information so they can make a better decision on public policy. It is about information. It is about accountability. I want to assure everyone, this will not stop unfunded mandates. It will simply require a debate when there is an unfunded mandated and a point of order is made. We then can make a decision by a vote whether or not we want to stop an unfunded mandate with the point of order process.

So really this is a pretty simple idea. It just requires us to get the information and then be held accountable for how we respond to that information.

I would encourage Members to vote for this rule, and if they have a suggestion on how we can improve this idea, this simple idea, come over here, present their ideas, and then we will vote it up or down.

With that, I want to thank my colleagues for giving us this opportunity. I would also like to thank the gentleman from Ohio (Mr. PORTMAN), who has been a leader in the unfunded mandates effort for his involvement, for his help and his assistance.

Mr. MOAKLEY. Mr. Speaker, I hope the rule passes. I think the gentleman from California (Mr. CONDIT) is exactly correct, that we should debate the amendments on the floor.

Mr. Speaker, I yield back the balance of my time.

Mr. DREIER. Mr. Speaker, I yield such time as he may consume to the gentleman from Cincinnati, Ohio (Mr. PORTMAN), the lead author on this legislation.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman from California for yielding me the time.

Let me say, I appreciate the words from the gentleman from California (Mr. CONDIT), who is the lead sponsor; I am his cosponsor, on this. This thing is just common sense, good government.

I applaud the Committee on Rules for two reasons, one, for coming up with an open rule. I think it is as fair a rule as we are going to get. I think we will have a lively debate on a number of amendments that will be offered on the floor. We may have some debate on the legislation itself, the basic bill, one aspect of it, and that is healthy and that is good.

One of best things about this is it gives us an opportunity to talk about an important issue which is, how does this Congress go about determining whether to impose a mandate, in this case, on the private sector. We did this in the public sector 3 years ago; now it is time to talk about the private sector.

My view is that we ought to do it in a much more informed way, knowing what the costs are, having an honest debate about that and then, in the end, determining by a majority vote whether in fact to proceed with legislation that imposes new burdens, particularly on smaller businesses. Where the burden is on the business, it is on the workers whose job opportunities are reduced; and it is on the consumer, all of us whose pocketbooks are affected. So I want to applaud the Committee on Rules for the open rule and the full and open debate I am sure we are going to have on this.

Second, I want to commend them for working with us to perfect this legislation and, frankly, to move the legislation forward. There is a lot going on right now in this Congress despite what we might hear out there, and the agenda is busy. There are a lot of different items the Committee on Rules is taking up. This one is in their jurisdiction, and they were willing to put it, frankly, on the front burner and deal with it in an expeditious manner, I think again not only to move it forward, but to improve it.

I want to thank the gentleman from California (Mr. DREIER) and I want to thank the chairman, the gentleman from New York (Mr. SOLOMON), and the ranking member, the gentleman from Massachusetts (Mr. MOAKLEY) for moving this process forward. I look forward to the debate.

Mr. DREIER. Mr. Speaker, I yield 2 minutes to the gentleman from Sanibel, Florida (Mr. GOSS), chairman of the Permanent Select Committee on Intelligence and the Subcommittee on Legislative and Budget Process of the Committee on Rules.

Mr. GOSS. Mr. Speaker, I thank my friend, the distinguished gentleman from greater metropolitan San Dimas, and my equally good friend from the Commonwealth of Massachusetts for their graciousness in allowing me to speak this morning on this subject. Obviously, I think it is an important issue.

I think this is a good rule, an open rule. I congratulate the leadership for these open rules, especially on things like the Mandates Information Act of 1998.

I think this bill takes the next step on the issue of unfunded mandates that we need to take. It recognizes the need for greater accountability in this Congress for the impact that our actions have on the lives of real people outside the Beltway. Those are the people we work for.

In the 104th Congress, the new majority broke ground on this subject, implementing changes in our House rules to make sure that Members are aware of the fiscal impact on State and local governments of legislation when we pass it. At that time, we included illustrative provisions relating to so-called, quote, ''private sector mandates'' or ''Federal actions and requirements'' that impose significant costs on elements of the private sector.

Today we move that commitment on private sector mandates to a par with what we are already doing vis-a-vis the public sector. It makes sense. It is what we said we were going to do.

This legislation is technical, and it sounds a little complicated, but what it really boils down to is a straightforward concern to American businessmen, consumers, workers, taxpayers, that is, all of us across the country.

The Congress should take prudent steps and exercise due diligence in passing laws that impact upon the lives and pocketbooks of average citizens in reasonable ways only. Sometimes there are real costs associated with legislative changes, costs that may not always be obviously stated in the text of a bill or even realized. Sometimes, believe it or not, we have unintended negative consequences from some of our legislation.

This legislation sets up a process to force some added scrutiny and hopefully ensure that we minimize costly, unintended consequences. I have long supported this type of change because it strengthens accountability and promotes sunshine, two fundamental principles of government that should be the hallmark of everything we do.

Mr. DREIER. Mr. Speaker, as has been said probably most eloquently by the gentleman from South Boston, this is an open rule. For that reason, I urge my colleagues on both sides of the aisle to support the measure.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FINANCIAL SERVICES COMPETITION ACT OF 1997

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 428 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 428

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 10) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour, with thirty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Financial Services and thirty minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Commerce. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute printed in part 1 of the report of the Committee on Rules accompanying this resolution. That amendment in the nature of a substitute shall be considered as read. All points of order against that amendment in the nature of a substitute are waived. No amendment to that amendment in the nature of a substitute shall be in order except those printed in part 2 of the report of the Committee on Rules. Each amendment may be offered only

in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment except as specified in the report, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from New York (Mr. SOLOMON) is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, this legislation before us is a structured rule providing for the consideration of H.R. 10, the infamous H.R. 10. It is the Financial Services Modernization Act of 1998.

This rule is balanced and fair to both supporters and opponents of the legislation. The rule allows for consideration of all of the major substantive issues in the realm of financial services reform dealing with banking, dealing with securities and dealing with the insurance industry, three of the most important industries in this Nation because, as their success goes, so goes the success of all of the other industries throughout our country.

Passage of the rule today is another step forward in the deliberative process in this Congress on this issue that has been going on now for more than a decade, and it is important that we take this stride here today.

Mr. Speaker, the rule provides for 1 hour of general debate, 30 minutes equally divided between the chairman and ranking member of the Committee on Banking and Financial Services.

The rule also waives all points of order against consideration of the bill. The rule makes in order an amendment in the nature of a substitute which is printed in part 1 of the committee report and which shall be considered as an original bill for the purposes of amendment and shall be considered as read.

This text, which has been available to the House since March 30, is identical, and Members back in their offices or wherever they might be, this is very important, the text that is before us today is identical to the text the Committee on Rules made in order during an earlier rule for this bill, except the credit union title, which was dropped and passed by the House under suspension of the rules on April 1. So the legislation is identical, minus the credit union legislation.

In addition, for the further information of Members, the gentleman from Iowa (Mr. LEACH) printed this text in the CONGRESSIONAL RECORD on April 30 so, again, if they do not have a copy of the bill itself, if Members get the CONGRESSIONAL RECORD of April 30, it lays out the entire matter before us.

The rule also waives all points of order against the amendment in the nature of a substitute.

□ 1130

The rule further provides that no amendment shall be in order except those printed in the Committee on Rules report, which may be offered only in the order printed, which may be offered only by a Member designated in the report, which shall be considered as read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment except as specified in the report.

The rule also waives all points of order except the amendments printed in the report. The rule allows the chairman of the Committee of the Whole to stack votes, and, finally, the rule provides for one motion to recommit with our without instructions.

Mr. Speaker, this rule allows for consideration of a total of 12 amendments and one bipartisan manager's amendment. There are 7 Republican amendments and there are 4 Democratic amendments. The rule, like the underlying legislation, enjoys bipartisan support, strong support from both sides of the aisle.

