performing opportunities, and are encouraged to strive for the highest standards in Mexican folkloric dance interpretation.

Company General Director, Adriana Martinez, a former Capitol Hill staff assistant, began performing professionally at the age of 21 with the Ballet Folklorico de Stanford under the tutelage of master instructors Susan Cashion and Ramon Morones. She joined forces with the principal dancer and Co-Director Enrique Ortiz, former Director of Los Tapatios, to form De Colores Mexican Folk Dance Company in 1996. Principal dancers and several of the founding members each brought with them years of experience teaching, directing, performing, and training. Other Capitol Hill staffers performed traditional dances of Mexican regions highlighting Veracruz, El Norte (Chihuahua), Tamaulipas (Huasteca), and Region Jalisco. The company is composed of beautifully attired women: Constance Chubb, Gloria Corral, Guadalupe Jaramillo, Rocio Jimenez, Irene Macias, Irma Martinez, and Alma Medina. Along with male partners: Maximo Galindo, David Garcia, John McKiernan Gonzalez, Joseph Lukowski, Geoffrey Rhodes, and A. Santiago Alvarez.

Mr. Speaker, the De Colores Mexican Folk Dance Company brings to our nation's capital a rich contribution of Latinos in the arts and humanities visible through their unique art form. I ask colleagues in Congress assembled to wish them great success as they move forward with our vision to educate children about Mexican culture and heritage through traditional folklore.

## UPON INTRODUCTION OF H. CON. RES. 249 RESOLUTION TO EXPRESS SENSE OF CONGRESS THAT THE VA SHOULD RECEIVE PROCEEDS FROM ANY TOBACCO SETTLEMENT

### HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 24, 1998*

Mr. EVANS. Mr. Speaker, the proposed settlement between major tobacco companies and various states will receive much attention by the Congress in the coming session. With so much money and emotion wrapped up in one issue, it is anybody's guess how Congress will finally try to resolve this highly contentious issue.

But no matter how Congress ultimately decides to address this issue, there is one group of Americans that cannot be left out of any tobacco settlement—our nation's veterans.

I share the Administration's view that we should make it a major public health priority to reduce cigarette smoking and nicotine addiction, in part through establishing significant constraints on the ability of tobacco companies to continue to engage in deceptive and deadly marketing practices. A responsible, comprehensive tobacco settlement may be the best way to achieve this goal.

But while the Administration has assumed our federal government will collect over $65 billion in proceeds from any tobacco settlement, its Fiscal Year 1999 (FY 99) budget fails to earmark any settlement money for the Department of Veterans Affairs, the federal agency that spends over $4 billion each year providing health care to veterans suffering from tobacco-related illnesses.

If anybody deserves to be protected under the terms of a tobacco settlement, it is our nation's veterans, many of whom became addicted to nicotine while in service to our nation.

As the resolution I am introducing today spells out in greater detail, tobacco companies and our federal government facilitated—if not encouraged—cigarette smoking in the military. From the time of the Civil War until 1956, the Army was required by law to provide a cheap and nearly endless supply of tobacco to its enlisted men. The Air Force still has a similar law on the books. Cigarettes have been distributed free of charge to members of the Armed Forces as part of their so-called ''C-rations.'' As many as 75 percent of our World War II veterans began smoking as young adults during the course of their military service.

Labeling requirements warning of the dangers of nicotine and tobacco usage did not become mandatory for products distributed through the military system until 1970, five years after such a requirement was made applicable to the civilian market. Tobacco products are still sold by military exchanges at substantially discounted rates, thus actively encouraging tobacco usage by military personnel and their dependents. ''Smoke 'em if you got 'em'' has been a watchword of the military culture for years.

Given this historical backdrop, it should hardly be surprising that many veterans developed an addiction to nicotine in large part because our government and the tobacco companies made cigarettes so accessible and easy to smoke during their military service.

