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House of Representatives

The House met at 10 a.m.

The Reverend Father Allen P. Novotny, S.J., President, Gonzaga College High School, Washington, D.C., offered the following prayer:

Almighty God, You made us to Your own image and set us over all creation. Once You chose a people and gave them a destiny and, when You brought them out of bondage to freedom, they carried with them the promise that all men and women would be blessed and all men and women could be free.

It happened to our forbearers, who came to this land as if out of the desert into a place of promise and hope. It happens to us still in our time, as You guide to perfection the work of creation by our labor.

May the women and men of this House bring this spirit to all their efforts to establishing true justice and guide our Nation to its destiny. May their work today and every day further this mission. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MCNULTY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Speaker's approval of the Journal.

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

Mr. MCNULTY. 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. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Louisiana (Mr. VITTER) come forward and lead the House in the Pledge of Allegiance.

Mr. VITTER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill and a concurrent resolution of the House of the following titles:

H.R. 609. An act to amend the Export Apple and Pear Act to limit the applicability of the Act to apples.

H. Con. Res. 102. Concurrent resolution celebrating the 50th anniversary of the Geneva Conventions of 1949 and recognizing the humanitarian safeguards these treaties provide in times of armed conflict.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 434. An act to authorize a new trade and investment policy for sub-Sahara Africa.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 434) ''An Act to authorize a new trade and investment policy for sub-Sahara Africa,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. GRASSLEY, Mr. LOTT, Mr. HELMS, Mr. MOYNIHAN, Mr. BAUCUS, and Mr. BIDEN to be the conferees on the part of the Senate.

The message also announced that the Senate has passed bills of the following titles in which concurrence of the House is requested.

S. 185. An act to establish a Chief Agricultural Negotiator in the Office of the United States Trade Representative.

S. 580. An act to amend title IX of the Public Health Service Act to revise and extend the Agency for Healthcare Policy and Research.

S. 688. An act to amend the Foreign Assistance Act of 1961 to reauthorize the Overseas Private Investment Corporation.

S. 1232. An act to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code.

MAKING IN ORDER AT ANY TIME MOTION TO AGREE TO CONFERENCE ASKED BY THE SENATE ON H.R. 3194, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. GOSS. Mr. Speaker, I ask unanimous consent that it may be in order at any time for the chairman of the Committee on Appropriations or his designee to move that the House take from the Speaker's table the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment, thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

MAKING IN ORDER AT ANY TIME CONSIDERATION OF H.J. RES. 75, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. GOSS. Mr. Speaker, I ask unanimous consent that it may be in order at any time, without the intervention

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of any point of order, to consider in the House the joint resolution (H.J. Res. 75) making further continuing appropriations for the fiscal year 2000, and for other purposes, that the joint resolution be debatable for 1 hour, equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, and that the previous question otherwise be considered as ordered to passage without intervening motion except one motion to recommit.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

ANNOUNCEMENT OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. OSE). There will be 15 1-minutes on each side.

IT IS TIME THE LIBERAL DEMOCRATS SUPPORT FLEXIBILITY FOR LOCAL SCHOOL DISTRICTS

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. GIBBONS. Mr. Speaker, there is a Latin phrase that applies to those liberal Democrats who constantly believe that Washington always knows best: via ovicepitum dura est. For the engineers, ''The way of the egghead is hard.''

Mr. Speaker, it is time our liberal colleagues support the education opportunities that grant our local school districts the flexibility to decide how to spend their Federal education funding.

We are all aware of the Administration's plan to hire 100,000 new teachers, and we can all agree that hiring more qualified teachers should be a priority. But what about books? What about computers? What about the basic things, like pencils and papers? What right do Washington bureaucrats have to deny school districts the option of using these funds for these necessities?

Mr. Speaker, we can do more to improve the education of our children by giving local school districts the flexibility and tools needed to make those improvements. Let us give our children the best education opportunity we can. Let us cut the Federal purse strings.

Mr. Speaker, I yield back all the egg-headed, cookie-cutter, liberal funding theories which cannot possibly meet the diverse needs and educational needs of our children.

REPUBLICANS HAVE KILLED CAMPAIGN FINANCE REFORM AND CONTINUE TO BLOCK AN INCREASE IN THE MINIMUM WAGE

(Mr. OLVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. OLVER. Mr. Speaker, Americans have enjoyed an unprecedented growth in our economy over 8 years. We have the lowest unemployment rate in decades, but 12 million workers, 10 percent of all American workers, work at the minimum wage. The majority of them are adults, a majority are women.

Most of those women are trying to bring up children at that minimum wage with less than $10,000 a year. They have not seen any benefit from the economic boom. They deserve a wage increase, and they can only get that wage increase by increasing the minimum wage by this Congress.

Eighty percent of Americans favor doing that. Even two-thirds of all Republicans favor doing that. We have a bill that would raise the minimum wage by $1 over the next 2 years. It should pass. It could pass in a day, but the Republican leadership is going to hold that bill hostage unless it is possible to give $70 billion per year of tax cuts to the handful of Americans who make more than $300,000 a year. That tax reduction goes to the wealthiest 1 percent of Americans.

Why is this? Members guessed it, the handful of Americans who make more than $300,000 a year make the vast majority of contributions to political campaigns.

The Republican leadership of this Congress, the House and Senate, have killed campaign finance reform again this year.

AFRICA TRADE BILL: AN HISTORIC OPPORTUNITY

(Mr. ROYCE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROYCE. Mr. Speaker, it is encouraging to see the African Growth and Opportunity Act passed yesterday, overwhelmingly passed, and it has now passed both chambers of Congress.

We need to get to work, Mr. Speaker, on putting together a Senate-House conference committee on this bill so we can get it to the President for signature. This legislation is a first step in helping Africa help itself by bringing the continent into a positive trading partnership with the United States.

As the chairman of the Subcommittee on Africa, as well as an original cosponsor of the bill in the House, I can say that passage of this historic bill is good for Africa and it is good for America.

In addition to bringing Africa into a trading partnership with us, it will help open African markets to American goods. America today has only 5 percent of Africa's market. France and other European nations dominate the continent's trade. With this bill, the U.S. will be able to pry some of the African markets away from Europe. This will lead to tens of thousands of new jobs for Americans.

Mr. Speaker, I again urge quick formation of a House and Senate conference committee on this bill so we can get it to the President for signature.

IT IS TIME CONGRESS WRITES THE LAWS, NOT NEW YORK JUDGES

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, judges in New York have ruled that Mayor Giuliani shall give $7.2 million to the Brooklyn Museum of Art, even though their exhibit is offensive. I will say it is offensive, a portrait of the Virgin Mary splattered with elephant dung.

If that is not bad enough, now taxpayers have to subsidize it. Unbelievable, Mr. Speaker. In the name of art and freedom of expression, these stumbling, bumbling, fumbling judges in New York have institutionalized perversion.

The museum may have the right to show it, but by God, the taxpayers should not be compelled to fund it. It is time that Congress starts writing laws, not these judges. I yield back the stupidity, absolute stupidity and perversion, of the decision of these judges in New York.

ASKING THE PRESIDENT TO DO THE RIGHT THING

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHABOT. Mr. Speaker, as usual, the gentleman from Ohio is absolutely right.

I address my comments to another topic, however. In the coming days, the President is going to have to do some critical things and make some critical decisions. He can choose to support a Republican program that balances the budget and saves social security, or he can succumb to the pressure of the liberal Democrat leadership here in the House and bust the budget and loot the social security trust fund once again.

To the average hard-working American taxpayer, this should not really be a dilemma, but this is Washington, and silly things happen here. When liberals get together to discuss spending issues, it is awfully hard to keep their hands off of the taxpayers' money.

The President talks about his legacy. He can assure his place in history if he stands up to his free-spending friends and says no to budget-busting and no to more increases and raids on the social security trust fund.

Let us hope that just this once, the President does the right thing.

REPUBLICANS HAVE ALREADY SPENT $17 BILLION OF SOCIAL SECURITY SURPLUS

(Mr. BERRY asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. BERRY. Mr. Speaker, it would have been amusing the last few weeks if it had not been so sad listening to our Republican colleagues swearing to protect social security. This charade continues, despite the fact that the Congressional Budget Office has confirmed that the Republicans have already spent $17 billion of the social security surplus.

Remember, that $17 billion loan does not include the Republicans' $1 trillion tax cut. It does, however, include Senator TRENT LOTT's ship that the Navy does not need, does not want, and does not have the people to man if they had it.

It does include over $1 million to study the spruce bark beetle. In fact, according to the CBO, if the President had not vetoed the tax bill, we would have already raided the social security trust fund by at least $70 billion, without counting any of the other billions and billions and billions that my spendthrift Republican colleagues have passed this year.

With all this spending and all this borrowing, how can my Republican colleagues get up here with a straight face and say they are saving social security? The American people know better.

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THE WORLD REMAINS A DANGEROUS PLACE, AND THE PRESIDENT REFUSES TO ABIDE BY THE WILL OF CONGRESS

(Mr. VITTER asked and was given permission to address the House for 1 minute.)

Mr. VITTER. Mr. Speaker, I continue to be amazed by the lax defense policies of this administration. Today our Navy has more than 200 fewer ships than during Desert Storm. Red China has six times our land forces and North Korea has developed a missile that delivers weapons of mass destruction to U.S. territory, and now the Clinton administration says it will ignore the vote of the Senate, abide by the rejected test ban treaty, just as they ignored H.R. 4 that calls for a missile defense.

Despite the fall of the Soviet Union, the world remains a dangerous place. Yet under President Clinton the will of the Congress is ignored and defense spending has not even kept pace with inflation. We must insist that the President follow the will of the Congress regarding national defense; modernize our weaponry and above all, above all, increase pay and benefits so that no soldiers, sailors, airmen or Marines have to rely on food stamps to feed their families.

WE MAY LOSE HMO REFORM

The SPEAKER pro tempore (Mr. OSE). For what purpose does the gentleman from Arkansas seek recognition?

Mr. GREEN of Texas. Mr. Speaker, I am from Texas.

(Mr. GREEN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, I am glad to follow my colleague, the gentleman from Louisiana (Mr. VITTER) because they are the ones that wanted to cut defense spending by 1 percent last week.

What I am here today about concerns what we are seeing that is happening. Despite a strong bipartisan vote in favor of HMO reform, the overwhelming and public support across the country, the leadership has shown it is still looking for a way to cut and eliminate real HMO reform.

The Republican leadership scheduled a bill that automatically linked to it a Patients' Bill of Rights, supposedly their patient access, but the House spoke by a bipartisan vote and passed a bipartisan measure for real HMO reform. Now we see the Republicans have stacked the conference committee with only one Member who voted for the bill, only one Member.

What is so sad is that they are overruling the whole majority in this House. Clearly, our fight for HMO reform is just beginning. We may have won the first battle but we have a big battle to go. By appointing only those Members who oppose it, they want to bury it again. They are neglecting the American people by a large majority, and this House, by a large majority, wants binding external appeals. They want open communication with our doctors and patients. They want accountability to whoever makes those medical decisions.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair wishes to apologize to the gentleman from Texas (Mr. GREEN) and to the people of Texas.

TRIBUTE TO U.S. ARMY COMMAND SERGEANT MAJOR RONALD W. BEDFORD, A REAL AMERICAN HERO

(Mr. EVERETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVERETT. Mr. Speaker, I would like to remind the gentleman from Texas (Mr. GREEN) that this Republican Congress has added about $38 billion more than the President of the United States has requested for defense, but I would like to speak on something else.

Mr. Speaker, our society has cheapened the name of heroes today by elevating millionaire movie, music and sports stars while ignoring those Americans who perform unselfish acts of courage and sacrifice.

I wish to pay tribute to an American whose character and actions are truly unselfish acts of courage and sacrifice. On September 2, the 54th anniversary of VJ-Day, U.S. Army Command Sergeant Major Ronald W. Bedford began a 1,500-mile journey from Mobile, Alabama, to Washington, D.C.

His walk, which takes him through six States and the District of Columbia, is remarkable because it is entirely on foot. But CSM Bedford is not walking this enormous distance to set any record. Instead, he is striding the 71-day route to bring attention to and raise funding for the construction of a national memorial to honor America's greatest generation of heroes, those who fought in World War II.

Bedford, an ex-airborne infantryman now stationed at Fort Rucker, Alabama in my congressional district, came up with the idea of the walk after learning that there was no national memorial for the 16 million Americans who served and sacrificed to liberate the world from Nazi and Japanese occupation in World War II. His efforts to help raise money for the on-going World War II Memorial fund have gained the support of the Non-Commissioned Officers Association, and the praise of former Senator Bob Dole, who chairs the World War II Memorial Committee.

CSM Bedford's journey of 2,792,000 steps will take him through 144 cities and 15 military installations before he arrives at Arlington National Cemetery on November 11. From there, he will cross Memorial Bridge, pass by the Lincoln Memorial, and then proceed to the spot on the national mall where the World War II Memorial will be built next year.

I salute the Sargent Major for his personal sacrifice and welcome him to Washington, D.C.

NO MORE DEADBEAT LEADERSHIP

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, the Republican leadership was irresponsible in trying to spend the surplus on $800 billion worth of tax breaks for the wealthiest in this country. Now it is trying to skip town without addressing the needs of American families.

The failures of this Republican leadership are many. Their budget does not extend the life of Social Security by a single day. It fails to strengthen Medicare with not even a penny to provide for a prescription drug benefit for seniors who are desperately looking for that kind of a benefit. The Republican leadership has ignored American families. Families overwhelmingly support common sense gun safety, laws that keep firearms out of the hands of kids and of criminals.

The Republican leadership has allowed the special interests to write our gun laws. Common sense should be applied when it comes to the safety of our schools, of our neighborhoods, of office buildings and places of worship. This Congress should not adjourn without closing the loopholes that let guns fall

into the wrong hands. No more deadbeat leadership. It is time for responsible action.

LET US KEEP SOCIAL SECURITY SOLVENT

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, somehow, sometime, some place we are going to have to get over this partisan bickering and start working together on serious problems facing this nation. Yesterday I introduced a bipartisan bill that keeps Social Security solvent. In trying to convey the seriousness of the Social Security problem, I said that in the next 75 years the taxes coming in from Social Security are going to be short $120 trillion from accommodating what we have promised in benefits; $120 trillion over Social Security taxes collected over the next 75 years.

My wife Bonnie said, Nick, nobody understands what a trillion is. How else can we convey the seriousness? So, here is a quick try. A worker's income will be less if we don't solve Social Security. Poland has just exceeded 48 percent of their payroll tax for senior citizens. France is over 70 percent for their payroll tax. That means the cost of production goes up and fewer sales and less employment.

We have created less take home pay, more jobs in the U.S. in the first quarter of this year than Poland and France have in those two countries combined since 1980. Our pay roll tax is heading in that direction. Let's fix Social Security.

THE LEGACY OF NEWT

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, almost one year ago today, October 20, 1998, the then-speaker Newt Gingrich came on this House floor and chided the Republican perfectionist caucus. Two disastrous government shutdowns and rhetoric hot enough to heat this building on a cold winter day taught him one thing, government is the art of compromise; but he is not here. That lesson has been lost on today's House leadership. The perfectionist caucus, the crowd that says it is my way or no way, rides on.

The majority whip says the leadership will negotiate with the President on his knees. The Republican leadership rammed an irresponsible tax cut through the House, even though it would suck the Social Security surplus dry, and now they claim they will not spend one dime of that Social Security surplus. They have already dipped into that surplus to the tune of $17 billion and it is going to be well over on their way to spending $30 billion plus.

Let us get real. Let us do the people's business.

ONE PENNY FROM EVERY DOLLAR IS ALL IT WILL TAKE TO SAVE SOCIAL SECURITY FOR AMERICA'S SENIOR CITIZENS

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, I cannot believe what I have been hearing from President Clinton and his Democrat cohorts in Congress over the last few days. It really should not surprise me to hear Democrats say we cannot cut any waste, fraud and abuse in government. After all, they are not exactly known for their fiscal discipline. But still, when they cry out that Federal agencies cannot find one cent out of every dollar to cut from their spending that just does not ring true, even for them.

One penny from every dollar is all that it will take to save Social Security for America's senior citizens. How can anyone be against this? But the Clinton-Gore administration and their friends in Congress are against it.

We passed a very good bill last week, Mr. Speaker. It will strengthen Social Security, it will cut waste, fraud and abuse out of the Federal bureaucracy but only if the President signs it. It is time for the administration to stop protecting bureaucratic mismanagement at the expense of working Americans. It is time to stop pretending that it is not possible. It is time to do the honest, responsible thing, stop the raid on Social Security once and for all.

LOWERING THE COSTS OF PRESCRIPTION DRUGS FOR SENIORS

(Mrs. THURMAN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. THURMAN. Mr. Speaker, I was reading the newspaper this morning and I came across an ad that just stopped me cold. The ad put out by the Pharmaceutical Research and Manufacturers of America highlights the new medicines they are coming out with to help stroke victims, breast cancer patients, people with osteoporosis and other common ailments.

The industry says the new drugs save the country and employers billions of dollars by doing away with missed workdays, expensive rehabilitation costs and other forms of care. This may be true, but what good is it if millions of seniors who need the drugs to live cannot afford to buy them?

I also want to point out that the pharmaceutical companies also receive significant government dollars from the National Institutes of Health to conduct the innovative research and to find the cures. So is it then appropriate to price them out of the reach of the people who need them? PHRMA just does not get it, and I do not think the Republican majority gets it.

A couple of weeks ago, I joined with my Democratic colleagues on the Committee on Ways and Means to lower the cost of prescription drugs, and they voted against it.

IS THE UNITED NATIONS OPERATING UNDER A DOUBLE STANDARD?

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, could the U.N. be operating under a double standard? It is very interesting that the United Nations, while calling for the indictment of Yugoslavia President Milosevic as a war criminal was all too eager to work with Milosevic's health minister to set up the Kosovo program to, quote, stimulate the birth rate of the populations in central and northern Serbia and to limit or forbid the enormous increase of the birth rate in Kosovo.

Could the U.N. be a complicit partner in Milosevic's efforts to halt or slow the growth of the ethnic Albanian population?

Could we have another one-child policy in the works following in the footsteps of China?

Can we blame the Albanian people for believing family planning programs and condom distribution is just another way to reduce their ethnic population?

Mr. Speaker, this tension in Kosovo represents the fine line that UNFPA is walking when it, however well-meaning, pushes through its population control programs around the world.

PHONY NUMBERS, PHONY ANALYSIS AND PHONY ACCOUNTING PRINCIPLES

(Mr. MINGE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINGE. Mr. Speaker, we have been embarrassed by the tragic level of duplicity here by the Republican leadership this fall. In a misguided effort to avoid blame for using the Social Security trust fund to finance pork barrel spending for things, including TRENT LOTT's home State, the leadership is compromising the Congressional Budget Office. It is using phony numbers, phony analysis.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair wishes to remind Members to avoid such references to Members of the other body.

Mr. MINGE. It is using phony numbers, phony analysis and phony accounting principles. Here the Wall Street Journal has identified some of these problems. Smoke and mirrors has returned with claims that we have

emergencies, and the use of slick accounting principles.

The Republicans are $17.1 billion into the Social Security trust fund, according to the Congressional Budget Office. We violated the budget caps by over $30 billion, and the Republican leadership has failed to get the spending bills to the White House and here we are 5 weeks into the fiscal year.

We are operating on supplemental resolutions. It is a disgrace to this body.

PRESCRIPTION DRUGS

(Mr. GUTKNECHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUTKNECHT. Mr. Speaker, I would like to read some excerpts from a letter from Mr. George Halvorson who heads up one of the largest health groups in the Twin Cities of the State of Minnesota. He took out an ad recently and the headline is, ''Who buys prescription drugs at ten cents on the dollar?''

Let me read this, please, and this is a quote. ''The cost of prescription drugs varies to an amazing degree between countries. If you have a stomach ulcer and your doctor says you need to be on prilosec, you would probably pay about $99.95 for a 30-day supply in the Twin Cities. But if you were vacationing in Canada and decided to fill your prescription there, you would pay only $50.88. Or even better, if you were looking for a little warmer weather south of the border in Mexico, that same day 30-day supply would cost you only $17.50. That is for the same dose, made by the same manufacturer.

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''When the North American Free Trade Act (NAFTA) was passed by Congress to allow free trade between us and our neighboring countries, HealthPartners decided to follow the lead of Minnesota Senior Federation and buy our drugs in Canada'', but the FDA is standing between them. Today I am going to introduce legislation to respond to this problem.

THE BLUE DOG BUDGET FITS

(Mr. JOHN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHN. Mr. Speaker, today, 35 days into the fiscal year, we have not finished but only half of our appropriations bills up to this point.

The majority leadership up to this point has been fairly innovative and clever at trying to maneuver around the balanced budget agreement caps and making sure they are not spending Social Security surplus money. But I tell my colleagues today that they failed miserably. Even their own appointed CBO director says that they have broken the caps and spent $17 billion of Social Security money.

Truly it is time that we be honest and straightforward with the people of America. The Blue Dogs in the spring of last year introduced a budget proposal that fit then, and it fits now. It says take 50 percent of the surplus over 5 years, pay down the debt, use those savings to shore up Social Security, take 25 percent in a targeted tax cut, whether it is a State, marriage penalty, or capital gains, take the other 25 percent for priority spending on veterans or education or defense.

Let us stop playing games with the American people. Follow the blueprint of the Blue Dogs. It saves Social Security; and most of all, it is responsible and honest.

ONLY HALF A NOTCH IN AMERICA'S BELT WILL SAVE SOCIAL SECURITY

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, some time ago, the Democrats sent a letter to the Congressional Budget Office, the CBO, and it had some bogus ground rules; and what they got back said that we were spending Social Security under these bogus ground rules.

Their whole purpose for doing that is so that they can spend more money. They have shown the programs and they have talked about the programs that they want to spend the extra money on. Well, rest in peace, liberal big government. We are not going to do it.

In fact, we have got a letter from the Congressional Budget Officer that says, if we do not spend more than $592.1 billion on domestic discretionary spending, we will not spend any Social Security surplus. Along with that, we have put in a 1 percent across-the-board cut, which is like taking a half a notch in this belt, just tightening up just a half a notch. That is all we would have to do, and we passed that; and, in fact, we are not going to spend the Social Security surplus. That is the fact of the matter. The Congressional Budget Office confirmed that in a letter.

Now, if we are going to do what they are recommending, we would have to take four notches up in this belt. Now, America knows we could do that four notches and protect Social Security, but yet the liberals have failed to offer any program reduction.

DO SOMETHING CONSTRUCTIVE; PASS THE BLUE DOG BUDGET

(Mr. TANNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I do not come down here and do 1-minutes very often most of the time, I think most of the people that listen to these agree, that it is hurling insults back and forth across this table here, and that is not very constructive.

But what I did want to come down this morning to say is that the Blue Dogs offered a budget last April. We are in a mess. We are into November. There is still no agreements in sight. There is a blame game going on here about who wants to spend Social Security money. That is not very constructive.

We ought to stop that, stop the blame game, and get into the Blue Dog budget or something similar and do something constructive for the country for a change. That is what we were sent here for. That is what I hope we can do in the future for the people that we represent and for our kids and grandkids.

BLUE DOGS SHOULD JOIN WITH CONSERVATIVE REPUBLICANS ON 1-CENT SAVINGS

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, let me follow, then, in the spirit of bipartisanship offered by the gentleman from Tennessee (Mr. TANNER), I welcome that candid exchange, and I think one way we can really get started is for the Blue Dogs to join with the conservative majority in a pledge to realize savings of 1 cent of every dollar spent.

The gentleman from Tennessee (Mr. TANNER), the gentleman from Louisiana (Mr. JOHN) says, let us save money. We agree. Join with us. But, see, the problem is within the minority caucus, sadly my friends in the Blue Dog Coalition are a minority within that minority.

So I would invite my friends, moderate conservatives on the other side of the aisle, to join with this working majority for a center right coalition to realize savings.

All we are talking about is 1 cent on every discretionary dollar. That is easily done. It saves the Social Security money for Social Security. Let us do that in the spirit of bipartisanship. To my friends in the Blue Dog Caucus, I extend my hand in that bipartisan fashion.

HONESTY IN BUDGET NUMBERS

(Mr. SANDLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SANDLIN. Mr. Speaker, it is time for responsible budgeting in this country. It is time to pay the country's debt. It is time to take Social Security completely off budget. Mr. Speaker, we have heard a lot of bragging from the other side of the aisle about stopping the raid on Social Security. The only problem is that the facts just do not back up the bragging.

The Republicans would like us to believe that the Congressional Budget Office has said that their budget would

protect the Social Security surplus. What they forget to mention is it is only true when the Republican leadership tells CBO to change their numbers. How convenient.

When the Republicans wave around the CBO certification that they are protecting Social Security, they conveniently forget to mention the footnote that says that the estimate includes, ''reductions applied to CBO's estimates for congressional scorekeeping purposes.'' In other words, the Republican leadership had to tell CBO to change their estimates to reduce the estimates of spending to make their numbers work. They use these estimates when they are convenient; but when they do not like it, they use other estimates. It is time for responsible budgeting.

TIGHTEN BELT TO SAVE SOCIAL SECURITY

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, let me say this to the gentleman from Texas (Mr. SANDLIN), the previous speaker, it is not about inside Washington accounting mumbo jumbo, it is about grandmother's retirement check, and I am going to do everything I can as a Republican to protect it.

Now, I do know this, that in January, the President of the United States said let us preserve only 60 percent of the Social Security surplus. The Republican position has been, let us preserve 100 percent. Let us balance the budget, not through spending Social Security on non-Social Security means, but let us do it by just good old-fashioned belt tightening.

Now, imagine some little roly-poly fat kid at the banquet table on his third piece of apple pie saying I want more. All we are saying is, look, we want you to slim it down, push back 1 cent on the dollar, tighten that belt just a little bit, about a half a notch. Then if you will do that, we do not have to get even close to Social Security money.

That is what the Republican Party is trying to get the Democrats to do. I hope that they will join us.

REMEMBER THAT SECOND AMENDMENT IS RIGHT TO BEAR ARMS

(Mr. METCALF asked and was given permission to address the House for 1 minute.)

Mr. METCALF. Mr. Speaker, let us go back to the founding of our Nation. Why were the British soldiers marching toward Lexington and Concord in the darkness of April 18, 1775? Because they had heard correctly that the colonists were stockpiling guns and ammunition.

The colonists had been trying to work out their problems with the king. But when the British moved to take away their guns, they went to war.

When the amendments were added to the Constitution, first amendment of course a priority, freedom of speech and freedom of religion. But what is the second amendment, the right to keep and bear arms shall not be infringed. Let us remember that.

STOPPING THE RAID ON SOCIAL SECURITY

(Mr. THUNE asked and was given permission to address the House for 1 minute.)

Mr. THUNE. Mr. Speaker, being a leader means making some tough choices. This year we have an historic opportunity to lock away 100 percent of the Social Security surplus and put an end to the practice of raiding the Social Security Trust Fund. It means we have to make a tough choice between Social Security and funding some other goals, like the President's desire to increase foreign aid spending by 30 percent.

The question is not whether we want to spend more on foreign aid or other government programs, the question is whether we want to spend more on these programs if it comes at the expense of Social Security.

Mr. Speaker, Republicans have already made our choice. We have chosen to say no to more government spending and yes to stopping the raid on Social Security. The American people agree with us. They would rather protect Social Security and Medicare and cut spending across the board for all other programs than raid Social Security again.

There is only one question that has not been answered, Mr. Speaker, and that is: Where does the President stand and where do our friend's on the other side stand? Will they block this legislation and insist on more government spending or will they join us in a bipartisan effort to end the raid on Social Security once and for all. For the sake of our future, I hope they will choose the latter.

TELL THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH

(Mr. GARY MILLER of California asked and was given permission to address the House for 1 minute.)

Mr. GARY MILLER of California. Mr. Speaker, is there any reason or wonder that the American people are confused? I wish, prior to us being allowed to come here and talk to the American people, that we had to raise our hand and say, I swear to tell the truth, the whole truth, and nothing but the truth, so help me God.

All we have heard today and past days is the Republicans are spending Social Security monies. But actions speak louder than words. My friends on the other side of the aisle continue to vote no on appropriations bills. The President continues to veto appropriations bills. Why? Because we are not spending enough money that has to come from Social Security Trust Fund.

Why do we not do what we say we are trying to do? Let us not spend the money which we do not want to spend. We use great words like let us invest. We are not appropriating enough resources. What they are saying is we are not spending enough Social Security money.

We are saying, let us not spend Social Security money. Let us keep our promise to the American people. Let us stop being disingenuous. When one hears people come before one and say something, watch what they do. When they accuse Republicans of spending Social Security money, watch how they vote.

THE JOURNAL

The SPEAKER pro tempore (Mr. OSE). Pursuant to clause 8 of rule XX, the pending business is the question of agreeing to the Speaker's approval of the Journal of the last day's proceedings.

The question is on the Speaker's approval of the Journal.

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

Mr. MCNULTY. 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 346, nays 65, not voting 22, as follows:

[Roll No. 563]

YEAS—346

Abercrombie	Bryant	Delahunt
Ackerman	Burton	DeLauro
Andrews	Buyer	DeLay
Archer	Callahan	DeMint
Armey	Calvert	Deutsch
Bachus	Camp	Diaz-Balart
Baker	Campbell	Dicks
Baldacci	Canady	Dingell
Baldwin	Cannon	Dixon
Ballenger	Capps	Doggett
Barr	Capuano	Dooley
Barrett (NE)	Cardin	Doolittle
Barrett (WI)	Carson	Dreier
Bartlett	Castle	Duncan
Barton	Chabot	Dunn
Bass	Chambliss	Edwards
Bateman	Clayton	Ehlers
Becerra	Clement	Ehrlich
Bentsen	Clyburn	Engel
Berkley	Coble	Eshoo
Berman	Coburn	Etheridge
Biggert	Collins	Everett
Bilirakis	Combest	Ewing
Bishop	Condit	Farr
Blagojevich	Conyers	Fletcher
Bliley	Cook	Foley
Blumenauer	Cox	Forbes
Blunt	Coyne	Ford
Boehlert	Cramer	Fossella
Boehner	Crowley	Fowler
Bonilla	Cubin	Frank (MA)
Bonior	Cummings	Franks (NJ)
Bono	Cunningham	Frelinghuysen
Boswell	Danner	Frost
Boucher	Davis (IL)	Gallegly
Boyd	Davis (VA)	Ganske
Brady (TX)	Deal	Gejdenson
Brown (FL)	DeGette	Gekas

Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Jones (OH)
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Moran (KS)
Moran (VA)
Morella
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pascrell
Paul
Pease
Pelosi
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schakowsky
Scott
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Wamp
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Weygand
Whitfield
Wilson
Wolf
Woolsey
Wynn
Young (FL)

NAYS—65

Aderholt
Allen
Baird
Barcia
Berry
Bilbray
Borski
Brady (PA)
Brown (OH)
Chenoweth-Hage
Clay
Costello
Crane
DeFazio
Dickey
English
Evans
Fattah
Filner
Gibbons
Green (WI)
Gutknecht
Hefley
Hill (MT)
Hilleary
Hilliard
Hutchinson
Jackson-Lee (TX)
Johnson, E. B.
Klink
Kucinich
Latham
Lewis (GA)
Lipinski
LoBiondo
Markey
McDermott
McNulty
Meeks (NY)
Moore
Oberstar
Pallone
Pastor
Peterson (MN)
Phelps
Pickett
Ramstad
Riley
Rogan
Sabo
Schaffer
Slaughter
Stark
Strickland
Stupak
Tancredo
Taylor (MS)
Thompson (CA)
Thompson (MS)
Udall (NM)
Visclosky
Waters
Weller
Wicker
Wu

NOT VOTING—22

Bereuter
Burr
Cooksey
Davis (FL)
Doyle
Emerson
Hulshof
Hunter
Kanjorski
Kasich
Larson
Meek (FL)
Mollohan
Murtha
Myrick
Payne
Rahall
Scarborough
Sessions
Watkins
Wise
Young (AK)

□ 1103

Ms. MCCARTHY of Missouri and Mr. GEORGE MILLER of California changed their vote from ''nay'' to ''yea.''

So the Journal was approved.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Any record votes on postponed questions will be taken after debate has concluded on all motions to suspend the rules.

SENSE OF CONGRESS THAT SCHOOLS SHOULD USE PHONICS

Mr. MCINTOSH. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 214) expressing the sense of Congress that direct systematic phonics instruction should be used in all schools, as amended.

The Clerk read as follows:

H. CON RES. 214

Whereas the ability to read the English language with fluency and comprehension is essential if individuals are to reach their full potential;

Whereas it is an indisputable fact that written English is based on the alphabetic principle, and is, in fact a phonetic language;

Whereas the National Institute of Child Health and Human Development (NICHD) has conducted extensive scientific research on reading for more than 34 years, at a cost of more than $200,000,000;

Whereas the NICHD findings on reading instruction conclude that phonemic awareness, direct systematic phonics instruction in sound-spelling correspondences, including blending of sound-spellings into words, reading comprehension, and regular exposure to interesting books are essential components of any reading program based on scientific research;

Whereas a consensus has developed around scientific research findings in reading instruction, as presented in the 1998 report of the National Research Council, Preventing Reading Difficulties in Young Children;

Whereas the Learning First Alliance composed of national organizations such as the American Colleges for Teacher Education, American Association of School Administrators, the American Federation of Teachers, Council of Chief State School Officers, National Association of Elementary School Principals, National School Boards Association, National Parent Teachers Association, and National Education Association have agreed that well sequenced systematic phonics instruction is beneficial for all children;

Whereas more than 50 years of cognitive science, neuroscience, and applied linguistics have confirmed that learning to read is a skill that must be taught in a direct, systematic way;

Whereas phonics instruction is the teaching of a body of knowledge consisting of 26 letters of the alphabet, 44 English speech sounds they represent, and 70 most common spellings for those speech sounds;

Whereas reading scores continue to decline or remain stagnant, even though Congress has spent more than $120,000,000,000 over the past 30 years for title I programs (of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.)) with the primary purpose of improving reading skills;

Whereas the 1998 National Assessment for Educational Progress (NAEP) found that 69 percent of 4th grade students are reading below the proficient level;

Whereas the 1998 NAEP found that minority students on average continue to lag far behind their non-minority counterparts in reading proficiency, many of whom are in title I programs (of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.));

Whereas the 1998 NAEP also found that, 90 percent of African American, 86 percent of Hispanic, 63 percent of Asian, and 61 percent of white 4th grade students were reading below proficient levels, many of whom were in title I programs (of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.));

Whereas more than half of the students being placed in the special learning disabilities category of Special Education have not learned to read;

Whereas the cost of Special Education, at the Federal, State, and local levels exceeds $60,000,000,000 each year;

Whereas reading instruction in far too many schools is still based on the whole language philosophy, to the exclusion of all others and often to the detriment of the students;

Whereas the ability to read is the cornerstone of academic success, and most colleges of education do not offer prospective reading teachers instruction in the structure of spoken and written English, and the scientifically valid principles of effective reading instruction: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress that—

(1) phonemic awareness and direct systematic phonics instruction should be used in all schools as a first and essential step in teaching a student to read;

(2) pre-service professional development of reading teachers should include direct systematic phonics instruction; and

(3) all Federal programs with a strong reading component should use instructional practices that are based on scientific research in reading.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Indiana (Mr. MCINTOSH) and the gentleman from Missouri (Mr. CLAY) each will control 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. MCINTOSH).

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

Mr. Speaker, House Concurrent Resolution 214 expresses the importance of

using proven, scientifically based reading instruction in the classroom, in preservice teacher training and in Federal education programs.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. GOODLING). Although he could not attend when this was discussed in committee, the gentleman has given his full support for this.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding me this time. What the resolution says basically is a concurrent resolution expressing the sense of Congress that direct systematic phonics instruction is one of the necessary components of an effective reading program.

I think all of you who are here probably have been taught using many methods, including, I imagine everyone, phonics. My wife is a first grade teacher of 43 years. If she were told that she could only teach phonics, she would probably tell them where to go. If she was told she could not teach phonics, she would tell them where to go. If she was told she had to teach whole language, she would tell them where to go and how to get there. If she was told she could not use whole language with all of her other methods of teaching reading, she would tell them where to go and how to get there. But the important thing is, it is one of the important components in the teaching of reading. I think everyone here would agree with that, because that is probably the method that was used, and it is scientifically based.

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

I want to thank the gentleman from Pennsylvania for his support and his willingness to discharge this bill from committee and commend him for his help in getting it to the floor today. I also want to express my appreciation to him and his staff for focusing on quality, research-proven techniques in teaching reading in the Student Results Act, title I of the Elementary and Secondary Education Act which passed recently; and also in the Reading Excellence Act which passed last year.

The need for this resolution is clear: American students are not reading as well as they should and some are not able to read at all. The 1998 National Assessment of Education Progress, the NAEP test, has found that 69 percent of fourth grade students are reading below the proficiency level. Let me repeat that. Sixty-nine percent of fourth graders in America are not reading up to standard. Minority children have been particularly hard hit by reading difficulties. According to the NAEP test, 90 percent of African-Americans, 86 percent of Hispanic Americans, and 63 percent of Asian students were reading below the proficiency level. That is unacceptable, Mr. Speaker. What we need to do is make sure that we focus on doing the best we can to teach those children how to read. What that means is that they cannot read history, they cannot read literature, they cannot read science in order to understand their other classes. No wonder they become frustrated, no wonder they disrupt the class, no wonder they drop out of school.

At least half of the students being placed in the special learning disability category of special education have not learned to read. The cost of special education, Federal, State and local, is exceeding $60 billion a year. If only a quarter of those students are there because they cannot read, it represents more than $15 billion of effort at local schools. Just think how many schools could be built or computers purchased or books bought or teachers paid if these students were taught to read in the first grade.

The cost to those who never learn to read adequately is much higher than that. Job prospects for those who cannot read are few. Americans who cannot read are cut off from the rich opportunities of this Nation. The tragedy is that students who cannot read often end up in juvenile hall, or on the streets, susceptible to gangs and drugs, or as school dropouts.

But the good news is that this is a problem we can fix. According to Dr. Benita Blachman, one of the leading researchers in reading instruction, ''direct, systematic instruction about the alphabetic code, phonics, is not routinely provided in kindergarten and first grade, despite the fact that, given what we know at the moment, this might be the most powerful weapon in the fight against illiteracy.''

□ 1115

As she said, this is perhaps the most powerful weapon in the fight against illiteracy. In fact, the evidence is so strong for systematic phonics instruction that if the subject being discussed was, say, treatment of mumps, there would be no discussion. We would take care of it, we would have a plan and the children would be saved. The solution is to teach children to read the first time around.

According to the National Institute of Child Health and Human Development, the ability to read depends on one's understanding of the relationship between letters and speech sounds that they represent. Systematic instruction on phonics teaches this skill, 26 letters used to symbolize about 44 speech sounds and the most common way they are spelled.

The research in reading makes it clear that all students can benefit from phonics instruction and that about one-third of all students need explicit training in phonics if they are to learn to read at all. That means one-third of our young people today, if they do not get instruction in phonics, will never be able to read. That is something that we cannot afford to leave unaddressed in this House.

For children who do not receive reading instruction or even reading exposure at home, phonics instruction is essential if they are to learn to read.

Mr. Speaker, according to the American Federation of Teachers, ''Phonemic awareness instruction, when linked to systematic decoding and spelling, is the key to preventing reading failure in children who come to school without these prerequisite school.'' That is, those children who have not learned to read at home.''

The NEA states, ''Mastering basic skills is important. Children need to know their phonics.'' They are right.

It not surprising that support for this approach is becoming widespread in the education community, from the National Education Association to the American Federation of Teachers, the National Parent Teacher Association, the Council for Chief School Officers and numerous other education groups which form the Learning First Alliance. They have concluded that well sequenced systematic phonics instruction is beneficial for all children.

Phonics is now being promoted by the scientific and some in the education community as an essential component of effective reading instruction.

On a personnel level, I will share with my colleagues in the House, I have heard so much from parents and teachers about the success experienced by their children who have received explicit systematic phonics training. I have got with me today several statements by Title I teachers, one in Indianapolis, on the effectiveness of phonics instruction in teaching children to read.

Mrs. Linda Jones, who teaches learning disabled children in 6th, 7th and 8th grade says, ''Since I've been using the Direct Approach,'' phonics, ''my children are very excited about learning. One of my major problem students has become the best student in the class. Now everyone enjoys coming up to the board. We pull words out of reading comprehension exercises. Now we are pulling words such as 'hyposensitize' out of the dictionary,'' states teacher Stuart Wood.

I also have a letter from a teacher at Allisonville Elementary School in Indianapolis. She tells me how her student from Africa, a little boy that I actually had a chance to meet, who knew no English when he came to that class, his name was Filimon Adhanom, and Filimon did not know how to read, did not know how to write, did not know how to speak English, and he learned those skills in her classroom with phonics instruction.

In this letter, a summer school teacher in the same district tells how her school kids were behind in reading, and they caught up after just 15 days, with just 25 minutes a day of phonics instruction.

In this letter a parent says, ''I am writing because I know the pain of a child that attends school every day and cannot read. I am writing to you, Mr. Congressman, because 10 years later I see the joy of independence in that same child who can now read.''

I could go on and on. I have a lot of these letters, and they all tell the same

story. And it just is not in my district or just in Indiana. This story is being repeated in every community across America.

That is why I introduced this resolution. It is my hope that it will encourage the use of this successful technique in classrooms across America.

Believe it or not, despite the wealth of scientific evidence supporting systematic phonics, despite the anecdotal evidence that I talked about today, there are in fact children today in America who are not receiving this type of instruction, teachers who do not have the benefit of this learning tool. There are schools in my own state which are having to use their scarce funds to instruct newly hired teachers how to teach phonics because they have not been taught in college or in their teacher training courses.

This resolution is aimed at getting the word out, getting the word out about the need for phonics instruction, the need for our children of all backgrounds to have this instruction so they can have the ability to learn and to read. Many students will not get a second chance.

Andrea Neal, a very gifted writer for the Indianapolis Star, put it this way: ''It is reasonable and necessary to require elementary teachers be trained in the most effective phonetic programs. To do otherwise is to commit educational malpractice on our children.''

We need to start teaching kids to read. Phonics is the way to make sure that happens. As the gentleman from Pennsylvania (Mr. GOODLING) said, it is one of the ways in which teachers need to be able to teach.

So while Concurrent Resolution 214 contains no mandate, I hope it will convey an important message to schools and teachers and children and their parents all across this Nation.

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

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

Mr. Speaker, once again I am befuddled, bewildered, but mostly amazed by the explanation given by the chairman of the Committee on Education and the Workforce of what this resolution does.

He says it is only one of many methods that can be used to teach reading. But I am reading the resolution itself, and it says ''direct systematic phonics instruction should be used in all schools as a first and essential step in teaching a student to read.''

Mr. Speaker, this resolution states that phonics-based instruction should be used by all schools in their efforts to teach children to read and should be included in pre-service teaching requirements.

What other insulting gimmicks will the Republican leadership think of next? This resolution ignores the volumes of research on reading instruction that shows the need for a balance between phonics and whole language instructional techniques. This resolution also takes the unprecedented and demeaning step of placing Congress in the classroom by dictating a particular curriculum choice, regardless of the view of our teachers, principals and superintendents at the local level. Is this what Republicans mean when they say Washington knows what is best for local communities?

Mr. Speaker, when our committee considered the President's America Reads legislation during the last Congress, we learned from witness after witness that a solely phonics-based curriculum or solely whole language based curriculum is not effective in teaching children to read.

Last year, reading instruction experts testified before our committee that a balanced approach, using phonics and whole language, is the most effective and proven way to teach children to read.

What is most objectionable about this resolution is its forcible intrusion into the classroom through a Federal endorsement of what should be locally determined curriculum.

Why does the Congress need to make an affirmative statement that phonics and phonics solely should be utilized in schools? I say that anyone who votes for this resolution dictating how teachers and local school boards should teach reading should never again speak of local control of our schools.

Mr. Speaker, I urge Members to oppose this resolution.

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

Mr. MCINTOSH. Mr. Speaker I yield 2 minutes to the gentleman from Colorado (Mr. SCHAFFER).

Mr. SCHAFFER. Mr. Speaker, I would remind the previous speaker and others who are considering this matter that the resolution before us is a sense of Congress resolution and in no way represents any sort of mandate or dictate or requirement at the Federal level, merely a statement of opinion based on some simple observations from the scientific community and the academic community that phonics works and should be preferred.

Let me give you a perfect example of an expert who speaks forcefully on the matter. This is a letter that I received from the Colorado Commissioner of Education.

''I am writing in response to your recent inquiry,'' which was about this bill. ''I strongly support the need to redress the balance in American reading instruction. Sadly, over time, that balance has tilted against phonics, which throughout our history has been a foundation of solid reading skills.

''The proper interaction between the 44 sounds, or phonemes, and the 26 letters of the English language is something that must be well understood by all who would aspire to teach our young children. Tragically, by their own testimony, our reading teachers in overwhelming proportion have not received this training in anywhere near the measures needed.

''Today, at the national and state levels, there is broad consensus that teacher training must be dramatically redesigned. Nowhere is that redesign more needed than in the area of reading, the essential foundation for all learning. Furthermore, ensuring that every teacher possesses a strong grounding in phonics must be at heart of our redesign in reading.

''Being most grateful for your outstanding work on behalf of Colorado children, I remain sincerely yours, William J. Maloney, Colorado Commissioner of Education.''

I would submit there is one more expert that should be considered, and this expert is like many throughout the country, this is a grandmother who sent me an e-mail on this very bill. Here is what she says.

''I would like to go on record that I have six grandchildren in Larimer and Weld Counties in Colorado, and I must tell you that the two that are in Weld County (Eaton School District), are excellent readers, which teaches phonics. The four here in Larimer County (Ft. Collins schools) are terrible readers, not taught phonics. Thank you.''

That letter is from B. Bessert of Fort Collins.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. ROEMER)

Mr. ROEMER. Mr. Speaker, I thank the ranking member from the State of Missouri for yielding me time.

Mr. Speaker, I rise to articulate some deep reservations and concerns about this resolution. Certainly, as a parent of three children, I want my children to be able to read; as a member of the Committee on Education and the Workforce I want the scientific community to be able to make recommendations to our local school boards and to our teachers on what method works best; and as a Member of Congress, we certainly want to share with the American people some of our ideas on this.

But as a Member of Congress, I am very hesitant to say that I am the expert on reading here in Washington, D.C., and our local school boards should prioritize and use this as the first method of teaching our children in Indiana, in Nebraska, in Georgia, in New Jersey and throughout the country, as to what we should be telling our first grade and second grade teachers we think this is the priority, that we think this is the first way you should do this; we think this is our preferred method, so you should do it in all 50 states. I do not think that is our role, quite frankly.

Now, if the resolution read, as it does in the third resolved clause, ''all Federal programs with a strong reading component should use structural practices that are based on scientific research in reading,'' period, I think we could all agree to that. But the first resolved clause, probably the most important resolved clause, says ''Direct systematic phonics instruction should be used in all schools as a first and essential step in teaching a student to

read.'' All schools, the first and essential step.

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I am here to stand up for my local school boards and my local teachers and my local parents and say, you guys should figure this out. I am not sure we should be telling them the preferred way, the priority.

Additionally, the National Academy of Sciences study issued last year recommends a combination of methods, that phonics and whole language should be blended for our young people. Now, could we say that? I am not even sure we should say they should be blended.

I think that the third resolve clause, saying that all Federal programs with a strong reading component should use instructional practices that are based on scientific research in reading, and not dictate to our local schools what should be taught first, what should be taught in all schools, what should be priorities, what should be preferred, I think that goes a bit too far for our local school boards and our local parents.

Let us continue to give them the choices and the discretion, so I have reservations and caveats about this resolution.

Mr. MCINTOSH. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HORN).

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

Mr. Speaker, we have experts who will tell us one thing and then another, and that is not the test. The test is experience: what happens when we teach phonics?

California went through this for the last 50 years in K through 12 education. In the thirties in Pasadena and other ''progressive'' schools they banned phonics. In one of the major cities in Los Angeles County in the fifties they had banned phonics.

A friend of mine who was a fifth grade teacher kept two erasers in her hand. One was when the principal came through the door, to wipe out the phonics she had put on the blackboard. That went on for a year or so. At the end of that year, achievement tests were given. The principal said to her, ''Mrs. Patterson,'' her name was Isabel Patterson, ''Mrs. Patterson, you just have a very unusual, unique class. In this whole city of 350,000 people, your class has been 25 to 50 percent ahead of every single other class in this school system.''

Mrs. Patterson just smiled and said, ''Thank you, Principal.'' He praised her teaching and all that. He did not know she was teaching phonics. She was the only one in the whole city who was teaching phonics. That is why her students were way ahead of every student in that city.

That school district now has adopted phonics, and so have most districts in California. They are through with what went on in the thirties. I think when we realize that this individual was not only an outstanding teacher, she was also becoming an entrepreneur. With her limited funds she started buying houses. She gave $2 million to the Isabel Patterson Child Development Center at California State University, Long Beach.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Speaker, I thank my friend, the gentleman from Missouri, for yielding time to me.

Mr. Speaker, in a couple of days I have one of the most important meetings on my schedule for the next couple of months. It is with a person named Ms. Jordano. Ms. Jordano is my daughter Jacqueline's first grade teacher. My wife and I are going to the parent-teacher conference. When we go to the patient-teacher conference, we are going to listen to what she has to say, because we respect her ability after years in the classroom to know about how to teach a first grader how to read.

Today I find myself in a different role. We are giving unsolicited advice to the reading teachers of America as to how they ought to teach reading. We certainly are entitled to our own opinion, but I think to offer that opinion as an institution is an abrogation and overstepping of our authority as the Congress of the United States.

I would consider voting for this resolution on one condition. If we are going to take responsibility for determining reading curriculum for the teachers of America, let us give the teachers of America responsibility for determining other questions about education. Let us let them decide whether to fully fund the IDEA. Let us let them decide whether to put 100,000 qualified teachers in classrooms across America. Let us let them decide whether to fix the crumbling school buildings that exist in communities across America, and build new schools. Let us let the teachers of America decide whether we should make a true national commitment to pre-kindergarten education, which we do not presently have. Let us let them decide whether we should increase Title I funding, as many of us advocated on this floor just a few weeks ago.

I suspect if we yielded that authority to them, that they would vote in favor of all those things for education. I suspect the majority will not want to do that. For that reason, we should get back in our proper role, defeat this superfluous amendment, and pass real education legislation to improve America's schools.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Guam (Mr. UNDERWOOD).

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

Mr. UNDERWOOD. Mr. Speaker, I thank my colleague for yielding me the time.

Mr. Speaker, I rise to express my dismay and disappointment that this House is taking up an entirely unnecessary resolution endorsing phonics instruction and criticizing whole language reading instruction.

As a former dean of a school of education and a teacher trainer who included a discussion of the fundamental underpinnings of various teaching strategies in several courses that I taught for nearly two decades, this really does take the cake. This is one of the most preposterous resolutions I have ever seen about a teaching strategy.

Different teaching strategies work for different people for different reasons. Teaching strategies have a psychology base and a philosophical base which is continually tested and tempered by practice and by classroom trial and error, by experience in unique and diverse communities around the country.

To quote something that is frequently said on the other side, ''The best decisions about education are left to individual communities, to individual teachers in classrooms, to the local situation,'' of course, except when it comes to phonics versus whole language.

I cannot imagine why a national legislative body would spend its time on this issue, which is hotly debated and should be hotly discussed in classrooms and in schools of education around the country, but a subject for congressional thinking? Neuroscience, applied linguistics, phonemes, phonics, morphemes, syntax, grammatical rules which are psychologically real in our minds, to speech events, understanding speech events, how many people here are equipped to understand the meaning of these terms and debate them with comfort and assurance?

What is next, a resolution on new math, a resolution on creationism, a resolution on the role of lab work in science courses, a resolution on direct instruction, a resolution on our favorite surgical technique in medicine, on our favorite offense to be used by football teams around the country, a resolution on the superiority of walking over running in exercise?

The best way to teach reading is an issue which belongs in research institutions. It is a matter which is best left up to classroom professionals and for communities to sort out.

This resolution, as my colleague, the gentleman from Missouri (Mr. CLAY) pointed out, is so absurd, it is the one time that perhaps I really wish I could vote on this floor so I could vote against it.

Written English is a crazy language in written form. The companion measure to this should be to go back to that earlier movement in the earlier part of this century when we tried to make English totally phonetic. That would

really facilitate phonics, and then we would have to spell phonics F-O-N-I-K-S.

Mr. MCINTOSH. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. ISAKSON), a member of the committee.

Mr. ISAKSON. Mr. Speaker, I rise for a couple of reasons. The gentleman from Indiana (Mr. ROEMER) made some very great statements, and he referred to the resolve clauses, but he neglected to refer to the amendment which appears at the end of that page which, in my judgment is effective, as one who is a big advocate for children, because it amends the whole code, which says that phonics is one of the necessary components.

The truth of the matter for any of us who have been in education, this debate today is like many debates that go on in America between whole language advocates and phonics advocates. I will tell the Members, both of them are right. Both of them should be included. This says our teachers do have the choice, and it is very important.

I rise today because I want to pay tribute to the United States Department of Education for providing us in Georgia with a Goals 2000 grant which allowed us to develop the phonics-based Reading First program in Georgia under Dr. Cindy Cupp, which enabled our Title I schools, after its implementation, to raise our children across the board by higher than the 25th percentile in each and every category.

Phonics is one, but not the only one. It should be included and not excluded. With the amendment, this resolution ensures that we recognize it as a methodology, it is not a curriculum, and we encourage schools to use all the best methods to teach our children.

I commend the gentleman from Indiana (Mr. MCINTOSH). Most importantly of all, I commend this Congress for focusing on America's number one problem in public education. That is, the poor reading performance of our children as they leave the third grade.

We should give our teachers every resource to meet the needs of every child, whether it be whole language or whether it be phonics-based.

Mr. CLAY. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would respond to the gentleman from Georgia, who said that the amendment to this bill corrected what the problem was. It does not.

An amendment that amends the title, and that is what this amendment or footnote at the end of this resolution says, is ''concurrent resolution expressing the sense of Congress that direct, systematic phonics instruction is one of the necessary components of an effective reading program.''

That is just in the title, it is not in the body of this resolution. It has no effect whatsoever on what is in this resolution.

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

Mr. MCINTOSH. Mr. Speaker I yield myself the balance of my time.

Mr. Speaker, in closing, I would urge my colleagues to support this resolution, and would like to share with them some of the materials I have put into the RECORD.

The first is a statement from Indiana State Senator Teresa Lubbers, who is an expert on education, having been a teacher herself and worked mightily in that area in our State Senate. She has worked to improve the performance of Hoosier students, and she is absolutely convinced that our success depends on our ability to produce competent teachers.

She goes on to say, one ingredient of that is, ''I am also convinced that phonics awareness is the preferred and proven way to teach reading. We do our children a disservice when we allow them to move ahead without a mastery of reading, which ensures frustration and failure throughout their school years.''

Mr. Speaker, I would mention again the statistic I said in my opening statement: 67 percent of our fourth graders in America are below standard in reading. That is unacceptable. This resolution says, let us do everything possible to make that work for them. Phonics is one of the ways in which teachers can do that.

A second statement that I would like to enter into the RECORD would be from Linda Wight Harmon, who is a parent. She talks about her eldest daughter, Catherine, who uses the skills of reading in the second grade, where she learned phonics from a private tutor in a computerized language program.

Another is a list of several success stories from teachers in our public schools in Indiana.

The letter that I mentioned earlier from an elementary schoolteacher in grade one, Ms. Kristi Trapp, who talked about her student from Africa, the young man who was not able to read at all but was able to learn in her school; then also another teacher from that same school, Mrs. Karin Jacob.

Finally, we have several other things from parents. One of them is from Diane and Bill Walters, who talk about the never-ending story of trying to get Justin, their son, to be able to read, and several statements that were prepared for the interim study committee in the Indiana State Senate, one from Ms. Diane Badgley, another came from Peggy Schafir, another from Susan Warner.

All of these parents and teachers talk about the success of phonics for their children. That is what we are talking about today, is the children of America and how we can help them learn to read.

Finally, I include for the RECORD a list of commonly asked questions about reading instruction that was prepared by Dr. Patrick Groff, who is a board member and senior adviser to the NRRF.

The material referred to is as follows:

COMMONLY ASKED QUESTIONS ABOUT READING INSTRUCTION

(By Dr. Patrick Groff, NRRF Board Member & Senior Advisor)

Q: What Do Children Need To Learn In Order To Read Well?

A: Four main things: (1) phonics information and how to apply it to recognize words; (2) familiarity with the meanings of words; (3) the literal comprehension of what authors intended to convey; and (4) a critical attitude toward what is read.

Q: What Is Phonics Information?

A: The relationship or correspondences between how we speak and spell words. The individual speech sounds in our oral language generally are represented regularly by certain letters, e.g., the spoken word—rat—is spelled r-a-t.

Q: What Is A Phonics Rule?

A: The rule that a speech sound is spelled frequently by a certain letter (or cluster of letters), and in no other way. For example, the speech sounds /r/-/a/-/t/, in this order, are spelled r-a-t over 96 percent of the time. Children apply phonics rules to gain the approximate pronunciations of written words. After this, they usually can infer the normal pronunciations.

A: How Does The Application Of Phonics Information Work?

A: The child first perceives the individual letters in a word, e.g., rat. He or she than ''sounds out'' this word by saying its three speech sounds, /r/-/a/-/t/. As children's skills grow in phonics application, they can quickly recognize frequently occurring letter clusters such as at (as in fat, cat, mat, etc.).

Q: How Is Phonics Information Best Taught?

A: In a direct, systematic, and intensive fashion. Here both teacher and pupil know precisely what are the instructional goals, and the skills to be learned are arranged into a hierarchy of difficulty, and adequate practice for learning to mastery is provided.

Q: What About Children Who Can Recognize Individual Words, But Whose Reading Comprehension Is Relatively Poor?

A: These children are lacking in one or all of the following: (1) background knowledge in the topics they attempt to read; (2) knowledge of the meanings of words in these topics; (3) ability to make inferences about the content being read; and (4) ability to follow the organization or structure of the text that is pursued. Teaching for these children should concentrate on these matters.

Q: What Is The Relationship Of Knowledge Of Phonics Information and Reading Comprehension?

A: Nothing develops the quick and accurate (automatic) recognition of written words better than does proper phonics instruction. Then, nothing relates more closely to reading comprehension than does automatic word recognition. The ability to recognize words automatically allows children to direct their mental energy when reading toward the comprehension of written material.

Q: My School Tells Me That My Child Has Been Taught To Apply Phonics Information. But He/She Still Has Difficulty Recognizing Words. What Is The Problem?

A: It is highly probable that your school actually teaches phonics information in only an indirect, unsystematic, and non-intensive manner. Since many of today's schools do not teach phonics skills sufficiently nor suitably, home instruction often becomes necessary.

Q: Isn't The Spelling Of English Too Unpredictable Or Irregular For The Application Of Phonics Information To Work Well?

A: No. True, there are notable exceptions to some phonics rules, e.g., the pronunciation and spelling of tough. Nonetheless, the

notable successes of direct and systematic phonics programs disprove the above charge.

Q: My Child Reads Slowly, But Accurately, At The Same Speed Both Orally And Silently. Is This A Matter Of Concern.

A: Accuracy in reading almost always is a more important goal than rate of reading, especially with beginning readers. Very high rates of speed in reading, in fact, are illusionary. They inevitable are simply scanning or skimming, rather than true reading. Even the average university student actually reads around the same speed, orally and silently.

Q: Isn't It True That Many Children Cannot Learn Phonics Information?

A: To the contrary, rarely is this so. Only the small number of children with genuine central nervous system dysfunctions experience significant difficulty learning properly taught phonics information.

Q: My Child's Teacher Says That ''Sight'' Words, Recognized As ''Wholes,'' Must Be Learned Before Phonics Instruction Is Begun. Is She Correct?

A; No. The Assumption that children recognize words by ''sight,'' that is, without using their letters as cues to their recognition, is not substantiated by the experimental research. Individual letters are the cues all readers use to recognize words. For example, we know cat and rat are different words because we see that their first letters are not the same. ''Sight'' word advocates never answer the question: ''If children recognize words as wholes, how are the wholes recognized?

Q: What Is A Reasonable Time Schedule For Children To Develop The Ability To Recognize Words Independently, Without Someone Else's Help?

A: With proper phonics teaching it is justifiable to expect the normal child to reach this state by the end of grade two. More apt pupils can become self-sufficient in reading at even an earlier age. Reading independently means the ability of children to read without help any topic they normally can talk about or otherwise understand.

Q: I Have Heard About The ''Look/Say'' Method Of Teaching Reading—Is This A Valid Approach?

A: No. ''Look-Say'' methodology assumes that if children are given enough repeated exposures to words as ''wholes,'' they will learn to identify them as ''sight'' words. Phonics teaching is de-emphasized and delayed. ''Look-Say'' suffers the same basic weakness as any other ''sight'' word method.

Q: What Are the Best Ways To Test My Child's Reading Abilities?

A: First, listen to him or her read aloud. If he or she guesses at words, some additional direct and systematic phonics instruction is called for. Then, jot down critically important parts of the story your child reads aloud. Have him or her retell the story. How many consequential points were omitted? If this is more than 20 percent, discuss ahead of time with your child the topic and the special words of the next story he or she reads. Unfamiliar words and topics are the greatest handicaps to reading comprehension.

Q: Is The ''Language Experience'' Method Effective For Reading Development?

A: In this approach children dictate sentences to teachers, who transcribe them on large sheets of paper as children watch. It is theorized here that anything children can so ''write'' they also easily can read. Since most LE programs do not teach phonics directly, systematically, and intensively, they do not prove to be a superior way to teach children to read.