The manager's amendment, which includes important consumer protection provisions, agreed to by the chairman of the committee of jurisdiction and the ranking member of the Committee on Commerce, the gentleman from Michigan (Mr. DINGELL), one of the most respected Members of this body, and the most senior Member of this entire body, by the way, will be considered first after general debate.

The House will then proceed immediately, and this is important for Members to be listening to, the House will then proceed immediately to a major substantial proposal offered by the ranking member of the Committee on Banking and Financial Services, the gentleman from my home State of New York (Mr. LAFALCE), which allows for additional financial activities by a bank performed in an operating subsidiary structure, and revises section 104 of the bill governing insurance sales.

That is a very, very controversial issue, but it speaks to this divided House on the issue. And the amendment of the the gentleman from New York (Mr. LAFALCE) will speak very clearly to that.

In addition, I would point out that the gentleman from New York (Mr. LAFALCE) is the ranking member of the Committee on Banking and Financial Services and, therefore, he should have the first priority of offering that amendment dealing with operating subsidiaries. But in addition to that, the gentleman from Louisiana (Mr. BAKER), a Republican, who is a member of the Committee on Banking and Financial Services and a subcommittee chairman, also has a comprehensive amendment which makes several major changes in the bill, including operating subsidiaries.

So Members have two bites at the apple dealing with that very, very controversial issue. His amendment amends also the insurance title of the bill. It eliminates community reinvestment requirements for institutions with assets less than $100 million. And, finally, it contains an operating subsidiary proposal, as I just outlined.

These two amendments are debatable for 40 minutes each. And I would suggest that Members ought to come over here and they ought to listen to that debate in about an hour because it is very, very important to the final passage of the bill.

The rule also addresses the contentious issue of commercial baskets in an evenhanded manner as well. The gentlewoman from New Jersey (Mrs. ROUKEMA), who is chairman of a subcommittee of the Committee on Banking and Financial Services, will offer her amendment to increase the percent of the amount of annual gross revenue from which a financial holding company would be permitted to derive from commercial activities.

The bill, keep in mind, has a 5 percent basket in it, and the gentleman from Iowa (Mr. LEACH) will then offer an amendment to eliminate the commercial basket entirely. Each of the basket amendments are debatable for 30 minutes.

So the bill, containing a 5 percent basket, is then allowed to be amended by Members from both sides of the issue, one that would increase that basket and another that would decrease it to zero. That is fair and that is why Members should come over and vote for this rule.

The rule then allows for seven other amendments debatable for 10 minutes each, and that could be expanded by unanimous consent if need be, which address several issues in the insurance field, the thrift field, and the small bank areas, all of which Members have divided attention to. In this way, the rule allows significant financial services alternatives to be debated and

voted on this floor. Everybody will be heard.

Mr. Speaker, this rule meets the twin goals the Committee on Rules grappled with yesterday, allowing fair and vigorous debate on various alternatives and yet moving this delicate compromise forward to House passage.

Mr. Speaker, the rule continues the spirit of compromise surrounding this legislation. I have learned many things in my 20 years in this institution, but one of the best lessons I have learned was the value of compromise for the public good, and that is what we need to have here today to move this legislation forward.

In this regard, I wish to salute my friend, the gentleman from Virginia (Mr. BLILEY), the chairman of the Committee on Commerce, and the gentleman from Iowa (Mr. LEACH), chairman of the Committee on Banking and Financial Services, as well as the gentleman from Ohio (Mr. BOEHNER), chairman of the Republican Conference conference. These Members deserve great acclaim, as well as the gentleman from Michigan (Mr. DINGELL) and the gentleman from New York (Mr. LAFALCE) for their patient attention to this very, very important matter.

Mr. Speaker, many Members of Congress on both sides of the aisle have made substantial compromises in order to move this legislation forward. In addition, the affected industries have participated in good faith in these talks and made significant changes in their positions to accommodate the concerns of other stakeholders.

Mr. Speaker, the willingness to compromise among several major banks and the insurance industry and the securities industries have allowed this legislation to proceed to where it is today. Unfortunately, this spirit of compromise was not pervasive in the Washington-based banking trade associations, who have flatly rejected any compromise.

The letter that we received from the Business Bankers Roundtable, from the American Bankers Association, and the Independent Bankers Association had the mitigated gall to write a letter and say no matter what this Congress does on this floor, no matter what combination of amendments are adopted, that they oppose the bill. If my colleagues want to know why, it is because they want a free reign. I will get back to that in just a minute. This is so disappointing, given the strong support for this legislation among some of the country's most prominent financial institutions.

When I was 3 years old, the Glass-Steagall Act prohibiting affiliation with commercial banking and securities activities was passed. And that was 64 years ago. The pace of change in the world and in the marketplace has been absolutely stunning over time. Our financial services laws are, without question, obsolete for a modern global economy.

Mr. Speaker in, this new global environment it is imperative that the banking industry, the insurance industry and the securities industries of the United States be able to compete internationally, because our whole economy depends on it. Jobs in America depend on it. A healthy and competitive financial services sector of the economy leads to overall growth and stability in this country.

Mr. Speaker, the recent waive of mega-mergers and the resulting media attention to those activities only point out further the need for this legislation in the way that it is crafted today, and the way it will be crafted on this floor under a fair debate.

A bipartisan consensus has coalesced around the bank holding company structure as the prudent way to allow for increased financial activities, and the chairman of the Federal Reserve Board has weighed in in strong favor of this report. One of the most respected people in the United States. Any attempt to modernize our financial services law should clearly not toss out the lessons of history, and I will talk about that in just a minute.

Mr. Speaker, having served in the House during the S&L crisis, I can assure Members that financial services modernization should be crafted in a manner which does not jeopardize the interest of the investor, and that means not only people living on fixed incomes that have accumulated a little stock over their lives and now live on that income, it means the pension systems throughout this country, union pensions or the New York State retirement system, all investing in the stock market. These have to be protected. We cannot let the same thing happen to them that happened with the S&L crisis back in the early 1980s.

Mr. Speaker, the news in the last few weeks should be enough evidence for Members to be convinced the time has finally arrived to pass this bill, to get it over to the Senate, and then get it to conference so that the administration can weigh in as well as the Senate and as well as the House. Defeat of the bill today will prevent that from happening and could, my colleagues, result in chaos throughout the financial markets of not only the United States but the world itself.

The world market has changed right before our eyes and we are diminishing the credibility of this lawmaking body if we do not act here today.

Mr. Speaker, the Committee on Rules is presenting the House with a variety of alternatives on this financial services reform with this rule today. The House will have an opportunity to work its will, and that is the way that it should be.

Mr. Speaker, I believe that Members of Congress have a responsibility to lead and to legislate. If Congress does not act now, one day we will wake up and the world will suddenly be so completely different it will be unrecognizable and we will have done nothing to shape it, and every Member of this body can be ashamed of themselves.

Mr. Speaker, I would urge Members to move this process forward. We have studied these issues extensively in our committees for years now. More than 10 years. We now have an appropriate rule before the House. Let us pass the rule and then the bill and send it to the other body for their consideration.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, 7 weeks ago the House Republican leadership was forced to withdraw from consideration an unfair and ill-considered rule. Today the Republican leadership has recommended a rule which, while not perfect, is much more fair and one which allows the House to debate many of the issues related to modernizing the financial services industry in this country.

Most importantly, the ranking members of both the committees of jurisdiction have been given the opportunity to offer important amendments to the bill. Seven weeks ago, the Republican majority denied these Members the opportunity to offer these amendments and that action contributed to the eventual withdrawal of the rule.

Mr. Speaker, without a doubt, H.R. 10 is a controversial bill, but I think all Members will agree that financial modernization is essential to ensure that our financial services industry can remain competitive in today's global economy. More than ever, the ability of our financial institutions to compete globally is critical to maintaining our position of economic strength. There is little debate on that point. Moreover, the question of how we construct a financial modernization scheme is a subject of heated debate. This rule, unlike the rule brought up last month, allows for debate on some of the major points of contention in the whole question of financial services modernization.

