

both, it is disheartening in the extreme to still witness the scale of unnecessary and wasteful spending represented in these bills.

The airplane mechanic having to remove parts from one fighter in order to repair another can be excused for not understanding why \$5 million is diverted from the defense budget to the public school system in the state of a senior member of the Armed Services Committee. He or she can be excused for not comprehending the mind set that allocates \$75,000 for establishment of a State Maritime Academy with no realistic military application. Five million dollars for Agricultural Based Bioremediation and \$20 million for the National Defense Center for Environmental Excellence—the word “defense” being inserted in the title strictly for propagandistic purposes—and \$3 million for research into stainless steel double hull technology, on which private industry is supposed to be spending its own money per the requirements of the Oil Pollution Prevention Act, are just the tip of a very large iceberg.

Try as I might, I cannot rationalize, with the scale of readiness problems highlighted in yesterday’s Armed Services Committee hearing, the expenditure of \$64 million for the National Guard Youth Challenge program. In fact, the budget authority earmarked for the Guard and Reserve, once again solely for parochial reasons, continues to represent one of the greatest hemorrhages of defense dollars for low-priority programs in the defense budget. Ten million dollars, Mr. President, to convert a National Guard Armory into a Chicago Military Academy in order to provide a Junior ROTC program is not consistent with national security imperatives that should be driving the process. I have no idea—no idea—why we are earmarking a million dollars for Lewis and Clark.

Earmarks for specific facilities are out of control. Whether it’s the Francis S. Grabeski Airport in New York, the earmark of \$2,250,000 from the Operations and Maintenance budget—yes, the very portion of the budget most closely tied to readiness—for the White Sands Missile Range and Fort Bliss, Texas, or the earmarking of \$4.6 million for the Montana National Guard Distance Learning Network, such practices illustrate all too well the unwillingness of Congress to translate its rhetoric on readiness problems into constructive action and to cast aside once and for all the business-as-usual approach that is so damaging to our national defense.

The appropriations bill adds \$50 million for the B-2 bomber for continued upgrades. The continued expenditure of millions for upgrades for that formidable fleet of 21 aircraft is particularly disturbing, as the B-2’s practical utility scarcely warrants the funding Congress lavishes upon it every year. If it could fly combat air patrols, I would be inclined to be a little more sympa-

thetic. Its’ theoretical application to real world contingencies, however, leaves me aghast at the cost of that program.

Mr. President, my views on parochial-oriented spending remain very much in the minority. That is why we continue to see billions of dollars wasted by Congress to satisfy parochial interests. I will not, however, shy away from continuing to shine a spotlight on these wasteful practices. During a week in which the Joint Chiefs of Staff have testified on the myriad of readiness problems afflicting our armed forces, to ignore the scale of the problem represented in the lists I am submitting for the record would be to fail the men and women who wear the uniform of our Nation. They deserve better. It is a shame they will not receive better.

I ask unanimous consent that highlights of special interest provisions in the fiscal year 1999 Defense Authorization and Appropriations Conference Reports be printed in the RECORD.

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

Highlights of provisions in the fiscal year 1999 defense authorization and appropriations conference reports

Increase purchase of C-130 J (Hercules), from 1 to 7, Marietta, Georgia	\$465,000,000
LHD (WASP Class) Amphibious Assault Ship, authorization for \$1.5 billion, Pascagoula, Mississippi	50,000,000
Purchase C-XX, Executive travel aircraft built in Wichita, Kansas and Savannah, Georgia	27,000,000
Los Alamos, New Mexico public school system diversion from military readiness	5,000,000
Agricultural Based Bioremediation	20,000,000
Stainless steel double hull technology research, Mississippi	3,000,000
Conversion of a National Guard Armory into a Chicago Military Academy	10,000,000
Testing and training operations and support at the White Sands Missile Range, New Mexico and Fort Bliss, Texas	2,250,000
B-2 Bomber upgrades, California and Washington ...	50,000,000
Increase purchase of MK-19 grenade launcher from 697 to 800, Maine	3,000,000
Various Medical Research Programs	355,000,000
Disaster relief and emergency services	
Breast cancer research	
Osteoporosis research	
Teleradiology	
Diabetes	
Pain	
Mentor-Protege Program ..	10,000,000
National Guard and Reserve:	
National Guard Youth Challenge Program ...	64,000,000
Montana National Guard Distance Learning Network ...	4,600,000