Q: I have Heard That Children's Guessing At Words, Using Sentence Contexts As Cues To Word Identities, Can Substitute For The Application Of Phonics Information. True Or False?

A: False. The use of context cues is a relatively immature and crude means of word recognition, utilized extensively only by beginning readers. Able, mature readers generally recognize words automatically, not through the use of context cues.

Q: Won't The Intensive Teaching Of Phonics Information Cause Reading Comprehension To Be Largely Ignored Or De-emphasized In Schools?

A: This is an unverified apprehension. Intensive phonics instruction simply develops a necessary tool for the expeditious realization of the ultimate goal of reading: to comprehend literally, critically analyze, and enjoy and appreciate written material. In fact, intensive phonics teaching is the most felicitous and quickest way to create independent readers, i.e., children who can readily comprehend any written topic about which they can talk or think.

Q: Does Teaching Children To Syllabicate Long Words Help Them To Recognize These Words?

A: Yes, with proper teaching. Children readily can identify the number of syllables in a spoken word. Thus, they correctly will say there are four syllables in interesting. Teaching dictionary syllabication of words to help children read them is not the most productive practice, however. A better procedure is to teach children to first identify the vowel letters in long words, and then to attach the consonant letters that follow. The syllabication of interesting thus becomes int-er-est-ing. Manipulate becomes man-ipulate.

Q: Books Called ''Basal Readers'' Are Widely Used in Schools. Are They The Best Means By Which To Teach Phonics Information?

A: These books, given grade-level designations, are accompanied by instructional manuals for teachers. Unfortunately, they generally do not teach phonics information adequately. With rare exceptions, they do not teach enough phonics information to prepare children to recognize quickly and accurately the words they present in their stories. It has been found that almost any basal reader system is improved by the addition of intensive phonics teaching.

Q: Many Schools Now Tell Children To Use ''Invented Spelling.'' Are There Any Dangers In This Practice

A: Yes. To avoid frustrating these young pupils, they should be provided words to read that their phonics training has prepared them to recognize. Also, long and convoluted sentences should be avoided. As children's reading abilities grow, these controls can be relaxed progressively.

Q: It Is Said That Literacy Instruction Should Be ''Integrated.'' What Does This Mean?

A: Literacy consists of writing as well as reading ability. It greatly reinforces a child's ability to recognize a word if he or she learns to spell and handwrite it immediately after learning to identify it. Urging children to write this word at this time in original sentences has the same desirable effect.

Q: My School District Has Adopted The ''Whole Language'' Approach To Reading Development. What Are Its Views On Phonics Teaching?

A: Whole Language advocates insist that reading instruction must not be broken down and taught as a sequence of subskills, ranging from the least to the most difficult for children to learn. They assert that all reading skills of every kind must be learned coinstantaneously. Therefore, whatever phonics information individual children may need to know they easily will infer on their own as they read ''real books.'' Since children supposedly best learn to read simply ''by reading,'' no direct and systematic teaching of phonics is necessary. It is important to note that there is no experimental research evidence to support this view of phonics instruction.

Q: What Is The Whole Language Theory Regarding Reading Comprehension?

A: The Whole Language (WL) approach urges children to omit, substitute, and add words—at will—in the materials they read. It also encourages children to ''construct'' idiosyncratic versions of the meanings that authors intended to communicate. It is a ''pernicious'' practice to expect children to give ''right'' answers regarding word identities and the meanings of written text, a leader of the Whole Language movement admonishes teachers. As with their views on phonics instruction, the proponents of Whole Language offer no empirical verification for their opinions about how reading comprehension should be developed. The most unfortunate consequence of Whole Language teaching is that children are not made ready by it to read critically. Since children in Whole Language classes are not always expected to gain the exact meanings that authors intended to impart, they are not prepared to examine them critically.

Q: Shouldn't Children Who Speak Nonstandard English (e.g., ''I Ain't Got No Pencil. They be Having' My Pencil.'') Learn Standard English Before Being Taught To Read?

A: While mastery of standard English is required in many jobs, it is not expedient to wait until children who speak nonstandard English learn the standard dialect before teaching them to read. Moreover, there have been successful reading programs with nonstandard speakers, who usually are children from low-income families. Taking time out of reading programs to deliberately try to change children's dialects neither is an economical use of this time, nor particularly effective in developing reading skills. Learning to read standard English, fortunately, does have the desirable side effect of teaching children how to speak standard English.

Q: Some Schools Say They Are Teaching ''Metacognition'' In Their Reading Programs. Is This A Necessary Or Valuable Practice?

A: Metacognition refers in part to children's conscious awareness of how well they are progressing, during the actual time they are reading. For example, children would ask themselves, ''Does what I am reading make sense to me? If not, why not?'' Schools that emphasize this overt self-examination by children of their reading and performances find that pupils learn to comprehend reading material better than otherwise is possible.

Q: What Is an Effective Way For Parents And Other Interested Parties To Find Out If Their Schools Are Teaching Reading Properly?

A: The first question to ask of schools is, ''Have you adopted the Whole Language approach to reading development?'' If so, describe how it is conducted.'' If the answer is yes, it usually will be the case that pupils are not being given proper instruction in word recognition nor reading comprehension. Then, ask to see the syllabus for teaching phonics information that teachers are required to follow. Determine if phonics information is being taught directly, systematically, and intensively. Calculate how adequately children are prepared, through phonics lessons, to recognize the words in the stories they are given to read.

Q: I Have Discovered That My School Teaches Reading Improperly. Now What Do I Do?

A: The policies for reading instruction ordinarily are set by the central office staff of the school district. It is delegated to do so by

the school board. Ask these officials to defend in writing the defective reading program they have sanctioned for use by teachers. Particularly, request citations of the experimental research on which this unsound reading program is based. If you have found that the unsatisfactory reading program is the Whole Language approach, you will receive no such list of experimental research studies, since the empirical research does not support Whole Language. In this event, demand that your school board make a public policy statement as to whether the district's reading programs must be based on experimental research evidence. Few, if any, school boards will say otherwise. Then, remind the board that it logically cannot continue to authorize the use of the Whole Language scheme. Your appearances at board meetings, and letters to the media will give you added opportunities to convey this message.

APRIL 13, 1999.

To Whom It May Concern:

Filimon Adhanom is a student in my room who came from a remote area in Africa. The language he speaks we can not find an interpreter for. He came to me this year with no English background and no school experience at all.

Each day in my classroom, we would work on the sounds on the ''Smart Chart'' as a whole group. Each day Filimon would sit and listen. During our ''Smart Chart'' time each day I would allow the children to come up and say the sounds of a certain row. Then one day I happened to call on Filimon just to see if he was catching on and to my amazement he could say the whole column of sounds. He earned a star for his effort and before long he knew all the sounds on the ''Smart Chart''.

Soon after this Filimon starting sounding out words he really didn't know the meaning, but because of the sounds he had learned from the chart he now can read, sound out most words, spell, write, and even spell big daddy words that have three syllables. The ''Direct Approach'' to phonics gave Filimon the key to unlocking the world of English and how it works.

I feel that the Direct Approach to Phonics is a necessary tool to helping not only ESL students, but all students high or low. It has been one of the most encouraging programs I have seen for years. I wish every child could have the opportunity to work with the ''Smart Chart''. It gives each child a key to unlock the world of letters, sounds, and reading.

Sincerely,

MS. KARIN JACOB.

The following statements were given by Hoosier parents before the Interim Study Committee of the Indiana State Senate.

TESTIMONY FROM DIANE BADGLEY

I'm writing because I know the pain of a child that attends school everyday and can not read. I'm writing because 10 years later I see the joy of independence in the same child who can now read and has been given a choice to his future. I have learned, children don't fail, adults fail children.

Kyle started preschool at age 3, I helped in the school, we were fortunate enough to not have me away at work. This allowed for a lot of time for one on one interactions and reading. I was always told that if I read to my children every day they would become readers. It worked well for Kyle's older sister Jodie. She was reading before she entered the first grade.

Throughout preschool, kindergarten and first grade Kyle struggled with knowing the names of all the letters in the alphabet. In second grade we tried to get him to understand the letters on a page can be sounded out to make words. This seemed impossible and painful for all of us including the school. As a result of daily embarrassment and the need to fit in, Kyle was able to memorize some books, so it appeared he was reading. However, after testing, the Public School recommended Special Education placement.

Kyle was removed from his second grade class and placed in a smaller class with children with all different emotional and physical special needs and with a teacher who thought she knew how to help him. This is when emotional struggles started for Kyle. In his world he was not only failing academicly but also socially. I assured Kyle the placement was temporary, because he would be taught to read in this class and then be able to rejoin his friends.

But, in third grade he was still not reading. When Kyle was invited to sleep overs at a friend's house, he refused for fear he would have to play games that required reading (Monopoly, Clue, Charades), or take a turn reading jokes out of a joke book, or read a scary story at midnight. Once, Kyle tried going to a sleep over. He hadn't been there long when we got a call asking us to pick him up. He was behaving badly. You see, Kyle would much rather be seen as a bully than a dummy.

Kyle was promoted each year. Each year, he struggled with reading and with his peers, they teased him, they couldn't believe he couldn't read. He was passed on year after year because of Special Ed. Accommodations and adaptations—books on tape, an aide to write his essay tests, reduced spelling list, untimed test—and working through recess and lunch to get all the work done. But still not reading enough to be independent. I kept thinking what year will they focus on the reading?

One day when he was in fifth grade, I found Kyle's older sister reading him a note from a girl in his grade. That was when I realized, ''This is all wrong. He will never fit in unless I find a way to teach him to read. He needs to be out playing during recess, eating lunch with other kids. Playing games at sleep overs, playing on the computer, reading and writing his own love notes.''

My husband, Keith, is a director of a department for a plastics company in Richmond, Indiana. Keith admitted to me that the would never hire Kyle—his own son—unless he learned to read. Even in a maintenance position, Kyle would be a safety hazard in the work place.

I realized then, as Kyle's mother, I had nothing to loose. I signed a home schooling form and enrolled Kyle in a private reading clinic. The clinics reading instruction is based on the 30 years of NICHD (National Institute of Child Health and Human Development) research. Kyle learned how to break apart words into sounds. For him, this was the key that unlocked the door. He went every day with homework on weekends. It was intensive, bit it was like magic. Kyle wanted to go! He was reading on grade level in 6 months!

This experience taught me that Kyle did not fail reading all those years, the system failed Kyle. I am not asking public schools to teach all children Physics X, we are talking about reading. We know now because of the NIH research all children can learn to read, it is our responsibility to teach them.

Since Kyle's success, I have attempted to help other parents and schools with their children. Kyle is in High School now, and is still reading on grade level and is on the academic track. I have been unable to stop telling my story and have started 'Parents' Coalition for Literacy. My board is made up of businessmen, an attorney, a pediatrician, college department heads, primary and secondary teachers and parents. We now know it will take a whole community to teach ALL children.

How well one reads sets the foundation for future success in school, work and relationships. Because our family was financially able to help Kyle build that foundation, he is ready to face the future. Our hope is that all Indiana children will have the same choices.

TESTIMONY OF SUSAN L. WARNER

Good Afternoon. I'm Susan Warner, and I want to thank you for taking the time to have this important discussion about reading. I title this humble effort ''Bill's Story.'' My six year journey to learn about the teaching of reading began when our son showed difficulties in speech. We took three year old Bill to his school for speech testing. This coincided with the pre-school teacher noticing that Bill didn't always ''hear'' her. Bill did have chronic ear infections as a toddler, so we had his hearing tested. In both sets of tests, he was pronounced, ''just fine,'' and we were temporarily relieved. In kindergarten he passed all of his ''sounds'' of the alphabet test. I taught him ''hooked on phonics'' in hopes that it would help him learn to read, but nothing worked. I was beginning to learn about the difference between ''phonics'' and ''phonemic awareness.'' By this time Bill's happy disposition was gone, and it was a huge undertaking just to get him to the bus stop because he hated school.

First grade testing revealed that Bill tested ''borderline'' by state guidelines. He did not qualify for an IEP, because the results of testing did not show a two year grade deficit in learning yet. Private testing confirmed that although Bill possessed an IQ of 109, he had difficulty processing auditory information. We still wonder why the state guidelines are structured to allow children to fail.

Again, on our own, we found a program called Fast Forward which Bill completed the summer before second grade. The second grade teacher was confident that with intensive phonics he would make progress. It didn't take long to see that Bill was still failing and frustrated, and needed help. Through a friend, we hired Linda Mood Bell clinicians. It was no surprise that Bill now at age 8, was reading far below his ability.

It is difficult to express what the Linda Mood Bell program has done for our son. After eight weeks he was finally reading. The LMB tutors were my son's lifeline. Without them, Bill would have failed school at second grade. Bill made gains in every area. When his principal and teacher came to observe, they could not believe his progress. Bill started to be his funny self. I knew that we were making progress, when he went from saying that tutoring made him want to say the ''CH—'' word, to after 8 weeks saying that he wanted to say the ''SH—'' word. Unfortunately, the rebuilding of his self-esteem will probably take years.

Last week Bill earned his first ''spelling star.'' We are using the tools that the LMB program has taught us. Unfortunately, he is still behind after spending over $25,000.00 in testing and remediation, and we have a long road ahead of us. Instead of working to pay this off, my days are spent driving back and forth for the purpose of expensive remediation. However, it is a small price to pay because our son no longer looks at the pictures in a book to figure our a word. What happens to children who don't have Pat and Susan Warner for parents?

I am so proud of Bill. He has persevered through things that no child should have to experience. From the humiliation in front of his peers, to some thinking that he was just lazy, and everyone telling him that he could

learn to read, when he could not. He will be tested yet again this month to see if he qualifies for an IEP.

The good news is that in PHM, we TOPA tested all of our kindergarteners in the spring. We have identified children who have a lack of phonemic awareness. They will get Earobics, and some will get Fast Forward. We are looking to incorporate Structures of Intellect into our gym curriculum. Our teachers are being trained in programs such as Linda Mood Bell, Language, and Wilson. This type of early intervention will make a difference.

As an elected school board member, I will continue to support programs for early intervention. The new accountability legislation demands results. I hope the state will help pay for results. I intend to be accountable, but schools need your support.

Recently, I leafed through the contents, and indexes of text books pertaining to the teaching of reading at a local college. I found little to support the current research about teaching reading. I returned Monday to check, and found two books that did explain phonemic awareness. Unfortunately these were masters degree texts. It should be no surprise, that many children don't learn to read. It is a crime.

I will continue to channel my energy into improving the way we teach children. It is how I avoid being consumed by what has happened to my son, by a state system, that should protect children. I urge this committee to please take steps to show us that you support improvement too. Thank you.

TESTIMONY OF DIANA, BILL AND JUSTIN WALTERS

There is a popular childs book, titled, ''The Never Ending Story''. Well, this is our sons never ending story.

Today Justin is sixteen, his story began over nine years ago. Justin comes from a two parent home he has a older sister, a dog of his own and a pony. Justins parents are both college graduates. He has had a well rounded family life and social life. We believe we did ''all the right things'', we began reading to Justin and his sister daily at a very early age. Nursery school with French class, music, and art began at age three. We waited the extra year to begin our son in school. Justin began his first year at age six. His class had 60 students all in one huge room. Two teachers one aid. We parents volunteered weekly to help. Even at this young age his teacher chose to put Justin in the lower reading group. Why? He had not even begun to read yet. I was a twice a week volunteer I saw the other students picking up books and just read. Was our son not doing the same? I was told not to worry, some catch on sooner than others just go home and work on the alphabet and read to him. Allow him to enjoy reading.

Justin began first grade at Madison in the Penn Harris Madison school district. We noticed at once that Justin is not able or did not respond to reading his first grade books out loud to us. He preferred that we read them to him. He enjoyed the stories but he had no knowledge of how to sound the words out. We were told after questioning the teacher not to worry that he understood the concept, just to keep reading to him, and point to the words, he would ''catch on.'' We did this every night after school, we believed that the educated teacher knew how to teach reading.

By the third grade we grew even more frantic. Justin was doing well in most classes, keeping up, even doing better than average in Math, Science, History. He had great friends and the teachers thought that he was a wonderful kid. He was very intelligent for his age. He was a great kid. One thing still stood out, he could not read the books he brought home. His father and I took turns reading his school books for him, Justin continued to listen and remember what we read.

Justin was fortunate enough at this time to have a substitute teacher. To our surprise she stopped me in the hall at school one volunteer day. Asking me if I had noticed that Justin was having trouble reading, perhaps he had a reading disability. This was the first time that a teacher had come to me, this was the first time anyone had said the word disability! Was this why he could not ''Catch On''? This substitute suggested that the school have Justin tested. With her help we were able to go through the channels to have Justin tested. The tests showed that Justin did have more than a two year lag in reading, while being average and above in the others subjects. We were told that he must have a reading disability, but, when asked what, these teachers and experts could not tell us. Justin could be given a I.E.P. Individual Educational Plan, and put into a government paid program, ''Chapter One''. This class was for forty-five minutes with twelve or fifteen other students. The teacher was a aid said to have taught reading in New York State. We were also told that we should be very happy for these accommodations. We were hopeful that this was the solution for Justin, these were ''trained educated'' people in charge of our sons education.

By Justin's fourth and fifth grades years the school corporation sent a part time Learning Disability teacher out to our school. Justin received 45 min. daily reading help. This same teacher would also read Justin's tests for him and work sheets. When asked how he was doing, she said that Justin had some kind of reading disability but was not sure what. When asked about Justin's lack of phonics and his inability to sound out words, she said that he was fine in that area.

Justin was now going into the Middle School. His L.D. teacher was concerned that he would not make it in a regular class without modifications. She was scared that he would get lost. So, it was suggested that he be put into direct services for all his classes.

Justin's first day was a nightmare. He came home in tears, asking ''what had he done so wrong as to be put in that room'' he described the classroom as kids who did not care, they stood on tables and sat under them, they yelled and some cursed. He was scared. Justin was not in the L.D. program for a behavior problem or a attention problem. He just could not read to his grade level. Within minutes of Justin's arrival home his new teacher called. She asked the same question, ''why was Justin in her room'' it was clear he did not belong there. She suggested that he go back into the regular class room but that he could go to her for help. When he could find her and when she had time. She has twenty-one or more other students. Justin was also given 45 min., daily direct reading time with a untrained aid. He was told to read to her, and if he tried hard enough that he would read better. He read, she corrected his misread words. This went on for sixth and seventh grades. During this time we had continued trouble with the teachers of Justin's classes even taking time to read his I.E.P. We were told by one that they had too many to read and she for one did not have time to read them. Justin struggled and tried to cope. We continue to question and to seek help.

By Justin's eighth grade year he had lost his friends, he believed that they were embarrassed to have a friend who could not read. His best friend of eight years stopped calling, stopped coming over. Justin would sneak into the L.D. room for help, hoping that none of his friends would see him.

After about a month of school, we decided that we needed to help, and save our son. We enrolled Justin in a newly opened private school. He needed quality teachers who would give him a quality education. We believed that the I.E.P. was just a bad fitting Band-Aid. It helped him to cope but did not deal with his real issues. We did not have much time in Justin's educational life to save him.

Justin had a great year. The school tailored better to Justin's way of learning. He had wonderful caring teachers. Justin's self-esteem rose. He saw that he could learn. But, Justin still was not reading anywhere close to grade level. We were still trying to keep up with all his reading at home. This school lasted only for one short year, but while still open, in the spring the school offered space to a language program called ''Linda Mood Bell''.

We decided to have Justin tested, the results told us Justin was in the eighth grade trying to cope at a First Grade reading level. No wonder Justin could not take notes, read his school books, or even write verbal instructions down. This program was a intense phonemic awareness program, after researching this method we learned that there had been great success with teaching a non reader with this program. We planned to begin as soon as possible. To Justin's misfortune, the school after one year lost its support and funding. It closed and with it we lost the reading program, before he was able to begin.

Justin returned to the public school system, again with a I.E.P. In his ninth grade year, he still read between first and a fourth grade level, trying to again ''keep up''.

In November of that year, we and Justin, decided that he could not cope any longer. Justin had to read that was the bottom line.

We, along with other parents from this area having the same problems with the schools reading or non reading programs, decided we needed to take drastic measures. After doing our own research we continued to read over and over that a non-reader would greatly benefit in a phonemic awareness program. Sharing the expense of air flight, room and board, local transportation, plus a hourly fee we parents brought teachers from the Linda Mood Bell program back.

With the agreement of our school system Justin would attend a four hour daily intensive reading program. Every morning he would go to the one on one program, working with the Linda Mood Bell instructors. At noon we would drive him back to High School for his required classes. Justin did this for four months; at the end of this time Justin was tested again. He tested at eighth grade reading level with a fifth grade spelling level. In some tests he even tested higher. He was able to read! He was able to see a new word and break it down and sound it out. He felt good about himself, he really could be taught to read. He was not a failure.

That summer he attend summer school catching up on missed required classes. He then went to one to two hour sessions daily with a Linda Mood Bell teacher that I brought back for the month of June.

Things are not perfect yet, he still needs encouragement, Justin continues working with a tutor out of the school system, so he may receive the correct reading program suited to give him the optimal help. He has continued to increase his reading skills. We feel Justin has been a victim of our school system. He was not to blame but he is the one person suffering the consequences.

He has not given up, he continues to meet teachers with little understanding of a person who learns differently. This year, Justin's Sophomore year of High School, Justin's father and I met a teacher at Open

House she made comments intended, we believe, to compliment Justin. Her words were, ''never would have known Justin was a L.D. student, he does not look like one.'' When she realized our surprise at her words she stuttered, ''But he works so well with the other students''. I did not know whether to laugh or cry. We have done a lot of the latter so this time we will do the first.

Since the first few days of school we have painfully watched Justin read and take and retake his drivers test. Three times, with only one over the minimum missed, on the third try he was so nervous he could not drive to the testing site. He knew if he missed it again he would have to wait a month to retake the test, and not be able to drive without a adult. Justin chose to have the test read to him this time, in the license branch in front of everyone, he passed 100 percent.

We will continue to fight for and give Justin love and support. It will be a ''Never Ending Story''.

Justin now reads notes left by us, and he leaves us notes written by him with correctly spelled words. I save every, ''Mom took lunch money. Please call for hair cut.'' What sweet words for a parent to see and read.

TESTIMONY OF KRISTI TRAPP

I used a phonetic approach (Smart Chart) with all of the first grade students that attended summer school. A test was created to allow students to demonstrate knowledge of phonemic awareness. Students verbally displayed knowledge of long and short vowels, vowel teams, blends, and diagraphs. It also provided a means of evaluating their use of phonetic rules. Decoding and word attack skills were evaluated too.

Almost every student had mastered the entire chart by the end of summer school. These results reflect using a phonetic approach for 15 days, twenty-five minutes each day. The phonetic approach is called ''Direct Approach''.

Pretest Average—50 percent.

Posttest Average—89 percent.

FIRST GRADE TEST RESULTS

Pretest (percent)	Posttest (percent)
56	95
12	62
64	91
69	87
30	89
93	100
29	82
14	69
58	78
85	100
58	91
87	100
76	93
55	87
27	93
58	87
56	96
6	67
37	78
28	78
75	98
45	96
40	93
69	98
44	98
62	87
33	93
56	95
85	98
23	76
38	85
30	93
36	75
40	75
36	89
27	89
64	95
82	98
65	89
65	93
40	85
69	91
87	98

FIRST GRADE TEST RESULTS—Continued

Pretest (percent)	Posttest (percent)
45	93
51	80
29	76
44	85

I have seen a dramatic improvement in where my kids are this year using the phonetic approach compared to last year without it. I gave the first theme test for our reading series and was shocked to find almost all of my students in the ''A'' range. The students have more confidence in their independent reading and writing skills. I spoke at a PTO meeting recently about my reaction, my students reaction, and their parents reaction to using the Phonetic Approach. The parents at the meeting seemed to all be in favor of this approach after hearing the difference it is making. Several parents during conferences shared that ''their kids knew so much more than their older kids did at this age because of the strong phonetic foundation we are providing''. That made me feel so proud of what we are doing. One parent told me that her fifth grade daughter was struggling with spelling and that she might have her first grader help mark the spelling words for her sister. A first grader helping a fifth grader that is unbelievable isn't it? Hopefully we will receive the funding so that grades 1–5 will be able to use the Smart Chart. My students are so enthuastic about using the Smart Chart that they often break into chanting the sounds on the chart.

USING PHONICS THROUGHOUT THE CURRICULUM

I use phonics all day long. It is not an isolated activity. We use phonics in reading, spelling, math, social studies, science, and health. When we are learning about a new subject and big words are involved we need to know what they mean and be able to read them. We used word attack sills on the more difficult words before we actually read in subject area. That way the kids will know the difficult words in advance and be able to comprehend the story much better.

DIRECT APPROACH—SUCCESS STORIES

I incorporate vocabulary words from content area subjects. We talk about analyzing words by dividing them into syllables, marking the letter sounds and using our chin and hand to count syllables. It's very exciting!

—Mary Lyon, Longfellow Middle School, 6th Grade Title I Reading

I teach Math to 6th graders, but I work with the Reading teacher to pull out words from the Math book. (ex: data, information). I help students decode so they can then do the Math.

—Burnedia B. McBride-Williams, IPS #28, 6th Grade Math

Before reading a comprehension page, we scan and pull out any words which may be ''stumbling blocks''. We mark them on the board and use them in sentences. Then we are better prepared to read for meaning.

—Dorothy Mason, Title I Reading, IPS #44

When my son was in first grade, he used to say, ''I hate school, how old do you have to be to quit?'' He was so frustrated because he couldn't read. The school did not ''believe'' in phonics. When my son learned The Direct Approach, he got the ''tools'' he needed to read. The logical approach made sense to him. He started reading on his own instead of me reading to him. With only one year of the smart chart, in second grade, he scored 4th grade reading equivalency on the Stanford Achievement test! Pretty amazing!

—A happy mom!

Each Monday, the class writes their spelling words phonetically. As I put the marks on the words on the board, the kids are telling me what marks to make. They have learned the chart so well, that if I forget a mark, they give about half a second before saying, ''Mr. Schwitzer! You forgot the (missing mark)!'' It's incredible! The first week of November, half the class got 100% on their spelling tests.

—Lou Schwitzer, Grade 4, IPS #44

I teach 7th grade Title I Reading. After a slow start, when my students felt the phonics tape was a little too ''first grade'' for them—I gave them several multiple syllable words. The students struggled with the larger words, so we began at the intermediate level. Now everyone enjoys coming up to the board. We pull words out of reading comprehension exercises. Now we're pulling words such as ''hyposensitize'' out of the dictionary! (It means reduce sensitivity to allergens, etc.!)

—Stuart Wood, Longfellow Middle School #28

Second grade students are decoding three and four syllable words! After decoding, they are able to spell the words without looking. Our spelling grades have improved greatly. We have had four weeks where we had everyone with 100%! Children get extremely excited and almost fight to come to the chalkboard to mark and spell words! When we use the Phonics Pad worksheets, we do the top part as a class. They call out how to mark the words! They get so excited, they have trouble sitting still! Each child does the bottom part for review. I'm seeing such improvement!

—Ruth Esther Vawter, IPS 107, Grade 2

Since I've been using the Direct Approach, my children are very excited about learning! One of my major problems has become my best student. We use the smart chart to mark and sound out any word that we don't know. We can now sound out long words and they're asking for longer words. Comprehension skills are improving because we mark and decode unknown words before reading paragraphs!

—Linda Jones, 6, 7, 8 L.D.

So far, we're doing 1 or 2 words we call ''challenge words'' or ''third grade words.'' If I don't have one on the board, they ask where their word is. I call them ''Detective Smith'' (their last names) as they ''decode'' words!

—Reta Cunningham, IPS #109, Second grade

I teach 8th grade boys. The very worst reader in my room loves to use the yard stick to lead the smart chart drill. (He sometimes balances on his chin to point!) The boys try to ''beat'' the ''lady on the tape!'' Marking their spelling words really helps them focus on each sound.

—Public School Teacher, Middle School

An easy game to play for reinforcing the sounds on the smart chart is called ''Make these letters grow''. I write __ame on the chalkboard. The children create word families such as blame, came, fame, etc. Phonics works!!!

—Shirley J. DeNoon, IPS #57

My students love to use the words ''macron'' and ''breve''.

—Janet Johnston, IPS #109, Grade 1

READING FAILURE

My name is Linda Wight Harmon. I'm a product of Indiana public schools and to this day I make my living using reading and writing skills I learned in first grade and analytical skills I learned as a college business major. My husband is Tim Harmon, the managing editor of the South Bend Tribune. To this day, he uses skills he learned in the first

grade and later the Indian University School of Journalism.

Our eldest daughter is Catherine. Today, she uses skills she learned in SECOND grade from private tutors andd computerized language programs. She is now a self-sufficient, very motivated fourth grader inher Montessori classroom. She has an average IQ, a whopper vocabulary, an inquisitive mind, naturally curly hair, books in her backpacks, the best reading comprehension in her class, notebooks scribbled with stories . . . and a well-developed fear of failure from first grade.

That was the year that no one at a National Blue Ribon school could teach an editor's daughter to read.

She started out eager, but quickly lost her spirit when her first spelling list—words like watermelon, apple, red, green—was a complete mystery. She had no idea that letter linked to sounds, something her Kindergarten teacher warned us about in our previous town. Even then, she couldn't tie her shoes, couldn't tell left from right, couldn't count to 30. Twice she'd had hearing tests because she didn't hear everything we said to her.

But the principal at the new school calmed our fears. She assured us her teachers knew what to do. They put Catherine in a special ''Discover intensive Phonics'' class. It went right over her head. By Christmas, she could not tell the difference between the words ''as'' andd ''apple.'' Next, the teachers put her on an early intervention list, which meant she was observed for three of the four remaining months while the teachers did nothing. She grew increasingly frustrated. She couldn't write. She couldn't read and the children in her class pointed that out to her. The teachers gave her easier work. Nightly, she cried herself to sleep, dreading the next day of failure.

That summer, we took her to a neuropsychologist in Indianapolis. In 45 minutes, he told us our daughter had a profound learning disability. In three hours, he had pinpointed her deficit as a lack of phonemic awareness, a common, easily-detected problem in non-readers. he found her reading level to be ''Kindergarten-9th month'' and that, unless she was properly instructed, she would and, I quote, ''Never really read.''

He told us the approach that would best address her deficits was Lindamood-Bell, a multi-sensory, structured approach that focused on auditory processing, but he doubted we could find it or, for that matter, any other method to teach dyslexics to read. He told us: ''You need to get Catherine some hobbies.''

Armed with an IEP, she went back to the Blue Ribbon school for second grade. She sat alone in the hall and listened to tapes of a teacher as she followed along with her finger. She was seated next to a smart girl who was assigned to read work-sheets to Catherine and spell the answers. She went to the resource room for a half hour a day. She felt stupid. She cried herself to sleep. She begged not to go to school. Tim and I more than once carried her into class in our pajamas, leaving her sobbing in her seat. And it got worse. She talked about hating her life and wanting to die. Then one morning, waiting for bus and sobbing, she threw up her breakfast . . . into my hands.

It was then that I saw how clearly this Blue Ribbon school was teaching my daughter pre-bulimia skills, not pre-reading skills. Catherine has never been back to a public school.

My mother, my husband and I have spent hundreds of hours researching the right way to teach this child to read, using the prescription of the National Institutes of Health research, something her teachers had never heard of. Catherine has spent six weeks in a computer therapy program that trained her brain to distinguish sounds—phonemic awareness—then 120 hours with Lindamood tutors who taught her the 44 sounds in the English language and how to link them to letters.

At the end of the fourth week, the tutors said, ''Can you get Catherine some books? She's read all we have.'' At the end of the eighth week, she tested at second grade, second month.

The money I've lost track of—but we've spent well over $30,000 finding her deficits, undoing what the Blue Ribbon school did wrong, remediating her issues and getting the job done right.

And we're not alone. Lindamood has taught roughly two dozen children to read in South Bend in the last 18 months. But the thing is—all of this could have been done in Kindergarten and first grade. Our daughter—and many, many other children—could have been assessed in the beginning in Kindergarten, taught with other children who needed multi-sensory, systematic approaches and they all could have learned the right way in the beginning, in groups, with a properly trained teacher, in a regular classroom. These approaches have been around a long time. They aren't revolutionary. They don't make people Republicans or Democrats—but I can guarantee they do create the foundation for a literate voter.

But what keeps me up at night—and should you also—is the six kids in Catherine's first grade who were in the same boat, and the two dozen who didn't read that well even with the phonics. Then there are the children in inner city schools—one out of four in the South Bend Community school system is classified as Special Ed. There are thousands of Catherines in this world, but the incidence of reading failure is MUCH higher than the incidence of LD. With or without Title 1 funding, with or without literate parents, with or without upscale suburban tax bases, with or without breakfast, our children are not learning to read because their teachers do not have enough tools and the teachers aren't accountable anyway.

Today, if it weren't for the research from the National Institutes of Health, Rutgers University and Lindamood-Bell, I would be writing to you as the parent of an illiterate child. Instead, I'm here to beg you to stop what I found at one of Indiana's best schools: Ignorance. My daughter's teachers didn't know the early warning signs of reading disorders—I've told you five of them in the past few pages, more than they knew after earning master's degrees in reading from major state universities.

As a parent and as a voter, I do believe that the United States should have the highest literacy rate in the world. It is to our shame that we do not. It is also due to our short-sightedness that we don't do everything possible to teach all children to read in Kindergarten and first grade so they can read their own textbooks, learn in classrooms for the next eleven years and graduate from high school. Instead, we brush the non-readers and poor-readers aside and muddle through, cheating them and their regular-learning classmates out of a first-class education and spending increasing amounts each year helping students who read their own textbooks.

Educators do not heed the educational research from the National Institutes of Health, yet we would sue a family physician who failed to act on half the early warning signs of cancer as established by that same research body. If the education community can't force itself to do the job, then legislators simply must protect the children of this country from needless reading failure and put educators in the position where they can and do teach all our children to read . . . on time.

LINDA WIGHT HARMON.

''As an Indiana State Senator who has worked for many years to improve the performance of Hoosier students, I am absolutely convinced that our sources depends on our ability to produce competent readers. The world opens to the child who can read and, unfortunately, leaves behind those who cannot. Our obligation is to make certain that every child is given the best opportunity to become a reader. I am also convinced that phonemic awareness is the preferred and proven way to teach reading. We do our children a disservice when we allow them to move ahead without a mastery of reading, which ensures frustration and failure throughout their school years. Anything we can do to prevent this from happening is worth our effort. After all, they don't get a second chance to get this right.''

INDIANA STATE SENATOR TERESA LUBBERS.

TESTIMONY BEFORE STUDY COMMITTEE—INDIANA

Thank you for this opportunity to speak. My name is Peggy Schafir, and I'm a parent from Richmond, Indiana. I'm here to tell you about the enormous struggle and ultimate success my child encountered in learning to read. Our experience has been very painful, and my purpose for speaking is to prevent other children and families from having to live through that same pain and failure.

I have two children. Ben, who is 16, learned to read as if by magic. Matt is 14, and has struggled with reading most of his life.

Before they started kindergarten, we prepared our boys the best we knew how. We read to them daily. We made sure they saw us reading for business or pleasure. We tried to give them rich experiences—both by exploring new places and things in person, and by discovering them in books. We tried to create a home rich in language and literature.

For Ben, it was enough. For Matt, it wasn't.

At the end of one year of kindergarten, Matt was still struggling with matching sounds to letters. His teacher recommended that we have him repeat kindergarten. We did, and it appeared to work. When he started first grade, Matt knew all of his sounds and letters. He seemed ready to learn to read.

Imagine our disappointment when he did not. At the end of first grade, Matt was not reading. We worked with him diligently over the summer, following all the advice we could gather. In second grade, Matt received extra support at school.

In a sense, it appeared that Matt could read. If we read a book to him, he could read it back to us word for word. But if we took a word out of the book—one he had read easily—and wrote it on a piece of paper, he had no idea what it was. What is more, he seemed to have no idea how to go about figuring out what it was.

By the time Matt reached third grade, we began to experience real behavior problems. We tried everything we could think of. At one point, Matt was seeing a child psychologist, an optometrist (who gave him exercises to improve his visual tracking), and a speech pathologist. But the behavior told us we were still not doing enough. We decided to have Matt tested by a private reading tutor in our community.

In third grade, Matt knew four sight words.

In third grade, Matt became frustrated trying to read pre-primer books.

In third grade, Matt was basically a non-reader.

We learned from the testing that Matt had very poor phonemic awareness. In other words, he could not separate word ''dog'' into its component sounds /d/ /o/ /g/ or blend the sounds /k/ /a/ /t/ to say ''cat''. All his hard work learning to match the sounds and letters was important, but he needed more information before letters could convey worlds to him. Matt needed to learn how to hear, order, segment, and blend sounds.

Working with the reading tutor two hours a week, Matt began at last to make progress. By the beginning of fourth grade, he was reading at second grade level. A personal triumph—but still enough of a discrepancy for him to be tested for learning disabilities. We were told that reading was a ''high expectation'' for Matt. He would always need accommodations. He had to be placed in the ''least restrictive environment''.

After our first case conference, my husband took Matt to Earlham College for a soccer practice. He was in a hurry, so he drooped Matt off at the parking lot. ''You've been here before,'' he said. ''Just find the sign for the Athletic Building, then find the sign for the Coach's Office''. Oh, no. Matt would have to read. He looked at his father through the car window and said, ''Dad, I can't.'' That evening, my husband said, ''Peggy, we have to fix this. It's going to be up to us.''

That began a journey which has taken a lot of our time, our energy, and our savings. It is a journey which has been worth every step.

First, we took Matt out of school (using a home schooling form) and enrolled him in a very intensive reading clinic in Nashville, Tennessee. (I don't want to mislead you about Matt's enthusiasm for this—on the way, he kept kicking the dashboard and screaming, ''I am not going to Nashville!'') At the clinic, Matt continued to work on his phonemic awareness, and on how to use letters to get information about sounds. The instruction was systematic, explicit, and very intense—Matt worked four hours a day one-on-one with his tutors. Yes, the environment was restrictive, but only for a short time. Matt was at the clinic for six weeks. The alternative of remaining in the world of illiteracy would have restricted him for the rest of his life.

In those six weeks, Matt progressed from a second grade reading level to a fifth grade reading level. He returned to school, and we monitored him very carefully. Occasionally, he slipped, and we enrolled him again in a variety of clinics until he could solidify his new skills.

In total, Matt received 720 hours of remediation. He is now an 8th grader, reading at grade level with 90% accuracy. His reading speed improves daily. Last year. on one of our many car trips to and from clinics, Matt turned to me and said, ''Mom, this is the best year of my life. I'm finally getting my dyslexia fixed.''

We have our son back. He is happy and confident again. College is a very real option in his future. I want to be honest with you. We have lived through a very severe case of dyslexia. Even so, if we had caught Matt's delay in developing phonemic awareness back when he was in kindergarten, all of our lives would have been very different. Waiting until fourth grade to accommodate and remediate was very expensive, and I don't mean just in terms of dollars. This expense can be avoided.

This is what I have learned as a parent: Reading is an incredibly complex process, which can break down at any stage. To help our children master this process, we must know where they are breaking down as soon as possible. We must know how to address our children's needs, and be prepared to deliver what they need in the amount needed.

My husband and I were fortunate to be able to do that for Matt. I am here today because I hope that every child in Indiana can get that same attention.

Matt's first need was phonemic awareness. In that, Matt was not alone. Poor phonemic awareness is the single most common factor among people who do not read. Please, as you consider policies about reading, remember children like Matt. Think of the Matt that might have been, what the future holds for him now, and share with me the dream that all children will enter the world of literacy.

Thank you. I'll be glad to answer any questions I can.

□ 1145

Mr. Speaker, let me just close and say this does not need to be controversial. It simply says one method that we think is important for our teachers to teach is the use of phonics. They will have complete discretion in their classroom about how they teach, but let us recognize the fact that when 67 percent of our fourth graders are below standard on reading something is desperately wrong. We have to use what the scientific studies say work, that is phonics, and this Congress should go on record today as being in favor of teachers using this as one method in their classroom.

Finally, I would address the Congress in saying this is not a mandate. This is, at its core, a sense of Congress resolution, that this issue is so important that the body wants to go on record urging our teachers to use phonics, urging our teaching training schools to teach phonics as one method among many that they will use to teach our children to read.

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

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The question is on the motion offered by the gentleman from Indiana (Mr. MCINTOSH) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 214, as amended.

The question was taken.

Mr. CLAY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. MCINTOSH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 214.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CLARIFYING OVERTIME EXEMPTION FOR FIREFIGHTERS

Mr. BOEHNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1693) to amend the Fair Labor Standards Act of 1938 to clarify the overtime exemption for employees engaged in fire protection activities.

The Clerk read as follows:

H.R. 1693

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITION OF FIRE PROTECTION ACTIVITIES.

Section 3 of the Fair Labor Standards Act of 1938 (29 U.S.C. 203) is amended by adding at the end the following:

''(y) 'Employee in fire protection activities' means an employee, including a firefighter, paramedic, emergency medical technician, rescue worker, ambulance personnel, or hazardous materials worker, who—

''(1) is trained in fire suppression, has the legal authority and responsibility to engage in fire suppression, and is employed by a fire department of a municipality, county, fire district, or State, and

''(2) is engaged in the prevention, control, and extinguishment of fires or response to emergency situations where life, property, or the environment is at risk.''.

SEC. 2. CONSTRUCTION.

The amendment made by section 1 shall not be construed to reduce or substitute for compensation standards (1) contained in any existing or future agreement or memorandum of understanding reached through collective bargaining by a bona fide representative of employees in accordance with the laws of a State or political subdivision of a State, and (2) which result in compensation greater than the compensation available to employees under the overtime exemption under section 7(k) of the Fair Labor Standards Act of 1938.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. BOEHNER) and the gentleman from Missouri (Mr. CLAY) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

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

Mr. Speaker, H.R. 1693 is a simple and noncontroversial bill, introduced by our friend from Maryland (Mr. EHRLICH), that would amend the Fair Labor Standards Act to clarify the existing overtime exemption for firefighters. The Committee on Education and the Workforce reported the bill yesterday without amendment and by voice vote. The bill has major bipartisan support in the House and it is supported by both labor and management, who would be affected by the change under the bill.

In addition, the National Association of Counties, the National Association of Towns and Townships, the U.S. Conference of Mayors and the National League of Cities are supporters of this bill.

Generally, under the Fair Labor Standards Act, workers are entitled to overtime compensation for hours worked in excess of 40 within a week. The act contains unlimited exemption for overtime, under Section 7(k), for employees of public agencies who are engaged in fire protection activities.

The firefighter exemption allows employees engaged in fire protection activities additional scheduling flexibility in recognition of the extended

periods that firefighters are often on duty. Employees who are covered by Section 7(k) may work up to 212 hours within a period of 28 consecutive days before triggering the overtime pay requirement.

The Department of Labor's regulations specify that rescue and ambulance service workers, sometimes referred to as emergency medical services personnel, may be eligible for the firefighter exemption if they perform duties that are an integral part of the agency's fire protection activities, but an employee may not perform activities unrelated to fire protection for more than 20 percent of the employee's total hours worked.

Many State and local governments employ EMS personnel who receive training and work schedules and maintain levels of preparedness which is very similar to that of firefighters. In the past, these types of employees fit within the 7(k) overtime exemption.

In recent years, however, some courts have narrowly interpreted the 7(k) exemption and held that emergency medical services personnel do not come within the exemption because the bulk of their time is spent engaged in nonfire protection activities. These lawsuits have resulted in State and local governments being liable for millions of dollars in back pay, attorneys fees and court costs.

So there is a real need to modernize this area of the Fair Labor Standards Act and to clearly specify who can be considered a fire protection employee for purposes of the exemption.

H.R. 1693 clarifies the law by specifying the duties of employees who would be eligible for the limited overtime exemption. The bill would ensure that firefighters who are cross-trained as emergency medical technicians, HAZMAT responders and search and rescue specialists would be covered by the exemption even though they may not spend all of their time performing activities directly related to fire protection.

Finally, the bill would clear up the confusion that employers face in trying to interpret the law. A misinterpretation of the law could needlessly expose local governments to significant financial liability and dramatically increase the cost of providing adequate fire protection services.

H.R. 1693 is a narrow bill, but one that is important in helping State and local governments provide fire protection and emergency medical services in a most effective and efficient way possible. I would urge my colleagues to support this clarification.

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

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

Mr. Speaker, I support this bill. Under the 1985 amendments to the Fair Labor Standards Act, the 7(k) exemption was intended to apply to all firefighters who perform normal firefighting duties. H.R. 1693 provides that where firefighters are cross-trained and are expected to perform both firefighting and emergency medical services, they will be treated as firefighters for the purpose of overtime. However, where emergency medical technicians are not cross-trained as firefighters, they will remain outside the purview of 7(k) and will be entitled to overtime after 40 hours a week, even if the emergency medical services are placed within the fire department.

This bill is supported by both management and labor. The policy it reflects ensures that unreasonable burdens are not placed upon fire departments in accounting for hours worked.

I commend the sponsor, the gentleman from Maryland (Mr. EHRLICH), for his efforts to produce consensus legislation, and the chairman of our committee, the gentleman from Pennsylvania (Mr. GOODLING), for bringing this bill to the floor. Mr. Speaker, I urge a yes vote on H.R. 1693.

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

Mr. BOEHNER. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. EHRLICH), the sponsor of this legislation.

Mr. EHRLICH. Mr. Speaker, I thank my friend, the gentleman from Ohio (Mr. BOEHNER) for yielding me this time.

Mr. Speaker, from its inception, the Fair Labor Standards Act has exempted fire protection employees from the traditional 40-hour workweek. Historically, any emergency responder paid by a fire department was considered to be a fire protection employee. However, recent court interpretations of Federal labor statutes have rendered this definition unclear.

Mr. Speaker, H.R. 1693 seeks to clarify the definition of a fire protection employee. The bill reflects the range of lifesaving activities engaged in by today's fire service, built upon its long tradition of responding to all in need of help. Specifically, today's firefighter, in addition to fire suppression, may also be expected to respond to medical emergencies, hazardous materials events, or even to possible incidents created by weapons of mass destruction.

The issue addressed by H.R. 1693, Mr. Speaker, concerns fire department paramedics trained to fight fires who have prevailed in several civil suits for overtime compensation under the FLSA. The paramedics successfully argued they were not fire protection employees covered by the FLSA exemption since more than 20 percent of their normal shift time was spent engaged in emergency responses rather than firefighting, such as emergency medical calls.

The U.S. Supreme Court has declined to consider these cases, thus exposing city and county governments to compensation liability for unpaid overtime into the millions of dollars. For example, one subdivision I am privileged to represent, Anne Arundel, Maryland, taxpayers are liable for $3.5 million under a recent FLSA case.

The potential consequences of these cases are serious and far-reaching and could ultimately result in a dramatic increase in the local costs of fire protection to taxpayers nationwide.

This bipartisan bill is supported by the International Association of Firefighters, the International Association of Fire Chiefs, the National Association of Counties. Labor and Management support this bill as a remedy, as the remedy, for an increasingly serious situation.

Keep in mind, Mr. Speaker, H.R. 1693 only affects those who are trained, prepared and have the legal authority to engage in fire suppression, but also work to save lives in so many other ways. This bill clarifies the law by more precisely defining those duties that should qualify for the firefighter exemption, thereby preserving the intended flexibility afforded to cities and fire departments under the original Fair Labor Standards Act.

On a point of personal privilege, Mr. Speaker, I would like to thank the gentleman from Ohio (Mr. BOEHNER) for managing the bill on the floor, the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the full committee, the gentleman from Pennsylvania (Mr. WELDON), the gentleman from New Jersey (Mr. ANDREWS), the cochairs of the Congressional Fire Caucus.

Mr. CLAY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BOEHNER. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. BOEHNER) that the House suspend the rules and pass the bill, H.R. 1693.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1693.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SENSE OF CONGRESS THAT SCHOOLS SHOULD USE PHONICS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, H. Con. Res. 214, as amended.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. MCINTOSH) that the House suspend the rules and agree to concurrent resolution, H. Con. Res. 214, as amended, on which the yeas and the nays are ordered.

The vote was taken by electronic device, and there were—yeas 224, nays 193, answered ''present'' 2, not voting 14, as follows:

[Roll No. 564]

YEAS—224

Aderholt
Archer
Armey
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Borski
Boswell
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cooksey
Costello
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hinchey
Hobson
Holden
Horn
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kaptur
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Lewis (CA)
Lewis (KY)
Lipinski
Lucas (OK)
Maloney (CT)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Packard
Pease
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Regula
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NAYS—193

Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Blagojevich
Blumenauer
Boehlert
Bonior
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilman
Gonzalez
Gordon
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hoeffel
Hoekstra
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Pelosi
Pickett
Pomeroy
Price (NC)
Ramstad
Rangel
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Toomey
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

ANSWERED ''PRESENT''—2

Abercrombie
Obey

NOT VOTING—14

Bachus
Bereuter
Bishop
Ehlers
Houghton
Kanjorski
Larson
Leach
Linder
Meek (FL)
Oxley
Payne
Scarborough
Sessions

□ 1219

Messrs. RAMSTAD, DOGGETT, GILMAN, BALDACCI, PASTOR and FRELINGHUYSEN changed their vote from ''yea'' to ''nay.''

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2528

Mr. BECERRA. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 2528, the Immigration Reorganization and Reform Act of 1999.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Is there objection to the request of the gentleman from California?

There was no objection.

FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. YOUNG of Florida. Mr. Speaker, pursuant to the previous order of the House, I call up the joint resolution (H.J. Res. 75) making further continuing appropriations for the fiscal year 2000, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The text of House Joint Resolution 75 is as follows:

H.J. RES. 75

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 106–62 is further amended by striking ''November 5, 1999'' in section 106(c) and inserting in lieu thereof ''November 10, 1999''. Public Law 106–46 is amended by striking ''November 5, 1999'' and inserting in lieu thereof ''November 10, 1999''.

The SPEAKER pro tempore (Mr. HANSEN). Pursuant to the order of the House of today, the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY) each will control 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. YOUNG).

GENERAL LEAVE

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H. J. Res. 75, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. HANSEN). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the current continuing resolution, under which the agencies that are funded in the five remaining uncompleted appropriations bills expires tomorrow night. Negotiations on these remaining bills are ongoing. However, I must say that while we are making some progress in our negotiations with the administration, they are going slow but sure. So it appears we will not be able to complete our agreements on these remaining bills for the next several days.

As the CR that we are operating under presently expires at midnight tomorrow night, the joint resolution before the House would extend the provisions of the current CR until November 10. I would have preferred that we would have been able to have completed our work by tomorrow night, but the issues involved require additional time to work out. In light of this situation, I urge all Members to support this extension.

I would say again that we have been spending early mornings, long days, and late nights in negotiation with the representatives from the President's office, and we are making progress. The meetings are and have been constructive, and we do hope that we can finish our business sooner rather than later. I would also point out that this House has done a very good job of getting its appropriations matters considered. This will be the 32nd appropriations measure to be voted on in the House in preparing for fiscal year 2000.

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

Mr. OBEY. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, why are we here? I have been trying to answer that question every time we bring a new continuing resolution to the floor. Yesterday it dawned on me. Yesterday my watch quit running for about the fourth time, and so I finally gave up on it and went and bought a new one, and that brought into clear focus what we are doing here.

Every 7 days we are bringing a continuing resolution to the floor. We wind up the clock for another 7 days, but it is a clock that does not run. And so we keep coming back here every 7 days, winding up the good old clock, but the hands never move, time does not pass, and we repeat the same arguments over and over again the following week. Sooner or later I would think people would get a little tired of that, but I guess not tired enough yet to do something about it.

We are here now, we have passed three continuing resolutions, we are about to pass a fourth, and we had a meeting last night which took us on a short route to nowhere. And, unfortunately, if that meeting is any indication, we are going to be here for a lot more 7-day periods, and Members are not going to be able to go home and enjoy a Thanksgiving. The 23 Senators who are set to take trips abroad are not going to be able to climb on their airplanes and we are going to be back here grinding the same fine powder into dust.

I think the reason we are here is simply this: This is a Congress that has, for the past year, at the insistence of the majority party, spent almost its entire effort in trying to pretend that we were going to have big enough surpluses that we could afford to pass a giant tax bill that gave 70 percent of the benefits to the wealthiest people in this country. And that got in the way of this Congress' doing anything about Social Security, it got in the way of our doing anything about Medicare, it got in the way of being able to reach reasonable compromises on education.

We stand here in a House that has not been able to complete action on a meaningful Patients' Bill of Rights nor has it been willing to pass a minimum wage bill. And it reminds me of that old gospel song ''Drifting Too Far From the Shore.'' We have been here so long, going through these same motions, that we forget some of the very basic things that we are supposed to be doing when we are here.

Now, what we ought to be doing, if we do not meet any other responsibility, is we ought to be meeting our main responsibility, which is to finish the action necessary to complete a budget. This Congress has done virtually nothing except focus on that question and the tax question for almost a year, and yet we are still here, stuck on second base, with no prospect of being driven home.

I ask why? And as I think about it, I think the reason is that the majority party in this House apparently believes that the main action that is necessary in order to complete action on a budget is to reach a consensus within their own party in the House on the question as to what kind of budget that ought to be. Now, it is important for any party to know who it is and what it is; it is important for any party to have a sense of self and to be able to communicate that to the country. But after that is done, it is also necessary for us to recognize that the House is one of only three branches of government that deals with the budget, the other two being the Senate and the President.

It is not enough for one-half of this House to reach an internal consensus about what has to be done if that consensus leads to no way of reaching agreement with the other two major players in the system that our Founding Fathers designed and placed into the Constitution.

□ 1230

And so, we are not stuck here because the gentleman from Florida (Mr. YOUNG) has not done his job. We are not stuck here because the Committee on Appropriations has not tried to do its job. They have tried mightily. We are stuck here because somehow the impression has developed that the only thing we have to do to get a budget is to develop a unanimous point of view in the majority party caucus.

Now, the Democrats ran this House long enough for me to realize that it is almost impossible for a party to ever achieve a unanimous view on any subject. And so, on most truly important questions, it is, therefore, important to achieve a bipartisan consensus so that even if we do not have a hundred percent of votes for something in the majority party, but if we put together what we are trying to do with a majority of the other side, we could have a pretty healthy product that will withstand criticism from all sides.

That is what we ought to be doing. But instead, we are still thrashing around dealing with ego problems and dealing with ideological problems while we are continuing to come back and winding up that old, dead clock every 7 days. In the end, the only thing that is going to move is our wrists.

So it seems to me that we ought to cut through that. What we need is for serious-minded people to sit down, recognize that compromises need to be made. A reasonable compromise was put on the table last night, but there was no one home to deal with it. So I guess we will continue to drift along. I regret that.

I know if the gentleman from Florida (Mr. YOUNG) had his way, we would not be stuck in this inertia. But we are. I simply hope that sometime between now and Thanksgiving the powers that be in this institution recognize that this is a deadend route and we need to come to conclusion on these issues and go home.

Mr. YOUNG of Florida. Mr. Speaker, I have only one remaining speaker to close the debate, and so I reserve the balance of my time.

Mr. OBEY. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Massachusetts (Mr. OLVER).

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

Mr. Speaker, I, too, would say that, as my ranking member the gentleman from Wisconsin (Mr. OBEY) has said, that I think that he is right that we would not be here if the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY) were given some freedom to work out what is going on here. But that is not where we are.

It is now five weeks past the beginning of the fiscal year, and the Congress simply has not done its work. One week ago we adopted our third continuing resolution, and here we are with one more continuing resolution being proposed. This one adds only 3 more working days, not even a full week, only 3 more working days to the time to do the work.

Well, what has been accomplished in the week under the third continuing resolution? We are still short of completing the budget. As a matter of fact, not one of the five budgets that is still in conference that had not been signed by the end of the first continuing resolution 2 weeks ago, not one of those five budgets has been negotiated, which is, it seems to me, about the only way for differences of opinion and in policy and dollars between the executive branch and the legislative branch under our process to be resolved.

Now, if the Republican leadership were tending to other business of the American people that they overwhelmingly want done, that would be one thing. But take campaign finance reform. No, that has been killed for 1999, almost certainly for the year 2000, as well. Take the patients' bill of rights. No, the Speaker of the House just named a conference committee that excludes the major proponents from his own Republican Party, the proponents of the bipartisan bill that passed the House just a couple of weeks ago; and that conference committee is carefully chosen so that it will defy the will of this House.

Take a prescription drug benefit program within Medicare to help the hundreds of thousands of senior citizens who cannot afford to pay for prescription drugs on which their very lives depend. No, this Republican leadership has simply refused to bring that bill out for debate because the drug companies that oppose it make a very great deal of money selling drugs to senior citizens whose lives depend upon it.

Take providing in the budget for reducing class size so our kindergarten and elementary schoolchildren, which is where all the professional educators of all political ideologies attest that we could make a great positive difference in education, requires both more teachers and more classrooms to accomplish reducing the class size in our schools. No, they refuse to fund that in the budget for education.

Take extending Social Security so that Americans over 30 can be sure that Social Security will be there when they need it as it is for those who are over 50. No, they have done absolutely nothing that would extend the lifetime of Social Security by so much as a single day.

This is a strange record for a legislative body. Usually legislative bodies at least try to respond to the collective will of their constituents, to the people's collective will. We are going to vote this 3 working days additional continuing resolution, but we are going to be back here next Wednesday voting additional continuing resolutions.

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

Mr. OBEY. Mr. Speaker, I yield 6 minutes to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I have supported the previous three continuing resolutions that we have previously approved to try and give time for the Committee on Appropriations to end their negotiations.

Unfortunately, I do not belief that the negotiations are now done at the Committee on Appropriations level. I believe they are being orchestrated by the Republican leadership in this House, and I think the Republican leadership has proven itself to be dysfunctional with respect to those negotiations and with respect to doing the people's business. So now we are called upon to approve our fifth continuing resolution, a continuing resolution that does not assure that the work will get done.

There is no evidence from approving the past three continuing resolutions that the work of this Nation has been done by this body. For that reason, I find myself very inclined to oppose this continuing resolution.

Maybe we should stay in over the weekend. Maybe the people ought to work all night. Maybe the leadership ought to give the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY) and others with expertise and experience in this field the ability to get the work of this Nation done.

The side-bar tragedy to all of this is that, while 435 of us remain in town, while a couple of dozen committees remain in town, while the floor is in session periodically from time to time waiting for the Committee on Appropriations, the Republican leadership will not let the rest of the people's business go forward. So we are not able to have the consideration of a prescription drug benefit for our elderly population.

Many of us now know what our grandparents and our parents struggle with in terms of pain for the prescription medicines they need. We know that we need to provide them some additional financial help. The President has made that proposal. But we cannot get consideration of that on the floor.

Many of us know that we need to extend the fiscal solvency of Social Security, but nothing is before this Congress that would extend that solvency by a single day. And so, we do not attend to that business, the needs of the elderly, the needs of future generations to know that Social Security will both be secure and financially solvent when they need it.

We passed HMO legislation, and then we see just a brutal force act of appointing conferees that are not inclined to support that legislation, that are not inclined to support progressive managed care protections for families that are denied care in many cases by HMO bureaucrats, by managed care employees, that have no medical expertise, that interfere with the doctor-patient relationship.

So that HMO legislation will not come forward in a form that it will help American families meet the medical needs of their children and of their family members.

Why did they do that? Apparently, they could not stand to have two honest brokers on this committee so they could not appoint the gentleman from Georgia (Mr. NORWOOD) or the gentleman from Iowa (Mr. GANSKE) who are proven to be honest brokers on behalf of real and sensible HMO reform.

While we spent the first 9 months of this legislative year while the Republicans tried to sell to the American public a trillion-dollar tax bill, the vast majority of benefits that went for very large corporations and very, very wealthy individuals in this country, a tax bill and a tax cut that was repudiated by the American public overwhelmingly, especially when they compared it to their other priorities of protecting Social Security, making Social Security secure, improving the educational system of their children, reforming the HMO system, providing for a prescription benefit, America said they would like us to address those issues before they start addressing tax cuts for the wealthy, they would like to see us pay down the deficit if we are not going to do that before they want tax cuts for the very wealthy in this country.

Having lost that battle, the Republicans are now here telling us that we after a trillion dollars that they apparently said that they had room for, given the deficit, given the long-term debt, given the Social Security problem, a trillion dollars, they now come back and say we do not have a dime for prescription drug benefits, we do not have a dime to improve our education system, we do not have a dime to try and help people out in the Social Security system, we do not have a dime to try to help people with minimum wage.

In fact, minimum wage, designed to help people who are the working poor, people who get up and go to work every day of the year and at the end of the year they end up poor, rather than do that, they want to load up the minimum wage with 90 to 100 billion dollars in tax cuts, 75 or 80 percent of which goes to the top one percent of people in this country.

So while we are trying to help what are low-income workers with increasing the minimum wage, they say the price of that is we have got to lather up the top one percent of this country with $100 billion in tax benefits.

The fact of the matter is that this continuing resolution will do nothing to get the people's business done in this House of Representatives because the Republicans refuse to address this legislation. They refuse to do what America needs to have done, what American families wants, the education of the children, the protection of their elderly members, the protection of wages.

POINT OF ORDER

Mr. YOUNG of Florida. Mr. Speaker, point of order.

The SPEAKER pro tempore (Mr. HANSEN). The gentleman will state his point of order.

Mr. YOUNG of Florida. Mr. Speaker, I have been pretty patient about all of these appropriations bills.

The gentleman from California (Mr. GEORGE MILLER) is speaking out of order. He is not speaking to the issue before us. I think the gentleman should be compelled to constrain his remarks to the issue before us, and that is the continuing resolution.