First, Mr. Speaker, this rule allows for the House to choose between two structures for modernizing financial institutions and for eliminating the barriers between banking securities and insurance activities. As currently written, H.R. 10 allows for a direct affiliation of these activities through the creation of a new holding company structure which would be overseen by the Federal Reserve Board. Each affiliate, however, would be subject to regulation by its own functional regulator; in other words, banks by banking regulators, securities by the SEC, and insurance by State insurance regulators.

This rule, unlike its predecessor, allows the ranking member of the Committee on Banking and Financial Services the opportunity to offer an amendment to this key provision. The LaFalce-Vento amendment would allow banks to choose between the holding company concept or an operating subsidiary system, which would be subject to regulation by the office of Comptroller of the Currency. Without going into the details of the differences between those two regulatory schemes, suffice

it to say that this is a critical difference which deserves consideration and debate in the House.

In addition, Mr. Speaker, the rule includes as a manager's amendment, proposals first brought up by the ranking member of the Committee on Commerce. In the first rule proposed for consideration of H.R. 10, the Republican leadership excluded from debate the consumer protection amendments proposed by the gentleman from Michigan (Mr. DINGELL). However, in round two, the Dingell amendment has now become the Bliley-Dingell-Leach manager's amendment and will be the first amendment considered under the rule.

Allowing these amendments to be considered is not only fair, Mr. Speaker, it is necessary for the House to consider them if we are to truly debate the issue of modernizing banking laws that are from another age. Regardless of each Member's position of how to accomplish this long overdue change in our banking laws, it is important the House be able to examine this issue thoroughly, something that the Republican earlier had not tried to do. This is a much better rule and will allow for comprehensive debate on bringing our financial services industry into the 21st century.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Finley, Ohio (Mr. OXLEY), one of the most respected Members of this body, who has contributed so much time to this issue as a subcommittee chairman of the Committee on Commerce.

Mr. OXLEY. Mr. Speaker, I thank the gentleman from New York for yielding me this time and congratulate him on an excellent product, this rule. Indeed, this does allow the House to work its will on several important issues dealing with H.R. 10, and I do rise in support of the rule for the Financial Services Act of 1997.

This is the 10th time that Congress has tried to repeal Glass-Steagall since 1979. In the absence of congressional action, regulators have stepped in and essentially usurped congressional authority to make national policy for financial services. I believe it is time now for Congress to consider this issue and for elected representatives to discharge their constitutional authority rather than unelected regulators. We are, indeed, responsible and answerable to our constituents, and that is the way it should be. Accountability is what this body is all about.

□ 1145

The rule makes in order a bipartisan manager's amendment dealing with important issues, including consumer protection, SEC backup authority, information sharing among the regulators, and provides for a study of community needs.

And indeed, I congratulate the gentleman from Michigan (Mr. DINGELL), our ranking member on the Committee on Commerce, working very closely with the gentleman from Virginia (Mr. BLILEY) and the gentleman from New York (Mr. MANTON), our ranking member on my subcommittee; as well as the Committee on Banking and Financial Services members, led by the gentleman from Iowa (Mr. LEACH) the gentleman from Minnesota (Mr. VENTO) and the gentleman from New York (Mr. LAFALCE) and others who were able to craft this very important manager's amendment that provides some reasonable consumer protection, but still allows the competitive nature of the enterprises to go forward.

In addition, the rule also eliminates the bulk of the thrift title, which has been of great concern to many thrifts throughout the country who understandably have not wanted to give up their charter. The legislation will now essentially leave all thrifts as they are under current law.

I look forward, Mr. Speaker, to an informed debate on these necessary changes to enhance the competitiveness of our financial services system. Let us hope that, after all these years, Congress can come together, pass a measured bill that breaks down a lot of these barriers to competition, allows for the affiliation between banks and insurance companies and securities companies to give the consumer the kind of savings that have been projected in the $15 billion and more range per year with the reduction of fees and the necessary advantages that come with these changes that are inherent in this bill.

So this is a fair rule. It is one that was carefully crafted to allow all sides in the debate to have their say and to have their vote, and I commend it to the membership.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Speaker, I thank the gentleman for yielding me the time.

The bill does some good things with respect to the Glass-Steagall law with respect to bank holding company law. But it does some very bad things with respect to the totality of the national bank charter. It is primarily for those reasons and the adverse impact that those changes would have on consumers and the ability of any administration to effectuate bank policy and economic policy that virtually every consumer organization in America that I am aware of opposes H.R. 10, even with the passage of the manager's amendment, and that the administration a month ago, yesterday, and today has indicated that it would veto H.R. 10 in its present form even with the passage of the manager's amendment. That is the bill that we have, and we will address that later.

Now to the rule. The rule under consideration makes in order a number of thoughtful amendments which do frame some of the most difficult issues this House will face this Congress. The implications of mixing commerce and banking raise sensitive questions involving the safety and soundness of our federally insured banking system.

The viability of the traditional national bank charter and the issue of what we expect in return for the granting of these charters in the form of Bank Community Reinvestment Act obligations will be forcefully and passionately debated under this rule. That was not true of the rule a month or so ago. I commend the chairman of the Committee on Rules for permitting it under today's rule.

However, in speaking for the Democrats on the House Committee on Banking and Financial Services, I am not able to say that we are adequately satisfied with the rule. Simply stated, it is incomplete. The issue of financial modernization is one of the most complex bills we shall ever consider. We must try to anticipate the future and interject policy considerations into an intense marketplace struggle between industry giants.

Why must we consider such matters? Millions of our constituents use financial services daily and depend on the accuracy and dependability of these services. They demand to be protected against abusive business practices and insured against the loss of their savings.

The rule we have before us is incomplete. The managers of the Financial Services Act of 1998 have expended hundreds and hundreds of hours of work in the two major committees of the House that have considered this bill; and under the rule, we each will have but 15 minutes to present our views in general debate. I think that is inadequate.

Secondly, while there are a dozen amendments that have been made in order, most of them are either studies or peripheral issues to the key provisions of the legislation. They could have been accepted in large part in the manager's amendment.

On the other hand, 17 amendments were filed by Democratic members and not made in order. I do not say every one should have been made in order. But many of those amendments went to the heart of the bill's purpose.

For example, amendments were filed by the gentleman from Massachusetts (Mr. KENNEDY) that would condition the affiliation of financial giants on their compliance with fair housing and anti-redlining practices. The gentleman from New York (Mr. HINCHEY) filed amendments that dealt with ATM fees and the practice of consumers receiving unsolicited loan checks in the mail. The gentlewoman from California (Ms. WATERS) raised real questions about the commitments of financial institutions to their community needs. These amendments should also have been made in order.

Mr. FROST. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. DINGELL).

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Mr. Speaker, I rise in support of the rule, and I rise in support of the bill, and I rise in support of the manager's amendment.

This is a fair rule. It deserves the consideration and support of every Member of the House. The rule makes in order 12 amendments to be offered by Members of the majority and the minority. These amendments deal with the major issues that were raised during the committee consideration of this legislation, and they make possible full and fair and open debate on an important piece of legislation.

I am pleased to tell my colleagues that the process that has brought us to where we are at this moment is a fair, open, and bipartisan one. I want to thank my good friend, the gentleman from Virginia (Mr. BLILEY), of the Committee on Commerce and the gentleman from Iowa (Mr. LEACH) of the Committee on Banking and Financial Services for their leadership and for their courage and for their willingness to work with me to build reasonable consumer and investor protection into this bill.

I want to point out that the leadership of the majority has been fair in their actions on this matter and that we on this side should appreciate that fact. With the support of my good friend, the gentleman from California (Mr. FAZIO) and many other Members on both sides of this aisle, I am pleased to be joining the gentleman from Virginia (Mr. BLILEY) and the gentleman from Iowa (Mr. LEACH) in offering the manager's amendment, which is made in order under the rule.

That amendment includes the consumer and investor protections that I have sought throughout the process. It provides a safe and sound framework so that the financial services industry, which accounts for some 18 percent of the GNP of this Nation, can compete efficiently and effectively in the new global financial marketplace of the 21st century.

