the Senate to act to end this crisis. This is not about free trade. It is about fair trade.

THE ITC SHOULD RULE DECISIVELY IN FAVOR OF THE U.S. STEEL INDUSTRY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from West Virginia (Mr. WISE) is recognized during morning hour debates for 1 minute.

Mr. WISE. Mr. Speaker, today the International Trade Commission holds a hearing into illegal steel dumping. Well, let me report, I was in the northern panhandle yesterday. The pain, both economic and personal, continues from illegal dumping of steel in this country by foreign nations. Over 10,000 jobs have been lost nationwide. Weirton Steel alone has lost over 750 jobs. Net sales for Weirton Steel are down $76 million this quarter over last year, and as of March of this year the level of steel imports from Japan and Brazil were up 22 and 25 percent. These numbers show clearly this crisis, this steel crisis, is nowhere near over.

The decision from today's International Trade Commission hearing will not be given until mid-June, but I am urging the ITC to rule decisively in favor of the U.S. steel industry and its $70 billion contribution to our economy and to Weirton Steel and to many others.

When we see a crime, we call 911. Well, this time West Virginia steelworkers need some help from this international assault.

TIME TO TAKE DECISIVE ACTION IN YUGOSLAVIA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Kentucky (Mr. WHITFIELD) is recognized during morning hour debates for 5 minutes.

Mr. WHITFIELD. Mr. Speaker, late last week this House took up a resolution to continue the administration's policy of bombing Yugoslavia, and by a vote of 213 to 213 the measure failed to endorse that policy.

Many of those of us who voted against the policy made a deliberate, considered vote of protest against incessant bombings that have not accomplished much of anything except to kill innocent civilians and destroy the infrastructure of Yugoslavia that in the end the U.S. will likely be asked to spend billions of dollars to rebuild.

Forty-one days of intensive bombings have not been successful in removing Milosevic's forces from Kosova, nor has it achieved the stated purpose of the bombing and that is to stop the ethnic cleansing of the Kosovars. Even our own NATO commanders have stated clearly that, except for weakening the air defense system in Yugoslavia, the air strikes have not been successful; and Serb forces continue to commit atrocities; and hundreds of civilians, men, women and children, are being killed by these bombs.

Contrary to the wishful thinking of those who supported that resolution, the bombing has not stopped the murders. It has not stopped the violence.

Instead, the bombings have exacerbated both.

Thus, the question is, how long will the world support a war in which the only victims are civilian men, women and children?

Now, Reverend Jessie Jackson returned from Yugoslavia and was successful in obtaining the release of three servicemen, and he brought a letter from Mr. Milosevic to give to President Clinton asking that they meet and talk about this issue. So I would say, Mr. President, the time has come to take a decisive action by stopping the bombs and initiate a committed, comprehensive effort to find a diplomatic solution to what is going on in Yugoslavia.

CHINA WANTS ACCESSION INTO THE WORLD TRADE ORGANIZATION, BUT WITHOUT PLAYING BY THE RULES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Ohio (Mr. BROWN) is recognized during morning hour debates for 5 minutes.

Mr. BROWN of Ohio. Mr. Speaker, I would like to associate myself also with the remarks of the gentleman from Ohio (Mr. REGULA), the gentleman from West Virginia (Mr. WISE), the gentleman from New York (Mr. QUINN) and the gentleman from Arkansas (Mr. BERRY) in imploring the ITC to rule for the United States steel industry.

There is another trade issue that soon will be in front of Congress. Corporate jets are starting to land at National Airport one after another after another, filled with CEOs coming, descending on Capitol Hill to lobby on behalf of the Chinese Communist Government's accession to the World Trade Organization.

One prominent Chinese dissident who had spent many years in a Chinese jail simply for exercising what he considered his right to speak out about oppression and speak out against the Chinese Government and its policies, this dissident said that American corporate executives were in the vanguard of the Chinese Communist Party revolution, arguing in this body for special trade advantages, so-called Most Favored Nation status for China, arguing in this body that China should be admitted to the World Trade Organization.

Let us step back for a moment, Mr. Speaker, and look at a little bit of the history of China's attempt to join this world trade body and play by the rules that the United States and other countries around the world play by.

For 5 years, the People's Republic of China has courted the United States, trying to convince the United States that China, the Chinese Communist Government, should be admitted, acceded into the World Trade Organization, but look what they have done in those 5 years as they in a sense have been courting the United States: illegal sales of nuclear technology to Pakistan; smuggling of AK–47s into the harbor at San Francisco; child labor; slave labor; shooting missiles into the Straits of Taiwan when Taiwan was holding its first free election, something that the People's Republic of China is very unfamiliar with.

As China has been courting the United States, this is the way they have been acting. They have violated every norm, every reasonable standard that is accepted in the international community, standards that our country lives by, standards that the great majority of countries around the world live by.

China, while she has been courting the United States, has acted this way, yet they want accession into the World Trade Organization.

At the same time, China has exported last year $75 billion worth of goods to the United States. We have sold to China, exported to China, only about $12 billion worth of goods. We sell to Belgium more than we do to China, because China simply will not let most of our goods and services in their country.

China takes that $60 billion trade deficit, that surplus for them, in a sense that gift of $60 billion, turns around and buys more or less $60 billion worth of goods from Western Europe; generally, our western European allies. Then when we have a problem with China, when there is a human rights violation or some sort of theft of property rights or something that clearly China has acted not according to the rules of international trade, those European countries never are on our side in those trade disputes because they are such a big customer for China.

Understand that China has a $60 billion trade surplus with us. They make $60 billion in goods and services from us, turn around and spend that $60 billion in Western Europe; in a sense, buying allies in their quest around the world in the trade arena.

□ 1300

Mr. Speaker, what we need to do before granting China World Trade Organization is not listen to what they say, because they always make promise after promise after promise saying that they will behave, that they will play fair, they will stop the human rights abuses, they will stop the forced abortions, they will stop the religious discrimination, they will stop their war against the Tibetans, they will stop what they do against Taiwan, they will stop the child labor, their slave labor.

They promise that every year. Every year this country gives them Most-Favored-Nation status. Every year they break those promises. Mao Zedong Dong liked to quote his ideological communist mentor, Vladimir Lenin, the Soviet leader. He said, promises are like pie crust, they are made to be broken. That is what has happened with China as they have courted the United States to join the World Trade Organization.

Mr. Speaker, I ask the administration, I ask the President, I ask Republican leadership in this body, I ask the American business community, which is so strongly supportive of World Trade Organization entry for China immediately, I ask them to step back and let us see if China can behave for one year, if it can stop the human rights abuses, stop the slave labor and the child labor, can stop shooting missiles at Taiwan, can stop the nuclear sales to Pakistan, can stop the human rights violations.

Let us see if China can stop for 1 year and join the community of nations in its behavior for 1 year. Then let us talk about World Trade Organization accession. Do not let them in based on their promises, let them in based on their actions.

MARKING THE 25TH ANNIVERSARY OF THE WIC PROGRAM

The SPEAKER pro tempore (Mr. RADANOVICH). Under the Speaker's announced policy of January 19, 1999, the gentleman from Texas (Mr. STENHOLM) is recognized during morning hour debates for 2 minutes.

Mr. STENHOLM. Mr. Speaker, it is a pleasure today to rise to mark the 25th anniversary of the WIC program, the women, infants and children. I am proud to join my colleagues in support of this very valuable and extremely successful program.

Several years ago when I served on the Committee on the Budget I had the opportunity to hear several CEOs of Fortune 500 companies testify in support of the WIC program. These executives talked about the difficulties they had in finding a qualified work force and the amount of money they had to spend to educate and retrain their employees.

They told us that while improving our educational system was an important part of the solution, our educational system can only do so much if the child is not prepared to learn by the time they reach school age.

These executives came to the conclusion that in order to find solutions to the problems they were facing and other problems facing society, we had to begin at the beginning and make sure children start out their lives with the nutrition they need to develop.

That conclusion is what brought these CEOs to the Committee on the Budget, and it is what brings me to the floor today. We continue to learn more each day about the importance of the first 3 years of life in the development of the brain. Common sense tells us that ensuring that children have proper nutrition at this critical period in

their lives will reap benefits for all of us as these children grow into adulthood.

A child who has the proper nutrition at the beginning of his or her life in the womb through the first 3 years of its life is more likely to succeed in school, less likely to become involved in the criminal justice system, and more likely to become a productive member of society.

There have been numerous studies showing the effectiveness of the WIC program in improving health of newborn children. From a fiscal standpoint, studies have found that Medicaid costs for women and children participating in WIC were reduced by between $1.77 and $3.13 for every dollar spent on WIC.

But more important than any of these statistics or studies about the effectiveness of the WIC program is this: The WIC program helps give all children a fair start in life. That is why I am proud to support the WIC program, and encourage our colleagues to continue to support and expand upon this very valuable program.

ETHIOPIA AND ERITREA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Arkansas (Mr. SNYDER) is recognized during morning hour debates for 1½ minutes.

Mr. SNYDER. Mr. Speaker, recently I met with representatives of the Ethiopian and Eritrean embassies. The two countries are involved in a horrific border war that since May, 1998, has resulted in tens of thousands of casualties.

As family doctor who worked in a refugee camp near Kassala, Sudan, in 1985, and treated refugees from both Tigre and Eritrea, it is heartbreaking to see this war continue. Just a few years ago, the Horn of Africa was one of the most promising development storise on the continent. There was great hope for both Eritrea and Ethiopia in 1991, two countries with a great deal in common. Now, tragically, that promise is gone, swept away in war.

Mr. Speaker, I do not rise to ask the United States to take sides militarily in this war. It is not in our interests, or in those of the warring parties, that we do. What I do ask is for the two warring nations, Ethiopia and Eritrea, to agree to a cease-fire and peace settlement. The OAU proposal seems to be acceptable to both countries, but for unclear reasons has not been signed.

A cease-fire and peace treaty must be agreed to. The war must end. New enemies must again become old friends.

PROBLEMS AMERICA IS CONFRONTING IN THE STEEL INDUSTRY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Maryland (Mr. CARDIN) is recognized during morning hour debates for 2 minutes.

Mr. CARDIN. Mr. Speaker, I join with the other Members who have been on the floor today to talk about the problems we are confronting in steel.

I recently had a chance to visit Bethlehem Steel's Sparrows Point division. I had a chance to meet with many of the 4,000 dedicated workers at this facility. I also had a chance to talk with management, to go over the investment that management is making in the most modern steel equipment, hundreds of millions of dollars.

Mr. Speaker, at Sparrows Point our workers can compete with any worker around the world. All they ask from us is a level playing field. They are not asking us to protect the steel industry from competition, but they are asking us to protect the steel industry from illegally dumped steel that is still coming into this country.

Yes, what we need to do, we need to enact the legislation, that passed, that rolls back the level of steel imports to the pre-crisis level. We need to reform our antidumping and counterveiling duty laws to protect from the surge of illegal steel or any product coming into this country, so we can act decisively. The gentleman from Pennsylvania (Mr. ENGLISH) and I have filed such legislation. We also need the ITC to take decisive action in their meetings today.

This is sort of like a Whack-a-Mole game, where you hit one country on the head that is dealing with illegal steel and another country pops up. But for the 10,000 steel workers' jobs that we have lost, this is not a game. It is time for us to take decisive action.

THE CRISIS IN STEEL IS NOT OVER

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Minnesota (Mr. OBERSTAR) is recognized during morning hour debates for 2 minutes.

Mr. OBERSTAR. Mr. Speaker, the crisis in steel is not over. The International Trade Commission of the U.S. Department of Commerce has ruled that foreign steel imports are coming into this country at below-cost production in many cases, below cost of U.S. products, and are being, in the technical terms, dumped in the U.S. marketplace.

The Department of Commerce is now proceeding in the second phase of this unfair trade practice determining injury. The Clinton administration, through the Secretary of Commerce, Secretary Daley, and Secretary Rubin at Treasury, have moved smartly to impose counterveiling duties and put companies on notice in this country to post bond or cash to cover the cost between the unfair price and the U.S. market price.

We are now in the injury phase of this proceeding, an excruciating fair, time-consuming process, the most fair process of any country in the world trade community for determining unfair trade. In fact, it is so fair that I am afraid that American steel mills and in Minnesota taconite plants will be out of business before they come to the conclusion, the Department of Commerce, that there is injury, that these counterveiling duties should be imposed, and the level trading field reestablished in steel.

We ought to act decisively now. The Senate ought to pass the bipartisan Steel Recovery Act, because imports from Japan in March were up 36 percent, Brazil up 54 percent, Korea up 11 percent, and Indonesia tripled its exports in March to the United States. Korea has increased their exports to the U.S. so much that they are up 77 percent over a year ago.

The crisis in steel is not over. More countries are finding that the most open, fair market in the world is the United States, and are dumping their unemployment on our marketplace. It is not fair.

AMERICAN STEEL COMPANIES AND STEEL FAMILIES REMAIN IN GRAVE DANGER FROM STEEL DUMPING

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from West Virginia (Mr. MOLLOHAN) is recognized during morning hour debates for 2 minutes.

Mr. MOLLOHAN. Mr. Speaker, as my colleagues today are point out, the latest trade figures are in and they confirm what we feared but also what we expected. They confirm, Mr. Speaker, that the steel dumping crisis is not over. In fact, just the opposite, they confirm that our American steel companies and our American steel families remain in grave danger.

It turns out that the recent drop in imports was not the start of a trend, it was only our trading partners catching their breath and then pumping up their March shipments by 25 percent. That includes a 39 percent increase from Japan and a 54 percent increase from Brazil, two of the main targets of complaints filed by our U.S. steelmakers.

It is clear that these countries are not very impressed with America's resolve to enforce our trade laws. What about our steelmakers? How are imports affecting them? Thanks to imports, LTV is reporting a first quarter loss of $29 million; Bethlehem a loss of $26 million, and in my district, Weirton Steel is reporting a loss of almost $28 million, the worst in 6 years. Seven hundred Weirton Steel employees remain out of work, putting a terrible

strain on communities all along the upper Ohio Valley.

Mr. Speaker, our trading partners do not care about our communities. They do not care about our families. They do not even care about following our trade laws. But this Congress and this administration must care, because when the playing field is level, we can compete with anyone on Earth.

This Congress must come full circle and pass tough trade legislation, and this administration must use every tool at its disposal to enforce basic, fair, trade laws. I repeat, Mr. Speaker, the crisis is not over. We cannot afford to act like it is.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 1 o'clock and 11 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. BURR of North Carolina) at 2 p.m.

PRAYER

The Chaplain, Reverend James David Ford, D.D., offered the following prayer:

In this world where life contains what seems to be so much turmoil and tribulation we long for that tranquility that lives beside the still waters of peace, and yet we know that grace exists besides turbulence and healing exists besides pain. O gracious God, the creator of everyone, we laud and praise those who use their ability to bring peace and healing to our communities and to all the neighborhoods of our world. May Your spirit, O God, unite each person so we share our concerns and our hopes as one people with one creator. In Your name we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Illinois (Mr. RUSH) come forward and lead the House in the Pledge of Allegiance.

Mr. RUSH led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

PRIVATE CALENDAR

The SPEAKER pro tempore. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

FRED STEFFENS

The Clerk called the bill (H.R. 509) to direct the Secretary of the Interior to transfer to the personal representative of the estate of Fred Steffens of Big Horn County, Wyoming, certain land comprising the Steffens family property.

There being no objection, the Clerk read the bill as follows:

H.R. 509

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TRANSFER OF STEFFENS FAMILY PROPERTY.

(a) CONVEYANCE.—Subject to valid existing rights, the Secretary of the Interior is directed to issue, without consideration, a quitclaim deed to Marie Wambeke of Big Horn County, Wyoming, the personal representative of the estate of Fred Steffens, to the land described in subsection (b): *Provided*, That all minerals underlying such land are hereby reserved to the United States.

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is the approximately 80-parcel known as ''Farm Unit C'' in the E½NW¼ of Section 27 in Township 57 North, Range 97 West, 6th Principal Meridian, Wyoming.

(c) REVOCATION OF WITHDRAWAL.—The Bureau of Reclamation withdrawal for the Shoshone Reclamation Project under Secretrial Order dated October 21, 1913, is hereby revoked with respect to the lands described in subsection (b).

With the following committee amendment in the nature of a substitute:

Strike out all after the enacting clause and insert:

SECTION 1. TRANSFER OF STEFFENS FAMILY PROPERTY.

(a) CONVEYANCE.—Subject to valid existing rights, the Secretary of the Interior is directed to issue, without consideration, a quitclaim deed to Marie Wambeke of Big Horn County, Wyoming, the personal representative of the estate of Fred Steffens, to the land described in subsection (b): Provided, That all minerals underlying such land are hereby reserved to the United States.

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is the approximately 80-acre parcel known as ''Farm Unit C'' in the E½NW¼ of Section 27 in Township 57 North, Range 97 West, 6th Principal Meridian, Wyoming.

(c) REVOCATION OF WITHDRAWAL.—The Bureau of Reclamation withdrawal for the Shoshone Reclamation Project under Secretarial Order dated October 21, 1913, is hereby revoked with respect to the lands described in subsection (b).

Mr. BALLENGER (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN R. AND MARGARET J. LOWE

The Clerk called the bill (H.R. 510) to direct the Secretary of the Interior to transfer to John R. and Margaret J. Lowe of Big Horn County, Wyoming, certain land so as to correct an error in the patent issued to their predecessors in interest.

There being no objection, the Clerk read the bill as follows:

H.R. 510

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TRANSFER OF LOWE FAMILY PROPERTY.

(a) CONVEYANCE.—Subject to valid existing rights, the Secretary of the Interior is directed to issue, without consideration, a quitclaim deed to John R. and Margaret J. Lowe of Big Horn County, Wyoming, to the land described in subsection (b): *Provided*, That all minerals underlying such land are hereby reserved to the United States.

(b) LAND DESCRIPTION.—The land referred to in subsection (a) is the approximately 40-acre parcel located in the SW¼SE¼ of Section 11, Township 51 North, Range 96 West, 6th Principal Meridian, Wyoming.

Mrs. CUBIN. Mr. Speaker, H.R. 509 and H.R. 510, as introduced in the House, mirror the bills introduced by Senators MIKE ENZI and CRAIG THOMAS that passed last year in the Senate by unanimous consent.

The first bill, H.R. 509, transfers eighty acres of public land in Big Horn County, Wyoming, to the estate of Mr. Fred Steffens.

The property outlined in the bill has been a part of the Steffens' family working farm since the land was purchased in 1928. Mr. Steffens was issued a warranty deed to the property by Mr. Frank McKinney, predecessor of interest.

Unfortunately, Mr. McKinney knowingly had neither title to the property nor an assignable right of entry. However, the fact that Mr. McKinney did not own the land did not stop him from selling the property or issuing the warranty deed.

In good faith, Mr. Steffens purchased the property and, according to the Big Horn County Assessor's office, paid taxes since the date of purchase in 1928.

Upon Mr. Steffens' death, in an attempt to settle his estate, it was discovered that a patent had never been issued for these lands. Mr. Steffens' sister and representative of the estate filed a Color of Title application with the BLM's Wyoming state office, but the title was rejected.

The reason given was that the lands at issue were, and continue to be, withdrawn by

the Bureau of Reclamation (BOR) for the Shoshone Reclamation Project. Regulations specifically preclude claims under the Color of Title Act when lands are withdrawn for Federal purposes.

The only option to remedy this situation is to pass H.R. 509. Both the BOR and the BLM support the transfer of title to the Steffens' estate. The bill preserves the rights of the federal government to own the mineral interests and transfers the right, title and surface estate to the Steffens.

Mr. Steffens' and his family occupied this property in good faith. I believe it's time for the issue to be resolved and ask my colleagues to favorably report the bill to the House floor.

H.R. 510 is another bill that the BLM supports which transfers forty acres of public land in Big Horn County, Wyoming, to John and Margaret Lowe.

Although there is a confusing history to this particular parcel, there is abundant evidence that the Lowe's claim to the land is justified.

The latest evidence comes at the hand of a Big Horn County assessor who wrote that based on other entries in the county records, the legal description of the land being transferred by the original patent should have included the forty acres under consideration.

The Lowe family, since acquiring the land in 1966, have paid taxes on the land since that time.

H.R. 510, although not the only alternative the Lowe's have in acquiring the forty acres, is the only alternative that will bring minimal additional expense to either the Lowe family or the BLM.

As I mentioned before, the BLM supports the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. This concludes the call of the Private Calendar.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The Speaker pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, DC, April 30, 1999.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on April 30, 1999 at 10:21 a.m. that the Senate passed S. Res. 88.

Appointment: Advisory Commission on Electronic Commerce

With best wishes, I am
Sincerely,

JEFF TRANDAHL,
Clerk.

AMERICANS AND THREE RECENTLY RELEASED SOLDIERS OWE REVEREND JESSE JACKSON THANKS

(Mr. LEWIS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of California. Mr. Speaker, there are three American soldiers who are celebrating freedom today. These young men have now been reunited with their families and are receiving needed medical care in Germany.

America is very proud of Steven Gonzales, Andrew Ramirez, and Christopher Stone. Like so many others now in harm's way, they served at considerable risk to their own personal safety. They suffered physical harm at the hands of their captors, and they emerged from captivity with crisp salutes to their superior officers with their heads held high.

As we celebrate their safety, let us not overlook one fact: These soldiers were released through the efforts of Reverend Jesse Jackson.

While I will continue to support our troops in their actions abroad, I applaud any potential avenue for peace. Reverend Jackson is not our Secretary of State, but in recent days he has achieved diplomatically what had not before been possible. America, like these three young men, owes him our thanks.

RESIDENTS IN NEW YORK BANNED FROM FLYING FLAG

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, residents of Brookshire Condominiums in Washingtonville, New York, have been banned from flying the American flag. Banned, ladies and gentlemen. In fact, they will be charged $25 for every day that they fly the flag beyond the five holidays allowed. Unbelievable.

The sad fact is in America today we can burn the flag, but we may not be allowed to fly the flag. Beam me up. Is it any wonder America is so screwed up?

I yield back the lives of thousands of heroic Americans who gave their lives in battle while carrying Old Glory into battle.

HONORING AMERICA'S TEACHERS

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, I rise today in honor of America's teachers, those people who rise every day to open up the world of learning to our children.

As a former public high school math and science teacher myself, I can attest to the amount of time, energy, creativity, and patience that it takes to take our students to the next step of discovery, be it in literature, calculus, music theory or physics.

Today, I would like to especially honor one teacher from my district in Lancaster County, Pennsylvania, Elaine Savukas, from Hempfield High School.

Year after year, Ms. Savukas has brought a winning team of civics students to Washington to take part in the ''We the People, The Citizen and the Constitution'' 3-day academic competition on the Constitution and the Bill of Rights, as is shown in this picture of her class.

Her students know the Constitution probably better than many Members of Congress know it. She has instilled in her students a love of our history and brings civics alive. She stirs her students to excellence.

Mr. Speaker, there are excellent teachers like Elaine Savukas all over this country, and we are compelled to honor them not only this week but throughout the year as they help shape the minds and motivation of our leaders of the next millennium. I thank all our teachers.

SUPPORT JOINT EFFORT OF CONGRESSIONAL MEMBERS AND RUSSIAN DUMA COUNTERPARTS TO FIND SOLUTION TO BALKAN CRISIS

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, a window of opportunity to find a peaceful solution to this conflict in Kosovo was opened this weekend in Vienna, Austria.

For my congressional colleagues and my Russian Duma counterparts who participated, those meetings represent a real and attainable step toward a lasting peace.

Obviously, this conflict represents one of the most serious challenges to international security since World War II. Most Members realize the power that many constructive Russian-American efforts can offer in finding a solution.

In that light, this bilateral conference agreed on a course of action which would withdraw Serbian troops from Kosovo, cease all military activities of the KLA, and end NATO bombing.

Once these measures are complete, the repatriation of the refugees, administered by an international peacekeeping force and the international community, can begin the healing and rebuilding process.

Mr. Speaker, I rise today to ask my colleagues to support this joint effort

to find a diplomatic solution to the Balkans crisis because, in my mind, peace is an exit strategy everyone can understand.

PASS EMERGENCY SUPPLEMENTAL AND HELP DESPERATE, DESERVING FARMERS

(Mr. BERRY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BERRY. Mr. Speaker, how many times do we have to come to the floor asking for help on behalf of the American farmer? How many more farmers have to go bankrupt before we pass the emergency supplemental? When is the Speaker going to stop holding America's farmers hostage and stop playing politics?

This could have been done months ago. The time to act is now. It is the right thing to do. America's farmers deserve to be treated better than this. Let us pass the emergency supplemental.

H.R. 1503, CAPITAL GAINS EXPANSION FOR FARMERS

(Mr. BARRETT of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARRETT of Nebraska. Mr. Speaker, a week ago I introduced a bill to correct a flaw in the Tax Code. H.R. 1503 would allow family farmers to take advantage of the $500,000 capital gains tax break that many other Americans can take when they sell their homes. This bill expands the $500,000 capital gains tax exclusion for principal residences to cover the entire farm.

Most family farmers are unable to take advantage of the capital gains tax break because they do not spend extra money investing in their principal residence, they spend it investing in their whole farm. As a result, the capital gains exclusion is of little help to farmers selling their land. It simply makes sense. Farmers should enjoy the same capital gains exclusion as other Americans.

Agriculture producers are faced with many challenges these days, and we need to look at a variety of issues to improve the situation in rural America. I believe this bill begins to correct one that we can control, an inequity in the Tax Code.

I ask my colleagues to join me along with the gentleman from North Dakota (Mr. POMEROY) in supporting H.R. 1503.

URGENT NEED FOR SUPPLEMENTAL AGRICULTURE FUNDING

(Mrs. CLAYTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CLAYTON. Mr. Speaker, since the Congress began in January, all have acknowledged the need to enact emergency legislation to assist our small farmers and ranchers.

The emergency supplemental appropriation for farm loans was the result of unprecedented demand for agricultural credit due to the persistent low commodity prices across our Nation.

The Department of Agriculture's Farm Service Agency, FSA, needs an additional $152 million in fiscal year 1999 to provide credit and to deliver much-needed services to farmers and ranchers because of the low prices and bad weather.

The conferees have yet to resolve the differences in the emergency agriculture supplemental so this desperately needed legislation can be brought to the floor of the House for passage of the conference report.

My colleagues, we truly, truly have an emergency. We must act now. The situation is urgent. Let us pass the emergency supplemental so our farmers of America can continue to provide the food and fiber we desperately need.

PRESIDENT HAS CREATED NATIONAL SECURITY EMERGENCY

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, I call my colleagues' attention to this graph I have here. It shows that the President has neglected the defense budget for the past 6 years, while stretching our troops around the world. There has been laxity, inattention, and actual negligence in guarding our most valuable nuclear secrets.

I believe the President has created a national security emergency. There have been truly massive cuts in the defense budget in the area of weapons procurement, all this while using American troops in the role of social workers on humanitarian missions around the world. It is a recipe designed to leave our proud military in a state of emergency, unable to match resources with demands.

American servicemen deserve better. Those who serve our Nation should not be put in harm's way when our national security interests are not at stake, and they should be provided with the resources necessary to carry out our mission in a dangerous world.

The war in Kosovo has exposed for all the world to see our national security emergency.

□ 1415

WEAPONS OF WAR ON OUR STREETS AND IN OUR SCHOOLS

(Ms. NORTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, in the wake of the Littleton, Colorado, tragedy yesterday, the gentleman from California (Mr. HENRY WAXMAN) and I sat at a hearing on the GAO report on the 50-caliber, state-of-the-art military rifle that is of Persian Gulf vintage.

The problem is that this armor-piercing sniper rifle, meant to bring down tanks and jeeps, has now infiltrated the States. GAO investigators went undercover in the National Capital area region and found dealers willing to sell the rifle even when the agent said he was interested in taking down a helicopter and in piercing a limousine.

All that is needed is an 18-year-old ID and no felony conviction. In contrast, you have to be 21 to get a handgun. Amazingly, there is no regulation of secondhand assault weapons.

Some of the weapons used at Columbine High School were bought at a gun show. Let us fill this loophole and keep the weapons of war off our streets and out of our schools.

WIC

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, I rise in support of the Special Supplemental Nutrition Program for Women, Infants and Children, better known as WIC, a program that has been providing short-term, low-cost preventive health services to young families who are at risk due to low income or nutritionally-related health conditions for 25 years.

Studies have shown that pregnant women who participate in WIC have longer pregnancies leading to fewer premature births, have fewer low-birth-weight babies, experience few infant deaths, and seek prenatal care earlier in their pregnancy.

And when I say it is cost effective, let me point out some real numbers to my colleagues. It costs $22,000 a pound to raise a low or very low-birth-weight baby to normal weight, costs that are often covered by Medicaid. It costs only $40 per pound to provide WIC prenatal benefits. These figures show that WIC is making a real difference.

I want to thank those who have made the program a success and wish WIC a happy 25th birthday.

TAX REFORM

(Mr. DEMINT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEMINT. Mr. Speaker, I recently received a letter from Tori Smith, a senior at Dorman High School in Spartanburg, South Carolina. She wrote:

I think you take out entirely too much money for tax. That is my dad's money. He worked for it, not you, he should keep it all for himself. Also, young teenagers who have part-time jobs, trying to make a little spending money pay taxes too. I do not think you should take taxes from us until we are 18. That is my opinion, which should count.

Well, Tori, your opinion does count. And Mr. Speaker, she is exactly right. That is their money and they deserve to keep a lot more of it. They should not be punished for working hard for some extra money or saving for college.

On behalf of young women like Tori and the students at Dorman High School, I ask my colleagues to find the courage to reduce taxes and get rid of the oppressive Tax Code. Let us say, enough is enough. Let us replace it with a national sales tax that rewards hard work and allows these young people to make their dreams come true.

Mr. Speaker, I thank Tori for writing me. I believe we are on the way to giving her a more secure future.

APPOINTMENT AS MEMBER TO COMMISSION ON CIVIL RIGHTS

The SPEAKER pro tempore (Mr. SHIMKUS). Without objection, and pursuant to section 2(b) of Public Law 98–183, and upon the recommendation of the minority leader, the Chair announces the Speaker's appointment of the following member to the Commission on Civil Rights on the part of the House, effective May 4, 1999, to fill the existing vacancy thereon:

Mr. Christopher F. Edley, Jr., Cambridge, Massachusetts.

There was no objection.

REAPPOINTMENT AS MEMBERS TO NATIONAL SKILL STANDARDS BOARD

The SPEAKER pro tempore. Without objection, and pursuant to section 503(b)(3) of the National Skill Standards Act of 1994, (20 U.S.C. 5933) and upon the recommendation of the minority leader, the Chair announces the Speaker's reappointment of the following members to the National Skill Standards Board on the part of the House for a 4-year term:

Ms. Carolyn Warner, Phoenix, Arizona; and

Mr. George Bliss, Washington, D.C.

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

If a recorded vote is ordered on House Concurrent Resolution 84, relating to the Disabilities Education Act; House Concurrent Resolution 88, relating to the Pell Grant Program; or House Resolution 157, relating to teacher appreciation, those votes will be taken after debate has concluded on those motions.

If a recorded vote is ordered on any remaining motion, those votes will be postponed until tomorrow.

URGING CONGRESS AND PRESIDENT TO FULLY FUND INDIVIDUALS WITH DISABILITIES EDUCATION ACT

MR. GOODLING. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 84) urging the Congress and the President to fully fund the Federal Government's obligation under the Individuals With Disabilities Education Act, as amended.

The Clerk read as follows:

H. CON. RES. 84

Whereas all children deserve a quality education, including children with disabilities;

Whereas Pennsylvania Association for Retarded Children v. Commonwealth of Pennsylvania, 334 F. Supp. 1247 (E. Dist. Pa. 1971), and Mills v. Board of Education of the District of Columbia, 348 F. Supp. 866 (Dist. D. C. 1972), found that children with disabilities are guaranteed an equal opportunity to an education under the 14th amendment to the Constitution;

Whereas the Congress responded to these court decisions by passing the Education for All Handicapped Children Act of 1975 (enacted as Public Law 94–142), now known as the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), to ensure a free, appropriate public education for children with disabilities;

Whereas the Individuals with Disabilities Education Act provides that the Federal, State, and local governments are to share in the expense of educating children with disabilities and commits the Federal Government to pay up to 40 percent of the national average per pupil expenditure for children with disabilities;

Whereas the Federal Government has provided only 9, 11, and 12 percent of the maximum State grant allocation for educating children with disabilities under the Individuals with Disabilities Education Act in the last 3 years, respectively;

Whereas the national average cost of educating a special education student ($13,323) is more than twice the national average per pupil cost ($6,140);

Whereas research indicates that children who are effectively taught, including effective instruction aimed at acquiring literacy skills, and who receive positive early interventions demonstrate academic progress, and are significantly less likely to be referred to special education;

Whereas the high cost of educating children with disabilities and the Federal Government's failure to fully meet its obligation under the Individuals with Disabilities Education Act stretches limited State and local education funds, creating difficulty in providing a quality education to all students, including children with disabilities;

Whereas, if the appropriation for part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.) exceeds $4,924,672,200 for a fiscal year, the State funding formula will shift from one based solely on the number of children with disabilities in the State to one based on 85 percent of the children ages 3 to 21 living in the State and 15 percent based on children living in poverty in the State, enabling States to undertake good practices for addressing the learning needs of more children in the regular education classroom and reduce over identification of children who may not need to be referred to special education;

Whereas the Individuals with Disabilities Education Act has been successful in achieving significant increases in the number of children with disabilities who receive a free, appropriate public education;

Whereas the current level of Federal funding to States and localities under the Individuals with Disabilities Education Act is contrary to the goal of ensuring that children with disabilities receive a quality education; and

Whereas the Federal Government has failed to appropriate 40 percent of the national average per pupil expenditure per child with a disability as required under the Individuals with Disabilities Education Act to assist States and localities to educate children with disabilities: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That—

(1) the Congress and the President—

(A) should, working within the constraints of the balanced budget agreement, give programs under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) the highest priority among Federal elementary and secondary education programs by meeting the commitment to fund the maximum State grant allocation for educating children with disabilities under such Act prior to authorizing or appropriating funds for any new education initiative; and

(B) should meet the commitment described in subparagraph (A) while retaining the commitment to fund existing Federal education programs that increase student achievement; and

(2) if a local educational agency chooses to utilize the authority under section 613(a)(2)(C)(i) of the Individuals with Disabilities Education Act to treat as local funds up to 20 percent of the amount of funds the agency receives under part B of such Act that exceeds the amount it received under that part for the previous fiscal year, then the agency should use those local funds to provide additional funding for any Federal, State, or local education program.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Michigan (Mr. KILDEE) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is an old topic for me, 25 years, speaking on the same subject, trying to encourage the Congress to put their money where their mouth was 24 years ago, when school districts were promised that if they participated in the Federal Individuals With Disabilities Education Act they would receive 40 percent of the excess cost in

order to fund special education programs to educate a child with a disability, which may be two, three, five, ten, twenty times greater than to educate a non-disabled student.

Obviously, that was not done. We got up to 6 percent. In the last 3 years, fortunately, we have been able to get huge increases, which gets us all the way up to 12 percent. And, hopefully, by the end of this year, it will be 15 percent, and we still have a long way to go.

What does it mean when we do not fund what we promised? It means that the local school districts must raise millions of dollars in order to fund a mandate that came from the Federal level, a mandate if they decided to participate.

I realize that no matter how much money we put up, we can never fully fund even our 40 percent unless we deal with the number of people who are placed in special education programs, many of which only have a reading problem and, therefore, really should not be there.

I hope that some of the early childhood programs that we have put into effect on the Federal level will help eliminate those who get into special ed simply because of those reading problems.

So, again, I am here today asking, as I have asked every year for 25 years, for Congress and the President to put their money where their mouth was before we talk about funding new programs.

Center cities particularly stand to get all sorts of money to deal with pupil-teacher ratio, to deal with maintenance of their buildings. All we have to do is get that 40 percent of excess costs back to those local school districts and then they can help all students. That is what this is all about, helping all students, not pitting one against another.

Mr. Speaker, I am pleased to bring House Concurrent Resolution 84 to the Floor. This Concurrent Resolution urges full funding of the Individuals with Disabilities Education Act (IDEA) before creating and funding any new education initiatives. The co-sponsors and I believe that the Federal government cannot continue to ignore the commitment it made over 24 years ago to children with disabilities.

At the time IDEA was first enacted, Congress committed that the Federal government would provide States and local school districts with 40% of the average per pupil expenditure to assist with the excess costs of educating students with disabilities. Where are we on that commitment? We are at 12% and it is this high only because Republicans have insisted and fought for increased Federal funds for IDEA. Since Republicans took over control of Congress in 1995, funding for IDEA has risen over 85%.

Failing to live up to our IDEA funding commitment fails our students, parents, schools, and communities.

Where do we stand on IDEA spending right now? Here's what we know about the President's thoughts on IDEA funding. Under his budget request, President Clinton wants to cut spending for students with disabilities from $702 per child in FY 1999 to $688 per child in FY 2000. We also know Secretary of Education Riley's top priorities. According to an article in the Washington Post of April 20, 1999, increasing funding for IDEA does not make the top three priorities of the Department.

The Committee on Education and the Workforce stated its funding priority quite clearly. In a bipartisan vote of 38–4, the Committee approved this resolution to give IDEA programs the highest priority among Federal elementary and secondary education programs.

What will giving IDEA the highest priority in Federal funding for K–12 education programs do for students and schools? It will allow schools to increase and improve services for all students, including students with disabilities.

Meeting the Federal IDEA funding commitment benefits every student by allowing the local school to fund the services needed by all students—everyone wins. Once the Federal government begins to pay its fair share under IDEA, local schools will no longer be forced to redirect local funds to cover the unpaid Federal share. Local funds will be freed up, allowing local schools to hire and train high-quality teachers, reduce class size, build and renovate classrooms, and invest in technology.

Every student will benefit, regardless of whether the student receives services under Title I, limited English proficiency programs, or IDEA.

We must fully fund IDEA before Washington creates new education programs. We do not need to spend our limited education resources on new, unproven Federal programs. Let's first live up to the promises we made over 24 years ago and fund a program that we know works.

House Concurrent Resolution 84 urges Congress to fully fund IDEA while maintaining its commitment to existing Federal education programs. We do not want to take funds from the Federal education programs currently serving students. However, year in and year out under both Democrat and Republican control, Congress must set priorities and we believe that funding the federal commitment to IDEA must come before funding new untested programs.

We can both ensure that children with disabilities receive a free and appropriate public education and ensure that all children have the best education possible if we just provide fair Federal funding for special education.

I urge everyone to support this important concurrent Resolution. Congress must fulfill its commitment to assist States and localities with educating children with disabilities.

Mr. Speaker, I reserve the balance of my time.

Mr. KILDEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to say at the beginning of my remarks that I am going to support this resolution.

However, the resolution that is before the House today is not as simple as it may seem. Unfortunately, this resolution tends to place the needs of disabled children and nondisabled children in conflict rather than to seek to recognize our commitment to all children.

Full funding for the Individuals With Disabilities Education Act is a goal which is vitally important to the education of the disabled children of our Nation and one that I have been committed to since I arrived in Congress 23 years ago. We need to provide 40 percent of the excess cost of educating a child with a disability, and this should be done and this should be one of our top priorities for Federal education funding.

In fact, as my chairman, the gentleman from Pennsylvania (Mr. GOODLING) knows, I have joined him and many other of my colleagues in demanding additional funding for special education so we can meet this goal now rather than later.

The gentleman from Pennsylvania (Mr. GOODLING) has been a real and long time leader for full funding of IDEA. I can recall several years ago, when we both served on the Committee on the Budget, the courage he took to be the one Member over there who joined me in trying to secure more funding for this program.

Supporting the needs of disabled children and providing them with a chance to become productive, participating members of society is extremely important, and there has been no greater champion than myself in this issue.

In fact, many years before the passage of 94–142, I, as one of its principal authors, helped enact Michigan's special education law. My commitment and experience in this issue has spanned three decades of my career in public service, and I understand and support the need to fully fund IDEA.

However, in our desire to provide full funding for IDEA, we should not do so at the expense of other Federal education programs or pit the needs of disabled children against those of nondisabled children. The resolution which we are considering today tends to do that, accentuate the politics of division rather than recognizing what has become a bipartisan goal, the full funding of IDEA.

The issue of IDEA funding is not a Democratic or Republican concern. There has been strong bipartisan support for substantial increases in funding for IDEA in recent appropriations bills, and I strongly believe this will continue.

In the past 3 years we have provided sizable increases for both IDEA and other Federal education initiatives, recognizing the need to build a total Federal commitment to education. IDEA alone has received over $1.5 billion in additional funding since 1996. The growth and funding for all Federal education programs that have a positive effect on student achievement should be the goal we set our sights on regardless of party or parochial interest.

It is my hope that we commit ourselves to the spirit of cooperation on the issue of educational funding.

Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Speaker, I thank the chairman for yielding me the time.

Mr. Speaker, I want to draw the attention of my colleagues to this headline. It says they are going to cut 60 non-tenured positions in my hometown, in my hometown paper.

The reason for that is that we are going to have to increase classroom size and reduce our gifted and talented programs because we cannot access dollars from any of the other Federal education programs. Specifically, we cannot access the dollars from the President's new initiative for new teachers and smaller classes. And that is a problem with our existing school funding programs.

So what we can do? What we can do is fully fund special education, living up to the commitment that Congress has made. What happens if we do that? First of all, it is going to take the pressure off of local taxpayers in my home State, property taxpayers. But, more important than that, it will provide more funding for the general fund budget for education.

By underfunding special education, we are forcing schools to go take money from their general education account and put it into their special education account.

□ 1430

By fully funding special education, we will reverse that process. It will address the area of greatest uncertainty and the area of greatest cost to most of our school districts. I would urge my colleagues to support this resolution.

Mr. KILDEE. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Speaker, like so many of all of my colleagues on both sides of the aisle, I am hearing constantly from parents and educators at home about the importance of meeting the Federal commitment to fund the Individuals with Disabilities Education Act, IDEA. Parents of children with special needs are absolutely frantic about their children's access to public education. They often feel like the schools are giving them the runaround, but schools are equally as worried about having the resources to do the job that they need to do. And the parents of students without special needs are more than fearful because they believe that special needs students are taking precious resources away from their children.

This cannot continue. Congress must step up to our responsibility, and we should do it this year while the economy is good and we have a surplus. If we cannot do it now, we never will.

But we should not be pitting one education program against another as this particular resolution does. When we do that, we pit students against students, parents against schools, and we pit schools against each other.

However, there is a way that we can in this Congress meet the Federal commitment to fund IDEA. We can do this while continuing our support for other important education programs. We can do this by using some of the funds that have been set aside under the Republicans' balanced budget agreement for tax cuts to fund IDEA.

The balanced budget agreement sets aside $778 billion for a 10-year tax cut. We would only need $11 billion additional in funds to fully fund IDEA this year.

When this resolution was marked up in the committee, I offered an amendment that urged Congress to fund IDEA before funding tax cuts. It lost on a partisan vote. 100 percent of the Democrats voted for it; 100 percent of the Republicans voted against it.

While I realize that no amendment can be considered on the floor this afternoon, I do want to point out that we can fully fund IDEA and we can do it without taking away from other education programs. Once again, I urge my colleagues to put education for our children with disabilities before tax cuts. Work with me. We can fully fund IDEA without taking funds from other important education programs.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. Mr. Speaker, as I go around my district in southwest Missouri and ask school administrators or teachers what is their biggest problem with the Federal Government, I always get the same answer, IDEA. And so now I ask what is their second biggest problem with the Federal Government, and I get a variety of answers, but there is no question their biggest challenge is in the way IDEA is funded, the way IDEA is administered, the way that the rules and regulations are set up.

We cannot do anything today about the administration and the rules and regulations. That needs to be in another, bigger debate later. It needs to happen. But we can do something about the funding.

In 1974, when this program was conceptualized and put into law, Congress said they would pay 40 percent of the cost. Twenty years later, we were paying 6 percent of the cost. In the last 4 years, we have been able to double that, to 12 percent, so we are headed in the right direction. But we need to keep our word.

This is about the Federal Government, not just conceptualizing some new obligation but paying their share and keeping their commitment to make those programs work.

Mr. KILDEE. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER) a member of the committee.

Mr. ROEMER. Mr. Speaker, I thank the gentleman from Michigan (Mr. KILDEE) for yielding me this time.

I want to, first of all, preface my comments by indicating to the gentleman from Pennsylvania (Mr. GOODLING) that I intend to vote for this resolution. I believe that there has been a sufficient gap between what the Federal Government has promised with respect to funding individuals with disabilities and what we have actually paid for.

When I am in town meetings in my home State of Indiana, IDEA problems come up over and over and over again. Concerned parents, very upset about getting their children a sufficient and fair education, getting their children opportunities to learn in the classroom and having the Federal Government come through with the funding. So I will support the Goodling resolution.

There has also been a three-part series on the difficulties in special education done by the Washington Post here in Washington, D.C. I would ask at the appropriate time unanimous consent for these articles to be entered into the RECORD to show that we need to do more in special education.

But I do have two concerns about this resolution. One is that we do not pay for this resolution by taking money away from other good education programs, that we need to fund Head Start, that we need to fund Pell grants, that we need to make sure that we are not taking money away from education. And this should come from the Republican 10 percent across-the-board tax cut that everybody knows is not going to be out there, anyway.

And, secondly, I just end on the note of, there was a battle cry in 1988 of ''Where's the Beef?'' Where is the substance? This is a resolution. This does not mean anything yet. Let us get a bill. Where is the bill? Let us go forward with a bill that funds IDEA for our children and for our parents.

Mr. GOODLING. Mr. Speaker, it is interesting sometimes that we do not read the legislation since it says, ''should meet the commitment described in subparagraph (A) while retaining the commitment to fund existing Federal education programs.''

Mr. Speaker, I yield 1 minute to the gentleman from Delaware (Mr. CASTLE), the chairman of the subcommittee.

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding me this time. I also rise in support of H. Con. Res. 84, the Individuals with Disabilities Act.

Let me tell Members that the meat is there now. The bottom line is that we

are obligated by statute to pay 40 percent of the education of those with disabilities in this country. We have unfortunately in this Congress over the years not gotten anywhere near that level. In fact, we are probably about 11 percent right now with about a $14 billion deficit that we have to make up.

Some people have gotten up and they have said, and I can understand it and I do not disagree with this, that we cannot do this at the expense of other programs. I will tell my colleagues that we will not do it at the expense of other programs. I am talking about Federal programs.

But if we paid that money into the local governments, into the local school districts, then they would be able to free up the money which they presently have to build schools, to hire more teachers and to help with all of the other programs, because they are funding the deficit which we created by mandating that they do this. We have an obligation to educate everybody in America if we possibly can. This legislation would do it. We should pass it.

Mr. KILDEE. Mr. Speaker, I yield 3 minutes to the gentlewoman from Michigan (Ms. RIVERS).

Ms. RIVERS. Mr. Speaker, Clement Atlee once said, ''Democracy means government by discussion, but it is only effective if you can stop people from talking.'' I agree.

Mr. Speaker, it is time to stop talking about special education funding. It is time to do something.

In 1972, the Federal Government did the right thing by enacting a national guarantee for education for special needs children. Before this action, far too many handicapped children never saw the inside of a schoolhouse.

As someone who served on a local board of education for nearly a decade, I know the positive impact of the Individuals with Disabilities Education Act. But as someone who struggled to pass local school district budgets, I also know that the Federal Government has never come close to funding at the promised level of 40 percent. In fact, it has been mentioned before, we barely reached 12 percent. In fact, the National Association of State Boards of Education point out that underfunding since the day the bill was passed totals $146 billion that was promised to local public schools over the last 22 years that was never delivered upon.

Schools need real help, not rhetorical soothing, real help. This proposal, the one we have before us, will not do anything. It is a sense of Congress, an opinion without the force of law. A sense of Congress will not pay teachers' salaries. It will not buy textbooks. It will not put school buses on the street. In short, it will not address any of the very real financial pressures facing America's schools every day.

This has been an issue for me from the beginning of my time in Congress. I have introduced bills and amendments to fully fund IDEA to the promised 40 percent. It is highly ironic to me that those proposals have repeatedly been voted down or tabled, in some cases, by Members who are today promoting what is no more than a reaffirmation of the 1972 promise.

Someone mentioned earlier, where is the real bill? Here is the real bill. I will soon be introducing this bill to fund IDEA at the promised 40 percent. I would invite every Member who has taken to the floor today to talk about the importance of meeting this obligation to actually act and become a cosponsor. I would invite all Members who recognize the value of IDEA and the value of keeping promises to join me in cosponsoring this bill.

This is real action, not soothing rhetoric, real action. Mr. Speaker, it is time to stop talking about special education.

Mr. GOODLING. Mr. Speaker, I yield 30 seconds to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I am pleased to rise in support of this measure. I commend the gentleman from Pennsylvania, the chairman of the Committee on Education and the Workforce, in his efforts to obtain full funding for individuals with disabilities.

In adopting this measure back in 1975, IDEA, Congress required the Federal, State and local governments to share the cost of educating children with disabilities. When enacted, the Federal Government was to assume 40 percent of the national average per pupil. It was never done. We need to fund this properly. We are only funding it for 11 percent this year. It is time we acted. I urge my colleagues to support this measure.

Mr. Speaker. I rise today in support of H. Con. Res. 84 and I commend the gentleman from Pennsylvania, the Chairman of the Education and Workforce Committee, Mr. GOODLING and his efforts to obtain full funding for the individuals With Disabilities Act (IDEA).

In adopting IDEA in 1975, Congress required the Federal, State and local governments to share the cost of educating children with disabilities. When enacted, the Federal Government was to assume 40 percent of the national average per pupil expense for such children.

While Congress has authorized this amount since 1982, the appropriation has never come close to the stated goal of 40 percent. Last year, it reached the highest level ever at 12 percent and now the President has requested that the program be cut to 11 percent for fiscal year 2000.

The result has been an enormous unfunded mandate on State and local school systems to absorb the cost of educating students with disabilities. In doing so, local school districts must divert funding away form other students and education activities. This has had the unfortunate effect of draining school budgets, decreasing the quality of education and unfairly burdening the taxpayers. Local school districts are spending as much as 20 percent of their budgets to fund IDEA.

Since 1995, educational funding levels have jumped 85 percent and have demonstrated Congress' commitment to help States and local school districts provide public education to children with disabilities. It is now time for this Congress to make good on its promise to fully fund IDEA at 40 percent. We can no longer let the States try to make up the difference between the funds they have been promised and the funds that they actually receive.

In my district, the schools are definitely feeling the negative effects of the lack of IDEA funding. East Ramapo School District in Rockland County should receive $2.04 million for IDEA but according to 1995 figures, they only saw $398,000. That is a difference of $1.6 million. Similarly, the Middletown City School District in Orange County was expecting $1.6 million but actually only saw $316,000. A difference of $1.3 million.

Mr. Speaker, it is time for the Congress to show that they are truly committed to our Nation's children's education. By fully funding IDEA, Congress will simultaneously ease the burden on local school budgets while ensuring that students with disabilities receive the same quality of education as their nondisabled counterparts.

Once the Federal Government begins to pay its fair share, local funds will be available for school districts to hire more teachers, reduce class size, invest in technology and even lower local property taxes for our constituents.

I proudly stand here today in support of H. Con. Res. 84 and I hope that this Congress will keep its word and fully fund the Individuals With Disability Act.

Mr. KILDEE. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY), a member of the committee.

Mr. TIERNEY. Mr. Speaker, I thank the gentleman from Michigan for yielding me this time.

I want to thank the gentleman from Pennsylvania (Mr. GOODLING), the gentleman from Michigan (Mr. KILDEE) and other members of the committee for bringing forth legislation which will in fact put more Federal funding and more emphasis on education. The presentation of this resolution marks an acknowledgment that all aspects of government, Federal, State and local, must step up to the plate and support education.

What is particularly notable is that the majority, which in the past has not been willing to do that, which has in fact been stepping back and saying that the Federal Government should get out of education, now is stepping forward and agreeing with us that, in fact, we all must participate.

The Constitution is what obligates people to fund IDEA. There is not a Federal legislative mandate. The Constitution told States that they have the obligation to fund this program,

and the Federal Government stepped forward and made an offer to assist, and we said we would do it to the extent that we could, hopefully up to 40 percent.

We are moving toward that goal. This resolution entitles us to move even more so forward. But in no way should we be pitting one education program against another. We still need more teachers and smaller classrooms. We need more technology. And we need more teacher development. We need to make sure that we do this.

I thank the chairman for accepting the language into this bill that says that local communities that have funds freed up by virtue of additional Federal funding must keep that money in educational programs so that in fact Federal, State and local governments all participate in smaller classrooms, more teachers, teacher development, technology and all the needs of education.

□ 1445

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I can only say it was awful lonely for 20 years in the minority trying to get some funding for IDEA.

Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. MCKEON), another subcommittee chair.

Mr. MCKEON. Mr. Speaker I would like to join my colleagues in support of H. Con. Res. 84 which calls on the President and Congress to fulfill our obligation to our Nation's neediest children, those with disabilities.

In my home State of California, the cost of educating an estimated 600,000 children with disabilities is a staggering $3.4 billion, but the Federal Government contributes only $400 million, which translates to only 11.7 percent of the total cost. I believe before we look at creating new programs with new Washington mandates we need to ensure that the Federal Government lives up to the promises it made to the students, parents and schools over 2 decades ago.

Mr. Speaker, I am not the only one who thinks so. I recently met with all of the superintendents in my district. Each and every one of them stated that we must increase funding for IDEA before we create a new Federal program. If the President would first fund a special education mandate, our States and local school districts would have the funds to do the things the President proposes.

This Congress will continue to work to provide fair Federal funding for special education so in the end we can improve education for all our children, Mr. Speaker.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. BALLENGER), another subcommittee chair.

Mr. BALLENGER. Mr. Speaker, in our markup we heard from the Democrats that this bill, if enacted, would rob Peter to pay Paul. A more accurate way for the Democrats to look at this resolution is from the perspective of paying what we promised Paul before we begin to give new money and make other promises to Peter. We simply cannot neglect the fact that we promised to help pay for the education of these special-needs children and put scarce funds into other programs that do not have the same mandate.

It is also important to note that if the Federal Government had begun funding IDEA appropriately, schools would have more State and local money freed up to handle local school demands like teacher/pupil ratios and school construction.

Mr. KILDEE. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MARTINEZ), a member of the committee.

Mr. MARTINEZ. Mr. Speaker, as my colleagues know, I was listening to the debate, and I had not really planned to speak on this, but I think we lose touch with reality here.

Now the reality is that the responsibility for educating these children is really not the Federal Government's; it is the local school district's responsibility.

The reason that the Federal Government got into it at all was because there was a court case brought that proved that the local people were not educating those children with disabilities because it was so much more expensive to do so.

Now I understand that. So when the Federal Government got into it, they made a commitment that they would fund 40 percent of that extra cost of educating these children with disabilities. I do not like to call it disabilities; I think it is more challenges to them. It is disabilities in our mind, Mr. Speaker.

But the fact is that when we did, we made that commitment, and, like a lot of people here, I have felt badly that we have never lived up to that commitment. But we never lived up to the commitment of full funding Head Start or full funding a lot of other programs that are doing equally responsible jobs.

But remember this, that the responsibility for educating children lies at the local level. Our colleagues on the other side constantly remind us of that, that that responsibility lies there so the decisions should be made there. So how about the decisions to funding the cost of educating these children? They did not want to make that decision, so we made it for them. We said that they will educate those children.

Then I think magnanimously we offered to fund 40 percent of it. Now all of a sudden that becomes a burden to us. Not that I disagree with the fact that we ought to live up to that commitment because we made it; because we do not want to be people who go back on promises as elected officials and leaders of the communities.

So, Mr. Speaker, I agree with the idea, and I will vote for the resolution, but I am really disturbed by the constant reference to the fact that somehow or another this is the Federal government's responsibility. It is a responsibility the government has accepted for itself, but originally it was not. It was local.

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Correcting the facts, yes, the court said all will be educated. However the Federal Government said: Do it our way and we will give you 40 percent of excess costs.

Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire (Mr. BASS).

Mr. BASS. Mr. Speaker, I rise in support of the resolution before us today which is essentially the same as one which I introduced last year which passed by voice vote, and I certainly hope we have a recorded vote on this resolution this time, and I would like to say that I support it for four reasons:

Number one, it is plain good education policy to provide full funding for special education.

Secondly, it is meeting the worst unfunded federal mandate that this government currently has, 10 percent of a 40 percent obligation. Bearing in mind that it is up from 5 percent 4 years ago, still 10 percent is not acceptable.

Thirdly, it is an issue of local control, local control of education, letting local school boards make decisions for themselves whether they are going to have new teachers, build new classrooms or spend the money on other areas. The Federal Government should make this a top priority.

Lastly, this is an issue that is extremely important for disabled individuals, for families, for school boards, for administrators.

If my colleagues want to do something for education in 1999, support this resolution, and then move forward and fully fund special education.

Mr. KILDEE. Mr. Speaker, I yield 3 minutes to the gentleman from Maine (Mr. BALDACCI).

Mr. BALDACCI. Mr. Speaker, I want to thank the ranking member and the chairman for bringing this resolution to the floor.

I am a strong supporter of the Individuals with Disability Education Act or IDEA. I strongly agree that every child deserves the opportunity to benefit from a public education. We must do all that we can to ensure that every child reaches his or her fullest potential, but we also must recognize the tremendous cost of this endeavor.

In fact, the cost of educating a disabled student is on average more than

twice the cost of educating a nondisabled student. If our schools are truly to serve all students, the Federal Government must increase its commitment to IDEA funding.

When it was first passed, Congress committed to spending 40 percent of the cost. However, the Federal Government has consistently fallen far short of this goal. As a result, special education costs continue to rise, and we fall further behind. Currently we fund less than 12 percent of the cost, leaving State and local governments to pick up the rest.

Mr. Speaker, this resolution demonstrates Congress' commitment to stand behind our promise. It shows that we recognize the impact that special education costs are having on our State and local budgets and that we are committed to providing leadership and resources for our schools and their students.

Let me give my colleagues just one example of a city in Maine. Lewiston schools currently receive about $233,000 in special education funding. If we were meeting our 40 percent commitment currently, Lewiston schools would be receiving nearly $1.2 million, a difference of $1 million. Imagine the impact that freeing up $1 million for other educational needs could have on the education of all of Lewiston's young people, and then multiply that across every school and every district in the State of Maine, in every school district in the country.

As I traveled throughout my district, this is probably the concern I hear most frequently:

School budgets are rising and taking property tax rates with them.

I am often told that schools have to cut art and music programs, eliminate field trips and cancel extracurricula. I know that this situation is the same throughout the country

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman for yielding this time to me, and I thank him for his leadership on IDEA and for his help to our States and the children that they are trying to educate.

Mr. Speaker I have spoken with our Governor, Christie Todd Whitman, in New Jersey about what fully funding IDEA would mean to my State.

In New Jersey alone there are over 210,000 students in special education programs. According to our Governor, if the Federal Government paid its full 40 percent share last year, the State would have received an additional $300 million to pay for these children's education.

Our States are paying too great of an amount of our government's legal obligation to IDEA with money that otherwise could be spent to hire additional teachers, expand or maintain school facilities, pay for athletics or extracurricular activities. Mr. Speaker, until we pay our existing mandates, we should not consider paying for any new and expensive programs, any new entitlements.

I support this resolution, and I urge all of my colleagues to do the same.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. NUSSLE).

Mr. NUSSLE. Mr. Speaker, I thank the gentleman for yielding this time to me, and I want to thank him and the committee for their support and for their work toward the fulfillment of a commitment that has been made by the Federal Government to fully fund special education made many years ago. It was a beautiful civil rights law saying every child ought to have access to education, and yet that beautiful law has been consistently underfunded ever since.

Mr. Speaker, that puts pressure on local taxes, that puts pressure on local control of education. It puts pressure on local control, it puts pressure on other education programs, general education programs, talented and gifted programs, and it puts cross pressure in a way that is totally unintended for the very people that we are trying to help.

For Iowa alone it would mean $80 million of additional funds for the kids, for the programs that make sure that Iowa's children are available and ready to learn, ready to meet the commitments of a continuing and growing economic demands for those kids, Mr. Speaker.

Let us not have new programs, Mr. Speaker. Let us fulfill our commitment to the existing programs first.

Mr. KILDEE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, what we have before us today is really a get well card, and it is a very nice get well card.

If I have a friend who is ill, I will send my friend a get well card, and that is very important. It expresses my sentiment and my hope for him. But what my friend really needs, besides that get well card, is the Blue Cross card to pay the bills, and that is why the Committee on the Budget and Committee on Appropriations could do a much better job. Mr. Speaker, we will solicit our colleagues' support over there to get money for that Blue Cross card, send a get well card which is nice, but it does not do enough.

So I am going to vote for this because it is an encouraging, hopeful get well card. But upon receipt of that we must do more, and I would hope that each and every one of my colleagues over there would encourage the Committee on the Budget, encourage the Committee on Appropriations and indeed encourage the Committee on Ways and Means to do its job.

Mr. NUSSLE. Mr. Speaker, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Speaker, is the gentleman from Michigan aware that the Committee on the Budget put an extra billion dollars in the House proposal for special education this year to fund IDEA? I do not know if the gentleman voted for that, but that was an important priority from the Committee on the Budget. We did hear that. We were not trying to send just a get well card. We wanted to try and fully fund those programs, and we did not get a lot of support from the gentleman's side. That concerns us.

Mr. KILDEE. Mr. Speaker, to the gentleman from Iowa: I served on the Committee on the Budget very well. I know how the Committee on the Budget relates to the Committee on Appropriations. I referred to three committees. The real legislative committees here are the Committee on Appropriations and the Committee on Ways and Means, and they hold in their hands really the hope for any of these programs. If the Committee on Ways and Means cuts revenue, that makes it more difficult for us to fund these programs. Unless the Committee on Appropriations acts, these funds will not be appropriated.

So they are the ones who really control that Blue Cross card we are debating.

Mr. ROEMER. Mr. Speaker, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Indiana.

Mr. ROEMER. Mr. Speaker, I think the gentleman from Michigan in trying to answer the inquiry from the gentleman from Iowa is also saying that we have a billion dollars in our budget and we are really concerned about these physically challenged kids and their families, where is the bill? Where is the beef? Where is the money?

Now we are going to vote on this side for this resolution, but where is the bill, the statutory authority, to follow through on what they said in their budget to provide funds for these families and these children?

□ 1500

We are going to get a Pell grant resolution, which I intend to vote for. We will do a resolution maybe on our teachers, which I intend to vote for, but I would hope that the Republican majority would come forward with a bill that we can debate that is fairly paid for and not just a resolution that does not have any money in it.

Mr. GOODLING. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I will say where the beef is. The beef is where we put it the last 3 years while we were in the majority. $800 million one year, $600 million the next year, another $500 million the next year for a total of almost $2 billion over 3 years, not where it was

for 20 years prior to that when I sat in the minority where we got zero, zero, zero and the majority was overwhelming at that particular time.

So we are putting the beef there. We know where the beef is, and we are getting it there, and we are getting it out to the children who can eat that beef.

Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. FORBES).

Mr. FORBES. Mr. Speaker, I rise in support of H. Con. Res. 84; and I would reiterate what the chairman has just said. Under the Democrats, we did not get any increases in this program, a valuable program that is working. It is working in this country. And I appreciate the leadership of the chairman in the last 25 years trying to raise the consciousness of this Congress to adequately fund this program.

We are asking our States to come up with better standards for our students, and they are doing that. In my own State of New York, they have raised the standards, which were already high standards.

Where are they getting the money? Where are they going to get the money? In New York State alone, we are $581 million short of this Federal mandate. This Federal mandate is asking my school districts to come up with the extra money. And who pays? The property taxpayer.

This is a Federal mandate. It should be fully funded at the 40 percent that Congress dictated over 25 years ago. In my own Longwood School District on Long Island, New York, in Middle Island they get $484,000 when they should be getting $2.4 million; $1.9 million short. I urge support.

Mr. GOODLING. Mr. Speaker, I yield 30 seconds to the gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Speaker, I rise today as an original cosponsor of H. Con. Res. 84 which would make fully funding special education one of the highest priorities in the Federal elementary and secondary education funding. It is imperative that we meet the objective of paying the 40 percent of the average per pupil expenses associated with educating children with disabilities.

I encourage all my colleagues on both sides of the aisle to not only support this resolution but as well to vote for the funding when we do the appropriations bills.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, I rise in support of the resolution of the gentleman from Pennsylvania (Chairman GOODLING).

In 1975, IDEA, which mandated every child, regardless of disability, would be given a free public education, Congress promised to fund up to 40 percent of the cost. Mr. Speaker, Congress and the President have not kept their part of the bargain. Today we fund 12 percent of the cost to educate children. Twelve percent is not 40 percent. Twelve percent is not enough.

Mr. Speaker, there are those who would say that increased IDEA funding will come at the expense of other high-priority programs, but if we in Congress fulfill our promise by picking up the slack, these other educational priorities will be funded on the local level, where they belong. Illinois alone would receive four times more than the $103 million we received last year.

I urge Members to support the resolution on behalf all of our Nation's children.

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

The beauty of this resolution is, there are several, as a matter of fact. First of all, the resolution says that we do not take money from existing programs to fund this program. We heard a lot about how we will take money from existing programs to fund this. Well, if one reads the resolution, it does not do that.

Secondly, the resolution does not say fund immediately. What it says is, continue the drive that we have had the last 3 years. Forget the 20 years prior to that, where nothing was done, but continue the drive that we have had going the last 3 years, getting two billion over the last 3 years.

Then the beauty also is we do not pit one child against another child. As a matter of fact, by trying to get this money for special ed, we make sure that we take away that battle that is going on out there at the present time because the local districts have to use their money in order to fund special ed. They must take it away from other students. So we are giving an opportunity to help all students.

Yes, we are sending a get-well card, the same get-well card we sent last year; and that get-well card got us a half a billion dollars. The same get-well card we sent the year before, that get-well card got us $600 million. I am hoping that this get-well card, when the appropriators read it, will also get us another billion.

I would say that is a pretty good investment in a get-well card. I wish I could get some other get-well cards going out there that could get those kinds of returns that our get-well cards have gotten us in the last several years.

I want to make sure that everybody understands, yes, it was the Court who determined all children deserved an equal and a quality education. It was the Federal Government then who came along, as they generally do, and said, do it our way, do it our way, and we will give you 40 percent of that excess cost.

How attractive that is. Forty percent, that is better than trying to go it alone, but they should have known better. They should have known that that 40 percent was just a gimmick. It was not anything else.

Now, in the last 3 years we have changed all of that, and we are going to continue to change all of that because we are going to step up to the plate as we have the last 3 years and put our money where our mouth was and help all children by helping local districts fund special education.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to express my opposition to H. Con. Res. 84, the resolution calling for full-funding of the Individuals with Disabilities Act (IDEA). My opposition to this act should in no way be interpreted as opposition to increased spending on education. However, the way to accomplish this worthy goal is to allow parents greater control over education resources by cutting taxes, thus allowing parents to devote more of their resources to educating their children in such a manner as they see fit. Massive tax cuts for the American family, not increased spending on federal programs should be this Congress' top priority.

The drafters of this bill claim that increasing federal spending on IDEA will allow local school districts to spend more money on other educational priorities. However, because an increase in federal funding will come from the same taxpayers who currently fund the IDEA mandate at the state and local level, increasing federal IDEA funding will not necessarily result in a net increase of education funds available for other programs. In fact, the only way to combine full federal funding of IDEA with an increase in expenditures on other programs by state and localities is through massive tax increases at the federal, state, and/or local level!

This bill further assures that control over the education dollar will remain centered in Washington by calling for Congress to "meet the commitment to fund existing Federal education programs." Thus, this bill not only calls on Congress to increase funding for IDEA, it also calls on Congress to not cut funds for any program favored by Congress. The practical effect of this bill is to place yet another obstacle in the road of fulfilling Congress' constitutional mandate to put control of education back into the hands of the people.

Rather than increasing federal spending, Congress should focus on returning control over education to the American people by enacting the Family Education Freedom Act (H.R. 935), which provides parents with a $3,000 per child tax credit to pay for K–12 education expenses. Passage of this act would especially benefit parents whose children have learning disabilities as those parents have the greatest need to devote a large portion of their income toward their child's education.

The Family Education Freedom Act will allow parents to develop an individualized education plan that will meet the needs of their own child. Each child is a unique person and we must seriously consider whether disabled children's special needs can be best met by parents, working with local educators, free from interference from Washington or federal educrats. After all, an increase in expenditures cannot make a Washington bureaucrat

know or love a child as much as that child's parent.

It is time for Congress to restore control over education to the American people. The only way to accomplish this goal is to defund education programs that allow federal bureaucrats to control America's schools. Therefore, I call on my colleagues to reject H. Con. Res. 84 and instead join my efforts to pass the Family Education Freedom Act. If Congress gets Washington off the backs and out of the pocketbooks of parents, American children will be better off.

Mrs. FOWLER. Mr. Speaker, I rise in strong support of this resolution urging Congress, and the President, to fully fund the Federal Government's obligation under the Individuals with Disabilities Education Act.

In 1975 the Federal Government committed to provide 40 percent funding aid for the mandate to educate those students with disabilities. As most of my colleagues know, federal funding for IDEA has never risen above 12 percent.

On average, local school districts currently spend 20 percent of their budgets on special education services. Once the Federal government begins to pay its fair share, local funds will be freed up, allowing local schools to hire and train additional high-quality teachers, reduce class size, build and renovate classrooms and invest in technology.

In my district, the Duval County School District receives about $7 million. If IDEA were fully funded, this school district would receive over $37 million, an increase of over $30 million.

It is time for us to send a clear message that the Federal government must honor our commitments to help our state and local school districts educate children with disabilities.

I urge my colleagues to support this important resolution.

Mrs. CAPPS. Mr. Speaker, I rise in support of the Individuals with Disabilities Education Act.

When special education legislation was first enacted in 1975, the federal government, recognizing the extraordinary costs of inclusion, pledged to provide state and local education agencies with forty percent of the excess costs associated with educating students with disabilities.

Sadly, the federal government has not come close to meeting this obligation, with annual appropriations never exceeding twelve percent of excess costs.

The chronic underpayment of this federal mandate has left state and local governments with a burden of more than $146 billion in lost funding over the past twenty-two years—a staggering shortfall that has forced education agencies to shift resources our of lower-priority, but important necessities such as building maintenance and upkeep.

Special education departments end up eating large portions of local and state school budgets, which creates a competitive relationship between regular and special education, as they vie for the same scarce funds. This situation is not the fault of school districts, but a direct result of Congress's inadequate funding of IDEA.

Special education has received a billion dollar increase over the past two years. Yet even with this substantial increase, funding is still substantially below Congress's 40 percent promise. This means that states and districts will continue to be unfairly burdened by these excess costs.

Congress is simply being unfair to our local school districts by not living up to our end of this bargain and we are taking needed resources away from regular education.

I hope the Congress will live up to its obligation, and fully fund IDEA. If we do not, all students across this country will suffer.

Mr. CLAY. Mr. Speaker, H. Con. Res. 84 calls for increased funding for IDEA at the expense of initiatives like the Clinton/Clay Class Size Reduction Act. While I support increased funding for IDEA, we should not be robbing Peter to pay Paul.

Achieving the goal of 100,000 new teachers will ensure that every child receives personal attention, gets a solid foundation for further learning, and is prepared to read by the end of the third grade.

I am disappointed that the Republicans have continued their attempt to torpedo this critical program. On the Ed-Flex bill, Republicans tried to raid class size funds for other programs. We should never pit one program against another—we should support overall increases in education spending.

I believe that reducing class sizes with well-qualified teachers is the single most significant action we can take to enhance student achievement.

We should increase funding for IDEA, but not at the expense of class size reduction.

Mr. RODRIGUEZ. Mr. Speaker, I rise in support of this resolution to fully fund the Individuals with Disabilities Education Act (IDEA).

IDEA ensures that all children with disabilities receive a free appropriate public education. Prior to IDEA, 2 million children were excluded from receiving their right to a public education. Another 2.5 million children received an inadequate education.

IDEA has served as a civil rights initiative for our Nation's children for more than 22 years.

Fully funding this educational program is important to the millions of learning disabled students in our districts across the country. It is important to our communities that benefit from the achievement level of all these students.

IDEA is another example of how government support of an educational program provides the foundation for states and local educational agencies to work together. Funding this initiative for the sake of our children is important for the future success of our schools and communities.

In addition to fully funding IDEA, Congress should also better fund other educational programs that are seriously underfunded. For example, consider Hispanic Serving Institutions (HSI's).

We have charged these institutions with ensuring the academic success of the Hispanic students that are at their institutions. Similar to IDEA, these institutions cannot fulfill their duty to the students and the community at large without adequate funding.

The funding of IDEA is critical along with the funding of all our education programs that aim to serve every child that has the right to fair, and equitable access to a quality education.

Ms. ESHOO. Mr. Speaker, I rise today to highlight one of the most important issues for our nation: educating our young people. Everyone agrees that a good education is critical for the future success of our children, and yet are not providing the financial resources that make this possible. This is especially true for the education of children with disabilities.

School districts are struggling with how to provide the best education possible for all children within often very tightly constrained budgets. I applaud their efforts. In many cases, however, school districts can not reduce class sizes, build needed schools, or hire new teachers while still providing the services so important to students with disabilities. In my home state of California, over 600,000 students receive special education and related services in public schools at a reported cost of $3.4 billion. Without federal assistance, local school districts are forced to use their general funds to the detriment of other programs.

This is not to say that the IDEA hasn't been successful. It has. By providing children with disabilities with the same educational opportunities as their abled peers, we now have a system supporting happier and more productive adults. According to the Department of Education, disabled young people are three times more likely today to attend college than prior to 1975 and twice as many of today's twenty-year olds with disabilities are working. But we must do more to make sure there are more success stories than setbacks.

I applaud my friends on the other side of the aisle for bringing to the floor House Concurrent Resolution 84, which urges the Congress and the President to fully fund the federal Government's obligation under IDEA. This must be more than just words in a Resolution though. I call upon this Congress, this year, to fulfill its pledge for full funding of IDEA. It is time that the federal government make good on its obligation to the school districts and our children across the country.

Mr. GOODLING. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHIMKUS). The question is on the motion offered by the gentleman from Pennsylvania (Mr. GOODLING) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 84, as amended.

The question was taken.

Mr. GOODLING. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H. Con. Res. 84.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

URGING CONGRESS AND PRESIDENT TO INCREASE FUNDING FOR PELL GRANTS

Mr. MCKEON. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 88) urging the Congress and the President to increase funding for the Pell Grant Program and existing Campus-Based Aid Programs.

The Clerk read as follows:

H. CON. RES. 88

Whereas the Basic Educational Opportunity Grant Program, now known as the Pell Grant Program in honor of Senator Claiborne Pell of Rhode Island, was first authorized in the 1972 amendments to the Higher Education Act of 1965;

Whereas the Pell Grant Program has become the largest need-based Federal higher education scholarship program and is considered the foundation for all Federal student aid;

Whereas the purpose of the program is to assist students from low income families who would not otherwise be financially able to attend a postsecondary institution by providing grants to students to be used to pay the costs of attending the postsecondary institution of their choice;

Whereas in the late 1970's, the Pell Grant covered seventy-five percent of the average cost of attending a public four-year college; by the late 1990's, it only covered thirty-six percent of the cost of attending a public four-year college;

Whereas families across the country are concerned about the rising cost of a college education, and for children from low income families, the cost of college continues to be an overwhelming factor in their decision to forego a college education;

Whereas children from high income families are almost twice as likely to enroll in college as children from low income families;

Whereas higher education promotes economic opportunity for individuals and economic competitiveness for our Nation;

Whereas the Pell Grant and Campus-Based Aid Programs target aid to low income students as effectively as any programs administered by the Federal government; and

Whereas student borrowing to finance a postsecondary education has increased to an average indebtedness of $9,700, and therefore increased grant aid is more important than ever: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress and the President, should, working within the constraints of the balanced budget agreement, make student scholarship aid the highest priority for higher education funding by increasing the maximum Pell Grant awarded to low income students by $400 and increasing other existing campus-based aid programs that serve low-income students prior to authorizing or appropriating funds for any new education initiative.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. MCKEON) and the gentleman from California (Mr. MARTINEZ) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. MCKEON).

Mr. MCKEON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we are considering H. Con. Res. 88, which sets forth specific priorities for higher education funding and proposes that we refrain from creating new education programs until we adequately fund these priorities.

The top funding priority for higher education is the Pell Grant Program, and the goal is to increase the maximum award to students from low-income families to $3,525. This amount represents an increase of $400 to the maximum Pell grant award and would be the largest increase since the inception of the program in 1972.

The resolution also recognizes the importance of providing increased funding for the existing campus-based student aid programs. These need-based programs provide financial aid administrators at colleges across the country with considerable flexibility in the packaging of financial aid awards that best meet the needs of their students.

The Pell Grant Program is one of the largest voucher programs in the country, and it is considered the foundation program for all Federal student aid. Students eligible for a Pell grant can use that money to attend one of almost 6,000 postsecondary institutions in the country.

The Pell Grant Program was created in 1972, and the goal of the program was simple. Congress wanted to assist students from low-income families who would not otherwise be financially able to attend a postsecondary institution.

In the first year of the program, 176,000 students received Pell grant awards. Funding Pell grants at the level set forth in the resolution would make more than 4 million students eligible for Pell grants next year, including an additional 21,000 students in my home State of California.

Ninety percent of the students who will receive a Pell grant come from families with incomes under $30,000, and 54 percent of those students come from families with incomes under $10,000. This is a program that simply continues to serve the vital purpose for which it was originally created.

This is not the first time that we have stated our support for making the Pell Grant Program the top funding priority for higher education. On June 26, 1997, the gentleman from Pennsylvania (Mr. GOODLING), the gentleman from Missouri (Mr. CLAY), the ranking member, the gentleman from Michigan (Mr. KILDEE) and I sent a letter to the gentleman from Illinois (Mr. PORTER) and the gentleman from Wisconsin (Mr. OBEY) that began by saying, we greatly appreciate support for increased funding for the Pell Grant Program, and we believe it should be the top funding priority of all higher education programs.

I continue to believe that the Pell Grant Program should be the top higher education funding priority. I also think a $400 increase to the maximum award is a very reasonable request.

For more than 7 years, the Pell grant maximum fluctuated between $2,300 and $2,400. However, after years of stagnant funding levels, the Committee on Appropriations has shown overwhelming support for the program during the past 3 years by increasing funding for the Pell Grant Program by more than $2.7 billion. Had the administration not cut $250 million from last year's appropriation level for the Pell Grant Program in order to fund its other priorities, we would be well on our way to our goal of a maximum award of $3,525.