Mr. GEORGE MILLER of California. The issue before us, Mr. Speaker, is whether or not we are going to be given another 7 days to fail. They have failed. They have been given 5 weeks, and they have failed.

The SPEAKER pro tempore. The gentleman from California (Mr. GEORGE MILLER) will suspend.

Mr. GEORGE MILLER of California. That is the issue before us, Mr. Speaker, is the failure of the Republicans with the five continuing resolutions; and that is what I am speaking to.

The SPEAKER pro tempore. The gentleman from California will suspend. The gentleman will confine his remarks to the pending legislation.

Mr. GEORGE MILLER of California. Mr. Speaker, the gentleman will be more than happy to talk about the pending legislation and the failure the last three times that we have had this kind of legislation before us of the Republicans either to move and reach a budget agreement so this Nation will know where we stand with respect to Social Security, the debt and our obligations, both domestic and foreign, the failure of the Republicans to do that under this legislation the previous three times.

I think it opens a legitimate question: Why are we now doing this for another 7 days? Why are we not staying here working over the weekend or whatever is necessary?

□ 1245

These conference committees have been meeting time and again. But every time they sit down to meet, somebody walks into the room and hands somebody a piece of paper and the negotiations are off. If you are going to ask the American people to be patient for another 7 days, they have been patient for 5 weeks, while we have not had a budget. They ought to know that in fact there is going to be some chance, some chance of success that we will have a budget that meets the needs of this country and that while we are here, the other 430 Members of Congress that are not engaged in these negotiations, maybe we could get on with the rest of the people's business, the people's concerns about their education system, their Social Security system, the HMO system, the minimum wage that workers need in this country to try to provide for their families. That is why people ought to think long and hard before they just give carte blanche again to another 7 days when we have failed in the past 5 weeks to do the business of this country, the business of America's families, the business of America's elderly, the business of America's children.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself one minute just to say that it is that kind of political poison that has caused the problem that we have in the House in trying to move appropriations legislation. This type of poison is passed on to the administration, and then they last week refused to even come to meetings to negotiate. We have finally gotten them to meetings and we are negotiating. But this kind of political diatribe does not really add to getting the job done, which is what we are trying to do.

I would point out to that gentleman that this House has passed every appropriations bill, every conference report, and we are dealing with the vetoes that the President sent to us. The President is finally, finally, sending a representative down here to negotiate with us. The gentleman is really offbase. He is making his usual political speech, but all we are trying to do is get this continuing resolution passed which I thought we had agreed to do.

Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. ROGERS), the chairman of the Appropriations Subcommittee on Commerce, Justice, State, and Judiciary.

Mr. ROGERS. Mr. Speaker, I thank the gentleman for yielding me this time. He who is without sin, let him cast the first stone.

The gentleman who just spoke on the other side complains that we are not able to produce final results at this early date. When the gentleman's party was in charge of this body, I recollect being here on Christmas Eve one year, after having passed maybe eight or 10 continuing resolutions and they were unable to deliver, and they had a huge majority in this body at that time.

Now, the administration is refusing at this point to negotiate on any of these bills except the Foreign Operations bill. I am chairman of the State, Commerce, Justice bill that the President vetoed. The bill would be law if he had signed it. We did our part, sent it down there and the President vetoed the bill and now refuses to negotiate on any of these bills except foreign aid. All they want apparently is to give money to foreign countries, do not worry about the FBI or law enforcement or the drug war or the courts. ''Let them fend for what they may, all we want,'' apparently the White House is saying, ''is foreign aid.'' Give it away.

I say if you are really serious on that side about getting out of here, getting our business done, cooperate, have your White House cooperate, let them come up here and talk with us and let us work out the details. We are ready. We could have my bill finished in 4 or 5 hours maximum. We have offered and pled even with the Office of Management and Budget in the White House, ''Let's talk.'' They say, ''Not until we get our foreign aid.''

So, Mr. Speaker, there is the crux. The White House only wants at this point in time to give the taxpayers' money of this country away to foreign countries and be damned to what happens here at home.

Mr. OBEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I am amused. We were just urged by the gentleman from Florida to avoid inflammatory remarks and then we hear the kind of ridiculous statement that was just made, suggesting that the President lusts after only one thing, and that is to send money abroad. The last time I looked, the President had a long list of requests of this Congress. He is asking us to provide 100,000 new teachers which the majority party has refused to do. He is asking us to provide 50,000 new policemen which the majority party has refused doing. He is asking that we actually make available to the National Institutes of Health for medical research all of the money that we pretend we are making available rather than delaying virtually all new grants for an entire year, putting at risk scientific research teams all over the country. The majority party has refused to do that. And now we are told, Oh, gee, we should not talk about that because that is not the subject at hand.'' The subject at hand is getting the permission of the Congress for the government to continue for another 7 days without shutting down. That is the subject at hand. What the gentleman from California was talking about is simply his assessment of why we are in this fix. I think the gentleman was on point.

With respect to the two myths that were just peddled about the administration's refusal to negotiate, that is a joke and everyone in this Chamber, including the press watching, knows it is a joke. We have seen headlines for the past 6 months coming out of your leadership's office saying, ''No, we are not going to negotiate directly from the President because he stole our socks in negotiations last year.'' ''We have got a little sisters of the poor complex. Every time we think about negotiating with the President, we are afraid he is going to outnegotiate us.'' And so the leadership has already declared publicly its lack of confidence in its own negotiating ability and they say, ''No, we're not going to get into the box and negotiate with the President, we're only going to do this at a lower level.''

Last night a conversation took place between the President and your leadership, and, as you know, the President offered again to send his chief of staff, Mr. Podesta, down here to negotiate directly with your leadership. And again he was told by your leadership, ''No, we don't want to get in the same room with you, so instead, why don't you have the appropriators meet.'' Well, the appropriators did meet, for a while at least some of us, and after an hour, there were only two Republicans left in the room. Everybody else had gone home. We were there, the White House was there, and the White House made two compromise offers in a row, both of which were rejected by the other side.

So it is silly to suggest that the White House has not been offering to negotiate. They have been in the room every time there has been a meeting. I just suggest, I think we should stop the hyperbole and I think we ought to get on with the business of government, but I think it is fair to observe that the President has a reason for wanting to see this bill negotiated along with the others, because the majority party has a long record of dragging its feet in meeting its international responsibilities. For a year and a half, in the middle of the Asian debt crisis which threatened to swamp our own economy and swamp our own currency, the majority party refused to provide the IMF funding that was necessary. It has dragged its feet on paying our dues at the United Nations for 2 years and, as I said, on the domestic side, the majority party has steadfastly refused to agree to the President's request for

100,000 new teachers or for 50,000 new cops on the beat, among other things.

Mr. Speaker, I regret that we have gotten into this kind of a tit-for-tat argument, but I guess it is inevitable given the fact that this Congress is unable to do anything but. I hope things change. I think the best way to change is to get off the floor and get back into the negotiating room on the foreign operations bill that I thought was so close to an agreement last night. Everyone understands that that is the logjam which is holding this place up.

And so if you want to go home, I would suggest you act like it and get down to doing some serious negotiating.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. TRAFICANT).

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

Mr. TRAFICANT. Mr. Speaker, I have great respect for our ranking member the gentleman from Wisconsin (Mr. OBEY). I think he is a great leader and a great Congressman. And, too, I have great respect for our new chairman. But I think it is time for some perspective here and it is time to put the politics aside, folks. There is too many politics being played now with the budget of the American people. I can remember one year as a Democrat in a Democrat majority being here until December 23 with continuing resolution after continuing resolution after continuing resolution. This is not unusual. In fact, there have been great strides. Every appropriation bill has been passed. Now, maybe we do not agree with all of them, but it is time to say something that has to be said: These bills have been subject to too much political chicanery. Even the fine Defense appropriation bill was almost held hostage with a veto threat for more foreign aid. As a Democrat, I support the stance that this majority party has taken on spending overseas and looking at the domestic side.

Now, I think we are very close and I think it is time for the leaders that we have, more than competent, to sit down, close the doors, turn up the heat, have some chili and some baked beans and not leave until you get it done. I know they can do it.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, after that speech by our colleague from Ohio, I am somewhat hesitant to talk politically. But I do want to mention and remind people of what happened last week when we had the Labor-HHS bill.

All of these arguments about who is taking money from Social Security, we have a letter from the Congressional Budget Office, they have letters, it is all based on what assumptions you give the Congressional Budget Office, you get different answers. Most people, their eyes start to glaze over because it is so arcane. The other issue that sometimes people do not understand when we talk about it back home is a motion to recommit, because that is kind of arcane, too. But it really is designed to protect our democratic experiment here. We have our plan, the majority offers its plan, and then the minority's rights are protected because they always have a right to recommit, to make a motion to recommit with instructions.

Last week on the Labor-HHS bill when they had their chance to put their plan on the table, they could have said, ''We like your plan but we want to put more money into education.'' They did not do that. When they had their chance to say, ''We like your plan but we would have rearranged the priorities and we would have put more money into veterans benefits,'' they did not do that, either.

Looking at the record, and it is a matter of public record, when they had their chance to reflect what their priorities were on the Labor-HHS bill, their motion to recommit with instructions included basically our bill except they included the full congressional pay raise.

That is how political this business has become. I think my colleague from Ohio is exactly right. We are only a few billion dollars apart with the White House. Despite all of the political posturing that is going on right now, we have all agreed on some simple, basic facts. We are not going to close down the government, we are not going to raid Social Security, we are not going to raise taxes, everything else is negotiable. I think with a few hours' of good faith bargaining on the part of the White House and congressional leaders, we could have a bargain, we could have a deal, we could put this budget together for the good of the American people, for the good of everybody here, we could all be done by next Monday at probably midnight. I hope we can all get together and get that done.

Mr. OBEY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, after this continuing resolution is passed and sent to the Senate, we will have two choices: We can continue this once-a-week rewind operation, or we can decide this afternoon that we are going to sit down and come to closure on the agreement that I thought we were within an hour of achieving last night on the Foreign Operations bill. If that can be achieved, then we can move to try to deal with the issues that still divide us on the issue of education, on the issue of crime, and on the issue of paying our U.N. dues.

□ 1300

I would like to think we could conclude that in a reasonable time and get out of here. I do not think, frankly, that either party is scoring any points on these issues. I have said many times that the worst thing that can happen to people in this town is when you come to believe your own baloney, and the fact is that I think we have a lot of that going on. And I do not think, frankly, that the country is paying much attention to what we say. They are more interested in what we do, and what they see so far is that we have been doing nothing.

So I would suggest we stop doing nothing, come to an agreement on these four remaining bills and get out of town. But it is going to take a determination on the part of the majority party to negotiate with the President, rather than laying down ultimatums about what is on or off the table. This happened last night. When that mindset changes, we may begin to see some progress around here.

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

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

Mr. Speaker, this has been somewhat of a spirited conversation over a measure that we thought was going to move fairly quickly. I would join the gentleman from Wisconsin (Mr. OBEY) in wishing we had completed this business 20 minutes ago, because it is important that we get this measure passed through the House.

But it is difficult to sit here and listen to some of the political accusations that we have heard on almost every appropriations bill that has come before the House this year. It is difficult to sit here and listen to that and not feel inclined to respond. But I am not going to yield to that temptation. I am not going to respond to all of the political attacks that were made here.

But I do want to say that the attacks that some Members of the other side like to make at our majority leadership, the Speaker of the House, the majority leader, the majority whip, are unfounded. They are unfair, because these gentlemen have worked hard to try to accomplish the work of this House.

We have passed every appropriations bill in the House and in the Senate, we have passed every conference report in the House and in the Senate, and we are now dealing in that final phase where the President of the United States has decided to veto certain bills. So we are at a point where we are negotiating with the President to try to resolve our differences so that we can get new bills to him in a form that he will sign, because unless he signs them or unless we have the votes to override his vetoes, we have to reach an agreement and accommodation. That means both sides have to give a little.

Our leadership met with the President just a few days ago, and they talked with him on the phone even more recently, and he agreed to this: That we would negotiate; that any additional funding that he requested that we would agree to that he would offer offsets to pay for it.

Now, the negotiations began, and they began in earnest, and I would

compliment Jack Lew, the Director of the Office of Management and Budget. He is a tough negotiator. When he tells you something, that is the way it is. Unfortunately, some of the things he told us we did not like because they were different than what the President told us.

The President told us as we went along with spending or agreeing to spending the money that he requested that he would then offer offsets. Last night, several times at one of our lengthy meetings, I asked Mr. Lew what are the offsets? Mr. Lew refused to talk about the offsets, and to this minute in my presence has refused to talk about offsets; in other words, how do we pay for this additional spending in foreign aid.

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

Mr. YOUNG of Florida. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I would like to point out that the gentleman left the room for over an hour, and while the gentleman was out of the room, Mr. Lew did specifically refer to three different ways that offsets could be handled.

Mr. YOUNG of Florida. Mr. Speaker, reclaiming my time, I thank the gentleman for reminding me that it was important to have an additional meeting with representatives from the Senate and from the House in order to try to finalize or come to agreement on what we were trying to do, and, despite the gentleman's insinuation, it is very difficult to be in two places at the same time. That is why I emphasized in my presence Mr. Lew was unwilling to provide the offsets.

But now we are working through that. If we can keep the atmosphere fairly civil, I think we can do that. I did not see a lot of stability coming our direction from that side of the aisle today, and I really am offended by that lack, and I am offended by the political speeches.

The gentleman from Wisconsin (Mr. OBEY) said earlier that there are too many speeches. He is right, especially when they are all the same and they say the same thing. I have memorized the speech of my friend the gentleman from Wisconsin (Mr. OBEY) because he has made it every time we had an appropriations bill. So I can make his speech for him. Although I disagree with it, I can make his speech for him.

Now, we have other things to negotiate, but the President is not willing to negotiate anything on the other remaining bills until we have an agreement on foreign aid. In other words, his primary interest is how much money are we going to give him to spend around the world.

Well, we are willing to work with him on that. We are willing to do things he wants to do, because we understand that he is the President, but we have to understand that one reason we are being delayed on the other bills is because the administration refuses to negotiate with this House and the leaders of this House on anything else until the foreign aid bill is settled and decided.

Now, we are willing to go along with that, and that is why we wanted to get this measure off the floor early so we could get back to those negotiations and try to have that package wrapped up by today.

Mr. Speaker, there is something else that I would like to mention. The gentleman from Wisconsin (Mr. OBEY) said that we start to believe our own baloney. We have seen some baloney on the floor today. Most of it I did not believe, Mr. Speaker.

Anyway, let us pass this continuing resolution, and let us not be offended by the fact that it is a continuing resolution, especially coming from the Democrats who ran this House for 40 years. Let me repeat something the gentleman from Wisconsin (Mr. OBEY) said: We repeat our speeches too often. But in view of some of the accusations made today, let me just go back a few years.

In fiscal year 1990 the Democrats controlled this House and they had a continuing resolution for 51 days. Fiscal year 1991, they had a CR for 36 days. Fiscal year 1992, they had a CR for 57 days. They did better in 1993, they only had 5 days. But in fiscal year 1994 they had 41 days. So for the Democrats to come on the floor now and accuse the Republicans of using CRs to finish the business is a little hollow.

Now, the gentleman from Wisconsin (Mr. OBEY) would like me to say the year he was chairman, for fiscal year 1995, we did not have any CRs, and he is right, and I applaud him for that. Let me tell you what else he had: He had 81 more Democrats than there were Republicans in the House. He could do most anything he wanted.

We have a small majority. We only have 10 more Republicans this year than the gentleman from Wisconsin (Mr. OBEY) had. He had 81. But in that year that the gentleman from Wisconsin (Mr. OBEY) had 81 more Democrats than Republicans, he spent $60 billion out of the Social Security trust fund. We are not doing that. We are balancing the budget. We are not raising taxes. We are not taking any money out of the Social Security trust fund. There is a big difference. We have accomplished some things that people did not believe could be accomplished, and we have done it with a very, very small majority and a Democrat in the White House.

Mr. Speaker, let us pass this continuing resolution and get down to the real business of finishing the negotiations on the remaining bills.

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

The SPEAKER pro tempore (Mr. HANSEN). All time for debate has expired.

The joint resolution is considered read for amendment.

Pursuant to the order of the House of today, the previous question is ordered.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

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

Mr. OBEY. 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 417, nays 6, not voting 10, as follows:

[Roll No. 565]

YEAS—417

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kaptur
Kasich
Kelly
Kennedy
Kildee

Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—6

DeFazio
Dickey
Forbes
Hastings (FL)
Miller, George
Paul

NOT VOTING—10

Bentsen
Bereuter
Ehlers
Kanjorski
Larson
Norwood
Oberstar
Payne
Scarborough
Tauzin

□ 1329

Mr. DICKEY changed his vote from ''yea'' to ''nay.''

Mr. VISCLOSKY changed his vote from ''nay'' to ''yea.''

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. BENTSEN. Mr. Speaker, on rollcall No. 565, I was unavoidably detained.

Had I been present, I would have noted ''yea.''

PERSONAL EXPLANATION

Mr. EHLERS. Mr. Speaker, on rollcall Nos. 564 and 565, I missed the votes due to my participation in an important meeting and in the Marine Corps ceremony. Had I been present, I would have voted ''yes'' on both.

□ 1330

APPOINTMENT OF CONFEREES ON H.R. 3194, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. YOUNG of Florida. Mr. Speaker, pursuant to the previous order of the House, I move to take from the Speaker's table the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment thereto, disagree to the amendment of the Senate, and agree to the conference asked by the Senate.

The SPEAKER pro tempore (Mr. HANSEN). Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore (Mr. HANSEN). The gentleman from Florida (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Florida. Mr. Speaker, I yield 30 minutes of that hour to the gentleman from Wisconsin (Mr. OBEY), my distinguished friend and colleague, for the purpose of debate only.

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

Mr. Speaker, the issue before us today is the Senate amendment to the District of Columbia appropriations bill. It struck language that the House had included relative to the issuance of needles in the needle exchange program.

Personally, I object to the Senate amendment. However, in order to move this bill and get it to conference, I do move to take the bill from the table, disagree to the amendment and agree to the conference.

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

Mr. OBEY. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I was trying to decide whether I should yield 30 minutes to the distinguished gentleman from California (Mr. GEORGE MILLER), or whether I should yield back the balance of my time. I suspected the majority would prefer that I yield back the balance of my time so in the interest of comity, that is exactly what I will do.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. YOUNG).

The motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. YOUNG of Florida, LEWIS of California, and OBEY.

There was no objection.

PERSONAL EXPLANATION

Ms. JACKSON-LEE of Texas. Mr. Speaker, on November 1, 1999, this body held three rollcall votes on bills considered under suspension on the floor of the House. Because of a family medical matter, I missed the following votes, Mr. Speaker:

On rollcall No. 550, H.R. 348, I would have voted ''aye''; rollcall No. 551, H.R. 2337, I would have voted ''aye''; rollcall No. 552, H.R. 1714, I would have voted ''no.''

On November 3, Mr. Speaker, due to a family medical matter, I was unable to participate on two votes. Had I been in attendance on rollcall No. 557, on agreeing to the Journal, I would have voted ''aye''; and on rollcall No. 558, H.R. 2290, the Quality Care for the Uninsured Act, I would have voted ''aye.''

PRIVILEGES OF THE HOUSE—CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING LAWS AND COUNTERVAILING MEASURES

Mr. VISCLOSKY. Mr. Speaker, pursuant to rule IX, I rise to a question of the privileges of the House, and offer a privileged resolution that I noticed to the House on Tuesday, November 2, and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

RESOLUTION CALLING ON THE PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING AND COUNTERVAILING MEASURES

Whereas under Art. I, Section 8 of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations;

Whereas the House of Representatives is deeply concerned that, in connection with the World Trade Organization (''WTO'') Ministerial meeting to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agreed list of negotiation topics and reopen debate over the WTO's antidumping and antisubsidy rules;

Whereas strong antidumping and antisubsidy rules are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States;

Whereas it has long been and remains the policy of the United States to support its antidumping and antisubsidy laws and to defend those laws in international negotiations;

Whereas the current absence of official negotiating objectives on the statute books must not be allowed to undermine the Congress' constitutional role in charting the direction of United States trade policy;

Whereas, under present circumstances, launching a negotiation that includes anti-dumping and antisubsidy issues would affect the rights of the House and the integrity of its proceedings;

Whereas opening these rules to renegotiation could only lead to weakening them, which would in turn lead to even greater abuse of the world's open markets, particularly that of the United States;

Whereas, conversely, avoiding another divisive fight over these rules is the best way to promote progress on the other, far more important, issues facing WTO members; and

Whereas it is therefore essential that negotiations on these antidumping and antisubsidy matters not be reopened under the auspices of the WTO or otherwise: Now, therefore, be it

Resolved, That the House of Representatives calls upon the President—

(1) not to participate in any international negotiation in which antidumping or antisubsidy rules are part of the negotiating agenda;

(2) to refrain from submitting for congressional approval agreements that require changes to the current antidumping and countervailing duty laws and enforcement policies of the United States; and

(3) to enforce the antidumping and countervailing duty laws vigorously in all pending and future cases.

The SPEAKER pro tempore. The Chair will entertain argument as to whether the resolution constitutes a question of privilege.

The Chair recognizes the gentleman from Indiana (Mr. VISCLOSKY).

Mr. VISCLOSKY. Mr. Speaker, I appreciate the opportunity and would point out, as was stated in the resolution, we have a responsibility under Article I, Section 8, as far as the conduct of trade policy. In the 103rd Congress, the United States Congress did act and the President signed into law what the agenda of the WTO Seattle round of negotiations should be.

It is clear that our trading partners now want to usurp the position we have taken in statutory language in the United States of America by debating whether or not we are to eliminate or weaken our anti-dumping and anti-subsidy duties. That is contrary to the announced policy and statutory policy of the United States of America.

This is not a trivial matter. In 1947, under the Bretton Woods negotiations, the GATT condemned anti-dumping and anti-subsidy activities.

I am very concerned that if a resolution is not brought forth to a vote on this floor, our constitutional prerogatives will be usurped, and I would ask that the Chair rule in my favor.

The SPEAKER pro tempore. Are there other Members that wish to be heard?

If not, the Chair is prepared to rule on whether the resolution offered by the gentleman from Indiana (Mr. VISCLOSKY) presents a question of the privileges of the House under rule IX.

The resolution offered by the gentleman from Indiana (Mr. VISCLOSKY) calls upon the President to address a trade imbalance in the area of steel imports. Specifically, the resolution calls upon the President to refrain from participation in certain international negotiations, to refrain from submitting certain agreements to the Congress and to vigorously enforce the trade laws.

As the Chair ruled on October 10, 1998, a similar resolution expressing the legislative sentiment that the President should take specified action to achieve a desired public policy on trade does not present a question affecting the rights of the House, collectively, its safety, dignity or the integrity of its proceedings within the meaning of rule IX. In the opinion of the Chair, the resolution offered by the gentleman from Indiana (Mr. VISCLOSKY) is purely a legislative proposition properly initiated by introduction through the hopper under clause 7 of rule XII.

Accordingly, the resolution offered by the gentleman from Indiana (Mr. VISCLOSKY) does not constitute a question of the privileges of the House under rule IX and may not be considered at this time.

Mr. VISCLOSKY. Mr. Speaker, could I be heard to remark on one comment that the Chair raised in its ruling?

The SPEAKER pro tempore. The Chair has rendered the decision to the gentleman from Indiana (Mr. VISCLOSKY).

Mr. VISCLOSKY. Mr. Speaker, I would appeal the ruling of the Chair.

The SPEAKER pro tempore. The question is: Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. LA HOOD

Mr. LAHOOD. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. LAHOOD) to lay on the table the appeal of the ruling of the Chair.

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

Mr. VISCLOSKY. 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 218, nays 204, not voting 11, as follows:

[Roll No. 566]

YEAS—218

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Ney
Northup
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—204

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Goode
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy
Kildee
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski

Lofgren	Obey	Slaughter
Lowey	Olver	Smith (WA)
Lucas (KY)	Ortiz	Snyder
Luther	Owens	Spratt
Maloney (CT)	Pallone	Stabenow
Maloney (NY)	Pascrell	Stenholm
Markey	Pastor	Strickland
Martinez	Pelosi	Stupak
Mascara	Peterson (MN)	Tanner
Matsui	Phelps	Tauscher
McCarthy (MO)	Pickett	Taylor (MS)
McCarthy (NY)	Pomeroy	Thompson (CA)
McDermott	Price (NC)	Thompson (MS)
McGovern	Rahall	Thurman
McIntyre	Rangel	Tierney
McKinney	Reyes	Towns
McNulty	Rivers	Traficant
Meehan	Rodriguez	Turner
Meek (FL)	Roemer	Udall (CO)
Meeks (NY)	Rothman	Udall (NM)
Menendez	Roybal-Allard	Velazquez
Millender-McDonald	Rush	Vento
	Sabo	Visclosky
Miller, George	Sanchez	Waters
Minge	Sanders	Watt (NC)
Mink	Sandlin	Waxman
Moakley	Sawyer	Weiner
Mollohan	Schakowsky	Wexler
Moore	Scott	Weygand
Murtha	Serrano	Wise
Nadler	Sherman	Woolsey
Napolitano	Shows	Wu
Neal	Sisisky	Wynn
Oberstar	Skelton	

NOT VOTING—11

Barton	Kanjorski	Payne
Bereuter	Kilpatrick	Scarborough
Bonior	Larson	Stark
Brady (TX)	Norwood	

□ 1403

Messrs. SAXTON, HEFLEY, SMITH of Texas, and SOUDER changed their vote from ''nay'' to ''yea.''

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PRIVILEGES OF THE HOUSE—CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING AND COUNTERVAILING MEASURES

Mr. WISE. Mr. Speaker, I rise to a question of the privileges of the House, and I offer a privileged resolution, that I noticed pursuant to rule IX, and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

RESOLUTION CALLING ON THE PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING AND COUNTERVAILING MEASURES

Whereas under Art. I, Section 8 of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations;

Whereas the House of Representatives is deeply concerned that, in connection with the World Trade Organization (''WTO'') Ministerial meeting to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agreed list of negotiation topics and reopen debate over the WTO's antidumping and antisubsidy rules;

Whereas the Congress has not approved new negotiations on antidumping or antisubsidy rules and has clearly, but so far informally, signaled its opposition to such negotiations;

Whereas strong antidumping and antisubsidy rules are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States;

Whereas it has long been and remains the policy of the United States to support its antidumping and antisubsidy laws and to defend those laws in international negotiations;

Whereas, under present circumstances, launching a negotiation that includes antidumping and antisubsidy issues would affect the rights of the House and the integrity of its proceedings;

Wheereas the WTO antidumping and antisubsidy rules concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved defective;

Whereas opening these rules to renegotiation could only lead to weakening them, which would in turn lead to even greater abuse of the world's open markets, particularly that of the United States;

Whereas conversely, avoiding another divisive fight over these rules is the best way to promote progress on the other, far more important, issues facing WTO members; and

Whereas it is therefore essential that negotiations on these antidumping and antisubsidy matters not be reopened under the auspices of the WTO or otherwise: Now, therefore, be it

Resolved, That the House of Representatives calls upon the President—

(1) not to participate in any international negotiation in which antidumping or antisubsidy rules are part of the negotiating agenda;

(2) to refrain from submitting for congressional approval agreements that require changes to the current antidumping and countervailing duty laws and enforcement policies of the United States; and

(3) to enforce the antidumping and countervailing duty laws vigorously in all pending and future cases.

The SPEAKER pro tempore (Mr. HANSEN). The Chair will entertain brief argument as to whether the resolution constitutes a question of privilege.

The Chair recognizes the gentleman from West Virginia (Mr. WISE).

Mr. WISE. Mr. Speaker, this resolution I attempt to bring up calls on the President to abstain from renegotiating international agreements governing antidumping and countervailing measures.

The arguments I make are very simple. According to article I, section 8 of the Constitution, the Congress has the power and the responsibility relating to foreign commerce and the conduct of international trade negotiations. An important part of Congress' participation in the formulation of trade policy is the enactment of official negotiating objectives against which completed agreements can be measured when presented for ratification.

This Congress, in 1994, ratified an agenda for the Seattle World Trade Organization Ministerial Conference that is about to take place, and that agenda included only agricultural trade services, trade, and intellectual property protection. The agenda, specifically enacted into Federal law as Public Law 103–465, did not include antidumping or antisubsidy rules.

What Congress is concerned about here is that a few countries are seeking to circumvent the agreed list of negotiating topics and open debate over the WTO's antidumping and antisubsidy rules, most notably applied to steel in the past few months. The Congress has not approved new negotiations on these——

PARLIAMENTARY INQUIRY

Mr. KOLBE. Parliamentary inquiry, Mr. Speaker. Is it in order for the gentleman to speak beyond the matter of whether or not this is a matter of personal privilege?

Mr. WISE. The Chair asked for arguments, and I am responding to the Chair.

The SPEAKER pro tempore. The debate should be confined to whether or not this constitutes a question of privilege under rule IX.

Mr. WISE. Then I will happily deal directly with the gentleman's response. Incidentally, the 10,000 steelworkers who have been laid off in this country would like to have this matter brought up, but I will deal with the narrow approach that the gentleman requests.

Section 702 of House rule IX, entitled ''General Principles,'' concludes that certain matters of business arising under the Constitution, mandatory in nature, have been held to have a privilege which supersedes the rules establishing the order of business. And, Mr. Speaker, before I was interrupted, I was making those points about those rules which cannot be superseded.

This is a question of the House's constitutional authority and is, therefore, privileged in nature. The WTO antidumping and antisubsidy rules concluded in the Uruguay Round have scarcely been tested since they have been entered into effect and have certainly not been proven effective. Opening these rules to negotiation only leads to weakening them, which in turn leads to even greater abuse of the world's markets.

There is precedent for bringing H. Res. 298 out of committee and to the House floor immediately. For instance, H. Con. Res. 190 was brought to the floor on October 26 under suspension of the rules because it concerned the upcoming Seattle Round, and this measure only had 13 cosponsors, while our comeasure has 228 cosponsors. The majority of this House should be heard.

And, as I point out, thousands of steelworkers from Weirton to Wheeling to Follensbee, who have been laid off during the course of these antidumping and antisubsidy rules not being effectively applied, are saying now to the President, please do not step back and please do not weaken them any further. Stand up for workers in this country. That is the grounds upon which I assert the privilege.

The SPEAKER pro tempore. Are there any other Members that want to be heard on this point?

If not, the Chair is prepared to rule on whether the resolution offered by the gentleman from West Virginia (Mr. WISE) is a question of the privileges of the House under rule IX.

The resolution offered by the gentleman from West Virginia calls upon the President to address a trade imbalance in the area of imports. Specifically, the resolution calls upon the President to refrain from participation in certain international negotiations, to refrain from submitting certain agreements to the Congress, and to vigorously enforce the trade laws.

As the Chair stated on October 10, 1998, and earlier today, a resolution expressing the legislative sentiment that the President should take specific action to achieve a desired public policy end does not present a question affecting the rights of the House, collectively, its safety, dignity, or the integrity of its proceeding within the meanings of rule IX. In the opinion of the Chair, the resolution offered by the gentleman from West Virginia is purely a legislative proposition properly initiated by introduction through the hopper under clause 7, rule XII, to be subsequently considered under the normal rules of the House.

Accordingly, the resolution offered by the gentleman from West Virginia does not constitute a question of the privileges of the House under rule IX, and may not be considered at this time.

Mr. WISE. Mr. Speaker, I appeal the ruling of the Chair, and ask to be heard on the ruling.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. KOLBE

Mr. KOLBE. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. KOLBE) to lay on the table the appeal of the ruling of the Chair.

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

RECORDED VOTE

Mr. WISE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 216, noes 201, not voting 16, as follows:

[Roll No. 567]

AYES—216

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Ney
Northup
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—201

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Goode
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lowey
Lucas (KY)
Luther
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stenholm
Strickland
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—16

Bereuter
Chenoweth-Hage
Conyers
Istook
Kanjorski
Kasich
Larson
Maloney (CT)
Meek (FL)
Norwood
Payne
Porter
Scarborough
Shays
Stark
Stupak

☐ 1432

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PRIVILEGES OF THE HOUSE—CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING LAWS AND COUNTERVAILING MEASURES

Mr. KUCINICH. Mr. Speaker, I rise to a question of the privileges of the House and offer a privileged resolution that I noticed pursuant to rule IX and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

RESOLUTION CALLING ON THE PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING AND COUNTERVAILING MEASURES

Whereas under Art. I, Section 8 of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations;

Whereas the House of Representatives is deeply concerned that, in connection with the World Trade Organization, (''WTO'') Ministerial meeting to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agreed list of negotiation topics and reopen debate over the WTO's antidumping and antisubsidy rules;

Whereas the built-in agenda for future WTO negotiations, which was set out in the Uruguay Round package ratified by Congress in 1994, includes agriculture trade, services trade, and intellectual property protection but does not include antidumping or antisubsidy rules;

Whereas the Congress has not approved new negotiations or antidumping or antisubsidy rules and has clearly, but so far informally, signaled its opposition to such negotiations;

Whereas strong antidumping and antisubsidy rules are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States;

Whereas it has long been and remains the policy of the United States to support its antidumping and antisubsidy laws and to defend those laws in international negotiations;

Whereas an important part of Congress' participation in the formulation of trade policy is the enactment of official negotiating objectives against which completed agreements can be measured when presented for ratification;

Whereas the current absence of official negotiating objectives on the statute books must not be allowed to undermine the Congress' constitutional role in charting the direction of United States trade policy.

Whereas the WTO antidumping and antisubsidy rules concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved defective;

Whereas opening these rules to renegotiation could only lead to weakening them, which would in turn lead to even greater abuse of the world's open markets, particularly that of the United States;

Whereas conversely, avoiding another divisive fight over these rules is the best way to promote progress on the other, far more important, issues facing WTO members; and

Whereas it is therefore essential that renegotiations on these antidumping and antisubsidy matters not be reopened under the auspicies of the WTO or otherwise: Now, therefore, be it

Resolved, That the House of Representatives calls upon the President—

(1) not to participate in any international negotiation in which antidumping or antisubsidy rules are part of the negotiating agenda;

(2) to refrain from submitting for congressional approval agreements that require changes to the current antidumping and countervailing duty laws and enforcement policies of the United States; and

(3) to enforce the antidumping and countervailing duty laws vigorously in all pending and future cases.

The SPEAKER pro tempore (Mr. HANSEN). The Chair will entertain a brief argument as to whether the resolution constitutes a question of privilege. Let me caution the Members, debate should be limited to the question of order, and may not go to the merits of the proposition being considered.

The Chair recognizes the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, this resolution has privilege because only the House has the authority to alter existing revenue provisions. Allowing the administration to negotiate antidumping and countervailing duty laws would further diminish the loss of the constitutional power the House has suffered over time. Under article 1, section 7 of the Constitution, the House of Representatives has the authority to originate revenue provisions, not the Senate, the administration or the U.S. trade representative. By not giving the administration the clear message that Congress has antidumping and countervailing duty laws, that those laws are not to be placed on the table for negotiations, we are essentially allowing the administration to act on authority it does not have.

Furthermore, section 702 of House rule IX entitled General Principles concludes that certain matters of business arising under the Constitution, mandatory in nature, have been held to have a privilege which superseded the rules establishing the order of business. This is a question of the House's constitutional authority and is therefore privileged in nature. The WTO antidumping and antisubsidy rules concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved effective. Opening these rules to renegotiation could only lead to weakening them which in turn leads to even greater abuse of the world's open markets, particularly that of the United States.

There is a precedent, Mr. Speaker, for bringing H. Res. 298 out of committee and onto the House floor immediately. For instance, H .Con. Res. 190 was brought to the floor on October 26 under suspension of the rules because it concerned the upcoming Seattle Round. This measure had only 13 cosponsors, while H. Res. 298 has 228 cosponsors. The majority of the House should be heard.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I, too, have a privileged motion. I will not be offering mine nor asking for a vote. But I want to take 30 seconds with the Congress. The Congress is allowing trade practices to endanger America. Illegal trade cannot be tolerated, and the purpose of these exercises is to make sure the administration and Congress looks at those.

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, I would like to rise in support of the resolution and to say that I would merely beg the leadership to allow this vote to occur, because over 228 of our Members have asked for it. I think to bottle this up and not allow a vote is truly not in the best spirit of this House when in fact the Constitution provides that trade-making authority rests in the House, in the Congress, and all revenue measures begin here in the House. With what is going to happen at the end of the month in Seattle and the beginning of December, we want to send a strong message to our trade negotiators, we do not want them opening up the antidumping and countervailing duty provisions of our trade laws.

No industry in this country has suffered more than the steel industry and been forced to restructure. It has the most modern production in the world. Yet we continue to lose thousands and thousands of jobs, even over this last year. It is absolutely essential that our negotiators hear this, and it is not the executive branch's responsibility, it is our responsibility to enforce the laws that we pass. And so we ask and beg of the leadership of this institution, please allow us to bring up this resolution which allows us to instruct our negotiators as the Constitution intended. There are 228 Members of this institution that want to be allowed to be given voice and this resolution brought to the floor. I rise in strong support of the resolution.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. DOYLE).

Mr. DOYLE. Mr. Speaker, I also have a privileged resolution which I will not offer and will not ask for a vote on, but I do want to speak in support of the resolution.

Mr. Speaker, denying a vote on this resolution denies the will of the majority of this House. A majority of Members on both side of the aisle, 228, are cosponsors of this legislation. This resolution is intended to respond to a negotiating ploy by Japan and a few other countries. These countries are trying to jump-start negotiations on the antidumping and countervailing duty laws mostly as a negotiating tactic.

□ 1445

Japan would like the world to forget about their closed telecommunications, financial services and agricultural markets by raising false issues about unfair trade remedies. Failing to pass this resolution supports the trade objectives of Japan and not the trade objectives of the United States.

Mr. Speaker, I am in strong support of this privileged resolution, and ask that we be allowed to have a vote on it.

The SPEAKER pro tempore (Mr. HANSEN). Does the gentleman from Pennsylvania (Mr. KLINK) wish to be heard on this issue?

Mr. KLINK. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. The gentleman is recognized.

Mr. KLINK. Mr. Speaker, I also have a privileged resolution, which I will not insist on calling up, instead speaking on behalf of this resolution instead.

Mr. Speaker, I would recommend to the Members the rules of the House of Representatives, which says the privileges of the House as distinguished from that of the individual Member include questions relating to its constitutional prerogatives in respect to revenue legislation and appropriations, and it goes on to other sorts of things.

Furthermore, in Section 664 of rule IX, entitled ''General Principles,'' as to the precedent of question of privilege, it states ''as the business of the House began to increase, it was found necessary to give certain important matters a precedent by rule. Such matters were called privileged questions.''

Section 664 goes on saying, ''certain matters of business arising under the constitutional mandatory in nature have been held to have privilege, which has superseded the rules established in the regular order of business.''

I would say, Mr. Speaker, if you read the Constitution, under article I, section 7, all bills for raising revenues shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.

Clearly what we are talking about with this trade and the countervailing duties and the antidumping is that there are tariffs that are levied. That is the raising of revenue. That is the privilege of the House of Representatives, not of the Senate, not of the administration, not of the trade ambassador; but it is the privilege of this House of Representatives.

When these dump products are levied, a tariff is put on them, those tariffs are revenue raisers, they are paid directly to the U.S. Treasury; and by us allowing negotiations to be weakened and our trade laws weakened to let in more dump product, the House would be turning over the power to the executive branch given exclusively to us under the Constitution.

Now, this resolution has privilege because only the House has the authority to alter existing revenue provisions. Allowing the administration to negotiate these issues is the House giving that constitutional duty up.

In addition, I would recommend as great reading to the Members article I, section 8 of the Constitution. ''The Congress shall have power to lay and collect taxes, duties, imposts and excises to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposes and excises shall be uniform throughout the Nation. The Congress also shall regulate commerce with foreign nations and among the several states and with the Indian tribes.''

What we are talking about here is not only the revenue that is taken, but it is trade policy. An important part of Congress' participation in the formulation of trade policy is the enactment of official negotiating objectives against which completed agreements can then be measured for their ratification.

Congress exercised that power back in 1994 when we ratified the agenda for the Seattle WTO Ministerial, which included agricultural trade; it included services trade and intellectual property protection. The agenda, specifically enacted into Federal law as Public Law 103–465, did not include antidumping or antisubsidy rules.

Congress is concerned that a few countries are seeking to circumvent the agreed list of negotiated topics and reopen debate over the WTO's antidumping and antisubsidy rules. The current absence of official negotiating objectives on the statute books must not be allowed to undermine what is the House of Representatives' constitutional district. We have a constitutional role, and it is, under the rules of this House, our extraordinary power to step in and make sure that is not taken away from us by the administration, by the trade representatives, or by anyone else.

Mr. Speaker, if that is not a point of privilege of this House, then none exists.

The SPEAKER pro tempore. Does anyone else wish to be heard on this issue?

If not, the Chair is prepared to rule.

Because the arguments raised here were addressed in the Chair's ruling of October 10, 1998, for the reasons stated in the Chair's previous rulings, the resolution offered by the gentleman from Ohio (Mr. KUCINICH) does not constitute a question of the privileges of the House under rule IX and may not be considered at this time.

Mr. KUCINICH. Mr. Speaker, I appeal the ruling of the Chair, and ask to be heard on the appeal.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. KOLBE

Mr. KOLBE. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Arizona (Mr. KOLBE) to lay on the table the appeal of the ruling of the Chair.

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

RECORDED VOTE

Mr. KUCINICH. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 214, noes 204, not voting 15, as follows:

[Roll No. 568]

AYES—214

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—204

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Goode
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—15

Barrett (NE)
Bereuter
Boucher
Dixon
Goss
Hunter
Kanjorski
Larson
Metcalf

Norwood	Radanovich	Scarborough
Payne	Sabo	Udall (CO)

□ 1510

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Ms. KILPATRICK. Mr. Speaker, due to official business in my district yesterday, I missed four votes.

Had I been available and here yesterday, I would have voted aye on roll call 559, no on roll call 560, no on roll call 561, and no on roll call 562.

LAYING ON TABLE HOUSE RESOLUTION 358 AND HOUSE RESOLUTION 360

The SPEAKER pro tempore (Mr. HANSEN). Without objection, House Resolutions 358 and 360 are laid upon the table.

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 11 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1940

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. EMERSON) at 7 o'clock and 40 minutes p.m.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 900) ''An Act to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes.''.

The message also announced that the Senate has passed a bill of the following title in which concurrence of the House is requested:

S. 976. An act to amend title V of the Public Health Service Act to focus the authority of the Substance Abuse and Mental Health Services Administration on community-based services for children and adolescents, to enhance flexibility and accountability, to establish programs for youth treatment, and to respond to crises, especially those related to children and violence.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 4, 1999.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on November 4, 1999 at 5:50 p.m.

That the Senate passed without amendment H.J. Res. 75.

With best wishes, I am

Sincerely,

JEFF TRANDAHL,
Clerk of the House.

ANNOUNCEMENT BY COMMITTEE ON RULES REGARDING AMENDMENT PROCESS FOR H.R. 3073, FATHERS COUNT ACT OF 1999

Mr. SESSIONS. Madam Speaker, a dear colleague letter will be delivered to each Member's office today notifying them of the Committee on Rules plan to meet the week of November 8 to grant a rule which may limit the amendment process on H.R. 3073, the ''Fathers Count Act of 1999.''

Any Member who wishes to offer an amendment should submit 55 copies and a brief explanation of the amendment by 3 p.m., on Monday, November 8, to the Committee on Rules, in room H–312 in the Capitol. Amendments should be drafted to an amendment in the nature of a substitute offered by the gentlewoman from Connecticut (Mrs. JOHNSON) which will be printed in today's CONGRESSIONAL RECORD and numbered 1. The text of the amendment will also be available on the website of the Committee on Education and the Workforce, as well as the website of the Committee on Ways and Means.

This amendment in the nature of a substitute combines the Welfare to Work provisions reported by the Education and Workforce Committee with H.R. 3073. It is the intention of the Committee on Rules to make in order the amendment by the gentlewoman from Connecticut (Mrs. JOHNSON) as the base text for the purpose of further amendment.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain that their amendments comply with the rules of the House.

CONFERENCE REPORT ON S. 900, GRAMM-LEACH-BLILEY ACT

Mr. SESSIONS. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 355 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 355

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

□ 1945

Mr. SESSIONS. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MOAKLEY), the ranking member of the Committee on Rules, 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.

Madam Speaker, the legislation before us is the rule providing for consideration of the conference report S. 900, the Financial Services Act of 1999. S. 900 is better known to Members of the House as H.R. 10, which was passed on July 1 of this year by a margin of 343 to 86.

Should the House pass this rule, it would hold its place in history as being one of the final steps in the long and hard-fought effort to repeal Depression era rules that govern our Nation's modern financial services industry.

The rule before us waives all points of order against the conference report and its consideration. The rule also provides that the conference report shall be considered as read.

Madam Speaker, this rule deserves strong bipartisan support. The House passed the underlying legislation with broad support from both parties. The Financial Services Act was only made better in the conference to reconcile differences between the Senate and the House versions.

Madam Speaker, 65 years ago, on the heels of the Great Depression, the Glass-Steagall Act was passed prohibiting affiliation between commercial banking, insurance and securities. However, merely 2 years after the passage, the first attempt at repealing Glass-Steagall was instituted by Senator Carter Glass, one of the original sponsors of the legislation. He recognized then that changes in the world and in the marketplace called for more effective legislation.

Two generations later the need to modernize our financial laws is more apparent than ever.

There is no doubt about it. Reexamination of regulations in the financial services industry in America is a complicated matter. Congress recognizes

that busy American families have little time to consider complicated banking laws, but Congress is working to repeal Glass-Steagall with exactly these hard-working Americans in mind.

This legislation is designed to give all Americans the benefit of one-stop shopping for all of their financial services needs. New companies will offer a broad array of financial services products under one roof, providing convenience and encouraging competition. More products will be offered to more people at a lower price.

As a result of this legislation, Americans will have more time to spend with their families and more money to spend on their children or to save safely for their future. In fact, as it was pointed out yesterday by Treasury Secretary Summers, Americans spend more than $350 billion per year on fees and commissions for brokerage, insurance, and banking services. If increased competition yielded savings to consumers of just 5 percent, consumers would save over $18 billion a year.

Americans deserve the most efficient borrowing and investment choices. Americans deserve the freedom to pursue financial options without being charged three different commissions by three different agents.

This legislation is designed to increase market forces in an already very competitive marketplace to drive down costs and broaden the number of potential customers for securities and other products for savings and investment.

Madam Speaker, this legislation also contains the strongest pro-consumer privacy language ever considered by the Congress. Many of my constituents have contacted me with their concerns regarding the dissemination of their private financial information. I am pleased that this legislation provides increased privacy protections for all Americans and imposes civil penalties on those who would violate our financial privacy.

Madam Speaker, Congress must not permit America's financial services industry to enter the new millennium operating under laws that were out of date shortly after they were passed in the 1930s. This legislation before us represents a carefully balanced approach to reform. After years, in fact, even decades of work, Congress has only now successfully drafted a bill that is supported by most of the affected industries, banking, insurance and securities, as well as a broad bipartisan coalition of Members of Congress. It was passed by the Senate just hours ago with 90 votes.

Madam Speaker, the rule before us is the standard rule under which conference reports are considered. I urge my colleagues to support this rule, and thereby enable the House to take the historic step of modernizing the 66-year-old laws that govern the financial services industry.

Madam Speaker, I reserve the balance of my time.

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

Madam Speaker, I thank my dear friend from Texas for yielding me the customary one-half hour.

Madam Speaker, after 66 years, Congress has finally updated our Depression era banking laws to modernize the way American banks, securities firms and insurance companies do business. For the first time since 1933, Congress is replacing the Glass-Steagall Act, which was passed to separate banking from commerce during the Great Depression.

This bill will modernize and streamline our financial industry, and it will allow American financial companies to work more efficiently. Madam Speaker, in doing so, it will give consumers greater choice at lower cost; and in the long run, people will find it easier to access capital, and American financial firms will be able to stay competitive in our increasingly global economy.

Madam Speaker, the bill's benefits are not just limited to large financial institutions. It will benefit small banks by giving them access to the Federal Home Loan Bank window. That way they will have access to more capital, which they can in turn lend to smaller communities and smaller businesses.

Madam Speaker, it is a good bill, but there are a couple of areas that could be improved and improved greatly. First, this bill does not go far enough to protect people's privacy. Secondly, this bill does not go far enough in strengthening the Community Reinvestment Act. If we are able to amend this bill at this point, Madam Speaker, I would certainly support an amendment to expand the Community Reinvestment Act, as well as the amendment of the gentleman from Massachusetts (Mr. MARKEY), to help keep people's private lives private. Unfortunately, amendments are not an option at this point, and we must decide whether or not this bill is an improvement over our current situation.

Madam Speaker, I believe this bill is a great improvement. It is a good bill. It is long overdue. It will spawn new financial services, promote competition and lower costs. Overall, I believe it will be good for the country and we should support it.

I urge my colleagues to support this rule and support the bill.

Madam Speaker, I reserve the balance of my time.

Mr. SESSIONS. Madam Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

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

Mr. DREIER. Madam Speaker, I thank my friend for yielding me time.

Madam Speaker, it is almost perverse to think one could get excited about the prospect of financial modernization, but I will tell you that this really is an exciting time for a lot of us.

I am looking at the distinguished ranking minority member of the Committee on Banking and Financial Services, and I think back to 1987 and a piece of legislation that was known as the Financial Services Holding Company Act. I know that the gentleman from New York (Mr. LAFALCE) remembers that, and I think of names of people who no longer serve here, people from the other side of the aisle like, Doug Bernard, the gentleman from Massachusetts (Mr. MOAKLEY) remembers him, and Steve Neal; and people who spent time with us on this side of the aisle who are no longer here, like Jack Hiler from Indiana, and Steve Bartlett from Texas, and Governor Tom Ridge from Pennsylvania.

In the latter part of the last decade we spent a great deal of time downstairs having dinners, talking about the need for us to move towards financial modernization; and we finally have gotten to the point where we are doing that. In fact, one of my staff members quipped to me when I said, ''Well, we are finally doing it,'' and he said, ''Well, you know, this is a really good bill for 1987,'' which is when we first introduced it.

That is why I described this bill, I think, very appropriately as a first step, because it is a first step that is a very bold one. It takes us beyond the 1933 Glass-Steagall Act. In fact, we describe this as moving us from what I really believe was the curse of Glass-Steagall, and I think that it also moves us slightly beyond by amending the 1956 Bank Holding Company Act. But it is designed with really one very simple basic thing in mind: it is to provide consumers with a wider range of choices, while maintaining safety and soundness at the lowest possible price. That is clearly the wave of the future.

I want to commend the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE), whom I have mentioned, the gentleman from Virginia (Mr. BLILEY), and, of course, from the Committee on Rules, the gentleman from Texas (Mr. FROST), who was just here, who worked with the gentlewoman from Ohio (Ms. PRYCE) on this very important privacy issue.

We know that in this legislation we have the toughest privacy component that we have ever seen in any legislation considered here. I think it is important to underscore that once again, because there are a lot of people who have been critical of it, and I believe this clearly is the toughest privacy language that we have ever had. We are, by way of doing this, providing the consumer with a wider range of choices.

This is a measure which could not have gotten here were it not for an awful lot of people. I look back at the gentleman from Louisiana (Mr. BAKER), with whom I worked closely on this issue for years, and I think that this is time for a great, great celebration.

Now, where is it that we go from here? Last night in the Committee on Rules we were talking about this, and I believe that we need to look at the Internet. We need to look at the fact that the wave of the future there is in electronic banking. I think that, frankly, on the Internet, we are going to see a strengthening of privacy, because that is a priority that is regularly before us for people who spend time on the Internet. So I am anxious and I was pleased when the gentleman from Minnesota (Mr. VENTO) told us in the Committee on Rules that the Committee on Banking and Financial Services is moving ahead with hearings that will take us even further.

So I consider this a first step. It is a first step which is a very, very important step towards getting us to where many of us have been trying to move for virtually a decade and a half.

Madam Speaker, I am very pleased to support the rule, and I believe that the conference report should get an overwhelming number of votes. We had 343 votes on the bill itself, and it is my hope that we will even exceed that on this conference report.

I thank my friend for yielding, and I thank him for his leadership in carrying this on behalf of the Committee on Rules.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. FROST).

Mr. FROST. Madam Speaker, I rise in support of the conference report on S. 900, the Financial Services Modernization Act. Over the years, this legislation has slowly and sometimes painfully inched its way toward today. In the process, the concept of financial services modernization has shifted and changed. But in the end, the legislation before us today is the product of a deliberate process that will serve our economy and consumers well.

I think we can all agree that S. 900 is not a perfect bill; but, Madam Speaker, legislation of such magnitude as this, legislation which will usher in a new era of commerce in this century, could never hope to satisfy all parties. That being said, S. 900 represents historic change, change I believe that will particularly benefit the economy of this country, which will, in turn, benefit all Americans.

□ 2000

Madam Speaker, I would like to take a moment to reiterate my longstanding support for the Community Reinvestment Act. There are some who believe that this bill does harm to CRA. I could not support S. 900 if I believed that to be true. I have seen firsthand the value and benefits CRA has brought to low- and moderate-income neighborhoods in my own congressional district in Texas. I know that there is still much work to be done.

Madam Speaker, S. 900 does not diminish the efficacy of CRA. It does not change the existing CRA obligations on insured depository institutions in any way. In fact, CRA compliance is highly relevant to banks in the new regulatory scheme that will be created by this landmark bill. I know that I for one will monitor the activities of banks to ensure that they live up to and perhaps go beyond the requirements of CRA in this new world of financial services.

I want to go on record as strongly encouraging financial institutions to make sure that the benefits of this law will be felt in every neighborhood in our country.

Madam Speaker, I urge Members to support this bill. It represents a great step forward into the new century. It is worthy of our support.

Mr. SESSIONS. Madam Speaker, I yield 3 minutes to the gentlewoman from Ridgewood, New Jersey (Mrs. ROUKEMA), chairman of the Subcommittee on Financial Services and Consumer Credit.

Mrs. ROUKEMA. Madam Speaker, I thank the gentleman for yielding time.

Madam Speaker, I really do rise in strong support of this bill. This is truly historic, landmark legislation. In some respects, this is really long overdue. In fact, the marketplace, the regulators, and the courts have been transforming on an ad hoc basis financial institutions for a number of years. Our obligation here tonight is to perform our statutory responsibility under the Constitution to construct this regulated system to serve the consumers, the businesses, and the marketplace.

Again, it is truly historic. Technology and market forces have broken down the barriers between insurance, securities and banking. This law is a very good piece of legislation, and it will permit us in the U.S. to maintain our preeminence in the field of financial services on a global basis, both now and in the future, in that new millenium that we love to talk about.

This legislation is also historic because of its privacy provisions. I am very proud to have sponsored, along with the gentleman from Ohio (Mr. OXLEY) and the gentlewoman from Ohio (Ms. PRYCE) in the original amendment here in the House, but the gentleman from Ohio (Mr. OXLEY) and I were able to get good privacy provisions that even go beyond what we adopted in the House in this final product.

I think that we have got to recognize, although some people have questioned the privacy provisions, we have to recognize that there are newer and stronger privacy protections in this legislation than Americans have ever had. I know some of my colleagues will say it does not go far enough. Maybe I would agree with them. But it is more than just a good start, it is a firm foundation upon which we can and will build either next year or in the next Congress, in future Congresses.

Indeed, my subcommittee, the Subcommittee on Financial Institutions and Consumer Credit, has already had two essential hearings on this subject of privacy. We will continue to probe this complex subject next year.

Aside from some of the other consumer protections, the ATM fee disclosure, for which I would like to take credit before my colleagues here tonight, consumers have a right to know and a right to cancel that transaction, that is here in this bill.

Madam Speaker, I want to point out the most essential part of this bill, which is the fact that the Treasury Department and the Federal Reserve have reached the core issue in the bill with the consensus portion of it that will really protect the safety and soundness issues that we love to talk about. It is essential to protect against conflicts of interest and corruption of the regulatory process.

It took them many years, or I am sorry, many months to come to this, but with their great integrity and their great knowledge of financial institutions and understanding about the savings and loan debacle that we have already been through and the Great Depression of the thirties, they put their heads together and they formed the core of this bill that will protect safety and soundness, and give us the advantages of financial modernization.

I have a lot more I could say. I do want to congratulate everyone who has worked on this bill. We must support it with a strong, overwhelming vote.

Madam Speaker, I rise in strong support of the Conference Report on S. 900, the Gramm-Leach-Bliley Financial Modernization Act.

This is truly historic, landmark legislation. And in some respects is long overdue. In fact, the marketplace, the Regulators and the Courts have been transforming financial institutions. Our obligation here today is to perform our statutory responsibility under the Constitution to construct this regulated system to serve the consumers, businesses and the marketplace.

As others have discussed, this bill repeals the Glass-Steagall Act and the other Depression era banking and securities laws to permit the affiliation of banks, securities firms and insurance companies. As Chairwomen of the Financial Institutions and Consumer Credit Subcommittee, I have long been an advocate for passing financial modernization legislation. Technology and market forces have broken down the barriers between insurance, securities and banking. This law—which is an extremely good product—will permit the U.S. to maintain its preeminence in the field of financial services. That is essential to maintaining U.S. prominence in the global financial world both now and in the new Millennium.

This legislation is also historic because of its privacy provisions. I am very proud to have sponsored—along with Mr. OXLEY—the privacy provisions we find in this bill today. He and I, along with Ms. PRYCE, offered the Privacy Amendment which the House adopted by 427–1 when H.R. 10 was passed back in July. In Conference, Mr. OXLEY and I offered the House text with some provisions which ''strengthened'' privacy. Other improvements were accepted by the Conference, including Senator SARBANES' amendment which protects stronger State privacy laws from preemption. In other words, the Conference Report we are

considering today has better, stronger privacy provisions that what passed the House 427–1.

Think about the new Privacy Protections in this Bill:

1. Financial Institutions for the first time are required to have written privacy policies which must be disclosed to their customers.

2. Financial Institutions for the first time are required to give customers the right to ''opt out'' of sharing their information with 3rd parties.

3. Stricter State privacy laws are not preempted.

4. Telemarketers are prohibited from receiving deposit account numbers, credit card numbers and other information from financial institutions.

5. It is now a ''crime'' for a person to ''pretext'' call a financial institution and get your personal financial information.

These are all new, stronger privacy protections that Americans don't have under current law.

I know some of my colleagues will say we didn't go far enough. Quite frankly, I agree. But this is more than just a good start—it is a strong ''foundation'' upon which we can, and will, build next year and in future Congresses. My Subcommittee has already had two hearings on these issues and will continue to probe this complex subject next year.

I, for one, was disappointed that we did not ''fix'' the medical records privacy provisions which were authored by Dr. GANSKE. Unfortunately, the Administration, most medical groups and many of my Democratic colleagues weren't interested in ''fixing'' this important area. They demanded that we remove the medical records privacy provisions and ''wait'' for the comprehensive medical records privacy legislation. This was a huge mistake, a missed opportunity to do something for all Americans. I don't want to hear anyone who demanded the medical records provisions come out try to complain now that medical records privacy is not in S. 900.

I want to say that I am pleased that Gramm-Leach-Bliley includes my ATM Fee Disclosure proposal. Under this bill ATM Fee surcharges are prohibited unless the customers are told what the fee is before being committed to enter into the transaction. Consumers are entitled to know what fees, if any, are going to be charged for using a foreign ATM. This is both common sense disclosure and pro consumer. The consumer has a right to know and a right to cancel the transaction.

Madam Speaker, I would also like to address briefly the issues central to sound legislation, namely, the split of regulatory jurisdiction over the holding company—and its affiliates—and the national bank operating subsidy.

One of the most contentious issues during the Financial Modernization debate was the National Bank operating subsidiary. The Treasury—and Administration—made it clear that they would veto any bill which did not provide the OCC and National Banks with new, expanded financial powers. At the same time, the Federal Reserve Board expressed strong reservations about such new authority on both safety and soundness and government subsidy grounds.

Many observers said this was merely a regulatory ''turf'' battle between the Treasury Department and the Federal Reserve. I strongly and pointedly disagree. This is a safety and soundness issue. It is essential to protect against conflicts of interest and corruption of the regulatory process. We need to explicitly protect against another savings and loan debacle or a financial collapse that brought on the Great Depression of the 1930's.

The decision of the Conference was to adopt, and endorse, the operating subsidiary compromise reached by the Treasury Department and the Federal Reserve. This ''compromise'' places several significant restrictions on the financial subsidiaries of national banks. For instance, financial subsidiaries may not engage in (1) insurance or annuity underwriting, (2) real estate investment or development and (3) merchant banking, for at least 5 years and then only if the Federal Reserve and Treasury jointly agree. Further, there is an overall or ''aggregate'' investment cap which limits the size of financial subsidiaries of national banks as well as other additional ''firewalls'' and safety and soundness provisions.

I support the FED/Treasury compromise. I believe we have struck the right balance on the operating subsidiary. During the Conference I proposed dropping merchant banking and imposing an aggregate investment limit to address safety and soundness concerns. I am happy that the FED/Treasury compromise incorporates my suggestions.

While I would have preferred a flat out prohibition on merchant banking in the operating subsidiary, the 5 year minimum waiting period with joint agreement between the Treasury and the Federal Reserve is acceptable.

I am more concerned, however, about the aggregate investment limits. In my opinion the limits are too large. I proposed a $100 million limit on equity investment in all operating subsidiaries controlled by a national bank. The FED/Treasury compromise ''limits'' the aggregate size of all operating subsidiaries controlled by a national bank to 45 percent of aggregate assets of the parent bank or $550 billion, whichever is less. This may, in fact, be no limit at all.