With recently announced mergers, including giant banks and other large financial institutions, a lot of fear has been raised over what the new financial marketplace will look like. The truth is that, without H.R. 10, the financial industry megamergers and consolidations will continue. The regulators will continue their turf wars. The new finance giants will overwhelm a regulatory patchwork process that lacks adequate authority. And U.S. taxpayers will probably face another savings and loan bailout situation and litigation will prevail. This time, however, it will be the banks.

On the other hand, if H.R. 10 is enacted, clear regulatory authority will be present, boundaries will be established within which financial services firms will be free to compete in a fair and open manner, and litigation, confusion, and taxpayer exposure will be reduced.

The choice, then, here before us is clear. I intend to vote for the rule on H.R. 10, and I intend to vote for the manager's amendment. I intend to vote against all other amendments, including amendments which would permit greatly expanded high-risk activities in bank operating subsidies, a real danger to our economic system, and greater mixing of banking and commerce activities than the bill allows.

I urge my colleagues to support the rule. I urge them to support the manager's amendment. And I urge my colleagues to oppose all those other amendments which I view as unwise.

This is a good rule. The bill, if crafted according to the language of the rule, will be a good bill. Let us pass the rule. Let us pass the bill. Let us support the manager's amendment. And let us resolve an issue that has plagued this country for a long time, in an honorable fashion, in a way which serves the interest of the country.

I want to again commend my colleagues who have made this possible, including my good friend, the gentleman from New York (Mr. SOLOMON), the chairman of the Committee on Rules.

The SPEAKER pro tempore (Mr. CAMP). The gentleman from New York (Mr. SOLOMON) has 14 minutes remaining, and the gentleman from Texas (Mr. FROST) has 18 minutes remaining.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume. Even though the time is not balanced yet, Mr. Speaker, I will yield some more time.

But I want to say to my good friend, the gentleman from Michigan (Mr. DINGELL), the senior Member of this entire body from either side of the aisle, he is one of the most respected Members on the other side of the aisle, and we appreciate his statement.

Let me just briefly take to task my good friend, the gentleman from New York (Mr. LAFALCE), because he has insinuated that we have discriminated against the minority in this rule; and let me just state for the record, and here is the record, that every single Democratic amendment that was offered dealing with policy was made in order in one form or another. That includes LAFALCE and VENTO and MARKEY and SANDERS and DINGELL and MORAN.

So the gentleman, if he had other issues in mind, other policies, he should have introduced them as amendments. And out of respect to him as the ranking member of the Committee on Banking and Financial Services, I would have made them in order without question.

Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA) one of the most distinguished Members of this body. She is the gentlewoman from the Fifth Congressional District in New Jersey, chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Mrs. ROUKEMA. Mr. Speaker, I thank the chairman of the Committee on Rules.

Mr. Speaker, I rise in strong, strong support of this rule. We have to have this debate today. It is an essential debate, and it must move forward with approval of this rule. If we fail to act today, and I have got to stress this, I have been on this Committee on Banking and Financial Services for a long time, and I have seen lots of changes here, but I have got to stress that if we fail to act today, we are losing the opportunity to reform our financial system in a meaningful and rational way. In my opinion, it is now or never for this Congress.

I certainly appreciate the strong support of the ranking member of the Committee on Commerce, the gentleman from Michigan (Mr. DINGELL), who brings not only his own personal strong support but establishes bipartisan cooperation here.

I might stress to those who are not on the Committee that may have followed this, particularly our newer Members, we will lose the opportunity here to bring to conclusion the Depression era. We are talking about Depression era laws, 1930s, we have got to update them. The important thing is that if we do not do it here today, we will lose the opportunity to stop the regulators and the courts from doing the jobs that Members of Congress should be doing.

□ 1200

Congress must act now, not allow the regulators, in an ad hoc, piecemeal action and the courts to do what Congress is refusing to do with its statutory responsibility.

Technology and market forces have broken down the barriers between banking, securities, and insurance. Our current framework, our current law, however, is stuck in the 1930s, and it has limited our financial institutions' ability to compete in the marketplace, the global marketplace.

By not acting here today, we do not change what is transpiring around the world and here in our own domestic market with foreign bankers and securities people coming in. In the absence of our action here today, again, I want to repeat it, Federal agencies and the courts will find the loopholes and novel interpretations to allow financial institutions to adapt to the marketplace. It will be a blot on the reputation of this Congress.

We have had recent examples of the Comptroller's decision to allow national bank subsidiaries to engage in activities that they never should have been allowed to accept under new statutes. Congressional inaction has led to this piecemeal kind of regulatory reform, and honestly, Members do not want to go home and tell their people in a few years, when we have another savings and loan type debacle, that they voted against strong statutory reasons to redefine financial institutions.

Mr. Speaker, I do congratulate and concur with the Committee on Rules. They dealt with a very difficult subject, and they have provided for a fair and comprehensive debate under this rule with complexities here that it is hard to find a parallel to; but I think they have done it in a very fair way, 12 amendments with all the substance of the issues.

The rule for H.R. 10 makes in order 12 amendments, two of which are mine. The Rules Committee worked hard on this Rule, and Mr. SOLOMON and his Committee should be commended. The new Rule is an improvement over the rule from late March. Under the new Rule, members will get a chance to vote on many of the most contentious issues—insurance sales by bank, deference to the Comptroller, the National Bank Operating Subsidiary, CRA relief for small banks, and other provisions. Giving the members a chance to vote on the issues is a measure of our commitment to fair and comprehensive full debate on the complexities of modernization of financial institutions today's global financial network.

I am disappointed, however, that one amendment was not permitted. Mr. MCCOLLUM offered an amendment to the thrift title. His amendment was similar to provisions of the bill which were voted out of both the Banking and Commerce Committees. Regardless of your position on the issue, it should have been ruled in order. Members should have had an opportunity to vote on this issue.

Mr. Speaker, as with most things in life, things are not always perfect. I will support the Rule. I urge my colleagues to vote ''for'' the rule.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. VENTO).

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I rise with concern for this rule and significant concern for the outcome of this product, based on the amendments and status that exists.

We are really facing here a bill that was not written in the Committee on Banking and Financial Services, not written in the Committee on Commerce, a 400-page bill and a smorgasbord of amendments to it that, frankly, will tend to grow if, indeed, some of these amendments are added and as consumed could provide acute indigestion.

Mr. Speaker, I am for banking modernization; I am for deregulation. But the fact of the matter is that what has worked itself into this bill in a haphazard manner and a muddled manner is obviously, on one hand, we claim to be repealing Glass-Steagall, which, of course, the regulators have helped us along with over the years; and the fact is that there is a mixture today just in the very instruments of loans, of annuities, and securities which constitute our financial entities, so much so that they are almost a distinction without a difference.

I am for modernization, but the fact is that this bill is really, and it is still, in a state of denial. It is like finally we dropped somebody in the middle of the ocean; they admit they are in the water, but they have not got the ability to swim, or to take a boat for that matter. Maybe the boat they are taking here is referred to as the H.R. Titanic.

The fact is that this bill is still in denial. It is a grudging permission. In fact, what happens in this bill in the name of modernization is that we take the national bank charter, and it gets shredded. We shred it. That is what happens in this bill.

You permit States bank subsidiaries to do certain activities. You permit bank subsidiaries to do activities in foreign countries, but you will not let the banks subsidiaries function in the U.S. In this bill, incredibly, at a time of megamergers and acquisitions, we diminish the voice of consumers in terms of programs like CRA the Community Reinvestment Act. Some interests do not like CRA, but it is one of the only voices that we have for consumers. So there is a grudging reluctance.

I admit we have to face up and deal with this. The fact is, this bill is muddled. The administration does not support the bill in this form, and 49 of the 50 banking associations do not. Why? In the name of modernization, this bill is not worthy of its name because it takes away from financial institutions activities what they can do today, and then it calls it modernization. That does not make any sense.