But while our public servants have correctly criticized the tobacco companies for preying on millions of Americans with their highly manipulative marketing practices, the Administration's proposed budget leaves the Department of Veterans Affairs and our veterans to fend for themselves in dealing with tobacco-related illnesses that haunt a substantial portion of our nation's veteran population. And while many would agree that millions of Americans were victimized by misleading advertising and deceptive marketing practices that led them down the path to addiction, the Administration's message appears to be that our veterans should have known better.

The resolution I have introduced today attempts to send a message that the Congress is not prepared to leave our veterans behind. The Department of Veterans Affairs should receive substantial amounts from any tobacco settlement so that it will have sufficient funds to meet the needs of our veterans suffering from tobacco-related illnesses.

This resolution has already received support from most major veterans service organizations, including the Veterans of Foreign Wars (VFW), the Paralyzed Veterans of America (PVA), the Vietnam Veterans of America (VVA), the Fleet Reserve Association, the Blinded Veterans Association, and the Military Order of the Purple Heart.

I am also pleased that Representative CHRISTOPHER SMITH (R–NJ), the Vice-Chairman of the House Committee on Veterans' Affairs, has joined with me to introduce this bipartisan, common sense resolution. Congressman SMITH's leadership on this issue is indicative of his long-standing commitment to our nation's veterans, and I welcome his support.

I urge all Members to join me in co-sponsoring this extremely important resolution.

## SUPPORT GROWS FOR CREDIT UNIONS

### HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

### HON. STEVE C. LaTOURETTE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 24, 1998*

Mr. KANJORSKI. Mr. Speaker, my colleague, Mr. LATOURETTE, and I are pleased to announce that support for H.R. 1151, the Credit Union Membership Access Act, continues to grow. Below are the thirty-first through fortieth of the more than 100 editorials and columns from newspapers all across our nation which support giving consumers the right to chose a non-profit, cooperative, credit union for their financial services.

Surveys have consistently shown that consumers strongly support the value and services they receive from their credit unions. That is why the Consumer Federation of America endorses H.R. 1151, the Credit Union Membership Access Act.

A bipartisan group of more than 190 Members from all regions of our country, and all parts of the political spectrum, are now cosponsoring the Credit Union Membership Access Act. We should pass it quickly so that credit unions can stop worrying about their future and return to serving their members.

[From the Des Moines Register, Mar. 7, 1998]

BANKS VS. CREDIT UNIONS—BOTH SIDES HAVE EXAGGERATED THE THREAT—THERE SHOULD BE A PLACE FOR BOTH

Next week, Iowa Congressman Jim Leach has scheduled hearings on whether Congress should act in response to the U.S. Supreme Court's Feb. 25 ruling regarding credit-union membership. Leach had better wear his hard hat.

The court case is part of an increasingly acrimonious debate as banks battle to prevent credit unions from eating into their market.

The banks, which pay hefty taxes, say credit unions, which don't, have an unfair advantage. That advantage might be acceptable for the classic mom-and-pop credit union, but bankers are alarmed at the growth of huge credit unions like the John Deere Community Credit Union in Waterloo with more than $385 million in assets and a full array of financial services offered to 77,000 members.

Credit unions, in response, point out that at best they still have a slender 6 percent slice of the total market pie nationally, while banks have 77 percent. In Iowa the ratio is something like to 88 to 5. As for the tax disparity, credit unions note that, unlike banks, they have no profits on which to pay taxes. Credit unions return all profits to their members, who pay taxes on their earnings. In fact, some Iowa banks are now switching to that very taxing scheme under a new state law.

Although these issues are not central to the question that prompted Leach's hearing, they are what drove the bankers to bring suit against federally chartered credit unions. The suit challenged recent interpretations of federal law that have allowed credit unions to broaden eligibility for membership.

The Supreme Court, in its Feb. 25 ruling, came down on the side of the banks: Federal laws says there must be a ''common bond'' between employee groups belonging to a credit union, and the National Credit Union Administration has been reading the law too liberally by allowing federally chartered credit unions to sign up any employee group that walks in the door.