Highlights of provisions in the fiscal year 1999 defense authorization and appropriations conference reports—Continued

Civilian Technicians personnel reduction restrictions: Miscellaneous equipment	100,000,000
Buy America restrictions: Ship anchor and mooring chain	
Ball and roller bearings	
Carbon, alloy and armor steel plate	
Shipboard auxiliary and propulsion systems	
Ship cranes	
Other miscellaneous items	

Mr. MCCAIN. Mr. President, A complete listing of these parochial provisions concerning the fiscal year 1999 defense appropriations conference report and the fiscal year 1999 authorization conference report are available on my web site.

Mr. President, shortly, I intend to propound a unanimous consent request for the Internet Tax Freedom Act to be considered. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT—S. 442

Mr. MCCAIN. Mr. President, on behalf of the leader, I ask unanimous consent that the majority leader, after notification of the Democratic leader, may proceed to S. 442, the Internet tax bill, and the motion to proceed then be considered agreed to; and further, at that time the Commerce Committee amendment be adopted, to be followed by the immediate adoption of the Finance Committee amendment. I further ask unanimous consent that the bill be considered as original text for the purpose of further amendment. I finally ask consent that during the pendency of the bill only relevant amendments be in order in addition to a Bumpers amendment in order relating to catalog sales.

Mr. President, let me clarify, there will be relevant amendments, but there will be a Bumpers amendment that will be in addition which is not a relevant amendment but the Senator from Arkansas wants very much it to be considered at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, let me also point out that the other side, the Democratic side, has agreed to this after some very difficult negotiations. I appreciate the work especially of the staff on the other side of the aisle for helping us make this be a reality.

Mr. President, so it is my understanding that after the defense authorization bill is considered tomorrow, we, in the early afternoon, will move to the Internet Tax Freedom Act. There will be a number of relevant amendments. I believe they can be worked out, including the Bumpers amendment. And I believe that we can move forward and resolve this very important bill very rapidly.

I thank my friends on both sides of the aisle. I understand there are strongly held views. I believe those views will be given the consideration they deserve during the debate on this very important piece of legislation.

Mr. President, I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

FINANCIAL SERVICES ACT OF 1998

Mr. GRAMM. Mr. President, I came over this evening to speak briefly about H.R. 10 and where we are in our efforts to bring that important bill to the floor of the Senate. I want to explain to our colleagues the concerns I have—those concerns are shared by Senator SHELBY and by others—and explain the compromise that we have proposed in the hopes that those who are for this important bill will prevail upon those who are holding back on reaching a compromise on a key issue in the bill, and who by doing so are jeopardizing enactment of this important legislation.

Let me try, as briefly as I can, to lay out where we are in terms of the parliamentary situation, what the issue is that is contested in this parliamentary maneuvering, why that issue is so important to me, and what we can do, in my opinion, to resolve it.

First of all, thanks to the great leadership of Senator D'AMATO in the Banking Committee, we have put together a comprehensive financial modernization bill. While there are still parts, in my opinion, that need to be changed, it is a good bill. There are many provisions of the bill that I support. I congratulate Senator D'AMATO. I have to say that getting this bill through the Banking Committee with as little time as is left in the legislative session and bringing together most of the disparate interests that are ultimately represented, benefited or hurt, in a bill like this is one of the great legislative achievements that I have seen. I congratulate Senator D'AMATO for his effort.

Unfortunately, I cannot and do not support the bill in its current form. While there are many provisions of the bill that I do support, and while I would like to see the bill become law, and while if this problem could be dealt with I could step aside and allow the bill to come to the floor of the Senate, with this problem now pending, I am opposed to the bill.