In addition to the Pell Grant Program, this resolution supports increased funding for the campus- based student aid programs. While Pell grants open the door to postsecondary education for many students from low-income families, it is the campus-based programs that provide these same students some degree of choice in selecting a postsecondary institution.

After years of double-digit increases in the cost of a college education, the maximum Pell grant no longer covers a large percentage of the cost of attendance at most public 4-year institutions in the country. However, a Pell grant, coupled with awards from the campus-based program, goes a long way in reducing the amount a student needs to borrow in student loans in order to pay the bills for tuition and room and board.

In closing, I want to address some of the objections I have heard with respect to this resolution. We all know the budget caps are tight, and the Committee on Appropriations will have a difficult time in making funding decisions, but that simply supports getting our priorities on record.

I have copies of testimony submitted to the subcommittee of the gentleman from Illinois (Mr. PORTER) from various higher education organizations, and each one identifies certain funding priorities important to the particular organization. However, there are two consistent messages. The first is strong support for a $400 increase to the maximum Pell grant. The second is strong support for funding proven education programs, rather than creating new ones that take money away from the existing programs.

Finally, do not misread this resolution. It does not say only fund Pell in the campus-based programs. It does not say that we should cut the class size teacher program. Unlike the President's budget that cuts several existing programs, including the Pell appropriation, impact aid, the Title VI block grant and others, this resolution does not propose cuts to existing programs.

□ 1515

This resolution simply establishes funding priorities for higher education. We have many higher education programs that have been in existence a long time and serve students well, such as the TRIO programs, Graduate Assistance in Areas of National Need, Institutional Aid programs under Title

III, and many others. We reauthorized these programs last year, and we support their continued funding.

Mr. Speaker, I want to thank the following associations and organizations that have given their support for this resolution, including the American Association of Community Colleges, the American Association of State Colleges and Universities, the United States Student Association, the Career College Association, the American Council on Education, the National Association of Independent Colleges and Universities, the U.S. Public Interest Research Group, the National Association of Student Financial Aid Administrators, the Coalition of Higher Education Organizations, the Association of American Universities, the National Association of State Universities and Land-Grant Colleges, and finally, the Association of Jesuit Colleges and Universities.

Mr. Speaker, I urge all my colleagues to support this resolution and the higher education funding priorities it establishes for the Congress and the President.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise reluctantly today in opposition to House Concurrent Resolution 88.

I want to be very clear that I do support the priority for Pell Grant and campus-based student aid programs. However, specifically, I oppose the last 12 words of this resolution, which I believe are not only unnecessary to the intent of the resolution, but have the potential to tie the hands of Congress in our ability to help the children of this country.

Were we not considering this resolution under a suspension of the rules, I would have offered an amendment to strike those 12 words, as I did during the committee markup, which would allow, if we did strike those 12 words, it would allow myself and I daresay all of my colleagues on this side of the aisle to lend wholehearted support to this resolution. Members may get support from some of the Members on our side because those Members would not want to be on record as seeming to vote against Pell Grants, but they would not get their unconditional support.

I would stress that my colleagues and I are not opposed to establishing the Pell Grant and campus-based student aid programs as a funding priority. On the contrary, over the past years we have always supported Pell Grants and the increase in Pell Grants and campus-based student aid programs.

As a matter of fact, on the other side of the aisle, until recently they did not. But we, as a matter of fact, are delighted to see that our colleagues on that side are taking so much of an interest in these programs that have provided millions of low-income students with an opportunity to pursue higher education.

On this side of the aisle, we have always believed that providing an opportunity to less fortunate people of our country is a paramount responsibility of the government. The Pell Grant program has provided millions of low-income students with the opportunity to pursue their higher education dreams and goals.

Moreover, I firmly believe that my good friend, the gentleman from California (Mr. MCKEON), the sponsor of this resolution, is sincere in his desire to expand opportunity to millions of other struggling students. I sincerely regret that I cannot join him in supporting this resolution.

As I stated, my concern surrounding the resolution are the last 12 words, which call for the funding of Pell Grants and campus-based aid programs, and I quote, ''prior to authorizing or appropriating funds for any new education initiative.''

Earlier, my colleague said that it does not cut other programs, but it does prevent other programs from being funded. Although I understand and agree with my colleague and his desire to fund existing programs that work before we create and fund new programs, I am concerned that the language in this resolution is ambiguous and may tie our hands and our ability to help the children of our country.

The problem, as I see it, is that House Concurrent Resolution 88 fails to define the term ''new education initiative,'' and leaves open the question of how it might affect the future work of this Congress.

For instance, is the class size reduction initiative, which, although currently authorized for only 1 year, is in full swing in many of the States, is that a new program? Is the Reading Excellence Act which was just passed last year a new program?

Also created last year was Gear Up, a program that, like Pell and the campus-based aid programs, would allow millions of low-income students to attend college. Will it be considered a new program?

If in the course of reauthorizing ESEA we decide to consolidate several existing professional development programs into a larger, more effective professional development initiative, will it be considered a new program and therefore go unfunded?

If we develop a program to address school violence like that which took place in Littleton, Colorado, will it be considered a new program and be denied funding?

To avoid these pitfalls, during committee mark-up I mentioned that the Senate is currently considering a similar resolution which has bipartisan support, and I offered that as a substitute to this resolution.

Like House Concurrent Resolution 88, the resolution currently being considered by the Senate acknowledges the importance of Pell and campus-based student aid programs, and urges the Congress and the President to make them a funding priority. However, the Senate resolution refrains from bolstering students' aid at the possible expense of other programs. Senate Concurrent Resolution 828 is identical to this resolution except that it does not contain those last 12 words.

The language in the Senate resolution would have allowed us to recognize Pell and campus-based aid as educational priorities without denying the importance of existing programs or the potential importance of programs that may come out of the reauthorization of ESEA.

I regret that I did not have the opportunity to offer that amendment here today. I regret that, as a result of that, I will not be able to support this resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. MCKEON. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I am pleased to rise to express strong support for the House Concurrent Resolution 88 urging both the President and Congress to increase Pell Grants for low-income students, and I commend the gentleman from California (Mr. MCKEON), the sponsor of this measure, for bringing it to the floor at this time.

Because the Pell Grant is basis for all Federal student aid, and the amount of aid needed to cover the ever-rising cost of higher education is increasing, it is imperative we make students' scholarship aid a high priority.

In the ever-increasing global market, our Nation must make sure that it maintains its leading role. Therefore, now more than ever we must guarantee that our students are well-prepared to compete against their counterparts from all over the world. Education is the only way that we can ensure a strong future for America's children, and increasing Pell Grant awards is one way we can begin to achieve that goal.

Accordingly, I urge our colleagues to fully support this measure.

Mr. MARTINEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of both of these resolutions. Unfortunately, I was detained and was not able to come over and speak on behalf of the full funding for IDEA.

But first let me say, on the Pell Grants, I strongly support increasing the Pell Grant program. As outlined by a couple of the speakers already, clearly as the cost of college continues to accelerate, we find that we are covering a much smaller percentage of that with the existing Pell Grants than we had previously. Previously we covered about 72 percent of the average costs. Now we are in the position of covering about 34 percent of that.

As a result of that, many young students from low-income families who have worked very hard in high school to get the grades in order to do the work required and to be accepted to college find out that economics now stand in the way of them achieving that education.

We should not allow that to happen, because we obviously have an economy that needs the contributions of all of these young people to our economic system. For that reason, I join the bipartisan support for the increase in the Pell Grant.

I am concerned, as the gentleman from California (Mr. MARTINEZ) pointed out, exactly the meaning of those words at the end of the legislation, because we know that there is a great deal of concern that this would take precedence over the class size reduction money, since that in fact is not an authorized program and needs authorization. And if it were to take place after the passage of this resolution, would that knock it out of the box?

We know that class size reduction, as we just found out last week with the Tennessee study, is starting to have some important positive impacts on young people, when coupled with qualified teachers. So I think the concern is quite proper that the gentleman from California (Mr. MARTINEZ) has raised about that. But since I think we will get a second shot at that in our authorizations, I am prepared to support the full funding.

On the question of the IDEA funding, I am deeply concerned about the suggestion that to be for full funding of education for individuals with disabilities, that therefore somehow we have to cut other worthy programs in the education field, because we know that it sets up a false choice between programs like Head Start or America Reads, all of which work to help kids become school-ready, to help them become ready to read and to participate in schools.

While fully supporting the idea of full funding for IDEA, I wish that the Republicans had not tried to set it up so they could chase away Democratic sponsors of this legislation by suggesting that it has to be done by cutting these other programs.

When we look at the Republican budget that cuts about $1.2 billion below a freeze compared to 1999 in the education field, if we were to fully fund this, we would be talking about a 40 percent cut below the President's education request to fully fund IDEA.

It is interesting to note that the Committee on the Budget, when full funding of IDEA was offered, they voted in lockstep against it, and again in the Committee on Rules would not allow that amendment to be put into consideration, where we could have provided offsets or what have you within the budget resolution.

So I am not sure that this resolution is exactly as it should be, but the fact is we should support the continued increase in appropriations of IDEA funds.

Finally, let me say that time and again it is suggested that somehow the Federal Government is shirking its responsibility when it does not provide all of the funding for IDEA. When we passed that legislation, Republicans and Democrats said that the goal was to provide some 40 percent of the excess costs of providing education for individuals with disabilities.

It continues to remain a goal. It is a goal that we have made great advancements on in the last couple of years. We ought to continue to go after it. But it is not a question of an unfunded Federal mandate. The fact is that this is there because of the United States Constitution.

If we were to repeal IDEA, every State and local education authority would still have the obligation under the Constitution of the United States to educate these children in a free and appropriate education. They could end up picking up 100 percent of the cost.

The Federal Government is trying to do the best it can to help districts with the cost of these educations, but the belief somehow is that this is our duty alone, and in fact the legislation passed last year would allow, unfortunately, schools to withdraw support for IDEA if we hit a Federal threshold, so the same schools who are saying they do not have enough money find out they can in fact withdraw support for this effort.

I think the intent of these resolutions is good and is proper, and both of these programs need increases in funding. The Pell Grant needs an increase in the maximum grant. But I am concerned about some of the nuances that are suggested in these resolutions.

Mr. MCKEON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from California for his support of the resolution. For the record, the President's budget for the year 2000 for education is $65.28 billion. Our budget for the year is $66.35 billion, $1.1 billion more than the President's.

Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. GOODLING), chairman of the full committee.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding me the time.

There was a time when Pell Grants covered 75 percent of a college education. We are now down to about 36 percent. The good news is, however, we did get a $2.7 billion increase in the last 3 years, so we have billions of dollars available in student aid from the Federal Government to State governments and institutions of higher education, and children from high-income families continue to enroll in college at almost twice the rate of children from low-income families.

For many of the students from low-income families, the cost of college is the overwhelming factor in their decision to forego a college education. In 1997 we supported the enactment of tax credits related to post-secondary education for middle- and upper-income families. At the same time, we voiced strong concern about the need to continue making substantial commitments to the Pell Grant program in order to assist those students from low-income families who would not receive any benefits from the new tax credit.

I mention that because I want to mention now the most unbelievable thing that I think I have heard in my entire time in the Congress. Prior to our mark-up of this resolution in committee last week, a Department of Education official told the Subcommittee on Labor, Health and Human Services of the Committee on Appropriations that a $400 increase to the Pell maximum would not help low-income students all that much, since they would lose their tuition tax breaks.

I want to repeat that, because I know everybody listening will be smart enough, I will not even have to explain how ridiculous it is.

□ 1530

But what he said was that a $400 increase to the Pell maximum would not help low-income students all that much since they would lose their tuition tax breaks.

I can only assume that the administration has forgotten the debate over tax credits and the testimony of college officials and students who all agree that up-front cash assistance such as the Pell Grant program is the most effective form of aid for increasing access to college.

Now, I would also remind that gentleman, and he should not need to be reminded, retroactive tax credits are great for those who have enough money to enroll in college in the first place. But I am sure if he would just look at his statistics, he would discover that 54 percent of the families receiving Pell Grants have incomes under $10,000. What tax credits are they waiting for? What tax credits are they expected to get? Of course, they do not get any. How silly the man could ever make a statement of that nature.

The resolution also expresses support for campus-based student aid programs.

These need-based programs help students pay the bills that are not covered by a $3,000 Pell Grant.

The campus-based student aid programs require institutions to provide matching funds in order to receive funds from the Federal government. The $1.5 billion devoted to the campus-based programs last year leveraged almost $400 million in additional aid to college students across the country.

The Higher Education Amendments of 1998 enacted last fall, streamlined the operation of all these programs in order to make them more effective. More importantly, the formula under which funds are distributed was modified. Under the new formula, any new money provided for the campus-based programs goes to institutions of higher education that serve large populations of students from low-income families who are most in need of financial assistance.

These are fundamentally sound programs that have served our nation's college students will for the past three decades and we should consider them a higher education funding priority.

This resolution does not propose cutting any programs. It does not say that we should not fund other education programs that work. It does not pit one program against another. It simply says that our highest priorities for higher education funding should be the Pell Grant Program and the campus-based aid programs, which have a proven record of success.

I urge my colleagues to support this resolution.

Mr. MARTINEZ. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER), a really strong advocate of education.

Mr. ROEMER. Mr. Speaker, I thank the gentleman from California (Mr. MARTINEZ) for yield me this time. I rise to support the intent of the legislation, not particularly the accomplishment of the legislation.

Certainly, the ''whereas'' clauses in this Pell Grant concurrent resolution are very, very strong and language that I agree with, particularly the fact that in the language we talk about being concerned that the impact and the help of the Pell Grant has been sliced in half from the 1970s.

We have gone from providing through a Pell Grant about 76 percent of the cost of education; in the 1990s now, the impact of the Pell grant is about 36 percent of the cost of a 4-year public college. That is slashing in half the impact and the help of the Pell Grant, and we need to do something about that.

I sat on an airline just this past week with a young gentleman from Indiana who was trying to select between Cornell in New York and DePaul in Indiana. The entire rationale for his decision was going to be resting on one part of the economics of a decision between Cornell and DePaul, and that was the financial aid: what Pell Grant, Stafford loan, work study programs could be put together.

So families and students are very concerned about education. But what we need to do, Mr. Speaker, as we show our concern about the declining impact and help of the Pell Grant, is to come up with a piece of legislation, a bill that funds it.

This is a concurrent resolution. It is not signed by the President. It is not an appropriation bill that takes a penny out of the Treasury. It simply conveys the intent of Congress that we would like to see some more money put toward Pell Grant. I think everybody on our side would like to do that. I am sure everybody on the Republican side would like to do that.

But what we need are not unfunded mandates, not unfunded resolutions, but bipartisan solutions to this problem.

Mr. MCKEON. Mr. Speaker, I thank the gentleman from Indiana (Mr. ROEMER) for his support of our intent.

I yield 3 minutes to the gentleman from Nebraska (Mr. BARRETT), a member of the committee.

Mr. BARRETT of Nebraska. Mr. Speaker, I thank the gentleman from California for yielding me this time.

Mr. Speaker, I rise in support of H. Con. Res. 88. This resolution proposes our funding priority should first include programs that work, and Pell Grants do work. We are talking about a program of more than a 25-year track record of success. Pell Grants have offered millions of students the opportunity to pursue a higher education. While opening that door, they help narrow the gap between the rich and the poor and help alleviate the debt burden from young people just starting out in their careers.

Students awarded Pell Grants are among the neediest, and probably would not have attended college without this financial assistance. For example, in the 1995–1996 school year, 54 percent of Pell Grant recipients came from families with incomes of less than $10,000.

We all know that students from middle and high-income families are more likely to attend college, and one reason is that those parents can at least help finance the costs. Students from low-income families do not have that safety net, and Pell Grants help fill that void. At the current level, a Pell Grant on average only covers 36 percent of the cost of college, compared to 77 percent in the 1970s.

The Federal Government also helps students with loans, and thousands of both low and middle-income students finish college each year with loans to pay off. In fact, the average student graduates with more than $9,000 in debt. But low-income students, who have had to finance nearly everything, can face particularly steep debt.

This problem is amplified when considering that often these students choose lower paying but very important jobs like teaching or social work. In these situations, students may be faced with years and years of debt payments. We can lower that hurdle to higher education by not only continuing our strong support for the Pell Grant program, but by also increasing the minimum Pell Grant level.

The current maximum for Pell Grants is $3,125. This resolution suggests a modest $400 increase. The resolution also proposes increasing, within the context of our balanced budget agreement, other aid programs that serve low-income students. Those programs include work study, Supplemental Education Opportunity Grants, and Perkins Loans. Pell Grants, these programs work, and they could be put to much broader use if the funding is increased, and we should aim toward that goal before jumping into new untested education initiatives.

This resolution does not say that we should not fund other higher education programs, and it does not pit one group of students against another. It simply says that the Pell Grant program has worked well, and that by making Pell Grants a priority, we are indeed making education a priority and strengthening our commitment to helping low-income students achieve their potential.

I urge my colleagues to supports H. Con. Res. 88.

Mr. MARTINEZ. Mr. Speaker, I yield 2 minutes to the gentlewoman from the beautiful State of Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. Mr. Speaker, we have heard previous to this debate a long dissertation about the Federal obligation to fund IDEA. While there is disagreement in terms of how that responsibility has fallen upon the Federal Government, most of us agree that funding for IDEA should be increased.

Now we are discussing another concurrent resolution which has to do with Pell Grants. This I believe is a time when the majority must listen to what they were saying when they debated IDEA.

The authorization language which comes from this august committee calls for a basic funding of Pell Grants. That ought to be interpreted as an obligation which this Congress and this Federal Government is according based upon very severe eligibility standards. Much as we do Medicare, we have eligibility standards and then we decide how much funding that individual should get for Medicare, for hospitalization, for doctor's care, and so forth.

It seems to me that if we are really true to what we are saying on this floor with regard to the importance of funding low-income students, giving them the best opportunity to have a higher education, this Congress ought to fund the complete amount that we authorize for Pell Grants. That is the only way we are going to meet our fundamental responsibility. Let us not talk about just $400 beyond what was authorized

or appropriated last year. We ought to go for the entire amount.

Mr. Speaker, I am introducing a bill today which I ask all of my colleges on both sides of the aisle to cosponsor with me, and that is to make the Pell Grant program an entitlement. Young people ought to know with great assurance that if they meet the criteria for a Pell Grant to go on to higher education, that this Congress is willing to fund it.

So I have created a program which makes it a responsibility for this Congress, for this Federal Government, to treat this program as an entitlement. Every young person ought to have that right to continue on to higher education

Mr. Speaker, I rise today in support of increasing funding for Pell Grants.

There is nothing better we can do for this nation than to improve education, and ensure that all children in all communities across this nation have access to higher education.

Pell Grants were created to provided this access for low-income families. The Pell Grant Program was created in 1972 to assist students from low-income families in obtaining a postsecondary education by meeting at least 75% of a student's cost of attendance. Unfortunately, Congress is not living up to its promise.

In real dollars, the appropriated maximum individual grant, adjusted for inflation, has decreased 4.7% between 1980 and 1998. Considering the exorbitant increases in college costs, the Pell Grant has covered less and less of a student's cost of attendance. In just the last 10 years, total costs at public colleges have increased by 23% and at private colleges by 36%. According to the General Accounting Office, this means that over the last 15 years, tuition at a public 4-year college or university has nearly doubled as a percentage of median household income. All students suffer as a result of these increases; however students from low-income families suffer the most.

The resolution before us calls for an increase of $400 in the maximum Pell Grant awarded to students from low-income families.

Although it is important to raise the maximum Pell Grant awarded, it does not go far enough. We need to guarantee that eligible students are entitled to the maximum amount under the Pell Grant Program. Today, I have introduced legislation that does just that.

My bill will create a contractual obligation on the United States to reimburse institutions that award Pell Grants to its eligible students in the full amount they are entitled to. Simply put, my bill guarantees that an eligible student will receive the maximum award amount she is entitled to. By guaranteeing that eligible students will receive the maximum amount, this bill will make it easier for students from low-income families to get a higher education.

I urge my colleagues to do more than support this resolution, which merely requests a $400 increase in the maximum award allowed. I urge my colleagues to support my legislation which guarantees that eligible students are entitled to the maximum amount authorized under the Pell Grant Program.

Mr. McKEON. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. BOEHNER), subcommittee chair of the Committee on Education and the Workforce.

Mr. BOEHNER. Mr. Speaker, American students I think are confused about the President's student aid priorities.

On Election Day in 1996 they heard the President proclaim, and I will quote, ''I am proud that we have got the biggest increase in Pell Grants in 20 years, but we must do more. I want to open the doors of college to all Americans; and if you give me 4 more years, that is exactly what I intend to do.''

That was in Lexington, Kentucky. He said the same thing in Cleveland, Santa Barbara, Green Bay, New Orleans, St. Louis, and the Democratic Convention in Chicago.

Many students also heard this ad, run by the President's campaign, and I will quote, ''As a Latino and a student, I know the value of education.'' The ad read in Spanish. ''Under President Clinton, Pell Grants and scholarships were increased. President Clinton wants us to have more opportunities to improve our quality of life. That is why, on November 5, I am going to vote for President Clinton.''

Well, Mr. Speaker, on November 5, that is exactly what a lot of students did. But now the President is singing a different tune. The President is proposing cutting Pell Grant funding by 3 percent; he proposes cutting Perkins Loans by eliminating an adjustment for inflation; and he proposes cutting student loans by $2 billion in favor of a program that makes the Department of Education the country's largest bank, a loan program that is 30 percent more expensive than the private sector program, and that is the program that most universities say that they do not want.

Mr. Speaker, students are confused about the President's student aid priorities, so let us be crystal clear about ours. This resolution sends a clear message that we are serious about funding programs that have been proven to work.

I went to college myself on a program that is now known as the Perkins Loan, and I can tell my colleagues firsthand that these programs do work. But if my colleagues no longer believe that these programs should be our highest priority, then vote ''no'' on this resolution. But do not blame students for being confused about where we stand on these student aid priorities.

Mr. MARTINEZ. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Speaker, I am shocked, but pleasantly shocked, pleasantly shocked to hear the other side of the aisle finally stepping up to the plate and saying that rather than shut down the Department of Education, they understand that there is a Federal commitment to do something to raise the level and to raise the bar.

I was listening to the gentlewoman from Hawaii (Mrs. MINK) speak about making Pell Grants an entitlement, and I thought maybe we would need some armed guards over here to stop all of our friends and colleagues from the other side rushing over and signing onto that legislation as cosponsors. But I trust that really will not be a problem.

In fact, I asked some members of the Committee on Education and the Workforce who have been there for quite some time to search back in their historical perspective to see if there ever was an occasion when the current majority proposed more money for Pell Grants, to raise the authorization for Pell Grants, that the Democrats were not first in line to be there and do that. They could remember none.

In fact, I searched for the one bill that has been filed that would, in fact, raise the authorization for Pell Grants to make them worth what they used to be worth when this program was originally adopted, and that is H.R. 959. There were 62 sponsors and cosponsors on that bill, not one Member of the majority party.

So here we are today talking about a resolution. It is Teacher Appreciation Week. All things education are apparently on schedule for all of us. But when the dollar has to stop and the buck has to stop here, Mr. Speaker, let us see how many people on the other side are willing to actually come forward with the money by raising the appropriation level and by raising the authorization level to make Pell Grants really what they should be worth.

Again, I think we are faced here with a potential in this language for pitting program against program. The other side says that is not the case, and we hope it is so. And we are probably all going to vote for this because we want the strong message to continue as we have continuously put it forward, that we need to pay for Pell Grants because that is the best way to fund higher education. We need to raise funds for work study programs. We need to make the interest rates as low as possible for anybody that does have to take a loan.

But, Mr. Speaker, we have to stop making resolutions and feel-good pieces of legislation, move on to bills and acts that actually put our money where our mouth is, and make things happen. We stand ready to do that.

Mr. McKEON. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. EHLERS), a member of the committee.

Mr. EHLERS. Mr. Speaker, I thank the gentleman from California for yielding me this time.

I have a personal interest in this. The previous speaker wondered why Republicans are supporting this bill, and I can certainly tell him why this Republican is.

□ 1545

When I wanted to go to college, my parents, who were low-income, regretfully told me that they simply did not have the money to support me. They would do what they could, but it was not much, and I would have to earn my own way.

I was not sure I would go to college but, fortunately, I was able to get summer employment in high school and save up enough money for the first year, and so I went off to college. I worked my way through, every cent, every inch of the way. I worked over 25 hours a week during the school year. I worked over 60 hours a week during the summers in order to put myself through college.

I am not saying this to brag, but I simply point out that students cannot do that today, even if they worked 40 hours a week. The costs have gone up too much. I paid $188 a semester for tuition. Today, it is many, many times that.

I am very intimately aware of the concerns and the problems that students have, and I have a special acquaintance with these problems because after going to college I went to graduate school, got a doctorate, and I taught at the University of California for some time and at Calvin College. So I have had experience in both the public and the private sector.

Higher education is expensive, and I am very thankful that the Federal Government has established student loan programs and Pell grants which allows every student today to achieve a college education. We have fallen behind in the amount of money available, particularly for lower income students.

I strongly support this resolution, and I ask this House to support it so that our students, no matter what the income level of the family, are able to go to colleges and universities, achieve a higher education and thereby improve their earning potential throughout their lives, as well as their appreciation of life and all that comes with education.

Mr. MARTINEZ. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. FORD), a member of the committee.

Mr. FORD. Mr. Speaker, I thank the gentleman from California for yielding me this time, and I rise in support of both resolutions we are considering today, both which urge this Congress and the President to fully fund IDEA and the Pell grant Programs before funding any new program.

As a supporter of both these programs, I understand that IDEA provides an education for many American children who would otherwise be denied an education, and the Pell grant has enabled millions of Americans, including my good friend and colleague, the gentleman from Michigan (Mr. EHLERS), to attend college. However, Mr. Speaker, these nonbinding resolutions will not make a dent, really, even with all the flowery and wonderful rhetoric we have heard from both sides today. For we are merely expressing our wishes, merely talking about the problem, but not acting.

I can assure my colleagues that if Democrats were in control of this Chamber, not only would we be talking today, we would be preparing to act. In fact, if we were serious about education, we would probably think about funding the class size reduction program of the President and the gentleman from Missouri (Mr. CLAY).

As the chairman of the full committee and the gentleman from California (Mr. MARTINEZ) both know, in Tennessee, where I am from, a study was just completed to show that small classes in grades K through 3 continue to outperform students in larger classes right through high school graduation.

I know my dear friend, the gentleman from Nebraska (Mr. BARRETT), knows and strongly believes, as I do, that we should support programs that work. This program works.

In addition, our schools are in dire need of modernization. It has been shown that this Federal Government can contribute money to build new prisons and build new roads and build new highways. We have to find the capacity and the courage to build new schools.

Let us stop being the suspension bill and resolution Congress. I say to the other side, let us go to work and do the job the American people pay us $136,500 a year to do. Resolutions, expressing our wishes will not do it. It is time to act. This Congress has failed that test, and we are failing American children in the process.

Mr. MCKEON. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GARY MILLER), one of our great Members.

Mr. GARY MILLER of California. Mr. Speaker, let me tell my colleagues who is most impacted by the shrinking power of Pell grants: community colleges, junior colleges and the students they serve.

In California, our community college system has 106 campuses, 71 districts and serves 1.5 million students. That is the largest system in the country, dedicated to serving students with incomes below those students who attend our large University of California and California State University systems. They are the ones on the margin who are most impacted by any fee increase or any loss in buying power from the Pell grant.

The Pell grant was created to serve as the foundation of need-based student aid, and it is the single most important program for low-income students served by community colleges.

More and more students are benefiting from Pell grants. In 1973, 176,000 students received Pell grants. Under this resolution, almost 4 million students will receive a Pell grant next year.

Unfortunately, its purchase power has declined by 25 percent over the past 20 years. The President's last budget actually cut current appropriation levels by $250 million in order to fund his new education programs. The most disturbing part is that if the President did not propose cutting the actual appropriations, we would already be funding a $3,325 grant.

Maybe it is the nature of politics to loudly speak in favor of a program when it is new but then take money from it when it is not so new anymore to get credit for creating a new program.

All this resolution does is say that we will appropriately fund the programs that work, instead of taking money from them to create new programs. This resolution does not propose cutting any other program. Unlike the President's budget, we do not propose to cut the Pell grant Program appropriation, Impact Aid, Title VI block grants, or the other programs that are clearly not priorities of the President.

It does not say we should not fund other education programs that do work. It does not aim to pit one group against another. It simply says our highest priority for higher education funding should be the Pell Grant and Campus-Based Aid Programs, which have a proven success record.

If my colleagues do not believe that the Pell grant and Campus-Based Aid Programs work and should be our highest priority, then I urge them to vote ''no'' on this resolution. But I would urge my colleagues to support this program. It supports those low-income students who mostly need our help.

I urge my colleagues to: support existing programs before rushing to fund a new fad; support those lower income students who benefit from the Pell Grant Program, and support community colleges and colleges in your communities.

I urge my colleagues to support this common sense resolution.

Mr. MARTINEZ. Mr. Speaker, might I inquire how much time we have remaining?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from California (Mr. MARTINEZ) has 1½ minutes remaining, and the gentleman from California (Mr. MCKEON) has 1 minute remaining.

Mr. MARTINEZ. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, in closing, I just want to say we are not worried about pitting

Pell grants and Campus-Based Student Aid against other programs that have long been in existence and have long proven themselves to be worthy of funding. That is not the question. The question is, are we going to tie our hands so that if there is an innovative new program, in order to deal with school violence, such as the school violence that happened in Littleton, Colorado, are we then going to tie our hands and say we cannot fund a program, no matter how great it may look or how much good we feel it can do because we have tied ourselves to this resolution?

Now, I say that, but I am not really that concerned about it, because this is a resolution that carries no impact in law. In fact, I think I will vote for S.28, if it will ever get over here, but it will not get over here.

I will support Pell grants. My decision to not vote for this bill does not mean I do not support Pell grants. What it does mean is that I do not believe in the idea of cutting ourselves from any program that might have a tremendous impact on some aspect of education just because we say that we are feeling that Pell grants should be of the highest priority. We can say that without doing this.

So I will continue to not support this resolution. As I say, I will not vote against it, but I will not vote for it. I will reserve my right to be in strong support of Pell grants through other methods. And I will especially wait for the authorizing bill, in which I will vote, if that authorizing bill increases Pell grants.

This is not an authorizing bill, and it does not carry any weight in law.

Mr. MCKEON. Mr. Speaker, I yield 30 seconds to the gentleman from Washington (Mr. METCALF).

Mr. METCALF. Mr. Speaker, I rise today to honor our Nation's teachers. I would like to thank them for their dedication and inspiration.

I was a public school teacher for 30 years, so I understand the importance of a good education and the foundation it builds for our youth. American students, parents and teachers must maintain the highest level of quality in education.

Mr. MCKEON. Mr. Speaker, I yield myself the balance of my time.

A lot of the debate today, Mr. Speaker, has focused on Pell grants, but I also want to point out this does cover the Campus-Based Aid Programs which provide institutions with Federal support for grants, loans, and work-study programs. These require matching funds from the schools. It gives the schools greater flexibility to keep those in school that have the greatest need. And with requiring the matching funds, it is a multiplier and brings more money to the table to help those students that need it the most.

There has also been some talk about the fact that this is a resolution and does not really carry the weight of law. It does state and it does show how we have performed the last 5 years. Since we have had the majority, we have increased Pell grants every year. It indicates our high priority for the Pell grants and campus-based programs and the fact that we continue to want them to be the highest priority of higher education.

Mr. RODRIGUEZ. Mr. Speaker, I rise today in support of significant increased funding for Pell Grants and Campus-Based Aid programs.

Coming from south Texas, I know the dire need for Pell Grants. By providing resources for our students, we create real opportunity for them to attain higher education.

The Pell Grant program is the largest need-based Federal grant program for students pursuing higher education. I know that in San Antonio, this program is the foundation for student aid. Pell Grants help our students from families of modest income who could not otherwise afford a college education.

I support the resolution but would like to express my strong reservations about the wording. This resolution is another example of how Republicans are purporting to be education friendly when they are not. Just like a wolf in sheep's clothing there is a face behind this resolution.

The language in this resolution essentially says that any new programs we come up with would have to take a backseat to Pell Grant increases.

To make demands on what programs should take precedence at this time, is unrealistic and removed from the approach we should be taking on the funding of our education programs. For example, what if a new program is introduced later on this year that will seriously address the needs of our youth and the issue of violence? Does this program automatically get a back seat simply because it is a "new" program under this resolution?

Yes, we should fund Pell Grants but we should also look at the bigger picture and realize that there may be other "new" programs that have been introduced that will be equally as important and help with the early development of our students in the K–12 grades.

Higher education is a priority and what better way than through increases in Pell Grants. However, we should also make sure that we are doing what we can to strength the foundation of our elementary and secondary education system.

If our Republican colleagues are serious about the Pell Grant program I encourage them to support H.R. 959, the Affordable Education through Pell Grants Act. The legislation will raise the maximum Pell Grant award level to $6,500 for the academic year 2000 to 2001, bringing it to funding where the Pell Grant is meant to be.

If Republicans want to put their money where their mouth is, I would ask that they also support H.R. 959.

Education is our number one priority. The future of our economy, and our communities rests our ability to increase access to higher education but to also ensure our students can get from point A to point B.

Mr. CLAY. Mr. Speaker, it's a great revelation to see that our colleagues on your side of the aisle have come to realize the importance of increased support for student aid programs which assist low income students. I am especially pleased that, after numerous efforts to slash funding for education programs, Republicans now see the light. My hope is that they will continue moving in that direction and realize that increased funding for education across the board is essential to increase educational opportunities.

Mr. Speaker, I support a substantial increase for Pell funding. In fact, in the last Congress I introduced legislation to make Pell Grant funding mandatory spending, just like the loan programs.

However, I am concerned that the way H. Con. Res. 88 is written, could be interpreted to pit one group of education programs against another. If adopted and adhered to by the appropriators, it would rob Peter to pay Paul.

The record of House Democrats' support for increased aid to needy college students is clear. House Democrats have been in the forefront in advocating increased funding for student aid programs without short-changing or reducing spending for other programs. Since 1996, Democrats, in conjunction with the President, have been responsible for adding nearly $8 billion more for education than was in bills supported by House Republicans. With respect to Pell Grants, since 1996 the President requested, and House Democrats supported, an increase of $3.4 billion, while House Republicans advocated 62% less.

Today, we are being asked to vote for a resolution that would aid freshmen at the expense of first graders. We believe that is an unwise, inappropriate choice.

During the committee markup my colleagues and I offered amendments to H. Con. Res. 88 designed to increase Pell Grants without jeopardizing other worthy programs. The language we offered was the same language adopted in the Senate on a bipartisan basis. The Senate resolution calls for increased Pell Grants, without pitting one education program against another. Unfortunately, we are not successful in these efforts.

We should go on record for increasing our overall investment in education, instead of robbing Peter to pay Paul.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to explain why I oppose H. Con. Res. 88, which expresses the sense of the Congress that funding for the Pell Grant Program should be increased by $400 per grant and calls on Congress ton increase funding for other existing education programs prior to authorizing or appropriating funds for new programs. While I certainly do oppose creating any new federal education programs, I also oppose increasing funds for any programs, regardless of whether or not the spending is within the constraints of the so-called balanced budget agreement. Mr. Speaker, instead of increasing unconstitutional federal spending, Congress should empower the American people to devote more of their own resources to higher education by cutting their taxes. Cutting taxes, not increasing federal spending, should be Congress' highest priority.

By taxing all Americans in order to provide limited aid to a few, federal higher education programs provide the federal government with

considerable power to allocate access to higher education. Government aid also destroys any incentives for recipients of the aid to consider price when choosing a college. The result is a destruction of the price control mechanism inherent in the market, leading to ever-rising tuition. This makes higher education less affordable for millions of middle-class Americans who are ineligible for Pell Grants!

Federal funding of higher education also leads to federal control of many aspects of higher education. Federal control inevitably accompanies federal funding because politicians cannot resist imposing their preferred solutions for perceived "problems" on institutions beholden to taxpayer dollars. The prophetic soundness of those who spoke out against the creation of federal higher education programs in the 1960s because they would lead to federal control of higher education is demonstrated by examining today's higher educational system. College and universities are so fearful of losing federal aid they allow their policies on everything from composition of the student body to campus crime to be dictated by the Federal Government. Clearly, federal funding is being abused as an excuse to tighten the federal noose around both higher and elementary education.

Instead of increasing federal expenditures, Mr. Speaker, this Congress should respond to the American people's demand for increased support of higher education by working to pass bills giving Americans tax relief. For example, Congress should pass H.R. 1188, a bill I am cosponsoring which provides a tax deduction of up to $20,000 for the payment of college tuition. I am also cosponsoring several pieces of legislation to enhance the tax benefit for education savings accounts and pre-paid tuition plans to make it easier for parents to save for their children's education. Although the various plans I have supported differ in detail, they all share one crucial element. Each allows individuals the freedom to spend their own money on higher education rather than forcing taxpayers to rely on Washington to return to them some percentage of their own tax dollars to spend as bureaucrats see fit.

In conclusion, Mr. Speaker, I call upon my colleagues to reject H. Con. Res. 88 and any other attempt to increase spending on federal programs. Instead, my colleagues should join me in working to put the American people in control of higher education by cutting taxes and thus allowing them to use more of their resources for higher education.

Mr. CUMMINGS. Mr. Speaker, today, I come before the House to ask, "have the Republicans done a U-turn?"

Their education record includes: opposing education funding increases; passing a year 2000 budget $2.9 billion short of the President's education proposal; and advocating for the abolishment of the Department of Education.

Again, I ask, "is this resolution a Republican U-turn?"

I submit, Mr. Speaker, that there has been no U-turn. The Republican course is straight and does not lead to a true endorsement of education.

I support Pell Grant increases. However, without language to state otherwise, I am left to surmise that this resolution may endanger initiatives to reduce class size, hire more teachers, and modernize schools.

Let's set a better course and invest at every level of our children's education—preschool through postsecondary.

Let's stand up for all worthwhile education inititives!

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MCKEON) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 88.

The question was taken.

Mr. MCKEON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. MCKEON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 88.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

EXPRESSING SENSE OF HOUSE IN SUPPORT OF AMERICA'S TEACHERS

Mr. ISAKSON. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 157) expressing the sense of the House of Representatives in support of America's teachers.

The Clerk read as follows:

H. RES. 157

Whereas the foundation of American freedom and democracy is a strong, effective system of education in which every child can learn in a safe and nurturing environment;

Whereas a first-rate education system depends on a partnership between parents, principals, teachers, and children;

Whereas much of the success of our Nation during the American Century is the result of the hard work and dedication of teachers across the land;

Whereas, in addition to their families, knowledgeable and skillful teachers can have a profound impact on a child's early development and future success;

Whereas, while many people spend their lives building careers, teachers spend their careers building lives;

Whereas our Nation's teachers serve our children beyond the call of duty as coaches, mentors, and advisors without regard to fame or fortune; and

Whereas across this land nearly 3 million men and women experience the joys of teaching young minds the virtues of reading, writing, and arithmetic: Now, therefore, be it

Resolved, That the House of Representatives—

(1) honors and recognizes the unique and important achievements of America's teachers; and

(2) urges all Americans to take a moment to thank and pay tribute to our Nation's teachers.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Georgia (Mr. ISAKSON) and the gentleman from California (Mr. MARTINEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Georgia (Mr. ISAKSON).

Mr. ISAKSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is only appropriate that today on the floor of this House the Congress of the United States of America recognize and acknowledge the teachers of our country. Today, over 3 million American men and women are teaching our children, our next generation, our Nation's greatest resource.

Were I to stand anywhere in this Chamber and pose one question to every Member, I would get exactly the same response. Were I to ask any Member, think for a second and tell me if there was ever a teacher that made a difference in their life, instantly, without question, every individual would think of a teacher or teachers and would respond further with a story about how that person had impacted their life.

So, too, is it true with almost every adult in America today. Save only our parents, teachers are the most important people in the lives of our children. While we are doing the right thing to pause today and pay tribute to America's teachers, we must remember every week and every day to give thanks and give support for the contribution that they make.

Were I to be asked if a teacher had made a difference in my life, I would think back to Alice Gibson in Atlanta, Georgia, a teacher who made a student of me. She was a disciplinarian, a demanding lady, a lover of literature. For me, before having Ms. Gibson, learning was work and books belonged on shelves. After attending her class, barely making it the first time and excelling the second, everything that is open to me today is because of the windows of the world that she opened in teaching that appreciation.

In my home district in Cobb County, there is a teacher by the name of Linda Morrison, a social studies teacher in North Cobb High School in Cobb County, who year in and year out her teams win Model U.N. and win debates. Every year political candidates come to her class and they are overwhelmed by the inspiration and motivation that Linda Morrison places in all those children.

I did that trip 3 months ago, shortly before my special election. Linda turned the classroom over to me; and I was once again impressed by the respect, the courtesy, and the insight of those kids. When I left the class, once again awed, the principal put his arm around me and told me that Ms. Morrison had just finished her first chemo

treatment but had come to class to see to it that her students were fulfilled and her class went on.

□ 1600

That is the kind of dedication, that is the kind of commitment we see not just in one but in many of our teachers all over America.

And lastly, it is only fitting that I recognize Andy Baumgartner, this year the United States of America's Teacher of the Year, as honored just 2 weeks ago in Washington D.C.; a kindergarten teacher outside of Augusta, Georgia who dedicates his life to putting excitement into education for every child. He recognizes that, at the age of five, he has one opportunity to help the life of an individual in the most formative year of their education.

Mr. Speaker, it is only appropriate that this House today commend our teachers all over this country, recognize them for the contribution they make, and appreciate the fact that today in every American classroom they are under the watchful eye of a teacher, an individual who is willing to share with them.

And, Mr. Speaker, I think all of us remember or might ask, had it not been for teachers or a teacher, where might any of us have been today?

Mr. Speaker, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H. Res. 157, which recognizes the unique and important achievements of America's teachers and urges all Americans to pay tribute to our Nation's teachers.

As the gentleman from Georgia (Mr. ISAKSON) just said, most of us can point to a teacher in our lives that has made a difference. Were it not for the benefit of several outstanding teachers, I might not be where I am today.

I remember one particular teacher that really turned me around in the sixth grade. And I was busy doing things I should not have been doing, drawing pictures instead of doing the class lesson. And she snuck up behind me and caught my attention with the ruler that she carried, which was about 18 inches long and about 1½ inches wide, and it came down across my hands with a real sting. And I jumped up and raised back my hand, and she immediately struck me in the face with the ruler, not hard, just enough to make a sting and get my attention. And she got my attention. And then she instructed me to sit down and wait until the bell rang and I would stay after school, and I did.

But that was the most prosperous couple hours I had ever spent in school in my life, because in that 2 hours she taught me everything there was to learn about the lesson I was supposed to be learning. And I noticed something about it. When I started realizing that I could do the work and I was getting the answers right, I looked up and I saw her smiling at me from ear to ear. No one in the class had ever seen her smile before. And I thought, this is really a very nice teacher.

But more important was what she taught me that day. Well, from that day on I never had a problem with those lessons again and I decided that I can learn. But I think that was what she was saying to us.

I remember one time Terrel Bell, the Secretary of Education under Reagan, when he said to us one time at a hearing, there is nothing so rewarding to a teacher as when they look into that young person's eyes and see that light go on, that they learned that they can learn. Well, Mrs. Cassons saw that light go on in my eyes and she made me realize that a good teacher can make the difference between success and failure for a student.

Recent studies show that teacher quality is the most single important factor in student achievement. In recent hearings that we have held in the committee of the gentleman from California (Mr. MCKEON) we have had testimony, and when they were asked what was the most important thing in the education of young people, each of them answered the quality teacher.

However, if we look at today's teachers, they face greater challenges than ever before, greater challenges than my teacher, Mrs. Cassons, ever saw. Classes are larger and they are more unmanageable. Classroom spaces are now inadequate and they are in poor condition and often pose a safety hazard.

Discipline problems and school violence are at an all-time high, as we recently saw in Colorado. On top of all this, teacher candidates often do not receive adequate training, new teachers are not supported by their school system, and experienced teachers are not provided with meaningful professional development they need to remain effective.

Under these circumstances, even Mrs. Cassons would have had problems. Therefore, I think it is high time we provide our Nation's teachers with some greatly needed assistance.

Although most decisions regarding teacher recruitment, training, and professional development are made at the State and local level, as they should be, Congress has before it the wonderful opportunity to provide our Nation's teachers with the tools and support they need to educate the next generation of American citizens.

I feel very lucky to be the ranking member on the subcommittee which has jurisdiction over such a wonderful opportunity. And I am pleased to say that the gentleman from California (Mr. MCKEON) and I are currently working on legislation which provides incentives to States and districts to get high-quality individuals into the classroom and keep them there.

I know that the chairman, the gentleman from California (Mr. MCKEON), and many of my colleagues share my desire to help those special individuals who dedicate their lives to bettering the lives of others. I look forward to working with everyone in Congress to ensure that every child has a Mrs. Cassons.

Mr. Speaker, I reserve the balance of my time.

Mr. ISAKSON. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Pennsylvania (Mr. GOODLING), distinguished chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding me the time.

I rise in support of the resolution to honor and recognize the unique and important achievements of America's teachers. As one who spent many years of his professional life in schools, and also as a Member whose wife continues to teach, I know firsthand the dedication and commitment teachers put forth every single day despite the ever-growing challenges that they face, which are almost insurmountable.

As the gentleman from Georgia mentioned, we can all remember a teacher or teachers. And, of course, I go back to my first 4 years in a one-room school where Ms. Yost was the teacher. She had 40 students, 4 different grades represented. She had no special teachers. She did it all. She stoked the stove. She carried out the ashes. She did everything. And she was a magnificent teacher.

It does not matter how many they have in the classroom if they do not have a quality teacher in that classroom.

One of the problems that teachers are often faced with today is the fact that many times they do not receive the kind of preparation and training that they should from the teacher training institutions. Sometimes they get assigned subject areas that they have very little knowledge about that particular subject, and oftentimes they are not given quality in-service programs.

So we, as Congress, working along with States, schools and parents, must continue to address the problems that face our Nation's teachers.

Specifically, we must continue to take a close lock at existing Federal education programs to determine if, in fact, they are meeting the needs of our teachers as well as the students they are intended to serve. If not, working together with State and local schools and parents, we must develop new ways to ensure these funds are being used effectively.

Mr. Speaker, in closing, I simply want to say to our teachers one great big ''thank you.''

Mr. MARTINEZ. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, I thank my good friend from California for yielding me the time.

Mr. Speaker, I would start off by pointing out that the purpose of this resolution, Mr. Speaker, is twofold; and I would start with the second one, which urges all Americans to take a moment to thank and pay tribute to our Nation's teachers.

As a former teacher, Mr. Speaker, and as a product of both Catholic private education and public education, I rise to thank the many teachers that contributed to my education, that contribute to the children's education throughout Indiana, and contribute to all our Nation's children throughout all the schools in the United States of America.

There is not a single more important profession or calling on the face of the Earth than to get into a school classroom with 30, 25, or 30 or 35 children and to take on the challenges of teaching those children every day in our Nation's classrooms.

And I agree that we all, as parents, must participate in what this resolution calls for, and that is all of us getting out there on a daily basis, not just on a yearly basis, and having contact with the school and thanking the teacher and participating in reading programs with our classrooms and engaging that school.

I saw a figure last week that said about 30 percent of our parents have contact with the school, yet every single one of us has contact with the graduates of that school system. So we need to engage our schools and do even more than thank our teachers but participate in our children's education.

The first part of this resolution honors and recognizes the unique and important achievements of America's teachers. And certainly we recognize their integrity, we recognize their intelligence, we recognize their contributions every day to our children.

And more so, as I conclude, Mr. Speaker, on a note that more and more teachers are stepping forward on, it is not only to ensure that our schools get better but that our schools are safe. And in Jonesboro, Arkansas and in Littleton, Colorado we have school safety issues where teachers not only gave their intelligence, their talents, and their integrity; they gave their lives. They put their lives on the line and they lost them on school safety issues to protect other children.

So this resolution I think is timely, Mr. Speaker, in that not only should we thank our teachers, not only should we engage our education system and participate as community leaders and as parents, but we should also recognize the unlimited contributions that these teachers make to our children in terms of their intelligence, in terms of their safety, and in terms of their longstanding contributions in society.

Mr. ISAKSON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in strong support for Teacher Appreciation Week; and I urge Americans everywhere to take a moment to pay tribute to our Nation's teachers.

A sound democracy rests on a first-rate education system, one where parents and teachers work together. A solid education in any of our Nation's schools comes from the teachers who strive to give the gift of knowledge to the minds of our future generations.

Dedicated teachers work day after day to ensure that all of our students will have a bright and successful life. Teachers wear many hats: as counselor, friend, and, most importantly, role model. Today learning not only consists of the three R's but skills that parents no longer have time to teach.

Accordingly, I urge all of our colleagues to support this resolution honoring American teachers. I thank our colleagues, the gentlewoman from Texas (Ms. GRANGER), the gentleman from Pennsylvania (Mr. PITTS), and the gentleman from Georgia (Mr. ISAKSON) for sponsoring this legislation.

It is my hope that Congressional support for teachers will serve as an example to all Americans that the service that teachers render is irreplaceable.

This week is the 14th Annual Teacher Appreciation Week which was created by the National Parent Teacher Association (PTA). The PTA is an organization that encourages parent and public involvement in all of the Nation's public schools. By strengthening the tie between both parents and the nearly 3 million American school teachers we can only further ensure that American education continues to be second to none. Teachers have an immeasurable impact on the growth and development of students and are responsible, in part, to the shaping of a future generation. Because of this, teachers are indispensable.

The face on the American family is vastly different from the way it was only decades ago. My wife is a former teacher and when she was in school the sole job of a teacher was to impart knowledge. However, today teachers fill the void that hard working parents and single parents cannot.

Mr. MARTINEZ. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Mrs. MCCARTHY).

Mrs. MCCARTHY of New York. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, today I rise in support of the House resolution paying tribute to our Nation's teachers.

Since I have come to this House 2½ years ago, I spend so much time in my schools and have gotten to know my teachers, gotten to know how much they care about our students and how hard they are trying to make our students better prepared to go into the world, that makes this a better country.

Education is our number one priority for this country, and it should be. But we are seeing a teacher shortage and it is making our teachers' jobs harder. We are seeing that we are bringing young people out of college to become teachers; that they are failing mainly because they do not feel that they are well-prepared. I think that is something that we can work on, especially in the special education that we are going to be doing in the next several months.

Our teachers have to be well-prepared so they can do a great job in our classes, especially in early education. And I think that it is something that our teachers want, because they want to be the best they can.

We have to do everything in the world to prepare our young people to become teachers so that we again will have the amount of teachers that we are going to need. We are seeing too many of our teachers drop out, and that is not good for any of us, mainly because they felt that they were not prepared.

We dealt with it last year on the Higher Education Act on having teachers better prepared, and I think it is something that we can do on early education. I plan on introducing a bill to have a mentoring program on early education, and I hope I will have the support of my committee.

When we talk about the teachers in the classroom today versus the teachers that certainly taught us years ago, it was an easier time back then. We had so much more cooperation between the parents and the teachers, and we have to encourage that more and more.

Our teachers are supposed to be there, to be teaching. They need the support of the parents, and I think that is important. We are seeing our teachers today taking in our young people and trying to be parents to them when they can. That is not their job.

□ 1615

Their job is there to teach our children. But if we do not encourage our parents to become more involved in our schools, we are making our jobs harder for our teachers.

Look at some of the schools that do so well. It is not that the kids are brighter. It is because their parents are so involved in those particular schools. They are giving the encouragement for the teachers to go that extra yard. We have to make all our schools like that. That is how we are going to turn around education in this country.

Our children are bright, our teachers are good, but we have to work together to make sure that we are the best, better than anywhere else in this country. I think we are on the right track.

We still have some work to do, but certainly the love of teaching, someone

that I had in sixth grade, Mrs. Englman, she taught me the love of history. I think if she ever saw me here today, she would be so proud of me because she talked about the Constitution, she talked about our government, and here I am being very proud of being a graduate of her class but also living what she taught me.

Mr. Speaker, today I rise in support of the House Resolution paying tribute to our nation's teachers. This resolution expresses a sense of the House, thanking and paying tribute to our nation's teachers. Education is my number one priority. Providing our children with a good education and a bright future is one of our most effective tools for ending gun violence, drug abuse, and poverty in our country.

I spend every Monday and Friday in my schools on Long Island, talking with students, teachers, principals, superintendents, and parents about how we can make the education system work better.

In visiting these schools, I see teachers and students who are committed to education. And I have learned that our teachers are the cornerstone of our education system. Brand new classrooms, reduced class size and improved access to technology are empty promises without a dedicated, well-qualified teacher in front of the class.

Unfortunatley, we are facing a shortage of teachers. Our nation will need to hire 2 million new teachers in the next decade to handle a growing student population and to replace retiring teachers. However, fewer young people are going into teaching, and when they do, many do not receive the learning they need to succeed in the classroom. Many children are warehoused in bigger classes, often with unprepared instructors, because there simply are not enough teachers to go around.

Last year, Congress passed my teacher training bill as part of the Higher Education Act. My legislation will better prepare teachers for teaching our children. I worked with local school administrators and educators to draft a bill that will (1) recruit new teachers; (2) prepare future teachers for the rigors of the classroom; and (3) mentor new teachers in their first year on the job.

Today, I am proud to introduce legislation that will expand Teacher Mentoring programs in the Elementary and Secondary Education Act. This legislation will complement the mentoring programs I sponsored in the Higher Education Act, ensuring that mentoring becomes a continuous, comprehensive program, addressing the needs of experienced teachers as well as new teachers.

Mentoring programs help all teachers—they benefit new teachers by easing the transition into teaching, increasing retention rates and improving the quality of teaching. Mentoring also helps experienced teachers by exposing them to new ideas and current trends in teaching.

The key to improving the quality of education is our teachers. Reducing class size is not going to be effective unless you have a qualified teacher in that class. We must do everything we can to make sure our teachers are well-trained before they enter the classroom. And that they continue to improve their skills once they are in the classroom.

I will be working hard to pass my mentoring bill which will give teachers the tools they need to be the best possible educators they can. Our children, and our teachers, are worth it—and deserve it.

Mr. ISAKSON. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MCKEON), distinguished member of the Committee on Education and the Workforce.

Mr. MCKEON. Mr. Speaker, I rise in strong support of this important resolution and in recognition of the hard work of our Nation's teachers.

As a former member of the local school board and President of that school district for 9 years, as a father of six and grandfather of 16, I understand the crucial role that teachers play in the lives of our children and in our communities. We have for too long taken their role for granted and have come to expect our teachers to perform heroic acts of teaching despite ever-rising challenges.

I believe that as a Nation we must no longer take for granted the ability for teachers to somehow magically prepare our students. We must join together at the national, State and, most importantly, at the local level in working together to address these challenges facing our teachers, our schools and our students.

At the national level, we must ensure that Federal education programs are flexible enough to allow local schools to make decisions which meet their specific needs. At the same time, we must ensure that these funds are used effectively and that they are used for activities that demonstrate increased academic achievement for all students.

I am pleased to say that as chair of the Subcommittee on Postsecondary Education, Training and Life-Long Learning, I am working with Members to craft a bipartisan bill which will address some of these important issues. I am especially pleased to be working with the ranking member of the subcommittee, the gentleman from California (Mr. MARTINEZ), who has deep insight into this important area.

I would like to take just a moment, along with this resolution, to thank teachers who have had an impact on me personally. I have four younger brothers. We went to school in the Los Angeles unified school system. All five of us had Mrs. Peters for kindergarten.

I can think back to teachers at all levels, high school, junior high, elementary school, university, that have had an impact on my life. I do not know that I ever took the time to thank them, I know I did not thank them adequately, for the job that they have done. There is probably not a day that goes by that I do not think of some lesson that I learned from some teacher. Probably outside of my parents, teachers have had more impact on my life than anyone else.

I go visit schools whenever I am home in the district. I like to go in a classroom, probably for a selfish reason, because I always feel good when I leave, after seeing an enthusiastic, motivated teacher that is devoting and dedicating their life to helping our young people to make this a better world.

Our district at home, each year the members of the community have a night where they honor teachers. I was not able to be there this week, but I would like to thank them for taking the time to honor our teachers, because I do think that that is very important. I tell teachers when I visit that you can count the number of seeds in an apple, but you cannot count the number of apples in a seed. One little seed can grow into a giant apple tree that grows apples for many, many years and has great impact. That is what our teachers mean to us.

Mr. MARTINEZ. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the ranking member for his leadership and for yielding me this time.

What a special time to come on the floor of the House to honor those champions, those heroes who really are the basis of making our country great. This is a salute to teachers, and it means all teachers in all capacities but particularly those who educate our children.

I come personally and as the parent of two children recognizing the importance that teachers have in the lives of children. I also work and chair the Congressional Children's Caucus. Members who have joined that Caucus have committed themselves to promoting children as a national agenda. Where would we be without that strong and abiding force of those who believe in education, particularly those who treat young children with the kind of respect and the kind of belief in themselves that many of our teachers have and do with respect to our children?

I spend a lot of time in my schools, in particular our public schools, our elementary, our middle school and our secondary. I work a lot with our private schools. I know that each and every time I come upon a teacher it is someone who has expressed a love and affection for children, someone who cares for children, someone who wants to see children thriving and growing.

In the light of the events that have happened over the past couple of years, when teachers have been highlighted and spotlighted, unfortunately not for good but for the tragedy of maybe being injured, what comes to mind is certainly the heroic teacher in the Littleton, Colorado, tragedy, the stories that came out from the young people who said he put their lives ahead of his.

How many times we know that that occurs. And maybe not necessarily to

that degree, where a teacher has lost his or her life, but we realize that teachers who believe in what they do most often put the needs of their students in front of their personal needs. They extend their days, they take them on field trips, they guide and counsel them, they help them get into college, they help them get scholarships, they help them get into summer programs. So often the teachers who have taught my children have come to me and said, I think this program would be good for your child or that program, something a parent is not aware of.

At the same time in the public school setting, I know that teachers extend themselves. They are also the hall monitors, the people who participate on retreats or the ones who are the guiders of extracurricular activities, at the basketball games or football games.

And so, Mr. Speaker, I am delighted to be able to stand today to pay special tribute and applaud this resolution as an appropriate statement that this Congress should make and certainly the United States should make, that teachers are a vital part of our history, a vital part of our society.

I know, for one, that I am a product of the teachers who educated and helped educate me. I know that parents and home and church have a viable part in a child's education, but I can assure my colleagues that there are many teachers who I took in confidence and who helped me along the way, who made me feel better, and also that I had the ability to achieve albeit through some rocky times.

Can I just say to each and every one of them who may be sitting at home or in fact have another day's work tomorrow, in preparing a lesson plan or dealing with a student, that we do appreciate you, we salute and honor you. You are American heroes. We hope that this Congress will continue to stand behind you as you educate and provide and secure our children's lives.

Mr. ISAKSON. Mr. Speaker, I am pleased to yield 2½ minutes to distinguished gentlewoman from Texas (Ms. GRANGER), the original sponsor of this resolution.

Ms. GRANGER. Mr. Speaker, as a former teacher myself and as the daughter of two teachers it is my great privilege to cosponsor this important resolution, and it is my great pleasure to speak out on its behalf. Someone has said that teaching is not a lost art, but regard for it is a lost tradition.

Mr. Speaker, I rise today to praise the guardians of America's future, and those are our teachers. The issue of education generally and teachers specifically is as important as it is timely.

I approach this issue from a simple philosophy. Education is a Federal concern, a State responsibility and a local function. Education is a team sport, and it requires all of us to do our part.

As a Member of Congress, I believe one of the most important steps we can take to support the schools of our Nation is to encourage the teachers of our schools. I have always believed that teachers are a very special breed. While most people spend their lives building careers, most teachers spend their careers building lives. That is why it is so important that we take the time to honor our teachers as indeed they should be honored.

Moreover, we need to be encouraging the very best and brightest to join the teaching profession. We can all agree that teachers do not earn the kind of money they should, but the rewards of teaching cannot be measured in dollars and cents. Teachers see the fruits of their labor in lives that have changed.

So today we want to express the sense of the United States Congress that our teachers are an essential part of America's greatness. I know every one of us can point to a teacher in our past who helped to shape us, make us who we are. Though years ago we may have left their classes, their classes have never left us. From the teachers of the past we learned the traits we use today, how to type and how to calculate but how to read and how to write and how to think. These are lessons that have served us all well, and we will all do well to thank those who taught them to us.

That is exactly what this resolution does. As we end this century, let us begin a renewed commitment. In the debate over the future of education, there are a few things we can all agree on. Let us commit ourselves to having schools that are safe and curriculum that is sound. Let us commit ourselves to having our children learn to read today so they can read to learn throughout their lives. And let us commit ourselves to having teachers who know the subject they are teaching and the name of the child they are teaching it to.

Mr. Speaker, too often in Washington we talk in terms of politics, but this issue is different. Education is not a matter of right versus left. It is a matter of right versus wrong. It is always the right time to do the right thing. Let us pass this teacher appreciation resolution. Let us begin to renew our schools by recognizing our teachers. After all, they literally hold our future in their hands.

Mr. MARTINEZ. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I rise in support of our Nation's teachers.

I am a graduate of the Cleveland Public School System of Cleveland, Ohio. I can remember all the wonderful teachers that were my teachers.

From kindergarten, I can remember Ms. Chapman's name, all the way up to teachers that I had in junior high and high school. In fact, several of my elementary teachers that taught me French were my French teachers in high school. So every chance I have an opportunity to talk about how great teachers are, I am glad to be able to say that. I need to put their names in the RECORD, Ms. Gilliam and Ms. DiPadova. I speak French as a result of the great work of those wonderful women.

As we pause today to celebrate teachers across our country, I wish that every child in these United States could have as memorable a moment in their lifetime as me with the teachers that I had in the public school system. I can even name some of my college and law school teachers that I remember very well.

Like the prior speaker, I would encourage all of us to assure our children that are in school today, be they black or white, urban or suburban or rural, that they have teachers who have the opportunity to teach.

Many teachers in our school systems today have to be mother, they have to be father, they have to be uncle, grandmother, grandfather, psychologist, disciplinarian, nurse, doctor; and they should not have to be all of those things. They should be able to teach in an environment that is safe. They should be able to teach in a classroom where there are 15 students or less. They should be able to have all of the accoutrements that go with teaching, the books they need at the time they need them, the room should be clean.

Mr. Speaker, as we rise in support of teachers today, I just want to add my kudos to all the teachers that I had. I praise the teachers who teach today. May God continue to bless them.

Mr. ISAKSON. Mr. Speaker, I yield 2 minutes to the gentleman from Delaware (Mr. CASTLE), distinguished member of the committee.

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding me this time.

For years now we have been looking to how to restore civility to the House. Now I know all we have to do is introduce a resolution supporting our teachers and we find the thing that all of us agree upon.

I in Delaware have had the privilege of being in every single public school in my State—do not try that if you are in a big State—and almost all the private schools as well. When you spend 1 to 3 hours there, you obviously are going to touch in a lot of classrooms and watch a lot of teachers teaching.

There may not be good teachers in our classrooms in Delaware, I cannot say for sure there is, but I have not seen one. I have seen devoted men and women who are trying to care for their kids, sometimes in one-on-one circumstances, other times in larger classroom circumstances. These are individuals who are committed to their task at hand.

I am sure it is just as true in every other State in the Nation as it is in the State of Delaware. When you choose teaching, you choose a profession which is of profound importance to every young person in this country and to our society as a whole.

□ 1630

We have done, I think, remarkably well in the people that we have been able to attract to the teaching profession and retain in the teaching profession. They truly care about our children. They truly make the effort to teach as well as they possibly can.

Like others here, I, too, have memories. Maybe I was not as good a student as some of the others here because not all my memories are as good as I would like them to be, but it is actually some of those more difficult classes where teachers are more demanding that I have the greatest memories now of what they did for me and what they meant to all of us.

A quality education, it is the best gift we can possibly give our children, and the teachers are there every step of the way encouraging them, helping them, making sure they are on the road to success.

I am sure that the teaching profession may seem like a thankless job at times. We have all heard that expressed, and we have to worry when we see what happened in Littleton, Colorado. That affects all teachers. But as teachers, the teachers of this country really are shaping the future of the country.

I am fond of saying to a whole room of elected officials and corporate heads and everything else, that teachers are the most important people in our State, and sometimes people come back and, ''What about my father? He's a teacher.'' But teachers are extraordinarily important, and we should thank them not only today but at all times.

Mr. MARTINEZ. Mr. Speaker, I yield the balance of the time to the gentleman from Texas (Mr. HINOJOSA).

The SPEAKER pro tempore (Mr. COBLE). The gentleman from Texas is recognized for 3½ minutes.

Mr. HINOJOSA. Mr. Speaker, today it is my honor to join in saluting teachers in communities all across America as students, parents, school administrators and the public celebrate the teaching profession. Few other professionals touch so many people in such a lasting way as teachers do.

Mr. Speaker, I think each and every one of us can recall that one special teacher who inspired us, who guided us and who helped make us the person we are today, and I know I can. Teachers open children's minds to the magic of ideas, knowledge and dreams. They keep American democracy alive by laying the foundation for good citizenship, and they fill many roles as listeners, explorers, role models, motivators and mentors. Long after our school days are only memories, teachers continue to influence us.

I know that at elementary school Miss Halcomb did exactly that. In middle school Audrey Geoff did that for me. In high school math, E.R. Broughton; in high school government, Lucille Parrish; in high school English, Eddie McNail. From my youth I recall a proverb that has stayed with me throughout the years: Better than a thousand days of diligent study is one day with a great teacher.

Today and all throughout the year celebrate teaching. Take the time to recognize the lasting contributions that educators make to our community and thank those special teachers who have truly made a difference in each of our lives.

Mr. ISAKSON. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. TANCREDO).

Mr. TANCREDO. Mr. Speaker, I was impressed that my colleagues, the gentleman from Texas (Mr. HINOJOSA) and the gentlewoman from Ohio (Mrs. JONES), could remember so many of their teachers, and I was just sitting here thinking if I could remember any of my elementary and secondary teachers, and I do remember the first names of all of them, but I cannot remember much more. The first name was: Sister.

I rise in support of the House Resolution, pay tribute to the hard work of our Nation's teachers. As a former public school teacher, I take great pride in my former colleagues and believe that teachers are a national treasure. Those are teachers in public schools, private schools and, of course, parents who take on that huge responsibility of home schooling, and who have provided such wonderful models for their children and have done such a wonderful job in teaching their children.

But I would especially like to take this moment to pay tribute to an educator who through his heroism 2 weeks ago inspired us all. His name is David Sanders, and he gave his life to save the lives of several students at Columbine High School, Littleton, Colorado, my district. Dave Sanders was a business teacher and the coach of the girls' basketball and softball teams at Columbine, but he was also a friend to the hundreds of students at the school who looked at him for guidance and support.

Two weeks ago, during the rampage at Columbine, David Sanders saved a number of students from ricocheting bullets and then went upstairs in the school to aid other students. While leading two dozen students down a hallway to safety, Mr. Speaker, he was shot twice in the chest, and 3½ hours later David Sanders passed away, however, not before asking nearby students to tell his family that he loved them.

Later Rick Bath, Columbine softball coach, said about his friend: ''There were just so many good qualities about him, you always knew that he would just be there for you. All he ever wanted to do was teach since he was 21. He would not have known what else to do.''

Mr. Speaker, today the community of Littleton, Colorado joins me in thanking David Sanders for the sacrifice that he made for his students and his fellow teachers during last Tuesday's massacre and for making a difference in the lives of children at Columbine and, as a matter of fact, all over America.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do not have any other speakers, and I am ready to yield back the balance of my time. I would just make a concluding statement in regard to the Columbine High School incident.

I read the other day in a paper where there were many instances of teachers' heroism. There was one teacher who herded a group of children into a room, and then closed the door and set her body in front of the door so that if any shots came through, they would hit her, not the students. I do not think that we can ever make any commendation high enough to reward someone with that kind of heroism.

Mr. Speaker, I think that teachers across this country by and large are the same kind of quality as teachers who are dedicated to their children. As many people have said today in honoring the teachers they can remember, I, like the gentleman from Colorado (Mr. TANCREDO) cannot remember a lot of last names, but I can remember a lot of first names, and I realize that my success in life was attributable to what they taught me.

So again, I honor the teachers of the United States of America.

Mr. Speaker, I yield back the balance of my time.

Mr. ISAKSON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Speaker, I rise in strong support today of this resolution honoring the nearly 3 million teachers across America that work every day to secure the future of our children.

Yesterday I had the opportunity to visit two of Mrs. Becham's classes at East Side High School in Greenville, South Carolina. These were two hour-and-a-half-long government classes, and these students wore me out with questions, and it reminded me of the incredible energy it takes every day, day in and day out, for these teachers to open the minds and to fill these minds with the knowledge that will help these students be successful in life. I thank Mrs. Becham, and I thank her that she wanted her students not only to hear about Congress, but she persisted until she got the Congressman right there in her room.

I am thankful myself for teachers because my wife and I have four children

from junior high through college. I am thankful for all the teachers that helped to shape their lives. I am thankful for the teachers, so many good ones, that when I was not such a good student did so much for me, particularly Mrs. Humphries in the 9th grade, when she handed me back one paper with red marks all over it and I expected to hear how bad it was, when she said:

''Jim, you're a good writer. You've got a lot of good ideas.''

Mr. Speaker, I ignored the red marks, and I took it to heart that I was a good writer, and that is what I made as my profession, and I thank Mrs. Humphries.

Today is a good day to honor all of teachers. We need to treat them as the professionals that they are. We have given them almost an impossible job to do. We have given them so much of the blame that they are not responsible for, and I am thankful today that we are giving them a little bit of the credit that they so richly deserve.

GENERAL LEAVE

Mr. ISAKSON. Mr. Speaker, before introducing our final speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on House Resolution 157.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. ISAKSON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, this week we honor those who assist parents and take our children to the next levels of learning, America's teachers. Teachers have motivated our children. Teachers have helped our children to mature.

Here is a teacher through the eyes of a second grader, Kacie Hershey in my district, and I quote:

I like Mr. Durante because he is funny and because he teaches us math. Now he is teaching us about Japan and how to count to 10 in Japanese.

When teachers like Mr. Durante make learning fun for their students, whole new worlds are opened.

Mr. Speaker, I do not think it can be said any better than the way it is stated in this resolution, and I quote again:

Many people spend their lives building careers. Our teachers spend their careers building lives.

What could be more true? America's teachers rise every day out of their commitment to mold and shape young lives. As a former public school math and science teacher myself, I can attest to the amount of time, and energy, and creativity and patience that it takes to lead our students to the next step of discovery, be it in literature, math, music theory or physics.

Earlier today I honored Elaine Suvukas of Hempfield High School for leading an excellent group of students in the ''We the People, the Citizen, the Constitution'' academic competition on the Constitution and the Bill of Rights. Her students know America's Constitution probably better than many Members of Congress. She stirs her students to excellence. Excellent teachers like Miss Suvukas are all over this country using the resources that they have been given to the best of their ability for the betterment of our students, and we need to get more resources directly to our teachers, dollars into the classroom, and then we can truly honor their work.

Mr. Speaker, that is one very clear way that we can say thanks to our public school teachers across the country. After all, these are the people who are influencing our children and teaching young minds the value of reading, writing and arithmetic.

Except for parents at home, no adult is closer to the learning process of our kids. Teachers are the ones who have the power to affect the learning and help them so that they can compete. Let us arm them with the tools they need.

So, as we honor our teachers this week, let us continue the process throughout the year. Our children and our children's children are the most precious resources that we have, and that is why we must recognize their invaluable contributions of spending their entire days with them, shaping their lives.

To our teachers: I thank them. Their work is greatly needed, appreciated and admired.

Mr. PACKARD. Mr. Speaker, I would like to extend my sincere gratitude to our nation's teachers. Their dedicated service should be acknowledged every day, not just during National Teacher Appreciation Week.

As a father, grandfather and former school board member, I have a great deal of personal respect for those who educate our youth. I believe these individuals know our children better than some Washington bureaucrat. We should strive to give them programs that return educational decisions to those most qualified to make them, the parents, teachers, and local school boards.

Currently, only 65 percent of federal education funds actually make it to classrooms. Too many needed funds are spent on unnecessary and inefficient bureaucracies, rather than on local schools. We must make a commitment to send more education dollars to schools, libraries, teachers, and students. Our children are this nation's most precious resource. The future of a child's education is essential to the future of our nation.

Mr. Speaker, again I would like to extend my gratitude to those who make teaching our children more than simply a daily job. I will continue to support those whom we entrust with our children's future.

Mr. RODRIGUEZ. Mr. Speaker, I rise today to pay tribute to our nation's teachers. It is with great appreciation that I recognize teachers across America who are shaping a brighter future for our children.

Today teachers face many challenges in the classroom, challenges that often force them to give more of their time and energy on matters other than teaching. Increased classroom sizes, crumbling infrastructure, and new social challenges in the lives of children require our teachers to wear many different hats. They play a vital role in not only setting a solid academic foundation for all students, but also teaching our students basic life skills to succeed in the future. To say the least they are extraordinarily influential in shaping the lives of our students.

I would like to thank teachers everywhere for their time and commitment. As a former school board member and the husband of an elementary school teacher I know that teachers do not stop working when the school bell rings. A teacher's job never stops. Each day brings new challenges and new opportunities. Many evenings are spent reviewing papers and preparing for the next day's class, and teachers often devote their time to extracurricular activities on evenings and weekends. They have one of the most important jobs in the country and should be praised for their diligence in the classroom.

As we mark National Teachers Day this week, we cannot fail to mention one teacher in Littleton, Colorado, William Sanders, who gave his life defending and protecting his students. Teachers across the nation share his love of students and devotion to their well-being. Unfortunately, he paid the ultimate price and we should honor and remember his sacrifice.

We must provide our teachers with the means to do their job well. If they don't, our children lose. Without an education, our children will not be prepared to compete in the global economy, they will not be empowered to escape poverty, they will not have the tools to succeed. But worst of all, they will never know the joy of challenging and expanding their minds. It is most appropriate to honor our teachers who daily engage our children in the art of learning.

Mr. RYAN of Wisconsin. Mr. Speaker, I rise today in support of the resolution, and to express my profound appreciation for the teachers that played such an important role in my life.

From my days as a student at Roosevelt, St. Mary's, Marshall and finally graduation from Craig Sr. High, my teachers had a positive impact on my early learning habits as well as my future successes.

I'd like to single out for recognition, however, one teacher in particular, Mr. Sam Loizzo. Sam was my high school United States Government teacher. What distinguishes Sam is his ability to involve students in all aspects of learning activities. Students become active participants in the educational process, not casual observers, and they're trained to apply the lessons learned in his classroom. Sam's students don't simply learn about our government, but they gain an appreciation for the structure and framework by which this great country was founded.

Sam taught the value of civic responsibility. He encouraged me to research the role of the founding fathers and the Constitution. In fact, Sam was here on Capitol Hill with students from Craig Sr. High just last week impressing

upon them the very same values he had shared with me.

For over 20 years, Sam has been building friendships with his students, one on one relationships like ours that exist still today. He is a role model and a friend.

Sam has a remarkable influence upon the lives of all the students that have an opportunity to sit in his class. Sam is indeed a credit to his profession.

Through experience, skill and dedication, teachers like Sam are creating an environment in which every child in his or her class feels important and challenged.

The students of today will soon take active roles in business, education, government, and other important positions in society. Today's teachers, in coordination with parents and families, are doing a wonderful job of equipping those students for the tasks they will face after graduation.

I want to take this opportunity to not only recognize teachers like Sam, but to thank all of them for their contributions to future generations.

Mr. SCHAFFER. Mr. Speaker, today Americans celebrate National Teacher Day, a day set aside to honor dedicated individuals. I would like to take a moment to recognize educators of excellence across the Fourth Congressional District for their contribution to our state.

Teachers are a diverse group. Some teach children, some adults. Some give instruction in vocations, others liberal arts. Some educate children with special needs. Others teach English to students from other countries. Some coach basketball. Some are parents schooling their own children. Although different in many ways, good teachers have this in common: They are individuals devoted to excellence, possessing talent, patience, fortitude, and a personal love of learning.

Mr. Speaker, as you know, excellence in education has been the focus of my efforts since my days in the Colorado State Senate. As the son of two retired school teachers and the father of three children who attend public schools (and one on her way), no issue is closer to my heart and home. Exceptional school teachers deserve our admiration, not only for their hard work but for the shear weight of their accomplishments—the cultivation of an educated citizenry. These inspirational individuals give me a glimpse into what the future can hold if we let it. If we continue to improve our system by recognizing and building on the achievements of great educators, the sky is the limit for American education.

Empowering good teachers is essential to education reform. We can do this by ensuring more education funds reach the classroom, for example, by passing the Dollars to the Classroom Act. This act would require 95 percent of federal education money be spent in classrooms. Currently, as little as 39 cents of every dollar reaches the classroom. This Act would increase education spending in Colorado by as much as $11 million simply through efficiency savings in Washington. More importantly, this money would go to support teachers, not bureaucrats, and special interests.

After all, studies have shown the single most important factor in a quality education is a good teacher. Caring and talented teachers are of immeasurable worth to our society. They are the pride of our community and essential to our quality of life. In the words of Historian Henry Brooks Adams, "A teacher affects eternity; he can never tell where his influence stops." Let us honor them today.

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Georgia (Mr. ISAKSON) that the House suspend the rules and agree to the resolution, House Resolution 157.

The question was taken.

Mr. ISAKSON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has concluded on the first three motions to suspend the rules.

Pursuant to clause 8 of rule XX, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which those motions were entertained.

Votes will be taken in the following order:

H. Con. Res. 84, as amended, by the yeas and nays;

H. Con. Res. 88, by the yeas and nays; and

House Resolution 157, by the yeas and nays.

The Chair will reduce to 5 minutes the time for the third electronic vote in this series.

URGING CONGRESS AND THE PRESIDENT TO FULLY FUND INDIVIDUALS WITH DISABILITIES EDUCATION ACT

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, H. Con. Res. 84, as amended.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. GOODLING) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 84, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 413, nays 2, answered "present" 1, not voting 17, as follows:

[Roll No. 105]

YEAS—413

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood

Nussle
Oberstar
Olver
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Vento
Visclosky
Walden
Walsh
Wamp
Waters
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Young (AK)
Young (FL)

NAYS—2

Obey
Paul

ANSWERED ''PRESENT''—1

Owens

NOT VOTING—17

Berman
Brown (CA)
Carson
Dingell
Houghton
Istook
Johnson (CT)
Largent
Lucas (OK)
McCrery
Shuster
Simpson
Slaughter
Tiahrt
Watkins
Watts (OK)
Wynn

□ 1703

Mr. CLAY changed his vote from ''nay'' to ''yea.''