That is why every bank in the country, practically, is in an uproar, other than those that need this fig leaf in order to accomplish their acquisition and merger activities.

That is where this Congress is at. I think we can do a lot better. I do not blame the Committee on Rules. This rule, they have done the best they could. They had a bill that was delivered to them, 400-plus pages, that in a sense is going to grow, that they did not have anything to do with; and I did not have very much to do with as one of the ranking members in the Committee on Banking and Financial Services. And that is what is being proposed to be moved. This is put together by people who really, in my judgment, do not want banking modernization. It is a grudging, limited approach that has bound them. It is a balkanized, a reregulation of the financnail institutions market.

Banks in this country, my friends, are the foundation of our economic growth. We ought to be wise enough and prudent enough in this body to admit that. Nobody may love banks, I guess, but the fact is that they are essential to our economic development and growth. We are writing them off in this bill. That is what we are doing. The national bank charter is being shredded; it is being written off in this bill.

We can make some changes, modifications by adopting the good amendment that the gentleman from New York (Mr. LAFALCE) and myself have offered, but that is about the only hope we have to come through this process and keep this process moving.

Frankly, this bill is a mess. I suggest, even if we pass it today, it is going to go to the Senate. It is not going to fare very well unless it gets substantially changed. I think most of us have a good deal of reticence about trusting that the Senate will straighten everything out, as my colleagues might agree, and of course the administration strong opposition and veto threat persists. I think it is time to sit down and work out what needs to be done and really do true modernization.

It should be noted that the basic text of this, some 400 page, measure is a curious product, claimed to be derived from the Banking and Commerce Committee products, but frankly many provisions and specifics were in neither of the committee products. That is why, I am strongly opposed to the underlying text of H.R. 10. The manager's amendment made in order under this rule does next to nothing to address the serious concerns I have about the overall industry balance of this bill. No doubt many Members have heard from consumer groups, community groups, bankers, and state groups alike, that this bill is flawed. I hope we can make some substantial improvements. And therefore be able to move forward with this measure with some hope of a workable measure and better policy.

I would argue that on an issue of such importance, the future of our financial services industries in our country, Members may need more than an hour of general debate. While the amendments made in order have done a better job of making time to address the key issues on this bill, there actually are some issues that are not addressed clearly, among them, the thrift charter issues. Fortunately the credit union measure, H.R. 1151, is not clouding the issue, as in the March 30 version which was pulled from consideration.

The rule importantly does make in order the key amendment, that is, the LaFalce-Vento amendment to preserve the national bank charter. This amendment makes some balancing changes in the insurance provisions, assures stronger consumer laws apply when there are both federal and state laws, clarifies the matter of deference to the federal banking regulator, reinstates important study and report provisions previously in the bill, and restores a financially viable and safe operating subsidiary for national banks so that national bank subs can engaged in all activities that are financial in nature except insurance underwriting and real estate development and investment. This national bank amendment raises issues of great import to the overall issue of financial modernization, to the Members of the Banking Committee and the Administration. Its passage will be critical to the future of H.R. 10.

The Baker amendment that was made in order in my judgment a troublesome amendment made in order by this rule. It attempts to address several issues and has some positive points. However, it does bring in this bill the issue of even further exempting banks from the Community Reinvestment Act. Under the Baker amendment, banks with less than $100 million in assets will be exempt from CRA.

That is not modernization. If we are to bring extraneous issues into this bill, I would suggest that we should have looked to amendments that helped consumers, like banning live loan checks, instead of those that hurt consumers and communities.

It should be noted that the new text of H.R. 10 in an era of mega-merger and acquisition across financial entities lines shrinks the opportunities for consumers and communities to have a voice through CRA.

Further, the Baker amendment muddies the water with regard to what would be an appropriate financial operating subsidiary of national banks. Make no mistake Mr. Baker's operating subsidiary is not workable or fair has been rejected by the Administration, or for others who want to see a strong and viable national bank with real strength for the federal bank regulator, for communities and for consumers. Furthermore this amendment further seriously undermines the community reinvestment act. Having the Federal Reserve Board define what the OCC's banks' subsidiaries can do is the fox guarding the hen house, a hollow subsidiary for symbolic purposes isn't the answer to avoid concentration, promote competition and serve our communities.

Mr. Speaker, I have worked long and hard and in good faith on a financial services modernization bill for many years as have most of my colleagues on the Banking and Financial Services Committee. This bill jeopardizes the appropriate balance and marginalizes the deliberate consideration and contributions of many Members. While this rule is not egregious as the rule was in March, the process leaves must to be desired. Without passage of key amendments, H.R. 10 will not have my support. With passage of certain amendments, H.R. 10 will not have my support.

The rule today is apparently as good as it gets in the House this Congress, hopefully we will be able to work the will of the House and made a good judgment on the final product. This measure H.R. 10 in its current form even with amendments is not a product which I would take any pride we could and should have done much better.

Mr. FROST. Mr. Speaker, how much time is remaining on each side.

The SPEAKER pro tempore (Mr. HANSEN). The gentleman from Texas (Mr. FROST) has 14 minutes remaining. The gentleman from New York (Mr. SOLOMON) has 10 minutes remaining.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY of Massachusetts. Mr. Speaker, I rise in strong opposition to this rule, and I think that it is important that we recognize that, while all of us are focused on the whole issue of how this bill is going to affect the biggest and most powerful institutions in this country, and perhaps now, in the world, with the new speed of mergers and acquisitions taking place, we are creating ever larger, ever more powerful banks and insurance companies and securities firms.

We are allowing them to gobble up one another in a situation that makes a Pacman machine look, itself, like child's play. But the fact of the matter is, that nowhere in this legislation is there a word printed about how this bill is going to affect the poor. Nowhere in these long pages do we see any indication of whether or not small business lending is going to increase.

Every major study shows that once this legislation passes, we will see the number of branch offices shrink. We will see the number of employees that are going to be working for these institutions shrink. We are going to see, much more importantly, the amount of coverage under the Community Reinvestment Act dramatically reduced. We are going to see the tremendous engine of growth that we have seen in our urban areas dry up as a result of the shrinkage of the Community Reinvestment Act.

Yet, even the Fair Housing Act, the Fair Housing Act, which just says that the biggest banks and the insurance companies and the real estate firms in this country cannot discriminate based on race, color, or creed, when the Justice Department has entered into consent decrees with various banks and insurance companies in the United States of America, we are still going to allow them, without any hindrance, to go out and merge and acquire one another.

We ought to say, fine, it is great. I think it is wonderful that we are going to allow our biggest companies to get bigger and to be able to compete with other nations' large institutions. There is nothing wrong with growing big institutions. But what we ought to make certain of, if we are going to grow those big institutions, is that they look out for the little people. That is what this bill misses.

There is nothing in this bill that makes certain that people are no longer discriminated against because of the color of their skin. Believe me, in the financial institutions of this country, we have rampant discrimination. You go in and try to look at how many minorities get home mortgage loans, get small business loans, compared to whites coming from the same neighborhoods with the same income levels. It is atrocious.

Look at how insurance companies discriminate against people around America. We do not do anything, and we are going to allow them to gobble one another up, to protect the poorest people in America. Come on, this ''chamber of deputies'' of America. Come on and stand up as parliamentarians for the people that in the United States need you.

The big banks and insurance companies do not need us. It is the working families of America that need their representatives. Stand up against the insurance. Stand up against the securities. Stand up against the banks. Stand for the working families of America.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I have some very serious objections to the bill in chief, but I want to focus my remarks at this particular moment on the rule.

Although this rule, as has been noted, is a better rule and a more open rule than the one which was originally advanced for this bill some time ago, it is still, nevertheless, seriously deficient in that it is still too closed and not open enough.

This particular bill, H.R. 10, is the most substantial and significant piece of financial legislation to come before this House in a very long time. I dare say that there will be few Members presently serving here who will vote on more significant legislation, even if they stay as long as the dean of the House, our revered friend, the gentleman from Michigan (Mr. DINGELL), some 30 years. This bill is critically important and is far-reaching.