The aggregate investment limit is intended to make sure that the financial subsidiaries do not pose a safety and soundness risk to the parent bank—which may not be the case here. As one who was in Congress during the savings and loan crisis, I would encourage the OCC and Treasury to take a ''go slow'' approach in the financial subsidiary area in terms of both new activities and ''aggregate'' size.

Another issue which is central to this bill is the unitary thrift holding company and whether the mixing of banking and commerce is appropriate. Fortunately the Federal Reserve and Treasury Department were united on this issue. Both supported—along with consumer groups—closing the unitary thrift holding company ''loophole'' and prohibiting the transfer of grandfather unitary thrift holding companies to commercial entities because of concentration of economic power as well as safety and soundness concerns. Those were my concerns—along with making sure we have a consistent policy and level playing field between bank and thrift holding companies—as well. The Gramm-Leach-Bliley bill closes the ''loophole'' and prohibits transfer of grandfathered unitaries to commercial entities. It was the right thing to do.

And for the record, I must mention the loan loss provision.

I would also like to briefly mention the loan loss provision in this Bill which I authored. Section 241—which passed the House by a vote of 407–20—is extremely important and is a ''good government'' provision. It requires the SEC to consult and coordinate with the Federal Banking agencies prior to taking any action with respect to an insured depository institution's loan loss reserves.

I am not going to go into detail regarding the SEC's actions with respect to SunTrust Bank and the FASB Viewpoints Article. Let me just say that over a period of 9 months the SEC created significant confusion in the banking industry, the accounting profession and the Federal Banking agencies on what the accounting rules are for bank loan loss reserves. Their failure to adequately consult and coordinate with the Federal banking agencies on this issue is well known.

Under Section 241 we expect the SEC to establish an informal process with the Federal Banking agencies for consultation and coordination on individual loan loss cases. The SEC has suggested that the consultation and coordination requirement will slow the review process and penalize banks and bank holding companies. It is not our intention that the consultation and coordination process should delay SEC processing of securities filings. Rather, the process which the SEC establishes should be designed to expedite resolution of SEC staff questions. The informal process we envision should involve telephone conferences, the faxing of relevant information between staffs, as well as other methods of communication which could expedite as quickly as possible the resolution of individual loan loss reserve cases.

In closing, Madam Speaker, I want to make it clear that I support Gramm-Leach-Bliley strongly. It is a very good bill. It deserves our support. I encourage you to vote for the Conference Report.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

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

Mr. KUCINICH. Madam Speaker, pursuit of happiness is an inalienable right which supercedes the banking industry, the securities industry, and the insurance industry.

In a democratic society, the right to privacy facilitates the pursuit of happiness. It is the right to be left alone by powerful government, by powerful corporations. The growth of databases requires government to be a vigilant watchdog to protect the right to privacy. S. 900 puts the watchdog to sleep.

If we look under title V, where it says ''Exceptions,''

> This subsection shall not prevent a financial institution from providing non-public personal information to a non-affiliated third party to perform services for or functions on behalf of the financial institution, including marketing of the financial institution's own products or services, or financial products or services offered pursuant to joint agreement between two or more financial institutions.

So much for the right of privacy.

Madam Speaker, I include for the RECORD a copy of an article by Robert Scheer from the L.A. Times:

YOUR PRIVACY COULD BE A THING OF THE PAST

(By Robert Scheer)

Do you really want your insurance agent, bank loan advisor or stockbroker to have a list of the movies you've rented, the medical tests you've taken, the gifts you purchased and the minute details of your credit history and net worth? That's what can happen if this Congress and president get their way with landmark legislation permitting insurance companies, banks and stockbrokers to affiliate and thus merge their massive computerized data bases. This will permit surveillance of your personal habits on a scale unimaginable even by any secret police agency in human history.

Your life will be an open book, to be plumbed and exploited for profit, thanks to financial industry deregulation about to be passed with massive congressional support and the blessing of President Clinton.

Lobbyists for the financial oligarchs defeated a crucial amendment to this legislation proposed by Sen. Richard C. Shelby (R–Ala.) that would have required bankers, stockbrokers and insurance agents to get consumers' permission before sharing what should be personal information about you.

Any congressional representative who votes for this bill thus is denying you your basic right to privacy and ensuring that the most intimate details of your life can be freely bandied about throughout our wired world for gossip if not solely for profit.

When it comes to serving the interests of the banks, insurance companies and stockbrokers that represent the most important source of campaign money for Republicans and Democrats alike—$145 million in the last two years—there is but one political party. That's the bipartisan party of political greed representing corporate conglomerates, and it has no qualms about skewering the ordinary consumer.

Once again, everyone who mattered—except consumers—was taken care of when the big congressional deal was cut last week in a closed back-room conference committee meeting. The scam brokered at 2 a.m. eliminates the firewall what has existed for 66 years between your bank, your insurance company and those who trade your securities. The newly formed conglomerates handling everything from credit card bills to medical records would be allowed by this legislation to freely exchange the details of your personal profile, accurate or not, and without your permission.

Given the immense databases of information that now can be rapidly searched and exchanged, no detail of your personal life will be off limits to those who snoop for profit. That cross-referencing to all aspects of your life is what the lobbyists paid for.

''I would say it's probably the most heavily lobbied, most expensive issue'' that Congress ever has dealt with, said Ed Yingling, the chief lobbyist for the American Bankers Assn. Yingling told the New York Times, ''This was our top issue for a long, long time. The resources devoted to it were huge, and we fought [for] it tooth and nail.''

Yingling isn't kidding about those resources, $163 million on financial industry lobbying in the past two years, much of it to the major congressional players. Christopher Dodd of Connecticut, the top Democrat on the Senate Banking Committee, received $325,124 between 1993 and 1998 from the insurance industry, which gave the committee's chairman, Phil Gramm (R–Texas), even more—$496,610. Gramm also got $760,404 from the securities industry and $407,956 from the bankers.

The bipartisan toadying to the industry lobbyists is a disgrace. ''I'd say this is about consumers versus big business,'' Shelby said. He added, ''This is an issue that won't go away. We won't let it go away. People are going to be raising hell about it more and more and more.''

It is a shame that Shelby's is such a lonely voice of alarm. But there is still time for voters to demand to know where their legislators in Congress stand on this surrender of the basic right to privacy. It also is not too late to pressure the White House to veto this bill if it does not contain the Shelby privacy amendment.

The leading presidential candidates in both parties—Democrats Al Gore and Bill Bradley and Republican George W. Bush—all have obtained massive contributions from the financial industry. This issue is the best litmus test of whether any of them can muster the gumption to bite the hand that feeds them. If they can't, when it comes to the most decisive consumer issues, it doesn't really matter which one becomes president.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Delaware (Mr. CASTLE).

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

Mr. CASTLE. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, I also rise in strong support of the rule and the conference report on S. 900, the Gramm-Leach-Bliley Financial Institutions Modernization Act of 1999. This is a long-awaited final step in a decades-long effort to update our financial services laws. I urge my colleagues to seize the opportunity to pass this historic legislation, which will benefit individual Americans and help keep our economy strong.

This legislation accomplishes a number of important goals that will provide better financial services for millions of Americans and make the American financial services industry more competitive.

First, it will eliminate outdated regulations that hinder competition. More competition will give consumers more choices to save and earn money on their investments.

Second, the bill will provide sound regulation, balance, and flexibility for businesses. Banks will be able to choose the type of structure that is best for them. This will allow companies to do so but in a cost-effective manner and way, and produce the new product at lower cost that we want for the financial security of our citizens.

Third, the bill allows new competition without endangering small banks. A big commercial company will not be able to buy a savings and loan and engage in unfair competition against a small, local bank.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial services providers will have to protect consumer information and inform consumers about how this information is used.

Finally, this legislation continues the commitment for banks to meet the needs of low-income Americans through the Community Reinvestment Act. CRA standards are maintained while giving some relief to small banks with excellent community lending records.

It is time for the financial services laws of our country to catch up with the needs of the American people. This legislation will benefit every American seeking to improve his or her family's financial security by saving and investing more.

Let us move our Nation into the next century. I urge passage of the rule and the conference report.

Madam Speaker, I rise in strong support of the conference report on S. 900, the Gramm, Leach, Bliley Financial Services Modernization Act of 1999. This is the long-awaited final step in the decades-long effort to update our financial services laws. I urge my colleagues to seize the opportunity to pass this historic legislation which will benefit individual Americans and help keep our economy strong.

As we have heard many times, Congress has been trying to update the Glass-Steagall Act since the 1930's and the Bank Holding Company Act since the 1950's. Previous attempts to pass financial services reform often failed because one financial industry or another felt that past bills put them at a disadvantage. I have seen several of those attempts fail in the six and a half years I have been in Congress. That struggle is finally over. The banking industry, the securities industry and the insurance industry agree that we must modernize these laws to improve competition and meet the changing needs of consumers.

Madam Speaker, this legislation accomplishes a number of important goals that will provide better financial services for millions of Americans and make American businesses in the financial services industry more competitive.

First, it will eliminate outdated regulations that hinder competition. Banks, insurance companies and securities firms will be able to affiliate and offer new banking, investment and insurance products to American consumers. Competition will enable consumers to choose new ways to save and earn money on their investments that go beyond the products that are available today. The Treasury Department has estimated that this new competition could save Americans billions of dollars. These new business affiliations will be regulated in a streamlined manner to protect American consumers and taxpayers.

Second, the bill will provide sound regulation with flexibility for businesses. Banks will be able to choose the type of structure that is best for how they want to do business, but activities such as real estate development, insurance underwriting and merchant banking will have to be conducted in a separate affiliate to insure complete financial safety and soundness. There will be balanced regulation of these businesses by the Federal Reserve and the Department of the Treasury. This will allow companies to do business in a cost-effective manner and help produce the new products at lower cost that we want for the financial security of every American who wants to purchase them.

Third, the bill allows new competition without endangering small institutions. We are protecting small banks from potential unfair competition by ending a loophole that allows commercial firms to own a savings and loan institution. This compromise on the unitary thrift charter issue will allow commercial companies which now own a savings and loan to retain them, but in the future, only financial companies will be permitted to purchase these institutions. In other words, a big commercial company will not be able to come into a small town by buying a savings and loan and engage in unfair competition against a small local bank. This will help prevent possible conflicts of interest and potential unfair competition.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial service providers will have to protect consumer information; they will have to clearly tell their customers what their privacy policies are; and, consumers will have the right to choose not to have any information shared with unaffiliated third parties. Also, this legislation will not replace any additional privacy protections in any state. It will also make it a federal crime for unethical individuals to attempt to gain private financial information through deceptive tactics. These standards are an important step in protecting the basic financial privacy of all consumers.

And finally, this legislation continues the commitment for banks and new financial service holding companies to meet the needs of everyone in the community through the Community Reinvestment Act. CRA standards are maintained without increasing the regulatory burden, particularly for small banks. Republicans and Democrats alike should be proud we are continuing this commitment in a manner that is fair to communities and financial services businesses.

It is time for the financial services laws of our country to catch up with the needs of the American people. Our constituents have been looking for new and affordable products to give their families financial security. We are long past the days when people were satisfied with a simple savings account or life insurance policy. Most Americans want to maximize their earnings and to find products that will give them the best return.

The financial services marketplace has been struggling to meet consumers needs within a regulatory structure that was created sixty years ago.

The changes in this legislation will ultimately benefit every American seeking to improve his or her family's financial security by saving and investing more. This legislation will help them achieve that goal by making more savings and investment products available in one-stop shopping at competitive prices.

As a member of the banking committee, I have often been frustrated by the long days and seemingly endless hours of negotiation that have gone into this legislation, but I strongly believe that those long hours of work have produced a piece of legislation that will help carry our nation's economy into the next century. It will help produce good products, more choices and hopefully lower prices for Americans, and it will help our nation's financial services business grow and compete successfully into the future.

Madam Speaker, we owe Chairmen JIM LEACH and TOM BLILEY our thanks for persevering through tough negotiations on the myriad of issues in this bill and to our colleague Senator GRAMM for pushing this bill to completion in the Senate. This bill also has a true bipartisan imprint and the contributions of Congressmen LAFALCE and DINGELL should be recognized.

The time is now to bring American financial services into the twenty-first century. This legislation achieves that goal and I urge the house to take the final step by passing this conference report today.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ), the vice chairman of the Democratic Caucus.

Mr. MENENDEZ. Madam Speaker, I thank the distinguished gentleman for yielding time to me.

Madam Speaker, with all the rhetoric out there, there may be people listening to this debate who do not know what difference this bill can make in their daily lives. I think they deserve to.

In a word, it is about choice. It is about consumers having more choices. If they do their banking at a small community bank and buy their insurance from a local independent agent, they can continue doing that. Nothing in this bill changes that, but it will open the doors to new innovations for people who might want them.

With this bill, it is likely we will be able to dramatically reduce the fees and prices we pay for financial services when we choose to do business with a single company that offers banking, insurance, stock and mutual fund needs, all under one roof.

Credit cards with permanently-fixed low interest rates may be offered, along with these unified accounts. We may see new generation ATM machines where on the way home from work we can view our mutual fund, checking and savings account, pay all our bills, from whichever account we decide, and then withdraw some cash for dinner, all in one stop.

In fact, with this bill, consumers will see a whole new range of options to cut their costs and make their lives more convenient.

It is also true that with these options comes legitimate concerns about privacy. That is why this bill statutorily bans the sale of our account information to third-party telemarketers. That is why we give consumers the right to decide whether or not their information can be shared with any unaffiliated party.

There are, in fact, a whole host of provisions in this bill that will protect consumer privacy. Those against this bill want different privacy provisions, an opt-in, an opt-out, a broader ban. We can debate that all day, but remember, without this bill, consumers will continue to have no privacy protections and will have no access to these lower-priced services.

That is why a vote against this bill is in my mind a vote against progress. A vote for this rule and for this bill is a vote for protecting consumers' privacy and increasing consumer choice. I urge my colleagues to support the conference report to S. 900, and I want to congratulate, on our side of the aisle, the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO) for all of their hard work.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Rocky Ridge, Alabama (Mr. BACHUS), the chairman of the Subcommittee on Domestic and International Monetary Policy.

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

Mr. BACHUS. Madam Speaker, if Members do not know where Rocky Ridge is, it is at the end of Rocky Ridge Road. We used to tell people, if you could find it, you can have it. Not many people took us up on the challenge.

In 1933, Glass-Steagall. In 1933, if we wanted to travel across the United States, we had to do so on gravel U.S. roads, U.S. highways, or dirt top U.S. highways, dirt roads. If we wanted to travel on an airplane, there were three-engine Ford tri-motor airplanes, biplanes. They are in the Smithsonian today.

Our railroads, we had steam engines on our railroads. If we want to see a steam engine today, we have to go to China. They are mothballing their last few steam engines.

Today we still have Glass-Steagall. Now, imagine traveling across the Nation on gravel U.S. highways. Imagine how time-consuming that would be. Imagine how inefficient steam engines would be if they pulled our freight trains. Imagine flying home on the weekends in a biplane. That is what our banks and financial institutions are attempting to do every day with a law that was passed in 1933.

1933 was the year that Albert Einstein emigrated to America. He became famous and now he has died, but we still have Glass-Steagall, until we pass this bill. Glass-Steagall will mean $15 billion worth of savings to the American people each year. Not only will they save money through convenience and competition, they will save time. Time is money. It will be much more convenient.

It is time that we turned American ingenuity loose.

Madam Speaker, this legislation, in addition to making historic reforms to the structure of our financial services industry creates new protections for consumers, including a prohibition on a financial institution disclosing nonpublic personal information inappropriately. In creating this new regime, I thought it important that we understand that the realities of day-to-day business for certain financial institutions necessarily involves the disclosure of such information and to make clear that we did not intend to interfere with such legitimate actions.

Companies chartered by Congress to operate in the secondary mortgage market are one such example. Because these companies do not engage in mortgage transactions directly

with the consumer, they are not in a position to provide the notices and disclosures that we call for in Title V. Sweeping them within Title V's purview would have created burdens and uncertainty without furthering the Title's consumer protection objectives. Therefore, the Conference Report contains language I authored that exempts these institutions from Title V's definition as long as they do not sell or transfer non-public personal information to non-affiliated third parties. The Conferees intend to provide the FTC with regulatory and enforcement authority over secondary market institutions only to the extent that such institutions engage in activities outside the provisions of Section 502.

Let me make clear that the types of ''transfers'' that would pull these institutions back within Title V's scope are transfers other than those contemplated by Sections 502(b)(2) or 502(e). For institutions covered by Title V, we recognize that the uses of non-public, personal information that Sections 502(b)(2) or 502(e) contemplate are legitimate. This same standard applies to the secondary market institutions covered by Section 509(3)(D). To the extent that these companies go beyond these parameters, I expect that they will be generally subject to Title V.

Finally, I am offended at the seemingly intentional misrepresentation by certain mortgage insurance and mortgage lending groups of my amendment's effect. My objective in offering this amendment and securing its inclusion in the Conference Report was to exempt those operating in the secondary mortgage market from Title V to the extent that they engage in uses of information that Title V accepts as appropriate and as creating no additional obligation on the part of those institutions. In this manner, I wanted to ensure that these companies remain able to fulfill the important purposes that Congress chartered them to serve. Consumers in communities throughout the country benefit from the liquidity and the access to affordable housing finance that these institutions provide; indiscriminately subjecting secondary mortgage market entities would have made consumers no better off—and perhaps worse off.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. LAFALCE), the ranking member.

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

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

Madam Speaker, I rise in support of the rule and of the conference report on S. 900 and H.R. 10. In July the House passed its version of financial modernization, H.R. 10, with a very broad bipartisan vote, 343 to 86. The Senate passed a partisan product by a very narrow margin of 54 to 44.

The Senate version was a bill that the administration said they would veto. Today we bring basically the House bill, a bill that the administration says they can strongly support, that I strongly support, that the consumers of America should strongly support.

Why? There are some simple, fundamental reasons. There are clear gains in this bill for consumers, for communities, and for our financial services system if the bill is enacted.

If this bill is not enacted, there would be clear losses. Without this bill, banks will continue to expand, as they have been, into the securities and into the insurance business. They have done this for many, many years, on thousands of occasions. They would continue to do so if this bill does not become law, but without the broader application of CRA that this bill mandates. They would continue to do so, but without any privacy protections whatsoever for consumers, privacy protections that this bill mandates.

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They would continue to do so, but without the consumer protections included in this bill that ensure consumers know the risks associated with products they purchase and know whether or not they are insured. They would continue to do so if this bill is not passed, but without the increased regulatory oversight provided by this bill. Members should embrace this bill for consumers, for communities and for the future of the financial services industry of the United States.

Madam Speaker. I rise in support of the Rule and of the Conference Report on S. 900.

In July, the House passed its version of financial modernization (H.R. 10), with a broad bipartisan vote of 343–86. The Senate passed a partisan product by a narrow margin of 54–44. The White House clearly indicated it would veto the Senate version because of its negative impact on the national bank charter, highly problematic provisions on CRA and its non-existent privacy protections.

The conference report necessarily represents a compromise between the two versions. But it is a good and balanced compromise that effectively modernizes our financial services industry under strong regulatory controls, but also includes strong protections for consumers and communities consistent with the original House bipartisan product. As a result, the administration strongly supports the conference report.

I support this bill for very simple and fundamental reasons. There are clear gains for consumers, for communities and for our financial services system if this bill is enacted. There are clear losses if it is not.

Without this bill, banks will continue to expand into the securities and insurance business as they have been doing on thousands of occasions for many years under current law. However, they would continue to do so: Without the broader application of CRA this bill authorizes; without any privacy protections whatsoever for consumers; without the consumer protections included in this bill that ensure consumers know the risks associated with products they purchase and know whether or not they're insured; without the increased regulatory oversight provided by this bill; and with artificial structural limitations that will place the U.S. financial services industry at a clear competitive disadvantage.

However Members choose to vote on this bill, they should vote based on the facts. The facts are as follows.

Financial modernization. Many of the new activities, acquisitions, affiliations and mergers this bill authorizes, with a variety of regulatory and consumer protections, already have occurred, and will continue to occur, under current law and court interpretation if this legislation is not enacted. But they will occur without adequate regulatory oversight and without the consumer protections built into this bill. In large part, then, this bill rationalizes existing practices.

Privacy. In the financial services context, federal law now offers consumers no protection of their personal financial information, and regulators have no authority to impose any. We are creating federal privacy protections, for the first time. No financial services bill in decades has gone to the floor with stronger privacy protections—indeed, with any privacy protections. A vote for this bill is the strongest pro-privacy vote that any Member of this House has ever been able to cast. It is a vote for consumer privacy protection. The provisions in this bill are now stronger than the privacy provisions of the House product, which passed 427–1.

Community Reinvestment Act (CRA). This bill does not change existing CRA obligations on insured depository institutions in any way. It, in fact, substantially enhances CRA. Banks can now engage in securities and insurance activity without satisfactory CRA performance being a factor at all. For the very first time, the conference report applies CRA to banks and their holding companies in the context of expansion into activities such as securities, insurance underwriting and merchant banking.

The conference report also deletes Senator GRAMM's CRA exemption for small or rural banks. It deletes Senator GRAMM's ''CRA safe harbor'' that would have blocked community comments on most banks' CRA applications and shifted the burden of proof unfairly to community groups. For small banks, it targets CRA regulatory resources on banks with the poorest CRA records, creating an incentive for better community reinvestment performance. It ensures that the regulators have complete authority to examine banks regarding their CRA performances as frequently as they believe necessary.

The conference report also provides for disclosure of a limited set of CRA agreements. But it substantially narrows the overbroad provisions of the Senate bill and attempts to minimize the reporting burden on community groups. Community groups are bringing new capital and new financial services into low income communities through these agreements. We, and they, have every reason to be proud of that record. This disclosure provision, to the very limited degree it applies, can only make that proud record apparent to everyone.

I would be remiss if I did not note that these legislative efforts have a human face. First of all, I want to thank Chairman LEACH who kept this a fair and bipartisan process despite often heavy and unfortunate pressure to do otherwise. I would also like to thank the chairman's staff—Tony Cole, who we all hope is recuperating well, Gary Parker, and Laurie Schaffer, and Legislative Counsels Jim Wert and Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, without whose tireless and effective efforts we would not have gotten to this point, and also Dean Sagar, Patty Lord, Jaime Lizarraga, Kirsten Johnson-Obey.

This is a good bill which Democrats can be proud to support. I urge your support of the conference report on S. 900.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Fullerton, California (Mr. ROYCE), a member of the Committee on Banking and Financial Services.

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

Mr. ROYCE. Madam Speaker, the historic legislation that we are considering today is a win for consumers, a win for the U.S. economy and a win for America's international competitive position abroad.

American consumers will benefit from increased access, from better services, from greater convenience and from lower costs. They will be offered the convenience of handling their banking insurance and securities activities at one location.

More importantly, with the efficiencies that could be realized from increased competition among banks, insurance and securities providers under this proposal, consumers could ultimately save an estimated $18 billion in the estimates of our U.S. Treasury Department. This reduction in the cost of financial services is, in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America's international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

In urging swift passage, Federal Reserve Chairman Alan Greenspan said, we cannot afford to be complacent regarding the future of the U.S. banking industry.

This legislation is 30 years overdue, Madam Speaker, and I urge my colleagues not to delay its passage any longer. Let us support the rule and let us support the bill.

Madam Speaker, the historic legislation that we are considering today, is a win for the consumer, a win for the U.S. economy and a win for America's international competitive position abroad.

American consumers will benefit from increased access, better services, greater convenience and lower costs. They will be offered the convenience of handling their banking, insurance and securities activities at one location. More importantly, with the efficiencies that could be realized from increased competition among banks, insurance, and securities providers under this proposal, consumers could ultimately save an estimated $18 billion annually.

This reduction in the cost of financial services, is in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America's international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

This legislation is 30 years overdue Mr. Speaker, and I urge my colleagues not to delay its passage a day longer.

At this time, I would like to make a few clarifying remarks.

Included in Title VI of the bill before us are complex changes in the structure of the Federal Home Loan Bank (FHLBank) System. I believe these changes will enhance the ability of the System to help member institutions serve their communities, though there is enormous work yet to be done to implement these initiatives. Consequently, at the risk of redundancy, it is important to reiterate the view expressed in the conference regarding related regulatory actions.

As noted in the committee report, the conferees acknowledged and supported withdrawal of the Financial Management and Mission Achievement (FMMA) rule proposed earlier this year by the Federal Housing Finance Board (FHFB), the FHL Bank System regulator. The FMMA would have made dramatic changes in such areas as mission, investments, liquidity, capital, access to advances and director/senior officer responsibilities. Because of serious concerns over the FMMA's impact on FHLBank earnings, its effect on safety and soundness and its legal basis, the proposal has been intensely controversial among the FHLBanks' membership, with over 20 national and state bank and thrift trade associations calling for a legislated delay on FMMA.

Many conferees not only shared these concerns but also felt strongly that the FMMA should not be pursued while the FHLBank System is responding to the statutory changes in this bill. There was great sympathy for a moratorium blocking the FMMA, but prior to the matter coming to a vote, Chairman Morrison of the FHFB sent a letter to Chairmen GRAMM and LEACH agreeing to withdraw the proposal, which I want to make sure is part of the RECORD. He also promised to consult with the Banking Committees regarding the content of the capital rules and any rules dealing with investments or advances. The FHFB's commitment not to act precipitously in promulgating regulations in these areas creates the proper framework for effective and timely implementation of the reforms that Congress is seeking to put in place.

The regulatory standstill to which the FHFB has committed should apply to any final rules or policies applicable to investments, and the FHFB should maintain the current $9 billion ceiling on member mortgage asset pilot programs or similar activities. In the context of dramatic impending changes in the capital structure of the FHLBanks, I believes it is necessary for the FHFB to refrain from any effort otherwise to rearrange the FHLBanks' investment framework, liquidity structure and balance sheets.

It is my understanding that credit enhancement done through the underwriting and reinsurance of the mortgage guaranty insurance after a loan has been closed are secondary market transactions included in the exemption for secondary market transactions in section 502(e)(1)(c) of the S. 900 conference report.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO).

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

Mr. VENTO. Madam Speaker, I rise in strong support of this rule. The Committee on Rules, under the chairmanship of the gentleman from California (Mr. DREIER) and the gentleman from Massachusetts (Mr. MOAKLEY), the ranking member, who have been able helpers in the process, we could not be here today without the help that they have offered in terms of melding together the bills in the House and for their help and assistance in bringing this bill to the floor yesterday and today.

This is a must-pass bill. We need to build the type of economic foundation that will continue the economic progress that we have experienced in our economy. The fact of the matter is that our financial system in this country, in terms of banks, insurance, securities, are dysfunctional today.

In this bill, led by the gentleman from Iowa (Chairman LEACH) in the House, we have been able to bring to the table the insurance interests and the security interests and banking interests and literally make them come to an agreement; and the same is true, of course, with the regulators, bringing together Chairman Greenspan and Secretary Rubin and now Secretary Summers, and others, and provide the type of functional regulation that would satisfy the tough questions and problems. So, too, in terms of consumer issues which are so important to all of us to build the type of efficiencies and provide the type of safeguards that the people deserve.

Now, I checked with the counsel for the House and the counsel for the Senate and not a single consumer law is repealed in this bill. Quite the contrary. In fact, CRA is strengthened by applying it to new activities and applications. In fact, privacy, this is one of the most pervasive privacy provisions ever written into Federal law and applies to all financial entities.

Yet some today choose to build a facade of problems rather than dealing with the reality and passing this important legislation. We have the overwhelming support now in the Senate, overwhelming support of the House, with nearly 350 Members that voted for this in the initial instance and almost the same bill is being presented to today, and, of course, the support of the administration.

I say it is time to pass this bill to provide the type of financial efficiencies and consumer benefits that are inherent in a modern financial system that is necessary for America's engine of economic growth.

Madam Speaker, I rise in support of this rule that will bring before the House in an expedited fashion the conference report on S. 900, the Financial Services Modernization Act. This act, otherwise known as the Gramm-Leach-Bliley act, is the culmination of many many years of effort to bring the financial institutions and regulatory law in line with the realities of today's marketplace.

Modernization of our financial services will finally be achieved with the enactment of this key bill. With passage of this conference report, Congress will enhance consumer protections in important ways, putting forward the strongest financial privacy protection provisions ever to be written into Federal law and

maintaining and reinvigorating the Community Reinvestment Act's relevance in the new financial world.

This is a good compromise that reflects much of the House-passed bill in content if not wholly in form. We repeal Glass-Steagall and allow the affiliations with securities firms, insurance companies and banks. The commercial ownership loophole is closed for unitary thrift holding companies. We enhance the Federal Home Loan Bank System. We establish consumer protections in law for the sales of non-deposit products by banks. The financial privacy and CRA provisions are substantive, substantial Federal policy advances. Importantly, the bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy: rural and urban.

With regard to privacy, I well understand some sought greater consumer privacy provisions. But the perfect should not be the enemy of the good. This conference agreement lays a solid foundation of financial privacy set into our regulated financial marketplace which affects all consumers doing business with all banks, S&L's, insurance companies, securities firms and credit unions and in fact, all entities financial in nature: such as credit card companies and finance offices. The broad basis for this provision is only beginning to be appreciated and this privacy law is very much needed on that broad basis.

With regard to CRA, the conference successfully eliminated the harmful ''safe harbor'' and ''small bank exemption'' provisions from the Senate bill. We accepted a modified disclosure and reporting system. While I strongly disagreed with the burdensome, so-called ''sunshine'' and reporting provisions in the Senate bill that raised the specter of harassment of pro-CRA groups, very few would oppose openness. Certainly, the disclosure of information can spell out the effectiveness of these groups working so hard in our communities and the effectiveness of the CRA itself.

I believe the reporting requirements, although improved, are an extraordinarily difficult policy as structured in this measure. It no doubt will be more of a burden to community groups and banks who currently do not file reports. However, we were able to streamline the reporting requirements and to limit who should file a report even as we gave the regulators substantial authority to properly oversee such provisions. We should be mindful of the administration's and regulators' expressions of good will to take a common sense approach with regards to its implementation. Hopefully they can help make these disclosure and reporting requirements more workable. Congress will certainly have to closely monitor the implementation of these provisions and their effects.

With that, Madam Speaker, I urge an ''aye'' vote on the rule so that we can positively consider one of the key financial services bills of our century, the conference report on S. 900, the Financial Services Modernization Act.

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

Madam Speaker, as we can tell from the comments that have been made on the floor tonight, this legislation is not only historic but has required a great deal of work, a bipartisan work, and I am very proud of the House of Representatives and the Congress that has done something that is great for consumers.

It is hard work. We are hearing about it tonight. Just another example of what great work this Congress has done.

Madam Speaker, I yield 2 minutes to the gentleman from Allentown, Pennsylvania (Mr. TOOMEY), a member of the Committee on Banking and Financial Services.

Mr. TOOMEY. Madam Speaker, I rise in support of this rule and the legislation under consideration today. The Gramm–Leach-Bliley Financial Services Modernization Act is probably the most important financial legislation to come before Congress since the Glass-Steagall Act mandated a separation between banking and the securities industry back in 1933.

Today there is virtually unanimous agreement among economists, academics, policymakers and most importantly the men and women actually creating and providing financial services across America today. The repeal of Glass-Steagall is necessary so that consumers can get the products and services they desire and American financial firms can compete in the global marketplace.

Madam Speaker, I would like to highlight just one small part of this sweeping legislation. I am particularly pleased that this bill includes an important provision regarding certain derivative transactions, especially credit and equity swaps. These somewhat obscure products are actually very important tools used by businesses, including financial service firms, to manage a variety of risks that they face. This bill reaffirms that swap contracts are legitimate bank products that can be executed and booked in banks and are adequately regulated by and will continue to be regulated by banking supervisors.

I would also like to congratulate the many Members of this Chamber who have worked very hard, some for many years, on financial modernization. In particular, I would like to salute the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LAFALCE) for the outstanding work they have done to see this legislation through to completion, and I urge my colleagues to support the rule and passage of this historic bill.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Houston, Texas (Mr. BENTSEN).

Mr. BENTSEN. Madam Speaker, as a member of the committee and the conference committee, I strongly support this legislation and the rule and urge my colleagues to support it. I believe that this comprehensive banking reform legislation will bring new benefits to consumers by encouraging competition among the banking securities and insurance industries in creating one-stop shopping for consumers.

The United States' financial industry is the strongest and soundest in the world today because of our dynamic market economy and strong regulatory regime. Yet as the financial markets mature they have been restrained by the Glass-Steagall law that requires financial companies to separate their various entities.

By repealing Glass-Steagall, Congress will bring new competition to financial services so that consumers can purchase products more efficiently and more cheaply. The net effect will be to promote more competition, create more products at lower prices and better protect American consumers.

While the bill does not create the ideal financial holding company model or charter, it does repeal portions of existing regulatory constraints dating back to the Great Depression commensurate with a market that has matured greatly through market disintermediation brought on by broader consumer wealth, sophistication and access to information.

This bill does not provide for the mixing of banking and commerce but does address it in a prudent way through a new complimentary to banking approach that should meet the concerns of not limiting banking and finance as it expands.

It does allow for banks to enter the insurance and securities brokerage business while protecting functional regulation and maintaining the Securities and Exchange Act and McCarran-Ferguson.

Finally, I would like to say that this bill in many respects strengthens the Community Reinvestment Act. It has for the first time the ''have and maintain'' clause which says that any bank that wants to get into any line of businesses must have and maintain a satisfactory CRA rating.

Additionally, it protects CRA for smaller banks. It in no way excludes or exempts smaller banks from CRA, which some members in the other body tried to do.

I think this is really a win/win, and in terms of privacy, as other speakers have said, this codifies new law as it relates to privacy. If we do not pass this bill, consumers will be worse off as it relates to privacy and I would encourage my colleagues to pass it.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Palm Bay, Florida (Mr. WELDON), a member of the Committee on Banking and Financial Services.

Mr. WELDON of Florida. Madam Speaker, I thank the gentleman from Texas (Mr. SESSIONS) for yielding me this time.

Madam Speaker, when I was first elected to Congress and later appointed to serve on the Committee on Banking and Financial Services I was very surprised to learn that the laws governing the financial service sector of our economy were relics of the Depression, that the Glass-Steagall Act was passed in 1933 and that for years the Congress had been unable to pass important and badly needed new legislation to modernize the laws governing the banking,

insurance and securities industries in the United States.

Well, tonight we are finally getting that job done and modernizing those laws. This may not be a perfect bill but it is a good bill. It is a good bill because it will make it easier and less expensive for the public to access banking and financial services.

Our international competitors in Europe and Asia long ago adopted more modernized changes to the laws governing their financial service sectors. We now in the U.S. will have modernized ours, and in doing so we will improve the competitiveness of the American economy and allow it to continue its place as the most competitive economy on the globe.

Much credit goes to the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LAFALCE) for this bill, as well as all of the others who had significant input in this effort, to include the Treasury Department and the Federal Reserve, particularly Chairman Greenspan. I encourage all of my colleagues on both sides of the aisle to vote yes on the rule and vote yes on final passage of this legislation.

Mr. MOAKLEY. Madam Speaker, I yield 1½ minutes to the gentlewoman from Rochester, New York (Ms. SLAUGHTER).

Ms. SLAUGHTER. Madam Speaker, I thank the gentleman from Massachusetts (Mr. MOAKLEY) for yielding me time.

Madam Speaker, I have some strong concerns about the conference report, but I do want to thank the conferees for including Section 733 entitled Fair Treatment for Women by Financial Advisors. This short but important section, based on an amendment I brought to the floor, reads, it is the sense of Congress that individuals offering financial advice and products should offer such services and products in a nondiscriminatory, nongender specific manner.

The language is in response to estate documents that keep women from controlling their inherited financial assets. Some estate planning publications and sales literature for trusts use three themes. One is that women should be relieved of the burden of managing money because they cannot learn. Second, if they have money on their hands they will be vulnerable to shysters and, third, they might remarry and hand the man's hard-earned money over to somebody else.

Now, this is not an old problem. In a 1998 estate planning guidebook it instructs its benefactor to consider the question if, quote, a man should subject his wife to the bewildering details which administration of property often involves if she has had no experience with it.

It goes on to state that if she has had no previous experience she may not be prepared to handle large sums of money. If this is true, she herself would not want to be burdened with administration of property.

How kind of them to look out for protecting the wife.

It is past time that these outdated themes are addressed and discriminatory financial practices are brought out in the open as we move forward to modernize the rest of the financial services industry, and it is my personal hope that this bill includes no bail-out provisions should some of this go wrong in the future.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Des Moines, Iowa (Mr. GANSKE).

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Mr. GANSKE. Madam Speaker, I rise in support of the rule and the bill. I am particularly pleased that the unitary thrift loophole which allows commercial firms to control savings and loans charters has been closed in this bill.

Both Treasury Secretary Rubin and Federal Chairman Greenspan testified in support of the provision to restrict unitaries. In his Senate testimony, Greenspan stated, ''The Board supports the elimination of the unitary thrift loophole, which currently allows any type of commercial firm to control a federally insured depository institution. Failure to close this loophole would allow the conflicts inherent in banking and commerce combinations to further develop in our economy and complicate efforts to create a fair and level playing field for all financial services providers.''

What would be the result if Microsoft purchased Washington Mutual with its 2,000 branches and $165 billion in assets? It certainly would have raised the specter of too big to fail.

But, Madam Speaker, I especially want to commend the gentleman from Iowa (Mr. LEACH) for his patience and endurance in brokering this agreement between members of the conference committee and in balancing the interest of everyone, from small community banks and large international insurance firms, to consumers and investors.

The challenge was to find equilibrium between maintaining safety and soundness in the Nation's banking system and providing for a fair and efficient competition in the financial services marketplace.

There are many who deserve a lot of credit for this bill. But at the top in my book is the gentleman from Iowa (Chairman LEACH). Iowans should be very proud of the gentleman from Iowa (Chairman LEACH) for the work on this bill.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Malden, Massachusetts (Mr. MARKEY).

Mr. MARKEY. Madam Speaker, I thank the gentleman from South Boston, Massachusetts, for yielding me this time.

Madam Speaker, I rise in opposition to this bill. I support the modernization of the financial services industry in the United States.

Because of global competition and rapid technological change, it is critical that we update the laws which deal with every aspect of the financial matters of the people of our country, but there is a fatal flaw in the heart of this bill.

The financial institutions say that they need synergies of being able to provide brokerage and banking and insurance services to every American. As a result, they can be giving the American people no privacy protections.

What the American people say is give us the synergies, but take the ''sin'' out of those synergies. Do not compromise our privacy. If one has had one's checks in the same bank from the last 25 years, all of those checks can now be shared with all the insurance agents inside of this new financial services institution, with all of the brokers inside of this financial institution, with the telemarketing affiliates of this financial services institution to do a financial profile of one for their marketing purposes. If this financial services company creates a joint agreement with another financial services company, one cannot protect that information either.

This is all one gets, Madam Speaker, from one's new, huge, bank holding company: Notice. Notice is all one gets. What is the notice? The notice is one has no privacy rights. That is the notice. None. Because it interfere with their ability to make money at the expense of one's family's secrets.

No one should vote for this bill. It is a fatally flawed bill. We should be able to deal with this issue simultaneously with letting the big boys get all they need. We should take care of what ordinary people need for their families as well.

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

Madam Speaker, thank goodness we have an open debate here tonight where we are able to talk about the need for privacy rules and regulation, the most comprehensive ever in the marketplace.

Madam Speaker, I yield 3 minutes to the gentleman from Brightwaters, New York (Mr. LAZIO), to help explain this a little bit further, a member of the Committee on Banking and Financial Services and the Committee on Commerce.

Mr. LAZIO. Madam Speaker, let me, first of all, begin by complimenting the gentleman from Iowa (Mr. LEACH), the chairman of the Committee on Banking and Financial Services; the gentleman from New York (Mr. LAFALCE), the ranking Democratic member; the gentleman from Ohio (Mr. OXLEY), chairman of the Subcommittee on Finance and Hazardous Materiels; and the gentlewoman from New Jersey (Mrs. ROUKEMA); and the gentleman from Virginia (Mr. BLILEY) for their outstanding leadership in getting this bill to the floor.

For 25 years, we have been working on this effort. Today we are on the verge of making it a reality. For the

first time in history, we are going to require a financial institution to actually have a privacy policy and to put it in plain English.

Madam Speaker, for years, we have been hearing about the trend of global markets. Today globalization is the reality. Geographic borders no longer block the flow of capital, creating a whole new world of economic opportunity. The question is: Are we poised, are we prepared to take advantage of this opportunity? Are we willing to embrace the future? That is the question that is posed today. That is what the Financial Services Modernization Act is designed to do.

Madam Speaker, rather, this bill will remove the red tape that threatens to strangle our financial institutions as they enter the new global marketplace.

Americans believe deeply in competition. They trust the free market. Why? Because, year after year, competition brings more services, more choice, lower prices, and more wealth.

Many financial conglomerates are already responding to their customers' needs, offering a full menu of financial products and services. But that does not mean that, when Glass-Steagall barriers are torn down, every bank will be a broker or that every broker will be an insurer.

Customers will gravitate to the best managed, lowest price financial services provider. This legislation will give American companies the freedom that they need to meet this challenge. It will give the freedom to remain the world leading financial institution.

Madam Speaker, while I support this legislation strongly, I must point out that it falls short in one important area. It does not provide for a full two-way street for the securities industry to engage in banking and so-called woofie provision. Woofies would have allowed firms with institutional and corporate clients to provide those customers with a full range of financial services without any additional risk to the Federal Deposit Insurance System. I am disappointed they were cut out of the conference report at the last second.

Nevertheless, Madam Speaker, I strongly support this bill. It will encourage competition in the financial services industry both here and abroad. It will spur the creation of new financial instruments and new markets to the benefit of consumers and businesses alike.

With that, I want to urge all of my colleagues to vote for this bill. Let us make sure that American banking is ready for the 21st century.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking member of the Committee on Appropriations.

Mr. OBEY. Madam Speaker, this bill is consumer fraud masquerading as financial reform. There is nothing wrong with modernizing financial institutions. It is nice to see that my colleagues are going to try to set up one-stop shopping services for financial services. But returning 1999 to 1929 is not reform in my book.

The proponents says they are making advances by providing privacy protections. But the fact is the consumers are going to be faced with the new megamerged world. Insurance companies, banks, and investment companies are all going to be owned by the same people.

Supporters brag about consumer privacy rights that they are protecting, and they are careful to say that they are providing protection in the case of all unaffiliated third parties. That is true, but big deal.

What they do not tell you is that they are giving away the privacy store in terms of all affiliated parties. Because one is going to have the same people owning one's banks, owning one's insurance company, owning one's stock brokerages. That means they are going to share one's banking information with every single affiliate, and they are going to be able to contract with the telemarketers and spread that same information around.

Sometimes this House makes me sick, and this is one of those nights.

Mr. SESSIONS. Madam Speaker, may I inquire as to the time remaining for both sides.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Texas (Mr. SESSIONS) has 3 minutes remaining. The gentleman from Massachusetts (Mr. MOAKLEY) has 11½ minutes remaining.

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

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Madam Speaker, I have spent hours on this bill. I served on the conference committee. I am the ranking member of the Subcommittee on Domestic and International Monetary Policy of the Committee on Banking and Financial Services.

I have spent hours on this bill, and I am absolutely surprised that the Members of this House can support a bill that would do what this bill is about to do to working people and poor people.

We have something called CRA, Community Reinvestment Act. It is an act that basically forces the banks to put something back into the communities where they get deposits.

Now, there are those who have never liked CRA. They have winnowed away at CRA every year. They have tried to dismantle it. The President did away with all of the paperwork, because they said it was too much paperwork. But that is not enough. They came back this time with something called ''sunshine.''

Well, what they are doing is they are intimidating the activists. They are intimidating them by making them do something called disclosure and accountability and reporting. They are doing it in such a way that they will discourage them from being activists. If they get investigated and they fall short of the expectations, they will not be able to be involved in this work for 10 years.

They know what they are doing. They want to get people out of the business of challenging the banks. This is a one-man vendetta that took place on the conference committee.

We should never have negotiated with them, but the negotiations took place in the back room, not in public. Those who say that CRA has not been weakened are wrong. It has been weakened.

Well, in addition to what has been done to CRA, the privacy provision should cause one to hesitate on this bill. One's information will be given to third parties. Do my colleagues know what they are? They are boiler rooms where they hire people off the street to come in and do telemarketing who are dialing to sell one something.

They are going to have all of one's information. They are going to have one's bank account. They are going to have one's tax returns. They are going to have everything. Privacy, CRA, fair housing, and the people got nothing.

I tried to get lifeline banking. I said, let us have a study on the escalating fees that banks are charging. I said, let us do something about surcharging at ATMs. The consumers got nothing. We were voted down on every attempt to do something for consumers. This is the big boys' bill. This is the big banking bill. This is nothing for the people.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Florida (Mrs. MEEK).

(Mrs. MEEK of Florida asked and was given permission to revise and extend her remarks.)

Mrs. MEEK of Florida. Madam Speaker, I am sure that those of my colleagues who have come to the floor and applauded this bill have tunnel vision, and their vision is directed toward the large banking institutions. Because their blindness does not let them see to the right and left of them, they do not really see the people that are being affected by this bill most.

I am opposed to this bill, that this bill brings in a strong element of discrimination, particularly in fair housing. Fair housing is an area I have fought for since the 1960s. We finally got a bit of fair housing.

Now, they come in and say to these big conglomerates they are going to let the insurance companies come in now; and they can do redlining, and they do not care, because it is not within the big prospectus of the bill.

But now it is going to be even harder for people to get a house. If one cannot get insurance, I repeat, one cannot get a house. So what is that other than discrimination?

The CRA language in this bill may have been worked on to some extent. But my colleagues were not able to see the forest through the trees. Then they limited it, and they thought they were

expanding it; but they limited it by protecting the banks.

Now, do not let anybody fool you, the banks have made a lot of money. They have gone into these neighborhoods, and they have been able to help in those neighborhoods. But what my colleagues are doing now is they are letting other players into this ball game. These other players may or may not have the kind of outlook on these problems as banks do.

So they are saying that is okay because it does not involve us. But it does involve you in that, if you do not expand it, you are not going to be able to capitalize on the gains you have been made through the community reenactment.

Now, I know my colleagues do not like CRA. I have come from neighborhoods where CRA is sort of like a bad word, like some kind of plague on us. But my colleagues must go back to the fight they are supporting and putting severe penalties on these groups, make it hard for them to fill out the paperwork, do not punish the banks, make it hard for these poor little community-based groups to fill them out, then bang them over the head with some big propensity for the Federal Government to come in on it.

You are talking about keeping the Federal Government off your backs. You put it on the backs of poor people. Shame on you.

Madam Speaker, I rise in opposition to the Conference Report because it weakens the Community Reinvestment Act when we should be strengthening and expanding it. Clearly, there is a need to modernize and update this nation's banking and financial services laws. Nonetheless, because the CRA provisions are flawed and have gotten worse since leaving the House, I cannot support this bill.

Madam Speaker, the CRA has brought economic development, hope, and opportunity to low and moderate income communities in urban and rural areas across the country. The CRA has been the primary vehicle to expand access to capital and credit in my District and in other low income and minority communities throughout the country.

CRA was created to combat discrimination by encouraging federally insured financial institutions to meet the credit needs of the communities they serve. CRA requires federally insured banks to seek business opportunities in poor areas.

Since its enactment in 1977, financial institutions have made more than $1 trillion in loans in low income communities, more than 90% of them in the past seven years. As a result, neighborhoods have improved as more residents have been able to buy homes and more small businesses have succeeded. The CRA has been an enormous success.

We should be expanding the reach of the CRA, not restricting it. Unfortunately, the Conference Report moves in the wrong direction on CRA. It fails to adequately protect and promote access to capital and credit and fails to capitalize on our opportunity to expand the CRA.

While the CRA language in the Conference Report clearly is an improvement over the language in the bill passed by the Senate, the conference report language in fundamentally flawed. The conference report eliminates the requirement that financial holding companies maintain compliance with the CRA. It limits CRA oversight of banks and thrifts by severely reducing the frequency of CRA exams for most urban and rural banks with assets of under $250 million. It imposes unnecessary and highly burdensome reporting requirements on community groups that are parties to CRA agreements with banks and imposes severe penalties on the community groups for noncompliance.

The bill significantly extends the time between CRA exams for small banks, allowing such banks to take full advantage of all of the new powers under the banking bill even if their performance in low-income areas declines dramatically during this period. It also fails to protect customers of banks owned by insurance companies from illegal discrimination. Under the bill, insurance companies found guilty of violating the Fair Housing Act are not prohibited from affiliating with banks, even though their insurance agents may become the salespeople for these new bank affiliates.

Madam Speaker, as we seek to modernize the financial services industry, we must not miss this unique opportunity to modernize the Community Reinvestment Act. We need a bill that creates a financial system that works for all Americans. For main street, not just wall street. For these reasons, I oppose the Conference Report.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. BAKER).

□ 2045

Mr. BAKER. Madam Speaker, I thank the gentleman for yielding me this time.

I think some folks have really missed the boat tonight. If my colleagues do not want privacy restrictions, then vote against this bill. The first Federal privacy statute ever. Who does it apply to? Banks, insurance agents, securities companies.

Does it apply to Wal-Mart? Does it apply to General Motors? Does it apply to anyone else in the world? No. For the first time it applies to financial institutions and financial in nature only. They cannot sell an individuals' private information, without that individual's permission, to a third party.

Some people wanted to go further. They wanted to really shut it down. They wanted to make sure credit unions could not do their work behind the counter by contracting with third parties to handle their check-clearing processes. If my colleagues want to go further, fine, deal with the credit unions and small banks of this country and tell them they cannot do their business any longer.

I think some people have missed it. Big bank bill? This bill, for the first time, provides 15-year fixed rate interest rate loans for small businesses, rural, and agricultural communities through small hometown banks. Small banks shut down Wal-Mart. If my colleagues want to make sure Wal-Mart in your town soon, running the hardware department, running the tire department, running the frozen food department, and, yes, running your local bank, vote against this bill. Because there is a loophole that has been shut down that would allow Wal-Mart coming soon to your hometown to run your bank.

Small bank? Consumer? This bill is it. I cannot imagine what my colleagues are thinking.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Madam Speaker, I rise in opposition to the rule and in opposition, strong opposition, to the bill.

This bill is pro megabank and it is against consumers. And I would say to the people listening tonight, Are you tired of calling banks and getting lost in the automated phone system, never locating a breathing human being? This bill will make it worse.

Are you fed up with rising ATM fees and service fees that now average over $200 a year per account holder? This bill will make it worse.

Are you skeptical about banks that used to be dedicated to safety and soundness and savings but are now switching to pushing stocks and insurance and debt? This bill will make it worse.

Are you tired of the megafinancial conglomerates and mergers that have made your community a branch economy of financial centers located far away, whose officers you never know, who never come to your community? This bill will make it worse.

Punitive reporting requirements in this bill are aimed at disabling community groups that are the only groups in this country that hold these institutions accountable for the depositors' money. It is going to make them a target of Federal reporting requirements.

So why do community groups oppose this bill, like the Lutheran Office for Governmental Affairs, the Fair Housing Alliance, the National Low-Income Housing Coalition, the Coalition of Community Development Financial Institutions, Consumers Union, the Volunteers of America? Sounds like the folks that live in my neighborhood, my colleagues.

I would say this is one of the worst-conceived bills ever to come before this body, simply because it does not pay attention to the majority of the American people who have, on average, less than $2,000 in any financial institution in this country.

To anyone listening tonight I say, Put your money in the credit unions. They are owned by you and they will take care of you. Vote against this bill.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mrs. EMERSON). The Chair must remind Members that under the rules of the House, remarks in debate should be directed to the Chair and not to others, outside the chamber, in the second person.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from

Salt Lake City, Utah (Mr. COOK), a member of the Committee on Banking and Financial Services.

Mr. COOK. I thank my colleague from Texas for yielding the time, and I want to say, Madam Speaker, that I rise in support of this bill and thank the Committee on Rules, the Committee on Commerce, and my chairman, the gentleman from Iowa (Mr. LEACH), along with my other Committee on Banking and Financial Services colleagues for their tireless efforts to create a rational and balanced structure to bring our country's financial services finally into the 21st century.

I commend the conference committee for their agreement on the delicate compromise, ensuring adequate consumer privacy protections and reinforcing important CRA provisions. The enormous benefits to the economy and consumers of financial services will be seen for years to come.

This legislation is long overdue and quite historic. Modernizing the regulation of the U.S. financial services industry is a landmark opportunity for this Congress to prove that we are dedicated to providing individuals and businesses with lower costs and greater convenience, ensuring that the U.S. remains the economic global leader.

I urge my colleagues to join me in support of the rule and final passage.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, I rise in support of the rule and the bill. After 66 years, it is time for Congress to retire Glass-Steagall. The markets already have.

Today's current confused state of financial services law is not the result of any policy decision by Congress, rather it is the result of chipping away at Glass-Steagall by unelected regulators and court decisions.

The legislation before us will bring order to the law, to reflect the reality of today's financial markets. Advances in technology are presenting financial companies with new opportunities to better serve their customers here at home and to compete for business around the world. Without congressional action establishing a consistent legal framework in the United States, we risk losing international opportunities to other nations.

While on the whole I believe the Gramm-Leach-Bliley act promotes needed legal consistency and makes United States companies more competitive, it could have been improved in several areas.

I supported stronger CRA and privacy provisions than those in the bill before us; but, overall, I support this bill and I urge a ''yes'' vote.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Madam Speaker, I rise in support of the rule and the bill.

Many of my colleagues are concerned that this bill does not enact strong enough privacy protection for consumers, and I would like to address some of those concerns. Current law, today, current law provides no protection for consumers' financial privacy. None. Zero. Zip. A bank under current law can sell personal financial information to whomever they want, whenever they want, and however they want. They can even sell a customer's account number. There is nothing a customer can do.

With the enactment of this legislation, for the first time ever, companies will be required to fully disclose how customer information will be used; and for the first time ever, companies will have to allow consumers to say no to the sharing of personal information with third parties.

Could we have done better? Absolutely. But this is a step in the right direction. Today, we have the opportunity to enact a bill with new privacy protections.

Madam Speaker, I would also like to thank the ranking member, the gentleman from New York (Mr. LAFALCE), and the chairman, the gentleman from Iowa (Mr. LEACH) for the wonderful leadership they have shown, and I urge support of this rule and the bill.

Mr. MOAKLEY. Madam Speaker I yield 1 minute to the gentleman from Washington (Mr. INSLEE).

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

Mr. INSLEE. Madam Speaker, I too want to compliment the gentleman from New York (Mr. LAFALCE) and the gentleman from Iowa (Mr. LEACH) for their work on this bill. They both showed courtesy and professionalism.

But I must speak against this bill, because the way this bill is written tonight it is a clear and present danger to the existing privacy rights of America. This bill is the single greatest threat to Americans' basic and fundamental privacy interests of any legislation, considered by any legislative body in America, ever.

The reason is, and I want my colleagues to imagine this, because this is what is going to happen if this bill becomes law. When these mega-affiliates are allowed to exist, what is going to happen is our bank accounts, the first time we happen to get $5,000 cash in our bank accounts, a computer will spit that information out to the affiliated stock broker who will call us at 7 o'clock at night and try to sell us hotstock.com stock. And the second thing that will happen is every single check we have written is going to go to the affiliated life insurance company so they can profile our life-style to decide whether to sell us life insurance.

We are going backwards on privacy. We are creating a new organism. These affiliates will threaten our privacy. We should reject this bill.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Speaker, I thank the gentleman from Massachusetts for yielding me this time, and I rise to support the rule and to support this bill.

This is not the best bill that we could have had. There are many problems with this bill. But this bill has been long in coming. And I want to thank those who fought hard and fought long for some of the provisions covering the Community Reinvestment Act provisions.

CRA, the Community Reinvestment Act, works in my community. The Tejano Center for Community Concerns was able to build some 15 homes and build a school for high school dropouts. But we have not gone far enough. I believe we should come back to the floor of the House and deal with the sunshine provisions and, yes, I believe that the reporting provisions dealing with smaller banks should be addressed again as well.

I think the President of the United States needs to join this Congress in the need for a privacy bill and he should sign a freestanding privacy bill. Because, although we have a study that determines whether or not a consumer's privacy will be violated, we do need a freestanding privacy bill to ensure that the privacy of Americans will truly be protected.

But I am pleased that there is no discrimination against those who have suffered domestic violence if they seek credit opportunities and I am further pleased that there is protection for women who are seeking access to credit sources; and I also am delighted to see that there is a provision that deals with defermining whether there is a malicious securing of the financial records of consumers thereby violating a consumer's privacy. It is not a perfect bill, but it is a bill that we should vote for and create new opportunities for all Americans.

Mr. MOAKLEY. Madam Speaker, will the Chair inform us of the remaining time for both sides?

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) has 1½ minutes remaining, and the gentleman from Texas (Mr. SESSIONS) has 1 minute remaining.

Mr. MOAKLEY. Madam Speaker, I yield the balance of my time to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Madam Speaker, one thing about this rule is, it is consistent with the bill. I will have an opportunity to speak against the bill shortly, but the rule itself is totally consistent with the bill. The rule is unfair as the bill is unfair.

We have 1 hour to debate the most comprehensive change in financial services legislation in the Nation in the last 65 years. This is one of the most important bills to come before this Congress in decades, and we are going to spend 1 hour this evening debating here on the floor of the House of Representatives.

And that 1 hour is divided thusly: two-thirds of that hour go to the people who are for the bill; only one-third of the hour goes to the people who are opposed to it. That is wholly consistent with the objectivity and fairness contained within the bill itself.

This is a farce, it is a mistake, it is a day that we will rue. We are constructing here an apparatus that will come back and bite us severely.

□ 2100

This country will suffer from it. Untold millions of our citizens will suffer from the contents of this bill. We will look back on the way we debated it, the short shrift we gave to the consideration of all the momentous consequences of this bill and the unfairness with which we allocated the time and we will regret it. We will regret it, the public policy point of view and politically. This is a big, serious mistake.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Henderson, Tennessee (Mr. BRYANT).

Mr. BRYANT. Madam Speaker, I thank the gentleman from Texas for yielding me the time.

Madam Speaker, I rise in strong support of this rule and S. 900, which passed the other body today by a vote of 90–8.

Although this legislation addresses the needs of the financial community, consumers are the big winners. If we pass this conference report, consumers will be able to open a checking account, secure a retirement plan, purchase an insurance policy, and make investments all with one company without having to go to several different financial services companies.

Our rural communities will benefit from the provisions to reform the Federal Home Loan Bank. This provision gives small banks greater access to funds for making loans to small businesses and small farmers while establishing an improved capital structure for the system.

I urge my colleagues to join together to vote for this bill and this conference report to move the financial services industry forward and give our consumers the choices they need in today's world.

GENERAL LEAVE

Mr. SESSIONS. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H. Res. 355.

The SPEAKER pro tempore (Mrs. EMERSON). Is there objection to the request of the gentleman from Texas?

There was no objection.

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

Madam Speaker, I urge support of this fair rule for the hard work that has taken place during this year of the 106th Congress.

Madam 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 noes appeared to have it.

RECORDED VOTE

Mr. SESSIONS. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 335, noes 79, not voting 20, as follows:

[Roll No. 569]

AYES—335

Aderholt
Allen
Archer
Armey
Bachus
Baird
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (TX)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Castle
Chabot
Chambliss
Chenoweth-Hage
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Cramer
Crowley
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeGette
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Everett
Ewing
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Maloney (NY)
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McIntyre
McKeon
McNulty
Meehan
Menendez
Metcalf
Mica
Miller (FL)
Miller, Gary
Minge
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Olver
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rodriguez
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Tiahrt
Toomey
Towns
Traficant
Turner
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)

NOES—79

Abercrombie
Ackerman
Andrews
Baldwin
Barrett (WI)
Becerra
Blagojevich
Brady (PA)
Brown (FL)
Capuano
Carson
Clay
Condit
Conyers
Costello
Coyne
Cummings
Danner
Davis (IL)
DeFazio
Delahunt
Dingell
Dixon
Edwards
Evans
Farr
Fattah
Filner
Gejdenson
Gutierrez
Hastings (FL)
Hinchey
Inslee
Jackson (IL)
Jefferson
Jones (OH)
Kaptur
Kildee
Kilpatrick
Kucinich
Lantos
Lee
Lewis (GA)
Lipinski
Lofgren
Luther
Markey
McDermott
McKinney
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Mink
Oberstar
Obey
Owens
Payne
Pelosi
Phelps
Rivers
Roybal-Allard
Rush
Sanchez
Sanders
Schakowsky
Scott
Serrano
Slaughter
Taylor (MS)
Thurman
Tierney
Udall (NM)
Visclosky
Waters
Watt (NC)
Waxman
Woolsey
Wu

NOT VOTING—20

Bereuter
Crane
Dickey
Frank (MA)
Gephardt
Kanjorski
Kennedy
Larson
McInnis
Mollohan
Norwood
Paul
Rogan
Salmon
Scarborough
Shuster
Stark
Stearns
Taylor (NC)
Udall (CO)

□ 2125

Mr. GEJDENSON and Mr. FATTAH changed their vote from ''aye'' to ''no.''

Mr. HILLIARD changed his vote from ''no'' to ''aye.''

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.

□ 2130

Mr. LEACH. Madam Speaker, pursuant to House Resolution 355, I call up the conference report to accompany the Senate bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and for other financial service providers, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mrs. EMERSON). Pursuant to House Resolution 355, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, November 2, 1999, at page H11255.)

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 30 minutes.