Mr. OWENS changed his vote from ''yea'' to ''present.''

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

URGING CONGRESS AND THE PRESIDENT TO INCREASE FUNDING FOR PELL GRANTS

The SPEAKER pro tempore (Mr. COBLE). The pending business is the question of suspending the rules and agreeing to the concurrent resolution, H. Con. Res. 88.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MCKEON) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 88, on which the yeas and nays are ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on the next motion to suspend the rules on which the Chair has postponed further proceedings.

The vote was taken by electronic device, and there were—yeas 397, nays 13, answered ''present'' 4, not voting 19, as follows:

[Roll No. 106]

YEAS—397

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Castle
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Olver
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Vento
Visclosky
Walden
Walsh
Wamp
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Young (AK)
Young (FL)

NAYS—13

Clay
Clyburn
Conyers
Hilliard
Nadler
Obey
Paul
Payne
Sanford
Scott
Thompson (MS)
Towns
Waters

ANSWERED ''PRESENT''—4

Becerra
Clayton
Martinez
Owens

NOT VOTING—19

Berman
Brown (CA)
Carson
Dingell
Fattah
Houghton
Istook
Johnson (CT)
Largent
Lucas (OK)
McCrery
Roukema
Shuster
Simpson
Slaughter
Tiahrt
Watkins
Watts (OK)
Wynn

□ 1720

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EXPRESSING THE SENSE OF THE HOUSE IN SUPPORT OF AMERICA'S TEACHERS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the resolution, House Resolution 157.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. ISAKSON) that the House suspend the rules and agree to the resolution, H. Res. 157, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 408, nays 1, not voting 24, as follows:

[Roll No. 107]

YEAS—408

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Dickey
Dicks
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Vento
Visclosky
Walden
Walsh
Wamp
Waters
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Young (AK)
Young (FL)

NAYS—1

Salmon

NOT VOTING—24

Berman
Brown (CA)
Carson
Cox
Diaz-Balart
Dingell
Fattah
Houghton
Istook
Jenkins
Johnson (CT)
Largent
Lucas (OK)
McCrery
Mica
Myrick
Shuster
Simpson
Slaughter
Snyder
Tiahrt
Watkins
Watts (OK)
Wynn

□ 1730

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. JENKINS. Mr. Speaker, on rollcall No. 107, I was unavoidably detained. Had I been present, I would have voted "yea."

Mr. SALMON. Mr. Speaker, I'm recorded as having voted "nay" on House rollcall vote No. 107. I intended to vote "yea."

PERSONAL EXPLANATION

Ms. SLAUGHTER. Mr. Speaker, I was unable to be present for rollcall votes 105, 106, and 107. Had I been present, I would have voted "yes" or "aye" on rollcall votes 105, 106, and 107.

REPORT ON H.R. 1664, EMERGENCY SUPPLEMENTAL APPROPRIATIONS RELATING TO THE CONFLICT IN KOSOVO

Mr. YOUNG of Florida, from the Committee on Appropriations, submitted a privileged report (Rept. No. 106–125) on the bill (H.R. 1664) making emergency supplemental appropriations for military operations, refugee relief, and humanitarian assistance relating to the conflict in Kosovo, and for military operations in Southwest Asia for the fiscal year ending September 30, 1999, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. COBLE). Pursuant to clause 1 of rule XXI all points of order against provisions of the bill are reserved.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1598

Mrs. EMERSON. Mr. Speaker, I ask unanimous consent to withdraw my name as a cosponsor of H.R. 1598.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 732

Ms. BROWN of Florida. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 732.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Florida?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER, pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on the remaining motions to suspend the rules on

which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Such rollcall votes, if postponed, will be taken tomorrow.

EXTENDING DEADLINE UNDER FEDERAL POWER ACT FOR MT. HOPE WATERPOWER PROJECT

Mr. BARTON of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 459) to extend the deadline under the Federal Power Act for FERC Project No. 9401, the Mt. Hope Waterpower Project.

The Clerk read as follows:

H.R. 459

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF TIME FOR FERC PROJECT.

Notwithstanding the time limitations specified in section 13 of the Federal Power Act (16 U.S.C. 806), the Federal Energy Regulatory Commission, upon the request of the licensee for FERC Project No. 9401 (and after reasonable notice), is authorized, in accordance with the good faith, due diligence, and public interest requirements of such section 13 and the Commission's procedures under such section, to extend the time required for commencement of construction of such project until August 3, 2002.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. BARTON) and the gentleman from Texas (Mr. HALL) each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. BARTON).

GENERAL LEAVE

Mr. BARTON of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to insert extraneous material on the bill, H.R. 459.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BARTON of Texas. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, H.R. 459 extends the construction period for a hydroelectric project in the State of New Jersey. Under section 13 of the Federal Power Act, project construction must begin within 4 years of issuance of the license. If construction is not begun by that time, the Federal Energy Regulatory Commission cannot extend the deadline and must terminate the license.

H.R. 459 grants the project developer until August 3, 2002, to commence construction if it pursues the commencement of construction in good faith and with due diligence.

These types of bills have not been controversial in the past. The bill does not change the license requirement in any way. It does not change environmental standards but merely extends the construction deadline.

There is a need to act, Mr. Speaker, since the construction deadline for the Mt. Hope Pumped Storage Project expires in August of this year. If Congress does not act, the Federal Energy Regulatory Commission will terminate the license, the project sponsor will lose $28 million that they have already invested in the project, and the local community will lose the prospect of significant job creation and added revenues. Construction of the Mt. Hope project will create 1,300 jobs during construction and generate $254 million for the local economy. If the Congress does not act, the local community will lose these jobs and these revenues.

These extension bills have not proved controversial in the past. H.R. 459 was approved by the Subcommittee on Energy and Power of the Committee on Commerce by unanimous voice vote. The bill was introduced jointly by the gentleman from New Jersey (Mr. FRELINGHUYSEN) and the gentleman from New Jersey (Mr. PALLONE).

I support H.R. 459, Mr. Speaker.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Texas. Mr. Speaker, I yield myself such time as I may consume.

I will be brief, Mr. Speaker. I thank the chairman of the committee; and I want to congratulate my colleague, the gentleman from New Jersey (Mr. FRELINGHUYSEN), for his very hard and successful bipartisan work on this bill. He has worked closely with the gentleman from New Jersey (Mr. FRANK PALLONE), who is an active member of our subcommittee, as well as the original cosponsor of this legislation. These two men together have done such an excellent job of building bipartisan support that, as the gentleman from Texas (Mr. BARTON) has pointed out, it was reported out unanimously by both the Subcommittee on Energy and Power and the full Committee on Commerce.

I know of no objection to this project; and I am, therefore, pleased to add our support to the legislation that would authorize FERC to extend the license for the Mt. Hope hydroelectric project for an additional 2 years.

Mr. Speaker, I have no further requests for time; and I yield back the balance of my time.

Mr. BARTON of Texas. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey (Mr. FRELINGHUYSEN), one of the original cosponsors whose district the project is located in.

Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman for yielding me this time; and I rise in strong support of H.R. 459, legislation I introduced earlier this year to extend the FERC license for the Mt. Hope hydroelectric project by a period of 3 years.

First, let me thank the gentleman from Texas (Mr. BARTON), the chairman of the Subcommittee on Energy and Power, and the gentleman from Virginia (Mr. BLILEY), chairman of the full Committee on Commerce, as well as the ranking member of the subcommittee, the gentleman from Texas (Mr. HALL), and my colleague, the gentleman from New Jersey (Mr. FRANK PALLONE), for moving so expeditiously on this bill.

Mt. Hope received its original FERC license in August of 1992. The license has been extended for 2 years by FERC and once by Congress in 1995. H.R. 459 would simply ensure that there is additional time for Mt. Hope to secure the energy supply contracts to begin the construction of the proposed facility.

This project is an advanced pumped-storage hydroelectric plant located in my district, Morris County, New Jersey. Far from a conventional hydro plant, this facility will be a closed cycle system in which water will be continuously circulated between two man-made reservoirs.

The project has the strong support of local government officials and organizations where the project will be built, namely the New Jersey Business and Industry Association and the Sierra Club of New Jersey. This $2 billion project will be financed entirely by the private sector with no taxpayers' dollars used for its construction.

As the chairman has mentioned, the project will bring approximately 1,300 jobs to New Jersey and boost our Nation's economy by adding approximately $6 billion to the gross national product during construction.

In a nutshell, this project can serve as our region's, northern New Jersey, New York and that area, as an energy insurance policy by enhancing the security of the electrical supply system for our region.

Mr. Speaker, the project has many environmental, energy and economic benefits to the State of New Jersey and the mid-Atlantic region. The project has strong support of local and State officials; and it will help us meet, most importantly, the goals of the Clean Air Act. I urge my colleagues to support the passage of H.R. 459 so we can begin to realize these benefits.

Mr. PALLONE. Mr. Speaker, I am pleased to speak today in support of H.R. 459, to extend the deadline for the Mt. Hope hydropower project.

The Federal Power Act allows a licensee two years to begin construction of a hydroelectric project once a license is issued. The Federal Energy Regulatory Commission (FERC) may extend that deadline, but it may only do so once and only for two years. If project construction has not commenced by this deadline, the commission is required to terminate the license.

However, there are many obstacles that often make it difficult for a project to commence construction during either the initial license time frame or the extension period. Perhaps the most frequent reason for delay is the lack of a power purchase agreement, for without such an agreement, it is unlikely that a project could get financed. This is the case with the Mt. Hope hydropower project to be located in Rockaway Township, Morris County, in my home state of New Jersey.

Because of the limitations set in the Federal Power Act, the House has had a long, bipartisan tradition of moving non-controversial license extensions. I am pleased that Representative FRELINGHUYSEN and I could introduce this bill in a bi-partisan manner. The Commerce Committee unanimously passed this bill. In addition, the chairman of FERC wrote a letter to the House Commerce Energy and Power Subcommittee just a few months ago indicating his approval for extending the deadline for this project.

Mr. Speaker, I know of no objection to this bill, and I urge my colleagues to support the legislation.

Mr. BARTON of Texas. Mr. Speaker, I have no further requests for time; and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BARTON) that the House suspend the rules and pass the bill, H.R. 459.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

LEWIS R. MORGAN FEDERAL BUILDING AND UNITED STATES COURTHOUSE

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1121) to designate the Federal building and United States courthouse located at 18 Greenville Street in Newnan, Georgia, as the ''Lewis R. Morgan Federal Building and United States Courthouse''.

The Clerk read as follows:

H.R. 1121

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The Federal building and United States courthouse located at 18 Greenville Street in Newnan, Georgia, shall be known and designated as the ''Lewis R. Morgan Federal Building and United States Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building and United States courthouse referred to in section 1 shall be deemed to be a reference to the ''Lewis R. Morgan Federal Building and United States Courthouse''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1121 designates the Federal Building and United States courthouse in Newnan, Georgia, as the ''Lewis R. Morgan Federal Building and United States Courthouse''.

Lewis Morgan was born and raised in Georgia and went on to earn his law degree from the University of Georgia.

Prior to his appointment to the Federal bench, Judge Morgan was in private practice and served in the Georgia General Assembly to represent Troup County. He also served as the administrative assistant to Congressman Sidney Camp, and during World War II served in the Signal Corps of the United States Army. Following the war, Judge Morgan was a city attorney for LaGrange and county attorney for Troup County.

Judge Morgan was appointed as a United States District Judge for the Northern District of Georgia in 1961. He served as chief judge prior to being appointed to the United States Court of Appeals for the Fifth Judicial Circuit.

In 1981, Judge Morgan was appointed to the Eleventh Circuit Court of Appeals. He maintained an active case load until illness forced him to retire in 1996.

This is a fitting tribute to a dedicated public servant. I support this bill and encourage my colleagues to support it as well.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1121 is a bill to designate the Federal Building in Newnan, Georgia, as the ''Lewis R. Morgan Federal Building and United States Courthouse''.

Throughout his distinguished legal career, Judge Morgan has served the citizens of Georgia with humility, scholarship, compassion and dignity. Judge Morgan, a native Georgian, received his education in the public schools in Georgia and received his law degree from the University of Georgia. He served in the Georgia General Assembly and is a veteran of World War II.

In August of 1961, he was appointed as a United States District Judge for the Northern District of Georgia. During his career, he served on the Court of Appeals for both the Fifth and the Eleventh Circuit.

□ 1745

This designation in honor of Judge Morgan is widely supported by various groups, including the Mayor and City Council of Newnan, the Newnan-Coweta Bar Association, and the Mayor and City Council of LaGrange, Georgia.

It is most fitting and proper to honor the long, distinguished career of Judge Morgan with this designation. I support H.R. 1121 and I urge its passage.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield as much time as he may consume to the gentleman from Georgia (Mr. COLLINS).

Mr. COLLINS. Mr. Speaker, I thank the gentleman from New Jersey for yielding me the time.

Mr. Speaker, I rise today to recognize a man whose record of community service to the State of Georgia is paralleled only by that of his contributions to the American judicial system.

Judge Lewis Render Morgan was a judge for the United States Board of Appeals for the Eleventh Circuit until his retirement in 1996. During his illustrious career, he maintained his office and chambers in the Federal Building and Courthouse located in Newnan, Georgia. Largely because of his efforts, this facility was constructed in 1968 and stands as a symbol of his integrity and commitment to American law. Therefore, it is very appropriate that the building be named for him.

Mr. Speaker, I will repeat many of the fine compliments that have already been made by my colleagues in my remarks, but I think this man well deserves a repetition of those remarks.

Judge Morgan was born in LaGrange, Georgia, July 14, 1913. He received his primary education in the LaGrange public school system before heading off to the hills of Ann Arbor to begin a pre-law program at the University of Michigan. Those studies culminated with a law degree from the University of Georgia in 1935.

Following his graduation, Judge Morgan began a distinguished career of public contribution to the State of Georgia, which included service as a member of the Georgia General Assembly, representing Troup County, Georgia; administrative assistant to the Honorable A. Sidney Camp, Member of Congress; member of the Signal Corps of the United States Army, World War II; city attorney for the City of LaGrange, Georgia; and county attorney for Troup County, Georgia.

The people of Coweta County were very fortunate when Judge Morgan was appointed as a United States District Court Judge for the Northern District of Georgia on August 10, 1961. That appointment served as the beginning of a long and productive relationship between Judge Morgan and the Coweta County residents.

Four years later, he served as Chief Judge of the Northern District, a position which he held until 1968, when he was appointed as a judge of the United States Court of Appeals for the Fifth Circuit. And on October 1, 1981, Judge Morgan was appointed to the Eleventh Circuit Court of Appeals.

During that tenure, Judge Morgan served the Federal judiciary in many

ways, including being a member of the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as a judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing an Independent Counsel from 1978 to 1988.

Judge Morgan is married to the former Sue Lorraine Phillips; and they have two children, Parks Healy and Sue Ann Morgan Everett. He is a member of the American Bar Association, the American Law Institute, the American Judicature Society, the Georgia Bar Association, the Troup County Bar Association, and the Coweta Judicial Circuit Bar Association.

Throughout his distinguished and celebrated career, Judge Morgan has served the City of Newnan, the State of Georgia, and the United States with honor and commitment. In recognition of this service, and for the high esteem with which he is held by the members of his community, it is very fitting, Mr. Speaker, that the site of his office and chambers bears his name.

I am very honored to have worked with many individuals in this legislative process, including the gentleman from Georgia (Mr. BARR) who has supported this endeavor from the start; Howard ''Bo'' Callaway, former Congressman and Secretary of the Army; L. Keith Brady, Mayor of Newnan and counsel of Newnan, Georgia; Walter Jeff Lukken, Mayor of LaGrange, Georgia; the Newnan-Coweta Bar Association; the Coweta County Board of Commissioners; United States District Court Judges Jack T. Camp and W. Homer Drake, Jr.; United States District Court Chief Judge G. Ernest Tidwell; and many others.

Generations to come will now have a lasting reminder of what Judge Morgan has meant and continues to mean to the City of Newnan, Georgia.

My thanks to the gentleman from New Jersey (Mr. FRANKS), subcommittee chairman, and the gentleman from Pennsylvania (Mr. SHUSTER), chairman of the Committee on Transportation, for this legislation, and to the ranking member for his assistance.

Mr. Speaker, I include for the RECORD the following resolutions from the different cities and organizations praising the accomplishments of Judge Morgan:

NEWNAN-COWETA BAR ASSOCIATION

Upon motion and second at a regularly scheduled and noticed meeting of the Newnan-Coweta Bar Association, the members of the Newnan-Coweta Bar Association unanimously voted to adopt the following resolution honoring United States Eleventh Circuit Court of Appeals Judge Lewis Render Morgan, requesting that the United States Courthouse and Federal Building located at 18 Greenville Street, Newnan, Georgia be named in his honor by the United States Congress.

RESOLUTION

Whereas, Judge Lewis R. Morgan is held in great esteem by all of the members of the Newnan-Coweta Bar Association and has long been a friend of this bar; and

Whereas, five current and active members of the Newnan-Coweta Bar Association are fortunate enough to have served as law clerks for the Judge; and

Whereas, many lawyers and former lawyers were friends and contemporaries of Judge Morgan throughout his legal career, including Walter D. Sanders, formerly City Attorney for the City of Newnan and county attorney for the county of Coweta; J. Littleton Glover, attorney for Newnan Utilities; Byron M. Matthews, former State Court Judge of Coweta County; Jack T. Camp, United States District Judge for the Northern District of Georgia; William F. Lee, Jr., Chief Superior Court Judge for the Coweta County Circuit; and W. Homer Drake, Jr., United States Bankruptcy Judge for the Northern District of Georgia; and

Whereas, Judge Morgan established his office and chambers in the City of Newnan since his original appointment to the Federal Bench in 1961 through his retirement 35 years later in 1996; and

Whereas, the Federal Court Building was constructed at its current location in 1968, largely due to the undertaking of Judge Morgan to locate the facility in the City of Newnan for the benefit of not only the citizens of Coweta County but also to benefit citizens throughout the entire Newnan Division, Northern District of Georgia; and

Whereas, Judge Morgan has had a prestigious and respected tenure on the judiciary as well as serving as a member of the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as Judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing Independent Counsel from 1978 to 1988; and

Whereas, Judge Morgan had a successful and thriving private practice wherein he developed his reputation as a fair, upstanding, and admired attorney prior to his appointment to the bench; and

Whereas, in the opinion of the members of the Newnan-Coweta Bar Association it would be appropriate for the Federal Building in Newnan to be named in honor of Judge Lewis Render Morgan.

Therefore, *Be it Resolved* that it is our desire that the United States Courthouse and Federal Building in Newnan be named as the ''Lewis R. Morgan United States Courthouse and Federal Building''; and

That it *Be Further Resolved* that we as an Association request the aid and support of the Honorable Mac Collins, United States Representative in Congress, for the purpose of introducing and sponsoring the necessary legislation to effectuate this Resolution in naming the United States Courthouse and Federal Building for Judge Lewis R. Morgan.

It is so resolved this 10th day of March 1999.

THE CITY OF NEWNAN, GEORGIA—OFFICE OF THE CITY COUNCIL

The members of the City Council of the City of Newnan, in regular meeting assembled, unanimously adopted the following Resolution concerning the naming of the United States Courthouse and Federal Building located at 18 Greenville Street, Newnan, Georgia, in honor of retired United States Circuit Judge Lewis Render Morgan:

RESOLUTION

Whereas, Judge Lewis R. Morgan served as a United States Judge since 1961 until his retirement from active service in 1996, having first served as a United States District Judge and later as a United States Circuit Judge; and

Whereas, Judge Morgan has served the Federal Judiciary well in many ways during his prestigious and respected career on the Bench, including being a member of the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as a Judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and also serving as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing Independent Counsel from 1978 to 1988; and

Whereas, Judge Morgan enjoyed a most successful and thriving law practice all over the West Georgia area prior to his appointment to the Federal Bench, during which time he developed his reputation as a fair, upstanding, and admired attorney; and

Whereas, Judge Morgan has continually established his office and chambers in the City of Newnan since his appointment to the Federal Bench in 1961 through his retirement 35 years later in 1996; and

Whereas, the Federal Court facility in Newnan was constructed in 1968, principally because of the efforts of Judge Morgan; and

Whereas, this Federal facility was considered, in essence, his building, his idea, and his dream, and

Whereas, in the opinion of the members of the City Council of the City of Newnan, it would be a fitting climax to his career for this building, that presently has no name, to be named in honor of Judge Morgan.

Therefore, *Be it Resolved* that the members of the City Council of the City of Newnan officially acknowledge and recognize Judge Morgan's long and distinguished service as a member of the Federal Judiciary, recognize the high esteem in which he is held by the citizens of this community, and publicly extend our grateful appreciation to Judge Morgan for what he has meant, and continues to mean, to the City of Newnan; and

Therefore, *Be it Further Resolved*, that it is our desire that the United States Courthouse and Federal Building in Newnan be henceforth known as the ''Lewis R. Morgan United States Courthouse and Federal Building''; and

Therefore, *Be it Further Resolved*, that we respectfully solicit the assistance and support of the Honorable Mac Collins, United States Congress, in introducing and sponsoring legislation in Congress to name this building for Judge Morgan.

Be it so Resolved and Ordered in regular session assembled, this the 9th day of March, 1999.

TROUP COUNTY BAR ASSOCIATION

Upon motion and second at a called and noticed meeting of the Troup County Bar Association, the members of the Troup County Bar Association unanimously voted to adopt the following resolution honoring United States Eleventh Circuit Court of Appeals Judge Lewis Render Morgan, requesting that the United States Courthouse and Federal Building located at 18 Greenville Street, Newnan, Georgia be named in his honor by the United States Congress.

RESOLUTION

Whereas, Judge Lewis R. Morgan is held in great esteem by all members of the Troup County Bar Association and has long been a friend of this bar organization; and

Whereas, many lawyers and former lawyers of this bar were friends and contemporaries of Judge Morgan throughout his legal career; and

Whereas, many lawyers in this bar have had the honor to practice before Judge Morgan; and,

Whereas, the Federal Court Building was constructed at its current location in 1968, largely due to the undertaking of Judge Morgan to locate a facility in the City of Newnan for the benefit of not only the citizens of Coweta County but also to benefit citizens in Troup County and throughout the entire Newnan Division, Northern District of Georgia; and,

Whereas, Judge Morgan has had a prestigious and respected tenure on the judiciary as well as serving as a member of the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as Judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing Independent Counsel from 1978 to 1988; and

Whereas, Judge Morgan had a successful and thriving private practice wherein he developed the reputation as a fair, upstanding, and admired attorney prior to his appointment to the bench; and,

Whereas, in the opinion of the members of the Troup County Bar Association it would be appropriate and fitting that the Federal Building in Newnan be named in honor of Judge Lewis Render Morgan.

Therefore, *Be it Resolved* that it is our desire that the United States Courthouse and Federal Building in Newnan be named as the ''Lewis R. Morgan United States Courthouse and Federal Building''; and

That it *Be Further Resolved* that we as an Association request the aid and support of the Honorable Mac Collins, United States Representative to Congress, for the purpose of introducing and sponsoring the necessary legislation to effectuate this Resolution in naming the United States Courthouse and Federal Building for Judge Lewis R. Morgan.

It is so Resolved, this 24th day of March, 1999.

RESOLUTION

Whereas, Lewis R. (Pete) Morgan, a native son of Troup County, who after completing his primary education in the LaGrange public schools and receiving his law degree from the University of Georgia, returned to LaGrange and practiced law from 1935 to 1961, several of such years being served as Troup County attorney as well as attorney for the City of LaGrange; and

Whereas, the service to this county continued when he was appointed to the United States District Court for the Northern District of Georgia; and

Whereas, Judge Morgan served at the Newnan Division of said court hearing cases arising from this area including Troup County from 1961 to 1968, at which time he was appointed as a judge on the United States Court of Appeals for the Fifth Judicial Circuit. On October 1, 1981, he was appointed as a judge to the United States Eleventh Circuit Court of Appeals where he served until his retirement; and

Whereas, as a result of his appointment to the federal bench, Judge Morgan relocated his office from LaGrange to Newnan, Georgia, the site of the United States District Courthouse; and

Whereas, the construction of said building was carried our under the direction of Judge Morgan thereby making it easier for the citizens of Troup County to conduct any necessary business with the federal courts in a more convenient location in Newnan; and

Whereas, it appears to this Board that a lifetime of service to citizens of this county should be recognized.

Now, Therefore, it is Hereby Resolved that a copy of this Resolution be mailed to Congressman Bob Barr, representing this county in the United States Congress, with a request that Congressman Barr introduce legislation to name the building housing the United States District Court in Newnan in honor of Judge Lewis R. Morgan;

It is Hereby Further Resolved that a copy of this Resolution be spread upon the minutes of this body as a testament of a lifetime of service rendered our citizens by Judge Morgan.

Resolved this 6th day of April, 1999

TROUP COUNTY BOARD OF COMMISSIONERS.

RESOLUTION

Whereas, Judge Lewis R. Morgan served as a United States Judge since 1961 until his retirement from active service in 1996, having first served as a United States District Judge and later as a United States Circuit Judge; and

Whereas, Judge Morgan has served the Federal Judiciary well in many ways during his prestigious and respected career on the Bench, included being a member of the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as a Judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and also serving as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing Independent Counsel from 1978 to 1988; and

Whereas, Judge Morgan enjoyed a most successful and thriving law practice all over the Coweta Judicial Circuit and the West Georgia area prior to his appointment to the Federal Bench, during which time he developed his reputation as a fair, upstanding, and admired attorney; and

Whereas, Judge Morgan has continually established his office and chambers in the City of Newman since his appointment to the Federal Bench in 1961 through his retirement 35 years later in 1996; and

Whereas, the Federal Court facility in Newnan, Coweta County, was constructed in 1968, principally because of the efforts of Judge Morgan; and

Whereas, this Federal facility was considered, in essence, his building, his idea, and his dream; and

Whereas, in the opinion of the members of the Coweta County Commission, it would be a fitting climax to his career for this building, that presently has no name, to be named in honor of Judge Morgan.

Therefore, be it Resolved, that the members of the Coweta County Board of Commissioners officially acknowledge and recognize Judge Morgan's long and distinguished service as a member of the Federal Judiciary, recognize the high esteem in which he is held by the citizens of this community, and publicly extend our grateful appreciation to Judge Morgan for what he has meant, and continues to mean, to Coweta County; and

Therefore, be it Further Resolved that it is our desire that the United States Courthouse and Federal Building in Newman, Coweta County, Georgia be henceforth known as the ''Lewis R. Morgan United States Courthouse and Federal Building''; and

Therefore, be it Further Resolved that we respectfully solicit the assistance and support of the Honorable Mac Collins, United States Congress, in introducing and sponsoring legislation in Congress to name this building for Judge Morgan.

Be it so Resolved and Ordered in Regular Session lawfully assembled, this the 16th day of March, 1999.

OFFICE OF THE MAYOR—LAGRANGE, GA

PROCLAMATION

Whereas, Lewis Render Morgan served as a United States District Judge for the Northern District of Georgia from 1951 to 1968 and was Chief Judge of that Court from 1965 to 1968; and

Whereas, Judge Morgan was appointed to the United States Court of Appeals for the Fifth Circuit in 1968 and took Senior Judge status in 1978 and was appointed to the newly created Eleventh Circuit in 1981; and

Whereas, Judge Morgan has served the State of Georgia as a member of the General Assembly from 1937 to 1939, Attorney for the City of LaGrange from 1943 to 1946, Attorney for Troup County from 1957 to 1961, a member of the Judicial Conference Committee on the Budget from 1969 to 1979, has served on the Special Division of the U.S. Court of Appeals for the District of Columbia Circuit since 1978 and in 1979 was appointed to serve on the temporary Emergency Court of Appeals; and

Whereas, Judge Morgan made his home and raised his family in LaGrange, Georgia and was married to Sue Lorene Phillips, has two children, Parks Healey Morgan and Sue Ann Morgan Rogers, and three grandchildren; and

Whereas, Judge Morgan is a member of the American Bar Association, the American Law Institute, the American Judicature Society, the Georgia Bar Association, the Troup County Bar Association, and the Coweta Judicial Circuit Bar Association; and

Whereas, Judge Morgan enjoyed a successful and thriving law practice throughout West Georgia prior to his appointment to the Federal Bench and developed a reputation as a fair, outstanding and admired attorney and, through his efforts, the Federal Court Facility in Newnan, Georgia was constructed in 1968.

Now, Therefore Be It Resolved, That the Mayor and Council of the City of LaGrange, Georgia desires that the United States Courthouse and Federal Building in Newnan, Georgia be henceforth known as the ''Lewis R. Morgan United States Courthouse and Federal Building''; and

Be It Further Resolved, That the City of LaGrange respectfully solicits the assistance and support of the Honorable Mac Collins, United States Congress, in introducing and sponsoring legislation in Congress to so name this facility for Judge Lewis Render Morgan.

Mr. BARR of Georgia. Mr. Speaker, I rise today in support of H.R. 1121, a bill to designate the Federal building and United States courthouse locates in Newman, GA, as the ''Lewis R. Morgan Federal Building and United States Courthouse.''

Judge Lewis R. Morgan served as a United States Judge since 1961 until his retirement from active service in 1996, having first served as a United States District Judge and later as a United States Eleventh Circuit Court Judge. Judge Morgan sat on the bench for 35 years developing a reputation as a fair, upstanding, and admired judge.

Lewis R. Morgan, a native son of Troup County, who after completing his primary education in the LaGrange, Georgia public school received his law degree from the University of Georgia, returned to LaGrange and practiced law from 1935 to 1961. During that time, he served the state of Georgia as a Member of

the General Assembly from 1937 to 1939, Attorney for the City of LaGrange from 1943 to 1946, Attorney for Troup County from 1957 to 1961.

Judge Morgan was appointed as a judge on the United States Court of Appeals for the Fifth Judicial Circuit. On October 1, 1981, he was appointed as a judge to the United States Eleventh Circuit Court of Appeals.

In addition, as a member of the bench he served on the Judicial Conference of the United States' Committee on the Budget from 1969 to 1979, serving as Judge of the Temporary Emergency Court of Appeals from 1979 to 1987, and as a member of the Special Division of the District of Columbia's Court of Appeals for Appointing Independent Counsel from 1978 to 1988.

The idea of naming this building after Judge Morgan has been endorsed by the Coweta County and Troup County Board of Commissioners, the City Council of Newnan, the Newnan-Coweta Bar Association, the Troup County Bar Association, the Office of the Mayor of LaGrange and the City Council, Georgia.

Judge Morgan has established his office and chamber in the City of Newnan since his original appointment to the Federal Bench in 1961 through his retirement. The federal court facility in Newnan, Georgia was constructed in 1968, principally because of the efforts of Judge Morgan. This facility was considered, in essence, his building, his idea, and his dream. Today we take a step in making the dream after the dreamer, Judge Lewis R. Morgan.

Mr. SHOWS. Mr. Speaker, we have no other requests for speakers, and I yield back the balance of my time.

Mr. FRANKS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the bill, H.R. 1121.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

WILLIAM H. NATCHER BRIDGE

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1162) to designate the bridge on United States Route 231 that crosses the Ohio River between Maceo, Kentucky, and Rockport, Indiana, as the ''William H. Natcher Bridge.''

The Clerk read as follows:

H.R. 1162

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The bridge on United States Route 231 that crosses the Ohio River between Maceo, Kentucky, and Rockport, Indiana, shall be known and designated as the ''William H. Natcher Bridge''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the bridge referred to in section 1 shall be deemed to be a reference to the ''William H. Natcher Bridge''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1162 designates the bridge on U.S. Route 231 over the Ohio River near Owensboro, Kentucky, as the ''William H. Natcher Bridge'' in honor of our late and former colleague William Natcher.

Identical legislation was passed unanimously by this House on June 18, 1996, and on September 22, 1994, but was never enacted.

Representative Natcher was born in Bowling Green, Kentucky, in 1909 and was educated at Western Kentucky College and the Ohio State University Law School. His life was dedicated to public service, serving in the U.S. Navy during World War II and holding a series of local and State offices before being elected to Congress. He moved up the ranks of the Committee on Appropriations, eventually assuming chairmanship of the full Committee in 1993.

I am proud to have had the privilege of serving in the House with Congressman Natcher. Although well-known for having cast 18,401 consecutive votes during his 40 years here, Congressman Natcher's accomplishments are much more than his extraordinary voting record. He put an extremely high value on public service and set a very high standard for himself.

Bill Natcher was always an inspiration to me and I know to many other Members, as well. He was a gentleman, a statesman, and a man of unquestioned integrity who served this House and his constituents in Kentucky from 1954 until his death in 1994 with quiet, unfailing dedication.

The naming of this bridge for Bill Natcher is a fitting and lasting memorial to our friend and former colleague. I support this bill and urge my colleagues to support it, as well.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would simply like to associate my remarks with many of those of my colleagues who have had the honor to have known and served with Mr. Natcher. The distinguished gentleman from Kentucky represented the people of Kentucky in Congress for over 40 years.

This bill, H.R. 1162, has the full support of the Kentucky delegation. It would designate a bridge on U.S. Route 231 over the Ohio River between Maceo, Kentucky, and Rockport, Indiana, as the ''William H. Natcher Bridge.'' This legislation acknowledges the efforts of Mr. Natcher to construct this bridge.

Mr. Speaker, similar legislation passed the House in both the 103rd and 104th Congress but failed to be enacted. I urge a unanimous vote in approving this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield as much time as he may consume to my colleague, the gentleman from Kentucky (Mr. LEWIS).

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today to express my support for H.R. 1162, which designates a new bridge under construction in Owensboro, Kentucky, the ''William H. Natcher Bridge.'' The House passed similar legislation in both the 103rd and 104th Congresses. Unfortunately, the other body never acted on these bills.

During consideration of those bills, however, many Members from both sides of the aisle shared their experiences about working with Mr. Natcher. They talked about the dedication and hard work of my predecessor.

I encourage my colleagues to take a moment to look at some of those comments. As most Members who served with Mr. Natcher can attest, he was a statesman and a true gentleman. While he will always be remembered on Capitol Hill for never missing a vote during his many years in service, he will be known in the Second District for his hard work on behalf of his constituents.

Mr. Natcher was dedicated to making this bridge a reality due to the benefits it would bring to the Second District. He guided this project through Congress and laid the groundwork to assure its completion.

The Commonwealth of Kentucky has already designated this bridge in honor of Mr. Natcher. Now it is our responsibility in Washington to do the same. This bill gives us the chance to recognize his efforts at the Federal level and provide a visible reminder of this true friend to Kentucky.

I hope my colleagues will join me and the members of the Kentucky House delegation in supporting this legislation.

Mr. SHOWS. Mr. Speaker, I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield as much time as he may consume to my colleague, the gentleman from Kentucky (Mr. ROGERS).

Mr. ROGERS. Mr. Speaker, I thank the gentleman from New Jersey for yielding me the time.

Mr. Speaker, I rise in support of this resolution. I want to commend our colleague, the gentleman from the Second District of Kentucky (Mr. RON LEWIS) for offering this legislation. His predecessor in the Second District, Bill Natcher, most all of us served with

here in this great body, and knew him and knew him to be the epitome of rectitude and the very model of what a U.S. Congressman ought to be.

Bill Natcher was a combined Lou Gehrig and Cal Ripken. He was the Lou Gehrig and Cal Ripken of Congress. Forty-one years of service in this body.

As has been mentioned, he holds the record for consecutive votes cast, 18,401 over that 41 years of service, never having missed a single vote, a record that I am going to say never will be matched. It is technically possible but not very likely.

But Bill Natcher, as we all know, was more than a consecutive voting streak; he was a patriot and a statesman. He was a man of the highest character. He prided himself in dutifully serving his district, his great Kentucky, and the Nation.

As has been mentioned, he was a very long time member of the Committee on Appropriations. He served for 18 years as the chairman of the District of Columbia Subcommittee, 18 years, and during that time became known as the mayor of Washington. In those days, the chairman of that subcommittee held great sway in the running of this city.

And then, of course, we know he served as chairman of the Subcommittee on Labor, Health and Human Services and Education, and that is where he really made his mark. His tenure was marked by a strong commitment to programs that benefitted the general welfare of our population. He was a man of commitment.

I am going to quote him here. He said, ''I have always believed that if you take care of the health of your people and educate your children, you continue living in the strongest country in the world.''

In 1992, at the age of 83, he ascended to become chairman of the full Committee on Appropriations. He liked to laughingly say that he had sat next to the chairman waiting to assume the seat for some, I think, 25 years, Jamie Whitten. And finally, in 1992, he assumed that chair. He continued his reputation as a fair and responsible lawmaker.

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Bill Natcher's contributions to this country, to Kentucky, and to this body were so many, we never may fully appreciate all that he did and meant to all of us.

But one contribution that will certainly be appreciated by the residents of the Second District of Kentucky is that bridge extending over the Ohio River into Indiana. Methodically Bill Natcher labored to erect that bridge for his constituents and for the betterment of the State, and it was unable to be finished, of course, during his lifetime, unfortunately. But the gentleman from Kentucky (Mr. LEWIS) has taken up the task, and he has persistently fought to get the money and the authorization and the wherewithal to finish what bill Natcher had begun.

I want to commend the gentleman from Kentucky (Mr. LEWIS), Bill Natcher's very worthy successor, for continuing Bill Natcher's legacy and diligently working for the people of that great district and especially to finish the construction on this bridge, and now to name that bridge the William H. Natcher Bridge, something that all of us will be proud of until the day we die and our kids will continue believing is worthy of that name for many, many decades to come. It will be a daily reminder to Bill Natcher's former beloved constituents of his tremendous service to our Nation.

This is a fitting tribute to Kentucky's former dean, and I am honored to urge support unanimously of this measure.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I thank the gentleman from New Jersey for yielding me this time. I wanted to take just a minute to express my appreciation to him and to the Speaker and to others who have brought this bill to the floor of the House here tonight.

I had the great privilege of knowing Congressman Natcher personally and working closely with him for several years.

What is interesting to me is just this morning I had a group from the First Baptist Church of Athens, Tennessee, on the floor of the House, showing them around the Capitol. I showed them the voting card that we each have and told them how we voted in the names, how they light up on the wall and so forth. One of the women in that group asked me about the man who broke the record, having the most consecutive votes, and so I told them about Congressman Bill Natcher, and that is who they were talking about.

Because I know, as has already been mentioned, he did not miss a rollcall vote for more than 40 years. He had a record that will never be broken. It will never be surpassed. He was so dedicated to this institution and so dedicated to this country.

He did many, many wonderful things for the District of Columbia during his time that he chaired the D.C. Appropriations Subcommittee. In fact, I think for a while he was called or frequently referred to as the Mayor of the District of Columbia for many years.

But he did many, many other things, also, in his work for the Committee on Appropriations. In this time of such big spending on campaigns, I remember that he used to pride himself in the fact that he spent I think only about $10 or $15 or something on some of his campaigns. He would spend a little gas money driving around the district.

It was phenomenal what he did in his campaigns and in his voting record, never missing a vote. I remember one time hearing that his wife was sick at home. Maybe somebody has already mentioned this. But his wife was sick in the hospital in Bowling Green. He flew for like 2 straight weeks each night after the House would get out of session. He would fly home to Nashville, drive I think 60 miles or so to Bowling Green or 70 miles, spend the night with her, fly back the next morning, and then do the same thing over again the next day and did that for 2 weeks. The lengths that he went to to keep up this record.

He was a great American. I do not think that we really could pay enough honor and tribute to William Natcher, who was the epitome of what a United States Congressman should be. I strongly support this legislation.

Mr. PETRI. Mr. Speaker, I rise in strong support of this bill. I think it only appropriate to honor our late friend and colleague by designating in his name this bridge, for which he fought so hard during his legendary tenure in this Chamber.

Bill Natcher will always be remembered for his determination and longevity, but it was his commitment to the people of the second district of Kentucky and his love and respect for this body that inspired us all.

Today we have the opportunity to create a lasting memorial honoring Bill Natcher's name.

I strongly urge that we pass H.R. 1162 and do just that.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. COBLE). The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the bill, H.R. 1162.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

ROBERT K. RODIBAUGH UNITED STATES BANKRUPTCY COURTHOUSE

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 460) to designate the United States courthouse located at 401 South Michigan Street in South Bend, Indiana, as the ''Robert K. Rodibaugh United States Bankruptcy Courthouse''.

The Clerk read as follows:

S. 460

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF ROBERT K. RODIBAUGH UNITED STATES BANKRUPTCY COURTHOUSE.

The United States courthouse located at 401 South Michigan Street in South Bend, Indiana, shall be known and designated as the

''Robert K. Rodibaugh United States Bankruptcy Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the ''Robert K. Rodibaugh United States Bankruptcy Courthouse''.

The SPEAKER pro tempore (Mr. DUNCAN). Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 460 designates the United States courthouse in South Bend, Indiana, as the ''Robert K. Rodibaugh United States Bankruptcy Courthouse.'' Judge Rodibaugh served the northern district of Indiana in the area of bankruptcy law since his appointment as a bankruptcy judge in 1960. During his tenure he oversaw the growth of the bankruptcy court from one small courtroom with a part-time referee and a clerk's office of four employees in South Bend to four separate courtrooms located throughout northern Indiana. In 1985, Judge Rodibaugh was appointed Chief Bankruptcy Judge and assumed senior status in 1986.

Judge Rodibaugh has fulfilled his duties as a referee and a judge in bankruptcy proceedings with patience, fairness, dedication and legal scholarship, which is most worthy of recognition. It is a fitting tribute to honor him and his accomplishments in this manner today.

This marks the third time the House has passed legislation honoring Judge Rodibaugh. I am pleased to note that this bill passed the other body earlier this year, and we can safely say that the third time is the charm.

I support this act and urge my colleagues to support it as well.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join in supporting S. 460, a bill to designate the Federal bankruptcy court in South Bend, Indiana, as the ''Robert K. Rodibaugh United States Bankruptcy Courthouse.''

As my colleagues all know, the gentleman from Indiana (Mr. ROEMER) introduced an identical bill in the 104th and 105th Congress. Unfortunately, the Senate did not consider these measures before it adjourned.

Judge Rodibaugh has served the citizens of Indiana with honor and distinction since 1960 and at the age of 80 years is one of the Nation's most senior judges.

Judge Rodibaugh is a native of Elkhart County, Indiana, and received his education in the public schools. He graduated from Notre Dame and received his law degree from Notre Dame in 1941.

During his judicial career, he has seen the rapid growth of the bankruptcy courts. He has seen the courts grow from one small courtroom with a part-time referee and a clerk's office with four employees to four different courtrooms in the cities of South Bend, Fort Wayne, Gary and Lafayette.

Judge Rodibaugh is an active member of the Board of Governors of the St. Joseph County Bar Association, the Boy Scouts of America, the Red Cross and the National Conference of Bankruptcy Judges.

Judge Rodibaugh is noted for his fairness, dedication and legal scholarship. He has set an example for his judicial clerks with his high standards and judicial excellence. It is fitting and proper to honor Judge Rodibaugh with this designation.

Mr. ROEMER. Mr. Speaker, I rise today in support of S. 460 which recognizes the outstanding public service record of Judge Robert Kurtz Rodibaugh, a loyal and dedicated friend, and the senior bankruptcy judge for the South Bend Division of the Northern District of Indiana.

It is truly a great honor for me to recognize Judge Rodibaugh, who has consistently demonstrated generosity and selfless dedication to the citizens and legal community of Northern Indiana.

Mr. Speaker, as you may recall, I introduced identical legislation which was passed by the House of Representatives during the last Congress. I was honored to sponsor this legislation and pleased that the entire Indiana Congressional delegation cosponsored my bill.

Unfortunately, the measure was not considered by the U.S. Senate before the 105th Congress adjourned. However, this legislation was reintroduced by the senior Senator of Indiana, RICHARD LUGAR, and passed by the full Senate last month. This Senate-passed bill, S. 460, now under consideration, designates the recently dedicated courthouse on the corner of Western and South Michigan Streets in South Bend, Indiana in honor of Judge Rodibaugh and his numerous contributions to the legal community.

Last year, I also had the privilege to attend the dedication ceremony for the ''Robert K. Rodibaugh United States Bankruptcy Courthouse.'' While this courthouse has already been dedicated, I believe that S. 460 is an appropriate way to express our gratitude for Judge Rodibaugh's life-long dedication to public service.

Judge Rodibaugh is recognized by his community and his peers as an honorable man worthy of such a tribute. He is highly regarded throughout the entire country and has been a pillar of the community. Moreover, he is greatly respected by other judges and the bankruptcy bar in Northern Indiana. Since his initial appointment as a referee in bankruptcy in November 1960 and throughout his legal career as a bankruptcy judge, Judge Rodibaugh has served the citizens and legal community of the Northern District of Indiana wisely, efficiently, and honorably.

A native of Elkhart County, Indiana, Judge Rodibaugh graduated from the University of Notre Dame with a Bachelor of Science degree in 1940 and attended the University of Notre Dame Law School, where he served as the Associate Editor of the Notre Dame Law Review between 1940 and 1941.

Judge Rodibaugh received his Juris Doctor degree in 1941. After gaining his admittance to practice law in 1941, Judge Rodibaugh entered active duty as a private in the United States Army. He was discharged in 1946 as a Captain after serving in the infantry and armored forces during World War II.

Following his release, Judge Rodibaugh entered private practice in 1946. He also served as the Deputy Prosecuting Attorney of the 60th Judicial Circuit, in St. Joseph County, Indiana, from 1948 to 1950, and again from 1953 to 1957. In addition, Judge Rodibaugh served as Attorney for the St. Joseph County Board of Zoning Appeals between 1958 and 1960.

Mr. Speaker, Judge Rodibaugh received the 33 Years of Distinguished Service to Bench and Bar Award from the Bankruptcy Judges of the Seventh Circuit in 1993, the 50 Year Golden Career Award from the Indiana State Bar Association in 1991, and the Notre Dame Law School's Distinguished Alumnus Award in 1991. Some of the significant cases that Judge Rodibaugh has decided include *Papelow* v. *Foley* and *In the Matter of John Kelly Jeffers*. Judge Rodibaugh has always enjoyed the challenge of bankruptcy law and has a special talent for working with corporate reorganizations.

Recently, Judge Rodibaugh said: ''I still think bankruptcy law is one of the most fascinating areas of the law. When a reorganization is successful, it is a satisfying feeling.''

Mr. Speaker, throughout his tenure, Judge Rodibaugh has presided over the growth of the bankruptcy court in Northern Indiana from one small courtroom with a part-time referee and a clerk's office of two employees in South Bend, Indiana, to four different courtrooms in the cities of South Bend, Fort Wayne, Gary, and Lafayette, Indiana, with four full-time judges and a clerk's office of over forty employees. According to his colleague, Judge Harry Dees, also a bankruptcy judge for the Northern District of Indiana: ''Judge Rodibaugh never complained about all the weekly traveling, he just did it.''

Moreover, Judge Rodibaugh has fulfilled his duties as a bankruptcy judge with patience, fairness, dedication and legal scholarship which is most worthy of recognition. His high standards have benefitted the many law clerks and judicial personnel who have served under his tutelage, the lawyers who have practiced before the bankruptcy court, as well as the citizens residing in the Northern District of Indiana.

In 1985, Judge Rodibaugh was appointed Chief Judge of the U.S. Bankruptcy Court for the Northern District of Indiana. He served in that position until he assumed full-time recall status as a senior judge one year later. Today, Judge Rodibaugh continues in this position, carrying a full case load, and he has no plans to cut back on his work with the court. Currently, Judge Rodibaugh and his wife, Eunice, live in South Bend, Indiana.

Mr. Speaker, it is important for me to indicate that the firm of Panzica Development Company with Western Avenue Properties, LLC, graciously agreed to name the new privately-owned courthouse building in Judge Rodibaugh's honor, owing to his unblemished character and numerous professional achievements in the bankruptcy field.

I am confident that the "Robert K. Rodibaugh United States Bankruptcy Courthouse" is an appropriate title for the new bankruptcy court facility. Judge Radibaugh is a shining example of the importance of public service, whose tireless contributions provide an invaluable service to our community. I am confident that Judge Rodibaugh will continue to play a constructive and important role in our community, and will continue to serve as a powerful inspiration to all of those who come into contact with him.

Mr. SHOWS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the Senate bill, S. 460.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

HURFF A. SAUNDERS FEDERAL BUILDING

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 453) to designate the Federal building located at 709 West 9th Street in Juneau, Alaska, as the "Hurff A. Saunders Federal Building".

The Clerk read as follows:

S. 453

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF HURFF A. SAUNDERS FEDERAL BUILDING.

The Federal building located at 709 West 9th Street in Juneau, Alaska, shall be known and designated as the "Hurff A. Saunders Federal Building".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the "Hurff A. Saunders Federal Building".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. Shows) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, S. 453 designates the Federal building in Juneau, Alaska as the "Hurff A. Saunders Federal Building."

Hurff A. Saunders was a resident of Alaska who played an instrumental role in the State's history both as a territory and as a State. Prior to World War II, he emigrated from South Dakota to Ketchikan, Alaska, where he accepted a civilian engineering position with the United States Coast Guard. During the war he played a critical role in the ability of the United States Navy and Coast Guard to navigate the North Pacific waters by correctly determining the latitude and longitude of various key aids to navigation that were misidentified on official charts at that time.

Following the war, Mr. Saunders returned to a civil engineering position with the Federal Government. In this position, he supervised several public works projects, completing the projects on schedule and within budget.

In 1966, prior to his retirement, Mr. Saunders successfully completed his final Federal construction project, the Juneau Federal Building, Post Office and United States Courthouse, which is the building we designate in his honor today.

This is a fitting tribute to a dedicated public servant. I support this act. I urge my colleagues to support it as well.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Senate bill 453 is a bill to designate the Federal building in Juneau, Alaska in honor of Hurff A. Saunders. Mr. Saunders was a lifelong Alaskan who helped write chapters of Alaska's history.

He was a civil engineer for the United States Coast Guard in charge of constructing the Juneau Federal Building which was completed on budget and on schedule. Mr. Saunders later supervised many public works projects for the territory and later the State of Alaska. His work on correcting the navigational charts for the waters in southeast Alaska aided the Navy and the Coast Guard during World War II.

Mr. Saunders was widely respected and viewed as a dedicated public servant, a devoted father, and beloved husband who lived a full life and died peacefully at the age of 94.

Mr. Speaker, the City of Juneau and the Juneau Rotary Club both passed unanimous resolutions supporting this designation. Also, the American Society of Civil Engineers and the Society of Professional Engineers adopted resolutions urging this distinction be bestowed upon Mr. Saunders.

It is fitting and in recognition of his outstanding contributions to Alaskan life that the Federal building in Juneau, Alaska, be designated the Hurff A. Saunders Federal Building.

Mr. SHOWS. Mr. Speaker, I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the Senate bill, S. 453.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

J.J. "JAKE" PICKLE FEDERAL BUILDING

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 118) to designate the Federal building located at 300 East 8th Street in Austin, Texas, as the "J.J. 'Jake' Pickle Federal Building".

The Clerk read as follows:

H.R. 118

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The Federal building located at 300 East 8th Street in Austin, Texas, shall be known and designated as the "J.J. 'Jake' Pickle Federal Building".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the "J.J. 'Jake' Pickle Federal Building".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 118 designates the Federal building in Austin, Texas, as the "J.J. 'Jake' Pickle Federal Building."

Congressman Pickle began his long career in public service by serving 3½ years with the United States Navy in the Pacific during World War II. Following the war, Congressman Pickle returned to Austin, Texas, and held positions in the private and public sectors. He served his party ably as executive director of the Texas State Democratic Party.

In 1963, he was elected to the United States House of Representatives in a special election to fill a vacant seat created by Congressman Thornberry's resignation. He was then reelected to the next 15 succeeding Congresses, until his retirement on January 3, 1995.

□ 1815

During his tenure in Congress, Congressman Pickle provided a strong voice on civil rights issues. He vigorously advocated and supported such historic legislation as the Civil Rights Act of 1964 and the Voting Rights Act. For over 30 years Congressman Pickle continuously worked on behalf of civil rights issues and equal opportunities for women and minorities.

In addition, as chair of the Committee on Ways and Means' Subcommittee on Oversight and the Subcommittee on Social Security, he worked to shape the system of Medicare to assure that it fulfilled its intended purpose of providing basic health care for those in need, and tirelessly fought for the future of Social Security.

Congressman Pickle was a dedicated public servant who remained close to his Texas constituents. Thus it is fitting legislation that honors him here today.

Mr. Speaker, I support this bill and encourage my colleagues to support it as well.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 118 is a bill to designate a building located at 300 East 8th Street in Austin, Texas, as the ''J.J. 'Jake' Pickle Federal Building.'' It is a pleasure and an honor to support this bill intended to honor the significant contributions of our dear friend, Jake Pickle.

As we all know, Jake was a native Texan and very proud of his heritage. He was educated in public schools and was graduated from the University of Texas in 1938. Jake is a World War II veteran, serving his country in the Pacific arena.

Jake entered politics after a special election to fill the seat of Homer Thornberry. Officially he began his service in the House in December of 1963. Jake immediately showed his mettle and joined five other southern Members who voted in favor of President Johnson's Civil Rights Act of 1964. He further demonstrated his support for equal rights by voting for the Voting Rights Act.

Jake was a close friend of President Johnson, and his friendship and with Mrs. Johnson continues strong even today. Due to his closeness with the Johnson family and President Johnson's administration, Jake often served as a personal historian for one of the greatest American Presidents.

Jake himself is best known for his devotion and dedication to his constituents and his extensive community involvement. It is with great pleasure that I join the gentleman from Texas (Mr. DOGGETT) and others in supporting this very worthwhile bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I thank the gentleman from Mississippi (Mr. SHOWS) for yielding this time to me, and of course I join in support of this measure that is before the House now. But we find ourselves in the curious situation this afternoon that this is one of the rare occasions, perhaps the first since I have been a Member of this body, that the House has moved faster than we have been told on the schedule instead of slower, and so we have actually this afternoon proceeded with the approval of a piece of legislation in which I am most interested that will rename our Federal Building in Austin, Texas, for Congressman J.J. ''Jake'' Pickle, my predecessor. And so I come with shortened remarks, hoping not to say anything that would cause us to reconsider this legislation which I am most appreciative to my colleague from New Jersey and our colleague from West Virginia for their prompt approval in the committee.

Mr. Speaker, basically we had two choices. We could either try to paint that Federal building pickle green, or we could simply put a plaque up dedicating it as the J.J. ''Jake'' Pickle Federal Building, and so the House chose the more practical approach of putting his name on the building. This is actually legislation that this House approved in the last session of Congress last year. Unfortunately, the Senate, which moves a little slower sometimes, they usually get an hour to speak when we get a minute, did not get this piece of legislation passed last session, and we are hoping that they will react to it as speedily as the House has considered it this afternoon.

Let me just say a few words, and there are several of my colleagues from the Texas delegation and beyond north Texas, I believe New York State, that may want to offer comments in support of this legislation.

Jake Pickle served central Texas for some 31 years. I first came to know him as a high school senior at Austin High School where I was in class with his daughter, Peggy, and he was elected the year that I was a senior at Austin High School. He has really been the only Congressman who has ever served our district during the time that I was growing up and living there in central Texas, and he along with his great wife Beryl have served our community with the greatest distinction.

This is certainly not the first and probably not the last monument to his service. The Pickle Research Campus at the University of Texas is where much of the development that produced the success that we have had in central Texas with high technology had its origin through public-private partnerships beginning right there at the University of Texas. During his tenure here in Congress that was a real priority of Congressman Pickle, and it is most appropriate that it should bear his name.

And most recently, just within the past month, I have been participating in the many dedication ceremonies at the new Austin-Bergstrom International Airport. We have managed to dedicate just about everything in that airport except for some of the luggage carousels and the storage closets, but in particular and first in our dedications, we dedicated one of the new runways to Congressman Pickle because even after his service here in the House, he continued to work on our Airport Advisory Committee to ensure that this airport was completed and that it had an all-weather runway that would meet the needs of our community not only for hauling passengers around the world, but hauling the cargo that is so very important to our technology industries there in central Texas.

□ 1845

So it is now that ''onward through the fog'' in central Texas is more than a bumper sticker at Oat Willie's. It is the center, the indication, that the Pickle runway along with the LBJ runway at that new airport are available to serve our community, whatever the conditions.

I have to say that I will feel just a little better going home, and perhaps some of my Democratic colleagues will want to join me, knowing that when one lands there in Austin they either get the LBJ runway or the J.J. Jake Pickle runway, and when they pull up to the terminal they come into the Barbara Jordan terminal. So that is a pretty good place for those of us on this side of the aisle or either side of the aisle to call home, to come in and see the capital city of the great State of Texas.

Congressman Pickle was a distinguished veteran, distinguished former Student Body President of the University of Texas at Austin. I do not know what it is in the water up at Big Spring, but he is well into his eighties now, and he and I know a number of his classmates gathered there in Austin awhile back. They seemed to have something good going on up there because he remains a very vigorous force in our community.

Here in the Congress, he is remembered as one of the few Members from the south who had the courage to vote for the Civil Rights Act of 1964, for the Voting Rights Act; and he still is proud, and justly so, of the call that he received from President Johnson at 2:00 a.m. in the morning after that vote to commend him for his courage.

There are many tall tales that he has about the work on the Great Society there in the Federal building that we are naming in his honor with President

Johnson, where the President had an apartment and an office that remains in generally the condition that it was in when he left the presidency. I am confident that at least a few of those tales are true, because there was much good accomplished by these two good friends and partners working together not only for central Texas but for our entire country.

Of course, Congressman Pickle's service on the Committee on Ways and Means, where he played a major role in addressing both Social Security and preserving and continuing it, and Medicare addressed issues that we face once again in Congress, but we are able to deal with them now because of the good work that he contributed over the years.

Jake Pickle never turned down the chance to help a neighbor, and that is perhaps his greatest legacy, not just what he accomplished in this room but his accessibility and his willingness to be available when people had problems in our community with various aspects of the Federal bureaucracy.

So naming our Federal building in Austin after Congressman Pickle is the most appropriate symbol of our admiration, our respect and our appreciation for his true public service, and I am hopeful that the Senate will move quickly on this legislation this year and speedily approve it.

Mr. SHOWS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. HALL).

Mr. HALL of Texas. Mr. Speaker, I am honored to get to say a word or so about Jake Pickle.

The gentleman from Texas (Mr. DOGGETT) and others have talked about all of his attainments, his acquisitions and his honors. I guess I just want to talk about Jake Pickle, the good guy that I knew.

I have probably known him longer than any Member of this Congress. I have known Jake since I was about 20 years old. I am 75 years old, and Jake would say that he is much younger than I am.

People are proud of him all the way from Roscoe, Texas, where he was born out in far west Texas, Big Spring, Austin. He knows everybody. Everybody knows Jake. There was no better Member of Congress, no one more persuasive, no one that could get something done because everybody liked Jake and everybody wanted to help Jake, and Jake knew everybody in the world.

Allan Shivers, John Connally, of course, LBJ, Joe Kilgore, all the movers and shakers. Jake was a close personal friend of theirs, and they felt a brotherly feeling, and people in this Congress felt like Jake was a brother to them because he loved them and they loved him.

I just know of no public servant that has been any better than Jake. I first knew him when he was in a PR firm there in Austin, a young man, handsome, of course, and part of the Lyndon Johnson team from the word go. They have had great Members of Congress to serve Travis County and the area around: LBJ, Homer Thornberry, Jake Pickle, the gentleman from Texas (Mr. DOGGETT) doing a superb job of representing that area today.

Jake was always the same. That is what I liked about him. He was always the same. He was always cordial. He was always smiling. He always knew everyone, and he was always persuasive.

He could have a bill that he had introduced, moving something out of someone else's district that they liked into Travis County and he was so persuasive he could make them think it helped them more than it did him. That was the Jake Pickle I knew and loved. I wish him the best, I wish Beryl the best because they are the best. God bless this couple and God bless this occasion for Jake Pickle.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I thank the gentleman from New Jersey (Mr. FRANKS) for yielding me this time.

Mr. Speaker, I am pleased to once again voice support for this measure honoring Jake Pickle. Jake was a friend of most of us here in the Congress, I virtually would say all of us in the Congress, when he served over 30 years in great public service to our Nation.

I knew Jake as an expert on Social Security. I knew Jake as a traveler when we went overseas together and his good wife Beryl traveled with us. Jake is someone we have long missed in the Congress. He had a good word for all of us, and I think it is highly appropriate that this building be named for a deserving public servant.

Mr. SHOWS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, it is my own honor to rise and offer these remarks in support of the measure that would name the Federal building in Austin, Texas, after former Representative Jake Pickle.

As many that are gathered here tonight know that my father served in this Congress for 37 years and, of course, shared every one of those years, at least 31 of those years, with Jake Pickle as his esteemed colleague.

We will hear stories often expressed by Jake Pickle and my father regarding the many rides they would take back to their district on Air Force One when LBJ was the President. They will always talk about the Civil Rights Act and the great vote of 1964 and the 2:00 a.m. phone call that President Johnson made to Jake Pickle, which is an interesting story in and of itself. The real story, though, lies in the phone calls that both my father and Jake Pickle received from LBJ before the vote.

Jake Pickle is an extraordinary man, and I have had the great privilege of knowing him since I was a teenager. When I went to college in Austin and Jake Pickle was back in the district, he would come to the State capital where many of the students would work. And he would come in there and he would mentor us and he would counsel us.

He is a great man in many, many respects, not just a great representative but everything that we should aspire to as public officials. He is the kind of individual that will take the time, from the busiest of schedules, and do it the old way and that is to sit with the person, to meet with them, to listen, to understand them and then give good, sage counsel and advice.

To Jake Pickle, I think it would be the greatest honor but truly it would be something that would remind us every day of what public service is all about.

Mr. SHOWS. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I am honored tonight to stand in support of H.R. 118 designating the J.J. Jake Pickle Federal Building in Austin, Texas. This is a fitting tribute to a unique Texan and former Member of Congress. I hope Jake and his wife are watching tonight in Austin, Texas.

Jake Pickle is a legend to me, and even by Texas standards he is a legend. He put himself through college during the Depression, worked for President Roosevelt's National Youth Administration, served in the Pacific in World War II and started a radio station in central Texas, and he represented the Tenth District from 1963 to 1995.

He had a long, distinguished career that my other colleagues have talked about, chairman of the Subcommittee on Social Security of the Committee on Ways and Means. At one time even with the famous Claude Pepper, Jake Pickle won out on the Social Security reform bill with Claude Pepper.

Mr. Speaker, Jake has a book just simply called ''Jake,'' and a couple of years ago on Father's Day my daughter was a student at the University of Texas and she went over and had Jake sign his book for me. And Jake talked to my daughter, and she has now graduated, and Jake was talking about some of his stories. His book is great on stories about Congress. I am just going to tell one of them because it is a great story.

Jake is known for his storytelling abilities, and anybody who wants to read some great stories needs to look up that book at the Library of Congress and ask for ''Jake.'' It would probably make him happy if we even bought it.

Jake served so many years, and in one of the chapters in his book, chapter

35, there is a great story that, in 1957 or 1958, Governor Price Daniel and Jake were in El Paso attending the State Democratic Executive Committee. At the time, the State of Chihuahua and Texas were instigating a program to eradicate the yellow boll weevil. So the Governor was in El Paso to officially give credence to the boll weevil eradication program as well.

Their party stayed in El Paso, but they went across the border to Juarez. In Juarez, there was a good band and a floor show. So the manager looked around and he had heard the governor of Texas was in the party but he wished no publicity. The governor did not want it known, this was in the 1950s, that he was in a bar in Mexico, particularly since most of Texas was dry then, particularly the part Governor Daniel was from in east Texas.

When their group arrived at the bar, they were seated at a long table near the band. Governor Daniel was a Baptist and a teetotaler, and he never drank, but he liked Cokes. And every once in awhile he would say well, Jake, I will take a Coke.

Jake said he would go up to the bartender and ask the bartender to go ahead and put a shot of bourbon in it. He always asked for Cokes.

Anyway, the funny part of the story is that everything went fine for a few minutes and the band having played some lively tunes from Mexico suddenly stopped and they had a drum roll. The governor looked around and looked at Jake and the band leader then announced on the mike, we are proud to have with us tonight the governor of the State of Texas, and another drum roll, the Honorable Price Daniel. Amid the fanfare, the light swept the bar and came to rest on their table, and nobody moved.

Obviously, the governor did not want to stand up and be recognized in that bar in Mexico. Again, the announcer announced, damas y caballeros, another drum roll and still no movement from Governor Daniel.

With the spotlight still on us the third time, the announcer said, please, will the governor of Texas stand and be recognized. Finally, the governor's wife, Jean, leaned over and whispered, Jake, for goodness' sakes, will you do it?

The governor said, Jake, I bet you always wanted to be governor. Now here is your chance.

So Jake Pickle stood up in that bar in Juarez and was recognized as the governor of Texas, and the band struck up ''The Eyes of Texas.''

That is just one of Jake's stories. Obviously, we miss him from Texas and all over Congress. He was a great Member.

Mr. Speaker, I rise in strong support of H.R. 118, designating the J.J. "Jake" Pickle Federal Building in Austin, Texas. This is a fitting tribute to a unique Texan and former Member of Congress.

Congressman Pickle is a legend even by Texas standards. He put himself through college during the Depression, worked for President Roosevelt's National Youth Administration, served in the Pacific during World War II, started a radio station in Central Texas, and represented Texas' Tenth Congressional District from 1963 to 1995. During his long and distinguished career in the Congress, Jake Pickle prided himself as a protector of small businesses and a specialist in the Social Security system.

Over the years, Congressman Pickle managed to involve himself in every major issue that confronted the Ways and Means Committee, from Social Security to trade to the complete revision of the Tax Code.

During the 98th Congress, Jake Pickle chaired the Ways and Means Social Security Subcommittee. As chairman of that subcommittee, he was convinced that the way to save the Social Security system from a long-term collapse was to raise the retirement age. Democratic leaders, including Thomas P. O'Neill and Claude Pepper, wanted to solve long-term financing problems with eventual increases in the payroll tax. Few expected Pickle would prevail on the floor, but he did.

Through months of argument over what to do about Social Security, Pickle and Pepper were the spokesmen for two diametrically opposite points of view. During floor consideration, the House chose Jake Pickle's approach, which later became law. This victory represents the culmination of a long personal struggle for Jake Pickle to put the Social Security system on a sound personal footing.

Most everyone knows Jake Pickle as a political protege of President Lyndon B. Johnson. Congressman Pickle was a campaign manager and a Congressional aide to Johnson before World War II and an advisor in Johnson's 1948 Senate campaign. Jake always speak reverently about President Johnson and his commitment and dedication is a testament to their friendship.

Mr. Speaker, I am proud to have served with Congressman Jake Pickle and will be forever grateful for his friendship and his leadership. This designation is only a small token of our appreciation to a dedicated public servant.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I want to thank the gentleman from New Jersey (Mr. FRANKS) for graciously giving me this moment to speak.

Mr. Speaker, I love Jake Pickle. He is a man of courage, a man of compassion, and someone who loves life, every day of it.

He was a man of compassion as a freshman Member of this House when, in 1965, as a young southern representative he voted in favor of the Civil Rights Act, an act that made major changes in allowing equal opportunity for American citizens of all colors.

He was a man of compassion in everything he did, especially in his leadership and saving the Social Security system back in the 1980s. We could all talk about the many accomplishments of Jake Pickle but, frankly, the reason I love Jake Pickle, in addition to respecting him for his legislative accomplishments, is because he personifies the biblical passage of, this is the day the Lord hath made. Let us rejoice and be glad in it.

Jake Pickle brought light into any room, into anyplace where he came. He loves life and we love him. We miss Mr. Pickle of Texas, our dear friend.

Mr. FRANKS of New Jersey. Mr. Speaker, I am pleased to yield 2 minutes to our colleague, the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I thank the gentleman for yielding time to me. I appreciate my colleague bringing this up and naming the Federal Building after J.J. Jake Pickle, a very appropriate honor for a man serving on the Committee on Ways and Means, and I think that all of his colleagues on both sides of the aisle would agree with me when I say that there have been very few Members that have ever taken their job more diligently, more seriously, in looking at the questions from social security reform to any tax bill that has ever come before us.

He also was a man of responsibility. One thing that I noted, and we try to emulate but cannot come close to Jake, when he says he is going to be at a dinner party for the Texas delegation or any other place, he is always there. Very seldom did he ever miss. When he said he was coming, he came.

I think one appropriate remark that I have not heard, maybe it has been mentioned, but to me, this building could be better named if it were named the J.J. Jake and Beryl Pickle Building, because so many times those of us recognize our spouses do not nearly get the credit that they deserve when we get honored in ways in which we honor Jake today.

I think of the story that the gentleman from Texas (Mr. GENE GREEN) was telling, and there was no better storyteller to ever occupy a seat in this House. He was great at it.

But all of the times that Beryl listened to those stories, which were repeated not one, ten, one hundred, but for the thousandth time, and still laugh when her husband told that joke, I think Beryl ought to be somewhere in the name of this building. I know she will be in spirit by those of us who knew and loved her as well as Jake Pickle.

Jake was born in my district. Therefore, I have always had to take somewhat responsibility for the actions that Jake has taken, and I have done it proudly.

Mr. SHOWS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Mr. FRANKS of New Jersey. Mr. Speaker, I am happy to yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

The SPEAKER pro tempore (Mr. DUNCAN). The gentlewoman from Texas

(Ms. JACKSON-LEE) is recognized for 2 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Mississippi (Mr. SHOWS) and the gentleman from New Jersey (Mr. FRANKS) for yielding time to me, and for guiding us through a very welcomed event this evening, and that is to properly give recognition to J.J. Jake Pickle, and of course, his wife, Beryl. They are Texas heroes, both of them, and today I hope with the naming of this Federal Building that it will be forever grounded in our memories that they are American heroes as well, both.

I have great pleasure in acknowledging the leadership of Jake Pickle. I was talking to my colleague, the gentleman from Texas (Mr. CHARLIE STENHOLM), and I was trying to claim the fact that I had served with Jake Pickle, I guess because I viewed him as such an historic but as well such an institutional person with such great leadership.

I was trying to claim having been here with him, but he retired in 1994 and I came to this Congress in 1995. But we can be assured that Jake Pickle's legacy, his smile, his genuineness, his gentlemanliness was here on the premises. In fact, I think the reason why I thought I served with him is because right after he retired from this Congress, he spent a lot of time with us. I enjoyed lunching with him and, again, hearing some of the stories.

But Jake Pickle, the man, is someone that I admire, in particular because he served 31 years and he served with a commitment to this country. He was someone, as the chair of the powerful Subcommittee on Oversight of the Committee on Ways and Means, that cared about a good Medicare system, a good health care system, and worked hard to guarantee all Americans receive basic health care. As chairman of the Subcommittee on Social Security, his work is credited with extending the life of the social security system.

I remember him telling me of his friendship with the Honorable Barbara Jordan, one of the predecessors of this particular congressional district, the Eighteenth Congressional District. I guess I remember him most by looking at a picture of the signing of the 1964 Civil Rights Act, and saw a number of Texans who were Congresspersons at that time gather in the room with President Lyndon Baines Johnson to sign that historic act.

But I am most mindful of the time that that occurred and the courage that was taken. I heard my colleague from Texas make a statement about his father, Henry Gonzalez. But I am reminded about the courage of Jake Pickle to sign the Civil Rights Act of 1964, and to give opportunities to those who did not have them. He was courageous in that, he was courageous in his service. Mr. Speaker, he is truly a great Texan and truly a great American. This building will truly be a very historic building by being named after J.J. Jake Pickle, H.R. 118. I ask my colleagues for support.

Mr. Speaker, I rise in strong support of H.R. 118. This bill designates a federal building in Austin, Texas as the "J.J. Jake Pickle Federal Building." It is fitting, Mr. Speaker, that the building in which he worked for 28 of his 31 years in Congress, bear his name.

It is an appropriate memorial to a man who dedicated himself to his community and to his constituents. The residents of Austin remember Representative Pickle for his tireless dedication to the community he loved. When asked to describe his career as a Member of Congress, all sight his effective and efficient constituent service. I know that Representative Pickle gave selflessly of his time and energy. His 31-year career stands as a memorial to current and future Members, on how to conduct constituent relations.

During his 31-year tenure Congressmen Pickle took on several legislative challenges. In spite of the political risk he voted in favor of the Civil Rights Act of 1964. This vote was to be the first in the line of a career dedicated to ensuring civil rights and equal opportunity for both minorities and women.

As chair of the powerful Ways and Means Oversight Subcommittee, Congressmen Pickle recognized the value of the Medicare system. He worked to guarantee that all Americans would receive basic health care. As Chairman of the Social Security Subcommittee his work is credited with extending the life of the Social Security system.

Mr. Speaker, it is clear from his 31-year career in Congress, his selfless dedication to his country and to the State of Texas, that the federal building in Austin should bear his name. J.J. "Jake" Pickle has set a proper example for this body to emulate and as testimony to that example I urge my colleagues to support this bill.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise in support of H.R. 118, legislation that would name the federal building in Austin, Texas in honor of former Representative Jake Pickle.

The building is located at 300 East 8th Street in Austin. It houses district offices for Congressman Pickle's successor, Representative LLOYD DOGGETT, and Senator KAY BAILEY HUTCHISON, as well as local offices for the IRS, FBI and other federal agencies.

It is all together appropriate that these offices be named for Representative Pickle since they are where he worked for 28 of his 31 years in Congress.

For those of us fortunate enough to know him, former Representative Pickle is a very skilled storyteller and a man steeped in Texas and U.S. history. One can not speak with him for any amount time without departing having heard one of his "yarns" about the legislative process or his work with President Johnson.

James Jarrell "Jake" Pickle was born in 1913 in Big Spring, a small town in the northwest part of Texas represented today by Congressman CHARLIE STENHOLM. He is a product of the Big Spring public schools and the University of Texas at Austin, where he received his BA in 1938.

After working as Area Director for President Roosevelt's National Youth Administration, Jake served 3½ years in the Navy in the Pacific during World War II. Upon returning to Austin, he entered the radio and public relations business, later serving as director of the Texas State Democratic Executive Committee and as an appointee to the Texas Employment Commission. He resigned from the TEC to run for Congress in a special election called after the resignation of Homer Thornberry. He began his Congressional career in December, 1963.

Congressman Pickle wasted little time in demonstrating what sort of Member of Congress he intended to be. Despite well-founded fears that his actions might end his fledgling political career, Representative Pickle joined only five other Southern members who voted in favor of Lyndon Johnson's Civil Rights Act in 1964. Looking back on it, Representative Pickle says that is the one vote of which he is most proud and recalls with great fondness a personal phone call at 2:00 a.m. after the vote from President Johnson to thank him. Jake followed this vote a few months later with a vote in support of the Voting Rights Act and then spent the next 30 years working on behalf of civil rights and equal opportunity for minorities and women.

This was not the first or last time Representative Pickle faced the challenge of being the President's Congressman. He was a close friend and ally of both President Johnson and Lady Bird Johnson. His friendship with the former First Lady remains strong to this day.

Naming this federal building in Jake's honor is particularly appropriate because it houses his friend LBJ's apartment and office suite, preserved in all its early 1970's splendor. Jake's stories of working with Johnson on the Great Society, often in these rooms, are the stuff of Texas political legend. Jake stands as one of the few remaining personal historians of one of the greatest American Presidents.

Representative Pickle also distinguished himself as Chairman of the Ways and Means Oversight Subcommittee. From that post, Jake worked tirelessly to rid the Medicare system of waste and fraud, constantly laboring on behalf of those who rely on the Medicare system for their basic health care.

In addition, former Congressman Pickle served as Chairman of the Social Security Subcommittee in the 98th Congress and is widely credited with shepherding through Congress a legislative package that has extended the life of the Social Security system by decades. His work on behalf of the poor and the elderly complements perfectly his long-time commitment to civil rights.

Based on his long service to Texas and the nation, I believe H.R. 118 is a fitting tribute to Representative Pickle's legacy. I urge all Members to support its passage.

Mr. DUNCAN. Mr. Speaker, it was an honor to preside over the House during the consideration of a bill naming a Federal building in Austin, TX, after Congressman J.J. (Jake) Pickle.

Congressman Pickle served in the House for more than 31 years. For 30 of those years he served with either my father or me.

In their service on the Ways and Means Committee, he and my father became the closest of friends.

I remember being told that on the plane returning from my father's funeral in Louisville, Congressman Pickle led the plane's passengers in singing some old-time hymns.

In fact Congressman Pickle was famous within the Congress for the stories he used to tell about the hymns sung at the Thursday morning House prayer breakfasts. Some people wondered if the stories were totally accurate or were, at least in part, made up by Congressman Pickle as he went along.

At any rate, Congressman Jake Pickle was a great and dedicated Member of the House. His love for others and for this institution shown through in everything he did.

I join my colleagues in supporting this bill, a very fitting tribute to a very kind man and great American, Congressman Jake Pickle.

Mr. SHOWS. Mr. Speaker, I have no other speakers, and I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. DUNCAN). The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the bill, H.R. 118.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

JOSÉ V. TOLEDO UNITED STATES POST OFFICE AND COURTHOUSE

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 560) to designate the Federal building located at 300 Recinto Sur Street in Old San Juan, Puerto Rico, as the ''José V. Toledo United States Post Office and Courthouse,'' as amended.

The Clerk read as follows:

H.R. 560

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The Federal building and United States courthouse located at the intersection of Comercio and San Justo Streets, in San Juan, Puerto Rico, shall be known and designated as the ''José V. Toledo Federal Building and United States Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building and United States courthouse referred to in section 1 shall be deemed to be a reference to the ''José V. Toledo Federal Building and United States Courthouse''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 560, as amended, designates the Federal Building and United States Courthouse in Old San Juan, Puerto Rico, as the ''José V. Toledo Federal Building and United States Courthouse.''

José Toledo was born in Arecibo, Puerto Rico. He received a Bachelor of Arts degree from the University of Florida and a Juris Doctor in law from the University of Puerto Rico Law School. Judge Toledo served on the Federal bench in the United States District Court, District of Puerto Rico, from December 1, 1970 until February 1980, when he died in office at the age of 49. At the time of his death, Judge Toledo was the chief judge for the Puerto Rico District.

Prior to his appointment to the Federal bench, Judge Toledo served as an Assistant United States Attorney, as a lawyer in local government in Puerto Rico, as a partner in private law practice, and served in the United States Army as a member of the Judge Advocate Corps. This legislation is a fitting tribute to honor the career and judicial contributions of the late Judge José V. Toledo.

Mr. Speaker, I support this bill, and I encourage my colleagues to support it as well.