Only five of the 212 credit unions in Iowa are federally chartered; the remainder are chartered under state law, which requires a common bond among employee groups. But, while this ruling may not have direct consequences here, Iowa credit unions see the bankers' Supreme Court victory as the possible leading edge for other victories by the banks.

Credit-union advocates see this as a life-or-death struggle and suspect the bankers' ultimate aim is to destroy credit unions. That's a bit of an exaggeration, though the bankers have done themselves no favors with their own exaggerations of the credit unions' potential threat.

While most credit unions hardly pose a serious threat to banks, the bankers have a good argument about the phenomenon of a few giant credit unions that have morphed into full service institutions that look an awfully lot like banks. As long as those operations continue to grow, they make an attractive target for banks and other financial institutions looking to curb credit unions.

Whatever legislation emerges from Congress should ultimately aim to assure the banks of a fair shake and to leave the credit unions intact.

Credit unions have for 80 years served a vital function for millions of Americans by offering services to their members that are not offered by banks. They still serve a vital function today.

---

[From the Cincinnati Post]

CREDIT FOR CREDIT UNIONS

Credit unions, which have been helping people with their financial needs for more than six decades, are themselves in need now. They need to win a legal fight and, failing that, they need some political help from Congress.

If they don't get it, the credit unions themselves may no longer be available for millions when they come knocking, and American consumers, especially those of modest means, will have reason to grieve.

Congress established credit unions as non-profit cooperatives in 1934 chiefly for poorer people left out of the loop by banks. It required that members have a ''common bond,'' such as being employees of the same company.

The formula worked fine until the late 1970s, when the disappearance of large manufacturing plants and other economic changes began robbing the credit unions of members. A federal agency then said a credit union could include a multitude of groups in its membership in order to maintain a sufficiently large operational base.

The commercial banks yelped. What's more, they sued. They maintained that the federal agency, the National Credit Union Administration, had misconstrued the law, and a federal judge said the commercial banks were right. The Supreme Court has agreed to hear the case either late this year or early next. If the high court concurs with lower court rulings, some 10 million people will no longer be members of credit unions.

Banks say the competition from the credit unions is unfair because they don't pay taxes. It's true that, as non-profits, the credit unions don't have profits to pay taxes on. Members do pay income taxes on any dividends.

If the credit unions lose in court, Congress could come to the rescue with just a slight change in the 1934 law's wording about ''common bonds.''

You would think many would support the amendment. After all, 70 million Americans belong to credit unions, and that's a lot of voters.

It's possible that another number speaks more loudly in the legislative ear: 4.4 trillion, which is the accumulation of dollars the banks have in assets, and more than 12 times the assets of credit unions.

The banks would not seem to be at much of a disadvantage economically, after all.

---

[From the Louisville Courier-Journal, Sept. 15, 1997]

BANKERS SHOULD QUIT BULLYING WORKERS' CREDIT UNIONS

With America's banks raking in record profits, you'd think that bankers would have little to complain about. But you'd be wrong.

At the annual convention of the Kentucky Bankers Association in Louisville last week, the president-elect of the American Bankers Association and the president of America's Community Bankers worried aloud about the growth of credit unions and a sharp rise in personal bankruptcies.

Their concern about bankruptcies is valid. Federal laws make it too easy to declare bankruptcy. If bankruptcy were more painful, fewer people would resort to it, and, instead, would struggle to pay their creditors.

(Of course, if banks and other lenders were more careful about extending credit, fewer potential deadbeats would have a chance to get deeply into debt to begin with:)

The verbal volleys against credit unions were less persuasive.

Yes, credit unions have grown rapidly, and as non-profit institutions they don't pay federal taxes. This irritates bankers.

But the reason credit unions have grown is because they serve an important function in our economy. They help a lot of workers buy cars or finance college education—including workers who might find it hard to get a bank loan for the same purposes, at least not one at an affordable interest rate.

The banks and the nation's credit unions are battling it out in the courts and in Congress:

For the moment, the bankers have the upper hand, thanks to a federal appeals court ruling that has stalled the industry's expansion.

But the Supreme Court will hear an appeal of that ruling soon, and Congress could make the legal battle moot by changing the law governing credit unions.