Mr. DINGELL. I rise to inquire, Madam Speaker, if my good friend, the gentleman from New York (Mr. LAFALCE) or the gentleman from Minnesota (Mr. VENTO), who is claiming time in opposition to the bill is in fact opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from New York (Mr. LAFALCE) in favor of the conference report?

Mr. LAFALCE. I am strongly in favor of the conference report.

The SPEAKER pro tempore. For that reason, pursuant to clause 8(d)(2) of rule XXII, the gentleman from Iowa (Mr. LEACH), the gentleman from New York (Mr. LAFALCE), and the gentleman from Michigan (Mr. DINGELL) each will control 20 minutes.

Mr. DINGELL. Madam Speaker, I rise to claim time in opposition to the legislation.

The SPEAKER pro tempore. The Chair will recognize the gentleman from Michigan (Mr. DINGELL) for 20 minutes as part of the debate.

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

Mr. LEACH. Madam Speaker, I ask unanimous consent to divide the time that I have been authorized in half and share it with the gentleman from Virginia (Mr. BLILEY), the distinguished chairman of the Committee on Commerce.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

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

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

Madam Speaker, yes, this is a historic day. If the House follows the Senate lead where on a 90 to 8 vote this conference report was adopted earlier today, the landscape for delivery of financial services will shift. American commerce will be made more competitive, and the American consumer will be better served.

Under current law, financial institutions, banks, insurance companies, securities firms, are constrained in market niches. Under the new legislative framework, each industry will be allowed to compete head to head with a complete range of products and services.

Over the decades, modernization approaches have been offered many times in many ways. The particular approach taken by the committees of jurisdiction is one based upon the following premises: 1, that no parts of America, whether an inner city or rural hamlet, should be denied access to credit; 2, that in a free market economy, expanding competition and finance should increase consumer access to a wider variety of products at the most affordable prices; 3, that while competition should be opened up in finance, the American model of separating commerce from banking should be maintained; 4, the privacy protections of American consumers should be expanded in unprecedented ways; 5, that the public protections contained in the prudential regulatory regime should be rationalized and made stronger; 6, that the international competitiveness of American firms should be bolstered.

These are the premises and the effects of this legislation. If there is an institutional tilt to the balanced approach taken in this bill, it is to and for smaller institutions. In a David and Goliath competitive world, this legislation is the community bankers' and independent insurance agents' slingshot. They and the customers they serve will be empowered to a greater extent than under the status quo or any alternative modernization approach.

Madam Speaker, I would simply conclude by expressing gratitude to all the participants in this process, particularly my friends, the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO), their Senate counterpart, PAUL SARBANES; the gentleman from Virginia (Mr. BLILEY) and the gentleman from Ohio (Mr. OXLEY) for their leadership in the Committee on Commerce, and the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) for their constructive dissent.

In the Committee on Banking and Financial Services, I am particularly grateful for the patience of so many Members, but I am obligated to cite in particular the wisdom and choice counsel of the vice chairman, the gentleman from Florida (Mr. MCCOLLUM), and an exceptionally strong team of advice the gentleman from Louisiana (Chairman BAKER), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Alabama (Mr. BACHUS), the gentlemen from New York (Mr. LAZIO and Mr. KING). To them I express great personal gratitude for help, and profound apologies where I have differed or could not help them.

As only Members understand, Congress has many dimensions, and this bill would not have been made possible without the input of a thoroughly professional staff. At the risk of oversight, let me thank on behalf of the House Tony Cole, Gary Parker, Laurie Schaffer, Jim Clinger, John Butler, John Land, Natalie Nguyen, Alison Watson, David Cavicke, Jeanne Roslanowick, and our counsels at the Legislative Counsel's office Jim Wert and Steve Cope.

I would also like to express appreciation for the contributions of Virgil Mattingly of the Federal Reserve, Harvey Goldschmidt of the SEC, Undersecretary Gensler of the Treasury, Jerry Hawke, our comptroller, and Donna Tanoue, chair of the FDIC.

Let me also make a comment about process. This bill has been led in the Senate by an extraordinarily strong chairman, PHIL GRAMM of Texas. While the House approach has differed somewhat with that of the Senate, the big picture is that the Senate acted decisively in a timely manner in legislation, the framework for which has been close to and is now identical with that offered this evening to the House. Each side has moved to the other, and the end product is overwhelmingly in the public interest.

It has been my view from the beginning of consideration of financial reform several Congresses back that few legislative efforts require more bipartisan and biinstitutional cooperation than this one. The need for a cooperative approach has become more self-evident as issues of the day have become more personalized and partisan.

In this light, I would like to thank the minority as well as the majority leadership of the House, Secretary Summers as well as Chairman Greenspan and Chairman Levitt, for their profound contributions to this legislation. It is truly bipartisan, supported by the executive branch and the Federal Reserve.

Madam Speaker, the legislation before the House is historic win-win-win legislation, updating America's financial services system for the 21st Century.

It's a win for consumers who will benefit from more convenient and less expensive financial services, from major consumer protection provisions and from the strongest privacy protections ever considered by the Congress.

It's a win for the American economy by modernizing the financial services industry and saving an estimated $18 billion annually in unnecessary costs.

And, it's a win for America's competitive position internationally by allowing U.S. companies to compete more effectively for business around the world and create more financial services jobs for Americans.

It would be an understatement to say that this has not been an easy, nor a quickly-produced piece of legislation to bring before the House.

For many of the 66 years since the Congress enacted the Glass-Steagall Act in 1933 to separate commercial banking from investment banking, there have been proposals to repeal the act. The Senate has thrice passed repeal legislation and last year the House approved the 105th Congress version of H.R. 10.

The bill before us today is the result of months and months of tough negotiation and compromise: among 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. Equity and the public interest have prevailed.

It should be remembered that while the work of Congress inevitably involves adjudicating regulatory turf battles or refereeing industrial groups fighting for their piece of the pie, the principal work of Congress is the work of the people—to ensure that citizens have access to the widest range of products at the lowest possible price; that taxpayers are not put at risk; that large institutions are able to compete against their larger international rivals; and that small institutions can compete effectively against big ones.

We address this legislation in the shadow of major, ongoing changes in the financial services sector, largely the result of technological innovations and decisions by the courts and regulators, who have stepped forward in place of Congress. Many of us have concern about certain trends in finance. Whether one likes or dislikes what is happening in the marketplace, the key is to ensure that there is fair competition among industry groups and protection for consumers. In this regard, this bill provides for functional regulation with state and federal bank regulators overseeing banking activities, state and federal securities regulators governing securities activities and the state insurance commissioners looking over the operations of insurance companies and sales.

The benefits to consumers in this bill cannot be stressed more. First, they will gain in improved convenience. This bill allows for one-stop shopping for financial services with banking, insurance and securities activities being available under one roof.

Second, consumers will benefit from increased competition and the price advantages that competition produces.

Third, there are increased protections on insurance and securities sales and a required disclosure on ATM machines and screens of bank fees.

Fourth, the Federal Home Loan Bank reform provisions expand the availability of credit to farmers and small businesses.

Fifth, the bill also contains important consumer privacy protections.

Among other things, the bill:

1. Bars financial institutions—including banks, savings and loans, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to unaffiliated third parties for telemarketing or other direct marketing purposes.

2. Enables customers of financial institutions, for the first time, to ''opt out'' of having their personal financial information shared with unaffiliated third parties, subject to certain exceptions related largely to the processing of customer transactions. A financial institution would be permitted to share information with an unaffiliated third party to perform services or functions on behalf of the financial institution and to enter into certain joint marketing arrangements for financial products or services, as long as the institution fully discloses such activity to its customers and enters into a contractual agreement requiring the third party to maintain the confidentiality of any such information.

3. Requires all financial institutions to disclose annually to all customers, in clear and conspicuous terms, its policies and procedures for protecting customers' nonpublic personal information, including its policies and practices regarding the disclosure of information to both non-affiliated third parties and affiliated entities.

4. Directs relevant Federal and State regulators to establish comprehensive standards for ensuring the security and confidentiality of consumers' personal information maintained by financial institutions, and to protect against unauthorized access to or use of such information.

5. Accords supremacy to State laws that give consumers greater privacy protections than the provisions in the Act.

6. Makes it a federal crime, punishable by up to five years in prison, to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means. Such means could include misrepresenting the identity of the person requesting the information or otherwise tricking an institution or customer into making unwitting disclosures of such information.

In terms of enforcement, the Act subjects financial institutions that violate the new consumer privacy protections to a wide range of possible sanctions, including: Termination of FDIC insurance; implementation of Cease and Desist Orders barring policies or practices deemed violations of the Act's privacy provisions; removal of institution-affiliated parties, including bank directors and officers, from their positions, and permanent exclusion of such parties from further employment in the banking industry; and civil money penalties of up to $1,000,000 for an individual or the lesser of $1,000,000 or 1% of the total assets of the financial institution.

The other major beneficiaries of this legislation are America's small community financial institutions. In this regard, I'd like to emphasize the philosophic underpinnings of this legislation. Americans have long held concerns about bigness in the economy. As we have seen in other countries, concentration of economic power does not automatically lead to increased competition, innovation or customer service.

But the solution to the problem of concentration of economic power is to empower our smaller financial institutions to compete against large institutions, combining the new powers granted in this legislation with their personal service and local knowledge in order to maintain and increase their market share.

For many communities, retaining their local, independent bank depends upon granting that bank the power to compete against mega-giants which are being formed under the current regulatory and legal framework.

The conference report provides community banks with the tools to compete, not only against large mega-banks but also against new technologies such as Internet banking. Banks which stick with offering the same old accounts and services in the same old ways will find their viability threatened. Those that innovate and adapt under the provisions of this bill will be extraordinarily well positioned to grow and serve their customer base.

Large financial institutions can already offer a variety of services. But community banks are usually not large enough to utilize legal loopholes like Section 20 affiliates or the creation of a unitary thrift holding company to which large financial institutions—commercial as well as financial—have turned.

One of the most controversial provisions prohibits commercial entities from establishing thrifts in the future and allows for those commercially owned thrifts currently in existence to be sold only within the financial community, the same rules which apply to banks.

The reason this restriction on commerce and banking is being expanded is several fold. First, savings associations that once were exclusively devoted to providing housing loans, have become more like banks, devoting more of their assets to consumer and commercial loans. Hence, the appropriateness for comparability between the commercial bank and thrift charter is self-evident.

Second, this provision must be viewed in light of the history of past legislative efforts affecting the banking and thrift industries. The S&L industry has tapped the U.S Treasury for $140 billion to clean up the 1980s S&L crisis. In 1996, savings associations received a multi-billion dollar tax break to facilitate their conversion to a bank charter. Also, in 1996, the S&Ls tapped the banking industry for $6 to $7 billion to help pay over the next 30 years for their FICO obligations, that part or the S&L bailout costs that remained with the thrift industry.

During this time period, Congress has liberalized the qualified thrift lender test and the restrictions on the Federal savings association charter. These legislative changes are in addition to the numerous advantages that the industry has historically enjoyed, such as the broad preemption rights over state laws and more liberal branching laws.

The conference report continues the Congressional grant of benefits to the thrift industry by repealing the SAIF special reserve, providing voluntary membership by Federal savings associations in the Federal Home Loan Bank System, allowing state thrifts to keep the term ''Federal'' in their names, and allowing mutual S&L holding companies to engage in the same activities as stock S&L holding companies.

Opponents of this provision correctly argue that commercial companies that have acquired thrifts (so-called unitary thrift holding companies) before and after the S&L debacles of the 1980s have not, for the most part, caused taxpayer losses. However, the Federal deposit insurance fund that was bailed out by the taxpayers covered the entire thrift industry including the unitary thrift holding companies, and the $6 to $7 billion of thrift industry liabilities that were transferred to the commercial banking industry benefited unitaries as well as other S&Ls. The transfer was made with the understanding that sharing liabilities would be matched by ending special provisions for the S&L industry and that comparable regulation would ensue.

The bill benefits smaller, community banks and the customers they serve in the following additional ways:

1. *Federal Home Loan Bank System reforms.* The FHLB charter is broadened to allow community banks to borrow for small business and family farm lending. The implications of this FHL 8 mission expansion are extraordinary. In rural areas, it allows, for the first time, community banks to have access to long-term capital comparable to the Farm Credit System, which like the Federal Home Loan Bank System is empowered as a Government Sponsored Enterprise to tap national credit markets at near Treasury rates. The bill thus creates greater competitive equity between community banks and the Farm Credit System and greater credit cost savings for farmers. With regard to the small business provision, the same principle applies. If larger financial institutions choose to emphasize relationships with larger corporate and individual

customers, the ability of community banks to pledge small business loans as collateral for FHLB System advances will allow them to serve comprehensively a small business and middle class family market niche. Most importantly, if the present trend continues of American savers putting less money in banks and more in non-insured deposit accounts, such as money-market mutual funds, this FHLB reform assures community banks the liquidity—at competitive costs—they will need for generations to come.

2. Additional Powers. In recent years, sophisticated money-center banks have developed powers, under Federal Reserve and OCC rulings, that have allowed them to offer products which community banks in many states are frequently precluded from offering. This bill allows community banks all the powers as a matter of right that larger institutions have accumulated on an ad hoc basis. In addition, community banks for the first time are authorized to underwrite municipal revenue bonds.

3. Regulatory relief. The legislation provides modest regulatory relief for banks with assets under $250 million. Those with an ''outstanding'' Community Reinvestment Act rating will be examined for compliance only every five years, while those with a ''satisfactory'' rating will be reviewed every four years.

4. Special provisions. For a bill of this magnitude, there are surprisingly few special interest provisions. The Congress held the line to assure that breaches of imprudent regulation were not provided to specific institutions, therefore protecting the deposit insurance fund, to which community banks disproportionately provide resources, and the public, which is the last contingency backup.

5. Prohibition on deposit production offices. The legislation expands the prohibition on deposit production offices contained in the Reigle-Neal Interstate bill to include all branches of an out-of-state bank holding company. This prohibition ensures that large multistate bank holding companies do not take deposits from communities without making loans within them.

6. Competition. The powers under the Act will provide community banks a credible basis to compete with financial institutions of any size or any specialty and, in addition, to offer, in similar ways, services that new entrants into financial markets, such as Internet or computer software companies, may originate.

In a competitive world in which consolidation has been the hallmark of the past decade, the framework of this bill assures that community banks have the tools to remain competitive. If larger institutional arrangements ever become consumer-unfriendly or geographically-concentrated in their product offerings, the powers reserved for community banks will ensure their competitive viability and, where needed, incentivize the establishment of new community-based institutions.

What the new flexibility provided community banks means is that consumers and small businesses in the most rural parts of America will be provided access to the most up-to-date, sophisticated financial products in the world, delivered by people they know and trust. Without financial modernization legislation, the trend towards commerce and banking, as well as more faceless interstate banking, will be unstoppable. Community based institutions need to be able to compete with larger institutions on equal terms or growth and economic stability in rural America will be jeopardized.

Several other sections of the legislation also deserve comment:

COMPLEMENTARY ACTIVITIES

The Act permits the Federal Reserve Board to allow financial holding companies to engage in activities that, while not financial in nature or incidental to financial activities, are complementary to financial activities. The Act provides that this authority be exercised on a case-by-case basis under the application procedure currently applicable under the Bank Holding Company Act to nonbanking proposals by bank holding companies. This procedure requires the Board to consider whether the public benefits of allowing the financial holding company to conduct the proposed complementary activity outweigh potential adverse effects. This would require the Board to consider whether the proposal is consistent with the purposes of the Bank Holding Company Act. It is expected that complementary activities would not be significant relative to the overall financial activities of the organization.

FOREIGN BANKS

For foreign banks that wish to be treated as financial holding companies, Section 103 requires that the Federal Reserve Board establish capital and management standards comparable to those required for U.S. organizations, giving due regard to national treatment and equality of competitive opportunity. The purpose of the provision is to ensure that foreign banks continue to be provided national treatment, receiving neither advantages nor disadvantages as compared with U.S. organizations. Accordingly, foreign banks that meet comparable standards are entitled to the full benefits of the Act.

The Act eliminates the application process for financial holding companies that meet the new criteria relating to capital and management. This is an important provision; it enhances efficiency and reduces regulatory burden but it also has certain consequences. One is that the Federal Reserve Board no longer has an application process through which to determine adherence by foreign banks to capital and management standards. Foreign banks operate in different home country regulatory environments, with differing accounting and reporting standards. In the past, the Board has used the applications process to assess the capital levels of individual banks seeking to expand their operations in the United States to ensure the equivalency of their capital to that required to U.S. banking organizations. Section 103 is intended to give the Board the ability to set comparable standards and establish a process for determining a foreign bank's adherence to those standards before the bank may take advantage of the Act's provisions. Such a determination could be accomplished in a pre-clearance evaluation conducted in connection with the foreign bank's certification to be treated as a financial holding company and thereby attain the benefits of the new powers.

MERCHANT BANKING

One important provision of the Act is that it would authorize financial holding companies to engage in merchant banking activities but subject to a number of prudential limitations. For example, the Act would permit a financial holding company to engage in merchant banking only if the company has a securities affiliate, or a registered investment adviser that performs these functions for an affiliate insurance company. In addition, the Act allows a financial holdings company to retain a merchant banking investment for a period of time to enable the sale or disposition on a reasonable basis and generally prohibits the company from routinely managing or operating a nonfinancial company held as a merchant banking investment.

Importantly, the Act also gives the Federal Reserve and the Treasury the authority to jointly develop implementing regulations on merchant banking activities that they deem appropriate to further the purposes and prevent evasions of the Act and the Bank Holding Company Act. Under the authority, the Federal Reserve and Treasury may define relevant terms and impose such limitations as they deem appropriate to ensure that this new authority does not foster conflicts of interest or undermine the safety and soundness of depository institutions or the Act's general prohibitions on the mixing of banking and commerce.

SECURITIES ACTIVITIES OF FINANCIAL HOLDING COMPANIES

Currently, bank holding companies are generally prohibited from acquiring more than five percent of the voting stock or any company that conducts activities that are not closely related to banking. I would like to make clear that by permitting financial holding companies to engage in underwriting, dealing and market making. Congress intends that the five-percent limitation no longer applies to bona fide securities underwriting, dealing and market-making activities. In addition, voting securities held by a securities affiliate of a financial holding company in any underwriting, dealing or market-making capacity would not need to be aggregated with any shares that may be held by other affiliates of the financial holding company. This is necessary to allow bank-affiliated securities firms to conduct securities activities in the same manner and to the same extent as their nonbank affiliated competitors, which is one of the principal objectives of this legislation. I would also like to make clear that the elimination of the five-percent restriction is intended to apply to bona fide securities underwriting, dealing and market-making activities and not to permit financial holding companies and their affiliates to control non-financial firms in ways that are otherwise impermissible under this Act.

EFFECTIVE DATE FOR ENGAGING IN NEW ACTIVITIES

New Section 4(k)(4) of the Bank Holding Company Act, as added by Section 103 of the bill, explicitly authorizes bank holding companies that file the necessary certifications to engage in a laundry list of financial activities. These activities are permissible upon the effective date of the Act without further action by the regulators. However, refinements in rulemaking may be necessary and desirable going forward. For example, the Federal Reserve Board and the Treasury Department are specifically authorized to jointly issue rules on merchant banking activities. If the regulators determine that any such rulemaking is necessary, they should act expeditiously.

In closing, while the financial modernization legislation provides for increased competition in the delivery of financial products, it repudiates the Japanese industrial model and forestalls trends toward mixing commerce and

banking. The signal breach of banking and commerce that exists in current law is plugged, which has the effect of both stopping the potential ''keiretzuing'' of the American economy and protecting the viability, and therefore the value, of community bank charters. At many stages in consideration of bank modernization legislation, powerful interest groups attempted to introduce legislative language which would have allowed large banks to merge with large industrial concerns—i.e., to provide that Chase could merge with General Motors or Bank of America with Amoco. Instead, this bill precludes this prospect and, indeed, blocks America's largest retail company from owning a federally insured institution, for which an application is pending.

To summarize, tonight this Congress will pass a bank modernization bill true to America's fundamental economic values: excessive conglomeration is deterred, consumer protections are enhanced, consumer choices are expanded, privacy protections are created for the first time under federal law, and the safety and soundness of the nation's financial system are maintained.

Madam Speaker, I reserve the balance of my time.

Mr. LAFALCE. Madam Speaker, I yield myself 3 minutes.

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

Mr. LAFALCE. Madam Speaker, I rise in strong support of the conference report on S. 900 and H.R. 10.

Before I begin, let me simply say that I would like to associate myself with each and every remark of the distinguished chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH). He gave thanks to a great many individuals. I want to especially join him in giving thanks to those same individuals.

There are a few other individuals, though, that I should mention, and that is, the fine staff, not only Jeanne Roslanowick but Tricia Haisten and Dean Sagar and Jaime Lizarraga, Patty Lord, Kirsten Johnson-Obey, and the fine Senate staff of Senator SARBANES, most especially Steve Harris and Marty Gruenberg and Patience Singleton.

Also, I want to single out, this has been a bipartisan effort from within the Committee on Banking and Financial Services. The gentleman from Iowa (Mr. LEACH) the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Minnesota (Mr. VENTO), myself, we would not have gotten here unless, when I was working with the administration and introducing a bill to the administration, who said they could support H.R. 665, two Republicans had not joined with me immediately in support of the administration's effort. That is the chairman of the Committee on Rules, the gentleman from California (Mr. DREIER) and the chairman of the Subcommittee on Capital Markets, Securities and Government Sponsored Enterprises, the gentleman from Louisiana (Mr. BAKER). They helped make this truly a bipartisan product.

Let us not kid ourselves, a lot of spin is being put on what has gone on. But this is largely the House product that we are witnessing today in the conference report, because the conference report, like the initial House bill, strengthens the national bank charter, contains strong CRA and privacy provisions, and that is why the administration is able to strongly endorse and support this bill.

Like the House product, the conference report before us ensures that banks have a choice of corporate governance. For the first time, we prohibit a depository institution from engaging in nonbank activities unless it has and maintains on an ongoing basis at least a satisfactory CRA rating. The Senate bill had no such provision. The Senate bill had no such provision with respect to corporate choice.

We include the strong privacy provisions that passed this House 427 to 1, except we strengthen those provisions by expanding the disclosure requirements and ensuring that stronger State privacy laws are protected. The Senate bill had no privacy provisions. The House bill that passed the previous Congress, with a number of those individuals dissenting from today's bill, they voted for the last Congress' bill with no privacy protections whatsoever.

The conference report before us does not contain a small bank exemption from CRA at all. The Senate bill did. We got them to cave on that.

I could go on and on and on, but my time has expired. Later, Madam Speaker, I would like to engage in a colloquy with the gentleman.

Mr. DINGELL. Madam Speaker, I yield myself 3 minutes.

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

GENERAL LEAVE

Mr. DINGELL. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this measure.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Madam Speaker, I rise in strong opposition to this bill. It recognizes technological and regulatory changes that have blurred the lines between industries and products. However, it fails to recognize that human nature has not changed.

It also fails to recognize something else. The technology that has changed has made it much easier to take money from the innocent and from the unsuspecting. It relaxes protection for investors, taxpayers, depositors, and consumers.

Let us talk about what is wrong with the legislation. First, it facilitates affiliations between banks, brokerages, and insurance companies, and facilitates the creation of institutions too big to fail.

It does not reform deposit insurance or antitrust implementation and enforcement. Woe to the American people when they have to pick up the tag for one of the failures that is going to occur when competition disappears and prices shoot up and misbehavior or unwise behavior takes place.

It also authorizes banks' direct operating subsidiaries to engage in risky new principle activities, like securities underwriting, and in 5 years, merchant banking. The flimsy limitations and firewalls here will not hold back the contagion and misfortune that follows the foolishness in not reforming deposit insurance, thus creating enormous risk to taxpayers and depositors.

Second, the privacy provisions in S. 900 are at best a sham. The gentleman from Massachusetts (Mr. MARKEY) and other colleagues will set forth at length the points that need to be made on this matter. I associate myself with their remarks.

It should be noted, as a third point, that this bill undermines the Community Reinvestment Act. Many of my colleagues will speak to this point more eloquently than I. I wish to associate myself with their remarks.

Fourth, it undermines the separation of banking and commerce. Title IV closes the unitary thrift loophole by barring future ownership of thrifts by commercial concerns, but some 800 firms are grandfathered and can engage in any commercial activity, even if they are not so engaged on the grandfather date.

Moreover, Title I allows new financial holding companies, which incorporate commercial banks, to engage in any complementary activities to financial activities determined by the Federal Reserve. Any S&L holding company, whether or not grandfathered, can engage in activities determined to be complementary for financial holding companies.

S. 900 clearly ignores the warning that Secretary Rubin gave to Congress in May: ''We have serious concerns about mixing banking and commercial activities under any circumstances, and these concerns are heightened as we reflect on the financial crisis that has affected so many countries around the world for the past 2 years.''

Fifth, the conference agreement would let banks evaluate and process health and other insurance claims without having to comply with State consumer protections. This means banks, of all people, will make important medical benefit decisions that patients and doctors should make.

According to the National Association of Insurance Commissioners, S. 900 would prevent up to 1,781 State insurance protection laws and regulations from being applied to banks that conduct insurance activities.

Sixth, it contains provisions with regard to the redomestication of mutual insurers that will have a devastating effect upon State regulation and upon the investors and insurance customers.

Madam Speaker, I include for the RECORD the following documents:

NATIONAL COMMUNITY REINVESTMENT COALITION,
November 1, 1999.

DEAR MEMBER OF CONGRESS: On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) urges you to vote against the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. NCRC believes the Gramm-Leach-Bliley bill will undermine progress in neighborhood revitalization by chipping away at major provisions of CRA (Community Reinvestment Act). It also misses a vital opportunity to greatly expand access to credit and capital to America's working class and minority communities by modernizing CRA as Congress modernizes the financial services industry.

During the 1990's, a strengthened Community Reinvestment Act (CRA) has played a major role in increasing access to loans and investments for working class and minority communities. Federal Reserve Governor Edward Gramlich recently estimated that CRA-related home, small business, and economic development loans total $117 billion annually.

Contrary to what is being said, this bill will have a negative impact on CRA and the considerable progress of lending to low- and moderate-income communities made by our nation. By stretching out small bank CRA exams to five years for an ''Outstanding'' rating and four years for a ''Satisfactory'' rating, this bill will reduce the effectiveness of CRA as a tool in rural and small town America. Small banks (under $250 million in assets) will become adept at gaming the CRA process. They will relax their CRA lending in underserved communities for three or four years, and then hustle to make loans the last year before a ''twice in a decade'' CRA exam. The current practice of CRA exams occurring once every two years keeps small banks on their toes since they know that the next exam is just around the corner.

In addition, NCRC objects to the so-called ''sunshine'' provision of this legislation. While no one can argue with the concept of sunshine, the provisions in this bill provide no real sunshine and are aimed instead at chilling the First Amendment rights of advocates. By requiring special reporting requirements only of those groups which comment on applications and the CRA records of banks, this bill provides a disincentive for community groups to particpate in the CRA process. Additionally this bill prevents banking agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability and continue reinvestment from their financial institutions.

NCRC understands the symbolic importance of the ''have and maintain'' CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a ''Satisfactory'' CRA rating in order to merge or engage in new non-banking financial activities is useful because it will give the industry even more incentive to avoid failing CRA ratings. On a practical level, however, this so-called ''extension of CRA'' is largely illusory. By not requiring applications and public comment periods when financial holding companies merge or engage in the new insurance, securities, and other non-banking activities, this bill eliminates the most effective tool communities have to insure the accountability of financial holding companies to their community.

We also hasten to point out that the ''have and maintain'' provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any depository institutions with a less than Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a ''Satisfactory'' rating to a Mississippi institution and the Federal reserve approved a major merger of that institution at the same time that the Department of Justice was in the process of finding that the bank was in violation of the nation's fair lending laws.

Meanwhile, the most important issues confronting the continued progress of reinvestment are not addressed by this legislation. Because of the current link of CRA to depository institutions, some holding companies whose depository institutions are covered by CRA are simultaneously engaging in predatory, subprime lending through affiliates not covered by CRA. Other non-depository affiliates that will be making considerable number of loans will simply overlook low- and moderate-income communities. The financial modernization bill misses an important opportunity to extend CRA and fair lending laws to non-depository affiliates of holding companies that make significant amounts of loans.

The explosion of internet banking is muddling the significance of what are called ''service areas'' in the Community Reinvestment Act. A large institution which takes deposits and makes loans throughout the nation can nonetheless restrict its ''service area'' to one small locale if it operates without the traditional bricks and mortar branch structure. These and other fundamental issues relating to the updating and modernizing of CRA should have been dealt with in a financial modernization bill and were not.

Finally, we want to be sure that you are clearly aware that the vast majority of community groups do not support this bill despite claims to the contrary. While we know of one high profile group that has endorsed this bill, we are unaware of any others. Almost all of our members, who represent the heart of the community reinvestment industry in this country, have been expressing their profound disappointment in this legislation.

Millions of low- and moderate-income and minority individuals and families have become homeowners and small business owners because of a strong Community Reinvestment Act. We urge you to vote against this bill because of its failure to adequately update and protect CRA. Attached please find a list of NCRC's 700 community organization and local public agency members organized by state.

Sincerely,

JOHN TAYLOR,
President and CEO.

NATIONAL COMMUNITY REINVESTMENT COALITION,
October 29, 1999.

Hon. WILLIAM JEFFERSON CLINTON,
President of the United States of America,
The White House, Washington, DC.

DEAR MR. PRESIDENT: On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) respectfully urges you to veto the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 when it comes before you. We appreciate this Administration's strong commitment to the Community Reinvestment Act. The development of the new CRA regulations early in your Administration and the Department of Justice's focus on fair lending issues has made a significant difference in the ability of residents of low- and moderate-income communities to gain access to credit. We also appreciate your Administration's commitment to fighting off the most anti-CRA aspects of the Senate version of financial modernization.

We believe the Gramm-Leach-Bliley bill as proposed will undermine progress in reinvestment and misses a vital opportunity to greatly expand access to credit and capital to America's traditionally undeserved communities. NCRC thought that the financial modernization bill offered an ideal opportunity for this Administration to put its stamp on the evolution of the financial services industry by updating and modernizing CRA so that it would continue to be relevant to the evolving financial services industry in the 21st century. Unfortunately, the bill that is about to be passed fails to do that in any significant way, while at the same time chipping away major provisions of the current law.

NCRC understands the symbolic importance of the ''have and maintain'' CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a ''Satisfactory'' CRA rating in order to merge or engage in new activities is useful because it will give the industry even more incentive to avoid failing CRA ratings. On a practical level, however, this so-called ''extension of CRA'' is largely illusory. By not requiring applications and public comment periods when financial holding companies merge or engage in these new activities, this bill eliminates the most effective tool communities have to insure the accountability of financial institutions to their community.

We also hasten to point out that the ''have and maintain'' provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any depository institutions with a less than Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a ''Satisfactory'' rating to a Mississippi institution and the Federal Reserve approved a major merger of that institution at the same time that the Department of Justice was in the process of finding that the bank was in violation of the nation's fair lending laws.

Also we would note that contrary to what is being said, this bill does have a negative impact on current CRA law. By stretching out small bank CRA ratings to five years for an ''Outstanding'' rating and four years for a ''Satisfactory'' rating this bill will reduce the effectiveness of CRA as a tool in rural America. Earlier in your Administration, these institutions were already given a greatly simplified CRA evaluation system that addressed the regulatory relief concerns of small banks. The extension of the examination cycle only serves to make CRA more difficult to enforce for small banks

We also object to the so-called ''sunshine'' provisions of this law. While no one can argue with the concept of sunshine, the provisions in this bill provide no real sunshine and are aimed instead at chilling the First Amendment rights of advocates. By requiring special reporting requirements only of those groups which comment on applications and the CRA records of banks, this bill provides a disincentive for community groups to participate in the CRA process. Additionally this bill prevents banking agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability from their financial institutions.

Meanwhile the most important issues facing the reinvestment community remain un-

addressed by this legislation. Because of the current link of CRA to depository institutions, some holding companies whose depository institutions are covered by CRA are simultaneously engaging in predatory, subprime lending through affiliates not covered by CRA. Other non-depository affiliates that will be making considerable number of loans will simply overlook low- and moderate-income communities. The financial modernization bill missed an important opportunity to extend CRA and fair lending laws to non-depository affiliates of holding companies that make significant amounts of loans.

The explosion of internet banking is muddling the significance of what are called ''services areas'' in the Community Reinvestment Act. A large institution which takes deposits and makes loans throughout the nation can nonetheless restrict its ''service area'' to one small locale if it operates without the traditional bricks and mortar branch structure. These and other fundamental issues relating to the updating and modernization of CRA should have been dealt with in a financial modernization bill and were not.

Finally we want to be sure that you are clearly aware that the vast majority of community groups do not support this bill for the reasons we have outlined above. We have heard some members of this Administration making the claim that ''community groups support this bill.'' While we know of two high profile groups that have endorsed this bill, we are unaware of any others. Almost all of our members, who represent the heart of the community reinvestment industry in this country, have been expressing their disappointment in this bill.

Millions of low- and moderate-income and minority individuals and families have become homeowners because of the strong economy and because of your Administration's commitment to improving the access to credit and capital for Americans of modest means. We urge you to continue to strengthen that commitment by vetoing this bill because of its failure to adequately strengthen and protect CRA. As always we stand ready to work with you to continue to improve the Community Reinvestment Act.

Sincerely,

JOHN TAYLOR,
President and CEO.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL CONFERENCE OF INSURANCE LEGISLATORS,

October 28, 1999.

DEAR REPRESENTATIVES: We write today to express our opposition to the Conference Committee Report on the Gramm-Leach-Bliley Financial Modernization Act. We are dismayed at the inclusion in the legislation of Subtitle B, the Redomestication of Mutual Insurers. We submit that Subtitle B is not in the public interest, rather it is anti-consumer. This provision would circumvent well-designed and thought-out state policy regarding the redomestication of mutual insurance companies. Subtitle B has little to do with financial services modernization. Rather it serves to undermine state law, which seeks to protect our constituents for the benefit of a few. Gramm-Leach-Bliley could place as many as 35 million policyholders, many of your constituents, at risk of losing $94.7 billion in equity. Should this occur, it would amount to a Congressionally approved takings of consumers' personal property.

Subtitle B would allow mutual insurers domiciled in states whose legislatures have elected not to allow mutual insurers to form mutual holding companies to escape that legislative determination. It would allow mutual insurers to move simply because a state, through its duly elected legislative branch of government, has determined that formation of mutual holding companies is not in the best interest of the state or its mutual insurance policyholders who are, after all, the owners of the company. Gramm-Leach-Bliley will preempt the anti-demutualization laws in 30 states: Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Maine, Maryland, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, South Dakota, Tennessee, Utah, Virginia, Washington, West Virginia, and Wyoming.

We support the overall intent of S. 900/H.R. 10, which is to modernize financial services regulation and to make the U.S. financial services industry competitive with its overseas counterparts. However, not one supporter of redomestication has come forward to prove that the Subtitle B is indeed vital to financial services modernization or even to defend its inclusion in the legislation. There were no hearings on this Subtitle by any of the House or Senate Committees. Subtitle B was added to H.R. 19 by attaching it to an amendment on domestic violence because such an onerous provision could not stand-alone.

The National Conference of State Legislatures is the bipartisan national organization representing every state legislator and the National Conference of Insurance Legislators is the national conference of state legislators who are involved in the regulation of the business of insurance within their respective states. Both of our organizations have unanimously adopted resolutions opposing Subtitle B and supporting its deletion from any financial services modernization legislation.

On behalf of our colleagues across the country and especially our millions of constituents who will wonder why Congress gave away their hard-earned equity, we respectfully ask you vote NO on Gramm-Leach-Bliley.

We thank you for your consideration.

Very truly yours,

DAVID COUNTS,
Texas, NCOIL President.

JOANNE EMMONS,
Michigan, Chair, NCSL Commerce & Communications Committee.

To see how policyholders in your State would fare if the Gramm-Leach-Bliley Financial Modernization Act is approved with subtitle B of title III, Redomestication of Mutual Insurers, included look below:

According to the Center for Insurance Research, if all the major mutual life insurers took advantage of the provisions in Subtitle B of Gramm-Leach the equity loss to consumers in each state:

State	Number of policies in State	Policyholder equity/equity per policy
Alabama	247,666	$449,895,848/$1,817
Alaska	48,208	$98,061,387/$2,034
Arizona	48,208	$98,061,387/$2,034
Arkansas	116,906	$207,701,616/$1,777
California	2,713,352	$4,960,251,308/$1,828
Colorado	758,110	$1,307,009,088/$1,724
Connecticut	739,154	$1,176,333,479/$1,591
Delaware	326,315	$549,292,374/$1,683
District of Columbia	239,447	$408,029,322/$1,704
Florida	1,164,719	$2,121,274,692/$1,821
Georgia	636,580	$1,179,107,023/$1,852
Hawaii	96,275	$169,195,580/$1,757
Idaho	100,587	$193,715,897/$1,926
Illinois	2,397,312	$3,960,690,446/$1,652
Indiana	541,558	$962,599,522/$1,777
Iowa	431,090	$1,338,632,792/$3,105
Kansas	269,657	$470,714,158/$1,746
Kentucky	277,135	$480,640,500/$1,734
Louisiana	316,315	$591,448,499/$1,870
Maine	111,933	$192,199,433/$1,717
Maryland	636,883	$1,082,119,697/$1,699
Massachusetts	1,981,266	$3,261,185,133/$1,646
Michigan	1,110,156	$1,860,412,511/$1,676
Minnesota	588,441	$1,111,376,308/$1,889
Mississippi	139,868	$254,615,010/$1,820
Missouri	577,461	$1,095,410,874/$1,897
Montana	56,782	$115,774,249/$2,039
Nebraska	264,216	$699,369,591/$2,647
Nevada	111,221	$214,805,432/$1,931
New Hampshire	278,240	$489,566,776/$1,760
New Jersey	1,699,347	$2,728,633,207/$1,606
New Mexico	95,171	$174,583,939/$1,834
New York	5,880,112	$9,266,505,199/$1,576
North Carolina	794,164	$1,444,262,155/$1,819
North Dakota	59,880	$101,470,302/$1,695
Ohio	1,211,900	$2,003,778,838/$1,653
Oklahoma	207,112	$388,637,200/$1,876
Oregon	221,649	$469,571,008/$2,119
Pennsylvania	1,718,176	$2,833,890,186/$1,649
Rhode Island	155,127	$247,360,868/$1,595
South Carolina	299,696	$512,172,351/$1,709
South Dakota	76,699	$140,116,016/$1,827
Tennessee	435,647	$780,407,441/$1,791
Texas	1,364,196	$2,349,322,551/$1,722
Utah	127,730	$244,256,886/$1,912
Vermont	90,174	$139,448,870/$1,546
Virginia	621,314	$1,229,173,697/$1,978
Washington	371,381	$755,995,423/$2,036
West Virginia	136,532	$243,900,505/$1,786
Wisconsin	635,856	$1,194,889,155/$1,879
Wyoming	30,643	$63,201,358/$2,062

Note: This list is only for Life Mutuals, additional equity at risk for Health Mutuals and Property/Casualty Mutuals. Center for Insurance Research—617 367–1040.

The list above includes some states that may have passed demutualization legislation. However, the laws of the state of domicile of the mutual insurer apply to policyholders even in those states that have decided to permit demutualization.

□ 2145

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

Madam Speaker, since 1994 when the Republicans took control of Congress, we have passed telecommunications reform, securities litigation reform, Medicare reform, the Safe Drinking Water Act amendments of 1996, the Food Quality Protection Act of 1996, the Health Insurance Portability and Accountability Act, welfare reform, the Balanced Budget Act of 1997, Food and Drug Administration Modernization Act of 1997, and numerous other reform and modernization bills on behalf of the American people. These are just a few of the unprecedented number of pro-consumer, bipartisan laws that my committee worked on.

We now stand poised to add another significant reform to the top of the list.

Today we are about to achieve something that no Congress before us in the last 65 years has been able to accomplish, agreeing to comprehensive financial services modernization. For 65 years, beginning with the efforts of a gentleman from Virginia, Representative Carter Glass, Congress has struggled to reform and modernize the regulation of our financial services industry. Mr. Glass was unsuccessful, but his legacy continues.

Last term, we were told by every industry lobbyist and Washington trade associations that this bill was dead; that it could not be done; that Congress had neither the will nor the vision to overcome the special interests opposed to this legislation.

Whether out of ignorance or hardheadedness we continued to push forward, suffering the opposition at various points of almost every industry faction and interest, but we prevailed.

Two years ago our committee breathed life into this legislation by putting consumers first. Until then every special interest group had agreed in concept to a level playing field, but just with a slight tilt toward their industry.

The bill was full of regulatory arbitrage, allowing companies to shift money and activities to the place of least regulation and fewest consumer protections.

Our committee said no to these special interest lobbyists. We laid down the law that activities should be regulated with the same strong consumer protections and safeguards no matter where the activity takes place.

This is called functional regulation, and functional regulation means that everyone gets the same oversight, the same rules, with no special advantage towards any party. The lobbyists do not like it but it is common sense, and it is right. We then looked at the barriers and red tape that prevented companies from offering and competing in a wide variety of products for consumers. American jobs were being lost and consumers were paying too much for their financial services, because government was still imposing 65-year-old burdens and bureaucracy, created long before computers became commonplace and anyone even dreamed of the Information Age.

This bill removes those antiquated barriers and eliminates the bureaucratic red tape. It gets government off the back of business and enables them to compete for consumers worldwide in the markets of the 21st century. This is critical to keep our economy and American job opportunities the best in the world.

We then stood shoulder to shoulder together with our Democratic colleagues to demand that this bill must establish strong consumer protection for companies wishing to engage in new competitive opportunities. We established strict antidiscrimination provisions, requirements for banks to reinvest in their local communities, protections for victims of domestic violence and full protection of antitrust laws to ensure the safety and soundness of our monetary system.

These are critical protections for consumers that have waited far too long for congressional action.

Let us stop for a moment and think about the reforms that this Gramm-Leach-Bliley Act would achieve. We are creating the first-ever general financial privacy laws to protect the privacy of consumers' information. Current law provides almost no protection for the individual consumer to know how their private information is being shared or how to stop confidential information from being sold. This bill gives consumers privacy protections. It gives them the right to stop information from being sold to unaffiliated third parties and the knowledge to make a choice about where they want to do business.

These protections are all improvements over current law and represent a huge first step towards improving the privacy rights of consumers. To let this opportunity slip through our fingers would be doing a grave disservice to the American people.

This bill also sets forth a framework for new consumer protections for insurance, securities and banking functional regulation. For too long we have allowed unelected bureaucrats to fight over regulatory turf, losing sight of the consumer in the process. We have put an end to these turf battles and put the consumer back at the forefront of our agency's agenda. We also provide for flexible but comprehensive oversight of the financial services industry by a coordinated body of independent and administrative agencies.

We watched the global meltdown of the international financial markets and we heard the worries of the American people about strengthening our local markets against outside attacks. We cannot afford to have one single American left behind or put at risk because Congress did not have the courage to bring our financial services industry together under a modern regulatory system.

This bill does that, and I believe that this Congress does have the courage to make these reforms. We found the solutions to bring people together and we now stand ready to reinvigorate our financial services industry to give the American people the best financial services and protections in the world.

I want to commend my fellow chairmen, Chairman GRAMM and the gentleman from Iowa (Mr. LEACH); thanks to my good friend, the gentleman from Ohio (Mr. BOEHNER), whose good work last Congress put us on the green within putting distance, and most especially I want to thank and commend the gentleman from Ohio (Mr. OXLEY), the subcommittee chairman.

The gentleman from Ohio (Mr. OXLEY), who never gave up, who kept his shoulder to the wheel throughout this entire process, he never let us succumb to the petty vagaries of politics. We would not have a bill without the gentleman from Ohio (Mr. OXLEY). So I again commend and thank him.

I want to thank all the staff that was involved in this effort. I especially thank my own staff, all five and a half of them, David Cavicke, Brian McCullough, Robert Gordon, Robert Simison and, of course, Linda Rich, with the help of little Peter MacGregor Rich.

I think the Members of this conference should be proud. We have shown the will to overcome every obstacle thrown in our way and to stand on the brink of accomplishing something great for our country.

Sixty-five years after Carter Glass from Virginia started the financial service modernization effort, we are finally fulfilling his vision for the American people. I urge support of the Gramm-Leach-Bliley Act and look forward to adding this legislation to the many achievements of this Congress.

Madam Speaker, I reserve the balance of my time.

Mr. LEACH. Madam Speaker, I yield 30 seconds to the gentleman from Florida (Mr. MCCOLLUM).

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

Mr. MCCOLLUM. Madam Speaker, I rise in support of this most significant legislation. It will modernize and strengthen our banking system and assure the viability and availability of retail banking into the next century. It will provide consumer privacy in banking for the first time ever. It will make it easier for consumers to handle their banking and insurance and security matters and it will lower the cost to consumers for banking, insurance and securities products and services.

It is truly the most significant banking legislation of all the years I have served on the Committee on Banking and Financial Services. I strongly support it. I urge its adoption. I am proud to have worked with the gentleman from Iowa (Mr. LEACH) and the others to craft it and I hope it is adopted tonight.

Mr. LAFALCE. Madam Speaker, I yield myself such time as I may consume to engage in a colloquy with the chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH).

Am I correct in stating that it is the intent of the conferees that the disclosure and reporting requirements contained in section 11 be interpreted narrowly so as to reduce the burden on parties regarding these disclosure and reporting requirements?

Mr. LEACH. Madam Speaker, will the gentleman yield?

Mr. LAFALCE. I yield to the gentleman from Iowa.

Mr. LEACH. Yes. There are two subsections that should be read together. One that calls for a listing of expenses and the other that stipulates regulations promulgated under this provision not establish undue regulatory burdens. While tensions exist between these two sections, the clear intent is for regulatory discretion in implementing the reporting requirements.

For instance, meal expenses and taxicab receipts are not contemplated as having to be reported under this new section. In addition, it is clear, as indicated in the conference report, that in the vast majority of cases groups may comply with the disclosure and reporting requirements through the filing of audited statements or tax returns.

Mr. LAFALCE. Well, that is very important. It is my understanding that the reporting requirement related to what information is to be included is intended to allow compliance by the filing of an annual financial statement

or Federal income tax return. It is not the intent that this provision require a reporting of any particular expense but rather a listing of the categories of expenses, if any, required to be reported. Is that also the understanding of the gentleman?

Mr. LEACH. Yes, it is my understanding, and I understand as well that the gentleman may be inserting for the RECORD a further elaboration of this issue which reflects our mutual understanding of how this section is to be treated.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS), a member of the Committee on Banking and Financial Services.

Ms. WATERS. Madam Speaker, serving on the Committee on Banking and Financial Services I understand and I understood for a long time that one day we would have a bill that would allow these entities to come together, banking and commercial interests, and merge. I knew that would happen, but I always knew that we could protect the consumers if we wanted to do that. What I am surprised about is the mean-spirited way in which we have undermined the Community Reinvestment Act.

There was no need to have CRA on the table except for one person, who does not like CRA, came into the conference committee, determined that he was going to weaken it and he did. These reporting requirements are unnecessary. They are simply there to intimidate. What other situation do we have where two private entities, with an agreement, have to report on it? No place, no place else but with CRA. I do not care what they say the intent is. CRA has been weakened.

The rural communities and the inner cities will feel the impact of it because the activists will go away. They will not be able to comply with these requirements. But that is not what is going to undo what we do here tonight. The poor people do not have the power. The activists could not stand up against the big banks. I knew that CitiCorps and Travelers would not undo their relationship. They would have had to undo it in two years if we did not have this law tonight because they acted on their own to come together and merge, but I knew they would win. Too big to fail.

What is going to undo what we do here tonight is the invasion of privacy of American citizens. What has been done is the opportunity has opened up for one conglomerate to know everything there is to be known about an individual and their family, everything from their medical, financial records, everything. We will pay a price for this. We have paid a price for mistakes in the past as we dealt with the S&Ls. This will be another one that we will regret.

Mr. BLILEY. Madam Speaker, I yield as much time as he may consume to the gentleman from Ohio (Mr. OXLEY), the chairman of the Subcommittee on Commerce, Justice, State and Judiciary.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Ohio (Mr. OXLEY) has up to 3 minutes.

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

Mr. OXLEY. Madam Speaker, I rise in support of this historic legislation. We are replacing Glass-Steagall finally, after 65 years, with Gramm-Leach-Bliley, and everybody participated in this effort. There is a great deal of credit for a job well done. We have had the heart and the courage. A lot of people have doubted us because it took us a long time but we are here tonight to pass this bill.

It sets a standard, a strong standard, for consumer safeguards and establishes a strong regulatory foundation for financial services.

Let me mention a few highlights. This year in our committee I introduced the first ever comprehensive financial privacy protections for consumers. It was adopted by the full House and stronger provisions with the work of the gentlewoman from New Jersey (Mrs. ROUKEMA) and others in the House-Senate conference committee. Under current law, consumers have no ability whatsoever to find out how their personal financial information is being shared. This bill, for the first time, gives them that ability.

If we want strong consumer protections, particularly a right to privacy, vote for this legislation because to keep the status quo is to have no privacy protection whatsoever. It protects account numbers and access codes. It protects strong State privacy laws from being overridden, and that is very, very important.

I find it interesting that some Members, while recognizing that everything in this bill is an improvement over current law, still argue that we should not enact any protections, nothing at all, if we cannot load up the bill with every bell and whistle that they want. This is partly why this bill has been sabotaged in every effort in the last 65 years until this Congress demonstrated the leadership to move it forward.

The Gramm-Leach-Bliley Act affords real protections and safeguards for Americans that become law, not just empty words and political posturing. The privacy protections are only some of the many pro-consumer entitlements in the bill. Under current law, individual consumers have no statutory protections governing bank sales of insurance. This bill provides that protection.

□ 2200

Domestic violence. Protection against domestic violence discrimination. State insurance regulators now have equal standing to protect consumers when regulating. In fact, this bill establishes the consumers' right to functional regulation of all financial activities, which is the bedrock of this legislation, this functional regulation. I am proud that this bill does that.

This bill makes our system work, and it makes our financial system strong and safe and the envy of world.

I want to congratulate all of those who were involved in this effort, particularly the gentleman from Iowa (Chairman LEACH), the gentleman from Virginia (Chairman BLILEY) for their strong efforts in this regard.

Madam Speaker, I would be remiss at this time in not mentioning the hard work and dedication of a young man named Greg Koczanski, who was senior vice president of Citigroup, and many of my colleagues knew him, as we discuss this legislation that was so important to Greg.

As many of my colleagues know, Greg died in a tragic hiking accident earlier this year in Colorado. He was a devoted family man, an avid sportsman, and true professional in every sense.

I salute Greg for the time and energy he committed to the process of moving this bill forward. S. 900 bears the imprint of his hard work.

Madam Speaker, the gentleman from Massachusetts (Mr. MARKEY), a good friend of mine, always likened this bill to Sisyphus rolling that boulder up the hill, and he was doomed, doomed to have that boulder roll back on him and time and time again, doomed for eternity. I say to the gentleman from Massachusetts, no longer, no longer do I have to hear that speech in the Committee on Commerce or on the floor. For that reason and that reason alone, it is important that we pass this bill tonight.

Mr. LEACH. Madam Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. ROUKEMA), the distinguished chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Mrs. ROUKEMA. Madam Speaker, I want to clarify the questions regarding the privacy title.

Section 503 requires financial institutions to provide customers with a copy of the financial institution's privacy policies and practices. These documents must be provided to customers at the time the customer establishes a relationship with the financial institution and not less than annually during the continuation of that relationship.

What about single-event transactions, as they are known, with a financial institution? What does section 503 require of financial institutions if the relationship with the customer is single-event transactions, like the purchase of teller's checks, money orders, or remote bill payments at businesses that do not have an ongoing relationship?

Madam Speaker, what would we do if these bill payments are done at businesses that do not have an ongoing relationship?

Mr. OXLEY. Madam Speaker, will the gentlewoman yield?

Mrs. ROUKEMA. Yes, I will be pleased to yield to the gentleman from Ohio.

Mr. OXLEY. Madam Speaker, as we discussed, in single-event transactions such as the ones the gentlewoman from New Jersey mentioned, financial institutions must disclose to the customer their privacy policies and practices at the time the transaction is entered into. A customer relationship is created, but it is over in an extremely short amount of time. In these types of transactions, no continuing relationship between the financial institution and the customer is created. For this reason, the financial institution is not required to provide its privacy policies to such customers annually. That was clearly our intent.

Mrs. ROUKEMA. Madam Speaker, I appreciate that.

Mr. LEACH. Madam Speaker, if the gentlewoman will yield, I agree with the interpretation just expressed.

Mrs. ROUKEMA. Madam Speaker, I think this is very important for us to have on the Record the interpretation of this legislation.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the gentleman from Texas (Mr. BENTSEN).

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

Mr. BENTSEN. Madam Speaker, let me first say I support this legislation, and I want to commend the chairman and the ranking member of the Committee on Banking and Financial Services for the work they have done and the staff for the work they have done.

Besides the financial and monetary policy reasons for doing this bill, I think there are some important facts we have to understand. I concur with the gentlewoman from California (Ms. WATERS) that CRA should not have been part of this legislation, but we have to understand the facts of it. It was part of the legislation. Because of this legislation, we have the stronger CRA language for businesses that want to get into other financial businesses. That is not in the current law.

We also have a stronger law as it relates to smaller institutions because, even though they get a longer interval before they have a CRA review, the bill is written in such a way that allows the regulator to go in if there is a material change. So I think CRA actually came out better.

The sunshine may be somewhat of a nuisance, but it was very narrowly tailored in the final stages of this bill.

With respect to privacy, the point has been made, and it cannot be denied, that the provisions in this bill would not exist without this bill. Consumers are better off by enacting these provisions. We will have to revisit privacy. Everyone knows it. But if we fail to pass this bill, consumers will be worse off as it relates to privacy.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. MARKEY), a member of the Committee on Commerce.

Mr. MARKEY. Madam Speaker, we are told how difficult it is, how complex it is to deal with all of these privacy issues. But when Citigroup is doing business in Germany, and the German laws say that every German citizen has the right to protect all their information, has the right to say, no, they do not want it shared, Citigroup gives every German citizen a contract protecting their information.

Now, they do not want to give that same contract to American citizens in their own country. Citigroup says no, we cannot do it in America. It is too complex.

Now, the American laws have figured out how to ensure one's tax returns do not get shared, how one's driver's license information does not get shared, one's video cassette rentals, one's cable TV viewing habits, one's telephone call records, the location of where one is when one is using one's cell phone.

Yes, we can pass laws for that. But the financial services industry says, it would really ruin our synergies if you made it necessary for us to protect your private information, your checks.

If one wrote a check for one's child's psychiatrist, for one's prostate cancer, for one's wife's breast cancer, no, one cannot protect that information. It is our product to sell to market.

There is only one thing that really exists here, Madam Speaker. One gets one notice, and one gets one notice only from these banks. Here is what one is going to get: Notice, you have no privacy.

They are going to be legally required to tell one one has no privacy. Commerce without a conscience. Profit before privacy. Can we not have a balance in this country?

William Shakespeare, 5 centuries ago: ''Who steals my purse steals trash; 'tis something, nothing.''

'''Twas mine, 'tis his, and has been slave to thousands.''

But ''he that filches from me my good name robs me of that which not enriches him, and makes me poor indeed.''

Here, Madam Speaker, one's good name enriches the financial services industry and will make each family poor, indeed, as it is robbed, stolen, filched, and capitalized upon by the financial services industry in this country. Vote no on this bad bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the distinguished gentlewoman from New York (Mrs. KELLY).

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Madam Speaker, I thank the distinguished gentleman from Iowa for yielding me the time.

Madam Speaker, I rise today in strong support for the passage of the Gramm-Leach-Bliley Financial Services Act of 1999. This conference report truly bridges the disagreements that have torn apart past efforts to update our financial services laws and brings our laws into the 21st century.

The true winner in this effort is the consumer. They win on two fronts: first with savings, and second through the greatest expansion of financial privacy.

Two provisions are especially noteworthy and will save consumers money. The NARAB provision will solve a difficult and costly multistate insurance licensing issue by creating a single higher national standard.

Another provision will allow banking firms to sell mutual funds to their customers without having to go through third-party distributors that do not provide any added value to the bank or customers.

This legislation is a true win-win for the American people, and I urge my colleagues on both sides of the aisle to join me in favor of the passage of this historic legislation.

This legislation has been decades in the making and I am pleased to have been part of the effort to make this legislation a reality. Of course, this would not have been possible without the excellent work of my chairman and his top notch staff who set the best example we can all strive for.

As for privacy, this legislation represents the greatest expansion of personal financial privacy in the history of American finance. Consumers will benefit from the mandatory disclosure by financial institutions of privacy policies and the consumer opt-out choices to prevent the sale of confidential information to unaffiliated third parties. This represents only two of the many positive privacy provisions.

I want to go into greater detail on the provisions of this legislation that will create NARAB—the National Association of Registered Agents and Brokers. This subtitle, which I authored, will streamline the insurance agent and broker licensing process.

Allow me to read something that demonstrates both the desire of state regulators to achieve the goal of establishing uniform or reciprocal licensing standards goal and the great impediments to its attainment:

> The Commissioners are now fully prepared to go before their various legislative committees with recommendations for a system of insurance law which shall be the same in all States—not reciprocal, but identical; not retaliatory, but uniform.

This statement expressing the desire for a more uniform insurance regulatory system was made by George W. Miller, the New York Insurance Commissioner who founded the National Association of Insurance Commissioner, at the close of the very first meeting of the NAIC in 1871. The NAIC has been working for almost 130 years to achieve some level of regulatory uniformity; NARAB will simply assist them in achieving what has proved to be a very elusive objective.

As advocated by the state insurance commissioners, state insurance regulation is preserved in this legislation. What NARAB does, though, is address one of the shortcomings of state regulation. Licensing laws are not only unnecessarily redundant; they all too often are protecionist—designed to protect in-state agents and brokers from out-of-state competition. The NARAB designed to protect in-state agents and brokers from out-of-state competition. The NARAB subtitle creates the incentive

for states to change those out-of-date laws and regulations.

Now that this legislation stands at the brink of enactment, state insurance regulators must recognize that NARAB is the tool they need to make licensing less of a burden, and less of an add-on cost to consumers. Throughout the three-year debate on this provision, some state insurance commissioners argued that they're getting the job done on their own, and NARAB is unnecessary. Unfortunately, they've been saying that for 130 years. With NARAB's enactment into federal law, there is no choice but for state licensing laws to move into alignment with the broader modernization goals of this legislation.

Madam Speaker, it is an embarrassment that the separate nations of Europe have done more to harmonize their insurance licensing laws, compared to the separate states of America. NARAB will help change that.

The Gramm-Leach-Bliley Act is good for business and consumers in many ways. It's important to note, though, that many of the provisions of this legislation only bring the regulatory scheme into line with what's already happening in the marketplace. NARAB stands out as one of the key elements of this legislation that represent true modernization. I was pleased to author this element of the bill, and am grateful for the wide support it has enjoyed throughout this process.

Most of all, speaking as a moderate, I feel honored to have played a role in the enactment of important legislation that has had true bipartisan leadership. As it should be, this is a legislative product that should make us all proud.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Madam Speaker, I thank the gentleman from New York for yielding me the time.

Madam Speaker, for the last 4 years, there are probably few people in this body who have spent more time on this issue and on this bill than I have. I have read every bill and every draft from front to back over and over again and studied the provisions.

There are some problems with the bill that came out of the conference bill. In many respects, it is not as good a bill as the bill we passed out of the House. But for every problem in the bill, there are also some good things in the bill. So, on balance, I have decided that this is a bill that is worthy of support.

We should continue to work on the problems that exist with the bill. We should address those problems dealing with privacy, reporting under the CRA requirements, and other provisions that I think are lacking.

But on balance, we should vote for the bill, and, therefore, I rise in support of the bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the gentlewoman from Illinois (Mrs. BIGGERT).

(Mrs. BIGGERT asked and was given permission to revise and extend her remarks.)

Mrs. BIGGERT. Madam Speaker, I rise in support of the conference report. Many of my colleagues have devoted a good part of their congressional careers to making this bill a reality.

As a freshman member of the Committee on Banking and Financial Services, I was privileged to work with them this year to provide a bipartisan bill that will modernize our Nation's banking, insurance, and security industries.

Two decades in the making, this bill will allow our Nation's financial institutions, security companies, and insurance industries to successfully compete in the global market.

I commend the House and the Senate conferees as well as the administration who were able to work together to approve this legislation. While it may be long overdue, I believe it will be well worth the wait.

I congratulate the gentleman from Iowa (Chairman LEACH), the gentleman from Virginia (Chairman BLILEY), and the gentleman from New York (Mr. LAFALCE), the ranking member.

I ask all my colleagues to vote for this historic measure, and I urge the President to sign it into law.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentleman from Illinois (Mr. GUTIERREZ).

Mr. GUTIERREZ. Madam Speaker, I am a proponent of the Community Reinvestment Act, which is why I am going to vote against this conference report.

I am not pleased that S. 900 weakens the Community Reinvestment Act while strengthening banks' abilities to expand into insurance and securities business. I am not pleased that S. 900 sacrifices adequate consumer privacy for the sake of corporate interests.

S. 900 strays too far from acceptable CRA provisions originally in H.R. 10, which required banks to have a satisfactory CRA rating in order to affiliate with insurance and securities firms, and this is important. To maintain that affiliation, they must maintain their satisfactory CRA rating. Unfortunately, this maintenance provision has been stripped from the bill.

Sure, S. 900 requires banks to have a satisfactory CRA rating to expand into lines of business, but under this bill, once a bank's affiliating frenzy is over, once it gets as big as it wants by merging with securities and insurance firms, it is no longer required to maintain a satisfactory CRA rating.