Mr. Speaker I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 560 is a bill to name the Federal facility in Old San Juan as the ''José V. Toledo United States Post Office and Courthouse.'' The gentleman from Puerto Rico (Mr. ROMERO-BARCELÓ) introduced this bill in February of 1999 and is to be commended for his diligence in ensuring its passage.

Judge Toledo served the District of Puerto Rico with great distinction from 1970 to February 1980, when he died an untimely death at the age of 49 years.

Integrity, loyalty, patience, fairness, keen intellect and perseverance are words used by Judge Toledo's friends and colleagues to describe him. Judge Toledo was born in Puerto Rico in 1931. He received his Bachelor's Degree from the University of Florida and his law degree from the University of Puerto Rico Law School.

In addition to private practice, Judge Toledo served as an Assistant United States Attorney and in the local government of Puerto Rico. Judge Toledo also served in the U.S. Army as a member of the Judge Advocate Corps.

The building in old San Juan to bear Judge Toledo's name is an imposing structure, signifying solidarity and safety, and has guarded the entrance to Old San Juan for more than 300 years. It is fitting and proper this building then bear the name of Judge José V. Toledo, and I am proud and pleased to support this legislation.

Mr. FRANKS of New Jersey. Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield such time as he may consume to the gentleman from Puerto Rico (Mr. ROMERO-BARCELÓ), the sponsor of H.R. 560.

Mr. ROMERO-BARCELÓ. Mr. Speaker, I would like to thank the gentleman from New Jersey (Mr. FRANKS), and the ranking member, the gentleman from West Virginia (Mr. WISE), as well as the gentleman from Pennsylvania (Mr. SHUSTER) and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR) for pushing this bill through the committee and getting it on the floor for consideration today, and I would like to commend the clerk for his excellent Spanish accent. Very few people here pronounce those words the same.

Mr. Speaker, in recognition of the outstanding service of the late Judge José V. Toledo, today I am asking all of my colleagues to support this bill to designate the United States Post Office and the Courthouse in Old San Juan, Puerto Rico, as the ''José V. Toledo United States Post Office and Courthouse.'' Judge Toledo served on the United States District Court for the District of Puerto Rico from December of 1970 to February 1980, when he died at the early age of 49. He rose to the position of Chief Judge of the U.S. District Court, and he served with great distinction in that capacity until the moment of his untimely death.

Pepe Toledo, as he was known to his family and friends, was regarded as a man of paramount integrity and a loyal public servant. He was born on August 14, 1931, in Arecibo, Puerto Rico, and he received his Bachelor of Arts degree from the University of Florida in 1952. In 1956, he received his Juris Doctor from the University of Puerto Rico Law School, where I had the good fortune and the privilege of studying and graduating with him. During our law school years we became very close friends and studied together for our bar exams, and that close friendship lasted until his premature death.

Prior to his appointment to the Federal bench, Judge Toledo served as the Assistant United States Attorney. He was a partner in several law firms, one of which he and I and another fellow started, and an attorney within the local government of Puerto Rico. He also served in the U.S. Army as a member of the Judge Advocate General Corps. Judge Toledo was also a distinguished leader of the Exchange Clubs of Puerto Rico. He demonstrated his value to the organization through his involvement and commitment at both the local and the national levels.

As expressed by the Chief Judge of the U.S. District Court in Puerto Rico, the Honorable Carmen Consuelo Cerezo, on behalf of the judges of the

Federal Court of Puerto Rico, Judge José V. Toledo earned the respect of the public, the bar and the bench for his patience, impartiality, fairness and decorum in the adjudication of the controversies brought before him. Judge Toledo set high standards for himself, yet he had a refreshing humility and capacity to understand the problems of others. His hallmarks were learning and wisdom, tempered by a tremendous feeling for people.

The U.S. Post Office and Courthouse in Old San Juan, built in 1914, stands above the foundations of the ancient city wall that has guarded the harbor entrance to the city for more than 300 years. As a matter of fact, San Juan is the oldest city under the American flag.

Built only 15 years after Puerto Rico became a U.S. territory, it is listed in the National Register with the U.S. Department of Interior's National Park Service. The site represents the eclecticism of American architecture of the late 19th and early 20th century as it integrates American-Spanish Revival architecture, Sullivanesque and Beaux Arts Neoclassical Revival styles. It has a 6-story annex which was built in 1940. It also demonstrates influences from the Vienna School and the Avant Garde movement. The Correo, as it has been known to generations of Puerto Ricans, is an imposing and beautiful structure which has stood magnificently within the old city walls as a symbol of greatness in times past with the importance of the U.S. Postal Service in Puerto Rico.

It is fitting that this structure so dear to us should carry the name of Judge José V. Toledo. The judges of the United States District Court, District of Puerto Rico, voted unanimously to recommend the naming of the Federal Courthouse in Old San Juan, Puerto Rico, in honor of José V. Toledo, referred to the late judge as a learned jurist, outstanding citizen and an excellent human being.

Mr. Speaker, I am immensely proud to honor his memory and with this bill to designate the U.S. Post Office and Courthouse in Old San Juan, Puerto Rico, as the ''José V. Toledo United States Post Office and Courthouse.''

Mr. SHOWS. Mr. Speaker, I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the bill, H.R. 560, as amended.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: ''A bill to designate the Federal building and United States courthouse located at the intersection of Comercio and San Justo Streets, in San Juan, Puerto Rico, as the 'José V. Toledo Federal Building and United States Courthouse'.''.

A motion to reconsider was laid on the table.

GARZA-VELA UNITED STATES COURTHOUSE

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 686) to designate a United States courthouse in Brownsville, Texas, as the ''Garza-Vela United States Courthouse''.

The Clerk read as follows:

H.R. 686

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States courthouse located at the corner of Seventh Street and East Jackson Street in Brownsville, Texas, shall be designated and known as the ''Garza-Vela United States Courthouse''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the ''Garza-Vela United States Courthouse''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentleman from Mississippi (Mr. SHOWS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 686 designates the United States Courthouse in Brownsville, Texas, as the Garza-Vela United States Courthouse.

Reynaldo Garza and Filemon Vela are two distinguished judges who sit on the Federal bench in Brownsville, Texas.

Judge Garza began his distinguished career in public service with the Air Force during World War II. Upon his return from the war, Judge Garza returned to private practice until 1961, when President Kennedy appointed him to the United States District Court for the Southern District of Texas.

In 1974 he became the Chief Judge for the Southern District, until he was appointed by President Carter to the United States Court of Appeals for the Fifth Circuit. In April of 1997 Chief Justice William H. Rehnquist appointed him Chief Judge of the Temporary Emergency Court of Appeals of the United States.

Judge Vela, whose career in public service is equally distinguished, served in the United States Army, was the Commissioner for the city of Brownsville, and Judge on the 107th Judicial District, Cameron-Willacy County, Texas.

Judge Vela was a member of the Judicial Conference Committee on the Administration of the Magistrate Judges System until 1991, a member of the Judges Advisory Committee to the United States Sentencing Commission, and active in a number of local and State associations associated with civic and community activities.

This is a fitting way to honor two great judges who have dedicated their lives to serving their community and their country. I encourage my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. SHOWS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join with the gentleman from Brownsville, Texas (Mr. ORTIZ) in supporting H.R. 686, a bill to name the courthouse in Brownsville, Texas, as the Garza-Vela United States Courthouse.

Mr. Speaker, this bill honors the life and works of two extraordinary Mexican-Americans. Judge Reynaldo Garza was born in Brownsville in 1915. He graduated from Brownsville Elementary School as well as Brownsville High School. After graduating from Brownsville Junior College, he attended the University of Texas, where he received a combined degree of Bachelor of Arts and Bachelor of Law.

Judge Garza served his country during World War II in the Air Force. After the war he returned to Brownsville to practice law. In 1961 President Kennedy appointed Judge Garza to the District Court for the Southern District of Texas. President Carter appointed him to the United States Court of Appeals for the Fifth Circuit in 1979.

In addition to his judicial duties, Judge Garza has long been interested in educational issues. He served former Governors John Connelly and Governor Mark White on commissions to improve the quality of education in Texas. Judge Garza recognized the importance of education in judicial proceedings and his concern for the uneducated man at the mercy of the unscrupulous people.

Judge Garza is very active in his church, and has served the Knights of Columbus in the Brownsville area for many years. Pope Pious XII twice decorated Judge Garza for his work on behalf of Catholic Charities. In 1989, Judge Garza was honored by the University of Texas with the Distinguished Alumnus Award.

His record of public service includes work with the Rotary Club, the Latin American Relations Committee of Brownsville, trustees at his law school, the Advisory Council for the Boy Scouts, and he was elected as City Commissioner of the city of Brownsville.

It is fitting and proper to honor Judge Garza's outstanding, rich life, his commitment to excellence, and his numerous public contributions.

Judge Filemon Vela is also a native of Texas and a veteran of the United States Army. He attended Texas Southmost College and the University of Texas. His law degree is from St. Mary's School of Law in San Antonio.

Judge Vela served as Commissioner of the city of Brownsville. He was an active member of the Judges' Advisory Committee to the U.S. Sentencing Commission. Judge Vela is a former law instructor and an attorney for the Cameron County Child Welfare Department.

His civic activities include being the charter president for the Esperanza Home for Boys and cosponsor of the Spanish radio program Enrich Your Life, Complete Your Studies.

Judge Vela's other civic activities include membership on the Independent School District Task Force and membership in the General Assembly of the Texas Catholic Conference. He is also an active member of the Lions Club. Judge Vela was nominated by President Carter for the Federal bench, and was confirmed by the United States Senate in 1980.

Judge Vela's career is filled with successes, commitment to his family, devotion to his religion and his church, love for his work, and respect for his colleagues. It is most fitting to honor Judge Vela with this designation. I join the gentleman from Texas (Mr. ORTIZ) in supporting H.R. 686.

Mr. ORTIZ. Mr. Speaker, Texas is known for many things—among them is an embarrassment of riches in the Southern Judicial District of Texas.

In South Texas, we have two judicial giants in the Rio Grande Valley for whom citizens throughout the area have asked that the new federal courthouse in Brownsville be named.

Judge Reynaldo Garza was appointed to the federal bench by President John F. Kennedy in 1961 and Judge Filemon Vela was appointed to the federal bench by President Jimmy Carter in 1980.

Both of these men have become legends in the South Texas area by virtue of their commitment to education and community.

Each have shown their respective dedication to the betterment of the next generation of South Texans by working actively with schools and young people.

Judge Vela has focused on the young people who have made mistakes or erred, by working with the Esperanza Home for Boys, heading activities to keep young people in school called "Enrich Your Life, Complete Your Studies," being part of the Texas Business and Education Coalition, and working with the Texas Young Lawyers Association Dropout Prevention and Literacy Committee.

Judge Garza has served on the Brownsville Independent School Board, and turned his attention to the cause of higher education by serving on the Texas Education Standards Committee, the Coordinating Board of Colleges and Universities, and the Select Committee on Higher Education.

He is revered for a story he relates about his father, while dying, who told the Judge and his siblings that while he did not leave them with wealth, he left them with the gift of education, one which no one can ever take away.

Both these legends have schools named in their honor.

When construction began on the federal courthouse, all across the Valley, people wondered whose name would grace the courthouse upon completion.

I was moved at the number of letters that came to my office relating personal stories about one or the other and advocating naming the courthouse after either Judge Vela or Judge Garza.

After reading all the heart-felt expressions on behalf of both judges, and listening to people who sought me out while I was in the District, I realized how rich we were in judicial talent and thought that the only way to satisfy the concerns of all South Texans was to name this courthouse after both judges.

This name is a reflection of the will of those people whose interests will be served in the new courthouse, and of those people for whom justice will be dispensed there.

Mr. SHOWS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and pass the bill, H.R. 686.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANKS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1121, S. 453, S. 460, H.R. 118, H.R. 560, as amended, H.R. 686 and H.R. 1162, the measure just considered by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMENDING THE REVEREND JESSE L. JACKSON, SR., ON SECURING THE RELEASE OF U.S. SERVICEMEN FROM CAPTIVITY IN BELGRADE, YUGOSLAVIA

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 156) commending the Reverend Jesse L. Jackson, Sr., on securing the release of Specialist Stephen Gonzalez of Huntsville Texas, Staff Sergeant Andrew Ramirez of Los Angeles, California, and Staff Sergeant Christopher Stone of Smiths Creek, Michigan, from captivity in Belgrade, Yugoslavia, as amended.

The Clerk read as follows:

H. RES. 156

Whereas, on March 31, 1999, Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone were captured while patrolling the Kumanovo area;

Whereas the Reverend Jesse L. Jackson, Sr., on April 29, 1999, led a delegation of religious and civic leaders from the United States in a faith-based effort to secure the release of Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone;

Whereas against great odds and in the face of grave personal risks, the Reverend Jesse L. Jackson Sr. and his party successfully secured the release of Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone;

Whereas the Reverend Jesse L. Jackson, Sr. is recognized around the world as a humanitarian, an advocate for civil and human rights, and an ambassador of freedom; and

Whereas, as a highly respected world leader, the Reverend Jesse L. Jackson, Sr. has acted many times as an international diplomat in sensitive situations and in October 1997, he was appointed by President Clinton and Secretary of State Albright as Special Envoy of the President and Secretary of State for the Promotion of Democracy in Africa: Now, therefore, be it

Resolved, That the House of Representatives—

(1) commends the Reverend Jesse L. Jackson, Sr. for securing the release of Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone from captivity in the Federal Republic of Yugoslavia; and

(2) joins with the people of the United States in celebrating the return to freedom of Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. GILMAN) and the gentleman from American Samoa (Mr. FALEOMAVAEGA) each will control 20 minutes.

The Chair recognizes the gentleman from New York (Mr. GILMAN).

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this measure.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to support this resolution introduced by the gentlewoman from Florida (Mrs. MEEK) which accords proper credit to the recent efforts of Reverend Jesse Jackson and his accompanying delegation of clergymen in successfully securing the

release of our three POWs held in the Federal Republic of Yugoslavia.

□ 1900

The Reverend Jackson has a distinguished record of utilizing his considerable powers of persuasion in the service of humanitarian objectives. When American citizens and others find themselves held in captivity in a hostile country as a result of circumstances beyond their control, Reverend Jackson has proven on several occasions against the odds that he can secure their release.

Our Nation should be grateful to the good Reverend for his special skills in that regard. We are also grateful that our three young service people who were unjustly held by the government of the Federal Republic of Yugoslavia have finally been returned to their families, to their friends and fellow countrymen. We salute their dedicated service to our Nation.

Accordingly, I urge my colleagues in the House to support H. Res. 156 commending the Reverend Jesse L. Jackson and his fellow clergymen for acquiring release of Specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone.

Mr. Speaker, I reserve the balance of my time.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of House Resolution 156 offered by the gentlewoman from Florida (Mrs. MEEK). Mr. Speaker, House Resolution 156 provides for a special commendation and tribute to Reverend Jesse Jackson, Sr., for his services and leadership, whereby he led a special delegation of religious leaders and even one of our fellow Members, the gentleman from Illinois (Mr. BLAGOJEVICH) to travel to Belgrade, Yugoslavia to meet with President Slobodan Milosevic with the hope of trying to break the stalemate and crisis in Kosovo through a negotiated peace settlement or agreement, and with the hope that the three men, soldiers who had been held captive, could also be released from prison.

Mr. Speaker, I would like to offer my commendation also to the gentleman from New York (Mr. GILMAN), the chairman of the House Committee on International Relations, for his endorsement and support of this resolution; also, the ranking Democrat of the Committee on International Relations, the gentleman from Connecticut (Mr. GEJDENSON), both gentlemen, for supporting and endorsing this resolution.

Needless to say, Mr. Speaker, Reverend Jackson has done it again. Following an intensive 3-hour-long meeting with President Milosevic with a good amount of praying and heart-to-heart discussions, President Milosevic decided to release our three soldiers. Mr. Speaker, I am certain that our Nation, the families and friends of our three soldiers, we all owe a debt of gratitude and appreciation for Reverend Jackson's commitment and devotion to the cause of peace. And, more especially, his ability to properly negotiate and persuade parties with varying views to come to the table and seek solutions to the problems certainly is most commendable.

Mr. Speaker, Reverend Jackson deserves our gratitude for his successful efforts to secure the release of our soldiers, Steve Gonzales, Andrew Ramirez and Christopher Stone. I might add, Mr. Speaker, those soldiers showed tremendous courage and loyalty to our Nation.

I need not remind my colleagues, Mr. Speaker, that the crisis in Kosovo is far from over. The debate in this Chamber last week, I submit, Mr. Speaker, is indicative of the seriousness of the issues and with so very many varying opinions and claims of facts of the truth and the crisis in the Balkans, definitely in my humble opinion, Mr. Speaker, has proven one basic fact: Our leaders and the American people simply do not know enough about the history and legacy of the Balkans. Almost like a repeat of a ritual that America went through when we were confronted with a crisis in Vietnam.

Mr. Speaker, we do not need and we do not want another Vietnam in the Balkans. We must remember that President Milosevic is continuing to wage a brutal campaign against the Kosovar Albanians. Thousands of Kosovar Albanian refugees continue to stream into the neighboring countries. Many of these refugees have terrible tales to tell of rape, of beatings, of atrocities and murder at the hands of Serbian forces. The NATO campaign is designed to deny Milosevic the ability to wage his brutal repression against the Kosovar Albanians.

Mr. Speaker, we must remain steadfast in our resolve to see our mission through. Again, I want to commend the gentleman from New York (Mr. GILMAN) for his support of this resolution.

Mr. Speaker, I rise in strong support of House Resolution 156 offered by the gentlelady from Florida, Mrs. MEEK.

Mr. Speaker, House Resolution 156 provides for a special commendation and tribute to the Reverend Jesse Jackson, Sr., for his services and leadership—whereby he led a special delegation of religious leaders and one of our fellow Members, the gentleman from Illinois, Mr. BLAGOJEVICH, to travel to Belgrade, Yugoslavia—to meet with President Slobodan Milosevic—with the hope of trying to break the stalemate in the current crisis in Kosovo through a negotiated peace settlement or agreement, and with the hope also that the three American soldiers who have been held captive could also be released from prison.

Needless to say, Mr. Speaker, Reverend Jackson has done it again. Following an intense three-hour long meeting with President Milosevic, with a good amount of praying and heart-to-heart discussion, President Milosevic decided to release our three soldiers.

Mr. Speaker, I am quite certain that our nation, the families and friends of our three soldiers, we all owe a debt of gratitude and appreciation for Reverend Jackson's commitment to peace, but more especially his ability to properly negotiate and persuade parties with varying views to come to the table and seek solutions to the problems, is most commendable.

Mr. Speaker, Reverend Jackson deserves our gratitude for his successful efforts to secure the release of our soldiers, Steve Gonzales, Andrew Ramirez, and Christopher Stone. I might add, Mr. Speaker, these soldiers showed tremendous courage and loyalty to our nation.

Mr. Speaker, I need not remind my colleagues that the crisis in Kosovo is far from over. The debates in this Chamber last week—I submit, Mr. Speaker—is indicative of the seriousness of the issues and with so many varying opinions and claims of "facts," or "the truth"—the crisis in the Balkans definitely has proven one basic fact: our leaders and the American people simply do not know enough about the history and legacy of the Balkans; almost like a repeat of the ritual that America went through when we were confronted with the crisis in Vietnam.

Mr. Speaker, we don't need and we don't want another Vietnam in the Balkans.

DAYS OF JOY, PAIN AND HOPE

(Los Angeles Times Editorials.—May 3, 1999)

Finally, in a period of missteps and accidental NATO attacks in Yugoslavia and confusion on Capitol Hill over whether the House supports or opposes the air war, there is good news: the release Sunday of the three American prisoners of war. The sight of the smiling faces of Army Staff Sgt. Andrew Ramirez, 24, of East Los Angeles, Spc. Steven Gonzales, 21 of Huntsville, Texas, and Staff Sgt. Christopher J. Stone, 25, of Smith's Creek, Mich, provided a temporary respite from the hard decisions that lie ahead and that, we hope, will set the stage for further diplomatic progress.

Full credit in securing the release of the three soldiers should go unbegrudgingly to the Rev. Jesse Jackson and a private delegation of religious leaders, including Los Angeles' Rabbi Steven Bennett Jacobs and Dr. Nazir Uddin Khaja of the American Muslim Council.

The religious leaders had been publicly urged not to go to Belgrade by the Clinton administration and had been warned that the mission was dangerous and ill-timed. No one can know the cynical reasoning that might well have motivated President Slobodan Milosevic to release the soldiers. But the point is that Jackson delivered, winning the release of the prisoners without apparent conditions.

For the families of the soldiers, seized on the Macedonian border March 31, the nightmare is over. Relatives of Ramirez, Gonzales and Stone are on their way to Germany to be reunited with their sons, husbands and brothers.

For the Kosovars, however, the future does not look so bright. "This gesture on his [Milosevic's] part cannot overcome the stench of evil and death on the killing fields of Kosovo," Defense Secretary William S.

Cohen said Sunday. The White House already has rebuffed Jackson's call for direct talks between Clinton and Milosevic, and we agree that such a meeting is at best premature. The air bombing campaign in Yugoslavia is a NATO operation. Beyond that, Milosevic first would have to lay the groundwork necessary for success. In short, that means the end of Milosevic's pogrom in Kosovo, the safe return of the refugees and some form of autonomy for the Kosovars that is diplomatically secured.

Today we celebrate the release of U.S. soldiers from captivity. The diplomatic avenues toward peace appear to be opening up, through the increased interest of the Russians and others. Americans must not forget, however, that diplomacy was tried and failed for many months in the absence of a military campaign. In the presence of a military campaign, the diplomatic approach might finally have been given the incentive it needed.

[From the Los Angeles Times, May 3, 1999]

JACKSON TRIP IS LATEST IN SERIES OF SUCCESSFUL, RISKY ONE-MAN MISSIONS

WASHINGTON.—The White House asked him not to go and said it couldn't guarantee his safety in a city under attack by NATO bombing.

But the diplomatic coup by the Rev. Jesse Jackson, winning the release of three U.S. soldiers held captive in Belgrade, highlights the kind of risky, personal diplomacy that sometimes works where White House action cannot.

Jackson, who has acted as Clinton's special envoy in the past, went to Yugoslavia as a private citizen to negotiate with Slobodan Milosevic. It's a role he's played before in Syria, Cuba and Iraq dating to the mid-1980s.

The administration had ruled out official negotiations for the soldier's release since their capture near the Yugoslavia-Macedonia border on March 31, and vowed to press forward with the air war aimed at stopping hostilities in Kosovo.

While the White House has cautiously welcomed Jackson's success, the administration may still worry his mission may further Milosevic's efforts to soften his image, said Barnett Rubin, the director of the Center for Preventive Action at the Council on Foreign Relations.

''The danger is that a free-lancer like that, unauthorized, dilutes your message,'' Rubin said. ''They portray Milosevic as a war criminal, but this could show him he has alternatives.''

Rep. Floyd Spence (R–S.C.), chairman of the House Armed Service committee, said the Jackson maneuver gave a ''diplomatic victory'' because ''the world is going to look upon him in a different way, to some extent, by releasing the prisoners this way.''

Spence said on CNN's ''Evans, Novak, Hunt & Shields'' that a temporary bombing halt ''would be appropriate.'' He added that ''I don't think we should be there in the first place,'' noting that he was among the 213 House members voting last week against a resolution backing the bombing. Jackson has a history of private intervention in international crises.

He went to Syria in 1984 to arrange the release of a Navy pilot whose bomber was shot down by Syrian antiaircraft guns in Lebanon. Several months later, he worked out arrangements with Cuba for the release of 48 American and Cuban political prisoners. And he played a similar role helping foreign women and children in Iraq in 1990.

Sometimes this type of citizen diplomacy works, and sometimes it doesn't.

Former President Carter helped diffuse a crisis over North Korean efforts to develop nuclear weapons in 1994 by personally intervening with that country's late leader, Kim Il-Sung. When Carter said he want to go, Clinton reportedly told him to go ahead, as long as Carter understood he was acting as a private citizen and not an official emissary.

But a similar Carter visit with Bosnian Serb leader Radovan Karadzic in 1995 failed to produce a lasting cease-fire, and Carter was later criticized for meeting with an indicted war criminal.

Clinton has often favored using high-profile, one-man diplomatic missions to resolve international crises, counting on the reputation and clout of his messenger.

He employed Bill Richardson—a congressman from New Mexico and later U.S. ambassador to the United Nations—as a diplomatic firefighter, trying to extinguish problems in Iraq, central Africa and North Korea.

He asked a former rival, Republican Bob Dole, to travel to Kosovo to convince the Kosovar Albanians to sign a settlement Molosevic eventually rejected.

And he teamed Carter with former Sen. Sam Nunn and retired Gen. Colin Powell in 1994 to persuade Haiti's military rulers to back down and allow a peaceful U.S.-led military intervention that restored ousted President Jean-Bertrand Aristide.

One of Clinton's most frequent emissaries is Richard Holbrooke, the former State Department official, ambassador, and architect of the 1995 Dayton accord that ended the war in Bosnia. Holbrooke, now the nominee to succeed Richardson as ambassador to the United Nations, negotiated with Milosevic seeking a peaceful solution to Kosovo right up until the NATO bombing began.

But Rubin said Jackson's mission differs greatly from that of official envoys.

''Holbrooke was representing the United States and NATO, saying, 'If you don't agree, we're going to bomb you.' That's the same message whether you're alone in the room or if you're with 10 other people,'' Rubin said.

Mr. Speaker, I am privileged to yield 5 minutes to the distinguished gentlewoman from Florida (Mrs. MEEK), chief sponsor of this resolution

Mrs. MEEK of Florida. Mr. Speaker, I thank the gentleman from American Samoa (Mr. FALEOMAVAEGA), my colleague, for giving me this opportunity to express my feelings about the Reverend Jesse Louis Jackson.

When the history of the world is written, Mr. Speaker, the name of Jesse Louis Jackson will head the name of those who loved peace. I am pleased that the House is today considering a resolution introduced yesterday commending the Reverend Jesse L. Jackson, Jr., for his extraordinary efforts in securing the release of our three brave American soldiers from captivity in the Federal Republic of Yugoslavia. Reverend Jesse Louis Jackson gives us something for all of us to be proud of: leadership, bravery, courage.

I particularly want to thank Speaker HASTERT; the gentleman from Missouri (Mr. GEPHARDT) our minority leader; the gentleman from New York (Chairman GILMAN); the gentleman from Connecticut (Mr. GEJDENSON) ranking Member; and the gentleman from American Samoa (Mr. FALEOMAVAEGA) of the Committee on International Relations, who worked together in a bipartisan effort to bring this resolution to the floor.

Mr. Speaker, as we all know, last Thursday Reverend Jackson led a delegation of religious and civic leaders from the United States, including our colleague, the gentleman from Illinois (Mr. BLAGOJEVICH), to Yugoslavia in a faith-based effort to secure the release of Specialist Gonzales, Staff Sergeant Ramirez, and Staff Sergeant Stone. Against great odds and in the face of grave personal risk, Reverend Jackson and his party entered the war zone and on Saturday May 1, Reverend Jackson, with the help of God, secured the release of these brave American soldiers.

Mr. Speaker, I and millions of Americans and others around the world, we watched with pride, we watched with joy and amazement as Reverend Jackson and his delegation emerged with our three brave soldiers. It was at that point that I decided to introduce this resolution.

On this floor today we celebrate Reverend Jackson's achievement and our soldiers' return to freedom. We want the world to know, Mr. Speaker, that we are extremely proud of the Reverend Jesse Louis Jackson.

This is not the first time that Reverend Jackson has successfully secured the release of prisoners in other countries. In 1984 he secured the release of United States Navy Flyer, Lieutenant Robert O. Goodman, Jr., from Syria. Again in June of 1984 he secured the release of 22 Americans and 26 Cubans from Cuba; and in 1990 he secured the release of 700 women and children who were being detained in Iraq.

Jesse Louis Jackson is certainly a man of peace. Mr. Speaker, he is recognized around the world as a humanitarian, an advocate for civil and human rights, and an ambassador of freedom. Time and again he has been willing and able to enter into difficult situations and to go into harm's way that very few of us would go into. His diplomacy has been effective when conventional diplomacy has not been effective. He has achieved success due to his determination and the strength of his beliefs.

Reverend Jackson is a soldier for peace and freedom with deep roots in the nonviolence movement. For over a generation he has acted in the highest tradition of Gandhi and Martin Luther King.

Reverend Jackson has proven time and time again that he will go anywhere and to any lengths to help those in need, especially those who are unable to help themselves. It is a great honor and privilege to know him and to have him as a friend, and to know that this House does itself proud by honoring someone who has done so much to help so many.

Mr. Speaker, the Bible said: ''Blessed are the peacemakers.'' The Reverend Jesse Jackson, Sr., is indeed blessed. God has given him great gifts and he has used them fully to help his fellow men and women. He deserves our thanks and our praise. We are so proud.

Mr. Speaker, we all serve with his son, the gentleman from Illinois (Mr. JESSE L. JACKSON, Jr.), and I know that he is even more proud of his father than we are. I am very proud to offer this resolution honoring this great American, an outstanding leader, and I urge all of my colleagues to give it their enthusiastic support.

Mr. GILMAN. Mr. Speaker, I reserve the balance of our time.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 2 minutes and 40 seconds to the distinguished gentleman from Illinois (Mr. JACKSON), my friend and colleague.

Mr. JACKSON of Illinois. Mr. Speaker, let me begin by thanking the distinguished gentleman from New York (Chairman GILMAN) and the gentleman from American Samoa (Mr. FALEOMAVAEGA) for this opportunity, and I certainly want to begin by commending and thanking the gentlewoman from Florida (Mrs. MEEK) for sponsoring today's resolution.

Mr. Speaker, I am overwhelmed that the gentlewoman would be so kind as to think of Reverend Jackson and all of the members of this delegation who sought to bring about an opportunity for peace in this crisis. I am only troubled in that the present signals that we are getting are not ones that indicate that we are going to take advantage of the opportunity that Reverend Jackson has created.

I could talk about Reverend Jackson, my father, for hours. Maybe for a lifetime. But I want to take the few minutes that I have, that has been given me, just to mention the names of those ministers who participated in this event.

The Reverend Jesse Jackson, Sr., founder and president of the Rainbow/PUSH Coalition. The Reverend Dr. Joan Brown Campbell, general secretary, National Council of Churches. Mr. Nazir U. Khaja, medical doctor, chairman of the board of the American Muslim Council, head of the Islamic Information Service.

Father Leonid Kishkovsky, Orthodox Church of America. The Reverend James Meeks, Salem Baptist Church, Chicago, Illinois. The Reverend Father Irinej Dobrijevic, Serbian Orthodox priest, International Orthodox Christian Charities. Landrum Bolling, Senior Advisor, Conflict Management Group, Director-at-Large, Mercy Corps International.

John Wyma, chief of staff to Congressman ROD BLAGOJEVICH. Father Raymond G. Helmick from Boston College in Boston, Massachusetts. Amy Toensing, photographer. Walter Rogers from CNN. Yuri Tadesse, the director of International Affairs at Rainbow/PUSH Coalition.

David Steele, Center for Strategic and International Studies of Washington, D.C. James George Couchell, His Grace Bishop Dimitrios of Xanthos, Greek Orthodox Archdiocese of America. His Grace Right Reverend Bishop Mitrophan, Serbian Orthodox Bishop of Eastern America. Bishop Marshall ''Jack'' Meadors of the United Methodist Church.

Rabbi Steven Bennett Jacobs, Temple KOL Tikva from Los Angeles, California. Mr. Zoran S. Hodjera, president of the Saint Luke Serbian Orthodox Church in Washington, D.C. Our colleague, Congressman ROD BLAGOJEVICH from the Fifth Congressional District in Illinois. Obrad Kesic, Director of Governmental Affairs, IGN Pharmaceuticals. Reverend Roy Thomas Lloyd, Broadcast News Director of the National Council of Churches.

Jonathan Alpert from HBO. Susan Sachs from the New York Times. Bryan Puchaty, CNN. Marie Nelson, the director for Africa Policy, Rainbow/PUSH Coalition.

Mr. Speaker, this interfaith delegation made it possible to bring our prisoners of war home.

Mr. GILMAN. Mr. Speaker, I want to commend the gentleman from Illinois (Mr. JACKSON) for listing all the clergymen. I had not seen that list published any place and it was certainly a wonderful delegation. And I commend him for giving them the proper attributes for their work.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations, for his generosity and for his constant advocacy for peace. And I thank the gentleman from American Samoa (Mr. FALEOMAVAEGA), the ranking member, for his leadership. I also thank the gentlewoman from Florida (Mrs. MEEK) for bringing this to a point when we could acknowledge a great man of peace.

Mr. Speaker, ringing throughout the halls of many places over the weekend, and particularly in our houses of worship, were the words, ''glory, glory, hallelujah,'' for it was that which caused the efforts of Reverend Jesse Louis Jackson to be put at the pinnacle of our eyesight in terms of what he accomplished. We had always known him as a man of peace who was courageous, but as he brought forth the three young men and presented them to us this past Sunday there was a ringing of celebration, one long overdue.

I rise to support this resolution and support Reverend Jesse L. Jackson, Sr., and as noted by the gentleman from Illinois (Mr. JACKSON), all of the others, part of the delegation, the religious and civic leaders, including our colleague from Illinois (Mr. BLAGOJEVICH).

It is important to acknowledge the fact that there can be peace.

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I am grateful that specialist Steven Gonzales, Staff Sergeant Andrew Ramirez, and Staff Sergeant Christopher Stone, who were captured on patrol along the border of Kosovo and Macedonia, are now free. I am delighted that Reverend Jackson, in prayer and with courage, left the shores of this land and went forth to deliver them.

As I traveled in Albania and Macedonia this weekend, it was clear that all eyes were on Reverend Jackson and his delegation. First, we were offering up prayers, Mr. Speaker; and then, of course, we were hoping for the very best.

We know that President Milosevic has brutally murdered many of the ethnic Albanians. We know that women and children have been displaced, along with their husbands and men. We know that the men have been murdered and taken off to war. We know the refugee camps are in terrible condition in terms of the living conditions, and we know we must prevail to stop ethnic cleansing. But Reverend Jackson rose above those issues to proceed to declare peace and to receive these individuals back.

Mr. Speaker, I would simply take my hat off, if I had one, to salute Reverend Jesse L. Jackson, Sr., for being a courageous man of peace.

Mr. Speaker, I submit for the RECORD Reverend Jackson's entire resume and bio.

REVEREND JESSE L. JACKSON, SR., PRESIDENT AND CHIEF EXECUTIVE OFFICER, RAINBOW/PUSH COALITION, INC.

The Reverend Jesse Louis Jackson, President and founder of the Rainbow/PUSH Coalition, is one of America's foremost political figures. Over the past thirty years he has played a pivotal role in virtually every movement for empowerment, peace, civil rights, gender equality, and economic and social justice.

Reverend Jackson has been called the ''conscience of the nation'' and ''the great unifier,'' challenging America to establish just and humane priorities. He is known for bringing people together in common ground across lines of race, class, gender, and belief.

Born on October 8, 1941 in Greenville, South Carolina, Jesse Jackson attended the University of Illinois on a football scholarship and later transferred to North Carolina A&T State University. He attended Chicago Theological Seminary until he joined the Civil Rights Movement full time in 1965.

Reverend Jackson began his activism as a student leader in the sit-in movement and continued as a young organizer for the Southern Christian Leadership Conference as an assistant to Dr. Martin Luther King, Jr. He went onto direct Operation Breadbasket and subsequently founded People United to Save Humanity (PUSH) in Chicago in 1971.

PUSH's goals were economic empowerment and expanding educational and employment opportunities for the disadvantaged and communities of color. In 1984, Reverend Jackson founded the National Rainbow Coalition, a national social justice organization devoted to political empowerment, education and changing public policy. In September 1996, the Rainbow Coalition and Operation PUSH merged into the Rainbow/PUSH Coalition to continue both philosophies and maximize its resources.

Long before national health care, a war on drugs, dialogue with the Soviet Union and negotiations with the Middle East were popular positions, Reverend Jackson advocated them. By virtue of Reverend Jackson's advocacy, South African apartheid and the fight for democracy in Haiti came to the forefront of the national conscience.

Reverend Jackson's two presidential campaigns broke new ground in U.S. politics. His 1984 campaign won 3.5 million votes, registered over one million new voters, and helped the Democratic Party regain control of the Senate in 1986. His 1988 candidacy won seven million votes and registered two million new voters and helped to sweep hundreds of elected officials into office. Additionally, this civil rights leader won a historic victory, coming in first or second in 46 out of 54 contests. His clear progressive agenda and his ability to build an unprecedented coalition inspired millions to join the political process.

As a highly respected world leader, Reverend Jackson has acted many times as an international diplomat in sensitive situations. In 1984, for example, Reverend Jackson secured the release of captured Navy Lieutenant Robert Goodman from Syria, as well as the release of 48 Cuban and Cuban-American prisoners in 1984. He was the first American to bring hostages out of Kuwait and Iraq in 1990.

In 1990, in an impressive victory, Reverend Jackson was elected to the post of U.S. Senator from Washington, D.C., a position also known as ''Statehood Senator.'' The office was created to advocate for statehood for the District of Columbia, which has a population higher than five states yet has no voting representation in Congress.

A hallmark of Reverend Jackson's work has been his commitment to youth. He has visited thousands of high schools, colleges, universities, and correctional facilities encouraging excellence, inspiring hope and challenging young people to award themselves with academic excellence and to stay drug-free. He has also been a major force in the American labor movement—working with unions to organize workers and mediate labor disputes. It is noted, Reverend Jackson has probably walked more picket lines and spoken at more labor rallies than any other national leader.

A renowned orator, Reverend Jackson has received numerous honors for his work in human and civil rights and for nonviolent social change. In 1991, the U.S. Post Office put his likeness on a pictorial postal cancellation, only the second living person to receive such an honor. He has been on the Gallup List of Ten Most Respected Americans for the past ten years. He has also received the prestigious NAACP Spingarn Award, in addition to honors from hundreds of grassroots and community organizations from coast to coast. Reverend Jackson has been awarded more than 40 honorary doctorate degrees, and frequently lectures at Howard, Yale, Princeton, Morehouse, Harvard, Columbia, Stanford, and Hampton Universities, among others.

Since 1992, Reverend Jackson has hosted ''Both Sides With Jesse Jackson'' on Cable News Network. He is the author of two books: Keep Hope Alive (South End Press, 1989) and Straight From the Heart (Fortress Press, 1987). In 1996, Reverend Jackson co-authored the book Legal Lynching: Racism, Injustice, and the Death Penalty (Marlowe & Company) with his son, U.S. Representative Jesse L. Jackson, Jr.

In October 1997, Reverend Jackson was appointed by President Bill Clinton and Secretary of State Madeleine Albright as ''Special Envoy of the President and Secretary of State for the Promotion of Democracy in Africa.'' In his official position as Special Envoy, Reverend Jackson traveled to Kenya and Zambia in November 1997. Reverend Jackson met with His Excellency Daniel T. Arap Moi of Kenya and President Frederick J.T. Chiluba of Zambia during his trip.

Reverend Jackson married college sweetheart Jacqueline Lavinia Brown in 1963. They have five children: Santita Jackson, Cong. Jesse Louis Jackson, Jr., Jonathan Jackson, Yusef DuBois Jackson, Esq., and Jacqueline Lavinia Jackson, Jr. The Jacksons reside in Chicago.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I join with my colleagues in support of H. Res. 156, a resolution to honor not only the work of the Honorable Reverend Jesse Jackson but also the work of the entire delegation who traveled with him against insurmountable odds and came back victorious.

Especially would I like to single out the work of our colleague, the gentleman from Illinois (Mr. ROD BLAGOJEVICH), and the Reverend James Meeks, whom I happen to know and have a tremendous amount of respect for.

I think, once again, Reverend Jackson has demonstrated his astuteness, his ability, his agility. Some of us thought maybe Reverend Jackson was getting a little bit older, and somebody else said, no, Jesse is not getting older, he is just getting better. And so he has gotten better, he is better, and we commend and congratulate him once again on a tremendous piece of humanitarian work for all of the world to see.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Mrs. NAPOLITANO).

Mrs. NAPOLITANO. Mr. Speaker, I thank my colleagues on both sides of the fence for bringing this today to this floor.

I especially want to thank my colleague, the gentlewoman from Florida (Mrs. CARRIE MEEK), for authoring House Resolution 156, which commends the Reverend Jesse Jackson for his wonderful and great work in securing the release of our brave servicemen, Staff Sergeant Andrew Ramirez, Staff Sergeant Christopher Stone, and Specialist Steven Gonzales.

I am proud to be a cosponsor of this resolution and honored to have the opportunity to address the Nation about it today.

Reverend Jesse Jackson has once again proven himself a man of great ability, of great compassion and of great faith. His mission to Yugoslavia brought relief and joy to the families of these three servicemen and to all Americans who prayed for their freedom.

Our Nation owes Jesse Jackson a great debt of gratitude. His skillful diplomacy in this case, as well as his other successful missions to free hostages and prisoners throughout the years, serves to remind us of Reverend Jackson's steadfast dedication to peace and freedom.

With regard to Staff Sergeant Steven Ramirez, I am especially thankful to Reverend Jackson for his courageous mission and am proud to join the Nation in honoring this exemplary American today.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I rise in support of H.R. 156, to commend, thank and congratulate the Reverend Jesse Jackson and his delegation and the gentleman from Illinois (Mr. ROD BLAGOJEVICH) for securing the release of the three American soldiers.

There has been great discussion criticizing independent diplomatic efforts as dangerous, out of line and inappropriate. I stand to commend the efforts of this faith-based delegation made up of more than 20 religious leaders as the right move at the right time and in the best interests of the soldiers and this Nation.

I am the mother of a 16-year-old man-child named Mervyn Jones, the love of my life. I place myself in the shoes of the mothers of these three American soldiers, experiencing the anxiety, loneliness, regret, love, longing and desperation of not being able to remove my son from the arms of Milosevic. Thanks to the efforts of Reverend Jackson and his delegation, I stand in the shoes of these same mothers exuberant, relieved, happy, proud, grateful and blessed that God allowed the Reverend Jackson to speak for me and my son.

In the midst of apprehension, discouragement, criticism and mistrust, this faith-based delegation had the courage and most of all the faith, hope and belief that they could accomplish that which others had been unable to accomplish—the release of three young American soldiers.

There comes a time when all criticism should cease and all voices should now be heard in unison, thanking these great Americans for their efforts, thanking these great Americans for their belief, thanking them for their audacity to believe that they could, thanking them for their service.

Reverend Jackson, Representative BLAGOJEVICH and other members of the delegation, I join with the United States Congress and the American people to laud, commend, congratulate and praise your good work.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Speaker, I want to thank the chairman and the ranking member for having this, and I want to thank the leadership of the gentlewoman from Florida (Mrs. MEEK) for offering this resolution.

I rise in support of H.R. 156, a resolution to commend Reverend Jesse Jackson, Sr., for securing the release from captivity of three United States soldiers: Specialist Steven Gonzales of Huntsville, Texas; Staff Sergeant Andrew Ramirez of Los Angeles; and Staff Sergeant Christopher Stone of Smiths Creek, Michigan.

For 5 weeks these soldiers reportedly were held isolated from each other and their units and held captive in a hostile land. Members of their families, people in their home communities and concerned citizens around the world prayed for their safe return. We were disappointed by the unsuccessful diplomatic efforts to secure their release.

In answer to the call of conscience, who will go to seek the release of these young men, Reverend Jesse Jackson boldly and courageously answered, I will. Despite the risk of failure, despite the risk of danger to his personal security, despite the risk of criticism from those who would say he had no business whatsoever, Reverend Jesse Jackson and his faith-based mission answered the call.

And, indeed, we want to commend our colleague, the gentleman from Illinois (Mr. BLAGOJEVICH), to go to this foreign country and to urge the country of that Nation to let our soldiers go home.

He succeeded and we are glad. Perhaps this humanitarian gesture by the Yugoslavian President, to set free our soldiers, will be followed by more substantial concessions on his part to hasten an end to the destruction of that region and the suffering he has caused in so many lives there. However, today, we should take time, on behalf of a nation that is grateful and very relieved by the safe return of our soldiers, to say thank you to Rev. Jesse Jackson for answering the call of conscience and for a job well done.

Rev. Jesse Jackson, by his bold actions, displayed the wisdom implicit in the old maxim that we should live, learn, love and leave a legacy. By his actions, Rev. Jackson displayed courage to go into a dangerous situation to accomplish his mission, to seek the release of our soldiers. He did it and we say thank you.

Mr. FALEOMAVAEGA. Mr. Speaker, may I ask how much more time do I have on this side?

The SPEAKER pro tempore (Mr. DUNCAN). The gentleman from American Samoa (Mr. FALEOMAVAEGA) has 4¾ minutes remaining.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I thank the gentleman for yielding me this time; and though 1 minute is not enough, I will try.

I simply want to, first, thank the gentleman from New York (Mr. GILMAN), the chairman, and our ranking member, as well as the gentlewoman from Florida (Mrs. CARRIE MEEK) for stopping and focusing us and getting us together to give our thanks to Reverend Jesse Jackson.

Reverend Jesse Jackson is truly a remarkable man. He is a man who truly believes in the power of prayer and the ability to argue the moral and humane position, no matter how difficult it looks, no matter how difficult it seems.

He was criticized. They said, do not go, Jesse; do not mess up our diplomatic relations, even though we had none. But Jesse went in spite of that, with a faith-based coalition and our own Congressman, to say to Mr. Milosevic, let them go.

And despite the fact that we all believe that Mr. Milosevic is without a moral center, that this is a man who has been involved in ethnic cleansing, that this is a man who had lost his moral compass a long time ago, Jesse convinced him.

He did not stop on the first try. They told him it was not on the agenda. Jesse Jackson went to bed; and he said, it is on my agenda. And he got up the next morning, and he continued with the mission, and he made it happen.

We are pleased. The mothers of these young men are pleased. We are so glad we have a Jesse Jackson. The world should thank Jesse Jackson.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. RUSH).

Mr. RUSH. Mr. Speaker, I want to also thank the sponsor of this outstanding resolution, H.R. 156. I also want to thank the chairman of the subcommittee and also the ranking member of the subcommittee for this occasion.

Today, I would like to commend Reverend Jesse Jackson and the entire Jackson peace delegation, which included the gentleman from Illinois (Mr. ROD BLAGOJEVICH) and the Reverend James Meeks, both who reside in the City of Chicago, for their heroic efforts in bringing our soldiers back home.

It took people of monumental strength and enormous moral courage to accomplish such a noble feat. I know that all of America, including the parents of our soldiers, thanked God when on Sunday it was announced that our soldiers were released.

One word about Reverend Jackson. Reverend Jackson is, indeed, a remarkable man, a man of enormous courage and enormous talent and abilities. Reverend Jackson's moral plea to Milosevic for the release of our soldiers was not an easy task. However, once again, Reverend Jackson has demonstrated to us the power of diplomatic negotiations.

Reverend Jackson certainly deserves every word, every symbol, every indication that we have giving him thanks.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentleman from Alabama (Mr. HILLIARD).

Mr. HILLIARD. Mr. Speaker, I commend the Reverend Jesse Jackson. For many years, the Reverend Jesse Jackson has served the cause of peace and human dignity. Once again, Reverend Jackson has traveled to the battlefields of a world at war to return captive servicemen. Once again, he has brought a message of peace and human unity to a situation many thought was beyond hope. Once again, Reverend Jackson has put his faith to the test, opened his heart in love and brought hope to the hopeless. Once again, Reverend Jackson has made himself an example of a committed American and an international peacekeeper.

Leading a delegation of Christian, Muslims and Jewish representatives, Reverend Jackson made a way where there seemed to be none. It is my hope that we may use the relationships which he has developed to find a way to end this war but, more importantly, that we find a way to end the oppression which caused it. It must always be our goal to establish a peace not based on oppression and to rebuild an arc of the covenant between all people. Reverend Jackson has done his part. Let us now do ours.

Mr. Speaker, I commend Reverend Jackson for his efforts.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 1 minute to the gentlewoman from Michigan (Ms. KILPATRICK).

Ms. KILPATRICK. Mr. Speaker, I want to thank our ranking member and the gentleman from New York (Mr. GILMAN) and my very dear friend, the gentlewoman from Florida (Mrs. CARRIE MEEK), for bringing this resolution forward.

People can say what they want about this country. This is the greatest country in the world. Men like Reverend Jesse Jackson, as well as my colleague, the gentleman from Illinois (Mr. ROD BLAGOJEVICH), who have the courage to risk their lives, and the other delegation, and to go on foreign soil to free three heroes are to be commended.

I want to add my voice to all those who have spoken before me in thanking Reverend Jackson and our colleague and their delegation. This world will be a better place. We hope we can end this war and bring peace to our Nation.

Mr. GILMAN. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. BLAGOJEVICH), the gentleman who accompanied Reverend Jackson and made it possible for Reverend Jackson to visit in Yugoslavia.

Mr. BLAGOJEVICH. Mr. Speaker, I thank the gentleman for yielding me this time.

Sergeant Ramirez and Sergeant Stone and Specialist Gonzales are soon

to be home with their families due to the hard work and effort of Reverend Jesse Jackson. He worked very hard. He was constant in his pursuit of negotiations to achieve this mission. There were peaks, and there were valleys. I know, because I was there with him.

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Reverend Jackson did it in Iraq and Kuwait. He did it before in Cuba with hostages. He did it before and was successful in Syria with Robert Goodman. And he did it again in Yugoslavia. Reverend Jesse Jackson is four for four, and Jesse Jackson is the man.

Mr. FALEOMAVAEGA. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. DUNCAN). The gentleman from American Samoa (Mr. FALEOMAVAEGA) has 1 minute remaining.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield 35 seconds to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Speaker, I thank the gentleman for yielding me the time.

I just want to the add my voice of congratulations to Jesse Jackson, who in many ways is like a father figure to me. I have known the family for so long. I am not surprised what Jesse Jackson was able to accomplish. And I say to my dear friend who came with me in the same class in 1996, that great Congressman from Chicago, he was one heck of a wing man and the Reverend could not have done it without him.

Congratulations, Reverend Jackson. And to the Ramirez, Stone and Gonzales families, I thank them for producing three great men like they have.

God bless America.

The SPEAKER pro tempore. The gentleman from American Samoa (Mr. FALEOMAVAEGA) has 25 seconds remaining.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 additional minute to the gentleman from American Samoa (Mr. FALEOMAVAEGA).

Mr. FALEOMAVAEGA. Mr. Speaker, I yield myself the balance of the time.

I certainly want to commend and thank my colleagues for the statements that have been presented to pay this very special tribute and this resolution to Reverend Jesse Jackson for the performance and for the contributions that he has made, especially in bringing home these three soldiers who had been imprisoned for the past 31 days.

In saying that, I certainly thank my good friend the gentlewoman from Florida for her sponsorship of this legislation.

Mr. Speaker, I yield the balance of the time to the gentlewoman from Florida (Ms. BROWN).

The SPEAKER pro tempore. The gentleman from American Samoa has 1 minute remaining. That 1 minute is yielded to the gentlewoman from Florida (Ms. BROWN).

Ms. BROWN of Florida. Mr. Speaker, I rise today in support of House Resolution 156.

I want to thank the Reverend Jesse Lewis Jackson for the wonderful job he has done getting the three American prisoners released. Our Nation and the families of the three soldiers who were held for a month are very grateful to Reverend Jackson's work.

Reverend Jackson has only recently been named as a diplomat, but he has been doing this work for a very long time. I am very hopeful that Reverend Jackson's success will encourage the two sides to find a peaceful end to the crisis.

On that note, I want to say that I joined several of my colleagues this weekend in Vienna, where we had meetings with the Russian Parliament. We tried to set a framework for peace negotiations between the two sides, and I am very pleased with our results. We cannot underestimate the power of negotiators like the Reverend Jackson, and I am very encouraged that his efforts, along with the discussions with the Russian officials, will lay the groundwork for peace and end this conflict.

God bless America. And, of course, we all love the Reverend Jesse Lewis Jackson.

I would like to congratulate the Reverend Jesse Jackson in his successful efforts in bringing home the three United States servicemen, Staff Sergeant Christopher J. Stone, Staff Sergeant Andrew A. Ramirez and Specialist Steven M. Gonzales, who were abducted in Macedonia near the Yugoslav border where they were on patrol while participating in a NATO force that was to move into Kosovo as peacekeepers in case of a settlement. Mr. Jackson's trip to Yugoslavia as a negotiator on behalf of the soldiers was indeed courageous, and his diplomatic talents are more than commendable.

Indeed, in obtaining the release of the captured soldiers, Reverend Jesse Jackson succeeded where no one else could through his immeasurable perseverance, faith, and persistent negotiating with the Serb leader. It is interesting to note that this was not the Reverend's first success as an international mediator. In 1984, he won the freedom from Syria of a U.S. Navy flyer, Lt. Robert O. Goodman, Jr., who had been shot down in a raid on antiaircraft positions in Lebanon. I also recall that in June of that same year he persuaded Fidel Castro to release 22 Americans and 26 Cubans from Cuban prisons. Additionally, Jesse Jackson has participated in numerous domestic "missions," and has mediated in several disputes on behalf of African Americans, labor and the poor. One example of his efforts was his success in prodding the aircraft maker Boeing into a $15 million settlement of two class action lawsuits that accused the firm of discriminating against its African American workers. I wholeheartedly admire the Reverend for his tactics in dispute resolution, for his siding with the underdogs, the poor, minorities, and the oppressed.

Mr. GILMAN. Mr. Speaker, I yield myself the balance of the time.

Again, I want to commend the gentlewoman from Florida (Mrs. MEEK) for bringing this resolution to the floor. I want to thank our senior member of our committee, the gentleman from American Samoa (Mr. FALEOMAVAEGA) for his participation, and thank all of those who participated in this tribute to Reverend Jesse Jackson, and to his fellow clergymen who participated with him in this admirable undertaking in releasing our prisoners.

Mr. THOMPSON of Mississippi. Mr. Speaker, the Rev. Jesse Jackson is truly one of America's unsung heroes, and today I stand before you to sing his praises.

For many years, conservatives have held Jesse Jackson up as the poster child for liberal causes.

They have chastised him and demonized him.

They have cursed him and mocked him.

And at the same time they wear their version of Christian values on their lapels, they look down on everyone that does not conform to their narrowly interpreted set of rules.

However, if ever there was a person who exemplified the morals and the values espoused by Christ, that person is the Rev. Jesse Jackson. In the Book of Matthew, Chapter 5, our Savior, Jesus Christ tells us which values will be looked upon favorably in the kingdom of Heaven. Some of the ones he mentions who will be blessed are:

"The poor in spirit, for theirs is the kingdom of heaven."

The Rev. Jackson has dedicated his life to representing the most marginalized, disenfranchised members of American society.

"Those who hunger and thirst for righteousness, for they will be filled."

The Rev. Jackson has made filing the souls of Americans as important as filing the bellies of the hungry.

"The merciful, for they will be shown mercy."

The Rev. Jackson has stepped into the chasm of propaganda and demonization to meet with the leaders of our nation's "enemies" and bring America's sons and daughters back from captivity in foreign countries.

"The pure in heart, for they will see God."

The Rev. Jackson's approach to solving problems clearly illustrates the innocence and humility of his altruistic intentions, his love of all people, and his dedication to making the world a better place for everyone.

"The peacemakers, for they will be called sons of God."

The Rev. Jackson has been a strong, outspoken advocate of diplomacy and nonviolent conflict resolution.

"Those who are persecuted because of righteousness, for their is the kingdom of heaven."

The Rev. Jackson has stood on the front lines of our nation's struggle to recognize the civil rights of all its citizens.

Rev. Jackson, we appreciate you and the work you are doing to walk the path. We commend you for your tireless efforts to bring home American soldiers who have become prisoners of war. However, your selflessness does not stop there. On a number of occasions, your intervention has freed citizens

being held as human shields by Saddam Hussein and political prisoners from Cuban jails. Hold your head up Brother Jackson. You are somebody! Keep the faith! When you are feeling a little unappreciated, just remember.

Blessed are you when people insult you, persecute you and falsely say all kinds of evil against you because of me. Rejoice and be glad, because great is your reward in heaven, for in the same way they persecuted the prophets who were before you. You are the salt of the earth. But if the salt loses its saltiness, how can it be made salty again? It is no longer good for anything, except to be thrown out and trampled by men. You are the light of the world. A city on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on its stand, and it gives light to everyone in the house. In the same way, let your light shine before men, that they may see your good deeds and praise your Father in heaven.

Ms. NORTON. Mr. Speaker, I thought that I should go to Andrews Airport Air Force Base yesterday to welcome Jesse Jackson home. Reverend Jackson had helped raise the consciousness of the nation to freedom concerns in the District of Columbia when he was statehood senator and lived here a few years ago. I thought that I should be there to greet him for bringing a freedom message to President Slobodan Milosevic, who heard Jesse Jackson and freed the three American servicemen.

I listened intently to Rev. Jackson's comments at the airport. He detailed how he had managed to free the three soldiers, and it was clear that he had done it with great care and skill without undermining U.S. foreign policy concerns and military aims. Reverend Jackson carried the NATO four conditions and urged them on Milosevic at the same time that he urged our country to look for diplomatic openings. Through the efforts of the former Russian Prime Minister Viktor Chernomyrdin, who coincidently arrived at Andrews shortly after the Jackson delegation, these openings are beginning to appear now. Rev. Jackson's work has not hurt our goals, and may have helped in ways we cannot yet know. What we do know is what Jesse Jackson, through an act of will and skill, has produced the three young men before the war's end. Jesse Jackson deserves credit not only for what he did but for the way he did it. Today's special order is a well deserved tribute.

Ms. LEE. Mr. Speaker, I rise tonight to recognize my good friend and colleague, Reverend Jesse Jackson, for his diplomacy in Yugoslavia and his work to bring an end to the crisis in Kosovo. Thanks to the work of Reverend Jackson and his delegation, three servicemen who had been held in Yugoslavia have been freed and allowed to return home safely. We must continue to take every measure possible to ensure the safe and expeditious return home of all the men and women of the United States Armed Forces who have been dispatched to Yugoslavia.

In the same spirit, I hope that we can seize upon this moment to further these diplomatic efforts to bring about an immediate end to Slobodan Milosevic's campaign of terror. At this juncture, I am convinced that our best hope for peace and stability in the region is the negotiation of an immediate cease fire and the dispatch of an international peace keeping force. It is my strong belief that the United States and NATO must reach out to the United Nations, Russia, China, and others to work together toward a new internationally negotiated peace agreement and to secure Serb compliance with any and all of its terms.

As a person who strongly believes in the teachings and work of Dr. Martin Luther King, Jr., I profoundly subscribe to the principles of nonviolence and implore us to consider the teachings of Dr. King as we address the crisis in Kosovo. In speaking about the Vietnam war in his speech A Christmas Sermon on Peace found in his last book, The Trumpet of Conscience, Dr. King wrote: "But one day we must come to see that peace is not merely a distant goal we seek, but that it is a means by which we arrive at that goal. We must pursue peaceful ends through peaceful means. All of this is saying that, in the final analysis, means and ends must cohere because the end is pre-existent in the means and ultimately destructive means cannot bring about constructive ends."

Based upon these principles of non-violence, it is with enthusiasm and pride that I applaud Reverend Jackson and his delegation for opening important, new diplomatic channels. While I have not seen Milosevic's letter to President Clinton, I am very hopeful that our President will view the letter as a possible opportunity to renew dialog to seek a political settlement to this horrific crisis. I pray that this will set in motion a process that ends the bloodshed in Yugoslavia and leads to sustainable and long-term peace in the Balkans.

Mr. GILMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. GILMAN) that the House suspend the rules and agree to the resolution, House Resolution 156, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution, as amended, was agreed to.

The title was amended so as to read: "Resolution commending the Reverend Jesse L. Jackson, Sr. on securing the release of Specialist Steven Gonzales of Huntsville, Texas, Staff Sergeant Andrew Ramirez of Los Angeles, California, and Staff Sergeant Christopher Stone of Smiths Creek, Michigan, from captivity in the Federal Republic of Yugoslavia.".

A motion to reconsider was laid on the table.

"WE, THE PEOPLE, CITIZEN AND CONSTITUTION PROGRAM"

(Mr. HILL of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILL of Montana. Mr. Speaker, earlier this week more than 1,200 students from across the United States were here in Washington to compete in the national finals of the "We, the People, Citizen and Constitution Program."

I am proud to announce that a high school class from Polson High School in Polson, Montana, represented the State of Montana in this national event. These young scholars have worked diligently to reach the national finals and, through this experience, have gained a deep respect and a greater knowledge and a greater understanding of the fundamental principles and the values of our constitutional Republic.

"We, the People" is the most extensive education program in the country that was developed to educate young people about the Constitution and the Bill of Rights. This program has provided classroom materials at elementary and middle and high school levels for more than 26½ million students across the country.

I am proud of the students from Polson, Montana, and I commend them for their dedication to a better understanding of their Government.

Mr. Speaker, I include the following newspaper article for the RECORD:

NONTENURED TEACHERS CUT: BOARD VOTES TO SLICE 60 POSITIONS TO HELP SAVE $1M

(By Leslie McCartney)

The teaching contracts of more than 60 nontenured teachers will not be renewed, Helena School District trustees reluctantly voted Tuesday night.

The district is facing serious financial problems. The district is seeking ways to slice $1 million expenses from its 1999–2000 school year budget.

"This is an unpleasant task," said Bill Rasor, personnel program manager for the district.

Many of the trustees lamented the necessary move—by contract the district must give teachers notice—but it was not unexpected.

Tuesday's meeting included more proposed considerations for reductions as part of the ongoing budgeting process that has been consuming the district and the trustees for at least a month.

A new consideration presented to the board Tuesday included eliminating a $15,000 contract for high school students with the Montana Science Institute, based at Canyon Ferry Lake.

Also discussed were a few revised proposals, including that of the gifted and talented program. The program would not be completely eliminated as was suggested earlier this month.

Under a new model, the district would retain two gifted and talented staff members to coordinate services and consult with classroom teachers.

"We're regrouping . . . maybe we're not quite ready to hand it off entirely." Superintendent Bruce Messinger noted.

Also revised was the issue of increasing class size, which of district hoped to boost to save money. Under a new proposal, class sizes in the early primary grades (kindergarten through second grade) (kindergarten through second grade) would stay small.

However, class sizes would be raised to 26 students in third grade, 28 in fourth grade and 30 in fifth grade. The changes in staffing, coupled with savings in physical education and the music program, could save $116,000, according to district projections.

Trustees also mulled a revision in the "significant writing" program to cut four full-time positions at a savings of $116,000.

This year's budget crunch is not an anomaly. Messinger presented a glimpse of a budget picture for the next four years that points to a further decline in enrollment. Enrollment in Montana is directly linked to the amount of funding a district receives.

''It's not going to get any prettier,'' said trustee Brenda Nordlund.

Many trustees also had strong words for the Legislature, which they accused of not paying attention to the plight of many of the state's larger districts that are unable to legally raise additional funds.

''We're pushing hard against the ceiling and it's coming down on us,'' Messinger noted.

The district's difficulties—along with the hours spent poring over numbers and finances—brought at least one trustee to near tears at the board meeting.

''I find this a tremendously humbling experience,'' said trustee Julie Mitchell.

She added that she realizes the district must pare its expenses, but the task is unpleasant and unavoidable.

''In the end we have to decide and someone's going to be mad,'' she said.

But she admonished both the public and trustees to remember that the district delivers a quality education and will continue to do so, in spite of the financial crunch.

''There are some incredibly cool things going on . . . we give our kids a fantastic education.''

Trustees also reminded the public that none of the proposed reductions have been decided and urged continued public input.

''This is not set in concrete,'' Trustee Rich Moy said.

A public hearing on the budget is set for March 16.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

ORDER OF BUSINESS

Mr. THUNE. Mr. Speaker, I ask unanimous consent that time allocated to the gentleman from Indiana (Mr. BURTON) and the time allocated to me be reversed on the schedule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

IDEA FUNDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. THUNE) is recognized for 5 minutes.

Mr. THUNE. Mr. Speaker, today the House passed House Concurrent Resolution 84, which I think is important for a number of reasons. There is no higher priority, I believe, than our children's education.

I have a third grader and a fifth grader who attend Oscar Howell Elementary, the public school system in Sioux Falls, South Dakota, in the Sioux Falls School District. The school board election is coming up in June. There are no fewer than 12 people running for one position on the school board, and we will have the opportunity to choose a very qualified member of the school board. I am delighted to have that many people who are interested in seeking and holding that very important position.

The concurrent resolution that we passed today in the House was a nonbinding resolution. But, nevertheless, I think is important, for several reasons. It compels the will of this House that special education be funded before any other new education initiatives are funded. That makes basic sense. The special education mandate, IDEA funding, is a Federal mandate and, therefore, should be federally funded.

Twenty years ago the Congress committed to fund special ed at 40 percent of the total funding level. We are not even close to that today, not even close. I am pleased that the Republican Congress in the last years has begun moving in that direction. In fact, we have backed up our rhetoric with our action.

If we look at where the President's budget has been in the last several budget years, in fiscal year 1997 the Republican Congress upped the President's request for IDEA funding for special ed by 19 percent. In 1998 we increased the funding level for special ed by 17 percent over the President's request. And in 1999 the Congress increased the level of spending over the President's request by 13 percent.

There is a pattern and a history and a commitment on the part of this Congress to see that the Federal Government honors the commitment that it has made to local school district across this country. So it is very important, I think, that this resolution expresses the will of the House that we will fully fund special ed and move in that direction.

The other thing I think is important with respect to this resolution is that whenever the Federal Government imposes mandates on local school districts and school boards, we take away and deprive them of critical decision-making authority.

I just mentioned that we have 12 people seeking the school board position for one position in the Sioux Falls School District. Using the resources that they have to fund the special ed mandate deprives them of using resources that could be allocated for other important things like building new schools, hiring new teachers, reducing class sizes, or buying more computers.

I will use my State of South Dakota as an example. If we were fully funding the mandate on special education today, we would be looking at an additional $18 million coming into South Dakota. And if each State would look at their own statistics, I think they would find similar types of relationships between the current funding levels and where it should be if the Federal Government was living up to the mandate.

As I said earlier, there is no higher priority than providing quality education to children with disabilities and at the same time freeing up resources that local decision-makers can use to improve the quality of education for all of our students across this country.

And so I believe that the vote that we made today in the House is important, as we move down that direction and look at what we can do to further increase the funding level, to honor the commitment that the Federal Government has made to the local school boards across this country, to see that those Federal mandates that we impose upon local school boards are fully funded so that our school districts and those decision-makers at the local level have an opportunity to do what they do best, and that is try and give our children the very best education possible.

And I again would simply say that, as a matter of principle, I believe that this Republican Congress is committed to seeing that more of that decision-making authority is retained at the local level and that our parents, our teachers, our administrators and our school boards are those who are in the best position to make decisions about the quality and the funding of our children's education. And that frankly, in my view, is where we ought to put the point of control.

And so the resolution that we acted upon today, I think, speaks loud and clear that this Congress will continue to move in the direction of seeing that the Federal mandate special education, which we have a responsibility for 40 percent of, that we continue to move in the direction, as we have here in the past few years in this Congress, to see that we honor that commitment to all of our students across this country and particularly to those who have disabilities.

I look forward to working toward that end and as we go through the appropriations process within the confines of a balanced budget agreement to see that that gets done.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 833, BANKRUPTCY REFORM ACT OF 1999

Mr. SESSIONS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–126) on the resolution (H. Res. 158) providing for consideration of the bill (H.R. 833) to amend title 11 of the United States Code, and for other purposes, which was referred to the House Calendar and ordered to be printed.

COMMENDING OAK PARK, ILLINOIS, ON 150 YEARS OF TOWNSHIP GOVERNMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, 150 years ago in 1849, Oak Park, Illinois was just 10 years old, with a total population of less than 500 people.

There were no streets lined with Frank Lloyd Wright architecture. There was no elevated train system for rapid transit to the City of Chicago. There was no light bulb, no telephone or automobile. No one had heard of the computer, Internet, or e-mail.

□ 1945

In 1849, township as a local form of government was established in Illinois, and since then, voters in 85 of Illinois' 102 counties have benefited from this most intimate form of government.

Today, Oak Park is a thriving community of more than 53,000 people, known for its architectural heritage. Within its 4.5 square miles lives a diverse mix of people with different cultures, races and ethnicities, professions, lifestyles, religions, ages and incomes.

Primarily a residential community bordering the city of Chicago, Oak Park is the birthplace and childhood home of novelist Ernest Hemingway. An annual festival has traditionally been held to celebrate his July birth date.

Architect Frank Lloyd Wright lived in Oak Park from 1889 to 1909, and 25 buildings in the village were designed by him, including his first public building, Unity Temple, a Unitarian Universalist church. His restored home and studio is open for daily hours, and there are many architecturally significant homes ranging from Victorian to prairie style in the village's two historic districts.

Other famous Oak Parkers include Edgar Rice Burroughs, the creator of Tarzan; Dr. Percy B. Julian, an outstanding African American chemist whose research led to the development of cortisone; Joseph Kerwin, an astronaut on the first NASA Skylab team; Ray Kroc, the founder of McDonald's; and Marjorie Judith Vincent, the 1991 Miss America.

Oak Park is also home to former president of the Illinois Senate and recently appointed chairman of the Illinois Board of Higher Education, the honorable Phillip Rock.

The Oak Park River Forest High School is recognized as one of the best public high schools in the Nation, Fenwick is an outstanding Catholic school, and the city is currently involved in the redevelopment of downtown Oak Park with new retail anchors and an intermodal transportation facility.

In 1968, the village board approved one of the Nation's first local fair housing ordinances outlawing discrimination. In 1973, the board approved its first Oak Park diversity statement; and, in 1976, Oak Park was designated an all-American city.

One thing that has not changed in Oak Park during the past 150 years is the person-to-person service provided by township officials and township government in Illinois. When Illinois voters chose township government, they chose the oldest form of government on the North American continent. The Pilgrims brought the concept of township government with them when they landed on the eastern seaboard in 1636. More than a century before the Revolutionary War, townships were giving communities a local and independent voice in matters of government and order.

Today, as we prepare to move into the 21st century, government in Illinois still thrives. More than 8 million Illinoisans are served by the 1,433 townships in the State. This year, on April 3rd, townships held their annual meetings, which is unique to this form of government, where any citizen can step up to the plate and voice any concern that they have about the government. In this regard, townships are truly the government closest to the people they govern as they continue to provide functions and services which are vitally important.

I take this moment after 150 years to commend and congratulate the people of Oak Park, Illinois, for demonstrating that democracy can be made real and that township government can in fact and does in fact work.

EXCHANGE OF SPECIAL ORDER

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that I be given the time of the gentleman from Missouri (Mr. HULSHOF) and that he be given my time on the list so that I can resume my place in the chair following the 5-minute special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AIR FORCE BOONDOGGLES COST TAXPAYERS BILLIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. DUNCAN) is recognized for 5 minutes.

Mr. DUNCAN. Mr. Speaker, last week it was reported by the Associated Press that an Air Force communications satellite worth $800 million had ended up in the wrong orbit. This was the third failure in a row for the Air Force Titan IV program, at a total loss to the taxpayers of over $3 billion. This latest satellite not only ended up in the wrong orbit, it ended up in a lopsided orbit thousands of miles below its intended orbit.

I have taken the floor many times over the years to point out examples of wasteful or exorbitant Federal spending. John Martin has for several years had a segment called It's Your Money on the ABC national television news, pointing out almost every week some example of horrible Federal waste. He has performed a great service to this Nation in bringing this series to the attention of the American people.

The examples, unfortunately, are far too easy to find. Examples of ridiculously wasteful Federal spending are everywhere. It has made me wonder if the Federal Government can do anything in an efficient or economical way.

But this Titan IV program really takes the cake. Three failures at a cost of $3 billion; $3 billion down the drain.

What really adds insult to injury, Mr. Speaker, is that, because this is the Federal Government, no one will really be held accountable for this. In the private sector if a company had three major failures like this, heads would roll in a big way. Of course, in the private sector, no company could afford $3 billion in failures unless possibly it was a big-time Federal contractor subsidized by the taxpayer.

The Appropriation Committees of the House and Senate should demand accountability here. They should not stand for $3 billion from three failed launches.

But the easiest thing in the world, Mr. Speaker, is to spend other people's money. So what are we going to do? Thursday we are going to give big increases in pay and pensions and funding for the same Air Force that has sat around and allowed this $3 billion in failures to occur.

Federal employees are great at rationalizing or justifying even ridiculous losses. I am sure that the Air Force will have some great excuses, and everyone connected with this will be able to explain why it was not their fault. Well, somebody is at fault and probably several people, and they should lose their jobs over this.

Even though we talk about a billion dollars up here like it was very little, $3 billion is still an awful lot of money. This satellite, as I said earlier, cost $800 million. Last Friday's mission alone cost $1.23 billion. Just think how much good could have been done with the total $3 billion in losses in this Titan IV Air Force program.

Now, I favor a strong military and I believe we should have a strong Air Force, but I do not believe we should just sit back and allow any part of the military to throw away $3 billion. We should not just cavalierly accept this.

Several years ago, Edward Rendell, the Democratic Mayor of Philadelphia, said at a congressional hearing, ''Government does not work because it was

not designed to. There is no incentive for people to work hard so many do not. There is no incentive for people to save money so much of it is squandered.''

How true this statement was and is. This is why it has been proven over and over and over again all over this world that the more money that can be left in the private sector, the better off everyone is; the lower prices are, the more jobs that are created, the better the economy is.

Competitive pressures force the private sector to spend money wisely, to spend it in economical, efficient, conservative, productive ways. Private companies do not have the luxury the government has of being able to waste billions with almost no meaningful repercussions.

The Air Force should publicly apologize for dropping this $3 billion down this Titan IV rat hole. The Congress should be assured that nothing like this will ever happen again.

It is really sad, Mr. Speaker, to take $3 billion from the families and children of this country, many of whom are barely getting by, to give to highly paid bureaucrats and Air Force officers to just blow in this way. What would be even sadder would be if the Air Force and everyone associated with these failures is not deeply embarrassed and ashamed.

CRISIS IN KOSOVO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. SOUDER) is recognized for 5 minutes.

Mr. SOUDER. Mr. Speaker, last week we had a historic symbolic vote on the war. This House voted against ground troops. We also voted against, in a tie vote, a resolution to support the air war. This week we have the real vote. Are we going to fund the war? Are we just talk or are we going to actually cut off the funds for the war?

There are three goals that have consistently been stated by NATO and by our government. One is to degradate the military forces or sufficiently degrade the military forces of the Yugoslav government so that we can move hundreds of thousands of refugees back, and then manage it with a peacekeeping force. I would put forth that anybody who has listened to any of the military briefings we have had, who have listened to the public reports, understand fundamentally that this is an unachievable goal. Milosevic understands that. When are the American people going to be told the truth, that our fundamental goals are unachievable?

First off, the military has been saying all the way along, this cannot be accomplished just by an air war. They are hopeful that they can bring him to the table, but what do they mean when they say this cannot be accomplished just by an air war?

He has dug in, he is fighting in mountainous terrain, he has supplies that are going to last him an extended period of time, and we read just last week that our military says that after 30 days of bombing, we have a net degradation of his military forces of zero. That does not mean that we have not impacted his long-term ability to wage war, we have blown up a lot of factories so he cannot reproduce, we have reduced some of the supply of gasoline into the country but he only needs 10 percent and they are saying currently that 75 percent of their oil supplies are still there, we have only degraded 25. Three weeks ago they told us we had degraded 35, 2 weeks ago 30, now it is 25. We are headed the wrong direction.

They say, well, that is because of bad weather. The Balkans, when you read history books, always has bad weather. Furthermore, mountains in this time of year always have bad weather. This was no surprise. The Apache helicopters were not designed to go in to take out tanks. They were designed to go in with American forces on the ground as support. We are going to lose a lot of pilots and not accomplish our goal if we are not careful with how we use Apache helicopters.

The American people need to understand the air war cannot solve the problem of getting the refugees back. The ground war cannot, either. A fundamental map, and you cannot see a lot of the details with this map but fundamentally you can tell one thing right away, there is lot of brown and yellow down here. This is Albania, this is Macedonia, and here is Kosovo.

Now, to force your way in there, you have to go through mountains of 8,000 feet. That is why the Ottoman Empire stopped when it came in here. That is why Hitler could not make it through this part. There is no way we can put ground troops in through Albania or Macedonia or come in through Thessaloniki because, A, they do not want us to go through there but, B, even if they wanted to and even if we rebuilt airports and even if we built more roads through the mountains, we are not going to dislodge him through the mountains. It does not work.

Our military understands. Any general who has ever looked at this understands that if you have a ground war, you are coming through the top where all this green area is. That is where invasions of the Balkans have always occurred. But now we are not just talking a few thousand troops, we are talking potentially 400,000 troops, potentially all or mostly American troops, a minimum, according to estimates, of 20,000 dead up to 50,000 dead, and having to fight our way through Belgrade and Yugoslavia.

The people need to understand this is not just a magic little war where we are going to drop a few bombs and he is going to surrender. The truth needs to be told. Those who advocate a ground war and those who advocate an air war need to explain, it is not going to deliver. The only hope is to get him to the table. We have to have the courage. Before we pass a bill this week, if we do, we should first try to take the funds out. I will have a series of amendments and other Members will, too, to take the funds out to continue this war.

I know some people are concerned that the President is then going to blame Congress for having lost the war. I tried to explain, we did not lose the war. It was an ill-conceived war. We bluffed something that we cannot deliver. We saw this in Vietnam. We saw it with the Russians in Afghanistan. We cannot win this on the ground or in the air alone without multiple years and destruction beyond imagination, and then we are still just bogged down.

The bottom line is this. If we give him $12.9 billion, this current President, then he could potentially, without a lot of protection for this bill, divert it to the ground war without ever coming to Congress. This is not just the $3.3 billion to continue the war. While our intent is to rebuild a military that he has devastated, our good intent could be used to fund a war, an expanded war where thousands of lives are lost, where the negotiated settlement in the end is just like the negotiated settlement we would have roughly had in the beginning.

If we get blamed this week because we stopped the funding and the President of the United States says the Republicans stopped the war, which would be untrue because it was an ill-conceived war in the first place, so what? If we saved American lives, that is what we are here to do, not to play politics.

At this point it is the job of this Congress to stand up and say, we know, both from the public statements and our private briefings that this cannot be accomplished. It is time to get to the table, because at most what we are arguing about is how to divide Kosovo at this point. It is not even clear in the end that we are going to have a better arrangement than we had in the beginning because now after all this bombing, after the Kosovars are legitimately upset about the slit throats, the massacres and so on, they want to be independent.

What are we going to tell the Palestinians when they want to be independent? And what are we going to tell the Kurds when they want to be independent? And what about the subsections of India? And what about the Chechnya area of Russia?