Now, what is the problem? The problem has to do with a provision that

sounds innocent enough. In fact, perhaps it sounds good to the ears of some. That is the so-called provision for community reinvestment. These are provisions of law that were adopted without a whole lot of debate in the late 1970s. The objective of these provisions of law was to force banks to lend money in the communities in which they were operating. The assertion was made that there were a lot of banks that were simply taking deposits and using them in other areas of the country and that, therefore, there ought to be a provision of law to require banks to meet the lending needs of their local communities.

Now, the purpose of the Community Reinvestment Act, or CRA, was to establish a procedure for an evaluation of whether or not banks were making loans in the communities where they were chartered or whether banks had simply become deposit takers and were taking those deposits and making loans somewhere else or buying government bonds or whatever other activities they might be involved in.

I personally don't think much of having the government require banks to use their capital in a particular way pleasing to the government or some government functionary. It sort of strikes me as crony capitalism. It is an unjustified intrusion into banking, in my opinion.

However, that is not what I have been objecting to in connection with this bill, nor is this government-directed capital allocation the only problem with CRA. The aspect of CRA in practice that I wish to bring to the attention of my colleagues is that CRA has become a vehicle for fraud and extortion. In fact, as strong as it may sound, the Federal banking regulators, through their delay of approval of applications, actually strengthen the hands of those who would use this law, the CRA law, in ways that it was never proposed to be used.

Let me give an example of how this works and how it is abused. Banks periodically have to be evaluated for meeting the CRA requirements. This is an evaluation done by the Federal banking regulators, at the conclusion of which they give a bank a rating. Whenever the bank wants to engage in some activity that requires approval of the Federal Reserve Board, or of the Comptroller of the Currency—like opening a new branch, merging with another bank—they have to make an application. Any person or group of persons can file a protest to that action in the name of CRA. They can do it even though the bank may have an excellent rating in its last evaluation of its community reinvestment activities.

For example, when Senator SARBANES, who is a strong proponent of this provision of law, talked about the law, he pointed out that perhaps the bank that has done the "best job" of meeting community reinvestment requirements was Bank of America, that they have gotten sterling ratings for

lending money in the communities they serve. But when Bank of America announced a merger with NationsBank, even though Bank of America had the highest ratings of any bank in America in lending in the communities that it served, professional protesters came in and opposed the merger and demanded concessions from the bank. In fact, one of the spokesman for the protesters, in making demands on the bank that has the best CRA record of any bank in America said:

We will close down their branches and ensure they fail in California. This is going to be a street fight and we are prepared to engage in it.

So here is a bank, Bank of America, that has the best CRA rating of any bank in America, and yet when they apply to merge we have professional protesters come in and protest and threaten to delay their merger and ultimately strike concessions from this bank.

Now, what kind of concessions are being granted? The purpose of CRA was to have lending by banks in the communities they serve. But what CRA has turned into is a vehicle for extortion, whereby banks are accused of not meeting the CRA requirements, whether they have an excellent CRA record or not, but the protest are withdrawn in exchange for agreeing with protestors to meet a series of demands, and often these agreements include cash payments, thinly disguised as donations. Banks are being required to make cash payments to the professional protester groups. They have, in the past, under duress in my opinion, agreed to donate a percentage of their profits to the very institutions that have filed protests against their actions with the Federal regulator. They have been forced, in my opinion, under duress, into agreeing to quotas and set-asides in hiring, in purchases, in promotions.

So what has happened all over America is that under a provision of law that was supposed to encourage banks to lend in the communities that they serve, we now have banks being extorted and being forced to make cash payments which are little more than bribes, being forced to set up quotas and set-asides, being forced to give concessions to people who are selling goods and services, being forced to agree to hire and promote based on things other than merit. Needless to say, there is a growing concern about this in America. That concern is reflected in the Senate where we rejected a proposal to extend this CRA requirement to credit unions. We also had strong support to exempt small banks from the CRA requirement.

Now we have before the Senate a bill that would try to promote a more competitive financial structure in America, a goal I very much support and have advocated for years. So let me make it clear, I am for legislation. But unfortunately, the bill has four different provisions that dramatically expand CRA powers, and in essence, give