On privacy, this bill gives banks the right to share all information about consumers with their affiliates. Personally, I do not necessarily want my bank information to be shared with anyone.

□ 2215

While S. 900 does give consumers the option to opt out of a bank's information-sharing arrangement with unaffiliated third parties, a consumer, I want America to understand this clearly, a consumer cannot opt out when the financial institution enters a joint marketing agreement with unaffiliated third parties.

This means that if my bank has an agreement with a telemarketer down the street, the bank can share my information and the information of all Americans with whichever financial institution. That should be shameful, Madam Speaker.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Madam Speaker, I want to thank the chairman of the Committee on Banking and Financial Services and the ranking member for the hard work they did on this bill and moving it through the process and never forgetting that the consumer came first.

Madam Speaker, with all the heated debate around the details of this bill, I fear that we have lost sight of what we are trying to do. We are, as the Washington Post recently pointed out, trying to reregulate the financial services industry today, not deregulate it. Banks already use loopholes and regulatory waivers to get their hands into new lines of businesses, supposedly barred by the old Glass-Steagall Act. While this bill gives banks, insurance companies, and security companies new powers, it also creates a sound, legal framework which addresses the actual condition of today's financial services marketplace.

For those of my colleagues that are concerned about consumer protection, understand that the most important thing we can do to protect consumers is to create a strong regulatory system that oversees financial services as they are today, not as they were, and the bill does that.

Why else have we worked so hard to create this bill? For four reasons: to create a more competitive financial services sector, to build a stronger economy, to create new opportunities for consumers, and to protect the consumer.

When this bill is passed, companies will be more internationally competitive, will operate more efficiently at home, and will provide a broad array of new services and products to the consumers, and provide for the first time privacy protection for the consumer.

As a conferee and a supporter of S. 900, I ask for my colleagues' yes vote today.

Mr. DINGELL. Madam Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Michigan (Mr. DINGELL) has 11½ minutes remaining, the gentleman from New York (Mr. LAFALCE) has 11 minutes remaining, and the gentleman from Iowa (Mr. LEACH) has 2 minutes remaining.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the gentleman from Minnesota (Mr. LUTHER).

Mr. LUTHER. Madam Speaker, earlier this year, Attorney General Mike Hatch of the State of Minnesota brought a civil lawsuit against a large

national bank for sharing customers' personal information with a telemarketing company. When this became known to the public, the people of Minnesota were outraged. So what happened? The bank quickly agreed to change its practices and to allow their customers to opt out; in other words, to say no to sharing any personal financial information with either third parties or affiliates.

I ask all of my colleagues here to pay attention to the Minnesota agreement, because that is what everyone agreed to when the public truly found out what was going on with the sharing of their information. It is the minimum standard every bank in America ought to adhere to. All it says is people have the right to say no.

Now, this legislation has been going on for 15 years, as has been mentioned here. I would ask why, after that much time, could we not spend 15 minutes to draft a provision to protect the consumers of America? And that is all we are asking. For those of my colleagues who suggest we could pass a separate bill on the privacy issue, I ask, what are the chances of passage of that bill when this bill cannot have a real privacy provision with all of the interest groups supporting this legislation? The chances of that would be very slim.

Madam Speaker, I will conclude by just saying it is time to reject business as usual in Washington. We can stand up for the people and their right to privacy in America. We have a solemn responsibility to do that. I urge my colleagues to reject this legislation.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the gentlewoman from California (Mrs. CAPPS).

Mrs. CAPPS. Madam Speaker, I rise in support of this conference report. The laws governing our banking insurance and securities industries are woefully out of date. Congress has tried for years to update them and that goal is finally now being achieved with this legislation. This bill will ensure that America remains the world's leader in financial services and, more importantly, it will bring consumers more choices at lower prices.

We all know, though, that a major issue in this bill has been consumer privacy. The legislation before us takes a step forward, but many challenges remain. I am pleased that the conference report does not include the so-called medical privacy provisions that were in the House-passed bill. But the conference report remains deficient in protections for consumers' financial privacy.

As the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) have pointed out, the bill still does not allow consumers control over who has access to their financial information. Therefore, Congress must revisit privacy protections. However, overall the conference report remains a positive step forward for our economy, and I urge my colleagues to support it.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the gentlewoman from Illinois (Ms. SCHAKOWSKY), a member of the Committee on Banking and Financial Services.

Ms. SCHAKOWSKY. Madam Speaker, as a member of the Committee on Banking and Financial Services, I rise in strong opposition to S. 900.

Winners-Losers. In this bill it is painfully clear. Banks, insurance companies and securities firms. Big winners. Losers? Working class communities and consumers.

This bill helps create corporations that can afford to ignore families and small businesses down the street due to a weakened Community Reinvestment Act. CRA has brought literally a trillion dollars' worth of loans into starving communities since its passage in 1977. But S. 900 lowers the requirements for CRA compliance and maliciously burdens community-based groups that are fighting for investment in their neighborhoods.

Huge financial conglomerates get access to their customers' most private information, which they can use without permission. When a widow receives the funds from her husband's insurance policy, the insurance company can share that information with its brokerage firm which can then barrage the grieving woman with stock offerings.

The bank that gives us a loan for our child's education can sell her address to a credit card company, which then entices her with a card at school. If we have a bad day on the stock market, make a claim against our health insurance, we can kiss that mortgage goodby. Write checks to a psychiatrist or an oncologist and then just try to get a new health insurance policy.

Why should we be for this? We should not be for this. I urge my colleagues to vote ''no.''

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MALONEY).

Mr. MALONEY of Connecticut. Madam Speaker, I rise in support of this legislation. For more than 20 years, Congress has attempted to overhaul the Nation's banking laws while the marketplace has moved leaps and bounds beyond the current law. Finally, today, we have an historic opportunity, the opportunity to pass the most important financial services legislation in 60 years.

Thanks to the work of the chairman, the gentleman from Iowa (Mr. LEACH), and the ranking member, the gentleman from New York (Mr. LAFALCE), we have come together to craft a financial modernization bill which benefits everyone. Our economy will benefit from passage of this bill by being supplied with more access to capital, which will continue to fuel our economic growth. To our financial institutions, this bill means increased efficiency and increased competitiveness in the global marketplace. And our consumers will benefit from increased competition, which translates into greater choices, more innovative services, and lower prices for financial products.

Under today's financial modernization conference report, banks will still be required to have a good track record in community reinvestments as a condition for expanding into new businesses. And there is the first time that a bank's rating under Community Reinvestment Act will be considered when it expands outside of traditional banking activities. The financial modernization agreement will also apply CRA to all banks, without exceptions, and it preserves existing procedures for public comments on banks.

A note on privacy. Under existing law, information on everything from account balances to credit card transactions can already now be shared by a financial institution without a customer's knowledge. Under this bill, financial institutions will, for the first time, be required to notify consumers when they intend to share such information with third parties and allows consumers to opt out of any such information sharing.

The privacy protections included in this legislation are clearly an important step forward for America's consumers. I urge passage of the conference report.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the gentleman from Washington (Mr. INSLEE), a member of the Committee on Banking and Financial Services.

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

Mr. INSLEE. Madam Speaker, if we are indeed steward of our constituents' privacy, why should we give banks the right to strip us of privacy? Why should we give banks the ability to tell everyone in the world who are their affiliates about our banking accounts and our checks? Why should we do this?

And who will come to this floor tonight and say to the American people that it is okay for banks to violate our privacy and to give our bank accounts to their affiliates so they can telemarket us? Who will come here tonight and say that? No one. Because every single Member of this chamber, of both parties and both genders, of all beliefs, know that is wrong, and it ought to be outlawed.

Why is this so important? Because this is a brave, new and threatening world in the financial services industry. This is not the little bank on the corner any more. The little bank on the corner did not have any incentive to violate our privacy. They wanted to keep our privacy. But when we create this new organism of banking, as sure as God made little green apples, that the affiliated insurance companies and the affiliated stockbrokers are going to want the computer profiling of our accounts so they can sell everything on this green Earth to us over the phone at 7 o'clock at night.

Now, many of us are concerned about the financial forces at work trying to pass this bill. I will just leave my colleagues with one thought. When consideration of deregulation of the savings and loan industry came about, only 26 Members of this chamber voted against it, and all 26 Members felt the same fear and concern we do.

Vote to send this bill back for more work. Vote for privacy. Defeat this bill tonight.

Mr. LAFALCE. Madam Speaker, I yield 1½ minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, I rise in support of the Gramm-Leach-Bliley Act.

To say that Glass-Steagall effectively separates banking and securities is to ignore the realities of the marketplace. Today, banks can buy securities firms and banks can sell insurance. This bill provides legal and regulatory clarity.

While on the whole, the act makes U.S. companies more competitive, I would like to have seen it improved in several areas. With regard to privacy, the bill establishes the principle of Federal regulation of consumer privacy for the first time. I would have liked to have seen stronger language. In the conference, numerous amendments toughening the privacy language were offered and defeated on largely party lines. I look forward to returning to this issue next year.

□ 2230

I would also have liked to have seen stronger CRAs, a goal toward which the gentleman from New York (Mr. LAFALCE), the ranking member, ably fought. Even so, I believe the positives far outweigh the negatives.

Perhaps most importantly, the conference committee upheld the strict separation of banking and commerce, a goal which the gentleman from Iowa (Chairman LEACH) has long championed.

Madam Speaker, the markets have already overwhelmed the Glass-Steagall wall. Gramm-Leach-Bliley will provide new modern rules allowing U.S. companies to move forward and compete globally in the new Internet economy.

I urge a yes vote.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentlewoman from California (Ms. LEE) a member of the Committee on Banking and Financial Services.

Ms. LEE. Madam Speaker, I thank my colleague for yielding me the time.

Madam Speaker, I rise in strong opposition to S. 900. There is no question that we need to update 1930's laws on financial services. I joined with many colleagues to try to craft a bill so that it would also, however, protect consumers. Financial services are making big gains with this bill, and consumers should be included. Unfortunately, they have been left out.

For example, pro-consumer amendments offered were rejected by the conference committee. Strong consumer privacy provisions were rejected by the conference committee. It is terrifying to know that Big Brother is here to stay as a result of this bill. Sharing the private financial information among financial institutions should really scare us to death.

My anti-redlining, non-discrimination amendment passed by the House Committee on Banking and Financial Services was blocked from consideration by this House without even taking a vote to block it. What does that say about our democracy?

With regard to the Community Reinvestment Act, punitive reporting required of community groups building affordable housing, for example, will create unwarranted witch hunts. I wanted to cast an aye vote for financial modernization but only if consumers, ordinary people, could also benefit from these megamergers.

Unfortunately, the bill went in the wrong direction. I urge a no vote.

Mr. LAFALCE. Madam Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN).

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

Mr. CARDIN. Madam Speaker, I rise in support of the conference report, with reservations.

Congress has been working for many years to reform the Nation's outdated financial services laws. After several attempts at crafting comprehensive legislation, I am pleased to see that the House, the Senate and the administration have reached agreement on a bill that accomplishes this task, while preserving financial regulation along functional lines. After 65 years, it is important that we modernize our financial services laws. This legislation does provide the necessary legislative framework to allow financial institutions to compete fairly in the market. That is in the best interest of my constituents and I shall support the conference report.

However, I must express my disappointment that the conference report does not provide customers the opportunity to prevent the disclosure of information to affiliated companies. It does allow them to opt-out of disclosures to companies with whom their financial institutions have no affiliation, except when the institutions have entered into a joint agreement. This may result in the free exchange of personal information, such as bank balances, credit card transactions, and check receipts, between life insurance companies, mortgage issuers, stockbrokers and other commercial entities without the consumer's knowledge or consent.

This situation is particularly troubling because Congress has not yet passed medical privacy legislation. It is important to recognize that the HHS Secretary's proposed medical privacy regulations, set to take effect next February, are restricted in scope to health providers, health insurers, and health information clearinghouses. Limited by legislative authority granted in HIPAA, these rules cannot limit the secondary release of information beyond these specific entities. Therefore, once this financial services bill becomes law, information that an individual voluntarily discloses to a life insurance company may then be forewarded legally without an individual's assent to any of its affiliates and to any unrelated financial institution that has entered into a joint agreement with that insurance company.

It is my hope that the 106th Congress and the administration will return to this issue early next year in order to strengthen the privacy safeguards. Only then will we be able to provide American consumers innovation, convenience, and safety in financial services, as well as guaranteeing the privacy of their most personal information.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the distinguished gentleman from California (Mr. SHERMAN).

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

Mr. SHERMAN. Madam Speaker, banks, insurance companies, and stock brokerage firms are combining today; and the old walls and distinctions between financial products that fit in one area and another are beginning to break down.

The question is not whether we will have the perfect bill but whether we will have a bill at all. This bill requires that consumers are given disclosure when they go into a bank that a particular product is not FDIC insured. They have no such protection now.

It prevents the combination of financial and commercial enterprises in a way that could endanger our entire financial system. It provides modest privacy protections that we do not have under current statute.

We can wait for the perfect bill, turn our back, and watch the combination of financial enterprises occur with nothing to ensure that the public interest is protected, or we can instead vote for an admittedly imperfect bill.

This is a major step forward in protecting the public interest.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DAVIS).

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Madam Speaker, we have heard a great deal all evening about how good this bill is. I agree, it is good. It is good for the banks, good for the corporations, good for business, good for small banks who want to be practically exempt from CRA. But it is not good for consumers.

It is not good for consumers who desire privacy protection. It is not good for disadvantaged and distressed communities that have been redlined, discriminated against, raped, and abandoned. It is not good for consumer activists who generated CRA in the first place. And so, it is a good bill, but it is not good enough to protect CRA. It is a good bill, but not good enough.

I urge that we vote to protect CRA. Vote against it.

Madam Speaker: we have heard from many quarters that this is a good bill and in many ways it is. However, in several instances it

does not do what some suggest that it does. The so-called privacy protection of customers being given an opportunity to ''opt-out'' clearly demonstrates the corporate benefits this bill intends. If this bill will benefit consumers, let the corporations sell themselves by mandating that consumers must ''opt-in'' to have information on themselves shared or sold. Financial literacy is already faced with a plethora of challenges let alone teaching consumers how to search for obscure fine print to protect privacy. One key lost opportunity is the failure to insist that expanded financial powers be accompanied by an appropriate expansion of CRA.

The proposed small bank exam schedule borders on an outright exemption given the ''twice a decade'' schedule proposed. I am also afraid that some of the report language will discourage communities from commenting or even contacting a financial institution regarding their communities credit needs.

This bill will not further community reinvestment; therefore, notwithstanding its other positive feature, I cannot support it.

Mr. LAFALCE. Madam Speaker, I yield 3½ minutes to the distinguished gentleman from Minnesota (Mr. VENTO), the ranking member of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. VENTO. Madam Speaker, I rise, of course, in strong support of this. I certainly admire the passion and the intensity of our colleagues that have presented arguments tonight in voicing their concerns.

I think once we get through some of the rhetoric and hyperbole we might get down to some of the facts. I think their arguments would seem to steal defeat from the jaws of victory in terms of this is a pro-CRA bill. It expands CRA. It does so, I think, in a way; and that was an absolutely fundamental demand by the President.

I respect the fact that the gentleman from Iowa (Chairman LEACH) and the ranking member fought like lionesses over their cubs trying to protect this and recognizing the necessity of doing it. This was the last thing that we dealt with. It was tough. We have disclosure in here. There are provisions with regard to reporting which I think are onerous, but they are workable and we expand CRA.

Thousands of applications and thousands of other activities that went on that did not need CRA will and every part and every branch of that holding company will have to have a positive CRA rating in order to accomplish it. In this bill, we put teeth back in the Fair Credit Reporting Act which had been extracted several years ago. That is an important consumer gain.

We have the Prime Act in here that the gentleman from Illinois (Mr. RUSH) and Senator KENNEDY sponsored which is so important to our local communities. There are a lot of good things in this bill. The activity of the gentlewoman from Colorado (Ms. DEGETTE) with regards to spousal abuse is in this particular bill.

But beyond that, of course, the privacy issue is the most interesting issue of all, because many have raised this great facade, but 2 years ago when a bill was up here and some of the advocates to it would have allowed us with regards to being against this bill because it does not have enough privacy protections in this found it in their wisdom and hearts to vote for a bill that had none in it.

In Minnesota we talk about protecting that one bank because they trespassed or were thought to have trespassed had to, of course, deal with a CRA agreement or with regards to a privacy agreement. I am concerned about that one bank, but I was concerned about the other 549 banks in Minnesota that did not have any law that would govern their particular privacy.

This covers all the banks in the Nation and all the insurance firms in the Nation and all the security firms in the Nation and all the entities that are financial in nature are covered under this particular bill in terms of a privacy policy.

Now, even though it has taken 6 years to pass this, guess what? Next year we are going to have to do some more work. I hope that my colleagues realize we have not worked ourselves quite out of a job here yet. We may have some imperfections in this legislation, as there is in others. And I will gladly confess that to my colleagues that we are going to have to come back and do additional work in this particular area. But we have a solid foundation.

The principal provisions of this bill which have recognized the rusting and weakened and rotten chains of Glass-Steagall are finally recognized, and Congress is getting out in front and rationalizing and putting a policy in place in which our financial foundation, a dysfunctional system, can work. That is what this is really all about. I think in the process of doing so, we have advanced and improved consumer provisions in this bill. We should be proud to vote for it and proud to work for the results, not simply polarization that this Congress I think too often has reflected. This year let us do something positive, let us vote for this bill.

Madam Speaker, I rise in support of this conference report. This agreement, reached in a difficult and wrangling 66 Member conference between the two bodies with very different products, is a historic bill.

The conference report on S. 900 is a balance. It is a balance between the House-passed bill and the Senate-passed bill. It is a balance between competing industries. It is a balance between bigger banks and smaller banks. It is a balance between business and consumer needs. It is a bill that does not allow us to continue to stick our heads in the sand with regard to the state of the financial services industry and instead brings the law up to date.

I worked upon and signed this conference report on S. 900, the Financial Services Modernization Act, in an effort to pave a path for the future that will provide financial opportunities for American consumers and communities across this country and that will keep our financial services sector competitive in the world economy.

We have a new law that will remove the rusted chains of Glass-Steagall and that will help insure that consumers receive quality financial services and new protections. The measure removes the barriers preventing affiliation between banks, insurance and securities entities and provides financial services firms the choice of conducting certain financial activities in bank holding company affiliates or in subsidiaries of bank structures on a safe and sound basis. The agreement will not undermine the national bank charter vis a vis state banks, foreign banks, or the activities of U.S. banks that have subsidiaries abroad with relative powers.

The conference agreement brought resolution to the differences over traditional bank securities powers. We have successfully shut down the commercial loophole by prohibiting the sale of unitary thrifts to commercial entities. Functional regulation has been established on matter from insurance sales to antitrust/anti-concentration law enforcement. Importantly, the bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy; rural and urban.

We do not have complete parity for affiliation between banks and insurance and securities firms with regard to commercial activities because of the 15 year grandfather provisions. We could have merged the bank and thrift charters and merged the two deposit insurance funds that remain separate in law today. I would have also hoped that we could have included fair housing compliance on insurance affiliates, low-cost banking accounts and application of Community Reinvestment Act-like requirements on products that are similar to bank products, such as mortgages. There are, however, no perfect bills produced through the Congressional process with 535 views in the mix with the Administration's phalanx of regulators and policy works.

The focus of the lengthy and public debate over this legislation has been the opening of the financial services marketplace to new competition and the reduction of barriers between financial services providers. It is equally important that this bill is a positive step for our constituents and the communities in which they live, as well.

In general, there are inherent benefits of being able to provide streamlined, one-stop shopping with comprehensive services choices for consumers. According to the Treasury Department, financial services modernization could mean as much as $15 billion annually in savings to consumers. Hopefully, some of these dollars will materialize. We also have achieved other policy victories for consumers across the country.

We have modernized the Community Reinvestment Act (CRA) in a positive manner. The CRA was enacted by Congress in 1977 to combat discrimination. The CRA encourages federally-insured financial institutions to help meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve on a safe and sound basis—a basic reaffirmation of the purpose of insured depository institutions. According to the National Community Reinvestment Coalition, the law has helped bring more than $1 trillion in commitments to these communities since its enactment. Across this great

nation, organizations, belonging to NCRC, ACORN, LISC, Enterprise, Neighborhood Housing Services, and others, have engaged CRA to work with their local financial institutions to make their communities better places to live.

Importantly, the conference agreement will continue to ensure that CRA will remain essential and relevant in a changing financial marketplace. It is not everything I wanted or supported during the several amendments process. It does, however, further the goals of the Community Reinvestment Act by requiring that all of a holding company's subsidiary depository institutions have at least a ''satisfactory'' CRA rating in order to affiliate as a Financial Holding Company or to engage in any of the new financial activities authorized under this Act. This strengthens and modernizes the reel of CRA in that current law does not have a CRA satisfactory requirement for non-bank activities in which banks now seek to engage. The Federal Reserve Board has informed us that thousands of applications have been approved without any CRA test that this bill will apply. Further, according to the Treasury Department, if a bank were to proceed without having a satisfactory CRA, the regulators have strong enforcement authority, including monetary penalties, cease and desist and divesture, that they could apply.

The Conference rightly rejected the other body's proposed small bank exemption and safe harbor provisions for CRA. We did accept, however, a modified disclosure and reporting system. I strongly disagreed with the burdensome, so-called ''sunshine'' and reporting provisions in the Senate bill. They certainly raise the specter of harassment of pro-CRA groups. However, very few would oppose openness and public disclosure. Certainly, the disclosure of information could spell out the effectiveness of these groups working so hard in our communities and the effectiveness of the CRA itself.

I believe the reporting requirements, although improved, remain an extraordinarily difficult policy as structured in this measure. It no doubt will be more of a burden to community groups and banks who currently do not file such status reports. However, we were able to streamline the reporting requirements and to limit who should file a report even as we gave the regulators substantial authority to properly oversee such provisions. We should be mindful of the Administration's and regulators' expressions of good will to take a common sense approach with regards to its implementation. Hopefully they will help make these disclosure and reporting requirements more workable. Congress certainly must closely monitor the implementation of these provisions and their effects.

The conference report also contains two studies: one evaluating business lines associated with CRA and another looking at the impact of the changes or impact of this law on CRA. I am concerned about the short turnaround time of the report required of the Federal Reserve Board. I would hope that this important study of the default and profitability of CRA loans will not be rushed to the point of not doing an adequate or fair job solely to meet an arbitrary deadline. Further, this study should be inclusive and identify all loans (individual, commercial or other) or activities that would qualify or be given as credit to financial institutions for CRA—and certainly not just to those loads or actions that qualify under the CRA reporting provisions of section 711 of the Act.

Other positive consumer provisions include the requirement that institutions ensure that consumers are not confused about new financial products, along with strong anti-tying and anti-coercion provisions governing the marketing of financial products. A new program to provide technical assistance to low income micro-entrepreneurs, known as the PRIME act, will be created with enactment of this Conference Report. ATM fees will have to be fully disclosed to consumers, not only on the computer screen, but, also on the ATM machine itself.

I am disappointed that the conference committee rejected provisions I initiated which encouraged public meetings in the case of mega-mergers between banks which both have more than $1 billion in assets where there may be a substantial public impact because of the larger merger. This would have provided our constituents with the important opportunity to express their views regarding mega mergers and their impact in our communities.

As my colleagues are aware, this conference report contains landmark financial privacy protections for consumers. Today, there is no federal law to protect your privacy or to stop the sale or sharing of your financial records with third party companies. As many in my home state of Minnesota learned this year, not even credit card numbers are safe from telemarketers unless we act in the conference report to put in place substantive law.

With enactment of this agreement, Congress will give consumers real choices to protect their financial privacy. This conference report will provide some of the strongest privacy provisions to ever be enacted into any federal law. This agreement, based upon the strong House provisions that I helped draft, has an affirmative mandate upon all financial entities, whether federal or state, so that all banks, brokers, insurance companies, credit unions, credit card companies, and many others must protect your personal financial information.

Furthermore, consumers will have an important choice of ''opting-out'' of most information sharing with unaffiliated third parties. Financial institutions will no longer be able to share your customer account numbers or access codes with unaffiliated third parties for the purpose of telemarketing. When you open an account and each year thereafter, you will receive a full disclosure of the privacy policies of your bank, credit union, securities firm, mutual funds or insurance companies. If the policy is not strong enough, this gives you the choice to choose a new company or to communicate your concerns to that financial enterprise.

Importantly, this conference agreement provides that financial institutions have an affirmative responsibility to protect and respect your financial privacy. Federal regulators are given the authority to set standards which guide the regulated and which will protect the security and confidentiality of a customer's personal information.

We were successful in improving upon the House provisions by agreeing to allow states to give even more privacy protection to consumers at their discretion. Stronger state laws will not be preempted by this federal law. The agreement also strengthens the Fair Credit Reporting Act, giving bank regulators the ability to detect and enforce any violations of credit reporting and consumer privacy, reestablishing regulatory provisions and the related enforcement powers essential to the same.

For the purposes like servicing accounts, ordering checks, selling loans to the secondary market, giving consumers frequent flyer miles and complying with federal laws, the agreement sets out exceptions. In crafting regulations to implement this law, the regulators should do nothing to further any sharing of account numbers or encrypted access codes which is not expressly conveyed through ''opt-in'' permission from consumers prior to any activity that would share such numbers. Further, the regulators should not make any exemptions that would make it possible for consumers to opt in over the phone to a telemarketer regarding the sharing of their account number. Condoning such a practice would simply reaffirm the status quo with regard to those bad actors who would take advantage of the practice and avoid the clear intent of the law.

As the regulators begin to shape appropriate exceptions in regulation, I entreat them to look carefully at the statute and to the clear intent to limit exceptions. Sharing with third parties outside of the scope of these limited exceptions should not be allowed. The legislation does attempt to provide some competitive equality to smaller institutions vis a vis larger affiliated structures without providing loopholes which would invade consumers financial privacy. The regulators should not provide exceptions merely to make something easier for financial institutions when it comes at the expense of the knowledge and benefit of consumers.

Some have suggested that these major new privacy protections be jettisoned because they do not go far enough. Rejection would make these unprecedented good privacy protections the enemy of a skewed version of what is best. To reverse the major strides made by this legislation is to steal defeat from the jaws of victory. If Congress says ''no'' to these new privacy provisions, the result would be business as usual. Tacitly agreeing to sell your credit card numbers to telemarketers and permitting your financial data to float around the open market like the latest trade item on eBay would be a set back for privacy.

Madam Speaker, what is clear is that a law that requires consumer action is appropriate but third party and affiliate ''opt-out'' is hardly the first and last word in consumer rights. We can do more and can do better. The fact is that a number of consumers have such a right of ''opt-out'' today under Fair Credit Reporting Act or through voluntary institution policies. Even with that opportunity in law and practice, only a small fraction of individuals, less than 1 percent, exercise that option. Consumer choice may give us a positive feeling of control and remedy but what does it really accomplish—what is the bottom line? Does it provide results if only a fraction of 1% respond to the celebrated ''opt-out''?

I do want to note something on the medical privacy provisions that were deleted from the House-passed bill, H.R. 10, in this conference report. Mindful of the deep concerns raised by our colleagues on the Commerce Committee and many other outside the Congress, we finally deleted these admittedly less than perfect provisions in the bill in lieu of improving them. The House approved a convoluted motion to instruct the conferees to do as much.

I had and still have concerns about the leap of faith that this action—deleting the provisions—required. I hope that we will not be disappointed a I note the recriminations that have already been voiced by some.

I am pleased that the President has recently proposed comprehensive privacy provisions as a result of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) law and hope that they will provide the protection we sought to assure and that there are no loopholes for medical privacy with regard to financial institutions. Consumers should not be forced to disclose and make public private medical data just to get insurance coverage. Although this legislation creates a new affiliated bank holding company structure that allows insurance, banking and securities firms to join, that must not translate into misuse and abuse of medical records by insurance companies and affiliates. No one should be able to share private medical or genetic information to base credit upon or for other unrelated purposes.

Madam Speaker, we have been in the trenches on this bill for the last five years, following more than 20 years of debate on financial modernization. We are at the goal line. I again want to express my appreciation to Chairman LEACH, Ranking Member LAFALCE, Chairwoman, ROUKEMA, our counterparts in the Senate, and all the respective staff, especially my personal staff, Larry J. Romans, Kirsten Johnson-Obey, and Erin Sermeus for their outstanding work, cooperation and patience on this important legislation. We worked hard together to create a bipartisan product that has gained the support of the Administration and that overcame the polarized Senate-passed measure. The Financial Services Modernization Act of 1999 is a tremendous achievement, if bittersweet from some reasons mentioned. It is a solid foundation to build our economy upon as we move into the next century. I urge my colleagues to support the conference report.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Madam Speaker, it occurs to me that the one salutary aspect of this bill is that it may finally provide the momentum to move us to change the way we finance political campaigns.

This bill, if nothing else, is a brilliant billboard for campaign finance reform. Seldom before has so much money been spent by so few to the detriment of so many. If we just look at the aspects of privacy alone, we see what is going to happen to people in this country. This bill creates huge conglomerates, enormous financial trusts, and it allows those financial trusts and conglomerates to manipulate information back and forth inside of those conglomerates and outside with unaffiliated entities as well with whom they share marketing agreements.

People will be reduced to objects locked in amber, to be examined minutely and manipulated carefully and intricately to deprive them of their financial resources. It is a mass movement of money from one class to another. It is a bad bill.

The SPEAKER pro tempore. The Chair would like to announce that the gentleman from Iowa (Mr. LEACH) has 2 minutes remaining, the gentleman from New York (Mr. LAFALCE) has 2 minutes remaining, and the gentleman from Michigan (Mr. DINGELL) has 4 minutes remaining.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. FRANK).

(Mr. FRANK of Massachusetts asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. FRANK of Massachusetts. Madam Speaker, this is half a bill, and it is not enough. It does a very good job of creating the conditions in which the capitalist institutions can flourish, and that is a good thing. We want capital to move freely. We give the financial institutions everything they have asked for.

Having done that, it is especially inappropriate that this bill treats Community Reinvestment Act institutions, volunteers, lower-income people, people concerned about equity, as if they were suspect. Now, the ranking members of the committees in the House and the Senate, the gentleman from New York (Mr. LAFALCE) and Senator SARBANES, tried to prevent this from happening, but they were not successful given the odds that they faced.

This bill is a very significant expansion of financial institution activity, and it is a grudging recognition of CRA. Indeed, as the banks are deregulated and give more freedom, low-income volunteers who put effort into trying to preserve some social fairness in their communities are burdened with excessive regulation.

It is entirely unfair for us in this piece of legislation to express unbounded confidence in the ability of the financial institutions to make our lives better and at the same time express suspicion of community investment groups. Because that is what this bill does. It treats them, over the objections of many, but, nonetheless, it treats them as if they were suspect. It deregulates the banks and over-regulates people whose only crime was to offend powerful political interests because they cared about equity.

It is a paradigm of a mistake we make too often here. Yes, we should create the conditions in which capitalism can grow and enrich us all. But we should know by now that capitalism alone, the movement of capital, unbounded will create wealth but it will create inequities, it will create social problems.

And we must always be careful to accompany that, it is a lesson we should have remembered from Franklin Roosevelt, we should accompany that by measures which empowers those who are trying to offset some of the ill effects, who are trying to preserve some social justice.

This bill does not do this. It gives a complete Christmas list to the financial institutions but treats the people who are trying very hard to preserve some equity and some social justice as children who would misbehave. We should do better and we should reject this bill and try it.

Madam Speaker, I ask that the very thoughtful letter explaining how this bill weakens the Community Reinvestment Act be printed here.

NOVEMBER 4, 1999.

Congressman BARNEY FRANK,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN FRANK: Having tracked the so-called ''financial modernization'' legislation currently pending before you through both the House and Senate over the last two years, we are writing to strongly urge you to vote against the passage of this bill.

This legislation stands to dramatically alter the nation's financial services industry by allowing cross affiliation and redistributing powers among banks, securities, and insurance companies. Despite serious misgivings regarding the impact this bill would have on low and moderate-income communities and communities of color, we might have been willing to accept these changes if Congress simultaneously agreed to modernize the Community Reinvestment Act of 1977 (CRA). Currently applicable only to banks, the CRA might have been strengthened by extending this obligation to securities and insurance companies as well as newly authorized Wholesale Financial Institutions. This would have allowed communities like the ones we represent to build on the success of the bank. CRA that has helped to generate critically needed dollars for home mortgages, rental housing, and commercial/industrial real estate development.

We recognize that, throughout this debate, supportive legislators—including members of the Massachusetts delegation—worked to support CRA and to limit the damaging changes demanded by Senator Phil Gramm (R-Texas) and other opponents. We therefore very carefully reviewed the complicated changes that were finally adopted in the conference committee report. Unfortunately, we have reached the conclusion that they do not adequately serve the needs of the low and moderate-income families and individuals who live in the communities we serve.

Specifically, the current bill would hurt these communities by:

—allowing cross affiliation between financial service companies without giving the public opportunities to provide input through an application process. The House version that passed earlier this year would have required public hearings for cross industry mergers and very large bank mergers. This language is no longer included in the bill.

—allow cross affiliation without extending CRA requirements beyond banks. It is therefore possible for critical and substantial lines of businesses to be shifted away from banks and away from any CRA responsibility.

—requiring no effective penalty for banks that cross affiliate and do not maintain a Satisfactory or higher CRA rating. Language previously included in the conference committee report allowed federal regulators to require divestiture for failure to maintain a minimum Satisfactory CRA rating. This language has been removed. Even if effective penalties were included, the provision requiring bank affiliates to maintain a Satisfactory CRA rating is of limited use—98% of all banks meet this standard because the regulations require minimal CRA activities

comparable to a bank's competitors. Often, banks can achieve such a rating despite an obvious lack of adequate performance and a failure to substantially invest in low and moderate-income and minority communities.

—damaging the current CRA at its foundation by extending the examination cycle for all small banks. Federal examinations already lag behind the current schedules, often by 18 or more months. Small banks, particularly in rural areas, often need the most encouragement through a public input process to help identify and meet the needs of the low and moderate income communities.

—damaging the core of the CRA by significantly discouraging public input into a bank's future CRA activities. Because of the broad scope of the so-called ''sunshine'' provision, anyone who even raises the issue of CRA with a bank and subsequently succeeds in developing a cooperative and meaningful (i.e., more than $10,000 value) CRA agreement with that bank will be subject to burdensome reporting requirements under severe penalties. Federal regulatory agencies that often cite the lack of CRA comments in a bank's public file may soon be hard pressed to find even a handful from those organizations who risk the cost of scrutiny. This will lead to less information generated, particularly from small grassroots organizations, and possibly even more inflated CRA ratings.

—providing no regulatory monitoring or enforcement of CRA commitments by banks even if they are cited as a reason for approval for applications by the regulatory agency. For example, in a recent case the Federal Reserve cited Fleet Bank and BankBoston's $14 billion CRA commitment as a reason to approve their merger. Yet, the Fed would have no meaningful ability to oversee this commitment and to encourage compliance.

In summary, while this legislation may not sound the death knell for CRA, it does weaken its future health so substantially that we must urge you to oppose its passage.

Sincerely,

MARC D. DRAISEN,
President/CEO, Massachusetts Association of CDCs.

TOM CALLAHAN,
Executive Director, Massachusetts Affordable Housing Alliance.

AARON GORNSTEIN,
Executive Director, Citizens Housing and Planning Association.

Mr. DINGELL. Madam Speaker, I yield myself the remaining time for purposes of closing.

Madam Speaker and my colleagues, I think we ought to look at what we are doing here tonight. We are passing a bill which is going to have very little consideration, written in the dark of night, without any real awareness on the part of most of what it contains.

I just want to remind my colleagues about what happened the last time the Committee on Banking brought a bill on the floor which deregulated the savings and loans. It wound up imposing upon the taxpayers of this Nation about a $500 billion liability. That is what it cost to clean up that mess.

Now, at the same time, the banks by engaging in questionable practices wound up in a situation where the Fed and the Treasury Department had to bail them out also at the taxpayers' expense. But it did not show.

Having said that, what we are creating now is a group of institutions which are too big to fail.

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Not only are they going to be big banks, but they are going to be big everything, because they are going to be in securities and insurance, in issuance of stocks and bonds and underwriting, and they are also going to be in banks. And under this legislation, the whole of the regulatory structure is so obfuscated and so confused that liability in one area is going to fall over into liability in the next. Taxpayers are going to be called upon to cure the failures we are creating tonight, and it is going to cost a lot of money, and it is coming. Just be prepared for those events.

You are going to find that they are too big to fail, so the Fed is going to be in and other Federal agencies are going to be in to bail them out. Just expect that.

With regard to the privacy, let us take a look at it. We are told about all the protections for privacy that you have here. If you want to have a good laugh, laugh at it, because here is the joke: The only thing the banks are going to be required to say with regard to what they are going to do with regard to your privacy, and this is everything, from your health to your financial situation, to everything else, is ''we are going to stick it to you.'' The privacy that you are going to have under this legislation is absolutely nothing. And what is going to drive that is going to be a simple fact, and that is that the banks are all going to be competing with the most diligence, and the result will be that those protections are going to be manifested in a race to the bottom.

Consumers, investors and the American public will have no protection to their privacy whatsoever under this bill. The only thing the banks have to say and the other institutions have to say is ''we are going to stick it to you.''

Vote against the conference report.

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

Madam Speaker, first of all, we are about to vote on a bill, a bill voted on earlier today and passed by the Senate 90 to 8. Insofar as my Democratic colleagues are concerned, 38 Democratic Senators voted yes, 7 voted no.

There seems to be unanimity of opinion that we should repeal Glass-Steagall. There is a difference of opinion though about certain other provisions.

Let me try to point out something quite clearly: This phenomenon of merger and acquisition is taking place today thousands and thousands of times, but without the consumer protections that we have in this bill, without the extension of CRA that we mandate in this bill, without the privacy protections that we create for the first time under Federal law in this bill.

Horror stories have been presented. Those horror stories exist under present law. We change that in considerable part. We do not go as far as the gentleman from Michigan (Mr. DINGELL), the gentleman from Massachusetts (Mr. MARKEY) and I would like to go, but I am not going to let our desire to go much further preclude us from a reality, the reality that we go farther today in protecting privacy than we ever have before, and it goes significantly.

With respect to CRA, a Senate staffer walked out of the final conference deliberations, the Senate staffer who opposed the nomination of Jerry Hawke, because he was not strong enough on CRA, as the present Democratic Comptroller of the Currency, and he said the Senate caved on everything. They would have repealed CRA for small banks; they caved on that. They would have created a safe harbor provision; they caved on that. They would have created intimidation and harassment with respect to their disclosure and reporting requirements; they caved on that. They would have said you could not examine banks. We insisted upon full, total, regulatory discretion to examine any bank whenever there is reasonable cause to do so. The Senate caved on that.

This is a victory for the consumer, for communities, and for the modernization of our financial services industry.

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

The SPEAKER pro tempore (Mrs. EMERSON) The gentleman from Iowa is recognized for 2 minutes.

Mr. LEACH. Madam Speaker, with change there are always doubts, but what is the truth about this bill? Let me affirm what the gentleman from New York (Mr. LAFALCE) and the gentleman from Minnesota (Mr. VENTO) have just noted. This bill solidifies, rather than weakens, CRA. No bank is exempted from community reinvestment responsibilities. No bank may take on any new powers without a satisfactory CRA rating. All banks must maintain a continuing CRA obligation. If not, if any fall out of compliance, no new activities or acquisitions will be allowed.

Regarding privacy, let me say that seldom has this body heard such doubtful hyperbole. This bill, for the first time, bars financial institutions from disclosing customer account numbers or access codes to unaffiliated third parties for telemarketing purposes. This bill, for the first time, enables customers of financial institutions to opt out of having their personal financial information shared with unaffiliated third parties. This bill, for the first time, makes it a Federal crime punishable by up to 5 years in prison to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means.

These provisions apply to banks, securities companies and insurance firms. They also apply to mortgage companies, finance companies, travel agencies and credit card companies.

As far as enforcement, the act subjects financial institutions to punishments that include termination of FDIC insurance, removal of officers and civil penalties up to $1 million or 1 percent of the assets of the institutions. These provisions are powerful. The penalties are severe.

To vote against this legislation is to vote against the most powerful privacy provisions ever brought before this floor. This is a balanced, pro-consumer, pro-privacy bill, and I urge its adoption.

Ms. JACKSON-LEE of Texas. Madam Speaker, today I rise in support of H.R. 10, the Financial Services Competition Act of 1999 and S. 900 the Financial Services Modernization Conference Report. I would additionally like to acknowledge the hard work of the Banking and Commerce Committees, as well as the House-Senate conferees. However, I would be remiss if I did not mention some of the important concerns that I also have with this legislation. First, let me mention some of the positive aspects of the bill. I support the idea of updating the rules that our Nation's financial institutions operate under to bring their activity in line with the realities of life in today's America.

Today's report represents groundbreaking financial services legislation that would dismantle many of the Depression era laws currently hindering the financial services industry from engaging in a modern global marketplace. This measure would further permit streamlining of the financial service industry thereby creating one-stop shopping with comprehensive services choices for consumers. This streamlining of financial services will not only mean increased consumer confidence, it would also mean increased savings for consumers. The Treasury Department estimates that financial services modernization could mean as much as $15 billion annually in savings to consumers.

Many provisions of the Community Reinvestment Act (CRA) remain in the conference report. The CRA, enacted in 1977 to combat discrimination in lending practices, encourages federally insured financial institutions to help meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve. Indeed, in many respects, the conference report strengthens the CRA. Under this measure, CRA would be extended to the newly created wholesale financial institutions, which are institutions that could only accept deposits above $100,000 and are not FDIC-insured. Additionally, the conference report, provides consumer protection provisions that require institutions to ensure that consumers are not confused about new financial products along with strong anti-tying and anti-coercion provisions governing the marketing of financial products. Further, the bill requires that all of a holding company's subsidiary depository institutions have at least a ''satisfactory'' CRA rating in order to affiliate as a financial holding company and in order to maintain that affiliation.

Madam Speaker, CRA is a success story. Between 1993 and 1997, the number of home purchase loans to African-Americans soared 62 percent; Hispanics saw an increase of 58 percent, Asian-Americans nearly 30 percent; and loans to Native Americans increased by 25 percent. Since 1993, the number of home mortgages extended to low- and moderate-income borrowers has risen to low- and modern-income borrowers has risen by 38 percent. Indeed, in my District, Hispanic students from the East End District of Houston historically have had a high dropout rate. Using funds made available by the CRA, the Tejano Center for Community Concerns built the Raul Yzaguirre School for Success to meet the special needs of students from low-income families in this inner-city neighborhood. This school has performed outstandingly in its 3 years in existence. In fact, over the past 2 years, the school's students average Texas assessment of academic skills scores increased 18 to 20 percent.

Madam Speaker, while I am happy with the protections granted to CRA by this Financial Modernization Conference Report I also have serious concerns. This bill does not contain a CRA sunshine provision, which is the most troublesome part of the bill for many community groups. This may have a profoundly chilling effect on community groups' efforts to forge partnerships with banks in their local communities. This bill also falls short of increasing protections to CRA by rewriting the rules for the financial services industry, thus, creating a new creature called a financial holding company, with tremendous new powers. I hope that this new entity will meet the financial service needs of low and moderate income and minority Americans. This bill also falls short in adequately protecting customers of banks affiliated with insurance companies that have a track record of illegal discrimination under the Fair Housing Act.

Additionally, the conference report does not extend the CRA to non-banking financial companies that affiliate with banks. Specifically, the conference report does not require securities companies, insurance companies, real estate companies and commercial and industrial affiliates engaging in lending or offering banking products to meet the credit, investment and consumer needs of the local communities they serve. The exclusion of nonbank affiliates' banking and lending products from the CRA is significant because businesses such as car makers and credit card companies, securities firms and insurers are increasingly behaving like banks by offering products such as FDIC-insured depository services, consumer loans, as well as debit and commercial loans. Additionally, private investment capital is decreasingly covered by CRA requirements. Making it more difficult for underserved rural and urban communities to access badly needed capital for housing, economic development and infrastructure.

Madam Speaker, I am also troubled by the fact that the conference report did not address key concerns by Democrats to address issues such as redlining, stronger financial and medical record privacy safeguards and community lending. There is a study however, included in the conference report that calls for the Treasury Department of look at the extent to which services have been provided to low-income communities as a result of CRA. This study will be due 2 years after the enactment of this bill. If this study shows that this bill has had a negative impact on low income communities I will revise my position for this bill.

Lastly some of the other provisions of this conference report that I support are the domestic violence discrimination prohibition which states that the status of an applicant or insured as a victim shall not be considered as criterion in any decision with regard to insurance underwriting; the privacy protection for customers information of financial institutions provision; the study of information sharing among financial affiliates; and the fair treatment of women by financial advisers. Both our financial service laws and consumer protection laws need to be modernized. On balance, the measure, is a positive step in the right direction to achieve this goal. I urge my colleagues to join with me in supporting this bill.

Mr. LEVIN. Madam Speaker, today, we are considering a measure which is long overdue. The Financial Services Modernization Act will help keep the American finance industry competitive and at the same time provide one-stop shopping for consumers. I recognize that the bill the House is debating today is the product of nearly 20 years of effort and compromise. It is a good bill, but it is not a perfect bill.

In particular, I want to comment on two key sections of this bill. The provisions of this bill dealing with the Community Reinvestment Act (CRA) ensure the continuation of this vital program, but they could have been stronger. Under this agreement, the Community Reinvestment Act will continue to apply to all banks. Further, for the first time a bank's rating under CRA will be considered when it seeks to expand into new financial activities. However, I would have liked to see more banks covered under the CRA. The $250 million asset threshold in the conference report has the effect of giving too many banks a 5-year ''safe harbor'' from CRA examinations. The conferees would have done better to hold to the more reasonable $100 million threshold included in the House-passed bill.

I am also concerned about the privacy protections contained in this legislation. In a word, these protections are inadequate. Consumers should have the right to control who has access to their personal financial information. The privacy provisions contained in this legislation are an improvement over current law, but they don't go far enough. It is vital that Congress take additional steps to address this concern and I look forward to working with my colleagues on this.

Despite these concerns, I want to compliment the extraordinary effort that went into crafting this compromise. I urge my colleagues to support the Conference Report on Financial Services Modernization.

Mr. WAXMAN. Madam Speaker, the ''Statement of Managers'' on the financial services modernization bill, S. 900, contains an inaccurate description of the medical records provision that was in the House version of the bill, H.R. 10, but not in S. 900. The statement claims that the provision ''requires insurance companies and their affiliates to protect the confidentiality of individually identifiable customer health and medical and genetic information.'' In fact, the medical records language in H.R. 10 represented a major invasion of the privacy of millions of Americans.

The language would have allowed health insurers to disclose health records without the consent or knowledge of the affected individual for a broad range of purposes, none of which were defined in the bill. These purposes

included ''insurance underwriting,'' ''participating in research projects,'' and ''risk control,'' among a long list of others.

Under H.R. 10, any health insurer could have sold or disclosed the records of its patients to any health, life, disability, or other insurance company without the individual's knowledge or consent. The provision also allowed health insurers to sell or disclose patient records for any ''research project,'' whether it was research into credit ratings of the patients or research of mental health services to Members of Congress.

The medical records language in H.R. 10 also excluded essential privacy protections. For example, the provision failed to place any restrictions on law enforcement access to health records; provide individuals the right to access or inspect their health records; provide individuals the ability to seek redress when their privacy rights are violated; or prevent entities that obtained health information under the bill from redisclosing the information to third parties, including to employers, to newspapers, or for marketing purposes.

Because of the serious flaws with H.R. 10's medical records provision, groups representing millions of individuals across the country opposed the language. Physicians, nurses, patients, consumers, psychiatrists, other professional mental health counselors, and employees groups, as well as privacy advocates, and organizations representing individuals with disabilities, individuals with rare diseases, individuals with AIDS, and senior citizens, among others, all opposed this language. These groups included the American Medical Association, the American Psychiatric Association, the American Nurses Association, the Christian Coalition, the American Federation of State, County and Municipal Employees, the American Association of Retired Persons, and the Consumers Coalition for Health Privacy, among scores of others.

Further, 21 State attorneys general stated that the medical records provisions would permit ''widespread use and disclosure of sensitive information without the individual's knowledge or consent, while providing only limited remedies for violations and no apparent limitations on re-disclosure.'' Editorial boards at newspapers including the Los Angeles Times, The Washington Post, The Chicago Tribune, and USA Today also opposed H.R. 10's medical records language.

I am pleased that S. 900 does not contain the anti-privacy medical records language that was in H.R. 10. However, while the omission of this provision prevents damage to peoples' privacy rights, there remains a need to address the lack of comprehensive privacy protection for Americans' health records.

The medical privacy regulations proposed by the Administration last week mark a step forward in establishing meaningful Federal medical privacy protections. The regulations, however, are limited by statutory constraints. Congress can and must act to build on the foundation established by the proposed regulations to ensure comprehensive medical privacy protection. I will continue to work to achieve that goal.

Mr. SANDLIN. Madam Speaker, today marks a historical day in the world of financial services. Passage of the S. 900/H.R. 10 conference report will allow consumers to benefit from improvements in the financial services system while protecting their privacy with unprecedented, extensive safeguards. I supported H.R. 10 when it passed the House in July, and I strongly support the conference report today.

This conference report is good news for consumers. It would expand the Community Reinvestment Act and ensure that new, expanded institutions are held to the high standard of CRA. In addition, it would protect consumer privacy as never before.

The Financial services conference report is supported by big and small banks alike as well as by the securities and insurance industries because it would overhaul depression-era law that only increase costs for consumers, inhibit competition, and stifle innovation. This bill will ensure that consumers can reap the benefits of the changing financial services marketplace.

Perhaps the most significant victory for consumers contained in this legislation is an unprecedented level of privacy protections. When this conference report is passed, these provisions will represent the most comprehensive federal privacy protections ever enacted by Congress. Moreover, this bill allows preemption of state laws in the event their privacy protections are even stronger.

Without its passage, banks will continue to expand their operations without statutory privacy protections and without enhanced community reinvestment provisions. A vote for this bill is vote for consumer privacy and community development alike. The benefits to consumers and to the American economy will be enormous, and I urge my colleagues to pass this landmark legislation.

Mr. KANJORSKI. Madam Speaker, I rise to support and speak about the financial services modernization conference report pending before us.

In general, because the financial services industry is undergoing sweeping changes—driven in part by domestic market forces, international competition, regulatory judgments, and technological advances—we need to update our federal laws. The compromise legislation that we are considering represents a reasoned, middle ground that strikes an appropriate balance by treating all segments of the financial services industry—banking, securities, and insurance—fairly and equitably. Among other things, this bill should increase competition, promote innovation, lower consumer costs, and allow the United States to maintain its world leadership in the financial services industry. From my perspective, this legislation also benefits consumers and protects them pragmatically, although not perfectly.

The bill that we are voting on today contains a number of important elements that should be enacted into law.

First, the legislation takes prudent steps to prevent the indiscriminate mixing of banking and commerce. As a result, we will prevent the development of the cozy relationships between financial firms and commercial companies that helped lead to the disruption of the Japanese banking system earlier this decade.

Additionally, the legislation preserves the viability of the national bank charter and the role of the Treasury Department in regulating our financial system.

The bill further establishes functional lines of financial regulation. As a result, regulators who know the financial activities best will oversee them.

Consumers will also receive new protections for their financial privacy as a result of this bill. For the first time, all financial institutions will have an ''affirmative and continuing obligation'' to respect the privacy of their customers, and the security and confidentiality of their personal information. Additionally, when a customer first opens an account—and at least annually thereafter—financial institutions must clearly and conspicuously disclose their privacy policies and practices.

The bill additionally protects and improves our community development laws. The legislation specifically states that ''[n]othing in this Act shall be construed to repeal any provision of the Community Reinvestment Act of 1977.'' Moreover, as a result of this soon-to-be law, banks will only be able to enter into new activities or merge if they are well capitalized, well managed, and in compliance with CRA.

Finally, the legislation includes a number of other important consumer protections such as prohibitions against coercive sales practices, and mandatory disclosures abut the potential risks and the uninsured status of investment products and insurance policies. Banks must also make full disclosures of ATM fees.

Each of these changes to current law is important, and Congress should pass this legislation to enact them.

FEDERAL HOME LOAN BANK SYSTEM REFORM

During the deliberations over this legislation, I also sought to ensure that every community shared in the rewards of financial modernization. As a result, this bill helps to guarantee that community banks will not be crowded out of the financial marketplace of tomorrow. The report before us grants community banks the same powers and rights that larger financial institutions have accumulated through regulatory orders, and allows them to organize in a manner that best fits an institution's business plans. Additionally, I assiduously worked to ensure that this legislation would not place small financial institutions at a competitive disadvantage.

Another way that the bill helps small banks to compete and small communities to thrive is found in Title VI. I am especially pleased that this compromise agreement makes significant strides in updating the Federal Home Loan Bank (FHL.Bank) system. The bill ensures a vibrant system able to meet the challenges of the next century with modern rules and state-of-the-art financial products. America's homebuyers, small business owners, small farmers, and small communities will benefit from a reinvigorated FHL.Bank system.

Specifically, the legislation establishes voluntary membership on equal terms and conditions for all eligible institutions. The bill also expands access to FHL.Bank advances for community financial institutions, which are banks and thrifts with less than $500 million in assets. The changes in allowable collateral for FHL.Bank advances for community financial institutions pave the way for enhanced targeted economic development lending.

There was much need for this reform. Even though Congress authorized economic development lending in 1989 and the Federal Housing Finance Board (Finance Board) wrote permissive rules to encourage it, the system's collateral laws severely restricted such effects. It was as if we were simultaneously saying, ''go make these loans, but they are illegal to use as collateral.'' Now, as a result of this bill, a framework is in place for community financial institutions to offer safe, sound, and fully collateralized economic development loans. I

expect the FHL.Ba÷nks and the Finance Board to prioritize the system's economic development efforts.

Additionally, the legislation creates a flexible capital structure that is based on the actual risk of the system and not on antiquated subscription capital rules. This new, more permanent, capital system features two classes of stock, a revised leverage ratio, and the parameters for establishing a risk-based capital standard. In short, these changes—which come as a result of a true bipartisan effort—reflect the House-passed product, which called for the creation of a modern capital system as opposed to another study of capital plans by the General Accounting Office.

The modernization of the capital structure will be important as the FHLBank system fosters increased competition among lenders and assists well-capitalized community banks in obtaining stable and attractive sources of funding. These increases in liquidity will also translate into increased support for community and economic development lending within America's rural and urban neighborhoods. Additionally, the capital modifications will alleviate some of the pressure to arbitrage excess capital to earn competitive returns for member institutions.

The bill additionally modifies the formula used to allocate the $300 million per year in the Resolution Funding Corporation (REFCorp) obligations of the FHLBank system. In crafting the legislation, we sought to find a fair and equitable way to allocate the obligation, without increasing or decreasing the FHLBanks' overall contribution to resolving the savings and loan crisis. While switching to a flat percentage of net income is an improvement, the 20 percent figure ultimately adopted by the conference is not budget neutral and will significantly increase the FHLBanks' annual payments. For example, under current estimates, next year the FHLBanks will pay 33 percent more toward their REFCorp obligation than in 1999. This was not the intended purpose of the change. The intended purpose was to promote stability for the FHLBanks.

Title VI also addresses governance issues. The bill delegates to the FHLBanks a number of day-to-day management issues such as setting dividends, establishing requirements for advances, and determining employee compensation. As the FHLBank system modernizes, these prudent measures will allow the Finance Board to focus its attention more intensely on safety and soundness concerns. More regional control is still proper and should be sought for the FHLBanks regarding various management decisions, such as determining a director's compensation. The conference committee also went too far in decentralizing some governance functions. For example, the legislation now allows for the direct election of the Chair and Vice Chair by each FHLBank's Board of Directors. The continued appointment of the Chair and Vice Chair by the Finance Board would help to ensure that the government-sponsored enterprise focuses on its public mission.

Although I would have preferred that the legislation include an Economic Development Program (EDP) for FHLBanks, the conference ultimately decided not to include one at this time. An EDP, modeled after the highly successful Affordable Housing Program, has merit and could finally allow the FHLBanks to do for economic development lending as they did for housing finance. I will therefore continue to pursue the issue of creating an EDP for the FHLBanks after we pass this bill into law today.

In sum, the Federal Home Loan Bank System Modernization Act of 1999 contained in the bill takes some important and positive steps in modernizing the laws and rules governing the FHLBanks. There remains, however, a need for some additional refinements, and I will work diligently with other Members of Congress to enact them into law in the future.

LONG-TERM CONCERNS

A sweeping, industry-wide regulatory reform bill like this one rarely comes along. Just as was the case after we enacted the Telecommunications Act of 1996, unintended consequences will occur. Among my concerns are the consequences of an ever-evolving global financial system, the effects of the bill on market concentration, and the insufficiency of privacy protections.

Our financial services marketplaces are increasingly global. If managed effectively, Americans ought to benefit from the new competitive companies created by this legislation by receiving more and better goods and services at a lower cost. Although this legislation promotes competition in our domestic markets, it does little to respond to the potential dangers resulting from economic globalization. Jeffrey Garten, a former Clinton Administration Under Secretary of Commerce for Internal Trade, recently published an opinion piece in the New York Times on this point. In it he ponders how a sovereign nation responds effectively to problems when politics are national and business is global. Now that we have passed this bill, Congress needs to spend more time strengthening the ability of the worldwide financial system.

A wave of acquisitions and mergers in the financial services industry will also result from this bill. Consequently, I am worried about the concentration of wealth and power in the hands of a few powerful individuals and companies. Moreover, such concentrations could result in new risks. In a recent speech, Federal Reserve Board Chairman Alan Greenspan said that megabanks are becoming ''complex entities that create the potential for unusually large systemic risks in the national and international economy should they fail.'' In short, we need to attentively watch our changing financial marketplace in order to protect consumers from potential abuses of corporate power and guard taxpayers against another bailout like the savings and loan crisis of the 1980s.

Finally, although this bill contains the strongest federal privacy protections ever enacted into law, I have reservations. The passage of this legislation does not diminish the need for Congress to develop and enact comprehensive legislation in this area in the future. Dramatic transformations in the financial services industry suggest that the flow of information is no longer limited to notes penned on an application, paper compiled in a folder, or comments entered into a passbook. The rise of computerized financial networks allows corporations to amass detailed information in electronic files and share these data with others. While such databases may help businesses to better serve their customers, they can also result in a loss of confidentiality. Even though the conference agreement contains new federal rules allowing consumers to op-out of sharing their information with third parties, we must take further action once we understand this electronic revolution more completely.

Although we may be completing our work today, it is important for us to remain vigilant in each of these areas. I, for one, plan to continue to closely monitor and carefully examine each of these issues.

CLOSING

Madam Speaker, in closing, I wish to thank Chairman LEACH and Ranking Member LAFALCE for their strong leadership and bipartisan efforts to shepherd this complex bill through the legislative process. I also want to thank my colleague RICHARD BAKER, who serves as the Chairman of the Subcommittee on Capital Markets, Securities, and Government Sponsored Enterprises on which I am the Ranking member. Congressman BAKER and I have worked for more than five years to enact legislation to modernize the Federal Home Loan Bank system, and I am grateful for his advice and counsel in achieving this goal. Our success in seeing this issue through demonstrates the positive results one can achieve when Democrats and Republicans put politics aside and work cooperatively to achieve a public policy goal.

This conference report is the culmination of more than 20 years of work on the part of Congress, several Administrations, and federal financial regulators to create a more rational and balanced structure to sustain our nation's financial services sector. While I may have concerns about market concentration, globalization, and privacy, overall this is a good package that effectively modernizes our domestic financial system, while ensuring strong protections for consumers and communities. I support this bill.

Mr. CAPUANO. Madam Speaker, I rise in opposition to the conference report for S. 900, the Gramm-Leach-Bliley Financial Services Modernization Act. While I do believe that our financial regulatory structure needs to be adapted to respond to the rapidly changing global marketplace, we should not abandon several core principles. Unfortunately, I believe this bill falls short in several important areas.

In particular, the bill fails to adequately modernize the Community Reinvestment Act to keep up with the changing financial landscape. The bill does make the CRA a condition of new affiliations, and requires a satisfactory or better CRA rating for banks that are offering new financial products. However, the bill does not subject insurance companies, investment firms, or other financial services companies that take deposits and make loans subject to the CRA. This will greatly lessen the impact of CRA as more and more individuals do their

''banking'' through financial services conglomerates.

The bill also includes an onerous CRA ''Sunshine'' provisions that will subject community groups to burdensome new regulations. I agree that there should be accountability on CRA agreements. Unfortunately, the bill mandates substantial reporting requirements for community groups and penalties for non-compliance, but offers the regulators no authority to enforce the CRA agreement itself. We should be punishing the bad actors, but most community groups are doing their best to provide much-needed resources to low- and moderate-income communities throughout the country. They deserve our continued support.

There has been considerable discussion regarding this legislation's impact on the personal privacy of Americans. I believe that we have a fundamental right to privacy of our personal financial information. While the bill does take some small steps to protect that right, financial services companies will still be able to share this information between affiliates. At the very least, Americans, should be given the opportunity of ''opting out'' of having their personal information shared between financial services firms. Not all customers will exercise that right. However for those who believe their information should not be shared under any circumstances, this simple choice should be available.

The bill also does not include an important amendment that we passed in the House Banking Committee. This amendment, sponsored by my colleague from California, Congresswoman LEE, would have prohibited insurance firms that were in violation of the Fair Housing Act from affiliating with other financial services companies. This simple amendment would require that these firms abide by the laws of this nation before they were allowed to expand. Unfortunately, this provision was removed without a vote before the bill came to the floor of the House.