□ 2000

Are we going to intervene all over and, all of a sudden, have a new international policy because we got in a bad

war with an ill-conceived strategy? And if we continue this, and we continue to fight this and we continue to put the money in, we only dig ourselves deeper in more graves.

It is time for this Congress to stand up and say:

''Get to the table now. We're not going to fund this war. It's unwinnable. The settlement you are going to get now is probably as good a settlement as we're going to get later, only with fewer Americans' lives lost, with fewer dollars spent and with less international problems than if we settle it right now.''

WE ARE SPREADING OUR MILITARY TOO THIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 5 minutes.

Mr. GUTKNECHT. Mr. Speaker, later this week we are going to be asked to take a very, very difficult vote, and it will involve how much should the Congress authorize to spend for this war in the Balkans, and as a previous speaker, my colleague from Indiana, just said, there are many of us, not only here in Congress but around the country, that have serious concerns about this war. What my colleague from Indiana did not mention is history, and there is an old expression, and I think it is from Montezuma, who said that those who refuse to learn from history are doomed to repeat it.

Mr. Speaker, let me give the Members a very important history lesson that the Germans learned in the 1940s, in World War II. In World War II the Germans sent 400,000 troops into the Balkans, they suffered 70,000 casualties, and at the end of the war they controlled less ground than the day that they marched in.

Mr. Speaker, this is a war that I think we need to think long and hard before we get even more deeply involved, but we had the debate last week on that, and we had our votes, we had a chance to vote. This week, though, we are going to get a chance to vote on whether or not we should fund the war; and then secondly, if the Republican leadership is successful in the Committee on Rules, whether or not we should vote for even more funding than the President requested.

I want to talk a little bit about history as well because we are continually told that we have spread our military too thin, and I agree with that. The truth of the matter is we have spread our military too thin, but I think the best analogy is an analogy of peanut butter and jelly. We have spread our peanut butter and jelly entirely too thin, but it is not because we are not giving our military enough money.

I want to talk a little bit about what is happening. We have been told, for example, in the last several weeks that we are about 14,000 sailors short in terms of our Navy, but do my colleagues know what? We are not short a single admiral, we are not short any generals. In fact, as this chart indicates, in 1945 when we had 12.1 million Americans in uniform, we had 31 generals above the rank of four star. Today we have 1.3 million Americans in uniform, and we have 33 generals. So, we may be short on Army personnel, we may be short on people in the Navy, but we are certainly not short on generals.

Let me point out another chart, and this is really for the benefit of my Republican colleagues.

As my colleagues know, just 4 years ago we passed a 7-year balanced budget plan, and in that balanced budget plan we said that in Fiscal Year 1999, the year that we are in right now, we said that we would spend $267 billion on defense. That is what we said we would spend this year. Well, according to the Congressional Budget Office, we actually will spend this year $273 billion. So, in other words, we are already spending $6 billion more on defense than we said we were going to be spending.

Now despite that we are being asked this week to fund an additional $13 billion. Now I go back to my analogy of the peanut butter and jelly. It is not that we are not giving the military enough money or enough peanut butter and jelly, the problem is that we are spreading it far too thin. We currently have troops in 135 different countries. We are prepared to fight a war in Korea, we are prepared to fight a war in the desert, and now we are apparently going to have to fight a war in Kosovo. The problem is, Mr. Speaker, we are spreading ourselves too thin, and at some point we in the Congress have to say the problem is not that we do not give enough money to the Pentagon, the problem is that the administration wants to spread that money too thinly.

I simply want to ask my colleagues and the Members of the House a couple of very simple and straightforward questions, and frankly as it relates to defense policy, as it relates to foreign policy and ultimately as it relates to budget policy. We ought to get clear and simple answers to tough questions, and I would like to propose two questions to my colleagues in the House:

First of all, should we borrow from Social Security to pay for a war in Kosovo? My answer is no.

The second question is: Should defense spending get preferential treatment in the appropriations process, or should we give them a special appropriation now? And again my answer is no, and I think the numbers speak for themselves.

Ultimately, Mr. Speaker, we are going to be asked, Republicans and Democrats alike: Is this such an important policy, is this such an important war, that we are going to take money out of the Social Security Trust Fund? I hope we will say no.

Now my proposal will be that we give the President exactly what he asked for. He is asking for $6.05 billion in emergency supplemental appropriations, but I believe we ought to offset that with spending cuts in other parts of the government, and that can be done. In fact, if we do that, it means that every other department will have to cut its appropriations in the next several months by about 1 percent.

Now that is a big cut, but we are talking about a $6 billion cut out of a $1,700 billion budget. I think we can tighten those belts, and that will mean that we will not be stealing money from Social Security.

It was only a couple of weeks ago that we here on the House floor said we are going to pass a budget for the first time in American history or for the first time in recent history that actually balances the budget, and for the first time saying that every penny of Social Security taxes will go only for Social Security. That was just a few weeks ago. Well, I meant it when I said it then, and I think most of my colleagues meant it, and I think we ought to make the tough choice when we have to vote on this emergency supplemental where we will already be spending more money than we said we were going spend just a few years ago in defense. I am willing to give defense the extra money the President has requested, but I think it ought to come out of other parts of the budget.

CENSUS 2000

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MALONEY) is recognized for 5 minutes.

Ms. MALONEY of New York. Mr. Speaker, once again I rise to point out that the experts support the use of scientific methods to correct the census for undercounts and overcounts. Yesterday the National Academy of Sciences released the first report from the fourth panel to review the Census Bureau's plans for the 2000 census. Yet again, the experts convened by the Academy endorsed the Census Bureau's plan to use science to evaluate and correct the census counts.

At the end of 1998 the Census Bureau asked the National Academy of Sciences to convene a fourth panel to evaluate the Census Bureau's design for Census 2000. This independent panel, like the three that preceded it, has unequivocally stated that statistical methods work. The Academy panel stated yesterday that the design of the quality control survey represents, and I quote from the panel, ''good, current practice.'' In fact, the panel explained, and I quote:

''Because it is not possible to count everyone in a census, a post-enumeration survey'' using modern scientific methods ''is an important element of census planning.''

Currently the Census Bureau intends to use a post-enumeration survey entitled the Accuracy and Coverage Evaluation or A.C.E. The A.C.E. Survey was designed in light of the Supreme Court decision regarding the use of statistical methods for the purpose of apportionment. Mr. Speaker, we are beginning to hear criticism of the A.C.E. This Academy report should finally put that criticism to rest.

Yes, the A.C.E. is a different program in its design and size than the survey that had been planned for Census 2000 prior to the court case. Those who are critical of these differences are not reviewing the details of A.C.E. As the Academy reports, changes in sample size as a result of the Supreme Court decision, quote, should not affect the quality, end quote, of the results. In fact, the panel comments that since the Bureau will no longer be using statistical methods for apportionment, there is no need for the larger survey envisioned prior to the court decision. In addition, the Academy notes that it is appropriate to combine information across States.

Mr. Speaker, yesterday's report demonstrates the professional community's continued strong support for the Census Bureau's plan for the year 2000 census. In 1994 the Academy issued its first report which laid the foundation for the current plans. In 1995 a second panel reviewing Census Bureau plans at the request of Congress in a bipartisan way reported that spending more money on traditional methods would not improve the accuracy of the counts or the census. Earlier this year a third panel of experts convened by the National Academy of Sciences said that it strongly supports the use of a quality control survey to correct for errors in the census.

I support counting everyone. The National Academy of Sciences has stated for the fourth time that the best way to count the population is to use modern scientific methods. I am going to rely on the opinion of these independent, impartial scientists at the National Academy of Sciences. These experts say the plan devised by the professionals at the Census Bureau will give us the most accurate count. That is the plan that I support.

If my colleagues agree with me, that we should count everyone, then they should join me in getting out of the way of the professionals at the Census Bureau. Let us let the professionals do what they are hired to do, count people, and let us let them do it in the best way they can. We should be encouraging the use of modern scientific methods in Census 2000, not preventing them.

Mr. Speaker, I would like to put into the RECORD the report from the National Academy of Sciences, the fourth report that has come out in support of the use of modern scientific methods for the most accurate count in counting all Americans.

The report referred to as is follows:

NATIONAL RESEARCH COUNCIL, COMMISSION ON BEHAVIORAL AND SOCIAL SCIENCES AND EDUCATION,
Washington, DC, May 3, 1999.

Dr. KENNETH PREWITT,
Director, U.S. Bureau of the Census, Washington, DC.

DEAR DR. PREWITT: As part of its charge, the new Panel to Review the 2000 Census offers this letter report on the Census Bureau's plans for the design of the Accuracy and Coverage Evaluation (ACE) survey, a new post-enumeration survey. This survey is needed in light of the recent U.S. Supreme Court ruling regarding the use of the census for reapportionment.

In general, the panel concludes that the ACE design work to date is well considered. It represents good, current practice in both sample design and post-stratification design, as well as in the interrelationships between the two. In this letter the panel offers observations and suggestions for the Census Bureau's consideration as the work proceeds to complete the ACE design.

BACKGROUND

Because it is not possible to count everyone in a census, a post-enumeration survey is an important element of census planning. The survey results are combined with census data to yield an alternative set of estimated counts that are used to evaluate the basic census enumeration and that can be used for other purposes. For 2000, an Integrated Coverage Measurement (ICM) survey had been planned for evaluation and to produce adjusted counts for all uses of the census.[1] The recent U.S. Supreme Court ruling against the use of sampling for reapportionment among the states eliminates the need for a post-enumeration survey that supports direct state estimates, as was originally planned for the ICM survey. (The state allocations of the ICM sample design deviated markedly from a proportional-to-size allocation in order to support direct state estimation. Specifically, the ICM design required a minimum of 300 block clusters in each state.) Alternative approaches are now possible for both sample and post-stratification designs for the 2000 ACE survey. As a result, the planned ACE post-enumeration survey will differ in several important respects from the previously planned ICM survey.

PLANS FOR ACE SAMPLE AND POST-STRATIFICATION DESIGN

Our understanding of the current plans for the ACE survey is based on information from Census Bureau staff.[2] Building on its work for the previously planned ICM, the Census Bureau will first identify a sample of block clusters containing approximately 2 million housing units and then will independently develop a new list of addresses for those blocks.[3] In a second stage, a sample of block clusters will be drawn from the initial sample to obtain approximately 750,000 housing units, which was the number originally planned for the ICM. (Larger block clusters will not be drawn in their entirety; they will first be subsampled to obtain sampling units of 30–50 housing units. Because the costs of interviewing are so much greater than the costs of listing addresses, this subsampling approach allows the interviewed housing units to be allocated in a more effective manner.) Finally, in a third stage, a sample of block clusters will be drawn from the second-stage sample to obtain the approximately 300,000 housing units required for the ACE sample. The target of 300,000 housing units for the ACE, which may be modified somewhat, will be based on a new set of criteria that are not yet final.

The Census Bureau is considering three strategies for selection of the 300,000 ACE subsample from the 750,000 sample: (1) reducing the sample proportionately in terms of state and other block characteristics from 750,000 to 300,000; (2) reducing the sample by using varying proportions by state; or (3) differentially reducing the sample by retaining a higher proportion of blocks in areas with higher percentages of minorities (based on the 1990 census).[4] These options for selection of the 300,000 ACE housing units from the 750,000 units first selected will be carefully evaluated. The plans include three evaluation criteria for assessing the options: (a) to reduce the estimated coefficients of variation for 51 post-stratum groups (related to the 357-cell post-stratification design discussed below); (b) to reduce the differences in coefficients of variation for race/ethnicity and tenure groups; and (c) to reduce the coefficients of variation for estimated state totals. (Option (3) above is motivated by criterion (b)). Without going into detail, it is also useful to mention that the Census Bureau has instituted a number of design changes from the 1990 post-enumeration survey for the ACE that will reduce the variation in sampling weights for blocks, which will reduce the sensitivity of the final estimates to results for individual blocks. This represents a key improvement in comparison with the 1990 design.

The current plan to produce post-strata involves modification of the 357-cell post-stratification design suggested for use in 1990-based intercensal estimation. Current modification under consideration by the Census Bureau include expansion of the geographic stratification for non-Hispanic whites from four regions to nine census divisions, adding a race/ethnicity group, changing the definition of the urbanicity variable, and adding new post-stratification factors, such as mail return rate at the block level. Logistic regression, modeling inclusion in the 1990 census, is being used to help identify new variables that might be useful, as well as to provide a hierarchy of the current post-stratification factors that will be used to guide collapsing of cells if that is needed. (In comparison, the analysis that generated the 357-cell post-stratification was based on indirect measures of census undercoverage, such as the census substitution rate.)

The Census Bureau plan demonstrates awareness of the interaction of its modification of the 750,000 housing unit sample design with its modification of the 357 post-strata design. (On the most basic level, the sample size allocated to each post-stratum determines the variance of its estimate.) The plan also makes clear that even though much of the information used to support this modification process must be based on the 1990 census, it is important that the ultimate design for the ACE survey (and any associated estimation) allows for plausible departures from the 1990 findings. For example, significant differences between the 1990 and 2000 censuses could stem from the change in the surrounding block search for matches, the

[1]Footnotes at end of attachment to the letter.

planned change in the treatment of ACE movers, or changes in patterns and overall levels of household response.

OBSERVATIONS AND COMMENTS

Sample design to select the 300,000 housing units

Because of the need to keep the ACE on schedule by initiating resource allocations that support the independent listing of the 2 million addresses relatively soon, as well as the need to avoid development and testing of new computer software, the Census Bureau has decided to subsample the 300,000 ACE housing units from the 750,000 housing units of the previously planned ICM design. The panel agrees that operational considerations support this decision.

The cost of the constraint of selecting the 300,000 ACE housing units from the 750,000 ICM housing units, in comparison with an unconstrained selection of 300,000 housing units, is modest. While the constrained selection will likely result in estimates with somewhat higher variances, the panel believes that careful selection of the subsample can limit the increase in variance to that it will not be consequential. (By careful selection, the panel means use of the suggested approaches of the Census Bureau, or new or hybrid techniques, to identify a method that best satisfies the criteria listed above.) This judgment by the panel, although not based on a specific analysis by itself or the Census Bureau, takes into account the fact that a large fraction of the 750,000 housing units of the ICM design are selected according to criteria very similar to those proposed for the ACE design.

In addition, the panel notes that the removal of the requirement for direct state estimates permits a substantial reduction in sample size from the 750,000 ICM design in sparsely populated states, for which ACE estimates can now pool information across states. As a result the ACE design could result in estimates with comparable reliability to that of the previously planned, much larger ICM design.

Given the freedom to use estimates that borrow strength across states, the final ACE sample should reduce the amount of sampling within less populous states from that for the preliminary sample of 750,000 housing units. However, there is a statistical basis either for retaining a minimum ACE sample in each state, or what is nearly equivalent, for retaining a sample to support an ACE estimate with a minimum coefficient of variation. The estimation now planned for the ACE survey assumes that there will be no important state effects on post-stratum undercoverage factors. In evaluating the quality of ACE estimates, it will be important to validate this assumption, which can only be done for each state if the direct state estimates are of sufficient quality to support the comparison, acknowledging that for some of these analyses one might pool data for similar, neighboring states. (Identification of significant state effects would not necessarily invalidate use of the ACE estimates for various purposes but would be used as part of an overall assessment of their quality.)

This validation could take many forms, and it is, therefore, difficult to specify the precise sample size or coefficient of variation needed. We offer one approach the Census Bureau should examine for assessing the adequacy of either type of standard. Using the criteria for evaluating alternative subsample designs (i.e., the estimated coefficients of variation for 51 post-stratum groups, the differences in coefficients of variation for race/ethnicity and tenure groups, and the coefficients of variation for state totals), the Census Bureau should try out various state minima sample sizes to determine their effects on the outputs. It is possible that a moderately sized state minimum sample can be obtained without affecting the above coefficients of variation to any important extent. There are a variety of ways in which the assumption of the lack of residual state effects after accounting for post-stratum differences could be assessed, including regression methods. We encourage the Census Bureau to consider this important analytic issue early and provide plans for addressing it before the survey design is final.

The panel makes one additional point on state minima. The state minima will support direct state estimates that will be fairly reliable for many states. The Census Bureau should consider using the direct state estimates not only for validation, but also in estimation—in case of a failure of the assumption that there will be no important state effects on undercoverage factors. Specifically, the Census Bureau should examine the feasibility of combining the currently planned ACE estimates at the state level with the direct state estimates, using estimated mean-squared error to evaluate the performance of such a combined estimate in comparison with the currently planned estimates. We understand that the necessity of prespecification of census procedure requires that the Census Bureau formulate an estimation strategy prior to the census, which adds urgency to this issue.

Finally, the panel has two suggestions with respect to the criteria used for assessing the ACE sample design. First, there should be an assessment of the quality of the estimates for geographical areas at some level of aggregation below that of states, as deemed appropriate by the Census Bureau. (This criterion is also important for evaluating the ACE post-stratification design, discussed below.) Second, the importance of equalizing the coefficients of variation for different post-strata depends on how estimates for specific post-strata with higher coefficients of variation for post-strata that do not have much effect have less need to be controlled, assuming that the estimates for these post-strata do not have other uses.

Post-stratification plans

The 1999 census adjusted counts used 1,392 post-strata, but post-production analysis for calculating adjusted counts for intercensal purposes resulted in the use of 357 post-strata. The panel believes that the use of these 357 post-strata (and the hierachy for collapsing post-stratification cells) was a reasonable design for 1990, and that, in turn, the 1990 design is a good starting point in determining the post-strata to be used in the 2000 ACE. The Census Bureau is considering four types of modifications to the 357 post-strata design, although it has not yet set the criteria for evaluating various post-stratification designs. Logistic regression will be used to identify new variables and interactions of existing variables that might be added to the post-stratification. Finer post-strata have the advantage of greater within-cell homogeneity, potentially producing better estimates when carried down to lower levels of geographic aggregation. Some gains with respect to the important problem to lower levels of geographic aggregation. Some gains with respect to the important problem of correlation bias might also occur. However, stratifying on factors that are not related to the undercount will generally decrease the precision of undercount adjustments. The tradeoff between within-cell homogeneity and precision needs to be assessed to undermine whether certain calls should be collapsed and whether additional variables should be used.

It is also important to examine the effects of various attempts at post-stratification on the quality of substate estimates, especially since certain demographic groups are more subject to undercoverage, and so substate areas with a high percentage of these groups will have estimates with higher variances. (This argument is based on the fact that, as in the binomial situation, the mean and the variance of estimated undercounts are typically positively related.) We believe it is extremely important that analysis at substate levels of aggregation be conducted to inform both the sample design and the post-stratification scheme. Furthermore, this issue needs to be studied simultaneously with that of the effect of the design and post-stratification on the post-stratification on the post-stratum estimates. The fact that analysis of substate areas appears in both sample design and post-stratification design is an indication of the important interaction between these two design elements and justifies the need for studies of them to be carried out simultaneously. The panel encourages the Census Bureau to work on them at the same time.

The panel notes that the decision to use a modification of the 357-strata system from 1990 for the ACE post-stratification design will probably not permit many checks against estimates from demographic analysis that use direct estimates from ACE. This limitation may increase the difficulty of identifying the precise source of large discrepancies in these comparisons. However, the panel does not view this is a reason not proceed, since the precision of direct estimates at the finest level of detail of post-stratification (using 1,392 strata in this context) could make such comparisons more difficult to interpret, and the estimates from demographic analysis are not extremely useful for this purpose (except for blacks, and then only nationally).

As work on both the sample design and post-stratification design progresses, the Census Bureau should not rely entirely on information from the 1990 census: substantial differences might occur between the 1990 and the 2000 censuses that would lead to either a sample design or a post-stratification design that was optimized for 1990 but that might not perform as well in 2000. Instead, the Census Bureau should use a sample design that moves toward a more equal probability design than 1990 information would suggest. Similarly, the Census Bureau, using whatever information is available since 1990 on factors related to census undercoverage, should develop a post-stratification design that will perform well for modest departures from 1990.

Finally, when considering criteria for both sample design and post-strata, it is important to keep in mind that the goal of the census is to provide estimated counts for geographic areas as well as for demographic groups. Since the use of equal coefficients of variation for post-strata will not adequately balance these competing demands, the Census Bureau will need to give further attention to this difficult issue. The balancing of competing goals is not only a post-stratification issue, but also a sample design issue. For example, if block clusters that contain large proportions of a specific demographic group are substantially underrepresented in the ACE sample, the performance of the estimates for some areas could be affected.

Documentation

Given the importance of key decisions and input values for the ACE design, it is important that they be documented. In particular, the Census Bureau should produce an accessible document in print or in electronic form that (1) gives the planning values for state-level, substate level, and post-stratum level variances resulting from the decisions for the sample and post-stratification designs and (2) provides the sampling weights used in the ACE selection of block clusters.

SUMMARY

From its review of the Census Bureau's current plans for design of the ACE survey, the panel offers three general comments;

The panel concludes that the general nature of the Census Bureau's work on the ACE design represents good, current practice in sample design and post-stratification design and their interactions.

The panel recognizes that operational constraints make it necessary for the Census Bureau to subsample the ACE from the previously planned ICM sample. The subsampling, if done properly, should not affect the quality of the resulting design if compared with one that sampled 300,000 housing units that were not a subset of the 750,000 housing units previously planned for the ICM.

The panel believes that removal of the constraint to produce direct state estimates justifies the substantial reduction in the ACE sample size from the ICM sample size. The planned ACE could result in estimates with comparable reliability to that of the larger ICM design.

The panel offers three suggestions for the Census Bureau as it works to finalize the ACE design, some of which the Census Bureau is already considering: (1) a method for examining how large a state minimum sample to retain; (2) some modifications in the criteria used to evaluate the ACE sample design and post-stratification, namely, lower priority for coefficents of variation for excessively detailed post-strata and more attention to coefficents of variation for substate areas; and (3) a possible change in the ACE estimation procedure, involving use of direct state estimates in combination with the currently planned estimates. In addition, the Census Bureau should fully document key decisions for the ACE design.

The panel looks forward to continuing to review the ACE design and estimation as the Census Bureau's plans are further developed. The panel is especially interested in the evolving plans for post-stratification design, including the use of logistic regression to identify additional post-stratification factors; plans for the treatment of movers in ACE; and the treatment of nonresponse as it relates to unresolved matches in ACE estimation. In addition, after data have been collected, the panel is interested in the assessment of the effect of nonsampling error on ACE estimation and the overal evaluation criteria used to assess the quality of ACE estimates.

We conclude by commending you and your staff for the openness you have shown and your willingness to discuss the ACE survey and other aspects of the planning for the 2000 census.

Sincerely,

JANET L. NORWOOD, *Chair,*
Panel to Review the 2000 Census.

Attachment: Panel Roster.

PANEL TO REVIEW THE 2000 CENSUS

Janet L. Norwood (*Chair*), Urban Institute, Washington, DC

Robert M. Bell, RAND, Santa Monica, CA

Norman M. Bradburn, National Opinion Research Center, Chicago, IL

Lawrence D. Brown, Department of Statistics, University of Pennsylvania

William F. Eddy, Department of Statistics, Carnegie Mellon University

Robert M. Hauser, Department of Sociology, University of Wisconsin

Roderick J.A. Little, School of Public Health, University of Michigan

Ingram Olkin, Department of Statistics, Stanford University

D. Bruce Petrie, Statistics Canada, Ottawa, Ontario

Andrew A. White, *Study Director*

Constance F. Citro, *Senior Program Officer*

Michael L. Cohen, *Senior Program Officer*

FOOTNOTES

[1] See National Research Council (1999), *Measuring a Changing Nation: Modern Methods for the 2000 Census.* Michael L. Cohen, Andrew A. White, and Keith F. Rust, eds., Panel to Evaluate Alternative Census Methodologies, Committee on National Statistics, National Research Council. Washington, D.C.: National Academy Press.

[2] See Kostanich, Donna, Richard Griffin, and Deborah Fenstermaker (1999), Accuracy and Coverage Evaluation Survey: Plans for Census 2000. Unpublished paper prepared for the March 19, 1999, meeting of the Panel to Review the 2000 Census. U.S. Bureau of the Census, Department of Commerce, Washington, D.C.

[3] The use of the term block cluster refers to the adjoining of one or more very small blocks to an adjacent block for the purpose of the ACE sample design. Large blocks often form their own block clusters.

[4] The Census Bureau is aware that mixtures of strategies (2) and (3) are also possible, although such mixtures are not currently being considered.

END THE HOSTILITIES BEFORE OUR MILITARY RESOURCES ARE FURTHER DEPLETED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. SHERWOOD) is recognized for 5 minutes.

Mr. SHERWOOD. Mr. Speaker, I am grateful for this special order today so that we may share with the American people and all the Members of Congress the results of our peace mission this past weekend to Vienna which was led by my friend and colleague, the gentleman from Pennsylvania (Mr. WELDON). As a member of the House Committee on Armed Services, I felt a special responsibility to our service men and women to find a way to end the hostilities before their lives are further endangered and before our military resources are further depleted.

□ 2015

As a Member of Congress, I felt that the people of my congressional district wanted me to pursue a peaceful and diplomatic end to a conflict that could escalate into wider hostilities.

I believe that the eleven Members of the House delegation significantly increased the opportunity for a diplomatic settlement to the current hostilities in Kosovo without further loss of life. We did so in a way that will help accomplish the U.S. and NATO goals of ending ethnic cleansing and providing for the return of the refugees to an autonomous Kosovo.

We met extensively with our counterparts this weekend in the Russian Duma who are also committed to bringing a peaceful resolution to this conflict. Russia is a key player in finding a diplomatic resolution, and we must keep in mind that our continued involvement in the bombing campaign threatens future relations between the United States and Russia.

The members of the Russian Duma we met with agree that the Balkan crisis poses a tremendous threat to international security, and they share our desire for a diplomatic solution rather than military escalation. Failure to find such a solution not only will undermine Russian-American relations but will further exacerbate the human suffering caused by the terrorism, the ethnic cleansing and massive refugee problems in the region.

The end product of our sessions with the Duma provides a realistic framework for the administration to negotiate an end to the Balkan crisis. We call for practical measures to achieve three equally important tasks: withdrawal of Serbian armed forces from Kosovo, an end to the NATO bombing of Yugoslavia and a cessation of the military activities of the KLA. All three of these goals must be accomplished to recognize a lasting peace.

We can accomplish these tasks by allowing a voluntary return of all refugees and the unhindered access to them by humanitarian aid organizations. NATO would be responsible for policing Yugoslavia's borders to ensure that weapons do not reenter Yugoslavia with the returning refugees. An armed international force, not composed of the major combatants, would administer the peace in Kosovo, and the Russians are very willing to participate in that armed international force.

A sense of the Congress resolution is being finalized which would put Congress on record in support of our framework for peace. It is our hope that such a resolution will be voted on later this week and that the administration will also pursue the diplomatic route to peace, including further discussions with the Russians.

I urge my colleagues to support this resolution when it comes to the House Floor for a vote. Neither our congressional delegation nor the members of the Russian Duma were negotiating on behalf of our respective governments, but we are confident that the framework we jointly developed clears the path for a solution to the crisis that will both end the ethnic cleansing and stop the bombing.

I am proud to have been a part of this bipartisan peace mission. The eleven Members of Congress who sat at the same table for 19 hours with members of the Russian Duma are committed to finding a diplomatic avenue acceptable to all parties that will bring peace to the region. I am convinced that the framework we established will pave the way for a lasting peace.

Unlike some of my colleagues, I am very confident in the ability of our Armed Forces to win this war. But I believe that we must continue to prepare for all-out war, and we must fund our Armed Forces, but we must also search for peaceful solutions.

The time is ripe. The Russians will help, and the Serbs are ready to avoid a wider war that will totally destroy their country and also sacrifice the lives of our brave young men and women of the U.S. Armed Forces.

GIVE PEACE A CHANCE IN THE BALKANS WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nevada (Mr. GIBBONS) is recognized for 5 minutes.

Mr. GIBBONS. Mr. Speaker, this evening I join my colleagues down here in the well of the House on the floor to join myself with their remarks. My colleagues, the gentleman from Pennsylvania (Mr. SHERWOOD) and the gentlewoman from Florida (Ms. BROWN), I am sure are going to speak eloquently on this very subject that we are talking about this evening and that is that our hope as we stand here this evening is an opportunity to give peace a chance in the Balkans war.

No war, no conflict and certainly no humanitarian crisis has ever been resolved by bombing a country into oblivion. May I say that, as a veteran of two wars myself, that diplomacy is always preferable to war. And I am sure that we all recognize that this Balkan crisis, the war over there in Yugoslavia, the ethnic cleansing, the terrorism, the human tragedies, are an enormous crisis that this world faces; and military escalation by itself will not end, nor will it solve, this crisis. In fact, it may even precipitate an increase with the threat of proliferation of weapons of mass destruction.

Perhaps I can explain that in just a few words. Whenever a small country is opposed by an organization of 19 other nations, the propensity of that country to defend itself may reach extremes. To that end, it may reach for those arsenals that it could acquire from some other country of a weapon of mass destruction, whether it is chemical, whether it is biological or even whether it is nuclear, in order to defend itself from the onslaught of an attack.

I urge this administration and I urge my colleagues here this evening to seriously consider the efforts and the recommendations of the U.S. Congress and the Russian Duma meeting that was held in Vienna, Austria, this last weekend. I urge them to consider the recommendations in order to bring about a fair, an equitable and a peaceful settlement between the warring factions in Yugoslavia.

This meeting that was held with the leaders of the Russian factions in their Duma, which is our equivalent of the House of Representatives here in Congress, reached consensus, reached an agreement, on areas that we thought would form a framework for the resolution, the peaceful resolution, I might add, of the Yugoslavia crisis.

Those include, first, ending the ethnic crisis, the ethnic cleansing and terrorism; an end of the NATO bombing; an absolute removal of the Serbian military forces; an emplacement of an international peacekeeping force that will ensure the peaceful repatriation of the refugees back into Kosovo, and wide autonomy is the final goal for Kosovo.

I think all of us here in this room this evening can agree that these are elements that we can all consider as a solution for this crisis, elements which will allow us to resolve this.

May I say that later this week my colleagues on both sides of the aisle will have an opportunity to deal with the concurrent resolution that is the result of the recommendations of this meeting in Vienna, Austria, a historic meeting, and now this resolution will simply state a sense of Congress as to the meaning that diplomacy is always better than warfare.

I hope my colleagues on both sides of the aisle will give peace a chance as we debate this issue and vote on it later this week.

May I also say that it has been a great pleasure to work with my friends on both sides of the aisle when we have a common goal, a common goal of peace, not only in the Balkans but peace in the world.

So, Mr. Speaker, it is an honor for me to have stood down here to associate myself with my colleagues' remarks as we go forward in this process of seeking an alternative to an escalated war in Yugoslavia. I would like to thank them for the bipartisanship and the friendship and the collegiality that was demonstrated throughout this meeting. It is indeed a great honor for me to stand here, arm in arm, shoulder to shoulder, in this effort to bring peace to this world.

VIENNA PEACE TALKS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. BROWN) is recognized for 5 minutes.

Ms. BROWN of Florida. Mr. Speaker, as a member of the Duma-U.S. Congressional Study Group, I want to take a moment to thank the gentleman from Pennsylvania (Mr. WELDON) for his leadership in this area.

I traveled with my colleagues to Vienna, Austria, last weekend to help bring cooperation between members of the Russian parliament and the United States Congress.

The United States-Russian Duma Study Group was created 5 years ago, and I have been an active participant in the organization for the last 3 years. As a group, our members meet to discuss national security, military affairs, housing, economic development and social welfare policies.

The importance of the working group cannot be overstated, since personal relationships by members of each of the respective governments are created, thus permitting for greater openness and increasing trust between the two governing bodies of each country.

Because Russia and Serbia have close ethnic and historical ties, I believe that members of the Russian Duma can play an important role in convincing the Serbian government to put a halt to the ethnic cleansing and help stop the refugee crisis.

I believe that the humanitarian crisis cannot be solved by just a bombing campaign and that a diplomatic solution is much more desirable than military escalation. A spread of the violence will only bring about increasing division, hatred and resentment and violence, but a diplomatic solution could lead to the increase of communication and understanding between the two sides and save countless lives.

As a Member of Congress, I feel that it is my responsibility to do everything I can within my capacity to help end this war.

I would like to point out that the congressional delegation's discussions with the Duma were not meant as a slight to the administration nor an undermining of NATO's authority. Rather, members of our group traveled to Austria to increase communication between the warring sides and act as a conduit to the present talks taking place between President Clinton, foreign policy experts and members of the Russian Government.

The main point of contention which I brought to the talks with the Russian Duma was that ethnic cleansing is, in essence, the root cause of the conflict. As the only mother in the room during the talks, I felt that it was necessary to recognize the tragedies of the refugee families.

The Russian delegation originally refused to acknowledge that it was the ethnic cleansing that began this conflict and not the NATO bombing, but before they walked away from our discussion they acknowledged that it was the ethnic cleansing that began this conflict.

Our discussion resulted in a framework for peace negotiations. One of the guidelines I would like to see during the peace negotiations is a cease-fire, a time-out from the fighting, so that both parties can refrain from fighting in order to negotiate with one another in a diplomatic fashion.

In order to smooth out the road to diplomacy, the Congressional-Duma Study Group suggests a threefold approach to resolving the conflict. This

includes a temporary end to the NATO bombing, along with the withdrawal of the Serbian Armed Forces from Kosovo and the KLA military activities.

We demand a recognition of the basic principles of the territorial integrity of Yugoslavia, including greater autonomy for Kosovo and just treatment of all Yugoslavian people.

□ 2030

We also support efforts to provide international assistance to rebuild the destroyed homes of the refugees, as well as other humanitarian assistance.

This was a productive meeting, and I am hopeful that it will not be our last. We are all in agreement that we want a quick and peaceful end to the crisis, while keeping positive relationships between Russia and the United States.

A FRAMEWORK FOR SETTLING THE KOSOVO CRISIS

The SPEAKER pro tempore (Mr. SWEENEY). Under a previous order of the House, the gentleman from Vermont (Mr. SANDERS) is recognized for 5 minutes.

Mr. SANDERS. Mr. Speaker, some of us have recognized for a long time that it was terribly important that Russia become increasingly involved in the crisis in Yugoslavia.

Russia is, I think as everybody knows, Yugoslavia's major ally and major supporter. If Russia could be brought into the process supporting the humanitarian goals of the stopping of ethnic cleansing, it would be a major step forward in solving what is increasingly becoming a very, very horrible situation in the Balkans.

Within that light, I was very delighted to learn about a trip to Vienna, Austria, that was being organized by the gentleman from Pennsylvania (Mr. CURT WELDON), who has done an excellent job in trying to improve relations between the United States Congress and the Russian Duma. He was organizing a trip which would involve 11 Members of the United States Congress to meet with the leaders of the Russian Duma.

On that trip, in addition to the gentleman from Pennsylvania (Mr. WELDON), were the gentleman from New York (Mr. MAURICE HINCHEY), the gentleman from Hawaii (Mr. NEIL ABERCROMBIE), the gentleman from Ohio (Mr. DENNIS KUCINICH), the gentlewoman from Florida (Ms. CORINNE BROWN), the gentleman from Pennsylvania (Mr. DON SHERWOOD), the gentleman from Maryland (Mr. ROSCOE BARTLETT), the gentleman from New Jersey (Mr. SAXTON), the gentleman from Nevada (Mr. JIM GIBBONS), and the gentleman from Pennsylvania (Mr. JOSEPH PITTS). There were six Republicans, four Democrats, and myself, who is an Independent.

Mr. Speaker, in arriving in Vienna and meeting with the Russians, I think we were all delighted that the Russians shared our strong concerns about bringing peace to Yugoslavia. We were able, after a lot of discussion, to come up with an agreement.

As others have said, we were not there to negotiate the fine points of a treaty. That was not our job. But we were there to see if we could come together on the broad outlines of what a peace process would mean for the Balkan area, and I think we did that.

Mr. Speaker, let me just touch on some of the important points that the Russians and our delegation agreed upon.

''We call on all of the interested parties to find practical measures for a parallel solution to three tasks, without regard to sequence;'' in other words, to do it in a simultaneous manner. That is, ''the stopping of the NATO bombing of the Federal Republic of Yugoslavia; the withdrawal of Serbian Armed Forces from Kosovo, and the cessation of the military activities of the KLA.''

What we have said is that these steps should be accomplished through a series of confidence-building measures, which include but should not be limited to the following:

A, the release of all prisoners of war. When we stated that, our three POWs were, of course, still being held by Yugoslavia, and a few hours after this agreement was reached Milosevic, as it turns out, released our three POWs.

My own view is that, consistent with this agreement, in an act of good faith on our part, we should release the two Serbian POWs that we are holding. But our agreement called for the release of all prisoners of war.

Second of all, what we said is the voluntary repatriation of all refugees in the Federal Republic of Yugoslavia and unhindered access to them by humanitarian aid organizations. In other words, what we were agreeing to is that the people who have been driven out of their homes whose villages were burned by Yugoslavia should be allowed to return to their homes and be allowed all of the humanitarian help they can receive.

Thirdly, and on a very important point, there was agreement on the composition of the armed international forces which would administer Kosovo after the Serbian withdrawal.

The composition of the group should be decided by a consensus agreement of the five permanent members of the U.N. Security Council, in consultation with Macedonia, Albania, the Federal Republic of Yugoslavia, and the recognized leadership of Kosovo.

This is a very important step forward, because what this means is the Russians are saying very clearly that there should be armed international forces, something that many of us understand is absolutely necessary if the people of Kosovo are to return safely and with protection to their homes.

I think increasingly, within our own administration and all over the world, there is an understanding that that armed international force need not strictly be NATO. That is what we are saying here, and that is what the Russians have agreed to.

Then we said that the above group would be supplemented by the monetary activities of the Organization for Security and Cooperation in Europe.

In conclusion, Mr. Speaker, I think that this trip was a significant step forward in bringing the Russians into the peace process. I was very proud and delighted to be there with my fellow representatives from the United States Congress.

AGREEMENT REACHED IN VIENNA PROVIDES A FRAMEWORK FOR RESTORING PEACE IN YUGOSLAVIA AND KOSOVO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. KUCINICH) is recognized for 5 minutes.

Mr. KUCINICH. Mr. Speaker, I thank the gentlewomen for giving me the opportunity to go forward.

Mr. Speaker, I, too, had the opportunity to join my colleagues in the trip to Vienna to meet with leaders of the Russian Duma.

Mr. Speaker, in this audience tonight we have some young people who are visiting our Nation's Capitol, and as I was looking up there getting ready to speak, I was reminded of the time when I was in school at that age, and we had in this country a different type of relationship with Russia.

It was the height of the Cold War, and at school they used to do drills. Some people will remember the drills. They were called duck and cover drills. We would have to, anticipating there would be a nuclear attack, we would actually have to get down under our desks, cover our heads, and close our eyes so we would not see the flash that was supposed to be a nuclear attack.

Mr. Speaker, that was an era of terror. It was an era when the United States and Russia were at odds over the great global consequences of whether capitalism or communism would rule the earth.

Have we come a long way from those days? Yes. We worked throughout the seventies to build down nuclear arms, we worked throughout the eighties to reestablish a relationship with Russia, and in the nineties we have in the United States been responsible for helping Russia rebuild itself economically, and assisted in so many ways as partners in peace.

But yet, Mr. Speaker, that very peace and that partnership has been threatened by the Balkan conflict, because Russia has seen this conflict in other terms, and only a week ago the leader of the Yablako faction in Russia, Vladimir Luhkin, was quoted in

worldwide news reports as saying a blockade of the port in Montenegro would be a direct path to nuclear escalation, setting aside years and years of progress that we made and launching us right back into the Cold War.

How important it was to have Members of this Congress go to Vienna, Austria, to sit down with that very same leader and other leaders of the Duma, the leader of Mr. Chernomyrdin's party, one of the leaders of the Communist party, to sit down with those individuals face-to-face, sharing our common human interest in protecting the life of this planet and sharing our interest in relieving the suffering of the Kosovar Albanians and of the people who are being bombed throughout the Federal Republic of Yugoslavia.

So we came together as brothers and sisters in search of peace. We came together hoping to create a framework for peace which we could bring back to our Nation and give our nations an opportunity to reconstruct, in this fragile and even grim climate, an opportunity to set the world on the path of light instead of the path of might, on the path to negotiation instead of the path of annihilation; to create for the world a new opportunity towards peace.

We came in peace, and we departed as brothers and sisters in search of peace, with a framework which I am pleased to have a copy of here.

Mr. Speaker, I include this framework for the RECORD.

The material referred to is as follows:

REPORT OF THE MEETINGS OF THE U.S. CONGRESS AND RUSSIAN DUMA

VIENNA, AUSTRIA

30 April—1 May 1999

All sessions centered on the Balkan crisis. Agreement was found on the following points

I. The Balkan crisis, including ethnic cleansing and terrorism, is one of the most serious challenges to international security since World War II.

II. Both sides agree that this crisis creates serious threats to global and regional security and may undermine efforts against nonproliferation.

III. This crisis increases the threat of further human and ecological catastrophes, as evidenced by the growing refugee problem, and creates obstacles to further development of constructive Russian-American relations.

IV. The humanitarian crisis will not be solved by bombing. A diplomatic solution to the problem is preferable to the alternative of military escalation.

Taking the above into account, the sides consider it necessary to implement the following emergency measures as soon as possible, preferably within the next week. Implementation of these emergency measures will create the climate necessary to settle the political questions.

1. We call on the interested parties to find practical measures for a parallel solution to three tasks, without regard to sequence: the stopping of NATO bombing of the Federal Republic of Yugoslavia, withdrawal of Serbian armed forces from Kosovo, and the cessation of the military activities of the KLA. This should be accomplished through a series of confidence building measures, which should include but should not be limited to:

a. The release of all prisoners of war.

b. The voluntary repatriation of all refugees in the Federal Republic of Yugoslavia and unhindered access to them by humanitarian aid organizations. NATO would be responsible for policing the Federal Republic of Yugoslavia's borders with Albania and Macedonia to ensure that weapons do not reenter the Federal Republic of Yugoslavia with the returning refugees or at a later time.

c. Agreement on the composition of the armed international forces which would administer Kosovo after the Serbian withdraw. The composition of the group should be decided by a consensus agreement of the five permanent members of the U.N. Security Council in consultation with Macedonia, Albania, the Federal Republic of Yugoslavia, and the recognized leadership of Kosovo.

d. The above group would be supplemented by the monitoring activities of the Organization for Security and Cooperation in Europe (OSCE).

e. The Russian Duma and U.S. Congress will use all possibilities at their disposal in order to successfully move ahead the process of resolving the situation in Yugoslavia on the basis of stopping the violence and atrocities.

2. We recognize the basic principles of the territorial integrity of the Federal Republic of Yugoslavia, which include:

a. wide autonomy for Kosovo

b. a multi-ethnic population

c. treatment of all Yugoslavia peoples in accordance with international norms

3. We support efforts to provide international assistance to rebuild destroyed homes of refugees and other humanitarian assistance, as appropriate, to victims in Kosovo.

4. We, as members of the Duma and Congress, commit to active participation as follows:

Issue a Joint U.S. Congress-Russian Duma report of our meetings in Vienna. Concrete suggestions for future action will be issued as soon as possible.

Delegations will agree on timelines for accomplishment of above tasks.

Delegations will brief their respective legislatures and governments on outcome of the Vienna meetings and agreed upon proposals.

Delegations will prepare a joint resolution, based on their report, to be considered simultaneously in the Congress and Duma.

Delegations agree to continue a working group dialogue between Congress and the Duma in agreed upon places.

Delegations agree that Duma deputies will visit refugee camps and Members of Congress will visit the Federal Republic of Yugoslavia.

Mr. Speaker, this agreement begins with stopping the bombing, a withdrawal of the Armed Forces from Kosovo, a cessation of military activities of the KLA, releasing all prisoners, returning all refugees, providing for their safekeeping with an international peacekeeping force, rebuilding their shattered homes, and helping to rebuild their shattered lives.

This is such a great country with such a great heart, because we care about people all over this world. We want to bring peace to those who are suffering.

Our delegation, Mr. Speaker, gave us a chance, at a moment when it looked like escalation was the only recourse, with the leadership of the gentleman from Pennsylvania (Mr. CURT WELDON), with the participation of our leader, the gentleman from Hawaii (Mr. NEIL ABERCROMBIE), we finally had the opportunity to begin anew to look at each other as brothers and sisters in search of peace, to come up with a framework which we would all hope would be the start of a new opportunity to look forward to perhaps a cease-fire, to a cessation of bombing, to restoring the refugees and rebuilding the war-ravaged area.

Let us continue to pray for peace, and let us continue to act in consonance with our prayers.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair must remind all Members that it is not permissible to introduce or bring to the attention of the House any occupant of the gallery.

BIPARTISAN DELEGATION TRAVELS TO BRUSSELS TO SEEK PEACE IN THE FORMER YUGOSLAVIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. ABERCROMBIE) is recognized for 5 minutes.

Mr. ABERCROMBIE. Mr. Speaker, I want to thank the other Members who are here this evening. I will not take the full time, but I will merely read a brief excerpt as an addendum to the remarks that have been made at this point.

We are very grateful to our colleagues who are here on another matter tonight who have graciously consented to allow this interruption because of the serious nature of the business that was conducted this past weekend.

Mr. Speaker, I would like to read just some excerpts from a letter addressed to the ranking member of the Committee on Armed Services, the gentleman from Missouri (Mr. IKE SKELTON), a letter sent to him today in conjunction with the report that the gentleman from Ohio (Mr. KUCINICH) just cited and the activities that we engaged in in Vienna this past weekend.

The letter was a cover letter also containing the resolution that we expect to bring forward to all of our colleagues here on the floor shortly that we hope will provide a path towards reconciliation and resolution of the crisis in Kosovo.

Mr. Speaker, I will just read briefly from the letter:

Dear Ike, as you are aware, I recently returned from a trip to Vienna as the senior Democrat on a congressional delegation that met with the leadership of the Russian Duma. My earlier trip to the region prompted me to lead a group comprised of Corinne

Brown, Maurice Hinchey, and Dennis Kucinich. Since you are the ranking member on the Committee on Armed Services, I wanted you to have a copy of the report of the meetings to review.

Not only did we arrive at a viable framework around which the Congress and the Duma can facilitate an end to the violence in the Balkans, we learned much from our Russian colleagues. Our Duma counterparts represented the full spectrum of ideology and Russian politics. Together we reached agreement on three important components of peace and a possible road to implementation.

More than ever, I am convinced that the road to peace is through Moscow. Without movement towards peace, I see escalating costs, increasingly convoluted options, and unacceptable casualties just over the horizon.

Undermining the Administration's objectives was certainly not our desire, and I wish to reiterate that the delegation was not on a mission to negotiate peace. Instead, we were on a mission to reach out to our Russian counterparts. Because of her unique historic and cultural ties to Serbia, Russia has the credentials to act as an intermediary in achieving a negotiated peace in the Balkans.

Mr. Speaker, I submit this letter for the RECORD.

The letter referred to is as follows:

HOUSE OF REPRESENTATIVES,
Washington, DC, May 4, 1999.

Hon. IKE SKELTON,
Rayburn House Office Building,
Washington, DC.

DEAR REPRESENTATIVE SKELTON: As you are aware, I recently returned from a trip to Vienna as the senior Democrat on a Congressional delegation that met with leadership of the Russian Duma. My earlier trip to the region prompted me to lead a group comprised of Corrine Brown, Maurice Hinchey, and Dennis Kucinich. Since you are the ranking Member of the Committee on Armed Services, I wanted you to have a copy of the report of the meetings to review.

Not only did we arrive at a viable framework around which the Congress and the Duma can facilitate an end to the violence in the Balkans, we learned much from our Russian colleagues. Our Duma counterparts represented the full spectrum of ideology and Russian politics. Together we reached agreement on three important components of peace and a possible road to implementation. More than ever, I am convinced that the road to peace is through Moscow. Without movement toward peace, I see escalating costs, increasingly convoluted options, and unacceptable casualties just over the horizon.

Undermining the administration's objectives was certainly not our desire, and I wish to reiterate that the delegation was not on a mission to negotiate peace. Instead, we were on a mission to reach out to our Russian counterparts. Because of her unique historic and cultural ties with Serbia, Russia has the credentials to act as an intermediary in achieving a negotiated peace in the Balkans.

The bipartisan delegation prepared a resolution expressing the sense of Congress in supporting the recommendations of the Vienna meeting to bring about a fair, equitable and peaceful settlement in Yugoslavia. That draft resolution is attached. Additionally, I have attached a letter I sent to minority Leader Gephardt. I ask that you also support a bipartisan caucus so that the delegation can brief all members of Congress. Absent a bipartisan caucus, I ask your support for the delegation to brief the Armed Services Committee.

This meeting with members of the Duma represents a singularly important step toward a negotiated solution. I seek your counsel and recommendations on how to best proceed.

Sincerely,

NEIL ABERCROMBIE,
Member of Congress.

Mr. Speaker, I wish to conclude my remarks by merely saying that the road to the resolution of this crisis is not in Belgrade and is not in Brussels, but is in fact in Moscow.

□ 2045

The 11 of us, the bipartisan delegation which went to Vienna, had as its sole purpose the reaching out to the Members of the Russian Duma in an attempt to bring resolution to this crisis and bring it to a resolution at the earliest possible moment.

Mr. Speaker, thank you for the time and I thank my colleagues for their generosity in providing it.

MOTHER'S DAY: A TIME TO REFLECT ON THE IMPACT OF SOCIAL SECURITY AND MEDICARE ON AMERICAN WOMEN

The SPEAKER pro tempore (Mr. SWEENEY). Under the Speaker's announced policy of January 6, 1999, the gentlewoman from California (Ms. MILLENDER-MCDONALD) is recognized for 60 minutes as the designee of the minority leader.

Ms. MILLENDER-MCDONALD. Mr. Speaker, as we embark upon Mother's Day this coming Sunday, distinguished women of the House thought it was really fitting to come and talk again on women and Social Security and Medicare and how these two critical issues will impact women leading into the 21st century. I have gathered with me tonight a distinguished core of women of the House to speak on these critical issues.

As the Co-Vice Chair of the Women's Caucus, I think it is vitally important that we ensure retirement security for women as we work to strengthen Social Security and Medicare.

Mr. Speaker, I would be remiss if I did not acknowledge the two women who have been in the forefront on these issues, the gentlewoman from Connecticut (Ms. DELAURO) and the gentlewoman from Florida (Ms. THURMAN). Each will speak to these issues as we progress tonight.

Social Security has played a very vital role in ensuring financial security for most elderly women; however, there are still far too many elderly women living in poverty. In our work here in the House to establish a better and more secure retirement system, we must not exacerbate this situation but rather do all we can to resolve the discrepancy now and for all future generations.

Mr. Speaker, tonight is the night for women to speak to the two issues and to voice their concerns from their constituents in their respective states. So I will call on them tonight as they come to speak to this issue as we embark upon Mother's Day this coming Sunday.

I have tonight the great gentlewoman from the State of Florida (Mrs. MEEK), who will speak to this issue as she relates to it in the State of Florida.

Mrs. MEEK of Florida. Mr. Speaker, I thank very much the gentlewoman from California (Ms. MILLENDER-MCDONALD) my colleague, friend, and sister who is the Co-Vice Chairman of the Women's Caucus for yielding me this time, and acknowledge my associates in the Women's Caucus.

Mr. Speaker, I am very pleased to be a member of the Women's Caucus. It gives me a special chance to come before this body and talk about not only the contributions of women, but the issues and concerns of all women. Therefore, being a Member of Congress gives us a special platform where we can say to the Nation that as women we do have special concerns and special problems that this Congress should address.

Mr. Speaker, our government has a Social Security system. It is affecting women and it affects them in terms of their security and their retirement. But the truth is Social Security provides benefits on a gender-neutral basis. Benefits are based on an individual's earning record, employment history, and family composition.

Mr. Speaker, I am an older woman so I do know the benefits of Social Security and the benefits of retirement. I am not so sure the younger women who are in here tonight will be able to benefit from the Social Security system as I have. Hopefully, they shall. If it is up to this Women's Caucus, the women will get a chance to benefit.

Thus, while women tend to collect benefits over a longer period than men do because we live longer, our life expectancy is longer, women on an average have lower monthly Social Security benefits since they have lower earnings, more frequent breaks in employment because of our childbearing years, and we are more likely to be widowed or unmarried in retirement.

This occurs despite Social Security's inclusion of certain safety net provisions that generally narrow the gap in benefits between men and women. Some of the Social Security reform options currently being contemplated will change or eliminate the social adequacy components of the program, thus disproportionately affecting women relative to men.

It is important to note that women are generally paid less than men and women are more likely than men to leave the workforce. Our government must do everything possible to preserve Social Security. That is why the Women's Caucus is focusing on this.

And it is very fitting. It is near Mother's Day. It is our day coming up.

We know that Social Security is perhaps the most important and the most successful antipoverty program ever adopted. Without Social Security, over 50 percent of the elderly would be in poverty. Social Security is a major source of income for 65 percent of beneficiaries over age 65.

Mr. Speaker, it is sort of important that we stress the many good benefits of Social Security. We are not saying that the Social Security system is the best in the world and it is the only thing and it cannot be improved on. The Women's Caucus is not saying that. They are saying to take a look at it to be sure that it does what it purports to do and it continues to keep women out of poverty.

The problem many times in Social Security is worse for minority women because of our earnings over the years, and we are much poorer than white women, particularly white women age 65 years of age or older. As a Member of the Women's Caucus, particularly one over the years that has stressed older women, I ask my dear colleagues to consider the unique issues of women: Lower earnings, longer life spans, shorter work histories, greater dependency on spouses, divorce, and outliving their spouse. The current Social Security system contains provisions that mitigate but do not eliminate these concerns.

Mr. Speaker, I want to thank the women in the caucus and I want to thank our cochair, the gentlewoman from California (Ms. MILLENDER-MCDONALD) for putting together this special order so they we could come tonight near Mother's Day in this fitting time and say that we want to help America understand that the unique issues of women should be carefully studied because women are extremely important to this country.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I thank the gentlewoman from Florida (Mrs. MEEK) for her comments. Now we will hear from the gentlewoman from New York (Mrs. MALONEY) and our cochair.

Mrs. MALONEY of New York. Mr. Speaker, I thank my dear friend and colleague, the gentlewoman from California, for organizing this special order and calling attention to the plight of older women as we approach Mother's Day this weekend. I also thank the gentlewoman from Connecticut (Ms. DELAURO) for working on putting this special order together.

Social Security is tremendously important to all Americans, but particularly to women. Many women come to rely heavily on the Social Security system when they retire for a number of reasons. First of all, women earn less than men. For every dollar men earn, women earn 74 cents, which translates into lower Social Security benefits. I remember when I began working, it was 52 cents to the dollar. We got a raise. We are now at 74 cents to the dollar, but it is still terribly unfair and our Social Security benefits in our elderly years reflect this unfairness.

In fact, women earn an average of $250,000 less per lifetime than men. Considerably less to save or invest for retirement. Therefore, they rely more on Social Security.

Women are half as likely than men to receive a pension. Twenty percent of women versus 47 percent of men over age 65 receive pensions. Further, the average pension income for older women is $2,682 annually compared to $5,731 for men.

Women do not spend as much time in the workforce as men. In 1996, 74 percent of men between the ages of 25 and 44 were fully employed full-time compared to 49 percent of women in that same age group. Women spend more time out of the paid workforce than do men in order to raise their families and to take care of their aging parents.

Women live longer than men by an average of 7 years. Social Security benefits are the only source of income for many elderly women. Twenty-five percent of unmarried women, widowed, divorced separated or never married rely on Social Security benefits as their only source of income. Not only will these women find themselves widowed, they are likely to be poor.

A recent report by the General Accounting Office showed that 80 percent of women living in poverty were not poor before their husbands died. The ''feminization'' of poverty is another reason why Social Security must be there for our senior citizens, particularly women in their elderly years.

The financial outlook for elderly women is pretty grim. The poverty rate among elderly woman would be much higher if they did not have Social Security benefits. In 1997, the poverty rate among elderly women was 13.1 percent. Without Social Security benefits, it would have been 52.3 percent. For elderly men, the poverty rate is much lower at 7 percent. If men did not have Social Security benefits, the poverty level among them would increase to 40.7 percent.

Social Security's family protection provisions help women the most. Social Security provides guaranteed inflation protected lifetime benefits for widows, divorced women, and the wives of retired workers. Sixty-three percent of female Social Security beneficiaries aged 65 and over receive benefits based on their husband's earning records, while only 1.2 percent of male beneficiaries receive benefits based on their wives' earning records. These benefits offset the wage disparity between men and women.

As we move forward with reform of our Nation's Social Security system, we must remember that women face special challenges. It is my hope that many of the contributing economic factors, particularly pay inequity, will soon be eliminated. In the meantime, Congress must take the economic well-being and security of women into account when discussing reform. Women clearly are at a disadvantage when facing retirement and poor elderly women have the most at stake in the Social Security debate. Any reform that is enacted must keep the safety net intact. Our mothers, our daughters and our granddaughters are counting on us.

Mr. Speaker, I would like to put into the RECORD a story, a story about the life of one of my constituents. Her many years of work, the many things that she did in her life, and how much she now depends on Social Security for a safety net in her own life.

Mr. Speaker, I join my colleagues in calling upon Congress on both sides of the aisle to be very cautious in the reforms in Social Security to make sure that this safety net for men and women continues.

I am glad to be here tonight to remind my colleagues that it is critical that we take the different circumstances of women into account as the 106th Congress considers proposals to reform the current Social Security system.

Lucy Thomas' story illustrates many of the key issues.

Mrs. Thomas is 83 years old. She worked for 35 years as a waitress, earning less than minimum wage. At the same time, she reared two daughters, and cared for both her father as he became increasingly disabled with rheumatoid arthritis, and for her grandmother, a farm woman who had virtually no income. She now depends solely on Social Security—$650 a month. At age 71, she moved in with her daughter, Marilyn, because she could no longer work outside the home to supplement her Social Security income.

As a waitress and a bartender, Thomas and her husband barely made enough money to pay for their daily living expenses. Mrs. Thomas does not have a pension, nor does she have income-generating savings. Her current income consists of about $8,000 a year from Social Security. She is one of the nation's elderly poor. Of that amount, $1,600 is used for secondary health coverage. Last year she paid an additional $1,000 in medical costs and another $1,400 for a hearing aid. In the fall, a bout with stomach ulcers forced her to pay over $200 for prescription drugs. Her daughter purchased most of her clothing and paid for her room and board for the past 12 years. Social Security is a real factor in her ability to survive with some dignity in her old age.

Mrs. Thomas' story is not unique. Many women come to rely heavily on the Social Security System when they retire, for a number of reasons.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I would like to thank the gentlewoman from New York (Mrs. MALONEY) the distinguished cochair of the Women's Caucus, for her comments tonight.

Mr. Speaker, indeed America's older women do depend upon Social Security

and Medicare for their security and their well-being. We have now another distinguished Member of the House who we will hear from as she voices her concerns for the women of North Carolina, the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Speaker, I rise to commend my colleagues, the gentlewoman from California (Ms. MILLENDER-MCDONALD) and the gentlewoman from Connecticut (Ms. DELAURO) for having this special order, and the leadership of the gentlewoman from New York (Mrs. MALONEY) as the President of the Women's Caucus. Indeed they will bring the awareness to an issue that should be given and be a major concern to all women, because it is of economic value to us.

Mr. Speaker, Social Security provides an important base for the economic security of American women. Women represent 60 percent of all Social Security recipients. Today, the Committee on the Budget in their task force hearing shared with us that women actually receive 53 percent of all the benefits because, in fact, we live longer and how the Social Security progressivity is structured so that women who earn lower wages actually get a greater benefit because it is designed to be that kind of bridge.

□ 2100

However, because women live longer on average than men, they represent 70 percent of Social Security recipients after the age of 85. Unmarried women, including widows aged 65 and older, receive just about half of their total income from Social Security. So, indeed, Social Security is very, very important, but it is also the survivor's safety net for a large number of women who are on Social Security.

Women also have a different work pattern. Many of them work part-time. Some of them, indeed, do not work at all for a period of time. Nearly three-fourths of 4 million older poor persons in this Nation are women, and older women are twice as likely as older men to be poor.

In 1996, older Caucasian women had a median personal income of $9,990, while older black women's median income was $7,110, and older Hispanic women's median income was $6,372. One-fifth of older black women received less than $5,000, and nearly three-fourths had an annual personal income under $10,000 in that same year.

Women are also more likely to work part time and take out time from the work force. Therefore, they do not build up as much investment in Social Security. In fact, women are more likely to be out of the work force an average of 11.5 years to raise their children or to attend to ailing relatives.

Social Security has been a tremendous success in reducing the number of women in poverty since 1940. Now, this is not to say Social Security does not have problems, but it is to recognize that Social Security has been a safety net for women. And as we reform Social Security, we certainly need to make sure that the structure that aids in securing women, and particularly those women who are disadvantaged by receiving less money and disadvantaged by not being in the work force, are, indeed, protected.

Again, as I referred to the hearing in the Committee on the Budget today, there are several proposals out there, some looking to the private sector, some providing some transitional costs, talking about consumer taxes, and we need to make sure that those transitional costs are taken into account both for women with disabilities as well as those who are indeed at the end of the lower economic ladder.

Again, as we have this special order we want to bring to everyone's attention the value Social Security has been to women; and as we reform Social Security we want to urge those individuals looking at the various options to certainly understand that we should not have any less protection for women who have depended on this safety net being there. And, indeed, Social Security has been the one program that has worked for all Americans but particularly for women.

I want to commend, Mr. Speaker, again the Women's Caucus for bringing this issue and allowing us to bring to the Nation's attention how important Social Security is to the economic vitality of all women in this country.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I thank the gentlewoman.

A woman who has kept the focus on women as it relates to Social Security is a former co-chair herself. I would like to now yield to the gentlewoman from the District of Columbia (Ms. ELEANOR HOLMES NORTON).

Ms. NORTON. Mr. Speaker, I thank the gentlewoman from California for her leadership; and I commend her and the gentlewoman from Connecticut for their work in organizing this special order to draw attention to the various special needs of women in Social Security.

We are told that there may well be no Social Security reform this year. I would regret that, though I want to go on record to say that it is certainly not true that Social Security is going bankrupt. We really do have more than a quarter of a century before that. Nevertheless, it certainly would be better if we could get a bipartisan consensus this session.

Let me say that I would rather see nothing, however, than see a new model based on some of the ideas that have come from the majority on Social Security. We do not need a new model for Social Security. We need a revitalized model.

The reason we do not need a new model is because the present model is a feminized model. It is literally organized around the needs of women, around longer lives, around those with lesser earnings, and, if I may say so, around housewives. In particular, the notions for personal savings accounts do not take into account this feminized model.

Most of the time when we talk about Social Security reform, we have reference to the elderly. I want to talk for my few minutes not about the elderly but about women whose Social Security is most endangered, because we are talking about Social Security in 2030, not Social Security in the year 2000.

Older women have been grandfathered in. Neither the Republican majority or anybody else in his right mind would dare touch Social Security today. They would not dare recommend personal savings accounts for Social Security today, not when 53 percent of those receiving Social Security would be at the poverty line without it; not when it is a major source for two-thirds of today's beneficiaries.

I want to focus on the baby boomers and the younger women whose earnings today translate into pensions or Social Security tomorrow. Those are the women who are not secure.

The last time women Members came to the floor to talk about Social Security, I spoke from my past work as chair of the Equal Employment Opportunity Commission, because it is from that work that I learned to focus on women's earnings. It is by focusing on women's earnings today that we have any idea of their pensions or their Social Security tomorrow. Only by looking at younger women in particular can we evaluate the notion of personal savings accounts.

I want to be clear that we should all be saving, and we should be doing more in this Congress to encourage more saving: 401(k)s, IRAs, IRAs for homemakers. There is ever so much more we must do to encourage savings. And, indeed, savings in the United States is going down, and that is itself very serious. But the focus on earnings now is how we figure what workers will have tomorrow.

Let us look at women. Women today earn $24,000, the average woman, year-round worker, $24,973. For a man, it is almost $10,000 more, $33,674. What does a woman who earns less than $25,000 have to put into a personal savings account? Something, I hope, but I guarantee it is too little. Social Security, as we know it, needs to be there for that woman. She cannot afford to put all of her eggs in a personal savings account basket.

No matter how we look at earnings, we draw the same conclusion. The progressive Social Security model now in place must be there especially for women.

First, for the large number of women with no earnings, what are they supposed to do with a personal savings account? Look at who they are. There are only 7 percent of men who spend time out of the work force; 21 percent of women spend time out of the work force. Look at part time. Seventy-four percent of men work full time; only 49 percent of women work full time. What are they going to put in personal savings accounts? What will their Social Security look like, for that matter?

That is why it has to be progressive, because they will have too little earnings in even to get out enough of Social Security unless we have the present system which benefits low earners.

Look at the labor force participation: 73 percent of men in the labor force, 63 percent of women. This translates into no pensions or pensions that are too small, and it certainly leaves very little for personal savings accounts.

Personal savings accounts are not progressive. They go with the market, not with need. I am with the market. I am in the market. I want more women to be in the market. But I would not want my future, if I earned under $25,000 a year, to lie with the market.

By all means, go into mutual savings. But women cannot afford to leave Social Security as we know it today behind.

The Republican majority would attribute the difference in wages between men and women to the fact that women are out of the work force more than men, and they tell us that all the time when we complain about women's wages. That is true, but not entirely. And there is a debate between us as to what accounts for that gap.

But let us assume for the moment that they are indeed correct, for purposes of argument, that the difference is because women spend more time out of the work force; and may I ask them to please carry that thinking over to the needs of women into old age. If they spend less time in the work force, they should be subject to less risk when it comes time for old age.

What will housewives contribute to personal savings accounts? What will part-time workers contribute to personal savings accounts? What will mothers who go into the work force later, who took time out, contribute to personal savings accounts? Where are the family values when it comes to security for today's young mothers?

I am not talking about my mother. Her Social Security is intact, and I think mine will be. But what about my daughters? That is who we must concentrate on now. What about the young mothers who are staying at home? And there are more of them because of the absence of a child care system, and many more are going back home rather than go where they would like to go, to work.

Retirement becomes and is a burden in the thoughts of these women, and we must make it less of a burden by encouraging them to save but also by assuring them that Social Security will be there in the progressive way that their mothers and grandmothers have known it.

Young women are most at risk. They are most in doubt. We cannot restore confidence in the Social Security System by dismembering it. We must look far more closely at the President's plan, where 62 percent of the surplus goes to Social Security and 15 percent to Medicare. Then, of course, we have a balanced notion of means tested personal savings accounts. We encourage savings and help people to save and encourage them to save.

If my colleagues do not like the President's plan, they should draw their own plan, but plan it around women who are the Americans who will most need the security our country has guaranteed for their mothers, for their grandmothers and for their great grandmothers.

Mr. Speaker, I thank the gentlewoman from California and the gentlewoman from Connecticut for their important work in drawing these issues to our continuing attention.

Ms. MILLENDER-McDONALD. Mr. Speaker, I thank the gentlewoman from the District of Columbia.

Mr. Speaker, Medicare and Social Security, as we know, will be two very important issues here in 1999. I cannot think of a more deserving person to come before us now to talk about these issues as discussion intensifies about the ways to strengthen Social Security and Medicare for the future for women. She has been in the forefront on these issues.

Certainly we recognize now that Medicare is required to cover screenings for osteoporosis and breast cancer. She has been in the forefront to make sure that this took place. We have with us now one of the leaders of the House, the gentlewoman from Connecticut (Ms. ROSA DELAURO), who will come and speak to us on these two very critical issues as we broach Mother's Day.

Ms. DELAURO. Mr. Speaker, I truly am honored to stand here tonight with my colleague from California (Ms. JUANITA MILLENDER-McDONALD), who has taken a leadership role in our Women's Caucus, along with the Congresswoman from New York (Mrs. MALONEY), who spoke as well this evening, in trying to forge a unified coalition on two of the most important issues that face this Nation, and that is Medicare and Social Security.

□ 2115

Quite frankly, we cannot talk about one without the other because of their importance in terms of what they have done in lifting older Americans out of poverty in this country, what they have done to change the face of health care for older Americans. They have come to be two programs that working families rely on in retirement security. They have become, if you will, the twin pillars of retirement security.

As my other colleagues who have joined on the floor tonight, they too understand the effect that the Social Security system and Medicare have had on all Americans, and most particularly for tonight's discussion, for the stability and the financial well-being of women in their later years.

They also understand the need to protect these programs, to strengthen these programs, to view them as successful programs upon which we need to build, and to expand so that not only people today who are eligible and women today who are eligible for these programs, but those in my generation and the generation of my children and their children can utilize for their retirement security. That is what is at stake.

I might just say, with regard to Medicare, that what we need to continue in that effort is to make sure that, in fact, there are defined benefits that people know they can avail themselves of in Medicare and that primarily we can build on the Medicare system so that, in fact, we can offer some opportunity for some relief on prescription drugs.

I think all of us today who are talking with seniors with regard to Medicare and their health benefits would tell us that the single biggest difficulty that they have and where they put their health and their safety at risk is because they cannot afford prescription drugs today, and if we are going to strengthen and protect Medicare, that we must not turn it into a voucher program where people are told, ''Here is a sum of money, you go out and find it on your own, ferret out a program, you are on your own, my friend,'' when what we ought to be doing is making sure that this program allows for the benefits to be there that they need and for them to be able to purchase and get some kind of relief for the costs of prescription drugs.

Let me turn, if I can for a moment, to Social Security. Because, as I have said, it is really our country's success story. More than half of the elderly population would live in poverty today in this country were it not for Social Security.

Now, I have an 85-year-old mother and she said to me, ''Rosa, these are supposed to be the golden years, but in many instances they turn out to be the lead years.'' And what she is doing is expressing the frustration, she gives a voice to that frustration that so many elderly women feel that in their older years. They face all kinds of obstacles to stability and to security, and without Social Security these obstacles would be even greater.

My colleagues have focused tonight on talking about the plight of women

and how, in fact, Social Security does work for women today. And it is because they live longer, they are in and out of the work force, they make less money, they are often dependents, they rely on a cost-of-living increase, they rely on a month-to-month lump sum of money which they receive.

Much of that goes away if we follow a program which people are talking about today, and that is to get us to privatize the Social Security system. Those pieces of cost-of-living increases, benefits if you are a spouse, getting a month-to-month lump sum, consideration of less money earned by women, consideration of their being in and out of the work force, all of that is taken into consideration in the Social Security program today. That all goes away if we privatize Social Security.

I will speak for just a moment on my State of Connecticut. Social Security has lowered the poverty rate among elderly women from 46 percent to 8 percent. That means over 100,000 women are lifted out of poverty by Social Security in my State of Connecticut.

I want to mention one proposal that is on the table now that has been offered by the majority party, by the Republican leadership, and that is the Archer-Shaw plan which was promoted last week. I just want to say a few words about this plan, and I want to caution people to look at it very, very carefully.

This plan may be cloaked in the rhetoric of reform, but if we take a closer look at it, it is a risky scheme that will end Social Security and put millions of elderly women and men in jeopardy. We cannot let this happen. This is a delayed execution of the Social Security plan.

Let me just say that that is the goal. But even if the true goal of my colleagues or some of my colleagues on the other side of the aisle was to improve retirement security, this plan does not get it done. It is flawed from a policy perspective. It claims to use the budget surplus to create individual retirement accounts. These accounts are personal in name only.

The CATO Institute, which is a very conservative organization, has talked about this proposal, and Michael Tanner of the Institute told the Washington Post last week, and I quote, that ''The individual accounts are phoney accounts. They are made up of a tax credit equal to 2 percent of each person's Social Security taxable wages. It would flip Social Security on its head by allocating, if you will, more money and resources to the wealthiest in our society.''

It hurts women particularly. The claim is that the plan would extend Social Security further than the President's plan to protect the program. They hold up a Social Security actuary report that estimates that their plan would keep Social Security solvent for 75 years.

But, my friends, the devil is in the details. They do not talk about the specifics of the program. They hide the fact that ultimately this plan eliminates all the surpluses, it forces the Federal Government to have to increase taxes, cut spending in necessary programs, such as domestic programs that benefit women elsewhere in the budget. They evade the fact that if the rate of return on these individual accounts drops by just one percentage point, that the whole plan goes up in smoke and Social Security will fall short by about 10 percent.

The long and the short of it, one needs to look at it very carefully and very closely. What it attempts to do is deal with, as I talked about earlier, privatizing Social Security in the long run, which in fact is a detriment to the Social Security program, in my view, in general and in particular with regard to women.

One of the purposes of why we are here tonight is to talk about it, is public education. We need to let people know what is at stake and that, in fact, when we take a look at some of the schemes that are on the table, they are meant to turn Social Security on its head, to change the focus and the nature of this program that has meant so much in the lives of families today, and our specific topic, for women's lives today.

Again, we cannot afford to let it happen. I know that my colleagues are committed not only to speaking on the floor of this House but taking this message to the country to start to talk about women and Social Security, what it means, what it has meant in the past, what it means for the present, and what it means in the future, and that we are not going to allow this program, which has meant so much to the safeguard of women and the independence of women in their later lives, be jeopardized in any way.

The American public needs to know what is at stake. The American women need to know what is at stake. And I am proud to join with my colleagues tonight as we begin that program of public education.

I cannot thank my colleagues enough for letting me participate in this effort tonight.

Ms. MILLENDER-McDONALD. Mr. Speaker, I cannot thank my colleague enough for the leadership that she has provided for us in this House to ensure that we have Medicare and Social Security as the top issues for women in 1999 and leading into the millennium.

I would like to echo what she said, because public education is important. We must make sure those who are today's citizens in this country, more of them are women and the elderly, do not get hooked and locked on this privatization of Social Security and Medicare, especially Social Security. We must ensure their well-being, their safety, their security by not having privatizing and not privatizing with these private accounts that is being discussed as we move into the discussion of Social Security and Medicare.

Mr. Speaker, I would like to now yield to a person who has been on point, who is one of the senior Members of the House, and she has just done a yeoman's job in talking about the unique effects that this proposal, Social Security and Medicare, will have on women. The distinguished gentlewoman from the State of Ohio (Ms. KAPTUR) will now speak to us on Social Security and Medicare.

Ms. KAPTUR. Mr. Speaker, I want to thank the gentlewoman from California (Ms. JUANITA MILLENDER-McDONALD) for championing this effort this evening and so many of the other initiatives that she has taken as a sparkling Member of this House, certainly the cause of women in this case, in her role as co-Vice Chair of the Democratic Women's Caucus to bring us all to the floor this evening to talk about Social Security, Medicare, and women in America.

I also want to acknowledge the gentlewoman from Connecticut (Ms. ROSA DELAURO), the assistant Vice Chair of our caucus, and so many of the other women that have joined us this evening, our good friend the gentlewoman from Florida (Mrs. CARRIE MEEK), the gentlewoman from Florida (Mrs. KAREN THURMAN), the gentlewoman from North Carolina (Mrs. EVA CLAYTON), the gentlewoman from New York (Mrs. CAROLYN MALONEY), and it literally goes from coast to coast.

Without question, Social Security is the lifeboat for a majority of seniors in our country and certainly for women. And even with Social Security, the poorest people in America today are women over the age of 80. So even the current program, as critical as it is to families and to citizens across our Nation, could be made stronger.

Certainly for women, we know that in the way that the formulas were written in past years they do not always receive as much as men because, when they did work, their pay was less. Others this evening have talked about women spending more time out of the work force raising their children, caring for their families, often caring for sick relatives. Women often work in jobs that have no pensions.

I was amazed to go into a little cookie shop in an airport in Chicago a couple years ago and I approached someone who worked there and I said, ''How much do you pay?'' And they said, ''Minimum wage.'' And I said, ''What are my health benefits?'' They said, ''You would not get any of those or retirement. Only management gets that.'' I said, ''I guess I would not want to work here.''

But often one of the young women I was talking to did not know the answers to those questions. She had to go

back and ask the manager back behind the swinging doors. So many women who are working do not ask the important question, ''What are my pension benefits?''

We know that most women who have lost their jobs as a result of ill-fated trade agreements, like NAFTA, lose their pensions as a result and, in fact, most of those who have lost their jobs under trade agreements like this, because they are minimum wage jobs and entry level jobs, are mainly minority women across this country.

We also know that most women do not begin saving for their retirement and they think it will not matter to create a savings account that would be a supplementary account to Social Security. And if they do have a little savings account or an investment account, they do not hold it long enough so that it would grow in a little bit of a larger nest egg. I want to say something about that this evening.

□ 2130

We also know that women who do manage to have a little bit of cash, if they have any at all, often do not look at other investments that they might make during their working years, for example, in buying a home.

Today, with interest rates the way they are, many, many people, if they check it out, this is not just women but people working across this country and paying rent, you would be surprised if you really looked at all the available programs, through your city, through your county, through your locality. You would find you could buy a home today cheaper probably than you could rent it. You ought to check that out. Because a home can become a very important source of equity. You own it. It does not belong to someone else.

It is very important this evening that all of us participate in this session to help educate the American people, and certainly women, about retirement planning. It is important if you are applying for a job to find out if that employer has a pension plan. Is it just Social Security? Or Social Security plus something else, like a 401(k) or an individual retirement account. If they do have a retirement account, what kind of plan is it? And are you, in fact, participating in that plan? Were you asked about it? Did you ask about it?

You really also, if you are married, need to know what your spouse's plan is. I cannot tell you how many women have come to me after the death of their husband and they say, ''He didn't check the little box.'' That means that my retirement pay from the company, putting Social Security aside for the moment, is less. And they, of course, do receive lower payments from Social Security on the death of a spouse.

So it is very important to know what your benefits are. You need to know which Social Security benefits you are entitled to. And the Social Security Administration will tell you that if you fill out the little card, they will be able to tell you how many quarters you have in, what your potential benefits might be, and you can get ready for that moment ahead of time. One of the biggest mistakes women make is not asking and not finding out soon enough.

Another issue women have to be concerned about, and the American Association of Retired Persons recommends these tips for women in addition to Social Security, think of your retirement security as a necessary expense, and no matter how small your check, take a few pennies or dollars out of that every month and put that in a pension program that is separate from Social Security, that can augment Social Security, which should be your base plan.

Think about setting up an Individual Retirement Account. Your banker, your credit union preferably, your employer can help you do this. But make sure that you control that money and that the employer does not control that money. Make sure you have a voice in that.

Also, figure out ways to try to control your spending. Create a budget with savings in mind, cut unnecessary expenses and pay credit card balances. If you can, think about resoling your shoes rather than buying new shoes or moving up or down the hem in your skirt rather than buying a new one. There are lots of ways to put a little bit of money aside for the future.

Really, it is a good idea to have a budget. Then you will come close to it or perhaps meet it, and you will begin to set up this little extra nest egg.