If the credit unions win, you'll hear more grumbling from bankers about unfair competition.

But they'll be crying all the way to the bank. Profits, we suspect, will remain robust.

---

[From the Evansville Courier, Mar. 5, 1998]

CREDIT UNIONS HAVE REMEDY TO SETBACK—LAWSUIT THREATENS NEEDED INSTITUTIONS

The U.S. Supreme Court has ruled that a 1934 law that permitted the creation of credit unions also prohibits any single one of them from getting its members from different companies in different industries. The decision is a setback to a consumer-friendly institution, but nothing that a 1998 law couldn't or shouldn't fix.

Congress decided to allow credit unions during the Depression so that workers who couldn't get loans from banks would have someplace to turn. Credit unions are non-profit cooperatives, and that has enabled them to skip taxes, operate cheaply and keep interest rates on loans down. But Congress also set limits on them, insisting that members have a common bond, such as the same occupation or the same workplace. Many credit unions have been ignoring that restraint since a 1982 reinterpretation of the law by a federal agency. That agency ruling was probably necessary to keep credit unions thriving. For a variety of reasons, many places of business were declining in size, meaning that some of them individually did not have enough employees to support a credit union.

The ruling rankled banks, though. They have not liked this expanding competition, especially when the competition has not been paying taxes like they have been. It was a lawsuit brought by banks that led to the Supreme Court decision. While it's true that the bankers who brought this suit say they will not move to have current members kicked out of their credit unions, it's also true that no institution that remains valuable to many millions of people ultimately could be endangered by an incapacity to grow and serve those who need it most. There's nothing intrinsically unconstitutional or unfair about exempting organizations from taxes if they have forsaken profits, and there's certainly room in this economy for this particular alternative to banks.

Locally, credit union officials have been scrambling to explain to customers the implications of the ruling. One is that it has no impact on community—(such as the Warrick Federal Credit Union) or state-chartered credit unions. John McKenzie, president of the Indiana Credit Union League, said Congress should make sure the banking industry does not get in the way of people's access to credit unions.

Obviously, a new law should not give credit unions carte blanche to operate any way they choose, but it should relieve them of some of those 1934 restrictions.

---

[From the Palm Beach Post, Mar. 17, 1997]

TELL BANKS TO BACK OFF

Credit unions fill just a tiny niche in American banking, but their members appreciate them. Why, then, are bankers attacking credit unions every way possible?

The House Banking Committee is holding hearings on whether federally chartered credit unions should be allowed to recruit members outside limited groups with a ''common bond.'' Banks are fighting the change in Congress and in the courts. The Supreme Court will hear a bank-inspired case that could end with credit unions having to drop 20 million members.

You don't join a credit union to finance a 40-story office tower. But you can still get a $50 loan there, as people have been doing since the 1930s. Credit unions are not-for-profit. They don't pay most taxes, so they can charge less interest than banks for loans.

Credit unions hold 6.8 percent of all banking assets nationally, 7.5 percent in Florida. The percentages are up since 1980 from 3.6 percent and 3.5 percent respectively, but they came at the expense of savings and loans. For-profit banks pulled in more assets of former S&Ls than credit unions ever did.

The typical credit union was set up by employees of a big company. As large companies shrank, unions served ex-employees and recruited outside the fold to stay afloat. The Florida Legislature loosened the ''common bond'' rule for state-chartered credit unions in 1982 to allow that. Now banks are acting as if they are losing $100 bills to credit unions, not nickels.

A decade ago, the banks were hurting. Corporations found ways to handle their own money. Big depositors switched their checking to their brokers. But the banks roared

back. They are doing so well that if you are not looking to finance a 40-story office tower, they give the impression that you should deal with their machines and not waste their employees' time.

Merging and expanding banks are classic cases of a business in need of discipline by market competition. The credit unions are hardly a threat. But they hang in. Smart lawmakers in Washington and Tallahassee will do nothing to make it harder for them.