Let me just talk a little bit about the issue of fees and how this rule refused to address the issue of bank fees. Customers of banks find themselves increasingly paying more and more and more in fees.

This bill fails to address that problem, and the rule objected to our introducing an amendment which would have limited ATM fees. This is an amendment which had the support of the very respected gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services.

Nevertheless, the Committee on Rules decided that they should not allow an amendment on this floor which would restrict or prevent banks from charging their customers at ATM machines. There are 90 percent of the banks across the country now charging at ATM machines, and those fees are going up. They were $1 in most instances. Now they are going up to $1.50. How long will it be before they are $2 and $2.50 and $5? The banks are insatiable in this regard. This rule does nothing to prevent them from continuing to fleece the American public by charging them higher and higher fees.

Furthermore, there is a broad, sweeping provision in this bill. It is section 104(b)(1), which preempts State legislative bodies in a very broad, sweeping way from enacting protections for customers, consumers across this country.

So even if this Congress is not prepared to protect the banking customers, to protect financial consumers, the bill goes beyond that and makes it difficult, if not impossible, for State legislative bodies to enact fair, reasonable consumer protection laws.

This is an outrageous position, and it is an outrageous position on the part of the Committee on Rules to prevent an amendment which was suggested and offered by the gentleman from Ohio (Mr. KUCINICH), which would have preempted this particular sweeping provision of the bill.

These are just some of the reasons why this outrageous, tight, wrong rule ought to be defeated.

Mr. SOLOMON. Mr. Speaker, I yield myself 1 minute to take exception to

the previous speaker and to my good friend, the gentleman from Massachusetts (Mr. KENNEDY), as well.

Mr. Speaker, in this legislation, everyone knows that Jerry Solomon is proinsurance and has been for many years. The very fact that I am up here supporting this rule and supporting this bill is because the insurance industry is protected. State regulation is protected in this bill; and do not think it is not, or I would not be standing here supporting it.

As far as the gentleman from Massachusetts (Mr. KENNEDY) is concerned, you know, we are talking about bank modernization and how to protect the investor. We are not talking about redlining districts. We are not talking about fair housing authorities. That is a subject from a different committee, from the Committee on the Judiciary. It ought it be brought to the floor under those jurisdictions, not under this banking bill.

□ 1215

We ought to be concentrating on this, because it is so terribly important, and I will tell you why in a minute.

Mr. Speaker, I yield one minute to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I want to make several points on the consumer protection and CRA protection issue. In several ways, CRA is expanded in this bill. One is all subsidiary depository institutions will have to have a satisfactory CRA rating to take on any new powers. That is the first extension of CRA in this regard.

Secondly, for the first time, CRA is partially placed on the securities industry and the so-called wholesale financial institutions. Those are expansions, not contractions, of CRA.

The third point I would like to stress is that we are looking at expanding in addition the antitrust authorities of the United States of America. If the managers amendment is adopted, we will have stronger antitrust laws. We will move in the direction of greater oversight, not less, of the antitrust laws of the United States, as applied to financial institutions.

These are very important consumer provisions, and I think that one should be very cautious about reaching judgments to the contrary.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY of Massachusetts. Mr. Speaker. I want to thank my good friend for yielding me time.

Mr. Speaker, I just would like to respond by pointing out that the chairman of the Committee on Banking and Financial Services knows full well that under the legislation that is before us there will be a dramatic shrinking of the amount of money that goes into the communities across this country under the Community Reinvestment Act, by virtue of the fact that the subsidiaries will now be pushed out of the bank and into these various affiliates and will no longer be covered under CRA.

I know that the chairman is about to make the point to me that he has an amendment, which I think most people do not believe is going to pass, or the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO) have an amendment which we believe is going to have a very difficult time getting through, because of the fact that it stands up for the consumer.

I would like to get back to the point of the gentleman from New York (Mr. SOLOMON). The gentleman indicates that this bill is about looking out after the stockholders and the shareholders of the banks of America. That is almost directly what the gentleman said.

I cannot believe that that is what in fact we view our job in the Congress of the United States to be. It is not to look out after the stockholders and shareholders of these institutions; it is to look out after the people whose taxes back up the Federal Deposit Insurance, the BIF, the SAIF, and all of the basic protections, to make certain that people are not discriminated against.

To say we are not going to stand idly by as banks suck the deposits out of a local community, as insurance companies refuse to write insurance policies to particular sections of communities, as insurance companies refuse to invest their huge deposit base into whole sections of America, those are the protections that we are missing in this bill. Those are the protections that should be foremost on the minds of the people that make up the Congress of the United States.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Massachusetts. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Speaker, I would point out that one of the Dingell-LaFalce amendments, which was offered on March 30th, which was supposed to have been in order, would have provided an expansion of CRA to some of the other financial entities. That is conspicuously absent from consideration of what is being considered on today. I would just point out that that is conspicuously absent from the managers amendment today.

I intend to support the managers amendment. I think it is good, as far as it goes. I think the concern is that, in and of itself, it does not go far enough to address the concerns of consumers and the community.

I appreciate the antitrust provisions, as our chairman, the gentleman from Iowa (Mr. LEACH) and I together had written and worked on those and put them in the bill and are now included in the managers amendment. It is one good thing we brought back that was not in the March 30 configuration. But the fundamental issue is that there is a shrinkage of CRA that goes on, will be adverse, and gives less voice to consumers than what they have in today's marketplace.

Mr. KENNEDY of Massachusetts. Mr. Speaker, reclaiming my time, I would also point out that while the committee of the gentleman from Iowa (Mr. LEACH) incorporated an amendment to handle the Federal Housing Administration, the discrimination in housing when it went to the Committee on Rules, when the banking bill went to the Committee on Rules that amendment was conspicuously dropped, which is one of the reasons I am opposing the bill, despite being one of the few Democrats that supported the bill of the gentleman from Iowa (Mr. LEACH) in the committee.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume to respond to my very good friend, the gentleman from Massachusetts (Mr. KENNEDY), who is retiring, and this body is going to miss him because he brings a lot to the body.

I want to just clarify what the gentleman was trying to quote me as saying. I said, ''This Financial Services Modernization Act should be crafted in a manner which does not jeopardize the interests of the investor or the depositor.''

Who are those investors and who are those depositors? Are they all these rich moguls all over this country and the world? I am going to tell you who they are. They are all of your constituents, who are investing their lifetime savings.

I am going to sum up when we get done here and tell you what happened in the S&L crisis, where the investors lost their money, the depositors lost their money and the taxpayers lost their money, and that is why we ought to be dealing with this legislation today.

Mr. Speaker, I yield one minute to the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services.

Mr. LEACH. Mr. Speaker, just briefly to respond to the gentleman from Massachusetts (Mr. KENNEDY), whose perspective I think we should listen to very carefully, this bill does advance low cost banking accounts as obligations of certain kinds of banking institutions, which is a very powerful step forward to protect low income people.

Secondly, in terms of protecting smaller institutions, this bill allows community institutions of a smaller size to tap into the Federal Home Loan Bank system, which is a government-sponsored enterprise, to be able then to marshal low cost loans for farmers and for small businesses. This is a new power designed for small institutions, basically to serve smaller communities. These are very extraordinary new powers.

Finally, let me just conclude by saying all of us are concerned about some of the trends in finance today. The question is not whether the trends are all wrong, but whether this bill applies

more humanity and more reasonableness in controlling and constraining those trends. I believe it does.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Texas, Mr. BENTSEN.

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, first of all I want to say I have the greatest respect for the chairman of the banking committee, as well as the ranking member of the Committee on Commerce, but I am opposed to this rule.

This bill, first of all, will not greatly, if at all, in my opinion, affect the announced mergers that are going on. A lot are going to occur regardless, and others, like the Citigroup merger, really are not affected by this bill. They have other fish to fry down the road.