Whatever you do, invest with inflation in mind. When women tend to invest, they do so in very low-yielding assets. They find out that the income from those assets in later years really does not cover inflation and taxes.

So I think this evening is very important in helping women to think a little bit about planning for retirement. I know when I hold sessions in my own district on women and money, it is the most popular session that we have. Actually, more people attend that than the sessions we do on health. That is because women, though they have tremendous financial responsibilities in our schools, we do not always teach how to manage personal finances anymore. They used to have courses called home economics. Those are sort of outdated now, but we really need to have financial planning for all of our citizens, including women. I know every woman in this country has the ability to do that.

So I think my message tonight as a part of this excellent session that the gentlewoman from California (Ms. MILLENDER-MCDONALD) has organized along with the gentlewoman from Connecticut (Ms. DELAURO) is that Social Security is your base plan, and those of us here will make sure that Social Security remains sound as a promise between generations. It is an insurance program, a program of promise to the Nation.

If there are seniors listening this evening, do not get high blood pressure, do not worry about Social Security. You do not have to contribute to any of those groups that make you pay money to say they will lobby for you here in Washington. We are your best lobbyists. Use us. You pay us through your tax dollars to do your work for you. Save those dollars that you are paying all those lobbying groups. Put it in an investment account for yourself to augment your Social Security.

The most important thing you can do to preserve Social Security and Medicare is to elect the right people to Congress. You know who they are, because they are right at home where you live. You do not have to come here to Washington to meet them.

Then if you have the ability, especially if you are younger or even if you are not that young, to set a little bit of extra money aside in a special savings account that earns interest, get a little bit of advice on that. Talk to some of your friends. Have some sessions where you live, in your neighborhood, in your church, in your senior retirement building. Start little clubs where you talk about investing money and take some of those bingo chips and take some of those little earnings that you have from bridge, even if it is a few dollars, and think about putting those dollars away and seeing what they will earn. Maybe you can do it as a group working with some of your credit union advisers, let us say, in your area.

It is important for you to learn about money. As you learn more, your children will learn, your grandchildren will learn, and the best teachers in America are our mothers and grandmothers. So they can do a lot to help those who are younger than they are to plan for their own retirements.

I really believe you can start saving at a very early age and you can start thinking about your future years, whether it is saving for education or saving for your retirement.

I want to compliment the gentlewoman from California (Ms. MILLENDER-MCDONALD) for holding this special order this evening. She is doing a big favor to all the women and families of our country.

Ms. MILLENDER-MCDONALD. I thank the gentlewoman from Ohio (Ms. KAPTUR) for the outstanding contribution she has made tonight and the ongoing leadership and support that she gives to these critical issues.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of this special order today.

The SPEAKER pro tempore (Mr. SWEENEY). Is there objection to the request of the gentlewoman from California?

There was no objection.

Ms. MILLENDER-McDONALD. Mr. Speaker, as we continue to talk about both Social Security and Medicare, we know that the faces of Medicare are really the faces of women you know. They are your mom, your grandma, your wife, your sisters. They might even be the person whom you see in the mirror.

Medicare, being an important issue, is very timely that we speak about it today and we talk about this critical issue as it relates to women age 65 and older. Women are 58 percent of the people who receive Medicare. At the age of 85, that number will rise to 71 percent. At age 85, women outnumber men in the Medicare program two to one. Women's average life expectancy is 6 years longer than men. At every age, women are at greater risk of poverty than men.

There are many gaps in the Medicare program, Mr. Speaker, and there are a number of gaps in this program, most notably the absence of coverage for prescription drugs and long-term care. Also, in Social Security, we know that, on average, women are in the workforce fewer years than men and earn less than men, yet women tend to live longer. Meanwhile, women's pension benefits are based on such factors as years in the workforce and lifetime earnings relative to those of their husband.

Mr. Speaker, we must remember that just 33 percent of women retirees 65 and older versus 53 percent of retired men at that age receive a private pension annuity fund. In fact, in 1994 those were the numbers. Women simply cannot rely on other forms of retirement savings to the extent to which men can. Women must continue to have a strong, secure Social Security and Medicare system that recognizes the need of widows and divorced women to receive their spouse's benefits.

Lastly, any effort to strengthen our retirement system must resolve this vast economic chasm that exists between women and men in America.

SECURITY, PROTECTION, SAFETY NET

Mr. Speaker, tonight Congresswoman DELAURO and I have gathered our colleagues to address two critical issues concerning women. As Co-Vice Chair of the Women's Caucus, I think it is vitally important that we ensure retirement security for women as we work to strengthen Social Security and Medicare. Social Security has played a pivotal role in ensuring financial security for most elderly women, however there are still far too many elderly women living in poverty. In our work to establish a better and more secure retirement system, we must not exacerbate this situation but rather, do all that we can to resolve the discrepanacy now and for all future generations.

Mr. Speaker, the Social Security rules provide critical income security for women. The progressive benefit formula provides proportionately higher benefits for low earners than for high earners, which is important for women who continually earn less incomes than men. In 1997, the median annual earnings year-round for full-time workers was approximately $33,000 for men and $24,000 for women, which means women are earning 74.1% of the wages men earn.

For working women in their fifties, who should be earning close to their peak salaries, the income differential is equally disturbing. These women earned just 63 percent of what men of the same age earned in 1996. The entire group of older women have less than three-fifths the personal income of older men. In 1996, older women had a median personal income of approximately $10,000.

Providing higher benefits for women through the current Social Security system helps compensate for the countless paychecks that are at most 73 percent of their male counterparts. Social Security also places the necessary emphasis on the value of raising children by helping homemakers establish retirement security. For these women, Social Security provides a retirement benefit equal to 50 percent of their spouses' benefits. For the homemaker who becomes divorced after at least 10 years of marriage, Social Security provides a retirement benefit based on her former spouse's benefits. In addition, Social Security provides widow's benefits equal to 100 percent of her husband's benefits for the older woman whose husband dies. Social Security survivor's benefits are even provided for younger widows whose children receive survivor's benefits while the widow is caring for them and not working.

For all of these reasons: the pay gap, the fact that women live longer than men, and the current Social Security benefit rules, is why a significant proportion of older unmarried women are solely dependent on Social Security. In 1994, 40 percent of unmarried women 65 and older who received Social Security depended on it for at least 90 percent of their income—and more than one-fifth had no other income. Even more alarming, half of older unmarried women of color relied on Social Security for 90 percent of their incomes, and for more than one-third of these women, Social Security was their only source of income. In real terms, this means that most elderly women are living on just $10,000 to $12,000 per year. Social Security clearly serves as a vital safety net for women who are divorced or become widows.

As strong as this system is, however, too many women fall through the cracks. Nearly three-fourths of the nation's four million who are elderly poor are women. Older women are twice as likely as older men to be poor. In addition to the consistently lower income women earn per year as compared to men, the disparity in other retirement options contributes to the feminization of poverty among our elderly women.

In the Nation's pension system, men benefit significantly more than women since most mothers do not have a consistent work history due to the time off for raising children. Just 33 percent of women retirees 65 and older versus 53 percent of retired men that age received a private pension annuity in 1994.

Women simply cannot rely on other forms of retirement savings to the extent to which men can. Women must continue to have a strong, secure Social Security system that recognizes the need for widows and divorced women to receive their spouses' benefits. Any effort to strengthen our retirement system must resolve this vast economic chasm that exists between women and men in America.

I would like to thank the women and men of the House who are joining us tonight to address women's retirement security.

Mrs. JONES of Ohio. Mr. Speaker, the subject, Social Security, is on the minds of our constituents. Citizens want to know if there will be a system when they need it, and they want to know how the system impacts them as individuals, as family members, and as tax payers. They're asking good questions that require good answers.

It is especially encouraging to see the emphasis being given to the concerns of women. Comparing women to men, statistics demonstrate that women live longer, are paid less, and are more likely to depend on Social Security for retirement benefits. All women, whether or not they have been in the workforce, need to know how the system works.

I am pleased to join in supporting you on Tuesday May 4th as you discuss "Women and Social Security/Retirement". I know that there will be information disseminated that I will be able to share at the 11th District Forum, "Social Security & You", which I will host in Cleveland on May 22nd.

Mr. CUMMINGS. Mr. Speaker, recently, leaders of the National Council of Women's Organizations came to Washington. Foremost on their agenda was the impact of Social Security reform proposals on women.

These women said "Don't forget about us."

Our nation's social security system has had a successful tradition of providing "assistance" to our seniors and disabled. However, changes in our society's economic and social conditions warrant structural revisions.

Although there is no immediate danger to the system, the threat of insolvency has moved us to take action to preserve Social Security for the "baby boom" generation. As such, this debate is not about whether reform is necessary, but what structural revisions would best suit our seniors.

Mr. Speaker, I submit to you today that as we evaluate these revisions, I will not forget that Social Security benefits are essential to the women of America.

I will not forget that without Social Security, more than 50% of all women over age 65 would be living in poverty today.

I will not forget that during their most employable years, women earn only about 74% of what men are paid.

And, I will not forget that women are less likely to work full-time and more likely to spend time outside the paid labor force while raising children. As a result, only 26% of women over age 65 received a pension of annuity payment in 1995.

Our current Social Security benefits structure protects workers with lower lifetime earnings—including most women and minority workers. Social Security provides an inflation-

protected benefit that lasts as long as the beneficiary lives. Since women tend to live longer than men, they are in greater danger of outliving their other sources of retirement income; but it is impossible to outlive one's Social Security benefit.

The current system also provides extra benefits to spouses with low lifetime earnings which helps many women, even if they did not work at all outside the home.

Further, Social Security provides benefits to spouses of any age who care for children under 16 if the worker (other spouse) is retired, becomes disabled, or dies. Women represent 98 percent of recipients receiving benefits as spouses with a child in their care.

In the future, Social Security will continue to be important for women. As the labor force participation rates of women rise, women will reach retirement with much more substantial earnings histories than in the past. Therefore the percentage of women receiving benefits based solely on their own earnings history is expected to rise from 37 percent today to 60 percent in 2060. However, this means that 40 percent of women will continue to receive benefits based on their husband's earnings.

These aforementioned provisions allow us to claim that our current retirement system is equitable and just. Significantly, both financial necessity and social justice demand that to maintain this claim, a new system must retain minimum, guaranteed benefits and critical protections so that women are not penalized for inequity in pay and for taking care of the rest of us.

As Franklin Roosevelt stated: "* * * [this] law will take care of human needs." Let's not forget women's needs.

I urge my colleagues to remember women and support social security reform that would bring their real life needs and circumstances into account.

Mr. PAYNE. Mr. Speaker, I would like to thank Congresswoman MILLENDER-MCDONALD and Congressman DELAURO for arranging this special order tonight. We must bring attention to the exceptional circumstances of women as we examine the Social Security issue. As other Members of Congress have mentioned tonight, there are a few simple facts that show why women are effected by changes made to Social Security more than their male counterparts. First of all, most women earn a lower salary than men and therefore put a smaller amount into the Social Security Trust Fund with every paycheck. They are also more likely to spend a portion of their lives out of the workforce than men and women are half as likely as men to receive a pension which means they depend on their Social Security check as their sole source of income. Finally, women live longer than men and depend on Social Security for a longer period of time.

Therefore, changes made to the Cost of Living Adjustment and the idea of converting Social Security funds in private accounts will have a drastic effect on the way that retired women live. These factors must be taken into consideration when we decide how to resolve the issue of the potential insolvency of the Social Security Trust Fund. While limiting COLA's may cut costs, it will lower the standard of living for retired women because they rely heavily on Social Security as their only means of income and they live longer and need these adjustments to stay out of poverty. Private accounts may also have a negative effect on the retirement income of women because they may outlive their accumulated funds. Private accounts may put many women in a position where they live the later half of their retired years in poverty.

While Social Security is the economic mainstay for many women, we must also make a better effort to educate working women today about the benefits of investing in a pension plan. We must give them an opportunity to invest so they do not have to live out their golden years on an annual Social Security income that amounts to less than the minimum wage for most recipients. This coupled with making changes to the Social Security system that helps not harms women will improve the lives of all women in their retirement years.

Ms. MILLENDER-MCDONALD. Again, Mr. Speaker, I would like to thank all of the women who were here tonight. We did not cover this as extensively as I would have wanted to. We will be back, because as we embark upon Mother's Day we must remember the elderly women in this country and their need for Medicare and Social Security.

REGARDING SUPPLEMENTAL APPROPRIATIONS BILL

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Indiana (Mr. BUYER) is recognized for 60 minutes as the designee of the majority leader.

Mr. BUYER. Mr. Speaker, I serve here in Congress as the chairman of the Subcommittee on Military, a subcommittee of the Committee on Armed Services. Before I move into remarks regarding the supplemental appropriation that will deal not only with the funding shortfalls in Kosovo and the funding shortfalls to fund our national military strategy, along with disaster assistance and humanitarian aid, I would like to comment on some remarks made by one of my own Republican colleagues here tonight during the 5 minutes. He put up a chart and on the chart he had lists that in World War II, with a 13 million force, we had 31 four-star generals and with our force of today, we have 33 generals, and that even though we have reduced our force, we still have all of these general officers.

Being responsible for the force structure decisions of the United States military, I would like to advise America that I have held the line on the increase, the demand for the increase out of the Pentagon on general officer strength. The force that fought World War II, that military force, is completely different from the military force of today. We also have encouraged jointness, greater cooperation and interoperability between all the services. When you do that, yes, you end up creating some bureaucracies and an increase in need for general officer strength. But more importantly we are going to maintain the sort of rank-heavy military for a very important reason. Kosovo really is that third scenario, ''third scenario'' meaning we have a national military strategy to fight and win two nearly simultaneous major regional conflicts. So you take a circumstance in Korea, you can take a circumstance in Iraq, and now we have the third circumstance with regard to Kosovo. If, in fact, the United States found itself on a three-front war and we had the necessity to have to build a force rapidly, we could do that when we maintain officer strength in the general officer corps along with senior noncommissioned officers. That is the reason we are going to hold the line on those strengths. So the chart that was used tonight is somewhat misleading, and I wanted to correct the record.

Over the next 1 hour, the gentleman from the 52nd District of California (Mr. HUNTER) chairman of the Subcommittee on Military Procurement and myself will discuss why all of the Members, and to inform America why we should support the emergency supplemental appropriation that we will be voting on here later this week.

Let me be very clear that there are some Members that point to this bill as though it were some form of a referendum on the President's actions in Kosovo, or that if we add additional funding to this supplemental appropriation that somehow we are forward funding the Clinton-Gore war. There is a lot of rhetoric, political rhetoric that is being used around here. So what the gentleman from California and I would like to clarify for everyone is what is the purpose of this emergency supplemental funding and why we have an increase in military funding in this bill that is over and above the President's request.

I believe that this bill is mislabeled. It should not be emergency funding with regard to Kosovo. This bill is necessary to fund the national security strategy of this country. The President has the singular responsibility to lay out the national security interest of this Nation. He then turns to the military planners and said, ''What is the national military strategy to carry that out?'' That is what makes us uncomfortable today.

Let me pose to you this question. Can anyone name this country, a country whereby 709,000 active service personnel, eight standing Army divisions, 20 Air Force and Navy air wings with 2,000 combat aircraft, 232 strategic bombers, 13 strategic missile submarines, with 232 missiles, 500 ICBMs, intercontinental ballistic missile systems, with 1,950 warheads, four aircraft carriers, 121 surface combat ships and submarines. Can anyone name this country with that type of force structure?

□ 2145

Is that country the former Soviet Union?

No.

Is that country Russia?

No.

Is that country China?

No.

Is the country the United Kingdom?

No.

You give up?

That country, the global superpower, no longer exists.

You see, the force structure that I just listed is how much the American military forces have been cut since 1990.

So why does our force structure matter so much?

First, let us look at the success.

In 1990 and 1991, the 45-day Gulf War was highly successful.

Why?

Well, in our active forces in 1990 we had 18 divisions. In the Air Force tactical wings we had 24. Navy ships and submarines, we had 546 as we were coming out of the Cold War era.

Part of the success was not only the force structure, but it was also because we had a highly-trained, well-equipped combat-ready force.

The question that is painful for those of us that serve on the Committee on Armed Services and those who appropriate funds on its behalf, was challenging for the gentleman from California (Mr. HUNTER), and myself and others, is that we have to ask that question:

Could we fight and win a Gulf War today?

You see, that makes us very uncomfortable if you were to ask us that question, because we have forces in Korea on the peninsula, we have our forces in Iraq today, and now the President has us in a third scenario in former Yugoslavia.

So when we look at that force structure in 1990 and we see where President Clinton and Vice President Gore have taken us down to today with those budgets, we today have:

Army divisions, we have 10.

Air Force tactical wings, we only have 13.

And Navy ships and submarines, we only have 315.

The number that is used so often here in Washington is, if we do not hold the line on the Navy, we could dip below a 300-ship Navy, and that is fearful, my colleagues.

What is really concerning about these 10 active divisions: If you were to say, ''All right, Congressman. Of those 10 divisions, how many are ready to go right now?'' Five, only five because the other five divisions are called the follow-on divisions, and they have been hollowed out. They are short over 300 noncommissioned officers per brigade, over 300.

So we have got some anxiety building up between myself, and the gentleman from California (Mr. HUNTER) and others about our present force structure today.

Let me put this into real numbers for my colleagues, divisions, wings, submarines, ships. Let me put it into numbers so my colleagues can relate, for those who are not familiar with the military.

The Army has been reduced. When we say taking down the size of these divisions and those who support them, we have reduced the Army strength by 250,000 personnel. The Navy has been reduced by 200,000 personnel, the Air Force has been reduced by 150,000 personnel, and the selected reserve has been reduced 250,000 personnel. And what is also very difficult today is we are not retaining the qualified personnel, nor are we recruiting the sufficient numbers to meet current service requirements. That is very challenging to many of us.

So why is force structure so important? Why are we talking about that? Force structure is important because earlier when I mentioned the purpose of the military, it is the means to the political objectives laid out by the President with regard to our national security interests.

I am going to read from the annual report to the President and Congress signed by the Secretary of Defense William Cohen here in 1999. He lays out our military strategy. The military strategy is in sum, and says on page 17:

In sum, for the foreseeable future U.S. forces must be sufficient in size, versatility and responsiveness in order to transition from a posture of global engagement to fight and win in concert with our allies two major theater of wars that occur roughly at the same time. In this context they must also be able to defeat the initial enemy advance in two distant theaters in close succession and to fight and win in situations where chemical and biological weapons and other asymmetric approaches are employed.

That is the present national military strategy.

So earlier I used this example of if we are involved in a Gulf War scenario, and North Korea decides to do something foolish, do we have the force structure to fight and win a two-front war? The open secret and the pain that we have to deal with is we do not have the force structure to do that today.

I do not get into the strategy decisions, but I am not going to be just the critic. I want to be the constructive critic. Do my colleagues know what would be different from a Republican administration and the Democrat administration with regard to this military strategy? I would take out where it says in order to transition from a posture of global engagement. I would strike those words from the military strategy. You see, that foreign policy of the President, this engagement around the world is what strains the military force. So the President has our military force stretched so thin in so many different places around the world, that is what makes it challenging, and I am going to speak to that a little bit more here later.

Let me also refer to the difference in the dollars that are used on the defense along with the utilization of the force. You see, the world is not as stable, and this is a paradox. The world is not as stable today as it was during the standoff of the Cold War. So often we hear in this town that the Russian bear has been replaced by a thousand vipers. The enemy today is difficult to define. The force structure that we have, we have to be more mobile and more fluid as we think of how to fight and win the next war. If you plan the next war how you won the last one, you have positioned yourself for failure, so we have to be very smart about our business.

But what is clear here by this chart is there is a mismatch between funding and the use of military force. Now you can look at this force here during the Bush administration, and the dollars, and the procurement, and the funding and the readiness to utilization. Some would be quick to say: Well, look, you have got too much money and you are not using the force. I heard our own Secretary of Defense say:

''Well, what's the purpose of the military if you do not use them?''

I am not sure I can follow her logic.

The purpose of the military is to fight and win the Nation's wars and to protect our interests, not to utilize the war in every corner of the world as though we are the world's policemen. You see, that is what gets us in trouble.

When I think of the paradox, it is almost those who say the B–2 bomber, and this is before the Kosovo incident, never dropped a bomb. That is a good thing, my colleagues. If the military never has to fire a shot, that is a good thing. When we are the finest, the best, the most well equipped military in the world, who wants to take us on? Our enemies are not cooperative. They take us on when we are vulnerable, and we are getting vulnerable.

Look at this one right here. From 1993 to 1999, we have reduced the budgets, and we have increased the utilization. So during the Bush administration the War Powers Act reporting to Congress, there were six. President Clinton's term, and AL GORE, 46 reports have been sent to Congress. That is the utilization. So not only has he taken our military force and stretched them to those 135 countries around the world, he has actually placed our military into harm's way in over 46 places around the world. Over utilization.

So what is happening to the force? The wear and tear on our forces, it is showing. It is showing, and the gentleman from California (Mr. HUNTER) is going to talk about that coming up.

Let me go to this chart for just a second. When I talked about the utilization all around the country, Mr. Speaker, the President has a foreign policy of engagement. Engagement. And he uses our military as though they are diplomats, and military-to-military contacts and everything all around the world. But let us talk about some of the larger ones.

North Korea, we have 40,000 troops.

Bosnia, we have the 10,000.

In Iraq we have 20,200 aircraft, 1 carrier battle group.

Kosovo, 30,000 troops, 800 aircraft, one carrier battle group.

But we have got troops all over the place from Haiti, Honduras, Cuba, Iceland, Portugal, Spain, Netherlands, Panama, El Salvador, Nicaragua, Colombia, Argentina, Egypt, India, Israel, Kenya, Tanzania, Diego Garcia, Russia, Kazakhstan, Japan, Australia, China, Singapore, Thailand. The list goes on, and on, and on. So, we have taken our military force, we have cut down the structure, and we have spread them all around the world, but you see the President in their force structure says we can transition from spreading our forces all around the world, and then all of a sudden we can bring them together and we can fight and win in two near simultaneous major regional conflicts, and, oh, by the way, if we happen to get bogged down in Kosovo, do not worry, we can win.

No, this is very uncomfortable, Mr. Speaker, very, very uncomfortable.

As chairman of the Subcommittee on Military Personnel, I have conducted numerous hearings on the growing problems facing our service men and women. Although pay and benefits is important, there are other equally important issues stressing the force, quality of life issues, health care, lack of spare parts, lack of adequate training time, the aging of equipment, the high depreciation rates on our equipment, increased operational tempo, longer working hours and the family separation, reusing and reusing the same people. Asking them to do more with less is not a strategy for success.

Do not take my word for it, Mr. Speaker. Let me read some excerpts from a letter I received from a young Navy lieutenant:

Honor, courage and commitment are words that are often used in jest. What they should say is honor the sailor, respect the job and the sacrifices that he endures. Have the courage to give those who risk their life every day in the defense of our country and democracy the proper equipment to do their job. Make the commitment to the basic human needs that every human being, even sailors, need for themselves and their families. We need to provide the fleet with all the tools to maintain our assets. Just-in-time manning and ramping up for deployment is ludicrous. People and assets need to be in position and on board to benefit the rigors of the training cycle. Sailors need to be properly trained. They need to have the proper support, equipment to test the systems, be it on a ship or on an aircraft. They need publications that are up to date. They need various hand and automated tools to adequately perform the maintenance and maintain the equipment. I do not know what the fix is, and I do not know all the answers, but I will tell you I have never seen the Navy in such a sad state of affairs. I love this business and have always believed that there is honor in my chosen profession. Every cut back has a cost. In this case I think we cut too deep.

This Navy lieutenant said it in words for which I could not replace. So what have we done? We increased those missions dramatically, we have stressed the force, and this sailor is sending a basic message to the gentleman from California (Mr. HUNTER), and myself, and the gentleman from Virginia (Mr. BATEMAN), and the gentleman from Colorado (Mr. HEFLEY) and the gentleman from Pennsylvania (Mr. WELDON) who chair subcommittees in the Committee on Armed Services that we need to take care of the force as much as we can, and that is the purpose of our supplemental. We have asked for some billions of dollars over and above the President's mark, spending mark, and what we are trying to do is to fund this national military strategy.

This is no attempt by the gentleman from California (Mr. HUNTER) and myself or others to front load some Kosovo war or anything else. We recognize that there are stresses in the force.

The gentleman from Pennsylvania (Mr. WELDON) tells a story about some F–16s in the Pennsylvania National Guard that did not have GPS, the global positioning system in the F–16s when they were deployed to Iraq in operation Provide Comfort. So what did the pilots do? They went to Radio Shack, bought it, strapped it onto their legs.

When one is flying an aircraft at high altitude over the desert, there is not much to navigate off of, and one has to have that GPS system. I feel awful, America, that we are not even doing the modernization of our force and pilots are actually going to Radio Shack to modernize their own fighter aircraft.

□ 2200

That is sad.

Let me move now to a quote from Admiral Jay Johnson. He said, we have approximately 18,000 gap billets in the fleet. What does that mean, Mr. Speaker? That means in the Navy today we are 18,000 sailors short.

Navy ships are being deployed at 10 to 20 percent under their strength. What does that mean? That means that when an aircraft carrier or a cruiser, when they leave harbor, they are leaving about 80 percent strength. So when they are deployed at sea and they end up with injuries, a workplace injury, a back or sick call, there are no replacements. They do not send replacements out to sea. Everybody has to then carry the load.

So instead of now working in the boiler room where maybe 10 people are assigned they now have seven. Two people get hurt, five now have to pick up the load. Instead of working 10 hours, they are now working 14 hours. That is what is happening to our force, and it is very, very difficult.

Let me mention Kosovo for a second. Here is something that is also very, very concerning to us. The current Kosovo mission has forced the United States to divert planes from their patrols over Iraq in order to support the ongoing campaign.

This quote here, in the New York Times, in early April, the Navy shifted its only aircraft carrier in the western Pacific and its 75 combat jets out of the region indefinitely to help wage war in the Yugoslavia campaign.

If we have taken our only carrier now out of that region of the world to support this so-called humanitarian war, how can we satisfy the national military strategy? We cannot. We cannot.

The second quote is, the Pentagon briefly suspended enforcement of the no-fly zone over northern Iraq when fighter bombers and radar-jamming planes were dispatched to the air war in Serbia.

Mr. Speaker, if we are having difficulty here at the moment maintaining the front against the forces in North Korea on the peninsula, maintaining the no-fly zone requirements in Iraq, and we have this war now in Kosovo and we cannot even mix and match, that is a very strong signal to us that we have to take corrective action, and it is immediate.

If all we do is fund what the President's request is, all we do is fund the bullet for bullet which they are firing, shame on us. We have to step forward, bite the bullet, that the gentleman from California (Mr. HUNTER) is going to talk about, and do much more than that and go beyond.

I yield to the gentleman from San Diego, California (Mr. HUNTER), a highly decorated Vietnam veteran and well respected in this House, the chairman of the Subcommittee on Military Procurement.

Mr. HUNTER. Mr. Speaker, I thank my good friend, the gentleman from Indiana (Mr. BUYER), for yielding me this time and for making such a superb presentation on the inadequacies of military funding that exist right now.

I have to protest that I did nothing special in Vietnam. I simply showed up, but I did serve with a lot of great people. I want to commend my friend for his participation in Desert Storm.

I think a good point here that the gentleman made very strongly is the fact that, while the military has shrunk by almost 50 percent, and most people do not realize that but some people realize that, they realize it is smaller, the natural tendency is to feel that since it is 50 percent of the original size it has been cut back so dramatically, over 200,000 people in the Navy and 200,000 people in the Army and so on, the team that is left has to be well paid, well armed and well trained.

One would think, boy, the residual people that we have there after we pared it down from this huge military that we had, a lot of people think we had in 1990, 1991, this military has to really be just in great shape, with lots of new equipment and ready to go.

The tragedy is, we have cut the military almost in half; and the half that we have left is not well paid, number one. The gentleman has really done wonders working as chairman of the Subcommittee on Military Personnel, and he has been pushing hard to get compensation, and we know that the average military personnel today are making about 13.5 percent less than their civilian counterparts. That means if someone is an electronics technician in the Navy, they are making about 13.5 percent less on the average than the guy who is working for a private company out in industry.

The real tragedy of that is that, at the end, the bottom line is we have today about 10,000 military personnel on food stamps.

As I watched the stock market go through the roof the other day, I thought about that. Here we are in one of our most prosperous times and people are commenting on the endurance of this prosperity that we have had, the longevity of this prosperity. We have a military that is half as big as it was a few years ago, and the men and women in that military are underpaid, and 10,000 of them are on food stamps.

So, wrong, the first instinctive reaction is this must be a well-paid military since it has been cut in half. Answer, no.

Second, people must think, well, my gosh, it is half the size it was, it must be really well trained since it is pared down to this smaller force.

I think of Colonel Rosenberg, who was one of the national trainers at the National Training Command hearing that the gentleman from Virginia (Mr. BATEMAN), chairman of the Subcommittee on Military Readiness, held at Nellis Air Force base in Nevada. Colonel Rosenberg said, and I paraphrase him, he said, it is a real tragedy that this military that we built out of the ashes of the Vietnam War, that won so overwhelmingly in Desert Storm, is being destroyed before our very eyes.

When we asked for particulars from Colonel Rosenberg and others who were testifying there, these are the trainers at the National Training Center, it is kind of like the military college where the infantry goes and the armor goes and the artillery units go to get their upper level training. Once they have graduated from high school, so to speak, they go to this military college, which really is a big training ground out in the desert in the West, and they have to perform against a mock enemy, and they are given points.

The trainers said, among other things, the troops that we get often do not know anything about maneuver with armor. They do not know anything about the basics of calling in artillery fire. They do not know how to handle many, many procedures that have to be handled on the battlefield. In other words, this is like getting people in their first year in college and one realizes that they never should have graduated from the 11th and 12th grades in high school and one feels like they have to send them back for a refresher course.

We have fine young people in the military. So why are not they getting the training that is necessary, at least to get them into the upper training level? Well, the answer is, those dozens of deployments that the gentleman just talked about, that the gentleman from Indiana (Mr. BUYER) just talked about, where the President has pulled people out of school, and a lot of these military schools are very technical, they have to sit there in a classroom and really learn to know their job, but these people are pulled out of their schools before they can finish it. They are kept from going to their schools.

It is like a kid who is in high school. He is supposed to get good grades his last year in high school. His dad has a farm, and his dad pulls him out of class 3 days out of 5 in the week, so he is only going to class about half the time he should have gone to class in his senior year, and all of a sudden he figures out he is not ready for college.

That is what this President has done with this downsized military. He has stretched it all over the world.

The average person will say, wait a minute. Those people that are in Bosnia, that is training. Well, it may train them for deployment, but it does not train them with the simulators. It does not train them with the test ranges that we have. It does not train them with the classroom work that they need.

So the second fallacy most people believe is that this smaller force is well trained, and it is not.

One last example, talking to the Marines, we talk about the V–STOL aircraft that goes straight up off the ground, the jet aircraft, that the Marines use, instead of going down a runway and lift off; very, very difficult aircraft to fly. When one asks the Marines, how many hours do these pilots really need to maintain proficiency in this very difficult aircraft, they will always say, over 20, 22, 24 hours a month. They have to have that to maintain proficiency.

What are they getting? They are getting about 12. They are getting about 12, because there is no money for training. That is just one of the many, many examples of inadequate training.

So that second fallacy that these people are well trained is, in fact, a fallacy.

Lastly, one would think, my gosh, if we have an Army that is 10 divisions today instead of 18 divisions, we have a Marine Corps that has been cut back, we have a Navy that has been cut back, and I noticed the gentleman from Indiana (Mr. BUYER) is more precise than I am, we had 546 ships when we started, when we did Desert Storm. When we made up our chart last year, we had 346. When I gave my last briefing, it was 325. Now it is down to 315. We are dropping like a rock.

One would think when this Navy has been compressed to such a small fleet those ships that are there must be bristling with armaments. Wrong. It is not well armed. The reason is, we have starved our ammunition accounts. If anything qualifies, if we are talking about this emergency supplemental, and I hope every single Member of Congress, Democrat, Republican, liberal, conservative, I hope we all vote for it tomorrow. Because if there is anything that is an emergency, it is an inadequacy of ammunition. We have a shortage of ammunition.

One of the most important ammunitions that we have a shortage of is cruise missiles, long-range missiles, like Tomahawks, like conventional air launch cruise missiles. Because what we see today is a very complex and difficult to penetrate air defense in most of the world where we have to operate. We see that in Kosovo right now, but it is not limited to Kosovo. We are seeing the Iraqis continue to strive to build an air defense that is going to be able to take down American aircraft. They have not done it yet, but they import SAM missiles. We see that with the North Koreans.

So anyplace we go, we figured that the air defense over North Vietnam was more intense than it was over Berlin in World War II because of surface-to-air missiles. So we devised a way to allow our pilots, our neighbors who are pilots, to go out there and fly their mission, release a payload and return to their carrier deck or the tarmac of their runway without being killed.

The way we were able to do that is with cruise missiles. That is stand-off missiles. That means a B–52 does not have to fly into all that flak like they did over North Vietnam in December of 1972 when, as I recall, about 10 were shot down the first day.

The gentleman from Texas (Mr. JOHNSON) recalled sitting in his prison

cell and watching a B–52 get hit in mid-air by a SAM missile and just explode before his eyes.

We are flying those same B–52s today, but we have missiles on them that are launched from many miles away from the target. The cruise missile takes off, it travels like an unmanned airplane itself, and it hits a target. And, meanwhile, the pilot is hundreds of miles away from that anti-aircraft fire; and he returns safely to his base. We are short on those missiles.

It does not make any sense that this country, as prosperous as we are, as devoted to human life as we are, and especially the lives of our service people, should have a shortage in cruise missiles.

I want to tell my friend, the gentleman from Indiana (Mr. BUYER), who has made just an eloquent presentation tonight, we are short on cruise missiles. We are short several billions of dollars' worth of cruise missiles.

Mr. BUYER. Mr. Speaker, let me ask the gentleman from California (Mr. HUNTER) this question: I have the sense that the military planners in the Pentagon, in order to maintain readiness levels to their comfort, they have taken money that should have gone to ammunition and they are using it to maintain present operations and they are assuming a risk, are they not?

Mr. HUNTER. That is exactly right.

Mr. BUYER. Mr. Speaker, I would like for the gentleman from California (Mr. HUNTER) to discuss that assumption of risk, how serious is it, how is it measured and what we are going to do about it in the supplemental.

Mr. HUNTER. The gentleman is exactly right. Because every time we have had one of these contingencies where the President wants to send troops, whether it is an operation that we consider justified or not, every time we have one of those operations, to fund the operations initially they take money out of the ammunition accounts. They also take money out of the spare parts accounts. That is why our mission capability rates are dropping below 70 percent on average.

□ 2215

They have dropped more than 10 percent, meaning a plane, out of 100 aircraft that take off that are built to do a particular mission, only about 70 of them now can do that mission.

So the President takes that money, or the military looks around for money, Congress is not giving them any extra money to fund an operation where the President said, you steam over here and do this mission, so they take it out of ammunition. They were going to buy that ammunition, but they will buy it next year, right, when they get the money back?

All of a sudden, they do the mission, they get a little money back, maybe in a supplemental funding bill, but they never get as much as they took out, so the ammunition accounts get lower and lower.

They say, when they appear before us, and the gentleman always asks that great question, and the gentleman from South Carolina (Mr. FLOYD SPENCE) asks that question, as well, our great chairman of the Committee on Armed Services, he says, what is going on here, Admiral? What is going on here, General? Can we win these two wars?

They say, well, we can win those wars, but we now are taking on a higher risk. When we ask them to translate what risks means, it means risk of casualties, heavy casualties. Because we cannot win a war now with overwhelming force, like Norman Schwartzkopf did in Desert Storm, where you just crush the enemy, bring all your body bags empty to the United States. There are no dead Americans to put in them, and they all come home fairly quickly.

We no longer have that overwhelming force. What we have is the ability, like two fairly evenly-matched fighters, to slug it out, taking a blow for every blow that we give. That means taking dead Americans for every casualty we inflict on the enemy. And hopefully in the end, because we have a superior industrial base and because we have a democracy with a strong economy, we overwhelm the enemy at some point, maybe the allies come in and help, and we finally win. But when we win, it is like one of those boxing matches where the sportswriter said that after looking at the faces of both of the fighters, it was hard to determine who the winner was. Instead of looking at the faces of the fighters, we are looking at body bags stretched out in front of us of dead Americans who ran out of ammunition.

Right now the Marines are $193 million short of basic ammunition, and the Marines are the 911 force. The Army is $3.5 billion short of basic ammunition.

That is not a standard that I created, and that is not a standard that the gentleman from Indiana (Mr. BUYER) created or the gentleman from South Carolina (Mr. FLOYD SPENCE) or the gentleman from Florida (Mr. BILL YOUNG), who is chairman of the Committee on Appropriations, who has done such a great job, along with the gentleman from California (Mr. JERRY LEWIS), chairman of defense appropriations, of putting this supplemental together.

We did not go out and set some standard and say, we have decided that instead of 100 million M–16 rounds, we want 200 million, that is a Republican standard. We took the President's standard. We wrote in to the services and said, how many M–16 bullets do you need to be able to fight that two-war contingency that we might have to fight? How much should we have in reserve?

They answered back. In fact, they answered back across the total line of ammunition. I have a summary of that here. In total ammunition across the board, and I have two pages here, but I will show Members just a summary page, we are $13.8 billion short, according to the President's standard. That is according to President Clinton's own standard of how much ammunition we need.

So when the President says, I do not want you adding extra things to this defense bill, he means that he does not want to give the full load of ammunition to his troops that his own clerks and auditors and generals and admirals have figured out they may need in an extended battle. Somehow, ammunition is no longer a prerequisite to having a strong military.

I would say if there is anything that is an emergency it is ammunition. If I had my way, let me tell the Members, we would have a supplemental tomorrow of not $13 billion, but one that was $28.7 billion, because that is what the services told us they could use right now in ammunition and spare parts and equipment. Because we not only want to have enough ammunition for the soldiers' ammunition pouches, we also want to have planes that can take off and lift off the ground. Today, as Members know, our mission capability rates have been dropping like a rock.

Mr. BUYER. If the gentleman will yield further, Mr. Speaker, if the gentleman's concern is as great as mine that we are unwilling to assume a risk that will increase casualties in a war scenario around the world, the funding shortfall if we do not do even a piece of that in the emergency supplemental, I would say to the gentleman from California (Mr. HUNTER), would we not have to wait then until the 2000 budget cycle, which means that the ammunition and the missiles which we are requesting may not even get to the force until about 18 months from now?

Mr. HUNTER. The gentleman is exactly right. In fact, we will have to wait for next year's funding, so we will have to wait at least 4 or 5 months before we can even enact the bill and have next year's funding levels start. That means having the Pentagon ready to start making contracts.

And then most of these ammo lines, some of them are closed, so most of these ammo lines will have to be reassembled, the assembly lines. By the time the soldier actually gets the bullets in the field or the airplanes get the cruise missiles or the Navy gets its particular missiles, 18 to 24 months can go by.

Do Members know what is interesting, some of the administration people have argued, well, we cannot execute this contract in the next 12

months, so we do not think we should do it now. They are saying, it takes a long time to get ammunition, so let us not start now.

Well, when do they want to start? Do they want to start when we have a conflict and we discover that we are out, we are empty? And I think our enemies should make no mistake about it, we still have an enormous nuclear arsenal, but I do not think anybody in this Chamber wants to rely on a nuclear arsenal as a deterrent.

In 1950 we did. One of the arguments for drawing down the force, we had 9 million people under arms in World War II. We just stacked arms. We got out of the military so fast and drew those units down so fast, because Americans wanted to come home and have babies and work on their farms and get jobs and enjoy the prosperity of America. We stacked arms.

General Marshall was asked, how is the demobilization going, in 1948? He says, this isn't a demobilization, it is a rout. We are just throwing our guns away. A few years later the Koreans marched down the Korean peninsula, a third-rate military, and almost pushed us into the ocean past the Pusan perimeter.

We were pretty sure that the Chinese would not mess with us. In fact, we didn't think anybody would mess with us because we had nuclear weapons. In fact, in those days we had the only nuclear weapons.

One reason that we allowed our forces to get so small, and incidentally, the Army was 10 divisions, just like it is today, we had drawn it down that small, but we figured that nobody would mess with us because we had nuclear weapons. We had this high technology that everybody was afraid of.

All of a sudden we discovered this third-rate military pushing our people down the Korean Peninsula. They overwhelmed the 25th infantry division, captured the commanding general, William Dean, our bazookas bounced off the T–64 Soviet tanks, because they had not stood still, they had continued to make and develop their weapons systems, and we lost a lot of people.

In my cousin's home in Fort Worth, Texas, we have a picture of my second cousin, Son Stillwell. Son was a Second Lieutenant in the U.S. Marine Corps, First Lieutenant in the U.S. Marine Corps who died in Korea. Lots of us in America have pictures on our mantles of people who lost their lives in wars which we were not prepared to fight.

Probably nobody today knows or can remember what social program took priority over a strong military in 1950, when so many of us lost relatives in the Korean War. But everybody that looks at those pictures on their mantles remembers who they lost.

I would say that our number one obligation as Members of the U.S. Congress to our people, and we do lots of things for people that the Constitution never mandated, we know that, and we all participate in it. But our number one obligation is to defend our people.

We have allowed the military to be bled down so low that we can no longer look our constituents in the eye and say, we can defend you and we have a real good chance of your youngsters coming home alive.

Mr. BUYER. If the gentleman will continue to yield, Mr. Speaker, I have heard some comment by Members that some of the emergency supplemental funding will actually be coming out of the social security trust fund. In other words, if Congress had made the pledge that every dollar of the surplus is to go to the social security trust fund, are we not really spending that social security dollar on defense?

We have also recognized that there will be funding in the surplus for payments on the national debt and a tax cut for any dollar that is over and above that allotment towards social security.

I will concur with the gentleman's comment that one of the first requirements of a government is to protect its people. I think what makes me very uncomfortable, the gentleman and I and those that serve in this body, it is easy to be the critic of the President or those in the Pentagon, but we have to become very constructive, because we are responsible.

The Constitution, does it not, I would ask the gentleman from California (Mr. HUNTER), places us with the singular responsibility to build the force and make sure that it has what it needs to meet the legitimate needs of this Nation.

So when the gentleman laid out the scenario of what happened in Korea after World War II, the gentleman almost laid out the scenario that history is about to repeat itself; that those of us, myself and the comrades who served in the Gulf War, America and the world was impressed with our high-tech military force, so much so that no one would dare take on the United States military, especially in an air-land war, and that we could move anywhere in the world we want.

So in the face of such a deterrent, we drew down the force so rapidly and so quickly that now in force structure it is there, we have people. They are not as well-equipped as we would like. They are not as well-trained. And, oh, by the way, if we have to use them, I guess we will try to use what ammo we can, and we will never be in a two-war scenario, anyway. We hear that rhetoric around the town.

But I would say to the gentleman from California (Mr. HUNTER), if we do this plus-up in this emergency supplemental, would the gentleman agree that we can immediately open up these lines for the missiles and begin replacing a lot of the needs?

Mr. HUNTER. Yes. Mr. Speaker, to answer the gentleman from Indiana (Mr. BUYER), and he has made such an eloquent presentation and made a great case for increasing our national defense funding, if we do in fact come up with this money, one thing we can do is go to the vendors.

If we have an ammunition line or a spare parts line or a missile line, you may have 25 or 30 major suppliers, companies that used to make little parts for that particular unit. You have to go get them and say, hey, you have to go back into business, because we are low on ammo and we need to get this ammo turned out quickly.

We can work with them, with a partnership of business and government. We can get in there and accelerate those lines and get them up and get producing. I think we can start turning out, for example, cruise missiles and other things a lot faster than the Pentagon thinks we can. I think when the Americans really want to do something, they can do it.

With respect to the senior citizens and their concern about social security, my feeling is, I have no qualms about using this money for an emergency. Lack of ammunition is an emergency. The generation that saved Private Ryan is going to want to help save this country. I am reminded that without national security, there is no social security.

With respect to the other programs, the tax cuts and social programs, whether you are a liberal who loves social programs and thinks tax cuts are terrible, or you are a conservative like myself who thinks that tax cuts increase the economy and increase jobs, no matter where your position is on the political spectrum, we should all agree that ammunition comes first. Let us have ammunition before we have tax cuts and before we have social programs. I do not think anybody would disagree with that.

Mr. BUYER. If the gentleman will continue to yield, Mr. Speaker, I want to ask this question, but I am going to lay out a statement first.

If we do not have access to some of our high tech munitions such as laser-guided munitions, where an aircraft can stay miles up and drop a laser-guided munition through the front door of a target, I have heard comments, the hall comments, that we have all types of dumb bomb munitions that we could access.

But if we are to play into this, that we have so much dumb bomb munitions, are we not asking our pilots, who could stay miles above, to assume a risk? Because in order to drop that dumb bomb, they are going to have to come down into radar coverage, pick up the sight of their target, and immediately pull out. So those who are advocating, well, let us just drop dumb bombs, we will assume risks.

□ 2230

It is stunning for me how some people in this body are willing to let soldiers and sailors, airmen and Marines, pilots assume risks and not adequately equip them. Does the gentleman have a comment?

Mr. HUNTER. I would say there is no sight more gratifying I think to the member of a military family, to a spouse and the kids, than to have their dad get off of that airplane or get off of that ship in the good old United States and welcome them with open arms to come home.

Bringing our pilots home is very important to us. And the thing that allows them to come home alive is for them to be able to keep their plane a hundred miles from the target, launch a standoff weapon that can go in and hit the target while they stay out of range of those surface-to-air missiles. And I think one of the greatest agonies that we ever endure is when we have POWs and when we see what happens to some of them. And we have listened their stories when they come home. We have had some great ones on both sides of the aisle, Democrats and Republicans.

Smart weapons, standoff weapons, cruise missiles save lives. It is an absolute disservice to our uniformed people to not give them the very best. They deserve the very best. They are not getting adequate pay right now. We all know that. They are 13 percent below the domestic sector. We are trying to ramp that up. I know the gentleman is leading that charge and he is going to get some fruition to his efforts. That is one reason why the gentleman from California (Chairman LEWIS) and the gentleman from Florida (Chairman YOUNG) and the other members of the Subcommittee on Defense and the full Committee on Appropriations sat down and added ammunition to this supplemental, they added a lot of smart weapons.

Mr. Speaker, I am going to offer an amendment that I hope is approved by the Committee on Rules that allows us to restart the Tomahawk missile lines, because I think we have got to have a lot of Tomahawk missiles because we cannot tell how fast we are going to have to use them. And I think we should build at least as many as President Clinton's own analysis say we need for the two-war requirement.

But to answer the gentleman's question, standoff weapons mean that Air Force families get to see their daddy. And having to fly over a target and drop a gravity bomb on that target with all that anti-aircraft fire and all of those very sophisticated surface-to-air missiles shooting back means that we of going to have dead pilots and we are going to have prisoners of war.

Mr. BUYER. As the Chairman of the Subcommittee on Military Procurement, I would like for the gentleman to comment on some other questions that Members are asking and some of their comments that increasing this billions of dollars over and above the President's number, that we are putting in things that the Pentagon did not ask for and that it is pork laden. So I ask the gentleman to comment on that, because I know the numbers that I put together for the Guard and Reserve, I spoke to each of the chiefs of each of services for their go-to-war requirements. Period. Operational. I yield to the gentleman.

Mr. HUNTER. Let me answer the gentleman. I can tell the gentleman that I sent over a request to the services to tell us exactly what they need. I did not ask any contractors what they wanted to sell. And I did not ask any congressmen what they wanted to get for their district.

I think most of the congressmen that I have talked to just want to get what is right for America. They realize we have got to refill the ammunition coffers. This list, it represents a direct response from the services with respect to how much they have right now in terms of cruise missiles and all the other things that we need and how much the President's own analysis says we need and what the shortages are.

So they sent over the shortages. We did not get them from anybody else. We did not set any new standards to try to embarrass the President. We just used his standards. That is what this is.

Incidentally, the cruise missiles I am sorry to say, they used to be built in San Diego in my district. Well, about 10 years they moved out and they are now built in Arizona across the Colorado River, and so Arizonans have jobs building cruise missiles. I do not care. I do not care if they are built in the northeast, the Midwest, wherever. They save pilots' lives. I would like to have them come back to San Diego some day, but I do not think that is going to happen. But I think all Americans just want to see ammunition right now.

Mr. BUYER. Will the gentleman yield? The large request that I put in was in excess of $800 million. My district: Agricultural. A lot of corn, soybeans, wheat, a lot of pork, cattle, chickens, duck production, automobiles. I do not have the big defense contractors. So those who want to say that it is pork laden, I do not sell any of my hogs, none of my hogs out of Indiana for this bill.

Mr. HUNTER. Mr. Speaker, let me say to the gentleman who put together this Guard and Reserve package and does it for the Armed Services Committee, the gentleman has always acted with total integrity and has always met the needs of the services. Unfortunately, we have always had to cut what the services need, cut the supply of resources that we are going to give those shortages by about 50 percent. There are lots of things that the Guard and Reserve need right now on their equipment and in their training and in their ammunition and spare parts to be able to go off and serve in a foreign theater.

Mr. BUYER. One of the examples the Chief of the Army Reserve put on the list, he requested fire trucks. It would be very easy for someone who does not know anything about the military to look at the list of equipment necessities under the emergency supplemental and say why are we funding fire trucks?

The answer is very simple. The Army Reserve has the ground support mission for the Apaches that were sent over to Albania and the present fire trucks from the Army reserves are utilized in Bosnia and they need to have the fire trucks.

Mr. HUNTER. People need to know when an aircraft comes in on fire, and this is one thing I learned in San Diego watching our Federal firefighters who handle the jets out there, they have to have incredible training and great equipment to be able to put out those fires on the aircraft and save lives. So they have to carry a contingent of firefighters with them.

Mr. BUYER. Mr. Speaker, if the gentleman would yield?, he will be happy to have yielded to me because I am going to extend a great compliment to the gentleman. I have been impressed with the gentleman's chairmanship over the years. With his focus on operational requirements, getting to the services what they need to fight and win the Nation's wars.

I want to compliment the gentleman as one of the strongest advocates to make sure that our ammunition bins are filled. Because I can say that, yes, we all share the responsibility on procurement, but it is singular with the gentleman from San Diego in this body because we have to turn to him as Chairman of the Subcommittee on Military Procurement to tell us what those needs and requirements are. And, actually, we yield to the gentleman's integrity that he will make those proper decisions. That is not just us; America yields to him. America out there whose sons and daughters may be in Korea right now, part of the 37,000 that are right now on the line in Korea or in a ship or in Okinawa or maybe they are in Iraq right now or wherever they are in the world to face a threat they have to be able to sleep in comfort that the gentleman from California has made sure that their son or daughter can access just in time to get that ammunition. And that is why I compliment the gentleman.

Mr. HUNTER. Mr. Speaker, I say to my friend, I thank him for that compliment. When I see the gentleman

from Indiana up there in the Committee on Armed Services, I see a soldier who has a great integrity and devotion to his country and to his people that he serves with and to the people that are still serving. The gentleman has done a wonderful job.

What I think is a great tragedy is that I do not think we are fulfilling our obligation. I do not think we as a body are fulfilling it. And if we get to a point where we have our Marines and soldiers or sailors or airmen coming up short of ammunition, short of spare parts and more of them die on the battlefield because of that, then we will have failed them.

So I hope that every Member votes for this supplemental appropriation tomorrow and I hope they vote for the amendments. And it is going to be in two days. I hope they vote for the amendments that increase the ammunition supply. Even if we vote for those, we are still going to be about $12 billion short of basic ammunition. So we are not taking care of the problem, but we are taking care of part of the problem.

I really thank the gentleman for his hard work. And maybe the gentleman could share with us his ideas too about how we are going to finally close this pay gap over the next several months and years.

Mr. BUYER. Well, I will close this tonight and reclaim my time that on May 13 we will mark up the Subcommittee on Military Personnel's Chairman's mark and we are going to address the increase in military pay. We are going to change the pay tables to increase retention. We are concerned about the retention not only at the mid-level officer and NCO, but also the retention of general officer strength. They are leaving for other jobs and that is not healthy.

We are going to reform the retirement system. We are looking at creating a Thrift Savings Plan for the military. Part of this emergency supplemental, about $1.8 billion, is for the funding of the pay package, subject to the authorization that we come up with. So we are going to address the pay differential and we are going to take a very serious look at a lot of other things.

I did not totally concur with the Senate's package, S. 4. It became a huge Christmas tree and everybody wanted to throw their arms around the soldier. But the problems are much greater. It is the quality of life issues. It is the housing issues. It is the readiness. It is the lack of spare parts. It is a large issue. So we are going to make sure that we try to address it by the breadth and we are going to be smart about our business.

Let me close with this one story that has always moved me, and I think it will go to the heart of the spirit of why the gentleman from California and others work so very, very hard on these issues. I think of the World War II veteran. It is the World War II veteran I believe is a generation that changed the world and left freedom in their footsteps.

Mr. Speaker, I will conclude by saying that they understand the total sacrifice and they have taught a generation what freedom means. The gentleman's example on Korea here tells us let us do not relive history. Let us accept the responsibility. This is not an emergency supplemental for Kosovo; this is funding our national military strategy and it must be done.

NATIONAL TEACHERS DAY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. HOLT) is recognized for 60 minutes.

Mr. HOLT. Mr. Speaker, it is a pleasure on behalf of my colleagues today to recognize National Teachers Day and National Teacher Appreciation Week. We know the old bumper sticker that reads, ''If you can read this, thank a teacher.'' Well, tonight I would like to thank teachers.

The gentleman from New Jersey (Mr. MENENDEZ) organized this special order, but was unable to be here tonight because he had to attend a funeral. But on his behalf and my colleagues', I would like to talk a bit about teachers.

According to the National PTA, the origins of National Teachers Day are somewhat unclear but it is known that Arkansas teacher, Mrs. Mattie White Woodridge began corresponding with political and educational leaders around 1944 about the need for a national day honoring teachers.

One of the people Mrs. Woodridge wrote to was Eleanor Roosevelt who persuaded the 81st Congress to proclaim a National Teacher Day in 1953.

In the late 1970s, the National Education Association as well as many of its local affiliates persuaded Congress to create a national day celebrating the contributions of teachers and such a day was established in 1980. In 1985, the NEA and the National PTA established a full week of May as National Teacher Appreciation Week, and to make the Tuesday of that week National Teacher Appreciation Day.

It is only right that we take a moment to honor the dedication, hard work, and importance of teachers in our society. As a teacher myself, I know that teaching is a hard and sometimes unrecognized job. But of all the important jobs in our society, nothing makes more of an impact on our children than a well-trained, caring and dedicated teacher. No job ultimately is more important to our society.

Each of us has had teachers who have made marks on our lives who have pushed us to achieve more and challenged us to excel. While these teachers may not command the celebrity of a sports star, they continue to work every day often under difficult circumstances to guide our children to a better future.

We here in Congress, on both sides of the aisle, continue to debate ways to improve our public schools and to boost the educational achievement of our young people. Experts have suggested all kinds of ways to strengthen our education system. But as we talk about these programs and policies, we may forget that one of the best ways to improve our education system is to show respect and support for our teachers.

Teachers across our Nation are doing an outstanding job. As I have traveled around my central New Jersey district, I have met hundreds of teachers who are working hard every day to prepare students to succeed in this economy and it is not often easy.

□ 2245

Compared with many professionals, teachers are underpaid and overworked. The Education Testing Service pointed out in a recent report that despite the importance of the work they do, teachers still earn less in median weekly wages than doctors, lawyers, accountants, public relations professionals and even many service workers.

Studies consistently show that teachers earn less than other professionals with similar educational requirements, and that is just not right. As long as this country continues to pay teachers less than it pays others, we will not get all we need. In the next decade we Americans must hire two million new teachers to fill vacancies and to keep up with student school growth, and we need the best people.

Teachers often perform miracles in the classrooms, which too many of us take for granted. We forget many times teachers are called on to undertake other tasks in addition to teaching. Teachers today often have to enforce discipline and guide troubled children to the help they need. Our Nation can improve its education system by showing respect for teachers and by letting them know how much we value their work. All of us should take time to thank our teachers.

Later this week, when I return home to New Jersey, I will visit a teacher at West Windsor Plainsboro School on Friday morning, the first morning I am back, and I will teach a class in physics. But we need to do more than simply reflect on teachers' contributions and drop in occasionally. We need to undertake policies that will make their jobs easier. We need to work together to find ways to support teachers, to help them continue to grow professionally, to help our school districts hire more qualified teachers, to help

our school districts modernize and update their classrooms with technology. That is how we thank our teachers. That is how we show respect for our teachers. That is how we show respect for our children.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. CARSON (at the request of Mr. GEPHARDT) for today on account of personal business.

Mr. LUCAS of Oklahoma (at the request of Mr. ARMEY) for today on account of inspecting tornado damage in Oklahoma.

Mr. TIAHRT (at the request of Mr. ARMEY) for today on account of inspecting tornado damage in Kansas.

Mr. WATTS of Oklahoma (at the request of Mr. ARMEY) for today and May 5 on account of inspecting tornado damage in Oklahoma.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FALEOMAVAEGA) to revise and extend their remarks and include extraneous material:)

Mr. LIPINSKI, for 5 minutes, today.

Mr. BAIRD, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. BLUMENAUER, for 5 minutes, today.

Mr. SMITH of Washington, for 5 minutes, today.

Ms. HOOLEY of Oregon, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Mr. ALLEN, for 5 minutes, today.

Mr. KUCINICH, for 5 minutes, today.

Mrs. MALONEY of New York, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. ABERCROMBIE, for 5 minutes, today.

Ms. BROWN of Florida, for 5 minutes, today.

Mr. SANDERS, for 5 minutes, today.

(The following Members (at the request of Mr. THUNE) to revise and extend their remarks and include extraneous material:)

Mr. MORAN of Kansas, for 5 minutes each day, today and on May 5th.

Mr. DEMINT, for 5 minutes, on May 5th.

Mr. HILL of Montana, for 5 minutes, on May 5th.

Mr. SCHAFFER, for 5 minutes, on May 5th.

Mr. BATEMAN, for 5 minutes, today.

Mr. BURTON OF Indiana, for 5 minutes, on May 11th.

Mr. GUTKNECHT, for 5 minutes, today.

Mr. JONES of North Carolina, for 5 minutes, on May 5th.

Mr. DUNCAN, for 5 minutes, today.

Mr. BRADY of Texas, for 5 minutes, on May 5th.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

Mr. SHERWOOD, for 5 minutes, today.

Mr. GIBBONS, for 5 minutes, today.

Mr. SAXTON, for 5 minutes, today.

Mr. THUNE, for 5 minutes, today.

ADJOURNMENT

Mr. HOLT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 47 minutes p.m.), the House adjourned until tomorrow, Wednesday, May 5, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

1822. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Dimethomorph; Extension of Tolerance for Emergency Exemptions [OPP–300842; FRL–6075–2] (RIN: 2070–AB78) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

1823. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Oxyfluorfen; Extension of Tolerance for Emergency Exemptions [OPP–300834; FRL–6073–4] (RIN: 2070–AB78) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

1824. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Changes in Flood Elevation Determinations [Docket No. FEMA–7268] received April 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

1825. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Final Flood Elevation Determinations—received April 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

1826. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Final Flood Elevation Determinations—received April 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

1827. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Changes in Flood Elevation Determinations [Docket No. FEMA–7277] received April 6, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

1828. A letter from the Assistant Secretary, Office of Postsecondary Education, Department of Education, transmitting the Department's final rule—Gaining Early Awareness and Readiness for Undergraduate Programs (RIN: 1840–AC59) received April 23, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

1829. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Authorization to Implement Section 111 and 112 Standards; State of Connecticut [A–1–FRL–6325–3] received April 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

1830. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania; Approval of VOC RACT Determinations for Individual Sources [PA129–4083a; FRL–6323–6] received April 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

1831. A letter from the General Counsel, Information Agency, transmitting the Agency's final rule—Exchange Visitor Program—received April 7, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

1832. A letter from the General Counsel, Information Agency, transmitting the Agency's final rule—Exchange Visitor Program—received April 7, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

1833. A letter from the Director, Federal Emergency Management Agency, transmitting notification that funding under title V of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, will exceed $5 million for the response to the emergency declared on January 15, 1999, as a result of the record/near record snow which severely impacted the State of Indiana from January 1, 1999, through and including January 15, 1999, pursuant to 42 U.S.C. 5193; to the Committee on Transportation and Infrastructure.

1834. A letter from the Director, Federal Emergency Management Agency, transmitting notification that funding under title V of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, will exceed $5 million for the response to the emergency declared on January 8, 1999, as a result of the record/near record snow which severely impacted the State of Illinois from January 1, 1999, through and including January 15, 1999, pursuant to 42 U.S.C. 5193; to the Committee on Transportation and Infrastructure.

1835. A letter from the Director, Federal Emergency Management Agency, transmitting notification that funding under title V of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, will exceed $5 million for the response to the emergency declared on January 27, 1999, as a result of the record/near record snow which severely impacted the State of Michigan from January 2, 1999, through and including January 15, 1999, pursuant to 42 U.S.C. 5193; to the Committee on Transportation and Infrastructure.

1836. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bell Helicopter Textron Canada Model 407 Helicopters [Docket No. 99–SW–16–AD; Amendment 39–11111; AD 99–06–15] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1837. A letter from the Program Support Specialist, Aircraft Certification Service,

Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 747 Series Airplanes [Docket No. 98–NM–163–AD; Amendment 39–11106; AD 99–08–02] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1838. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 747 Series Airplanes [Docket No. 97–NM–326–AD; Amendment 39–11105; AD 99–08–01] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1839. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bombardier Model DHC–8–100, -200, and -300 Series Airplanes [Docket No. 97–NM–04–AD; Amendment 39–11109; AD 99–08–04] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1840. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Eurocopter France Model SA.3160, SA.316B, SA.316C, and SA.319B Helicopters [Docket No. 98–SW–58–AD; Amendment 39–11112; AD 99–08–06] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1841. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–9 and C–9 (Military) Series Airplanes [Docket No. 98–NM–110–AD; Amendment 39–11110; AD 99–08–05] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1842. A letter from the Program Support Specialist, Aircraft Certification Service, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–10 and MD–11 Series Airplanes, and KC–10 (Military) Series Airplanes [Docket No. 98–NM–55–AD; Amendment 39–11072; AD 99–06–08] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1843. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Allison Engine Company, Inc. AE 3007A and AE 3007C Series Turbofan Engines [Docket No. 99–NE–01–AD; Amendment 39–11108; AD 99–02–51] (RIN: 2120–AA64) received April 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1844. A letter from the Secretary of Health and Human Services, transmitting Initial estimate of the applicable percentage increase in hospital inpatient payment rates for fiscal year 2000, pursuant to Public Law 101–508, section 4002(g)(1)(B) (104 Stat. 1388–36); to the Committee on Ways and Means.

1845. A letter from the Chair, Christopher Columbus Fellowship Foundation, transmitting the FY 1998 Annual Report of the Christopher Columbus Fellowship Foundation, pursuant to Public Law 102–281, section 429(b) (106 Stat. 145); jointly to the Committees on Banking and Financial Services and Science.

1846. A letter from the Director, Office of Legislative Affairs, Federal Deposit Insurance Corporation, transmitting a listing of two Federal Deposit Insurance Corporation properties covered by the Act as of September 30, 1998; jointly to the Committees on Banking and Financial Services and Resources.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Florida: Committee on Appropriations. Report on the Suballocation of Budget Allocations for Fiscal Year 1999 (Rept. 106–124). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Florida: Committee on Appropriations. H.R. 1664. A bill making emergency supplemental appropriations for military operations, refugee relief, and humanitarian assistance relating to the conflict in Kosovo, and for military operations in Southwest Asia for the fiscal year ending September 30, 1999, and for other purposes (Rept. 106–125). Referred to the Committee of the Whole House on the State of the Union.

Mr. SESSIONS: Committee on Rules. House Resolution 158. Resolution providing for the consideration of the bill (H.R. 833) to amend title 11 of the United States Code, and for other purposes (Rept. 106–126). Referred to the House Calendar.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

(The following action occurred on April 30, 1999)

H.R. 434. Referral to the Committees on Ways and Means and Banking and Financial Services extended for a period ending not later than May 21, 1999.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. HYDE (for himself, Mr. CONYERS, Mr. BARR of Georgia, Mr. FRANK of Massachusetts, Mr. BACHUS, Ms. LOFGREN, Mr. SMITH of Texas, Mr. BROWN of Ohio, Mr. CLAY, Mr. CRANE, Mr. CUMMINGS, Mr. CUNNINGHAM, Mr. EWING, Mr. FARR of California, Mr. FOLEY, Mr. GILLMOR, Mr. HAYWORTH, Mr. HINCHEY, Mr. HOLDEN, Mrs. JONES of Ohio, Mr. MCDERMOTT, Mr. MANZULLO, Mr. MARTINEZ, Ms. NORTON, Ms. RIVERS, Mr. SCOTT, Mr. SHOWS, Mr. TAYLOR of North Carolina, Mr. WELDON of Pennsylvania, and Mr. YOUNG of Alaska):

H.R. 1658. A bill to provide a more just and uniform procedure for Federal civil forfeitures, and for other purposes; to the Committee on the Judiciary.

By Mr. SERRANO (for himself and Mr. HYDE):

H.R. 1659. A bill to reinforce police training and reestablish police and community relations, and to create a commission to study and report on the policies and practices that govern the training, recruitment, and oversight of police officers, and for other purposes; to the Committee on the Judiciary.

By Mr. RANGEL (for himself, Mr. GEPHARDT, Mr. BONIOR, Mr. STARK, Mr. MATSUI, Mr. COYNE, Mr. LEVIN, Mr. CARDIN, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. MCNULTY, Mr. JEFFERSON, Mr. BECERRA, Mrs. THURMAN, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ALLEN, Mr. BALDACCI, Mr. BARRETT of Wisconsin, Ms. BERKLEY, Mr. BLAGOJEVICH, Mr. BLUMENAUER, Mr. BORSKI, Ms. BROWN of Florida, Mr. BROWN of California, Mr. CAPUANO, Ms. CARSON, Mrs. CHRISTENSEN, Mrs. CLAYTON, Mr. CONYERS, Mr. CROWLEY, Mr. DAVIS of Virginia, Ms. DEGETTE, Mr. DELAHUNT, Ms. DELAURO, Mr. DEUTSCH, Mr. DINGELL, Mr. DIXON, Mr. ETHERIDGE, Mr. FARR of California, Mr. FATTAH, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. FROST, Mr. GEJDENSON, Mr. GORDON, Mr. HINCHEY, Mr. HINOJOSA, Ms. NORTON, Mr. INSLEE, Mr. KENNEDY of Rhode Island, Ms. KILPATRICK, Mr. KUCINICH, Mr. LAFALCE, Mr. LAMPSON, Mr. LATOURETTE, Mrs. LOWEY, Mrs. MALONEY of New York, Mr. MALONEY of Connecticut, Mr. MARTINEZ, Mr. MASCARA, Mr. MCGOVERN, Ms. MILLENDER-MCDONALD, Mr. MOAKLEY, Mr. OLVER, Mr. PAYNE, Ms. PELOSI, Mr. POMEROY, Mr. QUINN, Ms. RIVERS, Mr. ROTHMAN, Mr. RUSH, Ms. SANCHEZ, Mr. SANDERS, Mr. SANDLIN, Mr. SAWYER, Ms. SCHAKOWSKY, Mr. SHOWS, Ms. SLAUGHTER, Mr. STRICKLAND, Mr. TIERNEY, Mrs. JONES of Ohio, Mr. WAXMAN, Mr. WEINER, Mr. WEXLER, Mr. WEYGAND, Ms. WOOLSEY, and Mr. WYNN):

H.R. 1660. A bill to amend the Internal Revenue Code of 1986 to expand the incentives for the construction and renovation of public schools and to provide tax incentives for corporations to participate in cooperative agreements with public schools in distressed areas; to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MORELLA (for herself, Mr. BALDACCI, Mr. SAWYER, and Mr. HILLIARD):

H.R. 1661. A bill to amend title XXVII of the Public Health Service Act and part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 to establish standards for the health quality improvement of children in managed care plans and other health plans; to the Committee on Commerce, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MCCARTHY of New York:

H.R. 1662. A bill to amend Elementary and Secondary Education Act of 1965 to provide for the inclusion of mentoring programs for novice teachers in the professional development activities of local educational agencies, and for other purposes; to the Committee on Education and the Workforce.

By Mr. CALVERT (for himself, Mr. STUMP, Mrs. BONO, Mr. BROWN of

California, Mr. LEWIS of California, Mr. PACKARD, Mr. DREIER, Mr. BOEHLERT, Mr. SAM JOHNSON of Texas, Mr. ROHRABACHER, Mr. EVANS, Mr. CUNNINGHAM, Mr. COX, Mr. HUNTER, Mr. BILBRAY, Mr. MCKEON, Mr. ROYCE, Mr. THOMAS, Mr. GARY MILLER of California, Mr. DIXON, Mr. MATSUI, Ms. LEE, Mr. RADANOVICH, Ms. ROYBAL-ALLARD, Mr. KUYKENDALL, Mr. GEORGE MILLER of California, Mr. HORN, Mr. POMBO, Mr. LANTOS, Mr. ROGAN, Mr. GALLEGLY, Mr. FILNER, Mrs. TAUSCHER, Mr. CONDIT, Ms. LOFGREN, Mr. WAXMAN, Ms. SANCHEZ, Mr. BERMAN, Mrs. CAPPS, Mr. BECERRA, Mr. MARTINEZ, Mr. SHERMAN, Ms. ESHOO, Ms. WATERS, Mr. FARR of California, Mr. THOMPSON of California, Mr. DOOLEY of California, Mr. STARK, Ms. WOOLSEY, Ms. PELOSI, Ms. MILLENDER-MCDONALD, Mr. OSE, Mr. CHAMBLISS, Mr. DOOLITTLE, Mr. BUYER, Mr. HERGER, Mr. DOYLE, Mr. ACKERMAN, Mr. CAMPBELL, Mr. SNYDER, Ms. MCKINNEY, Mr. GIBBONS, Mr. PETERSON of Minnesota, Mr. WATTS of Oklahoma, Mr. QUINN, Mr. BAKER, Mr. HANSEN, Mrs. NAPOLITANO, Mr. REYES, and Mr. UNDERWOOD):

H.R. 1663. A bill to designate as a national memorial the memorial being built at the Riverside National Cemetery in Riverside, California to honor recipients of the Medal of Honor; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Florida:

H.R. 1664. A bill making emergency supplemental appropriations for military operations, refugee relief, and humanitarian assistance relating to the conflict in Kosovo, and for military operations in Southwest Asia for the fiscal year ending September 30, 1999, and for other purposes.

By Mr. BATEMAN:

H.R. 1665. A bill to allow the National Park Service to acquire certain land for addition to the Wilderness Battlefield in Virginia, as previously authorized by law, by purchase or exchange as well as by donation; to the Committee on Resources.

By Mr. BOYD (for himself, Mr. FOLEY, Mr. DEUTSCH, Mr. WEXLER, Mr. DAVIS of Florida, Mr. DIAZ-BALART, Mrs. FOWLER, Mr. SCARBOROUGH, Mrs. MEEK of Florida, Mr. CANADY of Florida, Mrs. THURMAN, Ms. ROS-LEHTINEN, Mr. YOUNG of Florida, Mr. MCCOLLUM, Mr. GOSS, Mr. HASTINGS of Florida, Mr. BILIRAKIS, Mr. SHAW, Mr. STEARNS, Mr. MICA, Mr. WELDON of Florida, Ms. BROWN of Florida, and Mr. MILLER of Florida):

H.R. 1666. A bill to designate the facility of the United States Postal Service at 200 East Pinckney Street in Madison, Florida, as the ''Captain Colin P. Kelly, Jr. Post Office''; to the Committee on Government Reform.

By Mr. COOK (for himself and Mr. PETERSON of Minnesota):

H.R. 1667. A bill to amend title 23, United States Code, relating to vehicle weight limitations; to the Committee on Transportation and Infrastructure.

By Mr. GANSKE:

H.R. 1668. A bill to authorize the National Park Service to conduct a feasibility study for the preservation of the Loess Hills in western Iowa; to the Committee on Resources.

By Mr. GOSS:

H.R. 1669. A bill to provide that an annual pay adjustment for Members of Congress may not exceed the cost-of-living adjustment in benefits under title II of the Social Security Act for that year; to the Committee on Government Reform, and in addition to the Committee on House Administration, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HASTINGS of Florida:

H.R. 1670. A bill to establish a commission to study the culture and glorification of violence in America; to the Committee on the Judiciary.

By Mr. HOYER:

H.R. 1671. A bill to grant a Federal charter to Korean War Veterans Association, Incorporated; to the Committee on the Judiciary.

By Ms. LOFGREN:

H.R. 1672. A bill to amend title XIX of the Social Security Act to require States Medicaid plans to provide for payment for costs of medical services under individualized education programs under the Individuals with Disabilities Education Act after they exceed $3,500 in a school year; to the Committee on Commerce.

By Mr. MALONEY of Connecticut:

H.R. 1673. A bill to provide bonus funds to local educational agencies that adopt a policy to end social promotion; to the Committee on Education and the Workforce.

By Mr. GARY MILLER of California:

H.R. 1674. A bill to amend the Safe Drinking Water Act with respect to civil actions against public waters systems that are in compliance with national drinking water regulations promulgated by the Administrator of the Environmental Protection Agency; to the Committee on Commerce.

By Mrs. MINK of Hawaii:

H.R. 1675. A bill to provide for the full funding of the Pell Grant Program; to the Committee on Education and the Workforce.

By Mr. PALLONE:

H.R. 1676. A bill to amend part Q of title I of the Omnibus Crime Control and Safe Streets Act of 1965 to prevent motorist stops motivated by race or other bias; to the Committee on the Judiciary.

By Mr. SHERMAN (for himself, Ms. PELOSI, Mr. MATSUI, and Mr. BROWN of California):

H.R. 1677. A bill to restrict the sale of cigarettes in packages of less than 15 cigarettes; to the Committee on Commerce.

By Mr. SWEENEY:

H.R. 1678. A bill to amend title 49, United States Code, to require the Secretary of Transportation to initiate investigations of unfair methods of competition by major air carriers against new entrant air carriers; to the Committee on Transportation and Infrastructure.

H.R. 1679. A bill to amend title 49, United States Code, to provide assistance and slots with respect to air carrier service between high density airports and certain small and nonhub airports that have unreasonably high airfares, to improve jet aircraft service to markets that have unreasonably high airfares, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. THOMAS:

H.R. 1680. A bill to provide for the conveyance of Forest Service property in Kern County, California, in exchange for county lands suitable for inclusion in Sequoia National Forest; to the Committee on Resources.

By Ms. WATERS:

H.R. 1681. A bill to concentrate Federal resources aimed at the prosecution of drug offenses on those offenses that are major; to the Committee on the Judiciary, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. WILSON (for herself, Mr. SKEEN, Mr. FORD, and Mr. UDALL of New Mexico):

H.R. 1682. A bill to amend the Internal Revenue Code of 1986 to establish a permanent tax incentive for research and development, and for other purposes; to the Committee on Ways and Means.

By Mr. BRYANT (for himself and Mr. WICKER):

H.J. Res. 50. A joint resolution granting the consent of Congress to the Chickasaw Trail Economic Development Compact; to the Committee on the Judiciary.

By Mrs. CHENOWETH (for herself, Mr. ARMEY, Mr. DELAY, Mr. ADERHOLT, Mr. BURTON of Indiana, Mr. COBURN, Mr. CUNNINGHAM, Mr. DICKEY, Mr. DOOLITTLE, Mr. FOSSELLA, Mr. GRAHAM, Mr. HAYES, Mr. HAYWORTH, Mr. HILL of Montana, Mr. HILLEARY, Mr. HOSTETTLER, Mr. HUNTER, Mr. ISTOOK, Mr. SAM JOHNSON of Texas, Mr. LEWIS of Kentucky, Mr. MCINTOSH, Mr. METCALF, Mrs. MYRICK, Mr. NETHERCUTT, Mr. PICKERING, Mr. PITTS, Mr. RYUN of Kansas, Mr. SCHAFFER, Mr. STEARNS, Mr. TANCREDO, Mr. TAYLOR of North Carolina, and Mr. WALDEN of Oregon):

H. Con. Res. 94. Concurrent resolution recognizing the public need for reconciliation and healing, urging the United States to unite in seeking God, and recommending that the Nation's leaders call for days of prayer; to the Committee on Government Reform.

By Mr. SWEENEY:

H. Con. Res. 95. Concurrent resolution expressing the sense of Congress that State earnings limitations on retired law enforcement officers be lifted to enhance school safety; to the Committee on Education and the Workforce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. GRANGER (for herself, Mr. PITTS, Mr. WATTS of Oklahoma, Mr. DEMINT, Mr. TANCREDO, Mr. FLETCHER, Mr. METCALF, Mr. HAYWORTH, Mr. RAMSTAD, Mr. BARRETT of Nebraska, Mr. SESSIONS, Mr. NEAL of Massachusetts, Ms. HOOLEY of Oregon, Mr. ETHERIDGE, Mr. GALLEGLY, Mr. MOORE, Mrs. NORTHUP, Mr. FORBES, Mr. SMITH of Washington, Mrs. FOWLER, Mr. BACHUS, Mr. TRAFICANT, Mr. CHAMBLISS, Mr. MCINTOSH, Mr. GRAHAM, Mr. CUNNINGHAM, Mr. KILDEE, Mr. MCKEON, Mr. PHELPS, Mr. SCHAFFER, Mr. KLINK, Mr. LATOURETTE, Mr. TOOMEY, Mr. SMITH of Michigan, Mr. CALVERT, Mr. FOLEY, Mr. REYNOLDS, Mr. HORN, Mr. FROST, Mr. UDALL of New Mexico, Mr. BLUNT, and Mrs. CHRISTENSEN):

H. Res. 157. A resolution Expressing the sense of the House of Representatives in support of America's teachers; to the Committee on Education and the Workforce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. FRANK of Massachusetts introduced a bill (H.R. 1683) for the relief of Paul Green; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 8: Mr. MICA.

H.R. 36: Mr. HOLT, Mr. DIXON, Ms. MILLENDER-MCDONALD, Mr. THOMPSON of Mississippi, Mr. PALLONE, and Mrs. CLAYTON.

H.R. 44: Mr. BISHOP and Mr. BAKER.

H.R. 49: Ms. KILPATRICK.

H.R. 65: Mr. BAKER and Mr. BERRY.

H.R. 111: Mr. CAMPBELL, Mr. PHELPS, Mr. BARTLETT of Maryland, and Mr. WEINER.