---

[From the San Francisco Examiner, Oct. 27, 1997]

GOLIATH VS. DAVID FOR SMALL BUCKS—BANKS WAGE A HARSH CAMPAIGN AGAINST INCREASINGLY POPULAR CREDIT UNIONS

The nation's banks should drop their mean-spirited campaign to clip the wings of 12,000 credit unions. The banks would do better to emulate some of the credit unions' people-friendly policies instead of dreaming up new ways to extract fees from their hapless customers. (We are braced for the spread of the $3 charge for using the services of a human teller.)

Nonprofit credit unions have grown hugely popular by offering a break on limited financial services to members under terms of a 1934 federal law. They pay interest on insured deposits and earn interest on loans to members at competitive rates. The members ordinarily share some link like working for the same employer or belonging to the same church. Credit unions were created during the Depression to serve individual savers, who were of little interest to the major banks. This is still part of their function, as when a black church sponsors one in a neighborhood the big banks have deserted.

While some credit unions have substantial assets, their collective market share hovers around 2 percent—nothing for the bankers to worry about. But the banks are arguing before the U.S. Supreme Court, and in a separate lawsuit in the District of Columbia, to overturn the National Credit Union Administration on loosening ''affinity'' standards for credit union membership. Another fight over credit union rules proceeds in Congress. Both sides are waging public relations campaigns.

The credit unions are valuable as a tiny check on the financial power of the major banks and as a reminder to them that consumers value decent treatment in the conduct of their financial affairs, however modest. If credit union membership nationwide grows beyond the present 70 million thanks to more generous interpretations of who can join, it will be because more people cherish that alternative to the average cold-blooded bank.

---

[From the San Diego Union Tribune, Mar. 2, 1998]

THE CONSUMERS' CHOICE—CONGRESS SHOULD NOT RESTRICT CREDIT UNIONS

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

The 1934 Federal Credit Union Act, which established credit unions because banks were perceived as ignoring the needs of low- and moderate-income Americans, limited credit union membership to ''groups having a common bond of occupation or association, or groups within a well-defined neighbor-hood, community or rural district.'' But in 1982, responding to a wave of corporate reorganizations and downsizing that threatened existing credit unions, the National Credit Union Administration expanded membership beyond the single-company, single-community confines. It is this expansion that the Supreme Court, in a 5–4 decision in a case from North Carolina, said was in violation of the 1934 federal law.

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

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

Bankers have reason for concern. Since the 1982 regulation took effect, credit unions have rapidly expanded their membership. Last year, 72 million Americans belonged to credit unions, double the number in 1991. California alone has 735 credit unions, of which 340 are federally chartered and will be directly affected by last week's Supreme Court ruling. Although banking industry officials say consumers who currently belong to credit unions will not be asked to give up their memberships, joining a credit union may prove more difficult in the future unless Congress changes the 1934 law.

A bill before Congress to allow credit unions to serve multiple groups deserves approval. Credit union industry observers say it takes several thousand employees to form a credit union. In California, not many employers of this size exist. In San Diego, 95 percent of the work force is employed with firms with 50 or fewer employers.

With Congress set to begin hearings this week on a bill aimed at resolving the dispute between banks and credit unions, both sides already have begun their lobbying efforts. The commercial banks, particularly the smaller community-based banks, have legitimate concerns about rapidly expanding credit unions. But in drafting new legislation, Congress must recognize the realities of America's small-business economy. Americans have shown an increasing preference for credit unions, and consumer choice must be preserved.

---

[From the Tampa Tribune, Jan. 14, 1997]

NO REASON TO PUNISH CREDIT UNIONS

A financial battle is brewing that warrants consumer attention. The banking industry is putting the squeeze on credit unions in hopes of limiting your opportunity to join one.

If they are successful, banks will have more business for themselves and some credit unions will be put out of business. Although credit unions handle only a small fraction of the nation's savings accounts and consumer loans, banks are jealous of that little share and worry that credit unions will continue to gain customers.