This legislation makes sweeping changes to the way financial services are delivered and regulated in this country. I will continue to work for these simple protections for consumers and our communities, and I urge my colleagues to vote against this measure until these concerns are addressed.

Ms. ESHOO. Madam Speaker, I plan to vote for the Financial Service Modernization Act Conference Report because I think there are some very important things for the American people. The new financial structure that the bill creates will provide consumers greater choice and efficiency. However, I also wish to state my deep concerns with the privacy provisions in the bill.

Every American cherishes their personal privacy. Whether in our homes, shopping with our credit cards, or surfing the web, we expect to be able to control who has access to our private lives.

A 1978 study by the Center for Social and Legal Research found that 64 percent of Americans were ''very concerned'' about threats to their privacy. By 1998, those concerned had risen to 88 percent. In a recent AARP study, 78% of respondents said they believe that current federal and state laws are not strong enough to protect their privacy from businesses that collect information about consumers.

We had an opportunity in the Financial Services Modernization Act to restore confidence to the American people by establishing high standards to protect the privacy of financial records and information. In the Commerce Committee, we unanimously adopted a provision that would have given Americans the right to say no to the sale or transfer of their most personal financial information.

Unfortunately, the privacy provisions in this conference Report are very different. The bill allows banks to create huge financial structures that include everything from insurance companies to marketing and travel agencies, among which private customer information can be freely shared.

Moreover, the bill allows banks to sell private information to any entity, whether it's a part of the financial structure or not, as long as they enter into a ''joint agreement to perform services or functions on behalf of the bank.'' This includes marketing and the consumer does not have the right to say no.

I'm concerned that the privacy provisions in the Financial Services bill threaten to take us down a path where our bank managers know as much about us as our doctors and telemarketers know as much about us as our mortgage companies. The American consumer should have the right to opt out of their private financial information being sold or transferred to outside third parties and affiliates without their knowledge or permission. Thus, I urge the banks and financial services industry to go beyond what is required of them in this legislation and to enact policies that will provide comprehensive and meaningful protection of their customers' private records.

Mr. ACKERMAN. Madam Speaker, I rise today in support of S. 900, the Financial Services Modernization Bill. This is indeed a momentous day as we prepare to pass this historic legislation.

S. 900 achieves many goals in financial modernization to better serve consumers and businesses. The measure creates one-step shopping for bank accounts, insurance policies and securities transactions, requires banks to disclose bank surcharges on ATM machines and on the screens of ATM machines before a transaction is made, and ensures that banks lend to all segments of their communities with the continued applicability of the Community Reinvestment Act.

I was particularly proud to be a conferee on the financial privacy section of this bill. After months of negotiations, we have crafted, what I believe, is a strong provision which will enhance the privacy that consumers want and deserve. Four provisions in particular evidence the achievements in the bill.

The first provision addresses disclosure requirements. Currently, financial institutions do not have to disclose their financial privacy provisions to their customers. Consumers have a right to know what the policy is, and S. 900 will require these institutions to inform all new customers of their policy and to update existing customers at least once a year.

Second, the bill allows in most instances for consumers to ''opt-out'' of their financial institution's information sharing agreements with unaffiliated third parties. This arrangement strikes a balance between protecting consumer privacy and facilitating regular financial activities.

Third, the measure expressly prohibits financial institutions including banks, savings and loans, credit unions, securities firms and insurance companies, from disclosing a customer's bank account or credit card numbers to unaffiliated third parties for telemarketing, direct mail marketing or electronic mail purposes.

And finally, this legislation bans, with minor safety exceptions, the despicable practice known as pretext calling. This blatantly criminal activity in which an individual impersonates another in order to trick an institution into providing confidential information, would be punishable by both imprisonment and fines.

I applaud the hard work and dedication of the Conferees from the House and the Senate, as well as the Department of the Treasury, the Federal Reserve and the White House. Without this cooperation, we would not be here today voting on S. 900. I encourage my colleagues to join with me and vote for the Financial Services Modernization bill, S. 900.

Mr. BEREUTER. Madam Speaker, this Member rises today to express his enthusiastic support for the S. 900 Conference Report, which he signed as a conferee. Today marks the near-end of the two decade journey toward financial modernization.

At the outset, this Member would like to thank and commend the distinguished chairman of the Banking Committee and the Chairman of the S. 900 Conference Committee for Iowa [Mr. LEACH], for his successful, consensus-building leadership role in guiding financial modernization through a maze of complexities to the consideration of the S. 900 Conference Report today. In addition, the ranking member from New York [Mr. LAFALCE] also deserves to be commended for his role in the S. 900 Conference Report. Moreover, the leadership of the House Commerce Committee and also the Senate Banking Committee should be applauded for their collective role in the joint effort of financial modernization.

While there are many reasons to support the S. 900 Conference Report, this Member will enumerate eight reasons. First, this measure illustrates that a Federal statutory change in financial law is imperative. Second, the S. 900 Conference Report has provisions which will be of greater importance to rural, community banks, which there are many in this Member's congressional district. Third, this measure will allow financial companies, to offer a diverse number of financial products to their customers. Fourth, this conference report will have a distinct, positive effect on consumers. Fifth, this legislation will provide the first, Federal consumer financial privacy legislation. Sixth, this legislation allows for no mixing of banking and commerce through a commercial basket. Seventh, this measure balances the interest of a state in regulating insurance with that of an ability of a national bank to sell insurance. Finally, the S. 900 Conference Report is necessary to keep the United States in its preeminent position in the world, financial marketplace.

1. First, a Federal statutory change in financial law is imperative because Congress must call a halt to the recent trend of financial modernization through regulatory fiat and judicial consent, instead we need to modernize the nation's banking laws through statute.

As a matter of fact, on the first day of Banking Committee consideration of financial modernization legislation in 1998, during the 105th Congress, this Member stated: ''Once more, we start an effort to modernize our financial institutions structure. It is an effort we have tried before and must begin someplace. It should

begin in the House, and so I commend you, Chairman LEACH, for launching this effort. We need to do this. We need to face up to our responsibilities as a legislative body. There is no doubt about that.''

2. This Member supports the S. 900 Conference Report as it will provide great benefits to rural, community banks. Three particular provisions demonstrate this.

A. The unitary thrift charter is of significant concern to Nebraska community banks. One of the reasons this Member is unequivocally opposed to the existence of this unitary thrift charter is because of its mixing of thrift activities with commercial ventures. However, this is not he sole reason—it also results in an extremely powerful variety of financial institutions. Fortunately, the conference report closes the unitary thrift loophole. It allows no new unitary thrifts to be chartered as well as allowing those in existence to not be sold to commercial firms.

B. Community banks will benefit from the Federal Home Loan Bank (FHLB) charter being expanded to allow community banks to borrow from the FHLB for family farm and small business lending. For the first time, in rural areas such as in Nebraska, it will give community banks access to the FHLB. In light of the agriculture situation today, this increased community bank liquidity will have beneficial implications on in particular the family farm.

C. The S. 900 Conference Report provides some regulatory relief for banks under $250 million in assets. Those banks with an ''outstanding'' Community Reinvestment Act rating will be examined for compliance only every five years and those banks with a ''satisfactory'' rating will be reviewed every four years.

3. The S. 900 Conference Report will allow financial companies to offer a diverse number of financial services to the consumer. This bill removes the legislative barriers within the Glass-Steagall Act of 1933 and the 1956 Bank Holding Company Act. As a result, the conference report will allow financial companies to offer a broad spectrum of financial services to their customers, including banking, insurance, securities, and other financial products through either a financial holding company or through an operating subsidiary. Banks, securities firms, and insurance companies will be able to affiliate with one another through this financial holding company model.

In order for banks to be able to engage in the new financial activities, the banks affiliated under the holding company or through an operating subsidiary have to be well-capitalized, well-managed, and have at least a ''satisfactory'' Community Reinvestment Act rating.

4. Fourth, this Member supports the S. 900 Conference Report because it is very pro-consumer. It will increase choices for the consumer in the financial services marketplace by creating an environment of greater competition. As a result, financial modernization will allow consumers to be able to choose from a variety of services from the same, convenient, financial institution. Financial modernization will give consumers more options.

Whether it be in rural Nebraska, or in New York City, consumers of financial products all across the United States deserve additional competitive options. Moreover, under the current setting, many rural communities are under-served in regards to their access to a broad array of financial services. Financial modernization will help ensure that the financial sector keeps pace with the ever-changing, needs and desires of the all-important consumer.

In addition, the Conference Report will also allow financial institutions to provide more affordable services to the consumer. Financial modernization will result in additional competition and in efficiency which in turn should result in lower prices for financial services to the consumer.

5. Fifth, this Member supports the S. 900 Conference Report as it provides the first, Federal consumer privacy legislation for American financial institutions. These privacy provisions are a pioneering, landmark advance forward by Congress in ensuring that consumer's personal information is protected from unwanted disclosures by financial institutions. The privacy provisions in the conference report include the following:

A. Prohibiting financial institutions—including banks, savings and loans, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to third parties for telemarketing or other direct marketing purposes;

B. Requiring all financial institutions to disclose annually to all customers its privacy policies and procedures;

C. Enabling customers of financial institutions, for the first time, the ability to ''opt-out'' of having their personal financial information from being shared with third parties;

D. Making it a Federal crime, punishable by up to five years in prison, to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means; and

E. Allowing states to adopt greater privacy protections than is in Federal law.

6. Sixth, this Member has been a fervent advocate of keeping banking and commerce separate. In fact, this Member is quite pleased that the S. 900 Conference Report does not contain a ''commercial market basket'' which would have allowed the mix of commerce and banking—equity positions by commercial banks.

An amendment was initially filed, but not offered, in the House Banking Committee in the 106th Congress which would have allowed for the mixing of banking and commerce in a five percent market basket. However, this Member believes in large part because of expressed strong opposition, including vocal and effective opposition of this Member, this amendment was withdrawn for consideration in the Committee.

7. Seventh, this Member supports the S. 900 Conference Report because, it balances the interest of a state in regulating insurance with that of the interests of a national bank to sell insurance. At the outset, this Member notes that he has a distinguished record of supporting states rights, especially in the area of insurance regulation.

It is important to note that this conference report preserves state rights by providing that the state insurance regulator is the appropriate functional regulator of insurance sales. Whether insurance is sold by an independent agent or through a national bank, the state, and only the state, is the functional regulator of insurance in both instances. Moreover, this conference report also does not unduly burden the ability of national banks to be able to sell insurance.

8. Lastly, this Member supports the S. 900 Conference Report as its passage is necessary to keep the United States in its preeminent position in the world financial marketplace. U.S. financial institutions are among the most competitive providers of financial products in the world. However, the financial marketplace is currently undergoing three changes which are altering the financial landscape of the world.

The first of those changes involves a technological revolution including the internet through electronic banking. Technology is blurring the distinction between financial products. The other two changes include innovations in capital markets, and the globalization of the financial services industry.

This Member would like to note Section 502(e)(1)(C) of the S. 900 Conference Report. It is this Member's understanding that credit enhancement done through the underwriting and reinsurance of mortgage guaranty insurance after a loan has been closed are secondary market transactions included within the exemption in Section 502(e)(1)(C) of the S. 900 Conference Report.

Financial modernization is the proper, appropriate step in this ever-changing financial marketplace. Consequently, in order to maintain America's financial institution's competitive and innovative position abroad, the S. 900 Conference Report needs to be enacted into law. In the absence of this bill, the American banking system could suffer irreparable harm in the world market as we will allow our foreign competitors to overtake U.S. financial institutions in terms of innovative products and services. We must simply not allow this to happen.

Therefore, for all these reasons, and many more that have been addressed today by this Member's colleagues, we must, and will, pass the S. 900 Conference Report. This Member urges his colleagues to support the S. 900 Conference Report, the Financial Modernization bill.

Mr. GILLMOR. Madam Speaker, this bill makes the most important changes in the structure of financial institutions and services in over six decades. The financial combinations authorized by this bill can result in substantial savings in the delivery of financial services. However, as institutions are combined, and as they become larger, it is essential that there be safeguards for safety and soundness to protect both consumers and taxpayers. The bill for the most part contains those safeguards.

While there was much discussion about each industry group wanting a level playing field tilted in their favor, the federal and state regulators also had their share of turf battles over regulatory authority. In fact, it was not until Treasury and the Fed finally reached a compromise on the operating subsidiary—affiliate issue that this bill was able to move through the conference committee. It was just this kind of authority grabbing by regulators that required a provision to prevent the federal regulators from over regulating and intruding into financial services functions in which they have no expertise.

While the Federal Reserve serves an umbrella regulator over Financial Holding Companies, I was concerned about the Fed getting into the jurisdiction of the already effective insurance and securities regulators. Consumers do not derive any benefit from additional layers of regulation that can only intrude into the marketplace.

My amendment in the Commerce Committee two years ago, which was included in the current bill, created the functional regulatory framework for financial holding companies. The purpose of this ''Fed Lite'' framework is to parallel the financial services affiliate structure envisioned under this legislation. This parallel regulatory structure eliminates the duplicative and burdensome regulations on businesses not engaged in banking activities, and importantly, preserves the role of the Federal Reserve as the prudential supervisor over businesses that have access to taxpayer guarantees and the federal safety net.

The Information Revolution, like the Industrial Revolution, has made information much more widely available at a lower cost and in less time. Technology and innovation have altered and expanded the processes by which we use financial products and services.

But the increase in the availability and transmission of information has not altered the need for consumers to transact with financial institutions to take care of their financial requirements. People will need banking, insurance and securities options. But they want these options in greater speed and convenience. Customers expect a financial relationship with their financial service provider that will benefit them with enhanced benefits and lower costs.

There is legitimate concern about the misuse of information. The tremendous human benefits that have come from these advances also carry with them unprecedented new threats to personal privacy. Personal privacy needs reasonable protections, because personal privacy is an important part of individual freedom. This bill for the first time put in place strong privacy provisions for the financial services industry.

With enactment of this legislation, consumers can go to a financial services provider that is able to complete globally, is subjected to streamlined regulation and must prevention your financial information from falling into the hands of unaffiliated organizations and telemarketers if you instruct it to do so. I urge the adoption of the conference report.

Mr. TOWNS. Madam Speaker, I rise today in strong support of the conference report on the Gramm-Leach-Bliley Financial Modernization Act of 1999. For the first time in more than two decades, Congress, the Administration, financial regulators, and all sectors of the financial services industry have reached a consensus on legislation to modernize the financial marketplace. For far too long, our nation's financial services firms have labored under outdated banking laws that have impaired their global competitiveness, limited the range of services that consumers can obtain from one financial institution, and driven up costs.

With the passage of this conference report, consumers and investors will be able to choose from a wider array of products and services offered in a more competitive marketplace. Securities firms, insurance companies, and banks will be able to freely affiliate with each other through a holding company. Each subsidiary financial institution within the holding company will be functionally regulated, thereby ensuring tough, consistent investor protections and fair competition. Consumers—who will save an estimated $15 billion over three years—will be the beneficiaries of one-stop shopping to meet a broad range of financial needs, from checking and savings accounts to mortgages and financial planning. The increased competition will also give underserved communities, entrepreneurs, and small business owners expanded access to a full range of financial services.

Equally important, the conference report incorporates an historic agreement maintaining the obligation of insured financial institutions to meet the requirements of the Community Reinvestment Act to serve the credit needs of low- and moderate-income residents of their community. It also provides consumers with the most extensive safeguards yet enacted to protect the privacy of their financial information.

Passage of this legislation is vital to maintaining the preeminent status of the U.S. financial services industry in the global economy. Banks, securities firms, and insurance companies will now be able to compete with overseas financial juggernauts that have not been constrained by U.S. regulation. And New York, as the world's leading financial center, is well positioned to compete in the arena for global business as foreign banks and securities firms seek to establish or expand their U.S. operations.

With its concentration of financial services organizations, New York's economy stands to benefit tremendously from passage of this legislation. A vigorous, healthy, competitive financial services sector means more jobs, higher real earnings growth, and more tax revenues. Indeed, the finance sector accounted for half of the $2.7 billion growth in personal income, general corporation, and unincorporated business taxes between 1992 and 1998.

Madam Speaker, the Gramm-Leach-Bliley Financial Modernization Act of 1999 is a great step forward in improving our nation's financial services system for the benefit of investors, consumers, community groups, financial services providers, and our nation's economy. I strongly support passage of the conference report on S. 900.

Mr. SHAYS. Madam Speaker, I rise in strong support of the conference report for the Financial Services Act. This bill is a wonderful testament to the important things we can accomplish when we set aside partisan differences and work together on the nation's business.

The historic bill, which has been 20 years in the making, has the support of a majority of Congressional Republicans and Democrats, as well as the Administration.

S. 900 replaces outdated, Depression-era laws that separate banking from other financial services with a new system to enhance competition and increase consumer choice. The bill repeals the anti-affiliation provisions of the 1933 Glass-Steagall Act, as well as the 1956 Bank Holding Company Act. In doing so, financial companies—either through a financial holding company or through operating subsidiaries—will be allowed to offer a broad array of financial products to their customers, including banking, insurance and securities.

To be permitted to engage in the new financial activities authorized under the bill, banks affiliated under a holding company would have to be well-managed, well-capitalized, and have a satisfactory Community Reinvestment Act rating, thus ensuring that banks continue to lend to inner-city and minority communities.

Encouraging greater competition will lower prices for financial services and improve products, benefiting consumers and the economy. It's true that some may benefit from these changes more than others. But fostering competition between financial institutions will ultimately ensure consumers have greater choices at lower cost.

Madam Speaker, the simple fact is, these banking reforms are long overdue. The anti-affiliation provisions of the Glass-Steagall Act are sorely outdated and have increasingly impeded the United States' ability to compete in the new world economy.

To illustrate the changes in the financial services sector, consider the following fact. In 1933, when the Glass-Steagall Act was signed into law, upwards of 60 percent of the nation's assets were deposited in banks and thrifts. Today, banks and thrifts control 37 percent of the nation's assets.

In recognition of this changing climate, we have seen the prohibition on the mixing of banking and securities substantially reduced by sympathetic regulators, favorable court decisions, and large mergers. And today, we have come together to consider this landmark bill.

I want to thank Chairman JIM LEACH of the Banking and Financial Services Committee and Chairman TOM BLILEY of the Commerce Committee for shepherding S. 900 through its final, difficult stages and urge the adoption of this conference report.

Ms. ROYBAL-ALLARD. Madam Speaker, I rise in opposition to S. 900, the Financial Services Modernization Conference Report.

I would be happy to support a financial modernization bill that improves choice, access and affordability for all Americans. Unfortunately S. 900 fails on all accounts. While I understand the need to update our antiquated banking laws and bring our country's financial system into the 21st century, I am unwilling to do this at the expense of our consumers. It is unacceptable that we give the green light for the unprecedented conglomeration of banks, securities firms, and insurance companies while we ignore the most modest provisions to protect our consumers.

Earlier this year, I joined many of my colleagues in opposing the House's financial modernization bill, H.R. 10. I opposed the bill because it failed to protect consumers in regards to community reinvestment and privacy. Unfortunately, this conference report is no improvement.

First, S. 900 fails to adequately protect the Community Reinvestment Act (CRA), which has been instrumental in leveraging billions of dollars of investment into communities such as mine, where unemployment and poverty levels are still well above the national average. Specifically, S. 900 fails to require that banks maintain a ''satisfactory'' CRA rating after they have expanded across industry lines to take advantage of the newly authorized activities under this bill. Moreover, S. 900 reduces the frequency of CRA examinations for small banks. Lastly, S. 900, under the guise of ''sunshine disclosures'', targets community groups with onerous and burdensome reporting requirements in their community agreements with banks. Rather than promoting greater accountability, this sunshine provision will have a chilling effect on these community agreements, which have been so effective in opening up access to credit in low income and minority communities.

Second, S. 900 fails to provide strong financial and medical privacy protections. If we're

going to allow for the creation of mega one-stop centers with access to information about millions of customers, consumers should have the right to say ''no'' to the distribution of their personal information to third parties and affiliates. Instead of giving consumers control over the use of their confidential customer information, the bill allows banks to share or sell it.

As I previously stated when I voted against the financial modernization bill earlier this year, I am not willing to trade the so-called perks of financial modernization—efficiency, choice, convenience, one-stop-shopping—for the decimation of privacy rights and community reinvestment. S. 900 leaves our consumers even worse off than before.

I urge my colleagues to oppose this bill.

Mr. DOOLITTLE. Madam Speaker, I support the passage of the S. 900 conference report because I believe it is a fair and balanced bill which will spur competition within the financial services industry, reinforce functional regulation and protect consumers.

This legislation is by no means perfect, but it does represent a reasonable compromise between the House and Senate versions of financial services modernization legislation. The issue of modernizing this country's financial laws has been debated in Congress for over two decades and has not come to a resolution until now. The financial services industry has undergone dramatic changes in the past few decades and regulations have been formulated in a piecemeal fashion through regulatory decisions and court rulings. This has resulted in an uneven and often inequitable regulatory framework that is badly in need of an overhaul in today's rapidly changing economy.

It is long past time to modernize our financial system in order to reflect the reality of the marketplace. In doing so we need to make sure there are rules in place to protect the American public without layering bureaucratic regulations. I believe the bill before us accomplishes this goal. The point of passing financial services reform is to update and streamline the rules and ensure that all entities are fairly and consistently regulated by the appropriate entity. I believe S. 900 strikes a balance between fostering free market competition and protecting the interests of the general public.

As a strong supporter of the Community Reinvestment Act (CRA), I believe this Conference Report is a significant improvement over the Senate-passed bill, which contained onerous provisions that I believe would have seriously undermined CRA. This bill not only steadfastly maintains the application of CRA to all insured depository institutions, but also requires that these banks have at least a ''satisfactory'' CRA rating they can offer any new financial services. Without the passage of this bill, banks will continue to expand into new areas of financial services, as they are already doing, without clear CRA requirements.

S. 900 also contains a small but very important provision that I have personally worked on for the past three years. The language I have included will prevent certain financial institutions from discriminating against victims of domestic violence in the underwriting, pricing, sale or renewal of any insurance product and in the settlement of any claim. This provision specifically applies to banks, which is important because this legislation will allow banks to sell and underwrite insurance on a large scale for the first time. When this is signed into law, it will be the first federal legislation of its kind prohibiting insurance discrimination against survivors of domestic violence.

Another important provision in this legislation is the inclusion of the ''PRIME'' bill, a new program that will provide new grants to microentrepreneurs. This program will help provide training and technical assistance to low-income and disadvantaged entrepreneurs interested in starting or expanding their own business. My home state has been a leader in the microcredit movement and these new grants will be a real boon to microentrepreneurs in my district and throughout Colorado.

It is rare that a flawless bill comes to the floor of the House and this legislation is no exception. This is a good bill, but it is not perfect. While the goals of this legislation are too important to delay any longer, I do believe that the privacy language should be stronger. This bill establishes privacy laws where none currently exist and ensures that stronger state privacy laws will not be preempted. However, I think Congress needs to continue to explore the issues of financial and other types of personal privacy that will become increasingly more important to consumers as marketplaces change and technology advances continue.

Mr. HYDE. Madam Speaker, I rise in support of S. 900, the Gramm-Leach-Bliley Act. For many years, we have been trying to repeal the outdated restrictions that keep banks, securities firms, and insurance companies from getting into one another's businesses. After all the debate, I think we have finally come up with something in this bill that will open up a whole new world of competition.

Financial services are becoming increasingly globalized, increasingly computerized, and increasingly seamless. Banking laws passed during the Depression simply will not do in the 21st century. I wish that we could maintain a world where everyone knew their banker on a first name basis and loans were made on a handshake, and I think in the new world some banks will provide that kind of service to those who demand it. But we need not have laws that limit us to that kind of service, as desirable as it may seem. Everyone is better off if the market decides what kinds of services financial firms will offer.

Just think about the progress we have made in the past ten years. When I was a child, only the wealthy owned stocks. Now, with the growth of the mutual fund industry and self-directed retirement funds, millions and millions of average Americans not only own stocks, but make their own investment decisions. These developments create wealth, increase people's incentive to produce, and relieve some of the entitlement burden of government. I believe that this bill will bring more such positive developments.

I want to say a word about my friends JIM LEACH, chairman of the Banking Committee, TOM BLILEY, chairman of the Commerce Committee, and PHIL GRAMM, chairman of the Senate Banking Committee. They have done an excellent job of putting this package together. I commend them for their work in bringing this bill to the floor in a very difficult and contentious environment.

I especially want to commend them for working with me on the antitrust and bankruptcy provisions of the bill. These provisions were especially important to me as chairman of the Judiciary Committee, which has jurisdiction over these areas of the law. Let me briefly explain our intent with respect to these provisions.

Under current law, bank mergers are reviewed under special bank merger statutes, and they do not go through the Hart-Scott-Rodino merger review process that covers most other mergers. Now banks will be able to get into other businesses which they have not been able to do before.

The principle that we have followed is that when mergers occur, the bank part of that merger will be judged under the current bank merger statutes, and we do not intend any change in that process or in any of the agencies' respective jurisdictions. The non-bank part of that merger will be subject to the normal Hart-Scott-Rodino merger review by either the Justice Department or the Federal Trade Commission.

This is, in all likelihood, the result that would have been obtained anyway. Hybrid transactions involving complex corporate entities—some parts of which are in industries subject to merger review by specialized regulatory agencies and other parts of which are not—have occurred in the past. In those cases, the various parts of the consolidation were considered according to agency jurisdiction over their respective parts, so that normal Hart-Scott-Rodino Act requirements applied to those parts that did not fall within the specialized agency's specific authority. See, e.g., 16 C.F.R. § 802.6. I think the precedents would have already dictated the desired result here.

The clarification for the new financial holding company structure contained in § 133(c) is consistent with, and in no way disturbs, those existing precedents. Even so, this is a big change we are making in our banking laws, and I thought it would be most helpful to clarify this point with respect to financial holding companies in the statute. I think we have achieved that clarification with the language in § 133(c) of the Conference Report. Similar language was a part of the House bill, and I appreciate the Senate conferees' accepting this clarification.

As the shape of the new activities in which banks were going to be permitted to engage through operating subsidiaries became clear in conference, the conferees ideally would have further revised the House language to make a similar clarification, regarding consolidations of non-banking entities that are operating subsidiaries of merging banks. But the operating subsidiary situations so closely parallels the precedents I have mentioned that a clarification for that situation was probably unnecessary.

Of course, whatever aspect of a banking merger is not subject to normal Hart-Scott-Rodino premerger review will be subject to the alternative procedures set forth in the Bank Merger Act and the Bank Holding Company Act, including the automatic stay. So one way or another, there will be some avenue for effective premerger review by the antitrust enforcement agencies. These alternative procedures would be in some ways more potentially disruptive to the merging banking entities, particularly when the antitrust concern involves non-banking entities. But it is our intent that the precedents will be followed.

In short, under this bill and the precedents, no bank is treated differently than it otherwise would be because it has some other business within its corporate family. Likewise, no other business is treated differently than it otherwise would be because it has a bank within its corporate family.

The conference report also includes conforming language found in §133(a) to clarify that the Federal Trade Commission's authority in the non-banking sphere is preserved. We though these provisions were advisable in light of the fact that the FTC's enforcement authority specifically excludes banks and savings associations, but does not and should not exclude the non-banking entities that will be brought into the banking picture as a result of the new law. We have clarified that the existing exemption is limited to the bank or savings association itself and that the FTC retains jurisdiction over nonbank entities despite any corporate connections they may have with banks or savings associations. This clarification applies to the FTC's jurisdiction over nonbanking firms under the FTC Act, and accordingly under any statute that may provide for enforcement under the Act like the consumer credit laws and the Telemarketing and Consumer Fraud and Abuse Prevention Act. For example, the FTC would continue to have jurisdiction over a telemarketer of financial services, even if it is a subsidiary or affiliate of a bank. The FTC's authority would not be expanded or extended to any new statute that may not be enforced under the FTC Act. These provisions were also included in the House bill, and again, I appreciate the Senate conferees' accepting them in the final conference report.

Again, no bank is treated differently than it otherwise would be because it has some other business within its corporate family. Likewise, no other business is treated differently than it otherwise would be because it has a bank within its corporate family.

Let me again commend my friends JIM LEACH, TOM BLILEY, and PHIL GRAMM, and everyone else who has worked on this legislation, and I ask my colleagues to support it.

Mr. COMBEST. Madam Speaker, S. 900, the Gramm-Leach-Bliley Act, is an important step in revamping and modernizing America's financial system. While there are both pluses and perils to the approach contained within this act, today I wish to highlight several portions of the bill which are of particular importance to the Committee on Agriculture, and which were very much in the minds of the Managers and staff while drafting this conference report.

S. 900 contains several provisions relating to the treatment of certain financial instruments for various purposes under this country's securities laws. In particular, a bank is explicitly not required to register as a broker-dealer under the '34 Act for participating in certain hybrid and swap transactions.

These provisions, contained in Title II of the bill, are not a finding that all swaps are securities. Furthermore, in the case of both swaps and hybrids, it is important to note that the classification of a particular type of instrument for purposes of the Gramm-Leach-Bliley Act does not preclude that instrument or transaction from falling under the jurisdiction of the Commodity Futures Trading Commission under the Commodity Exchange Act. This result is made clear in section 206(c) of Title II of the bill.

Furthermore, section 210 of Title II states that ''Nothing in this Act shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act.'' This section recognizes that transactions which are futures contracts or commodity options under the exclusive jurisdiction of the CFTC pursuant to the Commodity Exchange Act do not receive an exemption or exclusion from the Commodity Exchange Act because of anything in the Gramm-Leach-Bliley Act. No financial instrument described in this act, be it a swap agreement, new hybrid product, or identified banking product, is exempted or excluded from the jurisdiction of the CFTC solely by virtue of anything contained in the Gramm-Leach-Bliley Act. The CFTC's traditional exclusive authority is unaffected by this legislation.

The Privacy Title, Title V of the Gramm-Leach-Bliley Act, explicitly excludes persons and entities subject to the jurisdiction of the CFTC, and the Federal Agricultural Mortgage Corporation and persons and entities chartered and operating under the Farm Credit Act of 1971, from the provisions of this Title. The purpose of sections 509(3)(B) and (C) and 527(4)(D), excluding the above mentioned persons and entities from the definition of ''financial institution,'' is to make it clear that no provision of Title V will apply to farm credit system institutions nor to CFTC regulatees.

Mr. PACKARD. Madam Speaker, I would like to urge my colleagues to support S. 900, the Financial Services Modernization Act Conference Report, when it is considered on the floor today. These improvements are long overdue for the benefit of investors, consumers, community groups, financial service providers, and our nation's economy.

This legislation will modernize America's financial services industry to better serve consumers—individuals, small businesses and large corporations. It will increase convenience for financial service consumers by creating one-step shopping for bank accounts, insurance policies, and securities transactions. S. 900 will also greatly increase the international competitiveness of American financial firms.

S. 900 provides meaningful consumer protection rules for disclosure requirements and damage recovery protections and establishes consumer grievance procedures. The bill also promotes consumer privacy by barring financial institutions from disclosing customer account numbers for telemarketing or other direct marketing purposes.

Madam Speaker, S. 900 will provide the most extensive safeguards yet enacted to protect the privacy of consumer financial information. I urge my colleagues to support this much needed, historic legislation.

Mr. MOORE. Madam Speaker, I rise today in support of S. 900, the conference report for the Financial Services Modernization Act of 1999. As a member of the Banking and Financial Services Committee, I supported this measure when it passed our committee on March 23 by a 51–8 margin. I supported this measure again, when it overwhelmingly passed the full House of Representatives on July 1, 1999, on a vote of 343–86.

I would like to commend my colleagues in both the House and Senate who served on the conference committee. Through their hard work, we have before us today a well balanced and thoughtful conference report that, after over two decades of trying, finally reforms our antiquated, Depression-era financial services laws to benefit consumers, businesses and the economy.

I supported the House Banking version because financial modernization is desperately needed to address changes that are currently taking place in the global marketplace. Today, America's financial services industry is the most effective and competitive in the world. The banking system and other associated financial services institutions are the oil that prime the pump to our economy. The industry's ability to adapt to the swift and vast structural and technological changes in the marketplace have accounted for the record bank profits and the largest peacetime expansion since World War II.

These achievements of our financial services industry, however, are at risk—risk to both consumers and the system itself—if we continue to rely on ad hoc adaptations without establishing a meaningful and prudent framework in which this system, undergoing such rapid changes, can thrive and prosper. This conference report establishes such a responsible framework, with an eye allowing the industry to thrive and prosper, while providing the most progressive consumer protection safeguards ever enacted into law.

Among the many benefits of this landmark legislation, three are critically important:

S. 900 permits the creation of new financial holding companies, which can offer banking, insurance, securities, and other financial products. These new structures will allow American financial firms to take advantage of greater operating efficiencies and spur competition. This new competitive spirit will create better access to capital that will continue to promote our growing economy, greater choices, innovative services, and lower prices for consumers. Indeed, the efficiencies created with this bill are estimated to save consumers over $15 billion.

S. 900 benefits our local communities by preserving and strengthening community investment. This conference report requires that banks have a good track record of community reinvestment as a condition for taking advantage of the bill's newly authorized business activities and, for the first time, requires that a bank's performance on community reinvestment be considered when it expands outside of traditional banking activities. In addition to these protections, this conference report creates a new program designed specifically to help small, low-income entrepreneurs start and expand their businesses in underserved areas.

S. 900 provide important new consumer protections including mandatory prohibitions on coercive sales practices, disclosure of ATM fees, and for the first time, protections for Americans' financial privacy. These new standards are a significant improvement over current law, where no standards exist. The conference report requires financial institutions to notify consumers and provide them with the ability to opt-out of the disclosure of personal financial information to unaffiliated third parties; prohibits third parties from sharing or selling a consumer's personal financial information; provides strengthened and expanded regulatory authority to detect and enforce privacy

violations; and prevents the preemption of stronger state consumer protection laws.

Madam Speaker, this conference report represents a balanced compromise between the House and the Senate versions of financial services modernization. Congress has spent several decades considering many of the complicated and extremely important issues addressed in this compromise—a compromise that represents a landmark legislative achievement in modernizing our nation's financial services industries. It establishes a rational framework in which our financial services industries may offer a wide range of services that will benefit consumers. It creates, in most cases, prudential consumer safeguards. And, it levels the playing field in a manner that will allow our financial institutions to compete in the 21st Century. I congratulate and commend my colleagues in both the House and the Senate who served on the conference committee and urge swift passage of this report.

The SPEAKER pro tempore. All time for debate has expired.

Without objection, the previous question is ordered on this conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

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

Mr. DINGELL. 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 362, nays 57, not voting 15, as follows:

[Roll No. 570]

YEAS—362

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Becerra
Bentsen
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
DeGette
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Everett
Ewing
Farr
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kasich
Kelly
Kennedy
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Maloney (NY)
Manzullo
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McIntyre
McKeon
McNulty
Meehan
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Northup
Nussle
Oberstar
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sandlin
Sawyer
Saxton
Schaffer
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Tiahrt
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NAYS—57

Baldwin
Barrett (WI)
Barton
Brady (PA)
Campbell
Capuano
Clay
Condit
Conyers
Costello
Coyne
Davis (IL)
DeFazio
DeLauro
Dingell
Dixon
Edwards
Evans
Fattah
Filner
Frank (MA)
Gejdenson
Gutierrez
Hastings (FL)
Hefley
Hinchey
Inslee
Jackson (IL)
Kaptur
Kildee
Kucinich
Lee
Lewis (GA)
Lipinski
Luther
Markey
McDermott
McKinney
Meek (FL)
Mica
Miller, George
Obey
Phelps
Rivers
Rodriguez
Roybal-Allard
Rush
Sanders
Sanford
Schakowsky
Serrano
Taylor (MS)
Thurman
Tierney
Waters
Waxman
Woolsey

NOT VOTING—15

Bereuter
Dickey
Kanjorski
Larson
Martinez
McInnis
Mollohan
Ney
Norwood
Paul
Radanovich
Scarborough
Shuster
Stark
Taylor (NC)

□ 2317

Mr. SANFORD changed his vote from ''yea'' to ''nay.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. KANJORSKI. Mr. Speaker, on rollcall No. 570, the final passage of the conference report on S. 900 the Gramm-Leach-Bliley Financial Services Modernization Act of 1999, I was away from Washington on official business. Had I been present, I would have voted "yea."

Mr. BEREUTER. Mr. Speaker, this Member was not recorded on rollcall vote No. 570, on passage of the conference report on S. 900, the Gramm-Leach-Bliley Act. Had he been present, he would have voted ''aye.''

□ 2320

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. ISAKSON). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. DIAZ-BALART) is recognized for 5 minutes.

(Mr. DIAZ-BALART addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. GOSS) is recognized for 5 minutes.

(Mr. GOSS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. EHLERS) is recognized for 5 minutes.

(Mr. EHLERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. BROWN) is recognized for 5 minutes.

(Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WATERS) is recognized for 5 minutes.

(Ms. WATERS addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

PRESCRIPTION DRUG BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 5 minutes.

Mr. GUTKNECHT. Mr. Speaker, tonight I would like to talk about an issue that is becoming increasingly of concern to the American citizens, and that is the high prices that Americans in general and seniors in particular are being required to pay for prescription drugs.

A number of stories have appeared recently. A number of national news publications, MSNBC, the New York Times, a number of stories, the Washington Post, a Minneapolis paper recently did stories about what is happening in America relative to the high cost of prescription drugs.

Now, it has a tremendous impact on all Americans, but of particularly high impact on senior citizens where many of the people in my district, and I suspect this is not unusual to my district, it happens all over the country, seniors are paying two, three, four, in fact I talked to one couple that is paying over $1,000 a month for prescription drugs. It is a serious problem. It is here now. Every one has an opinion.

But let me just talk about what I think is one part of the problem that we could do something very serious about solving very quickly.

But before I do, I would like to read excerpts from a letter to the community from George Halvorson. George Halvorson is the president and CEO of HealthPartners in Minneapolis.

Let me just read, ''The cost of prescription drugs varies to an amazing degree between countries.

''If you have a stomach ulcer and your doctor says, 'you need to be on Prilosec,' you would probably pay about $99.95 for a 30-day supply in the Twin Cities. But if you were vacationing in Canada and decided to fill your prescription there, you would pay only $50.88.

''Or, even better, if you were looking for a little warmer weather south of the border in Mexico, the same 30-day supply would cost you only $17.50.

''That's for the same dose, made by the same manufacturer.

''If we could get only half the price break that Canadians get, our plan alone'', he is talking about one HMO in Minnesota, he says, ''our plan alone could have saved our members nearly $35 million last year.''

Imagine what we are talking about throughout the entire country. He goes on to say, ''When the North American Free Trade Act (NAFTA) was passed by Congress to allow free trade between us and our neighboring countries, HealthPartners decided to follow the lead of in Minnesota Senior Federation and buy drugs in Canada at Canadian prices. We were disappointed to learn of the rules and processes that kept us from succeeding. There is no free trade in prescription drugs. We need to do something about this.''

Well, I tell Mr. Halvorson, we intend to do something about it. But before we do something, one has got to understand what the problem is. It all comes down to section 381 of U.S. Code, Title XXI, section 381.

Let me just read for my colleagues what this section basically says. ''The Secretary of Treasury shall deliver to the Secretary of Health and Human Services, upon his request, samples of food, drugs, devices, and cosmetics which are being imported or offered for import into the United States.'' The operative expression is ''giving notice thereof to the owner or cosignee''.

It goes on to basically say that people can bring drugs into the country as long as they are legal drugs and they have a prescription. But if there is a challenge to them, the burden of proof falls upon the FDA.

But, unfortunately, Mr. Speaker, that is not what is happening. What is happening today is, when seniors try to bring drugs, and particularly if they do it through mail order, back into the United States, the FDA puts the burden of proof on the seniors to prove that they are legal drugs and were manufactured in an FDA-approved facility.

What I am going to be doing here in the next day or two is introducing legislation to clarify that Americans will be able, going through their local pharmacy, to order drugs over the Internet or by web or through faxes with correspondent pharmacies in Canada or in Mexico as long as they are legal drugs produced in an FDA-approved facility to allow them to do that.

We are talking about savings for some seniors of $300 or $400 per month. Now, that may not seem like much to some of the folks in this room, but let me tell my colleagues, if one is living on a fixed income of $10,000, we are beginning to talk real money.

It is time for us to say loudly and clearly that we will not allow the FDA to stand between our consumers and our seniors in particular. We will not allow the FDA to stand between our consumers and lower drug prices.

It is a simple bill. I would hope that my colleagues would contact my office because we want to make this a broad-based bipartisan coalition to support this bill. We hope to introduce it in the next day or two. Please take a look at this legislation. We would like to have my colleagues join us on it.

STOP STALLING ON GUN SAFETY LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, we finished one major piece of legislation, and I noted that many of the Members of this House were applauding the success of passing a financial services reform bill. I think there are many people in America that will appreciate that we have made that giant step.

But in the shadow of passing a bill that deals with numbers, statistics, and pieces of paper, and computers, we are still stalled on a real gun safety reform legislation and juvenile justice.

What a tragedy that, in about 5 days, more than 100 hours from now, this House may come to a conclusion for 1999. We will do so in the shadow of seven deaths in Hawaii, two deaths in Seattle in the last 48 hours by individuals obviously deranged and using guns to kill people.

We will do it, likewise, in the shadow of four murders of teenagers this past weekend in Washington, D.C., in the shadow of a closing of a Cleveland high school where it is alleged that about four students have threatened to kill many, many students in that high school; or do it in the shadow of conversations we had just a few weeks ago that noted that many students that go to high school in America are fearful for their lives, are afraid of violence, have seen guns, have been bullied, have experienced prejudice.

Yet, the conference that is supposed to be on gun safety and juvenile justice idles away its time, refusing to concede to the National Rifle Association, refusing to provide real gun safety for America.

What are the issues that we are discussing in that conference? Are they so threatening to those of us who have taken an oath of office to do what is best for the American people that we would not want to do it?

Does it make any sense that we continue to allow guns to get in the hands of criminals and children? Does it

make any sense that gun shows proliferate themselves around this Nation with the concept of unlicensed gun dealers being able to randomly sell guns to anybody who walks through the door?

Just recently in California, one of the largest gun shows in America was able to be held because the ordinance and law that had been passed by local officials who came together and said we do not want any more gun shows in our community after the tragedy of the Jewish Community Center was thwarted by a court.

I believe in the democratic process, the process of the judiciary, but there they were selling guns, selling guns by unlicensed dealers, and who knows how many criminals and possibly children had access to the guns.

This conference will provide opportunities to close the loopholes for gun shows so that unlicensed dealers could not get up or get where they could sell guns to criminals and children.

It provides for trigger locks. It will eliminate the ammunition clips of fast guns that we really do not need for sports and other recreational Activities.

□ 2330

And I would offer an amendment to ensure that children are accompanied by adults when they go into these gun shows if, because of the laws of this land, these gun shows continue to proliferate.

Do my colleagues know that in many States, unlike movies, where we are looking to curb the violence and we require children to be accompanied by an adult depending on the rating of the movie, they can walk in randomly in many States into these gun shows looking at weapons of war, fast ammunition clips, or guns with automatic clips to them? They are looking at these. They are seeing these weapons of violence with no one attending to them.

So, Mr. Speaker, I think that it is a tragedy that in these waning hours we will watch more children die, maybe the tragedy of more workplace violence, more criminals getting guns illegally; yet we are sitting by as the hours are tick, tick, ticking away doing absolutely nothing. I think this is a shame on this Nation. I think it is a shame on this Congress.

I would ask Members in these waning hours to lift their voices and ask the collective leadership why, why we have not met in conference to talk about gun safety in America. When will we raise up our voices but, at the same time, lift ourselves to act and to ensure that children are protected?

I hope that we will hear from someone in the near future. I hope we will hear from the Speaker of the House, I hope we will hear from the majority leader, I hope we will hear from the majority whip, I hope we will work in a bipartisan manner with the leadership in the Democratic caucus that has been asking that we move forward. I hope that we will hear from the other body that has been dragging their feet.

The hours are tick, tick, ticking away. Thirteen children are dying, Mr. Speaker, every single day. What a shame on this House. What a shame on America.

The SPEAKER pro tempore (Mr. ISAKSON). Under a previous order of the House, the gentleman from Washington (Mr. METCALF) is recognized for 5 minutes.

(Mr. METCALF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

IN SUPPORT OF SENATOR CAROL MOSELEY-BRAUN'S AMBASSADORSHIP TO NEW ZEALAND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, I take this opportunity to express strong support for the confirmation of Senator Carol Moseley-Braun to the ambassadorship of New Zealand. I have known Carol Moseley-Braun both personally and professionally for many years and look forward to her service in this position.

Senator Moseley-Braun is an extraordinary woman who has led an extraordinary life, a life of breaking stereotypes, a life of shattering glass ceilings, a life of public service. She earned her law degree from the University of Chicago in 1972 and served as an assistant United States attorney from 1973 to 1977. In 1978, she was elected to the Illinois House of Representatives where she became the first female assistant majority leader. In 1988, Senator Moseley-Braun was elected Cook County Recorder of Deeds, racking up several more firsts. In 1992, she was elected to the United States Senate, becoming the first African American woman to serve in that honorable body.

Sometime ago, President Clinton nominated Senator Moseley-Braun to become our ambassador to New Zealand. As ambassador, Carol Moseley-Braun would be the highest ranking diplomatic official accredited to represent our interests in that Pacific Rim nation. I can testify from personal knowledge that Senator Moseley-Braun is well qualified to undertake those solemn responsibilities.

Throughout her career in public life, Senator Moseley-Braun has displayed tremendous ability, insight, and perceptivity on the great issues of the day. She is a woman of great personal charm who has been blessed with a remarkable talent to interact with people, to engage them in dialogue, and to represent her position to them with logic, clarity, and persuasiveness. In short, she would represent us well to the people of New Zealand.

Mr. Speaker, it is the long-standing tradition of the Senate to welcome former colleagues who have been nominated to high office by the President of the United States and to extend them the courtesy of prompt hearings, in accord with their constitutional responsibilities to advise and consent. Only six former Senators have been turned down for nomination this century, all for Cabinet or Supreme Court positions. A Senator has not been rejected for an ambassadorial appointment since 1835.

Up to this point, Senator Moseley-Braun's nomination has been blocked by the chairman of the Senate Committee on Foreign Relations, who, according to news reports, has demanded an apology for a speech Senator Moseley-Braun made criticizing the use of the Confederate flag.

A study by the Alliance for Justice determined that the nomination of an average nonwhite candidate took 60 days longer than that of a white candidate. Couple these two facts and we have a profound malfunction in our democracy.

Senator Carol Moseley-Braun will do just fine in whatever direction life takes her. She will be a success as an ambassador if she is confirmed; she will be a success in some other endeavor if she is denied. But democracy in the United States faces a bleaker choice. Mr. Speaker, make no mistake, our democracy is being weighed in the balance in the coming days. If fairness does not prevail, if Senator Carol Moseley-Braun is denied confirmation, then those responsible will have offered up proof, proof to the American people, proof to the world, that fairness and justice are still wanted in America five generations after the end of the Civil War. I find that possibility abhorrent, detestable, and obscene.

So I add my voice to those urging the Senate to bring the nomination of Senator Moseley-Braun to a quick vote and to approve the nomination by the largest vote possible. I hope that on tomorrow the Senate Committee on Foreign Relations will move promptly to approve the nomination of Carol Moseley-Braun as our next ambassador to New Zealand and America will be well served.

WHEN WILL ADMINISTRATION ASK YELTSIN FOR LOCATIONS OF BURIED WEAPONS IN U.S.?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WELDON) is recognized for 5 minutes.

Mr. WELDON of Pennsylvania. Mr. Speaker, when will we ask the question? When will this administration formally ask Russia to provide the details contained in secret KGB documents that define the significant number of locations throughout America where, during the Soviet era, military equipment, hardware, and possibly even material for weapons of mass destruction was stored in buried sites?

Mr. Speaker, 2 years ago the highest ranking foreign intelligence officer

ever to defect from the Soviet Union, Stanislav Lunev testified before my subcommittee and said that one of his jobs when he worked at the embassy here in Washington undercover as a Tass correspondent was to locate sites where the Soviets could drop equipment that could be stored in the soil of America.

Last Wednesday, again before my subcommittee, Oleg Gordiefsky, the highest ranking ever internal KGB intelligence officer, who now lives in Britain, testified that the KGB files, as documented by Mitrokhin, contained in a new book just released last month called The KGB Files, are in fact true. Those files document significant numbers of cases around the world, in Europe and in North America, where during the Soviet era the KGB arranged for the storage of military material and hardware on the soil of this Nation.

Mr. Speaker, we have known this for at least 6 years. The FBI has told me and the Pentagon has said publicly we have not yet asked the Russians for the specific sites.

This past weekend I spoke at an international terrorism conference in Europe, where I had a chance to meet one of the highest-ranking intelligence officials from Belgium. I was told by that official that in the last 2 months, Belgium has uncovered three sites where these materials were stored by the Soviet Union without the knowledge of the Belgium government. Switzerland has also identified one site that was booby-trapped where materials were stored.

Mr. Speaker, when is this administration going to ask the Yeltsin government to give us the KGB documents that identify the sites in California, in Montana, in Minnesota, in New York, in Texas, and across this Nation where specific caches of arms and military hardware and equipment were prepositioned during the Cold War?

□ 2340

It is absolutely a national disgrace that this administration, having known about this prepositioning of equipment for at least 6 years, has not yet seen fit to ask that question of the Yeltsin government.

This body needs a demand that this administration take action. Because, Mr. Speaker, the safety of the people of America are in question as long as those materials have not been identified and have not been removed by our Government.

In four instances, one in Switzerland and three in Belgium, sites have been found and they have been dug up. It is about time this administration asked the question of the Russian leadership where those sites are in America. We should demand no less from our Government.

PROPOSED OSHA REPETITIVE MOTION REGULATIONS

The SPEAKER pro tempore (Mr. ISAKSON). Under a previous order of the House, the gentleman from Colorado (Mr. TANCREDO) is recognized for 5 minutes.

Mr. TANCREDO. Mr. Speaker, a short time ago I received a communication from an individual in my district, a gentleman who owns a number of small businesses. He is head of something called The Bailey Company in Golden, Colorado. It is an Arby's franchise.

He writes: ''Our company opened its first Arby's restaurant in 1968 at the corner of York and Colfax in Denver. Today we own and operate 63 Arby's restaurants in Colorado, Florida, Idaho, Wyoming, including all of the Arby's in the Metro-Denver area.''

He goes on to explain what happened in his business a short time ago, and this I want to bring to the attention of the House and our colleagues in order to explain the problems we are going to face and we do face in small businesses throughout the United States. And these problems will become exacerbated by the actions of OSHA as they have been many times in the past. I want to refer specifically to an event that occurred in Mr. Eagleton's business.

''As an employer of approximately 1,500 people, we are concerned about the proposed OSHA repetitive motion regulations. An employee, Mary, worked at an Arby's restaurant in Jefferson County, Colorado, in 1998. On her first day of work, after 3 hours of light duty wrapping sandwiches in foil, she complained that her wrists hurt. An employee of the Bailey Company filled out a first report of injury and sent her to our designated treatment facility. Mary was diagnosed with repetitive motion injuries. The ensuing series of treatments evolved in a $100,000 Worker's Compensation claim.

''The medical community is split on the legitimacy and causality of these injuries. For instance, athletes do repetitive exercises to strengthen their muscles; yet repetitive motion does not harm them. How does repetitive motion in other circumstances differ in the view of the courts?

''Our position is that the proposed OSHA repetitive motion regulations should not be funded until definitive scientific studies are concluded.''

''J. Mark Eagleton, Senior Manager/Director of Training and Personnel for The Bailey Company.''

Mr. Speaker, even though what we have just heard here is replicated, unfortunately, far too many times throughout the country, OSHA is nonetheless pushing ahead with its ergonomic study. Even though the Bureau of Labor Statistics reports that repetitive stress injuries are on a decline and have dropped 17 percent over the last 3 years, should we not at least have as much information as possible when developing Government policy? Should we not require Government agencies to use sound scientific information when reaching decisions that will affect our lives?

Obviously, this is not the case. Once again, it is the Government-knows-best attitude, an attitude that many Federal bureaucrats have unfortunately. It is an outrage and it should be stopped.

In August, the House passed H.R. 987, the Workplace Preservation Act, which prohibits OSHA from implementing the ergonomics regulation until the academy completes its ongoing study slated to be released mid-2001. This is a common-sense step and one which Members of the House and the other body should support.

ANNOUNCEMENT OF MEASURE TO BE CONSIDERED UNDER SUSPENSION OF THE RULES ON TOMORROW

Mr. TANCREDO. Mr. Speaker, pursuant to House Resolution 353, I announce the following measure to be taken up under suspension of the rules: H.R. 3075, Medicare Addbacks.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 44 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0053

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. SESSIONS) at 12 o'clock and 53 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3196, FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART, from the Committee on Rules, submitted a privileged report (Rept. No. 106–450) on the resolution (H. Res. 362) providing for consideration of the bill (H.R. 3196) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LARSON (at the request of Mr. GEPHARDT) for today, on account of official business.

Mr. KANJORSKI (at the request of Mr. GEPHARDT) for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MENENDEZ) to revise and extend their remarks and include extraneous material:)

Mr. FILNER, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Ms. WATERS, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

(The following Members (at the request of Mr. WELDON of Pennsylvania) to revise and extend their remarks and include extraneous material:)

Mr. GUTKNECHT, for 5 minutes, today.

Mr. SIMPSON, for 5 minutes, on November 8.

Mr. METCALF, for 5 minutes, today.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 185. An act to establish a Chief Agricultural Negotiator in the Office of the United States Trade Representative; to the Committee on Ways and Means.

S. 976. An act to amend title V of the Public Health Service Act to focus the authority of the Substance Abuse and Mental Health Services Administration on community-based services for children and adolescents, to enhance flexibility and accountability, to establish programs for youth treatment, and to respond to crises, especially those related to children and violence; to the Committee on Commerce.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 609. An act to amend the Export Apple and Pear Act to limit the applicability of the Act to apples.

H.J. Res. 75. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

ADJOURNMENT

Mr. DIAZ-BALART. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 54 minutes a.m.), the House adjourned until today, Friday, November 5, 1999, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

5176. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Order Granting the London Clearing House's Petition for an Exemption Pursuant to Section 4(c) of the Commodity Exchange Act—received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5177. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Foreign Futures and Options Transactions—received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

5178. A letter from the Assistant General Counsel, Office of Student Financial Assistance, Department of Education, transmitting the Department's final rule—Student Assistance General Provisions (RIN: 1845–AA07) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

5179. A letter from the Associate Chief, Wireless Telecommunications Bureau, Federal Communications Commission, transmitting the Commission's final rule—Revision of the Commission's Rules To Ensure Compatibility with Enhanced 911 Emergency Calling Systems [CC Docket No. 94–102 RM–8143] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

5180. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

5181. A letter from the Assistant Secretary For Legislative Affairs, Department of State, transmitting the ''Initial Report of the United States of America to the UN Committee Against Torture''; to the Committee on International Relations.

5182. A letter from the Administrator, General Services Administration, transmitting the ''1999 Fair Act Inventory of the General Services Administration''; to the Committee on Government Reform.

5183. A letter from the Director, Office of Surface Mining, Department of the Interior, transmitting the Department's final rule—North Dakota Regulatory Program [ND–038–FOR, Amendment No. XXVII] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

5184. A letter from the Deputy Assistant Administrator For Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Revisions to Recordkeeping and Reporting Requirements [Docket No. 981224323–9226–02; I.D. 120198B] (RIN: 0648–AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

5185. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock for Processing by the Inshore Component in the Bering Sea Subarea [Docket No. 990304063–9063–01; I.D. 102699D] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

5186. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Eurocopter France Model AS332C, L, and L1 Helicopters [Docket No. 98–SW–59–AD; Amendment 39–11390; AD 99–22–12] (RIN: 2120–AA64) received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5187. A letter from the Program Analyust, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; British Aerospace Model BAe 146 and Avro 146–RJ Series Airplanes [Docket No. 99–NM–27–AD; Amendment 39–11389; AD 99–22–11] (RIN: 2120–AA64) received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5188. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bell Helicopter Textron Canada (BHTC) Model 407 Helicopters [Docket No. 99–SW–07–AD; Amendment 39–11391; AD 99–22–12] (RIN: 2120–AA64) received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5189. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt & Whitney JT8D–200 Series Turbofan Engines [Docket No. 92–ANE–15; Amendment 39–11392; AD 99–22–14] (RIN: 2120–AA64) received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5190. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Beaumont, TX [Airspace Docket No. 99–ASW–25] received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5191. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Hebbronville, TX [Airspace Docket No. 99–ASW–24] received November 1, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

5192. A letter from the Deputy Executive Secretary to the Department, Department of Health and Human Services, transmitting the Department's final rule—Medicare Program; Revisions to Payment Policies Under the Physician Fee Schedule for Calendar Year 2000 [HCFA–1065–FC] (RIN: 0938–AJ61) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); jointly to the Committees on Ways and Means and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1725. A bill to provide for the conveyance by the Bureau of Land Management to Douglas County, Oregon, of a county park and certain adjacent land (Rept. 106–446). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2541. A bill to adjust the boundaries of the Gulf Islands National Seashore to include Cat Island, Mississippi; with an amendment (Rept. 106–447). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2879. A bill to provide for the placement at the Lincoln Memorial of a plaque commemorating the speech of Martin Luther King, Jr., known as the ''I Have A

Dream'' speech (Rept. 106–448). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLILEY: Committee on Commerce. H.R. 1832. A bill to reform unfair and anti-competitive practices in the professional boxing industry; with an amendment (Rept. 106–449 Pt. 1).

Mr. DIAZ-BALART: Committee on Rules. House Resolution 362. Resolution providing for consideration of the bill (H.R. 3196) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–450). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X, the Committee on Education and the Workforce discharged H.R. 1832 referred to the Committee of the Whole House on the State of the Union, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. BALDACCI:

H.R. 3217. A bill to assist the efforts of farmers and cooperatives seeking to engage in value-added processing of agricultural goods; to the Committee on Agriculture.

By Mr. CALVERT (for himself, Mr. SHIMKUS, Mr. GREEN of Wisconsin, Mr. ACKERMAN, Mr. PAUL, Mr. HINCHEY, Mr. NETHERCUTT, Mr. GEORGE MILLER of California, Ms. HOOLEY of Oregon, Mrs. EMERSON, Mr. SANDLIN, Ms. LOFGREN, Ms. LEE, Mr. SENSENBRENNER, Mr. ROHRABACHER, Mr. TIAHRT, Mr. CUNNINGHAM, Mr. PAYNE, Mrs. BIGGERT, Mr. DOOLITTLE, Mr. ENGLISH, Mr. BILBRAY, Mr. HILL of Montana, Mr. SHOWS, Mr. GARY MILLER of California, Mr. HOLDEN, Mr. CAMPBELL, Mrs. MORELLA, Mr. NEY, Mr. EHRLICH, Mr. BAKER, Mr. SCHAFFER, and Mr. KUYKENDALL):

H.R. 3218. A bill to amend title 31, United States Code, to prohibit the appearance of Social Security account numbers on or through unopened mailings of checks or other drafts issued on public money in the Treasury; to the Committee on Government Reform.

By Mr. COBLE:

H.R. 3219. A bill to amend title 49, United States Code, to permit an individual to operate a commercial motor vehicle for the transportation of certain property solely within the borders of a State if the individual has passed written and driving tests to operate the vehicle that meet such minimum standards as may be prescribed by the State, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. GEPHARDT (for himself, Mr. DINGELL, and Mr. CONYERS):

H.R. 3220. A bill to regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes; to the Committee on Commerce, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HOEFFEL (for himself, Mr. CAMPBELL, Mr. WAXMAN, Mr. KASICH, Mr. BONIOR, Mr. GEORGE MILLER of California, Mr. TOOMEY, Ms. DELAURO, Mr. SANFORD, Mr. COYNE, Ms. PELOSI, Mr. STARK, Mr. KUCINICH, Mr. ANDREWS, Mr. ACKERMAN, Mrs. LOWEY, Mr. BRADY of Pennsylvania, Mr. TIERNEY, Mr. FATTAH, Mr. STUPAK, Mr. CAPUANO, Mr. HOLT, Mr. WU, Mr. TRAFICANT, and Mr. SANDERS):

H.R. 3221. A bill to review, reform, and terminate unnecessary and inequitable Federal payments, benefits, services, and tax advantages; to the Committee on Government Reform, and in addition to the Committees on Ways and Means, Rules, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GOODLING (for himself, Mr. WATTS of Oklahoma, Mr. PETRI, Mr. CASTLE, Mr. GREENWOOD, Mr. GRAHAM, Mr. DEAL of Georgia, Mr. EHLERS, Mr. FLETCHER, Mr. ISAKSON, Mr. CHAMBLISS, Mr. ENGLISH, Mr. KILDEE, Mr. MARTINEZ, Mr. ROEMER, Mr. ROMERO-BARCELÓ, Mr. KIND, Ms. SANCHEZ, Mr. ACKERMAN, Mr. SAWYER, Ms. WOOLSEY, Mr. WU, Mr. TIERNEY, Mr. FORD, and Mr. CLAY):

H.R. 3222. A bill to amend the Elementary and Secondary Education Act of 1965 to improve literacy through family literacy projects; to the Committee on Education and the Workforce.