H.R. 116: Mr. THOMPSON of Mississippi and Mr. MURTHA.

H.R. 142: Mr. WELDON of Florida.

H.R. 165: Mr. EHLERS.

H.R. 215: Mr. ANDREWS.

H.R. 274: Mr. COOK, Mr. PITTS, Mrs. MORELLA, Mr. HOYER, Ms. SCHAKOWSKY, Ms. KAPTUR, Mr. MORAN of Virginia, and Mr. NEAL of Massachusetts.

H.R. 303: Mr. BAKER, Mr. BERRY, Mr. DAVIS of Florida, Ms. HOOLEY of Oregon, and Mr. GOODE.

H.R. 315: Mr. RANGEL, Mr. PAYNE, Mr. FALEOMAVAEGA, and Mr. BORSKI.

H.R. 325: Mr. ABERCROMBIE, Mr. MASCARA, Ms. RIVERS, and Ms. SANCHEZ.

H.R. 348: Mr. ROHRABACHER and Mr. CUNNINGHAM.

H.R. 357: Mr. INSLEE.

H.R. 382: Ms. MCKINNEY, Mr. BLAGOJEVICH, Mr. SANDLIN, and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 383: Ms. CARSON, Mrs. MEEK of Florida, Mr. RODRIGUEZ, Mr. PASCRELL, and Mrs. CHRISTENSEN.

H.R. 390: Mr. SMITH of Washington, Mr. WELDON of Florida, Ms. WOOLSEY, Mr. STRICKLAND, Ms. VELAZQUEZ, and Mr. KOLBE.

H.R. 405: Mr. NADLER and Mr. ACKERMAN.

H.R. 415: Mr. UDALL of New Mexico.

H.R. 425: Mr. MINGE, Mr. UDALL of New Mexico, and Mr. PETERSON of Minnesota.

H.R. 430: Mr. BAIRD, Mr. SANDLIN, Mr. MURTHA, and Mr. BORSKI.

H.R. 455: Mr. UDALL of New Mexico.

H.R. 457: Mr. BAIRD and Mr. THOMPSON of Mississippi.

H.R. 486: Mrs. CUBIN, Mr. CRAMER, Mr. LUTHER, Mr. WEXLER, and Mr. PETERSON of Pennsylvania.

H.R. 488: Mr. BONIOR and Mr. GEORGE MILLER of California.

H.R. 492: Mr. BILIRAKIS.

H.R. 516: Mr. GOODLATTE.

H.R. 518: Mr. HALL of Texas.

H.R. 527: Mr. PALLONE.

H.R. 531: Mr. GILCHREST, Mr. PICKETT, Mr. SWEENEY, Mr. SOUDER, Mr. CALLAHAN, Mr. GARY MILLER of California, Mr. MOORE, and Mr. WHITFIELD.

H.R. 537: Mr. GARY MILLER of California.

H.R. 541: Mr. WATT of North Carolina.

H.R. 558: Mr. KOLBE.

H.R. 595: Ms. KAPTUR and Mrs. MINK of Hawaii.

H.R. 597: Mr. BURR of North Carolina, Mr. HILLIARD, Mr. SANDLIN, Mr. CAPUANO, Mr. BERMAN, Mr. SNYDER, and Mr. HORN.

H.R. 673: Mr. GOSS.

H.R. 700: Mr. BILBRAY and Mr. TERRY.

H.R. 725: Mr. INSLEE and Mr. GEORGE MILLER of California.

H.R. 731: Ms. WOOLSEY.

H.R. 750: Mr. WYNN.

H.R. 775: Mr. LEWIS of Kentucky and Mr. EWING.

H.R. 776: Mr. HILLIARD, Mr. HOLDEN, Mr. WISE, Mr. RAHALL, and Ms. MILLENDER-MCDONALD.

H.R. 783: Mr. CANADY of Florida, Mr. GILMAN, Mr. DUNCAN, Mr. STUMP, and Mr. ETHERIDGE.

H.R. 784: Mr. BOUCHER, Mr. MCGOVERN, Mr. ETHERIDGE, Mr. SHAW, and Mr. CAPUANO.

H.R. 827: Mr. FROST, Mr. HUTCHINSON, Mr. BERRY, and Ms. RIVERS.

H.R. 850: Mr. UDALL of Colorado and Mr. HOEFFEL.

H.R. 875: Mr. MATSUI, Mr. DAVIS of Illinois, and Mr. MEEKS of New York.

H.R. 894: Mr. PETERSON of Pennsylvania.

H.R. 902: Mrs. LOWEY, Mr. FRANK of Massachusetts, Mr. STARK, Mr. HOEFFEL, and Mr. PORTER.

H.R. 906: Mr. FRANK of Massachusetts.

H.R. 914: Mr. INSLEE.

H.R. 961: Mr. WU and Mr. CAPUANO.

H.R. 976: Ms. WATERS, Mr. GANSKE, Mr. BALDACCI, and Mrs. MALONEY of New York.

H.R. 987: Mr. SESSIONS, Mr. KOLBE, Mr. WELDON of Florida, Mr. TIAHRT, Mr. CHABOT, Mr. MICA, Mr. LEWIS of Kentucky, Mr. SOUDER, Mr. FOLEY, and Mr. RYUN of Kansas.

H.R. 996: Mr. ENGEL, Mr. HINOJOSA, Mrs. MINK of Hawaii, Mr. THOMPSON of Mississippi, and Mr. WYNN.

H.R. 997: Mr. BONIOR, Mr. PITTS, Mr. OBERSTAR, Mr. GEKAS, Mr. HOYER, Mr. BRADY of Pennsylvania, Mr. COOK, Ms. KAPTUR, and Mr. MORAN of Virginia.

H.R. 1003: Mr. GONZALEZ.

H.R. 1032: Mr. KINGSTON, Mr. PICKETT, Mr. CUNNINGHAM, Mr. WAMP, and Peterson of Pennsylvania.

H.R. 1044: Mr. SHOWS, Mrs. MINK of Hawaii, and Mr. LATHAM.

H.R. 1049: Mrs. LOWEY.

H.R. 1062: Mr. BERMAN, Mr. SABO, Mrs. JONES of Ohio, Mr. DAVIS of Illinois, Mr. MEEHAN, Mr. HOEFFEL, Mr. WAXMAN, Mr. NADLER, and Ms. ROYBAL-ALLARD.

H.R. 1082: Mr. BENTSEN and Mr. QUINN.

H.R. 1083: Mr. NETHERCUTT, Mr. NUSSLE, and Mr. WALDEN of Oregon.

H.R. 1084: Mr. GARY MILLER of California and Mr. GOODLING.

H.R. 1102: Mr. HAYWORTH, Mr. METCALF, Ms. DUNN, Mr. ENGLISH, and Mr. HOBSON.

H.R. 1108: Ms. LOFGREN, Mr. KOLBE, and Mr. BERMAN.

H.R. 1111: Mr. DEAL of Georgia, Mr. GILCHREST, Ms. MILLENDER-MCDONALD, Mr. THOMPSON of Mississippi, Mr. BAIRD, Mr. BERMAN, Mrs. CHRISTENSEN, and Ms. KILPATRICK.

H.R. 1130: Mr. LEWIS of Georgia, Mr. MEEKS of New York, Ms. KILPATRICK, and Ms. HOOLEY of Oregon.

H.R. 1130: Mr. CAPUANO, Ms. HOOLEY of Oregon, Mr. SAWYER, and Mr. UDALL of New Mexico.

H.R. 1168: Mr. COBLE, Mr. ACKERMAN, Ms. CARSON, Mrs. LOWEY, and Mr. DUNCAN.

H.R. 1173: Mr. FATTAH.

H.R. 1188: Ms. WOOLSEY, Mr. FORBES, Mr. THOMPSON of Mississippi, and Mr. WYNN.

H.R. 1219: Mr. HILL of Montana.

H.R. 1236: Ms. EDDIE BERNICE JOHNSON of Texas and Mr. WATT of North Carolina.

H.R. 1256: Mr. HALL of Texas and Mr. METCALF.

H.R. 1272: Mrs. EMERSON, Mr. ISTOOK, and Mr. PAUL.

H.R. 1283: Mr. STUMP, Mr. BALLERNGER, Mr. DOOLITTLE, Mr. BLUNT, and Mr. DOOLEY of California.

H.R. 1289: Mr. MATSUI, Mr. SERRANO, Mr. GEORGE MILLER of California, Mr. CARDIN, Mr. DAVIS of Illinois, Mr. THOMPSON of Mississippi, and Ms. ROYBAL-ALLARD.

H.R. 1298: Mr. GEORGE MILLER of California.

H.R. 1299: Mr. LATOURETTE and Mr. SHOWS.

H.R. 1300: Mr. BLUMENAUER, Mr. FORD, Mr. ENGLISH, and Mr. PASTOR.

H.R. 1301: Mr. LUCAS of Oklahoma, Mr. EWING, Mr. TIAHRT, Mr. ROEMER, Mr. ISTOOK, Mr. DOOLEY of California, Mr. PICKERING, Mr. SANDLIN, Mr. HILL of Montana, Mr. HUTCHINSON, Mr. THOMAS, Mr. BARRETT of Nebraska.

H.R. 1317: Mr. FOLEY, Mr. HAYWORTH, and Mr. SHOWS.

H.R. 1322: Mr. GOODLING and Mr. GARY MILLER of California.

H.R. 1326: Mr. MCCRERY, Mr. FROST, Mr. FORBES, Mr. GRAHAM, and Mr. GARY MILLER of California.

H.R. 1344: Mr. SHOWS.

H.R. 1349: Mr. GOODE, Mr. CUNNINGHAM, Mr. NEY, Mr. FORBES, and Mr. PETERSON of Pennsylvania.

H.R. 1350: Mr. SABO, Mr. BAIRD, Mr. ENGEL, Mr. DOOLEY of California, Mr. NADLER, Mr. PAYNE, Mr. WYNN, Mr. CAPUANO, Ms. BALDWIN, Mrs. JONES of Ohio, Mr. DAVIS of Illinois, and Mr. BROWN of Ohio.

H.R. 1354: Mr. POMEROY and Mr. THUNE.

H.R. 1355: Mr. LARSON and Mr. SAWYER.

H.R. 1357: Mr. SENSENBRENNER.

H.R. 1361: Mr. CUMMINGS and Mr. OLVER.

H.R. 1370: Mr. BARR of Georgia and Mr. KUCINICH.

H.R. 1371: Ms. EDDIE BERNICE JOHNSON of Texas, Mr. RAHALL, and Mr. BERMAN.

H.R. 1405: Mr. BERMAN, Mr. COYNE, Mr. BOEHLERT, Mr. FROST, Ms. PRYCE of Ohio, and Mrs. THURMAN.

H.R. 1456: Mr. UDALL of New Mexico, Mr. DEAL of Georgia, Mr. POMEROY, Mr. LEWIS of Kentucky, Mr. SHOWS, Ms. JACKSON-LEE of Texas, and Mr. HILLIARD.

H.R. 1476: Mr. FARR of California and Ms. HOOLEY of Oregon.

H.R. 1485: Mr. WAXMAN and Mr. OLVER.

H.R. 1525: Mr. RAHALL and Mr. CROWLEY.

H.R. 1536: Ms. HOOLEY of Oregon.

H.R. 1538: Mr. WATTS of Oklahoma, Mr. DEMINT, Mr. PICKERING, and Mrs. MYRICK.

H.R. 1545: Mr. MATSUI, Mr. BERMAN, and Ms. KILPATRICK.

H.R. 1592: Mr. MCINNIS, Mr. SCHAFFER, Mr. TANNER, Mr. HERGER, Ms. DANNER, Mrs. EMERSON, and Mr. REYNOLDS.

H.R. 1606: Mr. FRANK of Massachusetts and Mrs. MINK of Hawaii.

H.R. 1622: Ms. PELOSI, Mr. BROWN of California, Mr. RAHALL, Mr. SMITH of New Jersey, Mr. STARK, Mr. GEORGE MILLER of California, Mr. FRANK of Massachusetts, Mr. NEAL of Massachusetts, Mr. DEUTSCH, and Mr. HINCHEY.

H.R. 1648: Mr. NEAL of Massachusetts, Ms. VELAZQUEZ, and Mr. FALEOMAVAEGA.

H.R. 1650: Mr. GUTIERREZ, Mr. HINCHEY, Mr. MATSUI, Mr. BROWN of Ohio, Mr. BOEHLERT, Mr. WEXLER, Mr. PETERSON of Minnesota, and Mr. GILMAN.

H.R. 1657: Mr. WEYGAND, Mr. INSLEE, and Mr. CONYERS.

H.J. Res. 1: Mr. ARMEY.

H.J. Res. 21: Mr. HALL of Texas.

H. Con. Res. 8: Mr. TANNER.

H. Con. Res. 30: Mr. GILLMOR, Mr. SENSENBRENNER, and Mr. HUTCHINSON.

H. Con. Res. 31: Mr. BONIOR.

H. Con. Res. 65: Mr. BERMAN, Mr. GONZALEZ, Mr. SERRANO, Mr. FROST, Mr. SMITH of Texas, Ms. LEE, Mr. PASTOR, Mr. CONYERS, Ms. SANCHEZ, Mr. REYES, and Mr. GREEN of Texas.

H. Con. Res. 74: Mr. ANDREWS, Mr. CONYERS, and Mrs. CAPPS.

H. Con. Res. 80: Mr. MCGOVERN, Mr. EVANS, Mr. CUNNINGHAM, Mr. CROWLEY, Mrs. KELLY, and Mr. ENGEL.

H. Con. Res. 84: Mr. FORBES and Mr. GARY MILLER of California.

H. Con. Res. 88: Mr. LATOURETTE, Mr. FORBES, and Mr. BACHUS.

H. Res. 41: Mr. ACKERMAN.

H. Res. 89: Mr. WATT of North Carolina and Mr. GARY MILLER of California.

H. Res. 146: Ms. RIVERS, Mr. SAXTON, Ms. ESHOO, Mr. DEFAZIO, Mr. PRICE of North Carolina, and Mr. ALLEN.

H. Res. 156: Mr. JACKSON of Illinois, Mr. RANGEL, Mr. PAYNE, Mrs. JONES of Ohio, Mr. THOMPSON of Mississippi, Ms. LEE, Mr. CLAY, Mr. FATTAH, Mr. FORD, Mrs. CHRISTENSEN, Ms. KILPATRICK, Ms. NORTON, Mr. BISHOP, Mr. DIXON, Mr. CONYERS, Ms. BROWN of Florida, Ms. CARSON, Mr. HASTINGS of Florida, Mr. JEFFERSON, Mr. MEEKS of New York, Mr. BLAGOJEVICH, Mr. RUSH, Mrs. CLAYTON, Mr. CUMMINGS, Ms. MILLENDER-MCDONALD, Ms. WATERS, Mr. TOWNS, Mr. WYNN, Mrs. NAPOLITANO, Mr. LAMPSON, Mr. HILLIARD, Mr. OWENS, Mr. DAVIS of Illinois, Mr. RODRIGUEZ, Mr. FALEOMAVAEGA, and Mr. SCOTT.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 732: Ms. BROWN of Florida.

H.R. 1598: Mrs. EMERSON.

EXTENSIONS OF REMARKS

THE STEEL CRISIS

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. VISCLOSKY. Mr. Speaker, here we are, six weeks after we passed the Bipartisan Steel Recovery Act by an overwhelming margin, seven months after we called on the President to take all necessary action to end illegal steel imports, and nearly two years after the flood of illegal steel imports began to hit our markets, and still the crisis continues.

Last week, the U.S. Department of Commerce announced that steel imports rose from February to March of this year by 25 percent. During the same period imports from Japan rose 36 percent, imports from Brazil rose 54 percent, imports from Korea rose by 11 percent, and imports from Indonesia rose 339 percent.

The problem becomes even more evident when you compare March's figures to those of July 1997 before the crisis began. Using that time frame, imports from Japan are up 22 percent, imports from Brazil are up 25 percent, imports from Korea are up 77 percent, and imports from Indonesia are up a remarkable 889 percent. Mr. Speaker, this is unacceptable.

Last Thursday, the Department of Commerce announced its final determination that Japan has been dumping steel on American markets. By the Administration's own words, foreign nations are breaking trade laws. Yet, despite the rhetoric, the Administration continues to stand by and do nothing but claim that the situation is improving, even when the numbers show otherwise.

President Clinton declared in his State of the Union Address in January that "We must enforce our trade laws when imports unlawfully flood our nation." He threatened Japan by stating, "if the nation's sudden surge of steel imports into our country is not reversed, America will respond." However, it was Japan that responded with imports in January that were up 75 percent from pre-crisis levels. After a brief dip in February, during which the Administration was fooled into believing that its empty rhetoric and useless posturing was actually working to stem the tide, Japan resumed dumping by increasing its March imports 36 percent over February's numbers and 22 percent over pre-crisis levels.

Mistakenly convinced of the correctness of their own ineffectual policies, President Clinton's advisers continue to delude him that their approach will bear fruit. The Administration has focused on warnings of action that no nation believes will ever come. As evidence, just yesterday, the President said during a press conference, "We will take action if steel imports do not return to their pre-crisis levels on a consistent basis. Playing by the rules of trade is the best way to sustain a consensus for open trade." After the Administration failed to act on its first admonition to the Japanese, and on every warning since, the credibility of the threat has disappeared. Given the clear fact that the President can no longer be counted on to do anything more than just talk about enforcing our trade laws, instead of taking direct action, Congress must fill the void.

The need for action may now be greater than ever. Foreign countries can now rely on the Clinton Administration's unwillingness to deter their attempts to flaunt our trade laws, dump steel on American markets and drive American steelworkers out of work. The Senate must repudiate the Administration's message and finish the job we in the House began by passing the Bipartisan Steel Recovery Act. We have seen what the White House will, and will not, do if given the chance. Congress must now do what the Clinton Administration has proven incapable of and end the surge of illegal steel imports onto our shores that is driving hardworking American families out of work and away from their dreams.

CONGRATULATING HARRY BELAFONTE

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to congratulate Harry Belafonte for receiving the 1999 Drum Major For Justice Award. The Drum Major For Justice Award banquet seeks to honor those Americans whose achievements most coincide with the dreams of Dr. Martin Luther King, Jr.

Mr. Belafonte was a confidant and advisor to Dr. Martin Luther King, Jr. Mr. Belafonte's activity in the human rights struggle is respected world wide. He has always believed that his work for human rights and his artistic pursuits gave him the basis for a most productive and balanced life.

Harry Belafonte had been called "the consummate entertainer" an artist in every field in which he has participated, including movies, Broadway, television, recording, concerts and producing. His first album "Calypso," in 1955, was the first to sell more than one-million copies. Among other "firsts" were his being the first African-American to win an Emmy, and the first African-American television producer.

However, it is Mr. Belafonte's dedication to the civil rights movement that has earned him this honor. His involvement dates back to the marches in Selma, Montgomery and Washington. Mr. Belafonte has also been chairman of the MLK Memorial Fund. He was named by President Kennedy as Cultural Advisor to the Peace Corps, and received the Dag Hammarskjold Peace Medal in 1981, and the Martin Luther King, Jr. Peace Prize in 1982. In 1987 he was appointed a UNICEF Goodwill Ambassador (only the second American to hold the title), and in 1990 he was host for the U.N.'s World Summit on the Child; this was attended by heads of state from all over the world.

Mr. Speaker, I rise today to congratulate Harry Belafonte for his accomplishments and for following the ideals of Dr. Martin Luther King, Jr. I urge my colleagues to join me in wishing Mr. Belafonte many years of continued success.

DICK LATTIMER CONTRIBUTES TO ARCHERY

HON. JAMES A. BARCIA

OF MICHIGAN

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BARCIA. Mr. Speaker, many people never find their true life's mission. My colleague, Mr. HUNTER, and I would like to pay tribute to Dick Lattimer who not only found his mission, but has used his talents and ambition to promote his passion for, and share his vast knowledge of, archery and bowhunting. His tireless efforts, endless energy, and boundless generosity have led many people to learn and later enjoy this wonderful pastime. No one in America or the world has worked harder, nor with as much determination to promote bowhunting and archery as Dick.

A 1957 graduate of Indiana University and native of South Bend, Dick shot his first bow in 1966 and archery became his way of life ever since. Shortly after his introduction to bows and arrows, Dick met and went to work for Fred Bear, the father of modern archery and bowhunting. With the support of his wife, Alice, and under the tutelage of the master, Dick set about a lifetime of advertising and promotional work for the sport he loved. Dick's passion, knowledge and love for the outdoors as well as his strong commitment to educating the public and networking with the sporting community made him the key player in the development of archery and bowhunting through the 70's and 80's.

Following the death of his mentor, Dick left Bear Archery in 1991 to become the first President and CEO of the Archery Manufacturers and Merchants Organization (AMO). From his position as the point person for the entire archery and bowhunting world, Dick developed the largest trade show ever convened dedicated to archery and bowhunting. The AMO Archery Trade Show is now entering its 4th year and has become the pivotal gathering for the world's bowhunters and archers.

Mr. Speaker, in addition to his more than full time commitment to AMO, Dick has spent countless hours volunteering for many prestigious boards. He has served as the Executive Director of the American Archery Council,

the Television Chair and Co-Chair of the Communications Committee of the International Association of Fish and Wildlife Agencies, Chair of the National Archery Museum, and a member of the Hunting and Conservation Committee, Public Affairs Committee and Bowhunting Subcommittee of the National Rifle Association. Of note for the Congress is Dick's service as a member of the board of directors of the Congressional Sportsmen's Foundation and his sponsorship of the Congressional Sportsmen's Caucus Task Force on Bowhunting. In his personal life, Dick has volunteered his time and financial resources to his community through his church and for causes such as the needs of homeless Americans.

For his lifetime of dedication to archery and bowhunting, Dick was inducted to the Archery Hall of Fame on January 9, 1999. Dick now joins the legends of archery and bowhunting as a peer and will forever rightfully share a distinguished place in the history of conservation and hunting in North America.

Mr. Speaker, if we want our citizens to be driven by the needs of the country and to be examples of selflessness, commitment and accomplishment, then we must continue to honor and praise individuals like Dick Lattimer. We ask you and all of our colleagues to join us in commending Dick Lattimer as an icon of the archery and bowhunting world but also as a great American sportsman and humanitarian.

REPORT FROM LAPORTE COUNTY, INDIANA

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. McINTOSH. Mr. Speaker, I rise today to give my "Report from Indiana" where I honor distinguished Hoosiers who are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committed Hoosiers who I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them "Hoosier Heroes".

I recognized this genuine Hoosier Hero in LaPorte County, Indiana recently in front of the LaPorte County Republican Party at a Lincoln Day dinner speech. He is Keith Jones, who is a very active and successful business man here in LaPorte County. By working tirelessly on behalf of the less fortunate, Keith epitomizes a Hoosier Hero.

Keith has been awarded the "Outstanding Citizen Award" by the LaPorte Rotary Club as well as the LaPorte Jaycees. Last, he also received the "Distinguished Award" by the LaPorte YMCA. Incredibly, his charitable works even extend beyond his community and country. He is the founder of the Aruba Friends of the Handicapped and has raised over $700,000 to help people there suffering from disabilities.

Keith's work has given so many people the most precious gift possible, hope. He doesn't do it for the pay, which is zilch, he does it for the smiles and laughter. You are a true hero in my book, doing good works for others with no other motive than Christian charity.

Keith Jones deserves the gratitude of his county, state, and nation and I thank him here today on the floor of the House of Representatives.

IN HONOR OF NOBEL PRIZE WINNER LINUS PAULING

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. DREIER. Mr. Speaker, on May 15, the California Institute of Technology will host an exhibit on the life and works of Linus Pauling, the only man to have received two unshared Nobel Prizes, one for science and the other for peace.

The California Institute of Technology, nestled beneath the beautiful San Gabriel Mountains in Pasadena, California, is one of the finest institutions of higher learning in the world. Its contributions to our understanding of the universe around us, from space exploration to molecular biology, are unmatched among scientific institutions throughout the world. For years, Linus Pauling served on its faculty, earning a reputation that has immortalized his contributions to science as the Father of Modern Chemistry.

The exhibit is jointly sponsored by Cal Tech, the Pauling family, Oregon State University, and the Soka Gokkai International. I would note that its President, Daisaku Ikeda, is one of the great Ambassadors for peace in the world today, and was a close personal friend of Professor Pauling. In fact, the exhibit was inspired and launched by Ikeda as a tribute to his friend and colleague in a manner befitting Pualing's life. It was this idea that led Ikeda to propose the exhibit that would inspire and educate young people for leadership in the 21st century.

The exhibit is expected to attract young people from all over southern California. It will graphically demonstrate the intimate relationship between the search for knowledge of the universe and the pursuit of peace. It will also provide young people with a role model of a man whose life epitomized courage, wisdom and determination, values that will well serve today's youth as they prepare to become tomorrow's leaders.

It is with great joy that I announce the opening of the exhibit and recognize those who are responsible for making it available to the public, especially the young people of my district and of southern California.

This exhibit will run from May 16 to June 19 on the campus of Cal Tech in the Winnett Center, and will be open to the public on Wednesdays from 4pm to 9pm, on Saturday's from 10am to 6pm. Special group and school tours can be booked by calling (323) 938–8255. The exhibit is free to the public.

MATTHEW COPUS IS A WINNER OF THE PRUDENTIAL SPIRIT AWARD

HON. HEATHER WILSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. WILSON. Mr. Speaker, I wish to bring to your attention a young man in our community, Matthew Copus, who has been named one of New Mexico's top youth volunteers for 1999 in The Prudential Spirit of Community Award.

Matthew's volunteer efforts truly reflect the spirit of community. For the past two years he has volunteered at All Faiths Receiving Home, a home for abused and neglected children. Matthew has worked hard to earn the trust of the children. His efforts include art projects, games and activities to encourage the children to communicate and regain social skills that have been damaged by abuse. Beyond his own volunteer time, Matthew has recruited other young people to volunteer and has raised money to help pay for supplies needed for projects. Matthew is committed to reducing child abuse and spreads the word through speaking engagements in the community.

One of the most important factors in a child's life is a person who cares. Matthew makes a positive difference in the lives of many children and in our entire community. He is one of America's top youth volunteers. Join me in thanking Matthew Copus for the positive impact he has in Albuquerque, New Mexico.

IN HONOR OF THE LATE GORDON McMILLAN

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. FORBES. Mr. Speaker, I rise today to honor a true visionary in education and champion of children, Gordon McMillan, a veteran Long Island teacher who passed away recently at the age of 64.

Ask any parent or student and I'm sure they'll agree that elementary and secondary education in this country must be reformed. But the system needs more than an infusion of money, it needs an infusion of innovative ideas as well. Innovative ideas were Gordon McMillan's specialty.

Today, and every school day, computers are being purchased, unpacked, and delivered to classrooms on Long Island and across the country in the hope that teachers will do wonderful things with those computers to assist the educational process. The tireless efforts of technology pioneers like Gordon McMillan made this possible. Like many teachers in our public schools, Gordon started teaching before the era of personal computers, but unlike other teachers, Gordon understood the power of change and the potential of computers as new educational tools.

Gordon was born in Cambria Heights, Queens, in 1935 and attended New York City's public school system. After graduating in

1952, he went to Adelphi University, where he received a bachelor of science degree in education in 1956. He later got his master's degree from Hofstra University. He started his teaching career at Plainview Elementary School on Long Island, and remained with the school district until 1974, reaching the position of assistant principal. Over the next six years, he worked as principal of Summitt Lane Elementary School in Levittown and Thomas Leahey School in Greenlawn, and assistant principal at West Islip High School. He then became principal of George Jackson Elementary School in Jericho where he remained until his retirement in 1988.

After his retirement Gordon worked as a consultant for IBM. In 1997, he once again went back to his true passion and took temporary assignments as an interim principal, working stints at Southampton Intermediate School and Medford Elementary School. He was working at River Elementary School in Patchogue Long Island at the time of his death.

Mr. Speaker, Gordon embodied the type of role model and educator that all would have liked and wanted their children to be involved with during their educational career.

To the parents he will be remembered as the innovator of bringing computers to the schools. To the children he will also be remembered as a 6-foot, 2-inch, 250 pound bear of a man, who once dressed as the Great pumpkin and donned a Superman costume, swinging onto the school's auditorium by a rope.

Colleagues, Mr. McMillan is an educator who will be sorely missed.

TRIBUTE TO THE UNIVERSITY OF FLORIDA WOMEN'S TENNIS TEAM

HON. KAREN L. THURMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. THURMAN. Mr. Speaker, I rise today to honor the University of Florida women's tennis team. Last season, this fine team won the 1998 NCAA women's tennis championship. It was the third time the University of Florida won the NCAA title, and it was also the third time the team completed an undefeated season.

I've been told the final game turned out to be a war of wills with the Gators tennis team pitted squarely against Duke at Notre Dame's Courtney Tennis Center. On Sunday, May 24 of last year, UF's team took home a hard-earned 5–1 victory.

Just ask Number One Player Dawn Buth how hard it was to bring home the championship. UF coach Andy Brandi refers to her as a real fighter and for good reason. Her match during the championship helped seal the Gators' victory. She was tired. She had cramps. Her right wrist hurt. But she kept going, and got tougher and tougher until she clenched the 151st singles win of her UF career.

Let me tell you what happened. Buth lost the first set, won the second, was losing in the third before coming back to win three games in a row and take the match. Afterward, she told a local newspaper reporter how she was able to do it. ''I just tried to stay focused, stay confident and I was able to pull out the next three games.'' That kind of attitude and perseverance will undoubtedly take Dawn Buth and her teammates far, not only on the tennis court but throughout their lives.

This latest victory carries on a distinguished record for the University of Florida's women's tennis team. In addition to three NCAA championships over the course of Head Coach Andy Brandi's tenure, the Gators have also earned 13 Southeastern Conference titles, six national indoor titles and finished six undefeated regular seasons.

Congratulations is certainly in order for Brandi and last year's coaching team: Assistant Coach Sujay Lama, Volunteer Coach Jo-Anne Russell and Athletics trainer Kellye Mowchan.

I also want to individually congratulate last year's women's tennis team: Bonnie Bleecker, Dawn Buth, Baili Camino, Traci Green, Stephanie Hazlett, Whitney Laiho, Stephanie Nickitas and M.C. White.

Go Gators!

IN HONORING OF THE FLYERS

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. KUCINICH. Mr. Speaker, I rise today to honor an active, strong, and vigorous group of senior citizens, the Flyers, in Lakewood, Ohio.

This group of 15 senior citizens plays in local and national softball, basketball and volleyball leagues and tournaments. The group is a frequent participant in games at Elmwood Park in Rocky River and also plays in the Lakewood League. On a national scale, the Flyers have played in tournaments sponsored by Amateur Softball Association and other Senior organizations in St. Louis, Dallas and Mississippi. The group often holds fund-raising events to raise the money to travel to different games across the country.

The members of the group have paid their dues and worked hard lives, and they now are enjoying their retirement and doing exactly what they love to do. One of the group's members. Mr. Vern Carr, would even like to see the Flyers compete against teams in Europe someday.

My fellow colleagues, please join me in saluting the Flyers and wishing them continued success, and most importantly a lot of fun, in their upcoming tournaments.

TRIBUTE TO THE BRONX COMMUNITY COLLEGE

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SERRANO. Mr. Speaker, it is with joy that I rise today to once again pay tribute to Bronx Community College, which will hold its 21st Anniversary Hall of Fame 10K Run on Saturday, May 1, 1999.

The Hall of Fame 10K Run was founded in 1978 by Bronx Community College's third President, Dr. Roscoe C. Brown. Its mission is to highlight the Hall of Fame for Great Americans, a national institution dedicated to those who have helped make America great.

The tradition continues, first under the leadership of Acting President, Dr. Leo A. Corbie and now under Dr. Carolyn G. Williams, the first woman President of Bronx Community College. Both Dr. Corbie and Dr. Williams have endorsed and follow the commitment made by Dr. Brown to promote physical well-being as well as higher education.

As one who has run the Hall of Fame 10K Run, I can attest that the excitement it generates brings the entire City together. It is a celebration and an affirmation of life. It feels wonderful to enable more than 400 people to have this experience—one that will change the lives of many of them. It is an honor for me to join once again the hundreds of joyful people who will run along the Grand Concourse, University Avenue and West 181 Street and to savor the variety of their celebrations. There's no better way to see our Bronx community.

For its first 20 years, Professor Henry A. Skinner has coordinated the Bronx Community College Hall of Fame 10K race, a healthy competition which brings together runners of all ages from the five boroughs of New York City. He is also the President of Unity and Strength, the organization of minority faculty, staff and administrators of Bronx Community College. Dr. Atlaw Belilgne of the Department of Mathematics and Computer Science, as the 1999 Director of the race, continues this rich Bronx tradition. He is also Director of Self Help and Resource Exchange (S.H.A.R.E.).

Mr. Speaker, I ask my colleagues to join me in recognizing the individuals and participants who are making the Bronx Community College's 21st annual Hall of Fame 10K Run possible.

LETTER CARRIERS ADDRESS HUNGER BY SPONSORING NATIONWIDE FOOD DRIVE

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. KLECZKA. Mr. Speaker, on Saturday, May 8, 1999, letter carriers from around the country will be gathering nonperishable food items set aside by their customers for people in need. Milwaukee is a compassionate community and its benevolence ranks the city, for the second straight year, as number one in the nation in the amount of food collected.

The National Association of Letter Carriers, in conjunction with the United States Postal Service and the United Way, will kick off this year's food drive in Milwaukee with a press conference on Thursday, May 6th, to educate the public about the issues of hunger and convey the importance of each citizen's involvement to stamp out hunger.

I rise today, Mr. Speaker, to ask my colleagues to lend a hand to this worthwhile

project by supporting the letter carriers' food drives across the nation. I would also like to invite the residents of Milwaukee and Waukesha Counties to consider adding a few extra canned food items or nonperishables to their grocery carts for collection on May 8th. Let's make this year's food drive better than ever.

Our food pantries are counting on drives like this to help keep their shelves filled. Let's all try to do our part to alleviate hunger.

IN HONORING OF NATIONAL TEACHER'S DAY

HON. JAY INSLEE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. INSLEE. Mr. Speaker, today is National Teacher's Day. I do not believe educators are given nearly the amount of accolades they deserve, and I truly appreciate the chance to simply say: thank you for the important and meaningful work you do.

Mr. Speaker, I am especially proud that my father, brother, and brother-in-law are all teachers. Teachers are on the front lines everyday, preparing our children for the future. Teachers also bestow upon students the intellectual tools they need to become successful and productive members of society.

There is nothing that impacts America's social, economic and political future more than the quality of learning that happens in our schools. We should recognize the countless hours of selfless service that teachers devote to the most valuable resource in this country—our children.

Let me, again, express my appreciation and thanks to the millions of educators who impart their wisdom and knowledge to future generations.

HONORING EMMA JANE BLOOMFIELD

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. ACKERMAN. Mr. Speaker, I rise to honor and congratulate Emma Jane Bloomfield, who recently won an award from the Concord Rotary Club for her paper on Mongolian Culture. This paper was brought to my attention by her proud grandmother, Blanche Bloomfield, who resides in my district in Kings Point, NY. This essay contest demonstrates how our communities can work with our schools to further the educational goals of all of our nation's children. I hope all of my colleagues will have an opportunity to review this insightful and cogent essay and I would once again like to congratulate Emma on her outstanding work.

Under the control of Genghis Khan, the Mongolian people once had a forceful army, exploding with wrath and rage. However, the mounting tension between other countries and the Mongolians, caused by so many battles, resulted in the shattering of the Mongol empire. Since the 1300s, they have struggled to rebuild their society. Now that the strength and anger have faded from their community, many Mongols today believe in a strong emphasis on politeness and hospitality. Mongols live on the seeping grasslands of Asia and they use their environment to satisfy many needs. In the rural areas of Mongolia, many men are herdsmen who supervise the wild horses and yaks that roam the Mongols' homeland. The history of the Mongolian people has influenced their present culture, and their beliefs, styles of life, and natural environment are still contributing to the formation of their society and identities.

Mongolian history is traced back to the days of power when Genghis Khan ruled the Mongol empire. Genghis Khan was a wild horseman and a strong warrior who inspired the bravery of his people. He had great accuracy and distance when shooting a bow and arrow, and he had a keen mind that conjured up strategies he used to win battles. Khan was widely known for ruthlessly attacking towns and cities for the rewards of victory. Genghis Khan conquered more territory than anyone in Mongolian history, and he imposed his reputation on the world. Despite the cruelty that Khan showed toward other countries, the Mongols praised him and viewed him as the founder of their nation, creator of their people. The Mongols called Genghis Khan the ''Supreme Ruler Over the Ocean'' and ''Emperor of Emperors.''

A large portion of Khan's success was due to his solid armies, both his soldiers and his horsemen. Genghis Khan's armies were vast, and he grouped his men into units of tens, hundreds, thousands, and ten-thousands, so they could move in to battle quickly. Khan's powerful armies were often forced to over 225 miles of land within a day. Most of the warriors were horsemen, and they each owned three to twenty horses, which they alternated daily to give each horse sufficient time to rest. Weapons carried by the warriors were strong bows, lances, and swords. The soldiers wore heavy leather called lamellar to shield them from the fierce swipe of a sword.

Many of Genghis Khan's words provoked a feeling of force and fury. ''The greatest pleasure is to vanquish your enemies and chase them before you rob them of their wealth and see those dear to them baked in tears, to ride their horses,'' he once said. Khan was fueled by experiences of the many bloody battles that his armies fought. Genghis Khan relished seeing those inferior to him suffer, and he fought only to claim power and to satisfy his dreams. Khan's dream was to establish a network of riders, used as a spy system, all over Asia. His armies did succeed in taking over parts of China, Middle Asia, and Europe. Khan's empire stretched from Europe to Russia in the north, and from Vietnam to Iraq in the south. With their equipment, strength, and intelligence, the Mongol Umpire led by Genghis Khan seemed immortal.

Unfortunately for Mongolian society, the red heat of their empire soon faded to a cowering pink. Because they fought so many battles, the rivalries and conflicts between Mongolia and other countries brought misfortune and an unexpected end to the Mongol Empire. At that time, Russia and China began to expand and they claimed most power that the Mongols had once held. The collapse of the Mongol empire in 1505 scarred its people and society. The power supplied by Genghis Khan was humiliated, and the next centuries were filled with tragedy and struggle. While the Mongols tried to rebuild their economy, Russia and China prevailed over them and took parts of Mongolia under their control. In 1990, the break-up of the Soviet Union provided a blessing to the Mongols, and it offered freedom to some. However, problems still remain in Mongolia. To survive, the people have been forced to roam the grasslands, hunting with bow and arrow, taming horses, and raising livestock. The Mongols' strength has only re-emerged through their formation of a government while they have squirmed out of the reach of Russian and Chinese power.

Having rebuilt their society, natural and spiritual things now claim a higher rank among the Mongols. Mongolians believe that heaven, a home to the gods, holds an abundance of power. The Mongols honor heaven and all of nature under it. In fact, earlier Mongol tribes blessed and proclaimed their leaders as the ''sons of heaven.''

In their households, Mongols have always strongly emphasize politeness and hospitality. In pre-modern times the Mongols' homes were spread out all over the Mongols' land. This caused many people to travel from camp to camp, who would need a home for one night. Mongols provided shelter for visitors who later would face a hike across the windswept grasslands. With the arrival of a guest at a Mongolian's home, the host would traditionally offer a hospitality bowl, which would hold chunks of pungent cheeses, sugar cubes, candies, and bordzig pastries deep fried in yak and mutton fats. Using the hospitality bowl was the style in which the Mongols welcomed their guests. Mongolians believed in treating visitors as old and beloved friends, and in turn, the guest of a household would offer kind words to the hosts, and would express respect and gratitude by accepting foods at the table with customary gestures.

The traditional religion observed by the people of Mongolia is Tibetan Buddhism. Pedestals, in a Mongol's home, hold statues of Buddha, a symbol that is prominent in Tibetan Buddhism. After freedom of religion was introduced to Mongolia in 1990, Buddhism became the most commonly practiced religion. The government of Mongolia offered money to support the restoration of a sacred Buddhist Monastery.

Religion holds importance to the Mongols, yet it only occupies one level of Mongolian life. In the rural areas of Mongolia, the people's lives revolve around hunting or herding livestock. The semi-wild horses who graze in the mountains that enclose the grasslands, are for riding and training purposes. A Mongolian horse herdsman typically makes decisions as to where to let the horses graze, and when to move them to the next camps. Herders of any animal must eventually sell or butcher the livestock. Herdsmen efficiently use parts of the animals for fuel, warmth, and shelter. The job of a herdsman may also be to breed rarer animals, and sell them.

Traditionally, hunting occupies a large portion of Mongolian life. Many Mongol hunters use ancient archery techniques to hunt birds. Keen dogs and cheetahs are also used to track down a hunter's game. Occasionally, in earlier times, large-scale hunts would be organized where beaters would drive entire herds of antelope into the lurking hunters' bows. Falcons, too, were used to lead large game to the hunters.

In the rural places of Mongolia, the rural life of a Mongol is chiefly filled by the needs of the flocks of sheep, goats, herds of horses, cattle, or camels. Springtime is the season in

which herdsmen have the most commitments to the livestock. The births of animals occupy great spans of time, and often an entire family comes to the fields and helps the herder with a difficult birth. Herdsmen scurry around tending to the needs of animals, trying to establish a health start to the herding season. Summertime is less busy, for herds of animals resort to pasture land and the livestock doesn't demand assistance from herdsmen. Yet in the summertime there is still some work to attend to: sheep are shorn for their dense wool and camels and goats are combed for their velvety under-wool. The autumn winds dry the moisture from the grasslands, and as winter approaches groups of herdsmen collect their livestock. The animals are confined to graze in small pens and barns, and hay becomes their main diet. In late autumn equipment and tools are replaced or mended for the new births of livestock in the springtime. Mongolian winters come to the land quickly and last for a long amount of time. Temperatures stay low for weeks, which make each day harder for Mongols to endure. Herdsmen stay loyal to the penned animals and help them through the months of winter, so the cycle can repeat.

On the grasslands outside of Ulan Bator, the capital of Mongolia, the Mongols live in tent-like gers (see appendix D). These homes have rounded walls that slope upward to form a point at the top. These traditional homes provide the Mongolian people with warmth and protect them from blizzards that may storm the grasslands. Gers are covered with felt, usually made by women. The process of felt-making typically takes two weeks for enough cloth to cover an entire ger. Because many Mongols are followers of animal herds, the ger satisfies the needs of their culture, for the ger is easy to dismantle and is designed to be transported from place to place. A ger is most commonly moved by a team of camels or oxen, the strongest animals that can support a heavy weight. The placement of a ger has been influenced by Mongols' traditions. Throughout Mongolian history, the door of the ger has always faced southeast. Mongols believe that because winds gust from the southeast and the sacred sun rises in the east, gers that face in this direction are blessed.

The most common animal to be seen roaming the land of Mongolia is the yak. Mongols use the abundance of these animals to benefit their culture by herding them and using the animals as a source of trade. The Mongolian people also dine on meat from yaks and use their fat to fuel stoves. The Mongolian government trades yaks to other countries for oil, manufactured goods, and machinery, which are all conveniences that Mongols cannot process themselves.

The Mongols' land is a tangle of many different environments. A portion of Mongolia includes a vast mountain range locking in bleak and rocky grasslands. The most prominent mountain range is the Altai. This cluster of mountains holds the only glaciers in Mongolia, which makes for a nipping, frigid climate. The Mongolian grasslands also border the Gobi Desert, where the climate is arid and hot. Mongol culture, therefore, has adapted to living among extreme temperatures, but it revolves mostly around the more temperate grasslands. The Mongols have proven, in the survival of their culture, that to this day they still have the spark and the strength that the great Genghis Khan possessed.

150TH ANNIVERSARY OF HARMONY MASONIC LODGE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. GILMAN. Mr. Speaker, I wish to call to the attention of our colleagues and the American people the achievements of the Brothers of the Masonic Harmony Lodge #199 F.&A.M. of Sparkill, New York, on their 150th anniversary of fraternity and service to their community. The Harmony Lodge has continued the Masonic tradition of promoting "morality in which all men agree, that is, to be good men and true." Together with the nineteen other Masonic Lodges of the Manhattan District, the Harmony Lodge has continued to support the charitable endeavors of the Masons by raising and donating millions of dollars to hospitals, homes for widows, the elderly, and orphans as well as numerous scholarship funds.

The Harmony Lodge held its first meeting with nineteen Brothers on October 12, 1849, and ever since then the language of their meetings has always been German. The Brothers of Harmony Lodge have actively participated with the other Masonic Lodges of New York to raise funds to build the German Masonic Lodge in Manhattan, purchase land for a Masonic Park and Masonic home for the elderly as well as aiding in the foundation of two other Masonic Lodges in the state of New York. The brothers of the Harmony Lodge take great pride displaying German heritage, and do so by inviting thousands of visitors each August to the German Masonic Park to enjoy German culture, food and music entertainment in their annual "Oompah Fest and Steer Roast."

The Masons, officially titled the Free and Accepted Masons, are one of the world's oldest and largest fraternal organizations, dating back to its foundation in England in the early 1700's. Throughout history the Masons have sought to bring men together of all race, religions and political ideology under the ideas of charity, equality, morality and service to God. Today the Masons have millions of members worldwide, including more than 2.5 million in the United States. They have earned a reputation as highly respected businessmen, ministers and politicians. Great men such as American statesman Benjamin Franklin, Composer Wolfgang Amadeus Mozart, French philosopher Voltaire and U.S. President George Washington have all been Brothers in the Masonic order.

My own association as a Brother with the Masons has been a great influence on me throughout my career and in public life. Their moral values and ethical code have been an immeasurable help to guide me in making fair and just decisions in my responsibilities as a Member of this chamber.

Mr. Speaker, it is my hope that under the leadership of Worshipful Master Arnold Geisler, Secretary Jack Williams and Treasurer Reinhard Kabitzke that the Harmony Lodge will continue its good works as a model organization and will continue to help those in need as well as continue to be an exemplary example of fraternal service to community for another 150 years.

TRIBUTE TO THE BELLARMINE COLLEGE MOCK TRIAL TEAM

HON. ANNE M. NORTHUP

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. NORTHUP. Mr. Speaker, I am pleased to rise today to honor constituents from Louisville, Kentucky. Recently, the Bellarmine College Mock Trial Team competed in the American Mock Trial Association's National Championships in Des Moines, Iowa and brought back to Louisville the National Championship. The Knights of Bellarmine overcame the efforts of Stanford and Rhodes in their march to victory.

This was a redeeming victory for Bellarmine which had finished second in the competition the previous four years. While compiling a record of 7–0–1 during the competition all of the members of the championship team were named All-Americans. Meanwhile, the second team for Bellarmine gained valuable experience, several individual awards and finished in fifth place overall. I also am pleased to honor one of team's coaches the James Wagoner, who was honored for his outstanding service to the American Mock Trial Association and the legal profession outside of mock trial.

The Bellermine championship team is made up of: William Armstrong, Amanda Bennett, Jason Butler, Nathaniel Cadle, Ryane Conroy and Vanessa Cox. The second team included: John Balenovich, David Chamberlain, Cheryl Danner, Heather Jackson, Matt Rich, Christi Spurlock and Sarah Wimsatt. These two fine squads were led by James Wagoner, Ruth Wagoner and Jason Cooper. Again, I am so proud to honor this team, as Louisville celebrates its National Champion.

CONGRATULATING BILL AND BEV FARNSWORTH ON THEIR SILVER WEDDING ANNIVERSARY

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. RADANOVICH Mr. Speaker, I rise today to congratulate Bill and Bev Farnsworth as they celebrate their 25th wedding anniversary.

Bill and Bev Farnsworth were married on May 4, 1974 in Elgin, Illinois. They moved to Fresno, California in 1978 and reside there today. Bill owns Valley Drywall Systems, a construction company. Bev is a department manager at Gottschalk's department store in Fresno. Together they have raised four children, Sherrie, Bryon, Kelly and Larry.

Bill and Bev Farnsworth have exemplified true family values in their family and love for each other. They have been involved in their community with various volunteer organizations. Bev was a volunteer for the Clovis Community Hospital Guild. Both Bill and Bev were a part of the Fresno County Republican Central Committee.

Bill and Bev have a saying that they hold dear, "More than yesterday, less than tomorrow."

Mr. Speaker, I want to congratulate Bill and Bev Farnsworth on their Silver Wedding Anniversary. I urge my colleagues to join me in wishing them many more years of happiness.

BAY MEDICAL CENTER AUXILIARY: A VITAL PARTNER FOR VITAL SERVICES

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BARCIA. Mr. Speaker, there are many organizations that make a huge difference in our lives, and their successes are made possible by their support mechanisms. Bay Medical Center in my Congressional District provides outstanding health care to my constituents, and its ability to provide this wonderful care is a direct result of the activities of the Bay Medical Center Auxiliary.

Since 1973, the members of the Auxiliary have consistently acted as ambassadors for the hospital. Their good will and confidence has been a key factor in the many successful fund-raising campaigns over the years. In fact, the Bay Medical Center Auxiliary has provided nearly one million dollars to the Health System since 1990 through Gift Shop profits, proceeds from the annual Charity Ball, and other fund-raising activities.

Proceeds provided by the Auxiliary have been used for many essential activities. Courtesy vans have been provided for patients convenience. Infant and adult ventilators, the first electric birthing bed-chair, state of the art mammography equipment, an advance life support ambulance, Life-Pac resuscitation equipment, fetal monitors, and cardiac rehabilitation equipment are only some of the medical devices provided by the Auxiliary's efforts that help maintain an outstanding quality of care. A number of facilities, including the women's resource library, waiting lounges in ICU and surgery, and the main campus lobby have all been improved by the Auxiliary. Work on behalf of open heart programs, including support of surgery and the heart-lung bypass machine, has made a life-saving difference to many patients.

There are 213 members of the Bay Medical Center Auxiliary. They come from all walks of life, and work throughout the year. Many members have had personal exposure to the services of Bay medical Center, and have joined the Auxiliary as their way of saying thanks for vital services. Each member appreciates the importance of the Center, and knows that it takes a network of caring people to provide quality health care. Each and every member wants to be a part of that network.

Mr. Speaker, as we look for champions around the nation, it is most fitting that we recognize the members of the Bay Medical Center Auxiliary as champions for their community. I urge you and all of our colleagues to join me in congratulating President Lucy Horak and Past President Linda Grube, along with all of the other most valuable members of the Bay Medical Center Auxiliary, on their success, and in wishing them many more productive years to come.

REPORT FROM SHELBY COUNTY

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. MCINTOSH. Mr. Speaker, I rise today to give my "Report from Indiana" where I honor distinguished Hoosiers whom are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committed Hoosiers whom I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them "Hoosier Heroes".

I recognized this genuine Hoosier Hero in Shelby County at a Lincoln Day dinner speech. He's Assistant Police Chief Bill Dwenger. His devotion to his community has been unfailing and why Bill epitomizes a "Hoosier Hero".

While serving as a detective, Bill pursued primarily on his own time the Shirley Sturgill murder case that had been hanging over Shelbyville for seven years. Due to his perseverance, the murderer was caught, tried, and convicted to a life term. His hard work allowed his neighbors to breathe a little easier knowing that their community was safe.

Bill also serves on the Board of Community Corrections as well as the Shelby County Youth Shelter which provides a safe haven for abused kids. Bill doesn't help children for the pay, which is zilch, he does it for the smiles and laughter. Bill's work has given so many people the most precious gift possible, hope and peace of mind. You are a true hero in my book doing good work for others with no other motive than Christian charity.

Bill Dwenger deserves the gratitude of the county, state, and nation, and I thank him here today on the floor of the House of Representatives.

HELP GIVE PEACE TO THE FAMILY OF ZACHARY BAUMEL—SUPPORT H.R. 1175

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. DREIER. Mr. Speaker, on June 11, 1982, Zachary Baumel, an American citizen serving in the Israeli army, was captured along with four other members of his tank battalion in a battle with Palestinian and Syrian forces near the Lebanese town of Sultan Yaqub. While two of the captured soldiers were later released, Baumel and two other MIAs remain unaccounted for, despite evidence that they were probably captured alive. Like any parents living through the nightmare of a missing child, Zachary's parents, Yona and Miriam Baumel, have been unrelenting in the search for their son.

The Baumels have met with officials around the world to follow up on leads provided by various individuals claiming to know of Zachary's whereabouts. Unfortunately, they have yet to reach any sort of closure. While I sincerely hope that their personal search reunites them with Zachary, I believe that the U.S. government should make every effort to determine Zachary's fate and help bring peace to the Baumel family. H.R. 1175, which would require the State Department to step up efforts in locating and securing the return of Zachary Baumel, as well as other Israeli soldiers missing in action, is a step in that direction. I have cosponsored this important legislation, and I urge my colleagues to support me in this effort.

PAMELA CRUZ RECEIVES THE PRUDENTIAL SPIRIT AWARD

HON. HEATHER WILSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. WILSON. Mr. Speaker, I wish to bring to your attention a young woman in our community, Pamela Cruz, who has been named one of New Mexico's top youth volunteers for 1999 in The Prudential Spirit of Community Award.

Pamela's volunteer efforts truly reflect the spirit of community. She visits a local nursing home twice a week to arrange entertaining activities for the residents. Pamela recognizes that the residents have contributed to our community and should not be forgotten. By showing affection and being consistent with her visits, she has gained the trust of the nursing home residents. Further, Pamela has recruited other young people in Albuquerque to volunteer at the nursing home. She is a wonderful example of reaching out to others to make our entire community a better place to live.

Pamela is definitely one of America's top youth volunteers. Join me in thanking Pamela Cruz for her contributions to old and young alike in Albuquerque, New Mexico.

IN HONORING OF THE LATE MICHAEL MCGARVEY

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. FORBES. Mr. Speaker, I rise today to honor a humanitarian, a true leader, and my personal mentor, Michael McGarvey, Jr., a veteran Long Island scout master and postman who passed away at the age of 80.

The first time I met Michael, I was impressed and impacted by his manner. He was such a gentle and instructive person, especially for me as a young kid attending Confraternity of Christian Doctrine (CCD) lessons at the Immaculate Conception hall in Westhampton Beach.

In our community he was known as the grandfather of scouting. Michael was an adult

Scout leader for more than 47 years. He rose to the post of commissioner of the Suffolk County Council, Boy Scout of America, and regional chairman of the Catholic Committee on Scouting. He was so enthralled with scouting that he attend board meetings until a few months before his death last week after a long illness.

In his time with scouting he was recognized with numerous citations, including one for service to the Catholic youth of Long Island presented to him by Bishop John McGann of the Diocese of Rockville Centre. He also received a Pius X citation for teaching catechism to the Immaculate Conception Church Confraternity in Westhampton Beach, where I was his student.

Born in Akron, Ohio, he graduated from East Akron High School and came to New York in 1939 to attend the New York World's Fair in Flushing and visit with his sister, Margaret Kennedy. His sister introduced him to her friend, the former Lillian Langguth of Manhattan. They were married shortly thereafter and remained so for 56 years.

They moved to Westhampton, Long Island in 1955, where they expanded Bide-A-Wee Home, the animal adoption center which they managed for 18 years. They were especially known for taking in pets that were left over from the summer vacationers. After that, Michael worked in the Riverhead Post Office until he retired six years ago at age 74.

I was moved by the commitment I witnessed Michael and Lillian have for the children of our community. They also loved their church, and lived the daily example of charity and love for their neighbors. In this time of distance between our children and their parents and church, Michael was a breath of fresh air. In many ways, he has helped shape my own life and I wish I could emulate his wonderful example.

Michael will be remembered as the ultimate Scouter, where he brought to the position of commissioner a level of dignity and respect that could be used as the role model for all volunteer leaders. To the people of Long Island Michael will be remembered as a Scoutmaster, Postman, animal sanctuary provider, and a neighbor that was always willing to offer a helping hand regardless of the situation. To me he will be remembered as a person that had a profound effect on the way I conduct myself in my life.

Colleague, Michael's warmth and dedication to the youth will be surely missed.

CONGRATULATIONS TO THE UNIVERSITY OF FLORIDA WOMEN'S SOCCER TEAM

HON. KAREN L. THURMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. THURMAN. Mr. Speaker, I rise today to honor the University of Florida Women's Soccer Team. The Gators brought home the 1998 NCAA Women's Soccer Championship in only their fourth year of existence. Women's soccer is a relatively new competitive sport. But you would never have known that looking at the way these women played on Sunday, December 6.

That's the day these well-honed athletes will remember for the rest of their lives. They won the championship game against the University of North Carolina before a record crowd of more than 10,500 fans. The pressure was really on to beat the Tar Heels—well recognized for their 70-match unbeaten streak and numerous NCAA tournament wins.

Some people may have considered the Gators the new kids on the block. But they were out to prove themselves. And in doing so, the Gators became the youngest program this decade to win a title. The program was formed only four years ago by coach Becky Burleigh. She also made history. She became the first woman head coach to win an NCAA soccer championship.

Following the winning game, the Palm Beach Post quoted Burleigh saying, "I can't believe it." The coach's reaction clearly describes her excitement. But I would like to clarify the record. This talented woman knew all along her team could do it. When she started recruiting for the squad's first season, she told her young freshmen players they would go to the final Four by graduation. And that happened.

Burleigh's fine eye for recruiting talent and her ability to mold and inspire took these women to the top. In January, Burleigh was named coach of the year by the National Soccer Coaches of America Association. Before that, the same association named her the coach of the year for the Southeast region. And I'm sure there's much more recognition coming her way and the Gators' way in the future.

I want to congratulate Burleigh and her coaching team: Assistant Coaches Victor Campbell and Tiffany Thompson, Volunteer Coach Matthew Mitchell, Manager Scott Barbee, and Athletic Trainer Michael Duck.

I also want to individually congratulate the entire team: Meredith Flaherty, who was named the tournament's Defensive Most Valuable Player, Danielle Fotopoulos, who was named the tournament's Offensive Most Valuable Player, Danielle Bass, Erin Baxter, Keisha Bell, Christie Brady, Jill DiBerardino, Kerri Doran, Erin Gilhart, Karyn Hall, Michelle Harris, Jordan Kellgren, Genie Leonard, Alexis MacKenzie, Kelly Maher, Heather Mitts, Adrianne Moreira, Lisa Olinyk, Angie Olson, Lynn Pattishall, Melissa Pini, Renee Reynolds, Andrea Sellers, Whitney Singer, Jill Stevens, Katie Tullis, Abby Wambach, Tracy Ward and Sarah Yohe.

Go Gators!

ON THE CONTINUING STEEL CRISIS

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. KUCINICH. Mr. Speaker, I rise today to call upon the other body to pass H.R. 975, the steel import limitation bill. The House passed this bill by an overwhelming margin because the policy of this Administration has failed to protect the American steel industry and its workers from unfair competition. But a bill does not become a law without votes from both Houses of Congress.

While America waits for the other side to vote on H.R. 975, steel imports have begun to climb again. This should be an important reminder that nothing the Administration is pursuing adequately limits unfairly low priced steel imports. Though the Administration is ineffective in preserving the American steel industry, the Administration is actively defending the American banana industry in a trade dispute with Europe. But does the banana industry employ 160,000 American workers? No. Does nearly every state in the Northeast and Southeast and Southwest have a banana industry? No. Are foreign bananas crowding out the American banana business in the U.S.? No. Those facts have not stopped the Administration from pulling out every stop to protect a banana industry that does not exist in America.

Bananas did not build America. Steel did. The only practical solution to the steel import crisis is to make H.R. 975 into law.

TRIBUTE TO BETTY ADELSTEIN

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SERRANO. Mr. Speaker, I rise today to pay tribute to Mrs. Betty Adelstein, an outstanding individual who has devoted her life to her family and to serving the community. Mrs. Adelstein will turn 90 on Wednesday and celebrated May 2, 1999 at a party given her family and friends.

She is a vibrant, dynamic, caring woman who drives to St. Vincent Hospital three days a week to volunteer in the office of the Director of Pediatrics. She has accumulated over 10,000 hours of volunteer service at the hospital and, during the past twenty years, she has given of herself and her time to various Staten Island organizations. Before moving to Staten Island, she spent nearly fifty years as a resident of the Bronx.

Mr. Speaker, Mrs. Adelstein was born in New Britain, Connecticut on May 5, 1909, a first generation American. From the age of five, she helped sell newspapers in her father's candy store. At fourteen years of age, after the shop was closed, she was taken out of school and brought to New York to help in the vegetable store her father opened there, leaving her mother, 4 brothers and a sister behind. When she was sixteen, the family moved to the Bronx from New Britain.

Mrs. Adelstein finished high school at night. Several years later, she meet her husband, David, an electrical engineer. They were married in 1932 and remained in the Bronx for forty-one years until his death in 1973. In 1975, she moved to Staten Island to be near her daughter, son-in-law and grandson. It was then last that she began her long career as a volunteer, which continues to this day. She is truly a source of inspiration to all who know her.

Mr. Speaker, I ask my colleagues to join me in wishing a happy 90th birthday to Betty Adelstein.

TRIBUTE TO SAINTS CONSTANTINE AND HELEN GREEK ORTHODOX CHURCH

HON. HERBERT H. BATEMAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BATEMAN. Mr. Speaker, I rise today to recognize the First District of Virginia's Hellenic community as it celebrates the 50th anniversary of Saints Constantine and Helen Greek Orthodox Church in Newport News.

Greek immigrants have lived and worked on the Virginia Peninsula from as early as 1900. From its humble beginnings to today, the Greek community has played a significant role in the growth and prosperity of the Virginia Peninsula. It also has established a number of associations and organizations for its members, which add to the strength of the community as a whole. The benefits of such associations are innumerable.

In 1929, a small group of Greek-American men on the Peninsula organized the Woodrow Wilson Chapter of the American Hellenic Educational and Progressive Association (AHEPA) while a group of Greek-American women organized the Greek Women's Penelope Society, an independent organization dedicated to community service. The Greek community soon began meeting regularly at St. Paul's Episcopal Church on 34th Street in Newport News and by 1934 a constitution was drafted to govern the growing community. The Hellenic Educational Society also was formed in 1934. This organization served as a community board to oversee the education of the young.

In 1944, a committee was formed to develop plans to build a church. Within three years, ground was broken on land near the Victory Arch in Newport News and Saints Constantine and Helen was completed by 1949. Then Archbishop Athenagoras—later Patriarch—participated in the dedication of the church. At that time, the congregation numbered 50 families. There are more than 1,000 members of the church today.

Soon after the Saints Constantine and Helen was built, a Philoptochos Chapter was formed to assist the needy on the Peninsula. This chapter is still in existence and the majority of the church's contributions to charitable organizations on the local, regional, national and international levels originates from this group.

As the number of Greek families in the community began to grow, so did the need for more space. In 1958, three school rooms were added to the church to provide an area for Sunday school classes. This provided both religious and language education for the children and any interested members of the Peninsula community. These efforts enhanced the spirit of the community by encouraging cultural identification.

By 1966, land was purchased on Traverse Road in Newport News to build a community center and a new church. The Hellenic Community Center opened in 1975 and is the centerpiece of the Greek community. It also is one of the largest gathering places available for groups to meet on the Peninsula. I, myself, have used the center for several functions.

Ground was broken for a new church in July of 1981 and within a year services were being held in the new building. It was consecrated by Archbishop Iacovos in 1984.

Since 1967, Saints Constantine and Helen has held an annual festival to share the culture and traditions of the Greek community with Peninsula. Having attended the event for many years, I know first hand the enthusiasm of our community for the celebration. I also have witnessed the success of many of Saints Constantine and Helen's programs.

I take great pride in being a member of the Order of AHEPA. My wife, Laura, is equally proud of being a member of the Daughters of Penelope. It is truly an honor to represent this outstanding segment of the community in Congress.

Again, I wish to commend both Saints Constantine and Helen Greek Orthodox Church and the Hellenic community on the Virginia Peninsula. They nourish each other and make possible the success and contributions of each.

It is my hope and expectation that the Hellenic community on the Peninsula will continue to succeed, and that the next 50 years will be as, or more, notable than the last.

A TRIBUTE TO MICHAEL T. WILTSIE

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. CAMP. Mr. Speaker, I rise today to pay tribute to Michael T. Wiltsie, a young man from the 4th Congressional District whose bravery I commend and whose actions I would like to call to the attention of my colleagues in the U.S. House of Representatives.

On Sept. 2, 1998, Michael was serving as a safety patrol officer near Ganiard Elementary School in Mount Pleasant, Mich. He and an adult crossing guard were stationed at the corner of Broadway and Adams streets, a busy intersection.

What happened next could have been a tragedy, but instead is the story of an heroic 12-year old whose quick thinking effectively saved the life of a 7-year-old boy.

The adult crossing guard had just walked to the center of the street to stop traffic when the 7-year old walked around Michael's outstretched arms to follow the crossing guard. At that moment, a truck making a left-hand turn failed to stop at the stop sign and passed between Michael and the crossing guard. Michael reached out and grabbed the little boy by his backpack, pulling him to safety just as the truck sped by.

Michael is one of the six young students being honored today at the AAA's School Safety Patrol Lifesaving Award Ceremony in Washington, D.C. This year marks the 50th anniversary of the Lifesaving Award, which recognizes those patrols who risked their own lives to save the lives of others. More than one-half million children serve as patrols at 50,000 schools.

It is a special privilege for me to represent Michael in the U.S. House of Representatives. Our halls here are filled with the statues and memories of American men and women who have unselfishly given to others. I am pleased today to submit this tribute to the CONGRESSIONAL RECORD, to ensure that Michael's bravery is also recorded for history.

THE 24TH ANNIVERSARY OF THE TRAGIC FALL OF SOUTH VIETNAM TO COMMUNISM

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. SANCHEZ. Mr. Speaker, April 30, 1975 marked the beginning of a treacherous boat journey for many Vietnamese who sought refuge in an unknown land and an uncertain future. These individuals risked everything for a chance to live freely and provide better opportunities for their children and families. I rise today to pay special tribute and recognize the valiant efforts to our Vietnam War Veterans and to the Vietnamese who fought and died for freedom and democracy in Viet Nam.

Earlier this month, I traveled to Viet Nam to meet with representatives of the U.S. and Vietnamese government to express my concern for the lack of human, religious and political rights. During my visit, I met with several prominent human rights activists including Dr. Nguyen Dan Que, Tran Huu Duyen, the Venerable Quang Do and the Archbishop of Saigon, Pham Minh Man. I learned first hand that despite the release of several prisoners of conscience under a presidential amnesty in September 1998, public criticism of the government by dissidents is still not tolerated. The few who do speak out publicly and advocate peaceful reform continue to be harassed and imprisoned.

As we recently witnessed, the protest that has taken place in Little Saigon, Orange County, California is a reminder to all Americans how sacred human rights, freedom and democracy are. For many, the display of the communist flag is a reminder of the pain and sufferings after 1975.

Mr. Speaker, as we reflect on this tragic day it is our duty as Members of Congress to honor the memory of the individuals that fought for liberty and democracy in Viet Nam.

REPORT FROM ADAMS COUNTY

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. McINTOSH. Mr. Speaker, I rise today to give my "Report from Indiana" where I honor distinguished Hoosiers who are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committed Hoosiers who I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them ''Hoosier Heroes''.

I recognized this genuine Hoosier Hero in Adams County, Indiana at a Lincoln Day dinner speech. He is Alan Converset, who is a sales manager at WZBD Adams County Radio. By working tirelessly on behalf of the less fortunate, Alan epitomizes a ''Hoosier Hero''.

Alan served as the president of the Decatur Rotary Club and Chairman of the United Way golf outing to raise money for those who need a helping hand from someone who cares. He also works on the March of Dimes Walk America Committee.

Alan's work has given so many people the most precious gift possible, hope. He doesn't do it for the pay which is zilch; he does it for the smiles and laughter. You are a true hero in my book, doing good work for others with no other motive than Christian charity.

Alan Coverset deserves the gratitude of the country, state, and nation, and I thank him here today on the floor of the House of Representatives.

A.J. HERRERA SELECTED AS PLAYER OF THE YEAR FOR PARADE MAGAZINE'S 21ST ANNUAL HIGH SCHOOL BOYS SOCCER TEAM

HON. HEATHER WILSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. WILSON. Mr. Speaker, I wish to bring to your attention a young man in our community, A.J. Herrera, who has been selected Player of the Year on Parade magazine's 21st annual High School Boys Soccer Team.

A.J. Herrera has represented the United States in France, Slovakia, and Russia as a three-year member of the U.S. National Team. He has hopes of playing on the U.S. Olympic Team. In discussions regarding his soccer ability, A.J. references the support he has received from family, friends, teammates, and coaches. Although he has an athletic gift to play soccer, A.J.'s No. 1 priority is earning a college degree.

A.J. Herrera is an example of young people throughout our communities who are involved in sports and other extracurricular activities that build character and citizenship. Learning lessons about setting and achieving goals, staying physically fit and being part of a team. The community is proud of his accomplishments. Join me in recognizing A.J.'s achievements and contributions to Albuquerque, New Mexico.

A TRIBUTE TO THEODORE BUTCHER

HON. JOSEPH R. PITTS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. PITTS. Mr. Speaker, today I rise to honor a faithful Chester County man upon his retirement from West Chester University, where he served as a faculty member and administrator. Mr. Theodore Butcher's contributions to his family, community, and country deserve to be noted.

Over the past thirty years, Mr. Butcher has worked tirelessly to ensure fair and equitable treatment of people with regards to education, race, religion, economics and disabilities. He has given of himself both personally and financially to the causes in which he believes and for which he works. Through his community service with the West Chester Community Center, the Community Housing Resource Board, the Fair Housing Council, Mental Health/Mental Retardation, The Community Service Council of Chester Country, The Swope Foundation, the West Chester Rotary Club, the YMCA, NAACP and on the original board of the Chester County Water Authority.

Clearly, this is a man with a deep commitment to his community. I can venture to say that Mr. Butcher has added much value to West Chester University and to Chester County, Pennsylvania. I am pleased to honor him today, and would like to submit for the RECORD a letter from his daughter Joacqueline Butcher. My congratulations and best wishes go with this community servant.

SUPPORTING THE NATIONAL LETTER CARRIERS FOOD DRIVE

HON. LOIS CAPPS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mrs. CAPPS. Mr. Speaker, today I rise to pay special tribute to our letter carriers in Santa Barbara, California. On Saturday May 8, our local letter carriers will be participating in the seventh annual ''Stamp Out Hunger'' food drive, sponsored by the National Association of Letter Carriers.

Our local letter carriers will be joining their fellow letter carriers in more than 10,000 cities and towns across the nation in collecting nonperishable food items and donations along their postal routes for local food banks. The Stamp Out Hunger food drive is expected to help feed nearly thirty million needy children and adults in our communities.

On behalf of the people on the Central Coast and across the nation, I owuld like to thank our letter carriers for their leadership in this very worthy cause.

TRIBUTE TO THE GRAN PARADA DOMINICANA DE EL BRONX, INC. ON THEIR 10TH ANNIVERSARY

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SERRANO. Mr. Speaker, it is an honor for me to pay tribute to a great organization, the ''Gran Parada Dominicana de El Bronx, Inc.'' which celebrates its tenth anniversary of celebrating Dominican culture in my South Bronx Congressional District today, Monday, May 3rd, 1999.

The Gran Parada Dominicana de El Bronx, Inc. was created on May 3, 1990. Each year thousands of members and friends of the Dominican community march from Mt. Eden and 172nd Street to East 161st Street and the Grand Concourse during the annual Great Dominican Parade and Carnival of the Bronx. Under its Founder and President, Felipe Febles, the parade has grown in size and splendor. It now brings together an increasing number of participants from all five New York City boroughs and beyond.

Mr. Speaker, as one who has participated in the parade in the past, I can attest that the excitement it generates brings the entire City together. It is a celebration and an affirmation of life. It feels wonderful to enable so many people to have this experience—one that will change the lives of many of them. It is always an honor for me to join the hundreds of joyful people who march each year and to savor the variety of their celebrations. There's no better way to see our Bronx community.

The event usually features a wide variety of entertainment for all age groups. Past years' festivals included the performance of Merengue and Salsa bands, crafts exhibitions, and food typical of the Dominican Republic.

In addition to the parade, President Febles and many organizers each year provide the community with nearly two weeks of activities to commemorate the contributions of the Dominican community, its culture and history.

Mr. Speaker, it is with enthusiasm that I ask my colleagues to join me in paying tribute to the Gran Parada Dominicana de El Bronx, Inc. and in wishing the Committee continued success.

TREVOR P. SCHMIDT WINS THE VFW'S 1999 VOICE OF DEMOCRACY BROADCAST SCRIPTWRITING CONTEST

HON. BILL BARRETT

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BARRETT of Nebraska. Mr. Speaker, I'd like to call my colleagues' attention to the following script written by my constituent, Trevor P. Schmidt, a senior at Chadron High School in Chadron, Nebraska. Trevor won the VFW's 1999 Voice of Democracy broadcast scriptwriting contest for Nebraska.

MY SERVICE TO AMERICA

The other day my friend Shawn and I went out to lunch. I was driving so I said, ''Where

would you like to eat today, Shawn?'' He said he didn't care, so we went where I wanted to go. Once we got there, Shawn started to complain like you wouldn't believe, and I thought to myself, what right do you have to complain? I gave you a choice, and you deferred to me. In America today, the constitution and our fellow citizens are asking us, ''Where do we want to go today?'' Unfortunately, the majority of Americans are saying, ''I don't care''. However, if you read the news, the majority of people do care. They are just not motivated enough to do anything about it. Oh sure they like to complain once they see where the country has ended up, but complaining can't move a speck of dust and it isn't going to help our country. Democracy is based around participation, and it is only successful when used properly. Like a car's engine, America can run using only part of its cylinders, but in order for America to reach its highest potential, all parts must be working at the same time.

Democracy is a tool just waiting to be picked up, but like any other tool it is useless until someone puts it to work. Throughout time, it has been used by a plethora of individuals, and now it is my time and the time of my peers. It is time for us to accept the torch of America that is slowly being passed down. We cannot let the flame die, so we must hold it high and let it light the way for the world. For many of my peers, action in Democracy will begin as they cast their votes in this fall's election. While I'm not able to join others in voting at this election because of my age, I have taken my own road to ensure that the tool of Democracy does not sit idle. Since voting was not an option for me, I wanted to ensure that those who did have the right to vote were making use of it. I approached the county clerk and arranged it so that I could be their extension. Over a course of three days, I worked for them and registered over fifteen new high school voters. While this really isn't comparable with running for office, it was something I could do to help my country. This action was just another step in my maturation as a citizen of democracy.

I began my service years ago, when as a child I first began to read. At first I only read simple stores, but as the years passed, I began to read and hear a much grander tale; one of a nation that rose up around a noble theory, a nation that was to be ruled by the people. I learned of America. I thrived on this utopian story for many years, but once again as time passed the story got more complex. I learned of the mistakes America and its people had made, and I learned of the great people who struggled to rectify these mistakes. I have absorbed many people's opinions over the years, and now I have my own and I know that I can give them voice.

Langston Hughes once wrote, ''I too sing America, I too am America.'' This is where I stand now and forever, I will sing my voice along with my fellow Americans and though my voice may be lost in the chorus at times, I will keep singing, keep supporting my nation. A person singing a solo is limited to his/her options, but a choir combines each individual's choices into a complex splendor. Choral music depends on each member singing his or her own distinctive part. Sometimes the chords clash, and sometimes the parts slide into near unison; always each part must be heard. So too with democracy, I must speak my opinion, but I also must hear and accept my fellow citizen's opinion and recognize that my nation will be nothing with just my part. One thing that is of key importance though is that I must know my part; therefore, my quest for knowledge must never end. I must also encourage those around me to speak their mind. Even though I may not like what I hear, it is an essential part for the success of democracy. This is how I will serve my country. I will learn all that I can, I will take in others' opinions and learn from them, and then without reservation I will speak my mind and let my nation know how I feel. I too am America, and I am not about to let anyone forget.

REPORT FROM FLOYD COUNTY

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. McINTOSH. Mr. Speaker, I rise today to give my ''Report from Indiana'' where I honor distinguished Hoosiers who are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committee Hoosiers who I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them ''Hoosier Heroes''.

I recognized this genuine Hoosier Hero in Floyd County, Indiana at a Lincoln Day dinner speech. He's Kevin Boehnlein, who is a local director here for junior achievement and whose motto is ''Looking out for the future of the community''. By working tirelessly for his community, Kevin epitomizes a ''Hoosier Hero''.

Kevin may be young but he has a giant's heart and he cares deeply about his community. Kevin is in the Jeffersonville rotary club, and has helped build homes for the needy as a member of Habitat for Humanity. He is also very active in his church. Kevin and his wife Kristen serve as a leadership team at Oak Park Baptist Church. They serve as counselors to young couples to help them maintain a strong love and faith.

Kevin's work has given so many people, the most precious gift, hope. He doesn't do it for the pay, which is zilch; he does it for the smiles and laughter. You are a true hero in my book doing good work for others with no other motive than Christian charity.

Kevin Boehnlein deserves the gratitude of the county, state, and nation, and I thank him here today on the floor of the House of Representatives.

HUMANITARIAN AWARDS

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. UNDERWOOD. Mr. Speaker, I would like to take this occasion to recognize the organizers and honorees of the 1st Annual Tan Chong Padula Humanitarian Awards. The awards night will be held on May 8, 1999, at the Garden Grove Community Center in Garden Grove, CA—an endeavor to recognize and honor individuals of Chamorro descent for volunteerism and service to the community. Proceeds from this event will fund the Tan Chong Padula Scholarship. The first such award is scheduled to be presented in the year 2000.

The idea was first proposed by Lola Sablan-Santos, the executive director of the Guam Communications Network. Contrived with the full support of the Padula/Roberto family, the annual event is a celebration of the life and accomplishments of the late Connie ''Tan Chong'' Padula. Tan Chong was born on May 8, 1917, on the island of Guam. She moved to the State of California and became a longtime resident of Orange County, maintaining a home in Santa Ana from 1968 until 1992.

Her civic-mindedness, in addition to her kindness, generosity, and compassion, earned her a very respected niche in her community. Never one to keep to herself, Tan Chong volunteered her services to a host of civic activities ranging from church fundraisers to the manning of polling stations during elections. As one of the founders of the Guamanian Society of Orange County, she spearheaded community activities which were almost always held at the Garden Grove Community Center. She was widely known for her great support to Chamorro community organizations throughout the State of California and for her willingness to be of assistance to those in need. Sadly, she passed away in Orange County on June 19, 1992.

This year's event will be held on the anniversary of her 82nd birthday. All honorees will receive a medallion especially crafted for this annual event by Chamorro artist Ron Castro on Guam and the top award will be presented to the individual chosen as ''Humanitarian of the Year.''