This bill is not about size, it is about powers and who has what powers. This bill has changed as it left the Committee on Banking and Financial Services from Glass-Steagell reform to a balkanization of the Nation's financial services structure. It is no longer about financial modernization in the whole; it is about who gets to protect what powers, and that is unfortunate. Maybe we want to do that, but we ought to be honest about what we are doing here.

With all due respect to the chairman of the Committee on Rules, and granted, I am new, I am only in my second term, but the fact we are only going to spend one hour of general debate on a 400 page bill dealing with the bank laws that was filed in the CONGRESSIONAL RECORD a week and a half ago, is absurd to me.

In the business the gentleman was in before and the business I was in before, we would be subject to violations of not having proper disclosure, because we clearly are not disclosing what is going on in this bill today.

If one is concerned about protecting Members from voting against various amendments so they are not voting against particular interest groups that are affected by this bill, you just not are going to be able to do that and deal with the issues. This bill is fraught with peril for Members trying to hide from various interest groups.

Now, I am for modernization, probably for more modernization than some of my colleagues on the other side of the aisle and colleagues on this side of the aisle. But this bill, unfortunately, will not have the Congress moving the banking laws and the financial laws to where the marketplace is today. In effect, I think it will have us moving backwards.

There are some amendments that we can address, that we can try and adopt. The LaFalce-Vento amendment and the Bliley-Dingell-Leach amendment are good amendments and they ought to be adopted. But, otherwise, if they are not, I think to argue that this is our last chance to pass this bill in this Congress really reminds me of what my mother would say. My mother would say, you should have thought about that before you decided to spend most of the Congress in recess, instead of staying here and doing your work.

We could have tried to work on this earlier. We could have brought the parties together, instead of having three or four people put the bill together in a back room. We could have tried to pass it. We can always change it. That is what we are elected to do. But we chose not to do so.

So, unfortunately, and with all due respect for the chairman, I am going to have to oppose the rule. I think this bill in its current form is a real step backward. It may be good for the Congress, but the marketplace is going to run circles around it.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume just briefly to say to the gentleman, the gentleman is new here, but he was a cosponsor of an amendment dealing with the operating subsidiaries. We made both of those amendments in order in LaFalce and we made in order the gentleman from Louisiana's amendment.

But let me say, if the gentleman had other amendments, the gentleman should have offered them, and perhaps we could have looked on them kindly.

Let me just point to the fact that the gentleman said there is only one hour of general debate. I want the gentleman to come back here at 11:30 tonight and tell me that there is only one hour of debate on this issue. We will still be on this floor debating this issue at 11:30 tonight, and the gentleman should pay attention to the clock.

Mr. Speaker, I yield one minute to my very good friend, the gentleman from Des Moines, Iowa, (Mr. GANSKE) a member of the Committee on Commerce.

Mr. GANSKE. Mr. Speaker, I rise in support of the rule and the bill.

Mr. Speaker, let me speak about consumers. This bill utilizes the holding company structure to build safe fire walls to separate insured bank liabilities from uninsured liabilities of other financial obligations. I think the holding company approach is safer for consumers than having insurance and security subsidiaries. Functional regulation is a consumer safeguard.

Mr. Speaker, this bill ensures that banks which become holding companies will provide low cost basic banking accounts to consumers, that there is full disclosure on which bank products are and are not insured, that loan applications cannot be conditioned on the purchase of insurance, that complaints can be referred to the appropriate regulator and that a new source of low cost credit through the Federal Home Loan Bank system is available to farmers, small businesses and persons involved in community development.

Most importantly, Mr. Speaker, modernizing these depression-era laws as we enter this next century will allow greater competition in the financial services industry and result in lower prices and better services. This could save $15 billion each year.

Support the bill and the rule.

Mr. FROST. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Speaker, with all due respect to the chairman, actually the gentleman did not make my amendment in order. It was the Vento-Bentsen amendment. It was a narrow operating subsidiary amendment, which was not made in order, just for the record.

But with respect to being here at 11:30, I am happy to be here at 11:30. That is what we get paid to do. I guess my point is, why do we have to do it all in one day? If it is such an important bill, let us spend a lot of time on it. I think that is what the American people would want us to do.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just say to the gentleman that we could make all of these amendments in order. We could spend four days on this. But, there are things like ISTEA, which deal with roads and bridges and construction in this country, there are things like campaign finance reform, all of which have to get done before the time that we go home for the break.

Mr. Speaker, I yield one minute to my good friend, the gentleman from Ohio (Mr. GILLMOR).

(Mr. GILLMOR asked and was given permission to revise and extend his remarks.)

Mr. GILLMOR. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I am happy to rise in support of this rule, and I am also happy that the bill includes an amendment that I offered which has been called Fed Lite.

Earlier versions of this legislation would have created an umbrella-like regulatory framework subjecting many financial entities to excessive and conflicting regulatory requirements. No clear argument had been made to authorize Federal Reserve umbrella regulation over securities and insurance entities that had functioned effectively without Federal Reserve supervision. That is why I offered an amendment in the Committee on Commerce to scale back this broad expansion of unwarranted regulatory authority and emphasize true functional regulation.

My amendment, which was passed unanimously in the Committee on Commerce, is commonly known as Fed Lite because it scales back much of the unnecessary authority of the Federal Reserve to require reports and conduct examinations in nonbank subsidiaries of a holding company.

Essentially, Fed Lite eliminates most duplicative and burdensome regulations.

□ 1230

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY of Massachusetts. Mr. Speaker, I think that what we are hearing on the floor here at the moment is that this bill is designed to expand the powers and the capabilities of the major financial institutions of this country. While I support that and while I was one of 10 Democrats on the Committee on Banking and Financial Services that voted for this bill, 9 of them are now off of it.

The reason why is because when the gentleman from Iowa (Mr. LEACH), chairman of the Committee on Banking and Financial Services, a few moments ago referred to lifeline banking and the fact that that is contained in the bill, something happened between the lifeline banking we passed in the Committee on Banking and Financial Services and the lifeline banking portion of this bill that is on the House floor today; and that is that it no longer has any teeth. It no longer is a requirement. It is now something that a bank might opt to do; they might not opt to do it, as well. They do not do it now, so I do not know why they would opt in.

The fact is that what we see here is a grab by the powerful interests of America without even an acknowledgment of the base of the financial institutions.

I wish we were not all done, Mr. Speaker. We have more to say, but not enough time to say it.

The SPEAKER pro tempore (Mr. HANSEN). The gentleman from Texas (Mr. FROST) has 30 seconds remaining.

Mr. FROST. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, we have heard the sharp differences on this piece of legislation. We should move to consideration of the bill, and I urge adoption of the rule.

Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Let me come over on this side and talk to some of my good friends for a minute.

Mr. Speaker, my good friend from Massachusetts just said it is a power grab by the strong interests of America. That is exactly what we are trying to prevent here.

Mr. Speaker, the administration does not want a bill. They do not want a bill under any circumstances. Why? It is a turf war where the Government of the United States wants to control all of this stuff. Well, that is a shame. Alan Greenspan, the Federal Reserve Board Chairman, one of the most respected people in the country, wants this bill. Arthur Levitt, who is the Chairman of the Securities and Exchange Commission, wants this bill, because they want to make sure we are going to protect the investors and depositors and taxpayers of this Nation.

Mr. Speaker, anyone who comes over here and votes against this rule, I say to my colleagues, in my opinion, is voting to protect their own backsides. My colleagues do not want to have to cast the tough votes. They do not want to debate this issue on the floor.

Let me just say one more thing. I was here in 1980; I came here in 1978. In 1980 a little, small, innocuous bill came on the floor. What it did, among other things, was raise the guarantee on deposits from $25,000 up to $100,000 and it said to Jerry Solomon, who had just sold all of his businesses and had come to Washington, you can invest all of your money in all of these new start-up banks that are going to risk your investments; but it is going to be protected by the FDIC, every single $100,000 account that I invest in.

Well, guess what happened? That brought on the S&L crisis. And then what happened? In a lot of cases, people lost their money. In other cases, the Federal Government came in with the taxpayers' money and bailed them out.