A credit union is a group of people who get together to pool their savings and lend each other cash. They began more than 60 years ago, long before the popularity of checking accounts, credit cards and ATM machines. The Federal Credit Union Act of 1934 allowed people to form a financial partnership if they shared a common bond, such as a single employer or trade group. They were, and still are, run by volunteer boards and do not make a profit, and consequently pay no income taxes.

BANKS HAVE LONG been suspicious of the special relationship credit unions have with their members and the government. The unions have an unfair advantage, banks complain, because they have no taxes to pay and no shareholders to please. Credit unions drew more attention to themselves when some of the larger ones began offering checking accounts, credit cards and mortgages. Because of their lower overhead, they tend to pay higher interest to savers and charge lower interest to borrowers, and banks don't like that.

As the definition of who qualified to join a credit union expanded in recent years, banks filed suit. Last year a federal judge sided with the banks and ordered federally chartered credit unions to comply with a narrow definition of the ''common bond'' requirement of the 1934 law.

The case is being appealed, but in the meantime Florida credit unions are expecting banks to try to clip their wings too. Florida law is less restrictive in that it does not require members to have a narrow common bond. An attempt is likely this session to make state law as tight as the outdated federal law. If this happened, it would prevent federally chartered credit unions in Florida from switching to a state charter to get around last year's unfavorable court ruling.

The Legislature should resist efforts to change the state law. Credit unions are no real threat to banks; in fact, banks are enjoying record profits. Many of the people served by credit unions would be shunned by banks anyway. How many banks would make a $50 loan? Credit unions make small loans every day.

At the federal level, Congress should not sit idly by while the courts put credit unions into a time machine and ship them back to 1934. Times have changed since then, and so have the needs of consumers.

Congress should take a close look at what has happened under Florida's more modern law. Credit unions have saved consumers millions of dollars in fees and interest; and banks have continued to grow; offering innovative services and sound management.

Credit unions don't want to become banks, and banks certainly have no desire to become more like credit unions. Until someone can identify a problem with these member-owned institutions, they deserve to be left alone.

---

[From the Goshen News]

GIVING CREDIT TO CREDIT UNIONS

Credit unions, which have been helping people with their financial needs for more than six decades, are themselves in need now. They need to win a legal fight and, failing that, they need some political help from Congress. If they don't get it, the credit unions themselves may no longer be available for millions when they come knocking, and American consumers, especially those of modest means, will have reason to grieve.

Congress established credit unions as nonprofit cooperatives in 1934 chiefly for poorer people left out of the loop by banks. It required that members have a ''common bond,'' such as being employees of the same company. The formula worked fine until the late 1970s, when the disappearance of large manufacturing plants and other economic changes began robbing the credit unions of members. A federal agency then said a credit union could include a multitude of groups in its membership in order to maintain a sufficiently large operational base.

The commercial banks yelped. What's more, they sued. They maintained that the federal agency, The National Credit Union Administration, had misconstrued the law, and a federal judge said the commercial banks were right. The Supreme Court has agreed to hear the case either late this year or early next. If the high court concurs with lower court rulings, some 10 million people will no longer be members of credit unions, and millions more may never get the chance.

That would be a shame because credit unions normally pay higher rates of return

on deposits and charge less interest on loans than banks. They tend to be easy and friendly to deal with, partly because the directors are likely to be the consumer's fellow workers. Banks say the competition from the credit unions is unfair because they don't pay taxes. It's true that, as non-profits, the credit unions don't have profits to pay taxes on. Their members do pay income taxes on any dividends.

If the credit unions lose in court, Congress could quickly come to the rescue with just a slight change in the 1934 law's wording about ''common bonds.'' There is some bipartisan support for the amendment, though not exactly a ground swell yet. You would think, at first blush, that there would be more interest. After all, 70 million Americans belong to credit unions, and that's a lot of voters. It's possible, of course, that another number speaks more loudly in the legislative ear: 4.4 trillion, which is the accumulation of dollars the banks have in assets, and more than 12 times the assets of credit unions. The banks would not seem to be at much of a disadvantage economically, after all, although the credit unions may be at a disadvantage politically.