This year's awardees in the ''Adult'' category are George Afleje, Maria ''Kitalang'' Borja, Heidi Chargualaf, Carmen Cruz, Pacing Cruz, Perci Flores, Maria Laguana, Joaquin Naputi, Ann Pangelinan, Joe Pangelinan, Celia Perez, Suzanne Robert, Juana Sanchez, Juanita ''Nita'' Santos, Ernie Tajalle, and Maria Tajalle. In the ''Youth'' category, Michael Maguadog, Sarah Mesa, Stefanie Mesa, Bryanna ''Berry'' Quenga, Nikki Quenga, Michael Van Langeveld, and Tara Van Meter were selected. The honor of being chosen as the first recipient of the Tan Chong Padula Humanitarian of the Year Award goes to Juana Sanchez.

On behalf of the people of Guam, I congratulate the organizers, honorees, and, most of all, the Humanitarian of the Year awardee of the 1st Annual Tan Chong Padula Humanitarian Awards. Miles away from their home island of Guam, these folks managed to combine their resources in order to benefit the community in a manner that best represents our island culture. Keep up the good work! Si Yu'os Ma'ase'.

ORGAN DONATION

HON. ELIJAH E. CUMMINGS

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. CUMMINGS. Mr. Speaker, recently, we celebrated National Organ and Tissue Donor Awareness Week and today I recognize the medical advances that have made organ transplantation a viable treatment option. Thanks to those who have given the gift of life, more than 20,000 individuals received an organ transplant in 1996.

However, each year, the number of organs donated in the United States falls tragically short of the need. Sadly, more than 55,000 people are on the national organ transplant waiting list and about 10 will die each day as the waiting lists continue to grow.

Organ donation is increasing, but not fast enough to come close to meeting the need. In recent years, progress has been made in creating awareness of the need for organ donation. Most Americans indicate they support organ donation. Nonetheless, only about 50 percent of families asked to donate a loved one's organs agree to do so. Moreover, thousands of opportunities to donate are missed each year, either because families do not know what their loved ones wanted, or because potential donors are not identified for organ procurement organizations and their families are never asked.

To address these barriers to donation, government and private sector partnerships must be focused on * * *

* * * that we from government and the private sector. But most importantly, we need volunteers willing to share the gift of life. To achieve this goal, there must be an emphasis on increasing consent to donation and referrals to organ procurement organizations.

However, we must also ensure that our social and work environments are amenable to persons serving as donors. That is why I urge support of my legislation H.R. 457, the Organ Donor Leave Act, which would provide federal employees an additional 7 days to serve as a bone-marrow donor, and 30 days to serve as an organ donor.

Passage of this measure would stand as a model for private employees to amend their personnel policies to grant additional paid leave to living donors who give bone marrow, a kidney, or other organs.

Without donors, transplant surgeons cannot save even one life. With just one donor, they can save and improve as many as 50 lives. I believe that we must all pledge to join the national community of organ and tissue sharing by closing the gap between donated organs and tissue and the people who need them.

With this commitment, we pave the way for our nation to be able to answer the hopes and needs of those who now wait too long for a second chance at life.

I urge support of H.R. 457 and challenge all Americans to say ''yes'' to organ and tissue donation.

H.R. 1660, PUBLIC SCHOOL MODERNIZATION ACT OF 1999

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. RANGEL. Mr. Speaker, today, along with many of my colleagues, I am introducing legislation, entitled the Public School Modernization Act of 1999, which consists of two education tax incentives that are contained in the President's budget recommendations for fiscal year 2000. I am very pleased that 88 Members have joined me as cosponsors of this needed legislation. I cannot imagine a better way to honor our teachers on ''Teacher Appreciation Day'' than to work toward modernized schools, smaller classes, and other educational improvements in our public schools.

I will continue to work with the Administration to introduce the President's domestic initiatives that are within the jurisdiction of the Ways and Means Committee. I also will continue to urge consideration by the Congress of these important proposals.

The most important challenge facing this country today is the need to improve our educational system. Expanding educational opportunities is crucial to our country's social and economic well being.

I have a personal interest in improving the quality of education for all students. Through the GI bill, this country made an investment in my education that provided me with a needed second chance after the Korean War. I believe that we must give all public school children a second chance so that they can make a positive contribution to society by making the most of their abilities through educational opportunities.

I am very excited that the President emphasize education in his State of the Union address and that his budget recommendations contain a comprehensive program to improve our public school system. The bill that we are introducing today contains two important tax provisions that will help modernize our public schools, reduce class sizes, and expand education-based training opportunities for students most in need.

I recognize that these tax provisions alone are not the total answer to our country's need to improve our educational system. Therefore, I also am a strong supporter of the other education improvements included in the President's budget.

Many children today are attending school in trailers or in dilapidated school buildings. We cannot expect learning to occur in those environments. Other students are forced into huge classes, making it difficult for students to learn and difficult for teachers to help students on an individual basis. Using tax credits, this bill would provide approximately $24 billion in interest-free funds for school modernization projects. This bill is a meaningful first step in addressing the problem of crowded and dilapidated school facilities.

Recent events have underscored the need for increased school safety measures in many public schools. While these are by no means the only answers, reducing class size and providing safe and modern schools will help children get off to the right start and will help teachers more easily recognize and serve those students who may need special attention. In order for our children to learn, they must not be afraid to attend school. Safe schools are a necessity—and a priority. In addition to smaller classes, this legislation will provide the means for school districts to modernize other safety and educational features in the public schools.

We must also do more to provide education and training opportunities for students who do not go on to college. We have existing programs, like the empowerment zone legislation, that provide targeted incentives to encourage economic development in depressed urban and rural areas. While these incentives are important, employers in the targeted areas assert that they are unable to hire qualified individuals to work in the jobs created by the investment programs.

The bill speaks to this problem by extending and enhancing the education zone proposal that was enacted on a limited basis in the 1997 Taxpayer Relief Act. This program is designed to create working partnerships between public and private entities to improve education and training opportunities for students in high poverty rural and urban areas.

Some have argued that the Federal government should have no role in assisting the public school system at the K through 12 level. I disagree strongly. The federal government historically has provided financial resources to the public school system. It has done so in part by providing tax-exempt bond financing that enables State and local governments to fund capital needs through low-interest loans. The bill that we are introducing today, in many respects, is very similar to tax-exempt bond financing. This bill does not require any additional layers of bureaucracy at the Federal or State level. It provides special tax benefits to holders of certain State and and local education bonds. The procedures used to determine whether bonds are eligible for those special benefits are substantially the same as the procedures applicable currently in determining whether a State or local bond is eligible for tax-exempt bond financing.

I also want to be very clear that this bill supports our public school system. I believe that improving our public school system should be our highest priority. Approximately 90 percent of the students attending kindergarten through grade 12 attend public schools. If we can find the resources to provide additional tax incentives, those incentives should be focused on improving the public school system that serves such a large segment of our student population. I have and will continue to oppose legislation, such as the so-called ''Coverdell'' legislation, that diverts scarce resources away from our public school system.

The Republicans are promoting a change in the tax-exempt bond arbitrage rules which they say is a meaningful response to the problem of dilapidated and crowded school buildings. Under current law, a school district issuing construction bonds can invest the bond proceeds temporarily in higher-yielding investments and retain the arbitrage profits if

the bond proceeds are used for school construction within two years. The Republican arbitrage proposal would extend the period during which those arbitrage profits could be earned from two to four years. The Republican proposal does not benefit those districts with immediate needs to renovate and construct schools. It benefits only districts that can delay completion of school construction for more than 2 years. It is inadequate at best. At worst, it may increase costs for those districts most in need because more bonds could be issued earlier.

Today's bill includes a provision that would extend the Davis-Bacon requirements to construction funded under the new program. This provision is consistent with the policy that Federally-subsidized construction projects should pay prevailing wage rates. The bill also includes provisions designed to ensure that local workers and contractors are able to participate in the construction projects.

Amazingly, while the concept of investing in human capital goes unchallenged in debate, elected leaders are still spending more of our nation's limited budget resources on back-end, punitive programs like law enforcement and prisons, rather than front-end investments like education and training that can really pay off in increased workforce productivity.

Unfortunately, these skewed priorities are present at the local level, too. New York City spends $84,000 per year to keep a young man in Riker's Island Prison, yet only $7,000 each year to educate a child in Harlem.

In addition, improving opportunities in education is a vital link in broader U.S. economic policy, including U.S. trade policy. Ensuring that our education system is strong, and that our children's education prepares them to take advantage of the economic opportunities our society has to offer, is essential to ensuring that the benefits of trade and trade agreements extend more deeply and fully throughout our society.

We must change our priorities. Let's invest in the future of this country through our children. Let's bring the same zeal to encouraging and educating our children that we now apply to punishment and incarceration.

The following is a brief description of the provisions contained in our bill. They would cost approximately $3.3 billion over the first 5 years.

EDUCATION ZONE PROVISIONS

A. Qualified Zone Academy Bonds

Section 226 of the 1997 Taxpayer Relief Act provides a source of capital at no or nominal interest for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary schools. To be eligible to participate in the program, the public school must be located in an empowerment zone or enterprise community or at least 35 percent of the students at the school must be eligible for free or reduced-cost lunches under the Federal school lunch program. In addition the school must enter into a partnership with one or more nongovernmental entities.

The provision provides the interest-free capital by permitting the schools to issue special bonds called ''Qualified Zone Academy Bonds.'' Interest on those bonds will in effect be paid by the Federal government through a tax credit to the holder.

The bill would increase the caps on the amount of bonds that can be issued under the program as shown in the following table. The bill would also permit the bonds to be used for new construction.

Year	Current law	Additions under bill	Total issuance cap
1998	$400 million		$400 million
1999	$400 million		$400 million
2000		$1 billion	$1.0 billion
2001		$1.4 billion	$1.4 billion

The bill would make several technical modifications to the 1997 legislation. It would repeal the provision that restricts ownership of qualified zone academy bonds to financial institutions, it would change the formula used in determining the credit rate, it would provide for quarterly allowances of the credit to coincide with estimated tax payment dates and permit credit stripping in order to improve the marketability of the bonds, it would require a maximum maturity of 15 years, rather than a maximum maturity determined under a formula, it would change the formula for allocating the national limit to make it consistent with the formula used in allocating the limit on qualified school construction bonds, and it would provide an indefinite carryover of any unused credit.

B. SPECIALIZED TRAINING CENTERS

The bill also includes a provision designed to encourage corporate contributions to specialized training centers located in empowerment zones or enterprise communities. A specialized training center is a public school (or special program within a public school) with an academic program designed in partnership with the corporation making the contribution. There is a limit of $8 million per empowerment zone and $2 million per enterprise community on the amount of contributions eligible for the new credit. The limit would be allocated among contributors by the local official responsible for the economic development program in the zone or community.

QUALIFIED SCHOOL CONSTRUCTION BONDS

The bill would also permit State and local governments to issue qualified school construction bonds to fund the construction or rehabilitation of public schools. Interest on qualified school construction bonds would in effect be paid by the Federal government through an annual tax credit. The credit would be provided in the same manner as the credit for qualified zone academy bonds.

Under the bill, a total of $11 billion of qualified school construction bonds could be issued in 2000 and in 2001. Half of the annual cap would be allocated among the States on the basis of their population of low-income children, weighted the State's expenditures per pupil for education (the Title I basic grant formula). The other half of the annual cap would be allocated among the hundred school districts with the highest number of low-income children and that allocation would be based on each district's Title I share. Before making the allocations described above, $200 million in 2000 and 2001 would be reserved for allocation by the Secretary of the Interior for schools funded by the Bureau of Indian Affairs.

The following chart shows the aggregate amount of qualified school construction bonds and qualified zone academy bonds that could be issued in each State under the bill. The total includes amounts allocated to large school districts in the State. An additional $750 million is reserved for allocations to other school districts not in the largest 100 districts.

[In thousands of dollars]

State	Estimate Allocation
Alabama	$373,179
Alaska	45,552
Arizona	321,189
Arkansas	191,361
California	3,029,203
Colorado	203,299
Connecticut	195,615
Delaware	46,746
District of Columbia	113,625
Florida	1,337,671
Georgia	606,081
Hawaii	49,685
Idaho	55,825
Illinois	1,125,357
Indiana	326,773
Iowa	135,205
Kansas	154,208
Kentucky	344,582
Louisiana	596,956
Maine	76,808
Maryland	351,517
Massachusetts	402,027
Michigan	1,001,250
Minnesota	266,123
Mississippi	327,445
Missouri	386,832
Montana	62,924
Nebraska	82,857
Nevada	90,274
New Hampshire	44,910
New Jersey	526,789
New Mexico	185,062
New York	2,750,541
North Carolina	390,043
North Dakota	46,746
Ohio	948,239
Oklahoma	270,223
Oregon	191,113
Pennsylvania	1,007,919
Puerto Rico	636,673
Rhode Island	81,320
South Carolina	261,777
South Dakota	47,922
Tennessee	396,843
Texas	2,149,680
Utah	84,796
Vermont	43,847
Virginia	317,458
Washington	285,098
West Virginia	177,753
Wisconsin	418,781
Wyoming	43,236

DAVIS-BACON REQUIREMENTS

The bill includes a provision that would extend the Davis-Bacon prevailing wage requirements to construction funded under the new program. In order to ensure the marketability of the tax-subsidized financing, the Davis-Bacon requirements would be enforced by the Department of Labor and not through disallowance of tax benefits.

The bill also requires governments participating in the new program to give priority in awarding contracts to contractors with local

workforces and to require a priority for local workers for new hires. The bill contains modifications to the Workforce Investment Act to ensure the availability of skilled local workers for the construction.

REGARDING THE STATE OF AMERICAN AGRICULTURE

HON. DAVID D. PHELPS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. PHELPS. Mr. Speaker, let me begin by thanking my colleague Mr. BERRY for gathering us here to talk about the state of agriculture and the dire need for quick action on the Supplemental Appropriations measure. There is perhaps no more timely or pressing issue facing our nation's farmers and the legislators who represent them in Washington, and I am grateful to have the opportunity to participate in this discussion.

The importance of agriculture to the families and economy of Illinois' 19th District cannot be overstated, and I am proud to serve on the Agriculture Committee, where I look forward to helping to shape our nation's agriculture policy. Every one of the communities I represent is deeply impacted when agriculture experiences tough times, and these are some of the toughest in recent memory.

The pork industry is still reeling from a crisis, and prices are low for other commodities that are critical to my district, such as corn and soybeans. The Natural Resource Conservation Service in Illinois and many other states is facing a major budget shortfall that will likely necessitate office closures or furloughs and has already resulted in the suspension of CRP technical assistance services that countless farmers depend upon. Farmers are experiencing undue delays in receiving disaster assistance and other USDA payments, and Farm Service Agency offices throughout the country are understaffed and overworked.

I urge my colleagues to recognize the urgency of this situation and hope we can work together to find both short- and long-term solutions to the problems that plague our agriculture community. It seems clear to me, in fact, that one short-term solution has already been found, in the form of a supplemental appropriations bill that includes $152 million for USDA. This money will allow the Department to increase loan capacity by more than $1 billion at a time when conditions in the agriculture economy have increased demand for USDA's farm loan programs by 400%. The funding will also provide desperately-needed temporary staffing assistance for FSA offices.

Unfortunately, it has been two months since the President submitted his supplemental spending request, and over a month since both houses passed their bills. Farmers are already in the fields planting crops and USDA is receiving 150 applications for loan assistance every day. Meanwhile, conferees have only this week been appointed to begin crafting a final supplemental measure, and there is no indication that this risk is being undertaken with the urgency it requires. We simply must pass this legislation now. America's farmers are counting on their representatives in Congress. We cannot let them down during this time of crisis.

Again, Mr. Speaker, I want to thank Mr. BERRY for demonstrating his commitment to American agriculture and urging us to speak out on this important issue.

THE SMART IDEA ACT OF 1999

HON. ZOE LOFGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. LOFGREN. Mr. Speaker, I rise to introduce legislation that makes the point that Congress doesn't need to pit the needs of disabled children against the needs of non-disabled children in meeting our commitments with IDEA—the individuals with Disabilities Education Act. There are other alternatives available. As is often the case, Mr. Speaker, this Republican-controlled House lacks imagination when confronting important issues.

It is ironic that on National Teacher's Day we are pitting disabled children against their non-disabled classmates. Instead of depriving our schools of important funds from other federal education programs, as the Republicans suggest, I propose that we use an existing federal program to meet the obligations of IDEA. I think the Medicaid program is ideal for this approach.

The concept of my legislation is simple: after any school district has spent $3,500 on a student who is eligible for IDEA funds, the school district can receive full federal funding from the Medicaid program for additional required services mandated under IDEA.

The idea behind IDEA was that children who are disabled must receive the assistance they need to achieve their academic potential. That's the right thing for those children and their families. It's also the right thing for America—so that every individual has the maximum chance to be a contributor.

But who pays has been a problem for many years. Especially problematic for cash-strapped schools are situations where extraordinary expenses are required for a severely disabled child. These expenses can ''bust the budget'' and pit the parents of disabled children against the parents of non-disabled children. Because of the high costs of providing special assistance to the disabled, it is believed that some school districts tend to overlook findings that assistance is needed. That is counter-productive to the goal of helping disabled children succeed in school. But it's hard to blame the schools. The necessary funding has never been provided by the state or federal governments for this great IDEA.

The use of Medicaid to fund IDEA solves most of these problems. Since the Federal government funds 50% of Medicaid, shifting extraordinary expenses to the Medicaid program would ensure that the Federal government does its part. Because the rest of Medicaid funding comes from the states, the use of Medicaid also would ensure that states do their fair share and don't shirk their obligations to local schools. Adoption of this proposal would remove the disincentive now in place for schools to avoid providing help to disabled children. Additionally, it would remove the animosity that can develop between the parents of disabled and non-disabled children for scarce resources.

I think this change makes a lot of sense and hope that a bipartisan majority can put solutions ahead of politics and pursue this plan. Let's not allow a lack of imagination and compassion to short-change all our kids and schools.

A TRIBUTE TO THE CITY OF LATON

HON. CALVIN M. DOOLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. DOOLEY of California. Mr. Speaker, I rise today to pay tribute to the community of Laton on celebrating their 100 year anniversary.

In 1902, Lewelyn A. Nares and Charles A. Laton acquired land near Kingsburg known as ''The Laguna De Tache''. Nares and Laton transferred title of their holdings to ''Laguna Lands Limited'' and Charles A. Laton soon disappeared from the local scene. Years later, a man named T.J. Saunders, an Iowa native, brought a group of businessmen to the area forming the nucleus for the city of Laton.

Laton has a rich history of community service. That tradition is exemplified by the strong ongoing commitment of the Volunteer Fire Department, the Lyon's Club, and other local organizations. In addition to providing a range of public services, each year the Laton community comes together for the Building Our Neighborhoods Drug Free (BOND) festival, which brings families together to celebrate Laton's drug-free environment. Community programs, including the BOND festival have made Laton one of the Central Valley's best places to raise a family.

Mr. Speaker, I ask my colleagues to join me in congratulating the city of Laton in celebrating their 100th year as a successful and prosperous community.

HONORING THE JACK C. HAYS HIGH SCHOOL REBEL BAND

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. PAUL. Mr. Speaker, the Jack C. Hays High School Rebel Band of Austin, Texas, recently earned the distinct honor of being selected for the 1999 Sudley ''Flag of Honor'' award from the John Philip Sousa Foundation. This award is the highest recognition of excellence in concert performance that a high school band can receive. During the 17 years the award has been in existence, only 39 bands from the entire United States and Canada have been selected for the Flag of Honor. Conductor Gerald Babbitt and his Rebel band deserve our praise and recognition on the occasion of receiving this prestigious award.

The John Philip Sousa Foundation designed this award to identify and recognize high school concert band programs of very special excellence at the international level. To be eligible for nomination, a band must have maintained excellence over a period of many years in several areas including concert, marching, small ensemble and soloists. The director must have been the conductor of the band for at least the previous seven consecutive years including the year of the award.

Each recipient receives a four-by-six foot "Flag of Honor" which becomes the property of the band, The flag is designed in red, white and blue and bears the logo of the John Philip Sousa Foundation. The conductor receives a personal plaque and each student in the band receives a personalized diploma.

Mr. Speaker, it is indeed an honor to have such an outstanding high school band in the 14th Congressional District. I am delighted to extend my hearty congratulations to them. Their hard work and dedication is an inspiration to us all.

REPORT FROM WHITLEY COUNTY

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. MCINTOSH. Mr. Speaker, I rise today to give my "Report from Indiana" where I honor distinguished Hoosiers who are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committed Hoosiers who I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them "Hoosier Heroes".

I recognized this genuine Hoosier Hero in Whitley County, Indiana at a Lincoln Day dinner speech. She is Genny Walter-Thomson, whose devotion to her community has been unfailing. She has worked for decades to improve the lives of the mentally ill. By working tirelessly on behalf of the less fortunate, Genny epitomizes a Hoosier Hero.

Genny's special love is for children. She has worked hard to build the new YMCA so the youth of this community can direct their energies in a positive direction. She also serves on the Welfare-to-Work board to help people with the transition from dependence to dignity.

Genny's work has given many people the most precious gift possible, hope. She doesn't help people for the pay, which is zilch, she does it for the smiles and laughter. You are a true hero in my book, doing good works for others with no other motive than Christian charity.

Genny Walter-Thomson deserves the gratitude of the country, state, and nation, and I thank her here today on the floor of the House of the Representatives.

WATER RESOURCES DEVELOPMENT ACT OF 1999

SPEECH OF

HON. TOM BLILEY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 29, 1999

The House in Committee of the Whole House of the State of the Union had under consideration the bill (H.R. 1480) to provide for the conservation and development of water and related resources, to authorize the United States Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes:

Mr. BLILEY. Mr. Chairman, I rise today in support of H.R. 1480, a bill to authorize the United States Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

Section 326 of the legislation, which addresses the modification of a project on the West Bank of the Mississippi River for flood control and storm damage reduction, contains language which clarifies the application of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, commonly known as "Superfund," to the project. As you know, the Superfund statute is a matter within the jurisdiction of the Committee on Commerce, and this provision falls within that jurisdiction.

However, I have no objection to the inclusion of this provision. I recently sent Chairman SHUSTER a letter indicating that I would not seek a sequential referral of the bill, and ask unanimous consent that the letter appear in the RECORD at this point.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
Washington, DC, April 27, 1999.

Hon. BUD SHUSTER,
Chairman, Committee on Transportation and Infrastructure, Rayburn House Office Building, Washington, DC.

DEAR BUD: I am writing with regard to H.R. 1480, a bill to provide for the conservation and development of water and related resources, to authorize the United States Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes. Section 326 of the legislation, modifying the project for flood control and storm damage reduction, West Bank of the Mississippi River (East of Harvey Canal), Louisiana, contains provisions within the jurisdiction of the Committee on Commerce. Specifically paragraph (a)(1) clarifies the application of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") of 1980 (42 U.S.C. 9601 et seq.) to the project.

Because of the importance of this legislation, I recognize your desire to bring it before the House in an expeditious manner, I will not exercise the Committee's right to a sequential referral. By agreeing to waive its consideration of the bill, however, the Commerce Committee does not waive its jurisdiction over H.R. 1480. In addition, the Commerce Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I ask for your commitment to support any request by the Commerce Committee for conferees on H.R. 1480 or similar legislation.

I request that you include this letter as part of the Record during consideration of the legislation on the House floor.

Thank you for your attention to these matters. I remain,

Sincerely,

TOM BLILEY,
Chairman.

A TRIBUTE TO THE HONORABLE OLIVER OCASEK

HON. THOMAS C. SAWYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SAWYER. Mr. Speaker, we rise to honor Oliver Ocasek—one of Ohio's most distinguished citizens. On May 20, Oliver Ocasek will receive the YMCA of the USA's Volunteerism Award—the YMCA's highest honor. The YMCA is honoring Ocasek for his more than 50 years of service to youth organizations. We rise today, not only to recognize his deserved selection for this award, but to recognize a lifetime of service to the people of Ohio.

Sen. Ocasek's devotion to education extends well beyond his volunteerism with the YMCA. He co-founded the Ohio Hi-Y Youth in Government Model Legislature program with Governor C. William O'Neill in 1952 and supervised it throughout his service on the Ohio-West Virginia Board of the YMCA. He has served on the greater Akron area boards of Goodwill Industries, Shelter Care, and the Salvation Army. He also has been a professional educator in a wide variety of capacities: a teacher, a principal, a school superintendent, and a professor at both the University of Akron and Kent State University. He was instrumental in bringing together our regional institutions of higher learning to create the Northeastern Ohio Universities' College of Medicine. He capped his educational service with three terms on Ohio's State Board of Education.

This breadth of service to youth is impressive by itself. But alone, it does not capture Oliver Ocasek's contribution to the people of Ohio. Oliver Ocasek was one of the most influential legislators in the Statehouse, where he served in the Senate for 28 years from 1958 to 1986. In the 1970's, he became the first Senate President elected by his peers due to a change in the Ohio Constitution. Along with Republican Governor James Rhodes and Democratic House Speaker Vernal Riffe, Sen. Ocasek made many of the decisions to keep state government moving forward. He was an expert on Ohio's complex school funding system and used his knowledge, experience, and position to benefit local students. His enormous influence came from his savvy and from the hard, tedious work of studying, debating, refining, and reaching decisions on difficult and often contentious state issues.

He is astute, well-steeped in history, a gifted orator and a man of heart-felt compassion.

Oliver Ocasek's larger-than-life ambitions drove him hard in politics and in civic life in general, not in search of personal gain and glory, but in order to use his talents and positions to care for the least of his brothers and sisters. Last year in the *Akron Beacon Journal*, Sen. Ocasek expressed his philosophy: "Nothing breaks my heart more than for a child to not have parents who care or to not have a chance for a good education. That's been my commitment—my life—to provide a good education for all children." His leadership has inspired tens of thousands of young people touched by his commitment to education and to the YMCA youth programs over the last half-century.

Today, many people disparage public service and doubt that one person can make a difference. Oliver Ocasek would profoundly disagree. And more importantly, his efforts and their recognition by the YMCA are the evidence to the contrary. His service to the people—and particularly the youth—of Ohio shows that, with hard work and commitment, one person can make a difference. And we are grateful for the difference that he has made.

TRIBUTE TO THE ALEXANDER MACOMB CHAPTER DAUGHTERS OF THE AMERICAN REVOLUTION

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BONIOR. Mr. Speaker, I am honored to have the opportunity to recognize the achievements of a very special organization. I ask my colleagues to join me in saluting the Alexander Macomb Chapter of the Daughters of the American Revolution as they gather for their Centennial Celebration.

In June of 1899, 12 women congregated in the home of Mrs. Helen Smart Skinner to organize the Mount Clemens chapter of the Daughters of the American Revolution. Though their membership has grown and changed, their goals have remained the same: to dedicate their time and talents to serving God, home and country. During the early years they assisted the military by sending supplies to soldiers. Today, they continue to support the veterans at the Detroit V.A. Hospital. The chapter began marking graves of soldiers from the Revolutionary War and the war of 1812. In 1986, they assumed responsibility for the Cannon Cemetery and continue to mark graves when they are located. The chapter has erected many memorials to honor our fallen soldiers throughout the country. The Daughters of the American Revolution are dedicated to service through their membership.

During the past 100 years, members of the D.A.R. have contributed their time and resources to the betterment of society. They have generously donated flags to schools, scouts, public parks and most recently to the new Mount Clemens Court Building. The chapter has supported many schools by donating books over the years as well as supporting their National Library. I would like to thank all of the members, past and present, who have worked diligently to foster true patriotism in the Macomb County community.

The members of the Macomb Chapter of the Daughters of the American Revolution are dedicated to the preservation of patriotic principles and securing the blessings of liberty for mankind. Please join me in offering congratulations as they celebrate 100 years of service to God, home and country.

HONORING THE BOROUGH OF NORTH YORK ON ITS 100TH ANNIVERSARY

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. GOODLING. Mr. Speaker, I rise today to pay tribute to the Borough of North York on the occasion of its 100th Anniversary Celebration. I am pleased and proud to bring the history of this fine borough to the attention of my colleagues.

The general outlines for the borough began in 1888 with the purchase of 63 acres of ground by Jacob Mayer, a leading cigar maker. At that time, North York was known as Mayersville. On April 17, 1889, the Borough of North York was incorporated, encompassing about 146 acres of land. The first official council meeting was held on May 12, 1899.

Today, the population of the Borough of North York is 1689. It is a thriving community and home to many outstanding businesses.

I send my sincere best wishes as the Borough of North York celebrates this milestone in its history. I am proud to represent such a fine place and look forward to watching it grow as we enter the new millennium.

CONGRATULATING TO OUR LADY OF LOURDES ACADEMY MIAMI, FLORIDA

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. ROS-LEHTINEN. Mr. Speaker, today I would like to recognize an outstanding group of girls from Our Lady of Lourdes Academy who won third place at this year's national We the People competition.

Sacrificing their weekends, evenings, and spending countless of hours in preparing diligently for the state and local tournaments which they won, 17 students of Our Lady of Lourdes Academy proudly represented Miami and the state of Florida this year in yesterday's national competition on the Constitution.

I ask my Congressional colleagues to join me in paying tribute to devoted teacher Rosie Heffernan and to the following 17 young girls who made evidence their pride in our country's heritage and demonstrated their vast knowledge of the United States' history and of current events: Deerack Asencio, Deanna Barkett, Melissa Camero, Carly Celmer, Catherine Cone, Jessica Fernandez, Tanya Garcia, Diana Kates, Ingrid Laos, Vivian Lasaga, Claudia MacMaster, Tanya Nelson, Sonya Nelson, Tatiana Perez, Flavia Romero, Melissa Sanchez, and Kristina Velez.

REPORT FROM WAYNE COUNTY

HON. DAVID M. McINTOSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. McINTOSH. Mr. Speaker, I rise today to give my "Report from Indiana" where I honor distinguished Hoosiers who are actively engaged in their communities helping others.

Mr. Speaker, it has always been my strong belief that individuals and communities can do a better job of caring for those who need help in our society than the federal government. The wonderfully kind and committed Hoosiers who I have met traveling around Indiana have not changed my view.

Ruthie and I have met hundreds of individuals who are committed to making our communities a better place in which to live and raise our children—we call them "Hoosier Heroes."

I recognized this genuine Hoosier Hero in Wayne County at a Lincoln Day dinner speech. She is Violet Backmeyer, whose commitment and service to the needy has been just as strong and successful. By working tirelessly on behalf of the less fortunate, Violet epitomizes a Hoosier Hero.

For the past 15 years, Violet has served as a Wayne Township Trustee. She has given invaluable service to the Salvation Army and various food pantries both providing aid to the desperately poor.

Violet's work has given so many people the most precious gift possible, hope. She doesn't do it for the pay, which is zilch, she does it for the smiles and laughter. You are a true hero in my book, doing good works for others with no other motive than Christian charity.

Violet Backmeyer deserves the gratitude of her country, state, and nation, and I thank her here today on the floor of the House of Representatives.

CALIFORNIA RESOLUTION TO HONOR WORLD WAR II VETERANS

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. FILNER. Mr. Speaker, I rise today to place into the CONGRESSIONAL RECORD a Resolution from the California State Assembly, Assembly Joint Resolution No. 15 relative to Filipino World War II veterans:

Whereas, The Philippine Islands, as a result of the Spanish-American War, were a possession of the United States between 1898 and 1946; and

Whereas, In 1934, the Philippine Independence Act (P.L. 73–127) set a 10-year timetable for the eventual independence of the Philippines and in the interim established a government of the Commonwealth of the Philippines with certain powers over its own internal affairs; and

Whereas, The granting of full independence ultimately was delayed for two years until 1946 because of the Japanese occupation of the islands from 1942 to 1945; and

Whereas, Between 1934 and the final independence of the Philippine Islands in 1946, the United States retained certain sovereign powers over the Philippines, including the right, upon order of the President of the United States, to call into the service of the United States Armed Forces all military forces organized by the Commonwealth government; and

Whereas, President Franklin D. Roosevelt, by Executive order of July 26, 1941, brought the Philippine Commonwealth Army into the service of the United States Armed Forces of the Far East under the command of Lieutenant General Douglas MacArthur; and

Whereas, Under the Executive Order of July 26, 1941, Filipinos were entitled to full veterans benefits; and

Whereas, Approximately 200,000 Filipino soldiers, driven by a sense of honor and dignity, battled under the United States Command after 1941 to preserve our liberty; and

Whereas, There are four groups of Filipino nationals who are entitled to all or some of the benefits to which United States veterans are entitled. These are:

(1) Filipinos who served in the regular components of the United States Armed Forces.

(2) Regular Philippine Scouts, called ''Old Scouts,'' who enlisted in Filipino-manned units of the United States Army prior to October 6, 1945. Prior to World War II, these troops assisted in the maintenance of domestic order in the Philippines and served as a combat-ready force to defend the islands against foreign invasion, and during the war, they participated in the defense and retaking of the islands from Japanese occupation.

(3) Special Philippine Scouts, called ''New Scouts,'' who enlisted in the United States Armed Forces between October 6, 1945, and June 30, 1947, primarily to perform occupation duty in the Pacific following World War II.

(4) Members of the Philippine Commonwealth Army who on July 26, 1941, were called into the service of the United States Armed Forces. This group includes organized querrilla resistance units that were recognized by the United States Army; and

Whereas, The first two groups, Filipinos who served in the regular components of the Unites States Armed Forces and Old Scouts, are considered United States veterans and are generally entitled to the full range of United States veterans benefits; and

Whereas, The other two groups, New Scouts and members of the Philippine Commonwealth Army, are eligible for certain veterans benefits, some of which are lower than full veterans benefits; and

Whereas, United States veterans medical benefits for the four groups of Filipino veterans vary depending upon whether the person resides in the United States or the Philippines; and

Whereas, The eligibility of Old Scouts for benefits based on military service in the United States Armed Forces has long been established; and

Whereas, The federal Department of Veterans Affairs operates a comprehensive program of veterans benefits in the present government of the Republic of the Philippines, including the operation of a federal Department of Veterans Affairs office in Manila; and

Whereas, The federal Department of Veterans Affairs does not operate a program of this type in any other country; and

Whereas, The program in the Philippines evolved because the Philippine Islands were a United States possession during the period 1898–1946, and many Filipinos have served in the United States Armed Forces, and because the preindependence Philippine Commonwealth Army was called into the service of the United States Armed Forces During World War II (1941–1945); and

Whereas, Our nation has failed to meet the promises made to those Filipino soldiers who fought as American soldiers during World War II; and

Whereas, The Congress passed legislation in 1946 limiting and precluding Filipino veterans that fought in the service of the United States during World War II from receiving most veterans benefits that were available to them before 1946; and

Whereas, Many Filipino veterans have been unfairly treated by the classification of their service as not being service rendered in the United States Armed Forces for purposes of benefits from the federal Department of Veterans Affairs; and

Whereas, All other nationals who served in the United States Armed Forces have been recognized and granted full rights and benefits, but the Filipinos, as American nationals at the time of service, were and still are denied recognition and singled out for exclusion, and this treatment is unfair and discriminatory; and

Whereas, On October 20, 1996, President Clinton issued a proclamation honoring the nearly 100,000 Filipino veterans of World War II, soldiers of the Philippine Commonwealth Army, who fought as a component of the United States Armed Forces alongside allied forces for four long years to defend and reclaim the Philippine Islands, and thousands more who joined the United States Armed Forces after the war; Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States during the First Session of the 106th Congress to take action necessary to honor our country's moral obligation to provide these Filipino veterans with the military benefits that they deserve, including, but not limited to, holding related hearings, and acting favorably on legislation pertaining to granting full veterans benefits to Filipino veterans of the United States Armed Forces; and be it further

Resolved, That the Clerk of the Assembly transmit a copy of this resolution to the President and the Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

CONSENT OF CONGRESS TO THE CHICKASAW TRAIL ECONOMIC DEVELOPMENT COMPACT

HON. ED BRYANT

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BRYANT. Mr. Speaker, as we move into the 21st Century, there is a need in our rural communities to find new revenue sources to keep up with the constant changes of our high-tech and booming business community.

This scenario rings true in many areas of rural Tennessee. Several of the counties within the seventh-district are doing what they can to attract businesses to their communities to provide jobs and revenue to help their counties, cities, and towns grow in the new century.

That is what we have in front of us today. The Chickasaw Trail Economic Development Compact gives Congressional consent to an interstate compact between Tennessee and Mississippi that will promote interstate cooperation and economic development in an area straddling Fayette County, Tennessee and Marshall County, Mississippi.

Under the bill, the Chickasaw Compact would conduct a study to determine the feasibility of establishing an industrial park in this area. Should that study turn out to be favorable, the states would then negotiate a new compact implementing the details needed to establish a 4,000 to 5,000 acre industrial park. This location is adjacent to metro Memphis, which is shot of available land for future industrial growth, and it is hoped that the development would attract sophisticated high technology industries to the area.

The compact has already established a board of directors representing the two states, the two counties and the private sector. Financial support from local, state and federal sources have allowed the project to proceed with an initial feasibility study.

COMMEMORATING THE PASSING OF ROBERT LAWRENCE RUMSEY

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. GARY G. MILLER of California. Mr. Speaker, I rise today on this sad occasion to commemorate someone very dear to me, my father-in-law, Robert Lawrence Rumsey.

Robert passed away peacefully in his sleep at the age of 85 on January 28, 1999 at his home in Glendora, California. He is survived by his wife of 64 years, Evelyn Rumsey; his sister Dorothy Lawrence; his three daughters and two sons-in-law, Charles and Judy Nichols of Huntington Beach; Loretta Rojas of Pomona; my wife, Cathy, and me.

He will be deeply missed by his seven grandchildren, six great-grandchildren, and one great great-grandchild.

Robert was born in Chicago, Illinois in 1913 to Silas and Nellie Rumsey. When he was five years old, he moved to Los Angeles, California. In 1930, Robert graduated from Manual Arts High School and soon thereafter moved to Detroit, Michigan where he met his beautiful wife Evelyn. The two were married on August 21, 1934. Robert then attended the Ford Motor Company Trade School and graduated with honors. He proceeded to become a master Tool and Die Maker and Mold Maker.

In 1941, Robert and Evelyn moved to Southern California and in 1947 began building their home in Glendora. For many years, Robert worked for United Engravers in Los Angeles.

Services were held on Monday, February 1, 1999 at Oakdale Memorial Park in Glendora, California.

You will be greatly missed.

COMMEMORATING THE CORNERSTONE CEREMONY FOR JOHN A. O'CONNELL TECHNICAL HIGH SCHOOL

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. PELOSI. Mr. Speaker, I rise today in recognition of the Cornerstone Ceremony for John A. O'Connell Technical High School in San Francisco.

In 1989 the Loma Prieta earthquake virtually destroyed the facilities at John A. O'Connell Technical High School, and forced them to relocate the school temporarily for a period of ten years. In the year 2000 the John A. O'Connell Technical High School will return to its former site and a new building structure in the Mission District of San Francisco. John A. O'Connell Technical High School will be the first San Francisco public school of the Millenium. Its curriculum will be revised to reflect the role of technology for today's classrooms and workplaces as its focus moves from a traditional trade school to a school emphasizing a curriculum that will embody a ''school to career'' principle.

On May 10, 1999, the Cornerstone Ceremony for John A. O'Connell Technical High School will be hosted by officers of the Grand Lodge of Free and Accepted Masons of California. It is a true reflection of our diversity of interests to bring together so many organizations in support of public education. The Masons have a rich tradition of serving our communities, particularly education, and we are grateful for their support over these many years. The man whose name we honor today—John O'Connell—served the San Francisco community as its labor leader for almost half a century as a founder of the Teamsters Union and the San Francisco Labor Council. Their extraordinary vision and commitment bring us once again to the doorsteps of a new center for education and learning in the Mission District.

Mr. Speaker, on behalf of Congress, let us join in celebrating our continued support for pubic education by commending the leaders and representatives of the San Francisco Mission District community, labor community, and Masonic Lodges and organizations and other individuals who have contributed to this historic occasion.

DALLAS COWBOYS OWNER JERRY JONES

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, many of us are aware of the contributions that Dallas Cowboys owner Jerry Jones has made to the sport of football. His focus on excellence in sportmanship and successful stewardship of the Dallas Cowboys will be forever cemented in the history of the game.

However, Mr. Jones has also made a significant contribution to the history of our country and the ideas of Thomas Jefferson, the third President of the United States, who drafted the Declaration of Independence.

Mr. Speaker, Mr. Jones along with his wife Gene, donated $1 million to a Library of Congress program that is currently rebuilding Thomas Jefferson's personal book collection that was lost in a fire.

This gracious gift allows the Library of Congress to obtain lost copies of books destroyed in 1851. It will be a labor and financially intensive undertaking that will be helped by Mr. Jones's assistance.

Cicero once said that ''to be ignorant of the past is to remain a child.'' Mr. Speaker, the donation by Mr. Jones will assure that we will be able to hold onto history and be less ignorant of it, while being wiser.

Thomas Jefferson was not only the drafter of the Declaration of Independence and U.S. President, he was also an enlightened thinker whose ideas helped us build this country and guide her through dark times. His ideas and thoughts were shaped and influenced by books.

It is appropriate that the gift from Mr. and Mrs. Jones will help restore Jefferson's rare books as he helped found the Library of Congress.

As this country still wrestles with issues of equality and freedom well into the 21st century, it is incumbent upon us to refer to the high-minded ideals of our Founding Fathers. The $1 million donation to the Library of Congress will help this country locate those books and remind us of our collective vision and history.

On behalf of the residents of the 30th Congressional District and all Americans, I would like to thank Jerry and Gene Jones for their donation to the Library of Congress. For me, this also represents their service to our country, support of democratic ideas and persevering history.

THE DAIRY COMPACT—WHY WE NEED IT

HON. AMO HOUGHTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. HOUGHTON. Mr. Speaker, I rise today on behalf of H.R. 1604, a bill which would allow New York State farmers to join the New England Dairy Compact. The compact is not a panacea for dairy problems, but it is a start.

There are those who argue against it—too restrictive, anti-competitive, will increase milk prices. Despite the nay-sayers, there are many reasons to support this compact, and I support it. There are cultural reasons, economic reasons, and an overriding consideration: our own farmers want it.

The current compact in New England was established about two years ago. It provides dairy farmers with a steady, predictable floor price for their milk. And that is important. Dairy farmers for the most part live so close to the line that mild gyrations in the price they receive can be lethal.

How would anyone like to run a business where the price of your product in one day can drop 40% and you have no control over it. Your product, your quality, your service is better than ever. Through non-economic sources beyond your control your whole business stands on the brink of destitution. 5,600 New York dairy farms went that route in the last ten years.

There are three groups opposed to this life-saving compact.

First, the large Midwestern producers who in effect control through government orders the floor price of liquid milk and cheese.

Second, the big city political powers who claim that a compact to stabilize prices will at the same time increase prices to the poor. This has been disproved over and over again.

Third, the middle men—those who handle, package and distribute the raw milk before it reaches retail consumers. While the farmer receives the same price for his milk on average as he did 20 years ago—this guy has jacked up the price to the consumer in this same period by 35%.

Everyone has a right to fight for his or her economic interests, but not using the government as an accomplice, and not at the expense of those who milk the cows and produce the basic product. Something is terribly wrong when downstream interests enrich only themselves and prey on the vulnerability of smaller family farms. These plus others hold in their hands the ability to drive an important part of our heritage as well as our food supply to the wall.

If government is for anything it is to protect those who can't protect themselves. This is why I, along with others, am fighting for a multi-state Dairy Compact.

The dairy business could soon be dominated by mega-farms whose only claimed advantage is an economy of scale. That's not sufficient reason to muscle out others of lesser size whose costs are similar, but whose deep pockets are not. If the federal government is going to be in the dairy business at all, it better try to serve the many, not the few.

Is a compact the answer to all the problems in our dairy industry? Of course not. But it will help preserve our family producers until a more permanent solution can evolve.

So, the way I see it, a compact benefits farmers and consumers. That's why I will fight for its passage.

HONORING CECILE HERSHON

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. KILDEE. Mr. Speaker, I stand before you today to recognize and honor the accomplishments of a truly remarkable woman. On May 5, members of the Flint, Michigan, Northern High School Alumni Association will gather to honor five Distinguished Fellows, members of their alumni community who have contributed to legacy and rich history of Northern

High School, and of Flint. One Distinguished Fellow to be honored is the late Ms. Cecile Hershon.

Born in Lansing, Michigan in 1920, Cecile Hershon and her family eventually moved to Flint, where she graduated from Northern High School in 1938. In 1944, Cecile was recruited by the United States Army and began her long military career as a civilian clerk in Arlington, Virginia. From there she went on to become a part of the newly merged Army and Navy Signal Services, first known as the Armed Forces Security Agency as is currently what we know as the National Security Agency.

Cecile began to further her career with the National Security Agency, becoming adept as intelligence research, analysis, and reporting, and soon became a exceptional cryptographer. She later accepted an overseas position where she continued to perfect her skills, allowing her to function in a variety of supervisory and management positions. Throughout her career, which spanned an incomparable 42 years, Cecile received numerous honors and commendations, including one of the agency's highest honors, the National Meritorious Civilian Service Award in 1986. Cecile also became involved in WIN—Women in NSA, an organization dedicated to increasing personal growth and development among both men and women within the NSA. As a member of WIN, Cecile was honored with their President's Award on two separate occasions. She was also the first recipient of WIN's Dorothy T. Blum Award for excellence in personal and professional development.

In addition to being a model employee, Cecile was an ardent humanitarian as well. She was constantly found extending a helping hand to friends, colleagues, and sometimes mere acquaintances, sometimes at her own personal or professional expense, and with no thought of personal gain. Countless members of the NSA and the military attribute their success to Cecile's support and encouragement. There have been many accounts of people who were convinced by Cecile to remain in the NSA, complete their education, and honor familial obligations. Indeed, many of our military are better soldiers due to the influence of Cecile Hershon.

Mr. Speaker, Cecile Hershon lived her life in a truly selfless and benevolent manner, and it goes without saying that her influence extends even to this day. Her life's work, serving her country for so long as a civilian, is commanding of the highest respect.

INTRODUCTION OF LEGISLATION TO HONOR WORLD WAR II'S FIRST HERO, CAPTAIN COLIN P. KELLY, JR.

HON. ALLEN BOYD

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. BOYD. Mr. Speaker, today, I introduced a bill to honor World War II's first hero, and fellow Floridian, by designating the post office building in Madison, Florida the Captain Colin P. Kelly, Jr. Post Office.

Colin Kelly was born in Monticello, Florida on July 11, 1915. Raised in Madison, Florida he attended Madison High School until his graduation in 1932. In the summer of 1933, Kelly entered West Point, and after graduation in 1937 he was assigned to flight school and a B–17 group.

At the outbreak of WWII, Capt. Kelly, along with other B–17 crews, was ordered to Clark Field, the Philippines. Shortly after the bombing of Pearl Harbor, Capt. Kelly and his crew were ordered on a bombing mission to attack the Japanese fleet. After completing their bombing run, Capt. Kelly's plane was attacked by two Japanese fighters while returning to Clark Field. Kelly gave the order to abandon the aircraft but remained at the controls to maintain the plane's elevation so his crew could safely bail out. He did not have time to make his escape and was killed in the line of duty on December 10, 1941.

According to Major Kenneth Gantz in a memo for General William Hall dated November 21, 1945, "Kelly became a hero by circumstances at the time when his country desperately needed a hero." Indeed, Kelly was featured in many popular publications of the day and is often considered America's first hero of WWII. In addition, President Roosevelt awarded Capt. Kelly the Distinguished Service Cross posthumously for his actions.

The designation of the post office in his hometown of Madison as the Capt. Colin P. Kelly, Jr. Post Office seems a fitting tribute to this patriot, his family, and his legacy. I am proud to honor this American hero.

HONORING TEACHERS HALL OF FAME INDUCTEE RONALD W. POPLAU

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. MOORE. Mr. Speaker, I rise today on behalf of my constituents to honor Ronald W. Poplau, a sociology teacher at Shawnee Mission Northwest High School in Shawnee, KS, and one of only five teachers in the nation to be inducted this year into the National Teachers Hall of Fame.

Students and administrators who have worked with Ron Poplau have known for many years that he is one of the finest the field of professional education has to offer. For over 35 years, Ron Poplau has dedicated himself to giving students the tools they need not only to find their way in civil society, but to thrive.

Like many Americans, Ron Poplau has drawn inspiration from his family. Ron's father immigrated from Germany at the turn of the century, and because of prejudice and fear, was not able to receive a proper education. When Ron became a teacher, it was the fulfillment of his father's dreams to free himself and others from illiteracy.

Throughout his career, Ron Poplau has received many honors and awards for his work in the classroom. Most recently he has received the Wooster College Excellence in Teaching Award, the U.S. Army Outstanding Citizen Award, the Greg Parker Faculty Award, and has been twice recognized as the U.S.D. 512 Employee of the Year. But Ron Poplau's legacy goes far beyond his classroom.

Most importantly, Ron Poplau has helped thousands of students foster a lifelong commitment to community service. His Cougars Community Commitment program puts hundreds of students into the community every day to assist the poor, needy, and elderly. It has become a model for other school districts and been honored by local, state, and national awards.

Perhaps the definitive statement above Ron Poplau was offered by his colleague Beth Jantsch when she said, "What Ron has done by the creation of this program is to leave a legacy of community care and involvement for generation to come . . . I can only believe that this will be a better world because of the lives that have been touched and by those that will carry on the torch of caring and community involvement . . . he is our shining light."

On behalf of the people of the Third District of Kansas, I want to thank Ron Poplau for caring so much for the development of our nation's children, and for helping to strengthen our community by encouraging young people to extend their hand in friendship and service.

Mr. Speaker, please join me in congratulating Ronald W. Poplau of Shawnee Mission Northwest High School on his induction into the National Teachers Hall of Fame.

MARILYN SAVIN FOR OUTSTANDING LIFETIME CONTRIBUTIONS TO WOMEN'S RIGHTS

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. DELAURO. Mr. Speaker, I am honored to rise today to remember and pay tribute to a Connecticut woman who, during her life, worked tirelessly to advance the rights of women. Marilyn Savin devoted nearly two decades to promoting and protecting a woman's right to choose.

Through her work with the National Abortion and Reproductive Rights Action League (NARAL), both locally and nationally, Marilyn became a leading activist in the pro-choice movement, having a particular impact in the Republican Party. As a direct result of her influence, Connecticut Republicans stand out in the nation for their support of reproductive rights—an outstanding illustration of the power of her commitment and dedication.

Indeed, Marilyn was a true leader in advancing reproductive rights, family planning, and women's health. Marilyn translated principles into action by public speaking engagements and public surveys. A women's right to choose is one that is constantly under attack. Those who fight to ensure that women maintain this right and have access to safe procedures, often put themselves in jeopardy for their beliefs. For this, Marilyn deserves our respect and gratitude.

As a longtime resident of the Town of Woodbridge, she was an active member of the Woodbridge Town Committee, Woodbridge

Town Library, Planned Parenthood of Connecticut, and the National Coalition of Republicans for Choice. From these roots, she continued her campaign with Connecticut NARAL, serving on their Board of Directors and as chair of the state political action committee. Her tremendous imvolvement with the local chapter led her to serve NARAL on the national level. As a member of the Board of Directors, Foundation, Board, and the National Political Action Committee, Marilyn helped to shape the values and ideas the group continues to promote today.

Recently, the pro-choice movement sadly lost Marilyn Savin. On May 1 Connecticut NARAL will hold its 1999 Choice Celebration and Auction in her honor. This is a fitting tribute to a woman who dedicated her life and spirit to advocating the right of choice. Though her enthusiasm, energy, and commitment will be missed, the unparalleled impact of her efforts will not be forgotten.

It gives me great pleasure to stand today in honor of Marilyn Savin and join with friends, colleagues and family members as they remember this talented woman. Her dedication to this movement has truly made a difference which will be felt by women in Connecticut and across the country for years to come.

PEACE IS OUR PROFESSION

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SKELTON. Mr. Speaker, on April 19, 1999, I had the opportunity to address the United States Air Force Academy in Colorado Springs, Colorado. I spoke about the priority of peace as the profession of the United States military. My speech to that group is set forth as follows:

Many of you, I am sure, have been to the headquarters of the Strategic Command at Offutt Air Force base in Nebraska. Some of you, I know, will soon be joining that fine organization. The motto of the strategic command, which was for many years that of its predecessor, the strategic air command, is a simple, but profound statement:

''Peace is our profession.''

That statement expresses very well the purpose of the U.S. military. The United States does not maintain military power because it seeks to expand its rule or dominate other nations—the purpose of U.S. military power—and the reason for the Army, Navy, Air Force, and Marine Corps—is to secure the peace.

''Peace is our Profession'' was especially well-chosen as a motto for the strategic air command. I know that every one of your predecessors who climbed into the cockpit of a SAC bomber had to be aware of the awesome fact that loaded on board were weapons of more destructive power than had ever been unleashed in all the wars of history that had gone before. SAC was—and the strategic command remains—the steward of the most terrible military force ever created. Because of that, it was always critically important to keep the purpose of such awful power foremost in mind—to preserve peace by remaining able to make war, for it was none other than George Washington who said, ''There is nothing so likely to produce peace as to be well prepared to meet an enemy.''

I believe the old SAC motto remains just as relevant and appropriate today as it was during the height of the cold war. But I have to say, in the wake of our experience since the cold war ended, that peace isn't quite what many people thought it would be. Sir Michael Rose, the British general who commanded UN forces in Bosnia before the Dayton agreement, put it well in the title of his recent book, which he calls ''Fighting for Peace.''

In our ambiguous, complicated, demanding global environment, it is critically important that you, who are entering into the profession of arms, consider very carefully what it means to say ''Peace is our profession.'' It is important first of all because you must understand, in your hearts as in your minds, both the great difficulty and great value of what you are doing, even when many of your fellow citizens may not always appreciate your efforts as well as they should.

Peace is difficult. It is difficult above all because it is not, as some people seem to think, the natural state of things. Peace does not just happen. Peace is not the comfortable, old rocker on the porch we would like to sink into after a hard day's work. Peace is much more like the progress of Ulysses, who sailed through storm-lashed seas only to find at each new landfall a different challenge—whether a treacherous temptation luring him from his path or an ever more devious and powerful foe.

The short history of the post-cold war era shows us one thing very clearly—that peace can only be maintained when those with the strength to do so accept their responsibility as much as possible to resist aggression, to define the rules of international order, and to enforce those rules when necessary. Peace is something that must be built anew in ever changing circumstances by the labor, the will, and sometimes the blood of each generation.

We are only beginning to see what challenges will face your generation. I hope and pray that those challenges will be, in some ways, at least, less fearsome than those your predecessors faced. God forbid we should ever again have to send our finest young people into the mechanized killing fields of the great world wars of the past century. The spread of weapons of mass destruction, therefore, makes me shudder—it is all the more important that your labor be applied to keep such awful implements from ever being used.

The great and unique challenge you face, it seems to me, is in the insidious nature of the enemy before you. In the world wars, in the cold war, in the Persian Gulf War, even in Korea and Vietnam, the enemy was apparent. Today, I think, the enemy is harder to define. Through no less dangerous, it is in some ways more difficult to grapple with because it is so difficult to see clearly. Admiral Joseph Lopez, who recently retired after serving as Commander of Allied Forces in Southern Europe, has said very wisely that ''Instability is the Enemy.''

That is a good way of defining it, above all because it serves to emphasize the importance of our military engagement, in all kinds of ways, with other nations around the world. But to understand that doesn't make it any easier to cope with. One problem, obviously, is that instability is everywhere. So in trying to cope with it as best we can, we are working you and your colleagues much too hard. I have argued long and loudly that we need to stop doing that. For their part, your leaders in the Air Force are working diligently to reorganize the force in a way that will make things better. Even so, I can't promise you that the task of maintaining this troubled peace will be much easier in the future.

An even more difficult problem arises from the fact some instability is more dangerous than other instability. The question we all struggle with is this: How do we decide when instability is sufficiently dangerous to our long-term interests to justify putting the best of our young men and women—that is, you—at risk?

Let me tell you that no one in a position of responsibility in this Nation takes that question lightly. We have a lot of frivolous and needlessly partisan debates in Washington. But when it comes to a debate over your lives—over whether to tell you to risk your lives to defend our nation—The Congress engages the issues seriously and solemnly. We, and the President, may not always make the right decision—but God knows, we all try to.

The difficulty for you is that there are legitimate, deeply held differences of view on whether and when our interests and our principles are sufficiently at stake to justify putting your lives on the line in Kosovo or Kuwait or Korea. When the enemy is as ambiguous as instability, it is, I am afraid, too likely that your leaders will sometimes sound an uncertain trumpet. And that may lead some of you very soon—and perhaps every one of you sooner or later—to question whether the demands we are making on you are justifiable. For to affirm, in this historical era, that peace is your profession, will very likely require you to face some very profound questions about your commitment to duty and to country.

I hope that all of you will elect to stay and serve as long and as well as you are able. Let me recall for you that your predecessors have also had to face difficult personal questions. After the war in Vietnam, I know that many professional service members—at all grades—felt abandoned if not betrayed by their country. Some left the service—but many stayed, and those who stayed managed, in the end, to rebuild the American military into a force that is the best we have ever had. Inevitably you are going to face demands that will challenge your commitment. I hope you will understand that the task you are engaged in—to keep the peace—is as important to your country as the duty asked of any soldier, sailor, marine or airman who has gone before.

There is one other reason why I think you need to consider carefully what it means to say ''Peace is our Profession.'' You are part of a society in which your fellow citizens are often very assertive of their rights. Veterans are not immune to that sentiment, by the way. But that is entirely appropriate—that is, in part, what America is all about.

I was taught something, however, that becomes more brilliantly clear to me with every passing year. I was taught that with rights come responsibilities. When your forebears lifted into the air in a bomber armed with weapons that could wreak a holocaust, they were accepting a grave responsibility. When you say, ''Peace is our Profession,'' you are embracing a vocation in which you are going to bear a much larger share of the responsibilities than almost all of your fellow citizens.

The need for you to act responsibly has already been impressed upon you in many ways in this great institution. You have been held to standards of personal conduct much more stringent than those required of others of your age—or, for that matter, of your

elected leaders. Let me tell you that such demands for personal responsibility, for having integrity in your personal lives, will feel as light as a single snowflake the first time you are responsible for protecting the lives of others. Responsibility is demanded in your profession because, at some time, so much will be at stake in the decisions you make.

I'm not telling you this because I am worried that you will not rise to the occasion. On the contrary, I believe that you are part of a military organization that will make you ready to do your duty well, when you are called upon. I am telling you this because I am concerned, instead, that your sense of responsibility, your sense of duty, your sense of honor will, at times, make you feel somehow cut off from the society you serve.

I want to tell you that you cannot and must not let that happen. You are a critical part of American society. You are the bulwark of this society. American society cannot carry on as a free, independent, diverse, rich society without you. But neither can you succeed without the support of the American people. You have to work at maintaining that support as vigorously as you work at any other part of your profession.

Sometimes that will not be so easy. Peace is your profession. The paradox is that the more successful you are at your profession—the more peace you bring to our country—the less you are likely to be appreciated for what you do.

The famous British poet, Rudyard Kipling, wrote a poem entitled ''Tommy'' about the treatment of soldiers in time of peace. It is written from the point of view of a British infantryman, dressed in his red coat, who was refused a pint of beer at a ''Public House,'' and he complains

''For it's Tommy this, an' Tommy that, an' ''Chuck him out, the brute!''
But its ''Saviour of 'is country,'' when the Guns begin to shoot.''

In time of war, we band together as a Nation. In time of peace—even in time of a very troubled and difficult peace—many of our fellow citizens focus on other things. It is your job to let them do that. It is your job not to let them forget you even as they focus on other things.

A great many thoughtful, well-informed people are concerned these days about what they perceive as a growing gap between military and civilian society in the United States. I, too, worry about that.

Let me be clear about this. I don't worry that the military will somehow become a renegade force, or that military leaders will defy civilian leadership. That is not a real concern to me. All of you have been imbued with the importance of civilian control of the military as part of your very souls. You have joined the military to protect our great, free society, not to try, futilely, to control it. I don't believe any group or institution can control it.

I worry, rather, that if you feel yourselves to be cut off from society, to be abandoned by it, to feel it's failings as somehow alienating—then your alienation will become a self-fulfilling reality. You will not do what is needed to ensure continued public understanding of your role and continued public support of your vital mission.

American society, for good or ill—mostly for the good—is absorbed in other things than ensuring the peace. Americans make you responsible for that great task. You have to tell them about it. You cannot afford to feel that your great responsibility makes you somehow unique or somehow deserving of support. You are deserving of support. But you have to reach out to your fellow citizens to let them know that.

How should you do that? Partly it is a matter of attitude. Don't let yourself feel cut off. Don't let yourself feel different. Don't let your ingrained sense of duty make you feel unappreciated and unhonored. If you seek public support, you will get it.

I think you should be taught that it is part of your duty as an officer in the U.S. Air Force to keep in constant touch with the community in which you grew up. When you go home, you should call up the president of the local Lions club or the Rotary club and say ''Congressman Skelton told me I ought to give you a call and let you know where I am and what I'm doing in my military service.'' You will get a great response. Your community wants to support you. Your community wants to know that you are there for them. Your community wants you to continue to be a part of it. Your community wants to understand what it is to say, ''Peace is our Profession.'' It is part of your profession to contribute to their understanding.

As you progress through your military career, it is my sincere hope that you will not only fulfill your fondest dreams, but that you will, by your service, provide the peace for our country that will allow your fellow American citizens to pursue their dreams.

Thank you for the opportunity to address you today. God bless.

A SALUTING FATHER JAMES VERNON MATTHEWS, II IN CELEBRATION OF HIS 25 YEARS OF FAITHFUL SERVICE AND COMMITMENT TO OUR COMMUNITY

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. LEE. Mr. Speaker, it gives me great honor to rise today and bring to the attention of the United States House of Representatives a man many residents in my Congressional District affectionately know as Father Jay.

Father James Vernon Matthews, II was ordained as the first Black Catholic Priest in northern California on May 3, 1974.

Born in 1948 in Berkeley, California, to Yvonne Marie Feast and James Vernon Matthews, the Reverend Matthews graduated from Oakland's Skyline High School in 1966. He received a Bachelor of Arts Degree in Humanities and Philosophy from St. Patrick College, Mt. View, California in 1970, a Master of Divinity Degree from St. Patrick Seminary, Menlo Park, California in 1973 and attended the Continuing Education Program for Doctor of Ministry (Candidate) at the Jesuit School of Theology in Berkeley, California from 1977 to 1979.

Over, the past 25 years, Father Jay has provided our community with a tireless commitment to service. He has conducted throughout the United States retreats for youth and workshops and retreats for African American Catholic vicariates and pastoral centers, participated as a team leader in Black Cultural Weekends of the Marriage Encounter Movement and most notably in 1993, conducted the St. Jude Novena at the National Shrine in Vancouver, British Columbia, Canada.

Father Jay's pastoral service has been as: Administrator and Associate Pastor of St. Cornelius Church, Richmond; St. Cyril Church, Oakland and All Saints Church, Hayward; Associate Pastor, Saint Louis Bertrand Church, Oakland; Deacon, Saint Columba Church, Oakland: Teacher, Bishop O'Dowd High School, Oakland; and Youth Minister of the Diocese of Oakland.

Father Jay's professional affiliations include actively serving on several boards & organizations, including Catholic Charities, Catechetical Ministries of the Diocese of Oakland, Alameda Cancer Society, Bay Area, Black United Fund, Knights of St. Peter Claver, Knights of Columbus, Catholic Daughters of the Americas, Bay Area Urban League, NAACP, Martin Luther King, Jr. Birthday Observance Committee, National Association of Black Catholic Administrators, National Catholic Conference on Interracial Justice, Coordinating Committee, City of Oakland Strategic Plan, Oakland Mayor's Advisory Council on Education, Chaplain—Oakland Fire Department, Board of Directors—Comprehensive Health Improvement Project, East Oakland Youth Development Center, and is the Chairman of the Church Committee for the United Negro College Fund of the East Bay.

Father Jay has been the recipient of numerous awards including the Martin Luther King, Jr. Award for Outstanding Community Service, the Marcus Foster Educational Institute's Distinguished Alumni Award, the Rose Casanave Service Award of the Black Catholic Vicariate, as well as service awards from the Ladies Auxiliary of the Knights of St. Peter Claver and the Bay Area chapter of the Xavier University, New Orleans Alumni Association.

Currently, Father Jay serves as Chaplain of Black Catholics of the Diocese of Oakland and Pastor of St. Benedict Church, Oakland.

Throughout his life, Father Jay has epitomized the ideal of a true man of God. He is a powerful role model in his immediate community and communities throughout the country. The love and service he shows towards all people regardless of race, creed, or religious background has gained him the respect of his peers.

On June 1, 1999 Father Jay will have the distinct privilege and honor to further his religious studies at the Vatican with a one year sabbatical from his current duties in the Diocese of Oakland.

It is a great honor to salute Father Jay, not just for his 25 years of service as a Catholic priest but for the many years of warmth, compassion and love he has shared with our community. The City of Oakland and its surrounding environs are a better place to live because of his firm commitment to improving the human condition of all people.

I wish Father Jay continued success as he embarks upon the next 25 years of service to God, his country and the people of Oakland.

TRIBUTE TO GABRIELLA CONTRERAS AND RYAN LEYBAS

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. KOLBE. Mr. Speaker, today I met two young people from the 5th District of Arizona who are really making a difference in their communities. Both of them are Prudential Spirit of Community State Honorees for 1999, and were hosted in Washington, DC by Prudential and the National Association of Secondary School Principals. While nearly 20,000 youth volunteers submitted applications for these awards, Gabriella Contreras and Ryan Leybas are among 104 students from across the United States who were chosen for this honor.

Gabriella Contreras, a 13-year-old 7th grader at Roskruge Middle School in Tucson, had the additional honor of being named one of America's top ten youth volunteers by Prudential. When she was nine, Gabriella organized a community service club at her school in response to a nearby high school's problems with violence, gang activity, and drug use. Now in it's fifth year, Gabriella's ''Club B.A.D.D.D.,'' which stands for ''Be Alert—Don't Do Drugs,'' helps students channel their time and energy into community service projects. These projects have included clothing and food drives, annual ''peace'' marches, recycling campaigns, schoolwide cleanups, and anti-drug art gallery, and a citywide youth volunteer summit. Club B.A.D.D.D., known as the club that does good, now draws more than 500 people to some events and is being promoted at other schools.

Ryan Leybas, the other honoree from Arizona's 5th District, is an 18 year old senior at Casa Grande Union High School. Five years ago, Ryan founded a leadership camp for junior high students to teach them skills to succeed in school and life. With the support of the Pinal County school superintendent, what started out as a requirement for a Boy Scout merit badge has expanded into 120 participants this year, with at least two students from almost every school in Pinal County attending the three-day camp. Ryan, who is developing the leadership camp into a model that can be used in other states, continues to recruit students, coordinate logistics and find motivational guest speakers for the camp.

Both of these young people have shown exceptional talent in working with their peers for the betterment of their communities and their schools. I'd like to recognize them for their achievements as Prudential Spirit of Community State Honorees, and I look forward to working with them as they become tomorrow's adult leaders of Arizona.

THE COMMUNITY REINVESTMENT ACT—MAKING AMERICA STRONGER

HON. JANICE D. SCHAKOWSKY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Ms. SCHAKOWSKY. Mr. Speaker, today, the Leadership Conference on Civil Rights sent a clear and loud message to Congress—stop the attack on the Community Reinvestment Act (CRA). Enough is enough.

I wholeheartedly agree.

The Leadership Conference on Civil Rights is an impressive coalition of more than 180 national organizations, representing people of color, women, children, labor unions, persons with disabilities, older Americans, major religious groups, gays and lesbians and civil liberties and human rights groups. In a collective voice, the Leadership Conference on Civil Rights, once more, made it known to those who stubbornly want to believe otherwise, that the Community Reinvestment Act is a success.

Since its enactment in 1977, financial institutions have made more than $1 trillion in loans in low-income communities. More than 90 percent of these loans came in the past seven years. As a result, neighborhoods have prospered, communities have flourished, small businesses have succeeded and the quality of life for many has improved.

Today's Washington Post wrote,

> ... Since 1977 federally insured banks have been subject to the Community Reinvestment Act, requiring them to seek business opportunities in poor areas as well as middle-class and wealthy neighborhoods. The law, a response originally to clear evidence of bias in lending, has worked well. It doesn't force banks to make unprofitable loans, but it encourages them to look beyond traditional customers, and it's had a beneficial effect on home ownership and small-business lending.

Many banks share this view. John B. McCoy, President and CEO of one of the largest and profitable banks in the nation, Bank One, testified before the House Banking Committee on February 10 that his bank is ''working effectively and successfully with CRA.''

However, there are those in Congress who are attempting to undermine the success of the Community Reinvestment Act, either by refusing to expand it or calling for its outright end.

I hope that my colleagues were listening today. The Community Reinvestment Act is a wise investment with a sure return. I applaud the efforts of the Leadership Conference on Civil Rights and join in their crusade to protect and expand the Community Reinvestment Act.

PERSONAL EXPLANATION

HON. MATT SALMON

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. SALMON Mr. Speaker, I'm recorded as having voted ''nay'' on House rollcall vote No. 107. I intended to vote ''aye.'' Isn't it ironic that on the day that I am putting the finishing touches on the revised K–12 Education Excellence Now (KEEN) Act, which now explicitly offers a federal tax credit of up to $250 annually for teachers who purchase school supplies for their students with their own money, I would make this error.

TRIBUTE TO RABBI ABRAHAM KELMAN

HON. ANTHONY D. WEINER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. WEINER. Mr. Speaker, I rise today to invite my colleagues to pay tribute to Rabbi Abraham Kelman on his being honored by the Rabbis and Congregations of Flatbush and Vicinity on the occasion of their Annual Breakfast on behalf of the Ezras Torah Charity Fund.

Rabbi Abraham Kelman is an eighth generation Rabbi in his family, a tradition which is continued today by his son, Rabbi Lieb Kelman. The Kelman family has traditionally been involved in Chinuch and community activities as a means of helping those who are unable to help themselves.

Before coming to New York, Rabbi Kelman was a Rabbi in Toronto for nine years. He received Smicha in Toronto, as well as a B.A. and M.A. in Oriental Languages from the University of Toronto. In addition, Rabbi Kelman was a chaplain in the Canadian army during World War II.

Rabbi Abraham Kelman is the founder and Dean of Bnos Leah Prospect park Yeshiva. Since it's founding in 1952, the school has provided thousands of youngsters with a strong secular and Jewish education. Thanks to the dedicated efforts of Rabbi Kelman, Bnos Leah Prospect Park Yeshiva has seen its enrollment rise to more than 1,300 students. He is also the Rabbi of the Yeshiva Congregation of Prospect Park.

Rabbi Abraham Kelman is the author of a number of books such as ''Prospectives on the Parsha.'' He was instrumental in organizing the Prospect Park Nursing Home, a nonprofit facility in the Flatbush section of Brooklyn dedicated to meeting the needs of our senior citizens.

Rabbi Abraham Kelman has long been known as an innovator and beacon of good will to all those with whom he has come into contact. Through his dedicated efforts, he has helped improve my constituents' quality of life. In recognition of his many accomplishments on behalf of my constituents, I offer my congratulations to Rabbi Abraham Kelman on the occasion of the Rabbis and Congregations of Flatbush and Vicinity's Annual Breakfast on behalf of the Ezras Torah Charity Fund.

EXPOSING RACISM

HON. BENNIE G. THOMPSON

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 4, 1999

Mr. THOMPSON of Mississippi. Mr. Speaker, in my continuing efforts to document and expose racism in America, I submit the following articles into the CONGRESSIONAL RECORD.

FLORIDA TO BECOME BATTLEGROUND STATE ON RACIAL, GENDER PREFERENCES

(By John Pacenti)

MIAMI—The California businessman who plans to launch a ballot initiative to abolish

state-sponsored racial and gender preferences in Florida attacked Gov. Jeb Bush on Monday as a purveyor of racial politics who is ''siccing his attack dogs on me.''

Ward Connerly, a black conservative Republican who has been successful with similar propositions in California and Washington, said a poll he commissioned found 80 percent of Floridians support his proposal.

Lawmakers, though, are a different story. ''Florida doesn't need somebody from California to come here and tell it how to write its Constitution,'' said U.S. Sen. Bob Graham, D-Fla.

Connerly said politicians, particularly Republicans, are afraid of offending black voters. He described campaigning in black churches, like Bush did, as playing the ''race card.''

''That is saying I want your vote on the basis of your skin color, on the basis of your ethnicity,'' he said.

Bush met with Connerly in January and later wrote a letter to him saying he felt a ballot initiative targeting affirmative action would be divisive. The governor refused to answer questions on the matter Monday.

''His goal is to build a consensus around issues we should be focusing on— and those are education, fighting the drug war, protecting the developmentally disabled,'' said Bush's press secretary Nicolle Devenish. ''His focus is not going to be on this political debate right now.''

Connerly said Bush is behind a concerted effort to keep the initiative off the Florida Ballot.

''I can overcome the obstacle of the sitting governor of my party who is siccing his attack dogs on me and his party against a proposition I believe in,'' Connerly said. ''I believe the establishment is wrong, is dead wrong on this issue.''

Connerly, who also made announcements in Jacksonville and Altamonte Springs, said he plans to get one or more initiatives on the November ballot next year or 2002.

''It's like an old car. It's got a lot of mileage on it and it's ready to sputter out any minute,'' Connerly said of affirmative action. ''I think we should give it a graceful retirement and find a way of getting some new wheels that solves some real needs.''

He said that economic-based affirmative action should replace the raced-based preferences that has spilled over into private businesses and caused so much resentment in the workplace.

''We are talking about getting rid of the marginalization that flows from race-based affirmative action,'' Connerly said ''. . . it is all over America.''

Connerly, a member of the University of California Board of Regents, would need to gather 435,073 signatures to put the measure on the Florida ballot.

Rev. Jesse Jackson, who was in Miami to talk about AIDS in the black community, said Connerly was ''trying to peddle fear'' and is going to have trouble without Bush's support.

''Gov. Wilson in California cooperated with Ward Connerly,'' said the Rev. Jesse Jackson. ''It seems like Gov. Bush will not. Florida must avoid the mistake made by California.''

Washington Gov. Gary Locke, though, opposed a Connerly-backed measure in 1998 and it passed with 58 percent of the vote.

ALLEGED WITNESS TO ATTACK SAYS STATEMENT COERCED

(By Tammy Webber)

CHICAGO.—The man prosecutors once described as their key witness to the 1997 racial beating of a 13-year-old black boy now claims his rights were violated during police questioning.

Richard DeSantis, 20, is charged with obstructing justice after disappearing for eight months as prosecutors tried to build a case against three men charged with beating Lenard Clark into a coma after he wandered into their predominantly white Bridgeport neighborhood.

His disappearance forced a five-month delay in the trials before prosecutors decided to proceed without him. One defendant was sentenced to eight years in prison for aggravated battery and committing a hate crime, while two others accepted plea agreements and got probation and community service.

DeSantis on Monday claimed authorities coerced him into signing a statement and would not allow him to speak to his attorney despite repeated requests.

The statement, therefore, should not be admissible in court, said attorney James Cutrone, who was not DeSantis' attorney at the time he signed the statement.

Cutrone said if the Cook County Judge Robert W. Bertucci grants the motion to suppress the statement, the county should drop its case. Testimony is scheduled to continue today.

Under questioning Monday, DeSantis said several portions of his signed statement are incorrect, including where he allegedly told police he saw three friends beat Lenard.

He described being held for questioning for more than nine hours at the police station, where he claims he was interrogated, put through a police lineup and told that he was lying when he said he did not witness the beating.

He said he signed the statement because police allegedly told him he could go home and would not be charged if he did so. He testified it was also after he heard his attorney's voice in the station but was not able to see him.

''I thought after I heard (the lawyer's voice) . . . and they didn't let him see me, I thought they could do whatever they wanted to,'' he said.

John O'Malley, his attorney at the time, also testified that he was at the police station for more than two hours before he was able to see DeSantis—and after DeSantis signed the statement.

But under questioning by Assistant State's Attorney Robert Berlin, DeSantis conceded that authorities let him read the statement and make any changes before he signed it.

Frank Caruso Jr. received an eight-year sentence after being found guilty of aggravated battery and committing a hate crime, but innocent of attempted murder. Victor Jasas, 18, and Michael Kwidzinski, 21, received probation and community service after accepting plea agreements.

Clark, now 15, cannot remember the attack. All three defendants were accused of knocking Clark from his bicycle, then kicking and pummeling him until he was unconscious.

RACIAL ATTACK

DARIEN, CI.—A white businessman accused of stabbing a black man in the face with a pen on board a Metro North train has been given special probation in the case.

Kevin Keady was arrested by Metro North police June 28, 1996, after he allegedly hurled racial slurs and his fists at Michael Moore on a train.

Keady allegedly used a pen as a dagger to slash Moore's face. Moore's nose was broken and he received stitches to repair a torn ear lobe, said Moore's attorney, Charles Harris, Keady was charged with intimidation by bigotry or bias and second-degree assault.

A Superior Court judge last week granted Keady accelerated rehabilitation which is available to first-time offenders who face charges that could result in prison time. If the defendant successfully completes the two-year probation, all records are erased.

Keady denies the charges. He claimed Moore and others attacked him and uttered bigoted remarks. He filed a civil lawsuit against Moore in July 1998.

Moore also has sued Keady. A Superior Court judge awarded him a $150,000 lien on Keady's home in Darien, ruling that there is probable cause that Moore could win at least that much. Moore's suit seeks $15,000 in damages for claims of assault and battery, false imprisonment and intimidation based on bias or bigotry.

Keady's next scheduled court date is March 9, 2001, after the completion of his special probation.

NUMBER OF BLACK APPLICANTS TO UW LAW SCHOOL PLUMMETS

SEATTLE.—The number of black applicants to the University of Washington Law School has plummeted since a voter-approved ban on public affirmative action programs.

In the first round of admissions since the initiative became law in December, the number of black applicants was down 41 percent from a year earlier. Applications from Filipinos and Hispanics also are down, by 26 percent and 21 percent, respectively, while total applications were off 6 percent through March 5.

Although too early to say what this year's entering class will look like, university officials say the new figures may confirm their fear that the law prohibiting race consideration in admissions will make the university's population less diverse.

''One possibility has to be that Initiative 200 has caused a chilling climate in which minority men and women are reluctant to apply for fear they won't be welcome at the university,'' President Richard McCormick said.

''The applications are the material with which you have to work, and if minority applications are down, it doesn't help with respect to the recruitment of a diverse class,'' McCormick said.

But the man who ran the initiative campaign took a different tact.

''I think it shows that the word is getting out on the street that the use of race-driven admissions is becoming a thing of the past,'' John Carlson said. ''Students are more apt to apply to schools that match their skills levels.''