I say to my colleagues, we have seen nothing like what is going to happen in the years down the pike if we have to come in and bail out all of these megamergers. We let all of this happen with no controls out there. My colleagues had better be responsible and vote for this legislation.

Let us go to the Senate, and then let us sit down and negotiate with the White House about making sure that the Federal Reserve Board and the Securities and Exchange Commission and others outside this government are going to have a say, because we all know how we politicians are sometimes. We do not always look out for the best interests of the people. Sometimes we are looking out for our own backsides. Let us do not do it today.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 311, nays 105, not voting 16, as follows:

[Roll No. 142]

YEAS—311

Abercrombie
Ackerman
Allen
Andrews
Archer
Armey
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boucher
Boyd
Brady
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Castle
Chabot
Chambliss
Chenoweth
Clayton
Clement
Coble
Collins
Combest
Condit
Cook
Cooksey
Cox
Coyne
Crane
Crapo
Cubin
Cummings
Cunningham
Davis (FL)
Deal
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Fawell
Fazio
Foley
Forbes
Ford
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gibbons
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hansen
Hastert
Hastings (WA)
Hayworth
Herger
Hill
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Kaptur
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Linder
Livingston
LoBiondo
Lofgren
Lucas
Maloney (NY)
Manton
Manzullo
Markey
Mascara
McCarthy (NY)
McCrery
McDade
McGovern
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meeks (NY)
Metcalf
Mica
Miller (FL)
Minge
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Thomas
Thornberry
Thurman
Towns
Traficant
Upton
Velazquez
Visclosky
Walsh
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NAYS—105

Aderholt
Bachus
Baesler
Baldacci
Barrett (WI)
Becerra
Bentsen
Berman
Borski
Boswell
Brown (CA)
Brown (FL)
Cardin
Carson
Clyburn
Coburn
Conyers
Costello
Cramer
Danner
Davis (IL)
Davis (VA)
DeFazio
Delahunt
Dickey
Dicks
Dixon
Duncan
Evans
Everett
Farr
Fattah
Filner

Frank (MA)	Luther	Sandlin
Gephardt	Maloney (CT)	Sawyer
Goode	Martinez	Schumer
Gutierrez	Matsui	Scott
Hastings (FL)	McCarthy (MO)	Serrano
Hefley	McCollum	Sherman
Hilleary	McDermott	Skelton
Hinchey	McHale	Slaughter
Hoyer	McIntyre	Smith, Adam
Istook	Meehan	Stokes
Jackson (IL)	Meek (FL)	Taylor (MS)
Johnson (WI)	Menendez	Thompson
Jones	Millender-McDonald	Thune
Kanjorski	Miller (CA)	Tiahrt
Kennedy (MA)	Obey	Tierney
Kucinich	Olver	Torres
LaFalce	Owens	Turner
LaHood	Payne	Vento
Lampson	Pelosi	Wamp
Lantos	Poshard	Waters
Lee	Price (NC)	Watt (NC)
Lewis (GA)	Riley	Waxman
Lewis (KY)	Rothman	Yates
Lipinski	Roybal-Allard	
Lowey		

NOT VOTING—16

Bateman	Gonzalez	Mink
Christensen	Hall (OH)	Radanovich
Clay	Harman	Riggs
Ewing	Hefner	Skaggs
Gekas	Hilliard	
Gilchrest	Kilpatrick	

□ 1254

Messrs. WAMP, LEWIS of Kentucky, EVERETT, HASTINGS of Florida, DICKEY, DELAHUNT, WAXMAN, STOKES, and CRAMER changed their vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HANSEN). Pursuant to House Resolution 428 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 10.

□ 1255

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes, with Mrs. Emerson in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Iowa (Mr. LEACH), the gentleman from New York (Mr. LAFALCE), the gentleman from Virginia (Mr. BLILEY), and the gentleman from Michigan (Mr. DINGELL) each will control 15 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Madam chairman, I yield myself such time as I may consume.

(Mr. LEACH asked and was given permission to revise and extend his remarks.)

Mr. LEACH. Madam Chairman, we come to the Congress today to deal with truly historic legislation. Everybody knows there are massive changes underway in the financial landscape. Not all of us like all of these changes. In fact, I would suspect the majority of the country and the majority of this body have serious doubts. But the bill we are bringing before the Congress is about the question of whether we want to have a government of laws or of men, whether we want to have laws shaped and constrained to defend the financial system for the benefit of the public.

What we really have before us as we deal with issues of this nature are differences between and within industrial groupings, differences between and within regulatory bodies, and questions of the public interest.

In my view, the principal issue is the latter, what is in the public interest. What we have in the bill that is being brought before us is a bill designed to be pro-competitive. In its broadest outlines, there is enormous support in the administration, both sides of Congress, both committees for the principle that we ought to have more competition within financial services; banks being allowed to offer more securities and insurance services, insurance companies more banking and securities products, securities firms more insurance and banking products. That is a pro-competitive circumstance.

Now, there are many differences of judgment on the subtleties: who regulates, who gets what powers relative to what other institutions. My view is very simple. We ought to put a great emphasis on antitrust, we ought to put a great emphasis and decide as many issues as possible on what is the most pro-competitive option, and we ought to be, most of all, concerned for small individuals and small institutions.

□ 1300

Here let me just stress from the perspective of a Midwesterner, for the first time we have historic new powers granted to community banks to allow them to offer lower-cost services for small business and for agriculture based on access to capital from a government-sponsored enterprise, the Federal Home Loan Bank system. We also have the capacity of the consumers to get services from more sources in a single moment, what is called one-stop shopping. That is the framework of the bill. I think it makes sense.

There are different subtleties that we will get into and certainly an amendment that I will be offering that I feel is of enormous consequence. Having said that, let me turn for a moment to the regulatory situation.

What this bill does is establish functional regulation with a bit of a tilt to the Federal Reserve Board. The Department of the Treasury has some objection to this tilt.

I would only say for Members of this body that the Federal Reserve Board is the only institution of the United States Government that has significant experience in the holding company regulatory area, which is what we are really getting into with this legislation.

It is also the only institution that has resources available in a time of emergency, absolutely extraordinary and stunning resources that can be brought to bear in an instantaneous time period. It also has the greatest reputation for being a nonpoliticized institution of the government.

These are reasons that this Congress has historically tilted, not just this legislative body, but historically tilted to the Fed. My own view is, the Department of the Treasury has some reasonable positions that this Congress is going to have to take into consideration. The gentleman from New York (Mr. LAFALCE) will offer an amendment tilting in that direction, I think, fractionally too far, but in any regard, tilting in that direction.

Certainly, whatever happens on this floor, if this bill passes, if we go to conference, I would expect the Treasury to have a seat at the table, and we will certainly take into consideration their views. But I would simply say to my friends and colleagues that have listened to the Department of the Treasury about certain concerns, I would hope that the Department of the Treasury would recognize that the major issue is what is in the public interest, not what is in the parochial interests of any particular institution of government.

We have to be enormously cautious as we proceed that, as new powers are undertaken, as new changes occur in the marketplace, that we have a credible regulatory framework set in place. That is what I believe this bill in its final measure accomplishes. Certainly, there are nuanced changes that can occur without great damage to that structure, but I would hope very much that the administration and the other side would recognize that these are honest differences of opinion that this body will have to deal with over time.

Madam Chairman, In this context, H.R. 10, the Financial Services Act, references a historic effort to modernize the basic laws governing the financial services sector of the economy so that our banks, securities and insurance firms can better serve customers in the United States and remain world leaders as financial services providers.

The Glass-Steagall Act, which has separated commercial banking from investment banking, turns 65 years old this year. During these past six decades, financial services has proved to be one of the fastest evolving sectors of the economy, yet it continues to be governed by legislation that is antiquated.

H.R. 10 has been several years in the making, and has involved negotiations and compromises: between different congressional committees, different political parties, different industrial groupings and different regulators. No single individual or group got all—or even most—of what it wanted.