By Mr. FATTAH (for himself, Mrs. CHRISTENSEN, Mr. CONYERS, Mr. HASTINGS of Florida, Ms. NORTON, Mr. CUMMINGS, Mr. FROST, Mr. ROMERO-BARCELO, Ms. LEE, Mrs. JONES of Ohio, Mr. JEFFERSON, Mr. MCGOVERN, Mrs. NAPOLITANO, Mr. MARKEY, Mr. HINOJOSA, Mr. PASTOR, Ms. BALDWIN, Mr. CLAY, Mr. OWENS, Mr. MARTINEZ, Mrs. CLAYTON, Mr. RUSH, Mr. RANGEL, Mr. BARRETT of Wisconsin, and Ms. SCHAKOWSKY):

H.R. 3223. A bill to assist institutions of higher education help at-risk students stay in school and complete their 4-year postsecondary academic programs; to the Committee on Education and the Workforce.

By Mrs. KELLY (for herself, Mrs. THURMAN, Ms. DELAURO, Mr. SANDERS, Mr. GILMAN, Mr. SANDLIN, Mr. COOK, Mr. BRADY of Pennsylvania, Mr. HINCHEY, Mr. FILNER, Mr. MCINTYRE, Mr. MATSUI, Ms. KILPATRICK, Ms. LOFGREN, Mrs. EMERSON, Mr. ANDREWS, Mr. ROEMER, Mr. FROST, Mr. KIND, Mr. MCHUGH, Mr. NADLER, Mr. KLECZKA, Ms. JACKSON-LEE of Texas, and Mr. WALSH):

H.R. 3224. A bill to amend the Internal Revenue Code of 1986 to require group health plans to provide coverage for reconstructive surgery following mastectomy, consistent with the Women's Health and Cancer Rights Act of 1998; to the Committee on Ways and Means.

By Mr. MCCRERY (for himself and Mr. JEFFERSON):

H.R. 3225. A bill to revitalize the international competitiveness of the United States-flag maritime industry through tax relief; to the Committee on Ways and Means.

By Mr. METCALF:

H.R. 3226. A bill to amend title 49, United States Code, to improve pipeline safety; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MINK of Hawaii:

H.R. 3227. A bill to amend title 38, United States Code, to exempt amounts owed for prescription drugs and medical supplies dispensed by Department of Veterans Affairs pharmacies from otherwise applicable interest charges and administrative cost charges imposed on indebtedness to the United States resulting from the provision of medical care or services by the Department of Veterans Affairs; to the Committee on Veterans' Affairs.

By Mr. MORAN of Virginia (for himself, Mr. WOLF, Mr. SISISKY, Mr. DAVIS of Virginia, Mr. WEYGAND, and Mr. KENNEDY of Rhode Island):

H.R. 3228. A bill to name the building at 8725 John J. Kingman Road, Fort Belvoir, Virginia, as the ''Andrew T. McNamara Building''; to the Committee on Armed Services.

By Mr. SANDERS:

H.R. 3229. A bill to amend the Electronic Fund Transfer Act to prohibit the imposition of certain additional fees on consumers in connection with any electronic fund transfer which is initiated by the consumer from an electronic terminal operated by a person other than the financial institution holding the consumer's account and which utilizes a national or regional communication network; to the Committee on Banking and Financial Services.

By Mr. STUPAK:

H.R. 3230. A bill to amend title 38, United States Code, to provide that a disease that is incurred or aggravated by a member of a reserve component in the performance of duty while performing inactive duty training shall be considered to be service-connected for purposes of benefits under laws administered by the Secretary of Veterans Affairs; to the Committee on Veterans' Affairs.

By Mr. CRANE:

H.R. 3231. A bill to authorize the transfer to the Republic of Panama of certain properties of the United States as set forth in the Panama Canal Treaties; to the Committee on Armed Services.

By Mr. DAVIS of Virginia (for himself and Mr. ROHRABACHER):

H. Con. Res. 220. Concurrent resolution expressing the sense of the Congress that a postage stamp should be issued recognizing the Islamic holy month of Ramadan; to the Committee on Government Reform.

By Mr. BILIRAKIS (for himself, Mrs. MALONEY of New York, and Mr. MENENDEZ):

H. Res. 361. A resolution urging the President to condition discussions about Turkey's foreign military finances on resolution of that nation's hostile occupation of the Republic of Cyprus; to the Committee on International Relations.

MEMORIALS

Under clause 3 of rule XII,

278. The SPEAKER presented a memorial of the Legislature of the State of California, relative to Assembly Joint Resolution No. 33 memorializing the President and Congress of the United States to support specified federal legislation to classify spaceports as exempt facilities and enable state and local entities to sell bonds for private or public development of spaceport infrastructure; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 82: Mr. PALLONE and Mr. YOUNG of Florida.

H.R. 274: Mr. SPENCE and Mr. THOMPSON of Mississippi.

H.R. 403: Mr. BLUMENAUER.
H.R. 405: Mr. THOMPSON of California.
H.R. 534: Ms. BERKLEY.
H.R. 571: Mr. TERRY.
H.R. 617: Mr. DELAHUNT.
H.R. 721: Mr. MCINTOSH and Mr. MEEHAN.
H.R. 728: Mr. COOKSEY, Mr. FROST, and Mr. LATHAM.
H.R. 750: Mr. KLINK.
H.R. 845: Ms. ROYBAL-ALLARD.
H.R. 860: Mrs. LOWEY.
H.R. 864: Mr. JACKSON of Illinois and Mr. NUSSLE.
H.R. 865: Mr. NETHERCUTT and Mr. GORDON.
H.R. 997: Mr. SPENCE and Mr. THOMPSON of Mississippi.
H.R. 1044: Mr. HASTINGS of Washington and Mr. GORDON.
H.R. 1102: Mr. TURNER.
H.R. 1111: Ms. HOOLEY of Oregon.
H.R. 1115: Mr. ISAKSON.
H.R. 1248: Mr. OLVER.
H.R. 1303: Mr. NEAL of Massachusetts.
H.R. 1322: Mr. SCHAFFER.
H.R. 1329: Mrs. EMERSON.
H.R. 1452: Ms. LEE and Mr. PHELPS.
H.R. 1485: Mrs. MCCARTHY of New York.
H.R. 1511: Mr. PAUL.
H.R. 1592: Ms. CARSON.
H.R. 1606: Mr. DELAHUNT.
H.R. 1686: Mr. KUYKENDALL.
H.R. 1693: Mr. ANDREWS.
H.R. 1775: Mr. PASTOR, Mr. KILDEE, Mr. MATSUI, Mr. GEORGE MILLER of California, Mr. BALDACCI, Mr. UPTON, Mr. HOUGHTON, Mr. RAMSTAD, Mr. BAKER, Mr. LEWIS of Kentucky, and Mr. TRAFICANT.
H.R. 1816: Mrs. SCHAKOWSKY and Mrs. MALONEY of New York.
H.R. 1885: Mr. CONYERS.
H.R. 1954: Mr. STEARNS.
H.R. 1967: Mr. DEFAZIO and Mr. MARTINEZ.
H.R. 2087: Mr. ARMEY and Mr. HASTINGS of Washington.
H.R. 2120: Mr. DEUTSCH.
H.R. 2200: Ms. LEE.
H.R. 2244: Mr. BRYANT
H.R. 2273: Mr. PICKETT.
H.R. 2298: Mr. RANGEL.
H.R. 2373: Mr. MOORE and Mr. UDALL of New Mexico.
H.R. 2381: Mr. HOSTETTLER.
H.R. 2457: Mr. SISISKY.
H.R. 2503: Ms. ROYBAL-ALLARD.
H.R. 2538: Mr. LARSON, Mr. ROGERS, Mr. TERRY, Mr. KENNEDY of Rhode Island, Mr. CASTLE, and Mr. SCHAFFER.
H.R. 2550: Mr. PICKETT.
H.R. 2635: Mr. WOLF.
H.R. 2640: Mr. BOSWELL.
H.R. 2655: Mrs. CHENOWETH-HAGE.
H.R. 2697: Mr. GORDON and Mr. TERRY.
H.R. 2720: Ms. DUNN.
H.R. 2733: Mr. DICKEY, Ms. DEGETTE, Mr. BISHOP, and Mr. TANCREDO.
H.R. 2738: Mr. BONIOR, Mr. GEORGE MILLER of California, Mr. KENNEDY of Rhode Island, and Mr. KLINK.
H.R. 2749: Ms. GRANGER.
H.R. 2776: Mrs. MALONEY of New York.
H.R. 2789: Mr. PAYNE.
H.R. 2859: Ms. SCHAKOWSKY, Ms. BALDWIN, and Mr. WEINER.
H.R. 2915: Mr. HOLT and Mr. INSLEE.
H.R. 2966: Mr. BAKER, Mr. BARTLETT of Maryland, Ms. BERKLEY, Mr. ENGLISH, Mr. GORDON, Mr. MCINTYRE, and Mr. WYNN.
H.R. 2980: Mr. ROTHMAN.
H.R. 3058: Mr. FARR of California, Mr. DIAZ-BALART, Mr. ROHRABACHER, Mrs. KELLY, and Mr. MCHUGH.
H.R. 3062: Mr. RANGEL.
H.R. 3091: Mr. LOBIONDO, Mr. WISE, Mr. RAHALL, Mr. LEWIS of Kentucky, Mr. EVANS, Mr. KILDEE, Mr. HOLDEN, Mr. FRANK of Massachusetts, Mr. LUTHER, Ms. MCCARTHY of Missouri, Mr. HOLT, and Mrs. EMERSON.
H.R. 3100: Mr. COOK, Mr. UPTON, Mr. KUYKENDALL, Ms. BERKLEY, and Mr. CASTLE.
H.R. 3136: Ms. BERKLEY, Mr. LIPINSKI, Ms. BALDWIN, and Mr. BAIRD.
H.R. 3138: Mr. HUTCHINSON.
H.R. 3144: Ms. NORTON, Mr. MARTINEZ, Mr. GEORGE MILLER of California, Mr. ROMERO-BARCELÓ, and Mr. PAYNE.
H.R. 3159: Mr. PHELPS.
H.R. 3180: Mr. KING, Mr. GRAHAM, and Mr. OWENS.
H.R. 3185: Mr. WYNN.
H.R. 3197: Mr. DEFAZIO, Mr. FROST, Mr. GEJDENSON, Mr. MCNULTY, and Mr. DAVIS of Florida.
H.R. 3212: Mr. CUNNINGHAM and Mr. DUNCAN.
H. Con. Res. 51: Ms. CARSON.
H. Con. Res. 77: Mr. CUNNINGHAM, Mr. PAYNE, Mr. TURNER, Mrs. WILSON, and Mr. WYNN.
H. Con. Res. 89: Mr. MCCOLLUM.
H. Con. Res. 165: Mr. BEREUTER.
H. Con. Res. 177: Mr. NADLER, Mr. ABERCROMBIE, Mr. DOGGETT, Mr. FILNER, Mr. BARRETT of Wisconsin, Mr. FARR of California, Mr. VENTO, Mr. PALLONE, Mr. JACKSON of Illinois, Mr. SAWYER, Mr. CROWLEY, Mr. SERRANO, Mr. LEVIN, and Mr. BLAGOJEVICH.
H. Con. Res. 185: Mr. NUSSLE.
H. Con. Res. 204: Ms. MCKINNEY.
H. Con. Res. 212: Mr. JONES of North Carolina, Mr. KASICH, Mr. THORNBERRY, Mr. SCARBOROUGH, Mr. BONILLA, and Mr. WATTS of Oklahoma.
H. Con. Res. 217: Mr. WEXLER.
H. Con. Res. 218: Mr. EHRLICH, Mr. MENENDEZ, and Mr. SABO.
H. Res. 238: Ms. DEGETTE, Mr. PAYNE, Mr. BISHOP, Mr. PAUL, and Mr. TANCREDO.
H. Res. 298: Mr. BALLENGER and Mr. TAUZIN.
H. Res. 325: Mr. BONIOR and Mr. PRICE of North Carolina.
H. Res. 343: Mr. SMITH of New Jersey, Mr. ISTOOK, Mr. METCALF, and Mr. GANSKE.
H. Res. 347: Mr. MASCARA, Mr. FROST, Mr. LOBIONDO, Mr. RANGEL, Mr. WEYGAND, Mr. WEXLER, and Mrs. KELLY.
H. Res. 350: Mr. SCHAFFER, Mr. BARTLETT of Maryland, Mr. HOEKSTRA, Mr. HALL of Ohio, Mr. SHOWS, Mr. DEMINT, Mr. FLETCHER, Mr. HEFLEY, Mr. HERGER, Mr. HYDE, Mr. LARGENT, Mr. GARY MILLER of California, Mr. SANFORD, Mr. SIMPSON, Mr. TERRY, Mr. WAMP, Mr. MCINTOSH, Mr. ADERHOLT, Mr. BURTON of Indiana, Mr. KING, Mr. DICKEY, Mr. BACHUS, and Mr. RAHALL.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 2528: Mr. BECERRA.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 3073

OFFERED BY: MRS. JOHNSON OF CONNECTICUT

[Amendment in the Nature of a Substitute]

AMENDMENT NO. 1: Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Fathers Count Act of 1999''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
TITLE I—FATHERHOOD GRANT PROGRAM
Sec. 101. Fatherhood grants.
TITLE II—FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE
Sec. 201. Fatherhood projects of national significance.
TITLE III—WELFARE-TO-WORK PROGRAM ELIGIBILITY
Sec. 301. Flexibility in eligibility for participation in welfare-to-work program.
Sec. 302. Limited vocational educational and job training included as allowable activity.
Sec. 303. Certain grantees authorized to provide employment services directly.
Sec. 304. Simplification and coordination of reporting requirements.
Sec. 305. Use of State information to aid administration of welfare-to-work formula grant funds.
TITLE IV—ALTERNATIVE PENALTY PROCEDURE RELATING TO STATE DISBURSEMENT UNITS
Sec. 401. Alternative penalty procedure relating to State disbursement units.
TITLE V—FINANCING PROVISIONS
Sec. 501. Use of new hire information to assist in collection of defaulted student loans and grants.
Sec. 502. Elimination of set-aside of portion of welfare-to-work funds for successful performance bonus.
TITLE VI—MISCELLANEOUS
Sec. 601. Change dates for evaluation.
Sec. 602. Report on undistributed child support payments.
Sec. 603. Sense of the Congress.
Sec. 604. Additional funding for welfare evaluation study.
Sec. 605. Training in child abuse and neglect proceedings.
Sec. 606. Use of new hire information to assist in administration of unemployment compensation programs.
Sec. 607. Immigration provisions.

TITLE I—FATHERHOOD GRANT PROGRAM

SEC. 101. FATHERHOOD GRANTS.

(a) IN GENERAL.—Part A of title IV of the Social Security Act (42 U.S.C. 601–679b) is amended by inserting after section 403 the following:

''SEC. 403A. FATHERHOOD PROGRAMS.

''(a) PURPOSE.—The purpose of this section is to make grants available to public and private entities for projects designed to—

''(1) promote marriage through counseling, mentoring, disseminating information about the advantages of marriage, enhancing relationship skills, teaching how to control aggressive behavior, and other methods;

''(2) promote successful parenting through counseling, mentoring, disseminating information about good parenting practices including family planning, training parents in money management, encouraging child support payments, encouraging regular visitation between fathers and their children, and other methods; and

''(3) help fathers and their families avoid or leave cash welfare provided by the program under part A and improve their economic status by providing work first services, job search, job training, subsidized employment, career-advancing education, job retention, job enhancement, and other methods.

''(b) FATHERHOOD GRANTS.—

''(1) APPLICATIONS.—An entity desiring a grant to carry out a project described in subsection (a) may submit to the Secretary an application that contains the following:

''(A) A description of the project and how the project will be carried out.

''(B) A description of how the project will address all 3 of the purposes of this section.

''(C) A written commitment by the entity that the project will allow an individual to participate in the project only if the individual is—

''(i) a father of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under this part;

''(ii) a father, including an expectant or married father, whose income (net of court-ordered child support) is less than 150 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved); or

''(iii) a parent referred to in paragraph (3)(A)(iii).

''(D) A written commitment by the entity that the entity will provide for the project, from funds obtained from non-Federal sources, amounts (including in-kind contributions) equal in value to—

''(i) 20 percent of the amount of any grant made to the entity under this subsection; or

''(ii) such lesser percentage as the Secretary deems appropriate (which shall be not less than 10 percent) of such amount, if the application demonstrates that there are circumstances that limit the ability of the entity to raise funds or obtain resources.

''(2) CONSIDERATION OF APPLICATIONS BY INTERAGENCY PANELS.—

''(A) FIRST PANEL.—

''(i) ESTABLISHMENT.—There is established a panel to be known as the 'Fatherhood Grants Recommendations Panel' (in this subparagraph referred to as the 'Panel').

''(ii) MEMBERSHIP.—

''(I) IN GENERAL.—The Panel shall be composed of 10 members, as follows:

''(aa) 2 members of the Panel shall be appointed by the Secretary.

''(bb) 2 members of the Panel shall be appointed by the Secretary of Labor.

''(cc) 2 members of the Panel shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

''(dd) 1 member of the Panel shall be appointed by the ranking minority member of the Committee on Ways and Means of the House of Representatives.

''(ee) 2 members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

''(ff) 1 member of the Panel shall be appointed by the ranking minority member of the Committee on Finance of the Senate.

''(II) CONFLICTS OF INTEREST.—An individual shall not be eligible to serve on the Panel if such service would pose a conflict of interest for the individual.

''(III) TIMING OF APPOINTMENTS.—The appointment of members to the Panel shall be completed not later than March 1, 2000.

''(iii) DUTIES.—

''(I) REVIEW AND MAKE RECOMMENDATIONS ON PROJECT APPLICATIONS.—The Panel shall review all applications submitted pursuant to paragraph (1), and make recommendations to the Secretary regarding which applicants should be awarded grants under this subsection, with due regard for the provisions of paragraph (3), but shall not recommend that a project be awarded such a grant if the application describing the project does not attempt to meet the requirement of paragraph (1)(B).

''(II) TIMING.—The Panel shall make such recommendations not later than September 1, 2000.

''(iv) TERM OF OFFICE.—Each member appointed to the Panel shall serve for the life of the Panel.

''(v) PROHIBITION ON COMPENSATION.—Members of the Panel may not receive pay, allowances, or benefits by reason of their service on the Panel.

''(vi) TRAVEL EXPENSES.—Each member of the Panel shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

''(vii) MEETINGS.—The Panel shall meet as often as is necessary to complete the business of the Panel.

''(viii) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

''(ix) STAFF OF FEDERAL AGENCIES.—The Secretary may detail any personnel of the Department of Health and Human Services and the Secretary of Labor may detail any personnel of the Department of Labor to the Panel to assist the Panel in carrying out its duties under this subparagraph.

''(x) OBTAINING OFFICIAL DATA.—The Panel may secure directly from any department or agency of the United States information necessary to enable it to carry out this subparagraph. On request of the Chairperson of the Panel, the head of the department or agency shall furnish that information to the Panel.

''(xi) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

''(xii) TERMINATION.—The Panel shall terminate on September 1, 2000.

''(B) SECOND PANEL.—

''(i) ESTABLISHMENT.—Effective January 1, 2001, there is established a panel to be known as the 'Fatherhood Grants Recommendations Panel' (in this subparagraph referred to as the 'Panel').

''(ii) MEMBERSHIP.—

''(I) IN GENERAL.—The Panel shall be composed of 10 members, as follows:

''(aa) 2 members of the Panel shall be appointed by the Secretary.

''(bb) 2 members of the Panel shall be appointed by the Secretary of Labor.

''(cc) 2 members of the Panel shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

''(dd) 1 member of the Panel shall be appointed by the ranking minority member of the Committee on Ways and Means of the House of Representatives.

''(ee) 2 members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

''(ff) 1 member of the Panel shall be appointed by the ranking minority member of the Committee on Finance of the Senate.

''(II) CONFLICTS OF INTEREST.—An individual shall not be eligible to serve on the Panel if such service would pose a conflict of interest for the individual.

''(III) TIMING OF APPOINTMENTS.—The appointment of members to the Panel shall be completed not later than March 1, 2001.

''(iii) DUTIES.—

''(I) REVIEW AND MAKE RECOMMENDATIONS ON PROJECT APPLICATIONS.—The Panel shall review all applications submitted pursuant to paragraph (1), and make recommendations to the Secretary regarding which applicants should be awarded grants under this subsection, with due regard for the provisions of paragraph (3), but shall not recommend that a project be awarded such a grant if the application describing the project does not attempt to meet the requirement of paragraph (1)(B).

''(II) TIMING.—The Panel shall make such recommendations not later than September 1, 2001.

''(iv) TERM OF OFFICE.—Each member appointed to the Panel shall serve for the life of the Panel.

''(v) PROHIBITION ON COMPENSATION.—Members of the Panel may not receive pay, allowances, or benefits by reason of their service on the Panel.

''(vi) TRAVEL EXPENSES.—Each member of the Panel shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

''(vii) MEETINGS.—The Panel shall meet as often as is necessary to complete the business of the Panel.

''(viii) CHAIRPERSON.—The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

''(ix) STAFF OF FEDERAL AGENCIES.—The Secretary may detail any personnel of the Department of Health and Human Services and the Secretary of Labor may detail any personnel of the Department of Labor to the Panel to assist the Panel in carrying out its duties under this subparagraph.

''(x) OBTAINING OFFICIAL DATA.—The Panel may secure directly from any department or agency of the United States information necessary to enable it to carry out this subparagraph. On request of the Chairperson of the Panel, the head of the department or agency shall furnish that information to the Panel.

''(xi) MAILS.—The Panel may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

''(xii) TERMINATION.—The Panel shall terminate on September 1, 2001.

''(3) MATCHING GRANTS.—

''(A) GRANT AWARDS.—

''(i) IN GENERAL.—The Secretary shall award matching grants, on a competitive basis, among entities submitting applications therefor which meet the requirements of paragraph (1), in amounts that take into account the written commitments referred to in paragraph (1)(D).

''(ii) TIMING.—

''(I) FIRST ROUND.—On October 1, 2000, the Secretary shall award not more than $70,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(A)(iii)(I).

''(II) SECOND ROUND.—On October 1, 2001, the Secretary shall award not more than $70,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(B)(iii)(I).

''(iii) NONDISCRIMINATION.—The provisions of this section shall be applied and administered so as to ensure that mothers, expectant mothers, and married mothers are eligible for benefits and services under projects awarded grants under this section on the same basis as fathers, expectant fathers, and married fathers.

''(B) PREFERENCES.—In determining which entities to which to award grants under this subsection, the Secretary shall give preference to an entity—

''(i) to the extent that the application submitted by the entity describes actions that the entity will take that are designed to encourage or facilitate the payment of child support, including but not limited to—

''(I) obtaining agreements with the State in which the project will be carried out under which the State will exercise its authority under the last sentence of section 457(a)(2)(B)(iv) in every case in which such authority may be exercised;

''(II) obtaining a written commitment by the agency responsible for administering the State plan approved under part D for the State in which the project is to be carried out that the State will voluntarily cancel child support arrearages owed to the State by the father as a result of the father providing various supports to the family such as maintaining a regular child support payment schedule or living with his children; and

''(III) obtaining a written commitment by the entity that the entity will help participating fathers who cooperate with the agency in improving their credit rating;

''(ii) to the extent that the application includes written agreements of cooperation

with other private and governmental agencies, including the State or local program funded under this part, the local Workforce Investment Board, the State or local program funded under part D, and the State or local program funded under part E, which should include a description of the services each such agency will provide to fathers participating in the project described in the application;

''(iii) to the extent that the application describes a project that will enroll a high percentage of project participants within 6 months before or after the birth of the child; or

''(iv) to the extent that the application sets forth clear and practical methods by which fathers will be recruited to participate in the project.

''(C) MINIMUM PERCENTAGE OF RECIPIENTS OF GRANT FUNDS TO BE NONGOVERNMENTAL (INCLUDING FAITH-BASED) ORGANIZATIONS.—Not less than 75 percent of the entities awarded grants under this subsection in each fiscal year (other than entities awarded such grants pursuant to the preferences required by subparagraph (B)) shall be awarded to—

''(i) nongovernmental (including faith-based) organizations; or

''(ii) governmental organizations that pass through to organizations referred to in clause (i) at least 50 percent of the amount of the grant.

''(D) DIVERSITY OF PROJECTS.—

''(i) IN GENERAL.—In determining which entities to which to award grants under this subsection, the Secretary shall attempt to achieve a balance among entities of differing sizes, entities in differing geographic areas, entities in urban versus rural areas, and entities employing differing methods of achieving the purposes of this section.

''(ii) REPORT TO THE CONGRESS.—Within 90 days after each award of grants under subclause (I) or (II) of subparagraph (A)(ii), the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a brief report on the diversity of projectes selected to receive funds under the grant program. The report shall include a comparison of funding for projects located in urban areas, projects located in suburban areas, and projects located in rural areas.

''(E) PAYMENT OF GRANT IN 4 EQUAL ANNUAL INSTALLMENTS.—During the fiscal year in which a grant is awarded under this subsection and each of the succeeding 3 fiscal years, the Secretary shall provide to the entity awarded the grant an amount equal to ¼ of the amount of the grant.

''(4) USE OF FUNDS.—

''(A) IN GENERAL.—Each entity to which a grant is made under this subsection shall use grant funds provided under this subsection in accordance with the application requesting the grant, the requirements of this subsection, and the regulations prescribed under this subsection, and may use the grant funds to support community-wide initiatives to address the purposes of this section.

''(B) NONDISPLACEMENT.—

''(i) IN GENERAL.—An adult in a work activity described in section 407(d) which is funded, in whole or in part, by funds provided under this section shall not be employed or assigned—

''(I) when any other individual is on layoff from the same or any substantially equivalent job; or

''(II) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy so created with such an adult.

''(ii) GRIEVANCE PROCEDURE.—

''(I) IN GENERAL.—Complaints alleging violations of clause (i) in a State may be resolved—

''(aa) if the State has established a grievance procedure under section 403(a)(5)(J)(iv), pursuant to the grievance procedure; or

''(bb) otherwise, pursuant to the grievance procedure established by the State under section 407(f)(3).

''(II) FORFEITURE OF GRANT IF GRIEVANCE PROCEDURE NOT AVAILABLE.—If a complaint referred to in subclause (I) is made against an entity to which a grant has been made under this section with respect to a project, and the complaint cannot be brought to, or cannot be resolved within 90 days after being brought, by a grievance procedure referred to in subclause (I), then the entity shall immediately return to the Secretary all funds provided to the entity under this section for the project, and the Secretary shall immediately rescind the grant.

''(C) RULE OF CONSTRUCTION.—This section shall not be construed to require the participation of a father in a project funded under this section to be discontinued by the project on the basis of changed economic circumstances of the father.

''(D) RULE OF CONSTRUCTION ON MARRIAGE.—This section shall not be construed to authorize the Secretary to define marriage for purposes of this section.

''(E) PENALTY FOR MISUSE OF GRANT FUNDS.—If the Secretary determines that an entity to which a grant is made under this subsection has used any amount of the grant in violation of subparagraph (A), the Secretary shall require the entity to remit to the Secretary an amount equal to the amount so used, plus all remaining grant funds, and the entity shall thereafter be ineligible for any grant under this subsection.

''(F) REMITTANCE OF UNUSED GRANT FUNDS.—Each entity to which a grant is awarded under this subsection shall remit to the Secretary all funds paid under the grant that remain at the end of the 5th fiscal year ending after the initial grant award.

''(5) AUTHORITY OF AGENCIES TO EXCHANGE INFORMATION.—Each agency administering a program funded under this part or a State plan approved under part D may share the name, address, telephone number, and identifying case number information in the State program funded under this part, of fathers for purposes of assisting in determining the eligibility of fathers to participate in projects receiving grants under this section, and in contacting fathers potentially eligible to participate in the projects, subject to all applicable privacy laws.

''(6) EVALUATION.—The Secretary, in consultation with the Secretary of Labor, shall, directly or by grant, contract, or interagency agreement, conduct an evaluation of projects funded under this section (other than under subsection (c)(1)). The evaluation shall assess, among other outcomes selected by the Secretary, effects of the projects on marriage, parenting, employment, earnings, and payment of child support. In selecting projects for the evaluation, the Secretary should include projects that, in the Secretary's judgment, are most likely to impact the matters described in the purposes of this section. In conducting the evaluation, random assignment should be used wherever possible.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this subsection.

''(8) LIMITATION ON APPLICABILITY OF OTHER PROVISIONS OF THIS PART.—Sections 404 through 410 shall not apply to this section or to amounts paid under this section, and shall not be applied to an entity solely by reason of receipt of funds pursuant to this section. A project shall not be considered a State program funded under this part solely by reason of receipt of funds paid under this section.

''(9) FUNDING.—

''(A) IN GENERAL.—

''(i) INTERAGENCY PANELS.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2000 and 2001, a total of $150,000 shall be made available for the interagency panels established by paragraph (2) of this subsection.

''(ii) GRANTS.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section, there shall be made available for grants under this subsection—

''(I) $17,500,000 for fiscal year 2001;

''(II) $35,000,000 for each of fiscal years 2002 through 2004; and

''(III) $17,500,000 for fiscal year 2005.

''(iii) EVALUATION.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section for fiscal years 2000 through 2006, a total of $6,000,000 shall be made available for the evaluation required by paragraph (6) of this subsection.

''(B) AVAILABILITY.—

''(i) GRANT FUNDS.—The amounts made available pursuant to subparagraph (A)(ii) shall remain available until the end of fiscal year 2005.

''(ii) EVALUATION FUNDS.—The amounts made available pursuant to subparagraph (A)(iii) shall remain available until the end of fiscal year 2007.''.

(b) FUNDING.—Section 403(a)(1)(E) of such Act (42 U.S.C. 603(a)(1)(E)) is amended by inserting '', and for fiscal years 2000 through 2006, such sums as are necessary to carry out section 403A'' before the period.

(c) AUTHORITY TO STATES TO PASS THROUGH CHILD SUPPORT ARREARAGES COLLECTED THROUGH TAX REFUND INTERCEPT TO FAMILIES WHO HAVE CEASED TO RECEIVE CASH ASSISTANCE; FEDERAL REIMBURSEMENT OF STATE SHARE OF SUCH PASSED THROUGH ARREARAGES.—Section 457(a)(2)(B)(iv) of such Act (42 U.S.C. 657(a)(2)(B)(iv)) is amended—

(1) by inserting ''(except the last sentence of this clause)'' after ''this section''; and

(2) by adding at the end the following: ''Notwithstanding the preceding sentences of this clause, if the amount is collected on behalf of a family that includes a child of a participant in a project funded under section 403A and that has ceased to receive cash payments under a State program funded under section 403, then the State may distribute the amount collected pursuant to section 464 to the family, and the aggregate of the amounts otherwise required by this section to be paid by the State to the Federal government shall be reduced by an amount equal to the State share of the amount collected pursuant to section 464 that would otherwise be retained as reimbursement for assistance paid to the family.''.

(d) APPLICABILITY OF CHARITABLE CHOICE PROVISIONS OF WELFARE REFORM.—Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 604a) is amended by adding at the end the following:

''(l) Notwithstanding the preceding provisions of this section, this section shall apply to any entity to which funds have been provided under section 403A of the Social Security Act in the same manner in which this section applies to States, and, for purposes of this section, any project for which such funds are so provided shall be considered a program described in subsection (a)(2).''.

TITLE II—FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE

SEC. 201. FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.

Section 403A of the Social Security Act, as added by title I of this Act, is amended by adding at the end the following:

''(c) FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.—

''(1) NATIONAL CLEARINGHOUSE.—The Secretary shall award a $5,000,000 grant to a nationally recognized, nonprofit fatherhood promotion organization with at least 4 years of experience in designing and disseminating a national public education campaign, including the production and successful placement of television, radio, and print public service announcements which promote the importance of responsible fatherhood, and with at least 4 years experience providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal, to—

''(A) develop, promote, and distribute to interested States, local governments, public agencies, and private nonprofit organizations, including charitable and religious organizations, a media campaign that encourages the appropriate involvement of both parents in the life of any child of the parents, and encourages such organizations to develope or sponsor programs that specifically address the issue of responsible fatherhood and the advantages conferred on children by marriage;

''(B) develop a national clearinghouse to assist States, communities, and private entities in efforts to promote and support marriage and responsible fatherhood by collecting, evaluating, and making available (through the Internet and by other means) to all interested parties, information regarding media campaigns and fatherhood programs;

''(C) develop and distribute materials that are for use by entities described in subparagraph (A) or (B) and that help young adults manage their money, develop the knowledge and skills needed to promote successful marriages, plan for future expenditures and investments, and plan for retirement;

''(D) develop and distribute materials that are for use by entities described in subparagraphs (A) and (B) and that list all the sources of public support for education and training that are available to young adults, including government spending programs as well as benefits under Federal and State tax laws.

''(2) MULTICITY FATHERHOOD PROJECTS.—

''(A) IN GENERAL.—The Secretary shall award a $5,000,000 grant to each of 2 nationally recognized nonprofit fatherhood promotion organizations which meet the requirements of subparagraph (B), at least 1 of which organizations meets the requirement of subparagraph (C).

''(B) REQUIREMENTS.—The requirements of this subparagraph are the following:

''(i) The organization must have several years of experience in designing and conducting programs that meet the purposes described in paragraph (1).

''(ii) The organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area and in coordinating such programs with local government agencies and private, nonprofit agencies, including State or local agencies responsible for conducting the program under part D and Workfore Investment Boards.

''(iii) The organization must submit to the Secretary an application that meets all the conditions applicable to the organization under this section and that provides for projects to be conducted in 3 major metropolitan areas.

''(C) USE OF MARRIED COUPLES TO DELIVER SERVICES IN THE INNER CITY.—The requirement of this subparagraph is that the organization has extensive experience in using married couples to deliver program services in the inner city.

''(3) PAYMENT OF GRANTS IN 4 EQUAL ANNUAL INSTALLMENTS.—During each of fiscal years 2002 through 2005, the Secretary shall provide to each entity awarded a grant under this subsection an amount equal to ¼ of the amount of the grant.

''(4) FUNDING.—

''(A) IN GENERAL.—Of the amounts made available pursuant to section 403(a)(1)(E) to carry out this section, $3,750,000 shall be made available for grants under this subsection for each of fiscal years 2002 through 2005.

''(B) AVAILABILITY.—The amounts made available pursuant to subparagraph (A) shall remain available until the end of fiscal year 2005.''.

TITLE III—WELFARE-TO-WORK PROGRAM ELIGIBILITY

SEC. 301. FLEXIBILITY IN ELIGIBILITY FOR PARTICIPATION IN WELFARE-TO-WORK PROGRAM.

(a) IN GENERAL.—Section 403(a)(5)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(ii)) is amended to read as follows:

''(ii) GENERAL ELIGIBILITY.—An entity that operates a project with funds provided under this paragraph may expend funds provided to the project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located who—

''(I) has received assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

''(II) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a durational limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.''.

(b) NONCUSTODIAL PARENTS.—

(1) IN GENERAL.—Section 403(a)(5)(C) of such Act (42 U.S.C. 603(a)(5)(C)) is amended—

(A) by redesignating clauses (iii) through (viii) as clauses (iv) through (ix), respectively; and

(B) by inserting after clause (ii) the following:

''(iii) NONCUSTODIAL PARENTS.—An entity that operates a project with funds provided under this paragraph may use the funds to provide services in a form described in clause (i) to noncustodial parents with respect to whom the requirements of the following subclauses are met:

''(I) The noncustodial parent is unemployed, underemployed, or having difficulty in paying child support obligations.

''(II) At least 1 of the following applies to a minor child of the noncustodial parent (with preference in the determination of the noncustodial parents to be provided services under this paragraph to be provided by the entity to those noncustodial parents with minor children who meet, or who have custodial parents who meet, the requirements of item (aa)):

''(aa) The minor child or the custodial parent of the minor child meets the requirements of subclause (I) or (II) of clause (ii).

''(bb) The minor child is eligible for, or is receiving, benefits under the program funded under this part.

''(cc) The minor child received benefits under the program funded under this part in the 12-month period preceding the date of the determination but no longer receives such benefits.

''(dd) The minor child is eligible for, or is receiving, assistance under the Food Stamp Act of 1977, benefits under the supplemental security income program under title XVI of this Act, medical assistance under title XIX of this Act, or child health assistance under title XXI of this Act.

''(III) In the case of a noncustodial parent who becomes enrolled in the project on or after the date of the enactment of this clause, the noncustodial parent is in compliance with the terms of an oral or written personal responsibility contract entered into among the noncustodial parent, the entity, and (unless the entity demonstrates to the Secretary that the entity is not capable of coordinating with such agency) the agency responsible for administering the State plan under part D, which was developed taking into account the employment and child support status of the noncustodial parent, which was entered into not later than 30 (or, at the option of the entity, not later than 90) days after the noncustodial parent was enrolled in the project, and which, at a minimum, includes the following:

''(aa) A commitment by the noncustodial parent to cooperate, at the earliest opportunity, in the establishment of the paternity of the minor child, through voluntary acknowledgement or other procedures, and in the establishment of a child support order.

''(bb) A commitment by the noncustodial parent to cooperate in the payment of child support for the minor child, which may include a modification of an existing support order to take into account the ability of the noncustodial parent to pay such support and the participation of such parent in the project.

''(cc) A commitment by the noncustodial parent to participate in employment or related activities that will enable the noncustodial parent to make regular child support payments, and if the noncustodial parent has not attained 20 years of age, such related activities may include completion of high school, a general equivalency degree, or other education directly related to employment.

''(dd) A description of the services to be provided under this paragraph, and a commitment by the noncustodial parent to participate in such services, that are designed to assist the noncustodial parent obtain and retain employment, increase earnings, and enhance the financial and emotional contributions to the well-being of the minor child.

In order to protect custodial parents and children who may be at risk of domestic violence, the preceding provisions of this subclause shall not be construed to affect any other provision of law requiring a custodial parent to cooperate in establishing the paternity of a child or establishing or enforcing a support order with respect to a child, or entitling a custodial parent to refuse, for good cause, to provide such cooperation as a condition of assistance or benefit under any program, shall not be construed to require such cooperation by the custodial parent as a condition of participation of either parent in the program authorized under this paragraph, and shall not be construed to require a custodial parent to cooperate with or participate in any activity under this clause. The entity operating a project under this clause with funds provided under this paragraph shall consult with domestic violence prevention and intervention organizations in the development of the project.''.

(2) CONFORMING AMENDMENT.—Section 412(a)(3)(C)(ii) of such Act (42 U.S.C. 612(a)(3)(C)(ii)) is amended by striking ''(vii)'' and inserting ''(viii)''.

(c) RECIPIENTS WITH CHARACTERISTICS OF LONG-TERM DEPENDENCY; CHILDREN AGING OUT OF FOSTER CARE.—

(1) IN GENERAL.—Section 403(a)(5)(C)(iv) of such Act (42 U.S.C. 603(a)(5)(C)(iv)), as so redesignated by subsection (b)(1)(A) of this section, is amended—

(A) by striking ''or'' at the end of subclause (I); and

(B) by striking subclause (II) and inserting the following:

''(II) to children—

''(aa) who have attained 18 years of age but not 25 years of age; and

''(bb) who, before attaining 18 years of age, were recipients of foster care maintenance payments (as defined in section 475(4)) under part E or were in foster care under the responsibility of a State;

''(III) to recipients of assistance under the State program funded under this part, determined to have significant barriers to self-sufficiency, pursuant to criteria established by the local private industry council; or

''(IV) to custodial parents with incomes below 100 percent of the poverty line (as defined in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section, applicable to a family of the size involved).''.

(2) CONFORMING AMENDMENTS.—Section 403(a)(5)(C)(iv) of such Act (42 U.S.C. 603(a)(5)(C)(iv)), as so redesignated by subsection (b)(1)(A) of this section, is amended—

(A) in the heading by inserting ''HARD TO EMPLOY'' before ''INDIVIDUALS''; and

(B) in the last sentence by striking ''clause (ii)'' and inserting ''clauses (ii) and (iii) and, as appropriate, clause (v)''.

(d) CONFORMING AMENDMENT.—Section 404(k)(1)(C)(iii) of such Act (42 U.S.C. 604(k)(1)(C)(iii)) is amended by striking ''item (aa) or (bb) of section 403(a)(5)(C)(ii)(II)'' and inserting ''section 403(a)(5)(C)(iii)''.

SEC. 302. LIMITED VOCATIONAL EDUCATIONAL AND JOB TRAINING INCLUDED AS ALLOWABLE ACTIVITIES.

Section 403(a)(5)(C)(i) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(i)) is amended by inserting after subclause (VI) the following:

''(VII) Not more than 6 months of vocational educational or job training.''.

SEC. 303. CERTAIN GRANTEES AUTHORIZED TO PROVIDE EMPLOYMENT SERVICES DIRECTLY.

Section 403(a)(5)(C)(i)(IV) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(i)(IV)) is amended by inserting '', or if the entity is not a private industry council or workforce investment board, the direct provision of such services'' before the period.

SEC. 304. SIMPLIFICATION AND COORDINATION OF REPORTING REQUIREMENTS.

(a) ELIMINATION OF CURRENT REQUIREMENTS.—Section 411(a)(1)(A) of the Social Security Act (42 U.S.C. 611(a)(1)(A)) is amended—

(1) in the matter preceding clause (i), by inserting ''(except for information relating to activities carried out under section 403(a)(5))'' after ''part''; and

(2) by striking clause (xviii).

(b) ESTABLISHMENT OF REPORTING REQUIREMENT.—Section 403(a)(5)(C) of the Social Security Act (42 U.S.C. 603(a)(5)(C)), as amended by section 301(b)(1) of this Act, is amended by adding at the end the following:

''(x) REPORTING REQUIREMENTS.—The Secretary of Labor, in consultation with the Secretary of Health and Human Services, States, and organizations that represent State or local governments, shall establish requirements for the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.''.

SEC. 305. USE OF STATE INFORMATION TO AID ADMINISTRATION OF WELFARE-TO-WORK GRANT FUNDS.

(a) AUTHORITY OF STATE AGENCIES TO DISCLOSE TO PRIVATE INDUSTRY COUNCILS THE NAMES, ADDRESSESS, AND TELEPHONE NUMBERS OF POTENTIAL WELFARE-TO-WORK PROGRAM PARTICIPANTS.—

(1) STATE IV-D AGENCIES.—Section 454A(f) of the Social Security Act (42 U.S.C. 654a(f)) is amended by adding at the end the following:

''(5) PRIVATE INDUSTRY COUNCILS RECEIVING WELFARE-TO-WORK GRANTS.—Disclosing to a private industry council (as defined in section 403(a)(5)(D)(ii)) to which funds are provided under section 403(a)(5) the names, addresses, telephone numbers, and identifying case number information in the State program funded under part A, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under section 403(a)(5).''.

(2) STATE TANF AGENCIES.—Section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)) is amended by adding at the end the following:

''(K) INFORMATION DISCLOSURE.—If a State to which a grant is made under section 403 establishes safeguards against the use or disclosure of information about applicants or recipients of assistance under the State program funded under this part, the safeguards shall not prevent the State agency administering the program from furnishing to a private industry council the names, addresses, telephone numbers, and identifying case number information in the State program funded under this part, of noncustodial parents residing in the service delivery area of the private industry council, for the purpose of identifying and contacting noncustodial parents regarding participation in the program under this paragraph.''.

(b) SAFEGUARDING OF INFORMATION DISCLOSED TO PRIVATE INDUSTRY COUNCILS.—Section 403(a)(5)(A)(ii)(I) of such Act (42 U.S.C. 603(a)(5)(A)(ii)(I)) is amended—

(1) by striking ''and'' at the end of item (dd);

(2) by striking the period at the end of item (ee) and inserting ''; and''; and

(3) by adding at the end the following:

''(ff) describes how the State will ensure that a private industry council to which information is disclosed pursuant to section 403(a)(5)(K) or 454A(f)(5) has procedures for safeguarding the information and for ensuring that the information is used solely for the purpose described in that section.''.

TITLE IV—ALTERNATIVE PENALTY PROCEDURE RELATING TO STATE DISBURSEMENT UNITS

SEC. 401. ALTERNATIVE PENALTY PROCEDURE RELATING TO STATE DISBURSEMENT UNITS.

(a) IN GENERAL.—Section 455(a) of the Social Security Act (42 U.S.C. 655(a)) is amended by adding at the end the following:

''(5)(A)(i) If—

''(I) the Secretary determines that a State plan under section 454 would (in the absence of this paragraph) be disapproved for the failure of the State to comply with subparagraphs (A) and (B)(i) of section 454(27), and that the State has made and is continuing to make a good faith effort to so comply; and

''(II) the State has submitted to the Secretary, not later than April 1, 2000, a corrective compliance plan that describes how, by when, and at what cost the State will achieve such compliance, which has been approved by the Secretary,

then the Secretary shall not disapprove the State plan under section 454, and the Secretary shall reduce the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the fiscal year by the penalty amount.

''(ii) All failures of a State during a fiscal year to comply with any of the requirements of section 454B shall be considered a single failure of the State to comply with subparagraphs (A) and (B)(i) of section 454(27) during the fiscal year for purposes of this paragraph.

''(B) In this paragraph:

''(i) The term 'penalty amount' means, with respect to a failure of a State to comply with subparagraphs (A) and (B)(i) of section 454(27)—

''(I) 4 percent of the penalty base, in the case of the 1st fiscal year in which such a failure by the State occurs (regardless of whether a penalty is imposed in that fiscal year under this paragraph with respect to the failure), except as provided in subparagraph (C)(ii) of this paragraph;

''(II) 8 percent of the penalty base, in the case of the 2nd such fiscal year;

''(III) 16 percent of the penalty base, in the case of the 3rd such fiscal year;

''(IV) 25 percent of the penalty base, in the case of the 4th such fiscal year; or

''(V) 30 percent of the penalty base, in the case of the 5th or any subsequent such fiscal year.

''(ii) The term 'penalty base' means, with respect to a failure of a State to comply with subparagraphs (A) and (B)(i) of section 454(27) during a fiscal year, the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the preceding fiscal year.

''(C)(i) The Secretary shall waive all penalties imposed against a State under this paragraph for any failure of the State to comply with subparagraphs (A) and (B)(i) of section 454(27) if the Secretary determines that, before April 1, 2000, the State has achieved such compliance.

''(ii) If a State with respect to which a reduction is required to be made under this paragraph with respect to a failure to comply with subparagraphs (A) and (B)(i) of section 454(27) achieves such compliance on or after April 1, 2000, and on or before September 30, 2000, then the penalty amount applicable to the State shall be 1 percent of the penalty base with respect to the failure involved.

''(D) The Secretary may not impose a penalty under this paragraph against a State for a fiscal year for which the amount otherwise payable to the State under paragraph (1)(A) of this subsection is reduced under paragraph (4) of this subsection for failure to comply with section 454(24)(A).''.

(b) INAPPLICABILITY OF PENALTY UNDER TANF PROGRAM.—Section 409(a)(8)(A)(i)(III) of such Act (42 U.S.C. 609(a)(8)(A)(i)(III)) is amended by striking ''section 454(24)'' and inserting ''paragraph (24), or subparagraph (A) or (B)(i) of paragraph (27), of section 454''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1999.

TITLE V—FINANCING PROVISIONS

SEC. 501. USE OF NEW HIRE INFORMATION TO ASSIST IN COLLECTION OF DEFAULTED STUDENT LOANS AND GRANTS.

(a) IN GENERAL.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end the following:

''(6) INFORMATION COMPARISONS AND DISCLOSURE FOR ENFORCEMENT OF OBLIGATIONS ON HIGHER EDUCATION ACT LOANS AND GRANTS.—

''(A) FURNISHING OF INFORMATION BY THE SECRETARY OF EDUCATION.—The Secretary of Education shall furnish to the Secretary, on

Education shall furnish to the Secretary, on a quarterly basis or at such less frequent intervals as may be determined by the Secretary of Education, information in the custody of the Secretary of Education for comparison with information in the National Directory of New Hires, in order to obtain the information in such directory with respect to individuals who—

''(i) are borrowers of loans made under title IV of the Higher Education Act of 1965 that are in default; or

''(ii) owe an obligation to refund an overpayment of a grant awarded under such title.

''(B) REQUIREMENT TO SEEK MINIMUM INFORMATION NECESSARY.—The Secretary of Education shall seek information pursuant to this section only to the extent essential to improving collection of the debt described in subparagraph (A).

''(C) DUTIES OF THE SECRETARY.—

''(i) INFORMATION COMPARISON; DISCLOSURE TO THE SECRETARY OF EDUCATION.—The Secretary, in cooperation with the Secretary of Education, shall compare information in the National Directory of New Hires with information in the custody of the Secretary of Education, and disclose information in that Directory to the Secretary of Education, in accordance with this paragraph, for the purposes specified in this paragraph.

''(ii) CONDITION ON DISCLOSURE.—The Secretary shall make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part. Support collection under section 466(b) shall be given priority over collection of any defaulted student loan or grant overpayment against the same income.

''(D) USE OF INFORMATION BY THE SECRETARY OF EDUCATION.—The Secretary of Education may use information resulting from a data match pursuant to this paragraph only—

''(i) for the purpose of collection of the debt described in subparagraph (A) owed by an individual whose annualized wage level (determined by taking into consideration information from the National Directory of New Hires) exceeds $16,000; and

''(ii) after removal of personal identifiers, to conduct analyses of student loan defaults.

''(E) DISCLOSURE OF INFORMATION BY THE SECRETARY OF EDUCATION.—

''(i) DISCLOSURES PERMITTED.—The Secretary of Education may disclose information resulting from a data match pursuant to this paragraph only to—

''(I) a guaranty agency holding a loan made under part B of title IV of the Higher Education Act of 1965 on which the individual is obligated;

''(II) a contractor or agent of the guaranty agency described in subclause (I);

''(III) a contractor or agent of the Secretary; and

''(IV) the Attorney General.

''(ii) PURPOSE OF DISCLOSURE.—The Secretary of Education may make a disclosure under clause (i) only for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

''(iii) RESTRICTION ON REDISCLOSURE.—An entity to which information is disclosed under clause (i) may use or disclose such information only as needed for the purpose of collecting on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

''(F) REIMBURSEMENT OF HHS COSTS.—The Secretary of Education shall reimburse the Secretary, in accordance with subsection (k)(3), for the additional costs incurred by the Secretary in furnishing the information requested under this subparagraph.''.

(b) PENALTIES FOR MISUSE OF INFORMATION.—Section 402(a) of the Child Support Performance and Incentive Act of 1998 (112 Stat. 669) is amended in the matter added by paragraph (2) by inserting ''or any other person'' after ''officer or employee of the United States''.

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective October 1, 1999.

SEC. 502. ELIMINATION OF SET-ASIDE OF PORTION OF WELFARE-TO-WORK FUNDS FOR SUCCESSFUL PERFORMANCE BONUS.

(a) IN GENERAL.—Section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) is amended by striking subparagraph (E) and redesignating subparagraphs (F) through (K) (as added by section 305(a)(2) of this Act) as subparagraphs (E) through (J), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(a)(5)(A)(i) of such Act (42 U.S.C. 603(a)(5)(A)(i)) is amended by striking ''subparagraph (I)'' and inserting ''subparagraph (H)''.

(2) Subclause (I) of each of subparagraphs (A)(iv) and (B)(v) of section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)(A)(iv)(I) and (B)(v)(I)) is amended—

(A) in item (aa)—

(i) by striking ''(I)'' and inserting ''(H)''; and

(ii) by striking ''(G), and (H)'' and inserting ''and (G)''; and

(B) in item (bb), by striking ''(F)'' and inserting ''(E)''.

(3) Section 403(a)(5)(B)(v) of such Act (42 U.S.C. 603(a)(5)(B)) is amended in the matter preceding subclause (I) by striking ''(I)'' and inserting ''(H)''.

(4) Subparagraphs (E) and (F) of section 403(a)(5) of such Act (42 U.S.C. 603(a)(5)(F) and (G)), as so redesignated by subsection (a) of this section, are each amended by striking ''(I)'' and inserting ''(H)''.

(5) Section 412(a)(3)(A) of such Act (42 U.S.C. 612(a)(3)(A)) is amended by striking ''403(a)(5)(I)'' and inserting ''403(a)(5)(H)''.

(c) FUNDING AMENDMENT.—Section 403(a)(5)(H)(i) of such Act (42 U.S.C. 603(a)(5)(H)(i)), as so redesignated by subsection (a) of this section, is amended by striking ''$1,500,000,000'' and all that follows and inserting ''for grants under this paragraph—

''(I) $1,500,000,000 for fiscal year 1998; and

''(II) $1,400,000,000 for fiscal year 1999.''.

TITLE VI—MISCELLANEOUS

SEC. 601. CHANGE DATES FOR EVALUATION.

(a) IN GENERAL.—Section 403(a)(5)(G)(iii) of the Social Security Act (42 U.S.C. 603(a)(5)(G)(iii)), as so redesignated by section 502(a) of this Act, is amended by striking ''2001'' and inserting ''2005''.

(b) INTERIM REPORT REQUIRED.—Section 403(a)(5)(G) of such Act (42 U.S.C. 603(a)(5)(G)), as so redesignated, is amended by adding at the end the following:

''(iv) INTERIM REPORT.—Not later than January 1, 2002, the Secretary shall submit to the Congress a interim report on the evaluations referred to in clause (i).''.

SEC. 602. REPORT ON UNDISTRIBUTED CHILD SUPPORT PAYMENTS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the procedures that the States use generally to locate custodial parents for whom child support has been collected but not yet distributed due to a change in address. The report shall include an estimate of the total amount of such undistributed child support and the average length of time it takes for such child support to be distributed. The Secretary shall include in the report recommendations as to whether additional procedures should be established at the State or Federal level to expedite the payment of undistributed child support.

SEC. 603. SENSE OF THE CONGRESS.

It is the sense of the Congress that the States may use funds provided under the program of block grants for temporary assistance for needy families under part A of title IV of the Social Security Act to promote fatherhood activities of the type described in section 403A of such Act, as added by this Act.

SEC. 604. ADDITIONAL FUNDING FOR WELFARE EVALUATION STUDY.

Section 414(b) of the Social Security Act (42 U.S.C. 614(b)) is amended by striking ''appropriated $10,000,000'' and all that follows and inserting ''appropriated—

''(1) $10,000,000 for each of fiscal years 1996 through 1999;

''(2) $12,300,000 for fiscal year 2000;

''(3) $17,500,000 for fiscal year 2001;

''(4) $15,500,000 for fiscal year 2002; and

''(5) $4,000,000 for fiscal year 2003.''.

SEC. 605. TRAINING IN CHILD ABUSE AND NEGLECT PROCEEDINGS.

(a) IN GENERAL—Section 474(a)(3) of the Social Security Act (42 U.S.C. 674(a)(3)) is amended—

(1) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively; and

(2) by inserting after subparagraph (B) the following:

''(C) 75 percent of so much of such expenditures as are for the short-term training (including cross-training with personnel employed by, or under contract with, the State or local agency administering the plan in the political subdivision, training on topics relevant to the legal representation of clients in proceedings conducted by or under the supervision of an abuse and neglect court, and training on related topics such as child development and the importance of achieving safety, permanency, and well-being for a child) of judges, judicial personnel, law enforcement personnel, agency attorneys, attorneys representing a parent in proceedings conducted by, or under the supervision of, an abuse and neglect court, attorneys representing a child in such proceedings, guardians ad litem, and volunteers who participate in court-appointed special advocate programs, to the extent the training is related to the court's role in expediting adoption procedures, implementing reasonable efforts, and providing for timely permanency planning and case reviews, except that any such training shall be offered by the State or local agency administering the plan, either directly or through contract, in collaboration with the appropriate judicial governing body operating in the State,''.

(b) DEFINITIONS.—Section 475 of such Act (42 U.S.C. 675) is amended by adding at the end the following:

''(8) The term 'abuse and neglect courts' means the State and local courts that carry out State or local laws requiring proceedings (conducted by or under the supervision of the courts)—

''(A) that implement part B or this part, including preliminary disposition of such proceedings;

''(B) that determine whether a child was abused or neglected;

''(C) that determine the advisability or appropriateness of placement in a family foster home, group home, or a special residential care facility; or

''(D) that determine any other legal disposition of a child in the abuse and neglect court system.

''(9) The term 'agency attorney' means an attorney or other individual, including any government attorney, district attorney, attorney general, State attorney, county attorney, city solicitor or attorney, corporation counsel, or privately retained special prosecutor, who represents the State or local agency administrating the programs under part B and this part in a proceeding conducted by, or under the supervision of, an abuse and neglect court, including a proceeding for termination of parental rights.

''(10) The term 'attorney representing a child' means an attorney or a guardian ad litem who represents a child in a proceeding conducted by, or under the supervision of, an abuse and neglect court.

''(11) The term 'attorney representing a parent' means an attorney who represents a parent who is an official party to a proceeding conducted by, or under the supervision of, an abuse and neglect court.''.

(c) CONFORMING AMENDMENTS—

(1) Section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking ''474(a)(3)(E)'' and inserting ''474(a)(3)(F)''.

(2) Section 474(a)(3)(E) of such Act (42 U.S.C. 674(a)(3)(E)) (as so redesignated by subsection (a)(1)(A) of this section) is amended by striking ''subparagraph (C)'' and inserting ''subparagraph (D)''.

(3) Section 474(c) of such Act (42 U.S.C. 674(c)) is amended by striking ''subsection (a)(3)(C)'' and inserting ''subsection (a)(3)(D)''.

(d) SUNSET.—Effective on October 1, 2004—

(1) section 474(a)(3) of the Social Security Act (42 U.S.C. 674(a)(3)) is amended by striking subparagraph (C) and redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively;

(2) section 475 of such Act (42 U.S.C. 675) is amended by striking paragraphs (8) through (11);

(3) section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking ''474(a)(3)(F)'' and inserting ''474(a)(3)(E)''.

(4) section 474(a)(3)(E) of such Act (42 U.S.C. 674(a)(3)(E)) (as so redesignated by subsection (a)(1)(A) of this section) is amended by striking ''subparagraph (D)'' and inserting ''subparagraph (C)''; and

(5) section 474(c) of such Act (42 U.S.C. 674(c)) is amended by striking ''subsection (a)(3)(D)'' and inserting ''subsection (a)(3)(C)''.

SEC. 606. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) IN GENERAL.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)), as amended by section 501(a) of this Act, is further amended by adding at the end the following:

''(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

''(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and social security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name and address of any putative employer of the individual, subject to this paragraph.

''(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

''(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1999.

SEC. 607. IMMIGRATION PROVISIONS.

(a) NONIMMIGRANT ALIENS INELIGIBLE TO RECEIVE VISAS AND EXCLUDED FROM ADMISSION FOR NONPAYMENT OF CHILD SUPPORT.—

(1) IN GENERAL.—Section 212(a)(10) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)) is amended by adding at the end the following:

''(F) NONPAYMENT OF CHILD SUPPORT.—

''(i) IN GENERAL.—Any nonimmigrant alien is inadmissible who is legally obligated under a judgment, decree, or order to pay child support (as defined in section 459(i) of the Social Security Act), and whose failure to pay such child support has resulted in an arrearage exceeding $5,000, until child support payments under the judgment, decree, or order are satisfied or the nonimmigrant alien is in compliance with an approved payment agreement.

''(ii) WAIVER AUTHORIZED.—The Attorney General may waive the application of clause (i) in the case of an alien, if the Attorney General—

''(I) has received a request for the waiver from the court or administrative agency having jurisdiction over the judgment, decree, or order obligating the alien to pay child support that is referred to in such clause; or

''(II) determines that there are prevailing humanitarian or public interest concerns.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect 180 days after the date of the enactment of this Act.

(b) AUTHORIZATION TO SERVE LEGAL PROCESS IN CHILD SUPPORT CASES ON CERTAIN ARRIVING ALIENS.—

(1) IN GENERAL.—Section 235(d) of the Immigration and Nationality Act (8 U.S.C. 1225(d)) is amended by adding at the end the following:

''(5) AUTHORITY TO SERVE PROCESS IN CHILD SUPPORT CASES.—

''(A) IN GENERAL.—To the extent consistent with State law, immigration officers are authorized to serve on any alien who is an applicant for admission to the United States legal process with respect to any action to enforce or establish a legal obligation of an individual to pay child support (as defined in section 459(i) of the Social Security Act).

''(B) DEFINITION.—For purposes of subparagraph (A), the term 'legal process' means any writ, order, summons or other similar process, which is issued by—

''(i) a court or an administrative agency of competent jurisdiction in any State, territory, or possession of the United States; or

''(ii) an authorized official pursuant to an order of such a court or agency or pursuant to State or local law.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to aliens applying for admission to the United States on or after 180 days after the date of the enactment of this Act.

(c) AUTHORIZATION TO SHARE CHILD SUPPORT ENFORCEMENT INFORMATION TO ENFORCE IMMIGRATION AND NATURALIZATION LAW.—

(1) SECRETARIAL RESPONSIBILITY.—Section 452 of the Social Security Act (42 U.S.C. 652) is amended by adding at the end the following:

''(m) If the Secretary receives a certification by a State agency, in accordance with section 454(32), that an individual who is a nonimmigrant alien (as defined in section 101(a)(15) of the Immigration and Nationality Act) owes arrearages of child support in an amount exceeding $5,000, the Secretary may, at the request of the State agency, the Secretary of State, or the Attorney General, or on the Secretary's own initiative, provide such certification to the Secretary of State and the Attorney General information in order to enable them to carry out their responsibilities under sections 212(a)(10) and 235(d) of such Act.''.

(2) STATE AGENCY RESPONSIBILITY.—Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(A) by striking ''and'' at the end of paragraph (32);

(B) by striking the period at the end of paragraph (33) and inserting ''; and''; and

(C) by inserting after paragraph (33) the following:

''(34) provide that the State agency will have in effect a procedure for certifying to the Secretary, in such format and accompained by such supporting documentation as the Secretary may require, determinations for purposes of section 452(m) that nonimmigrant aliens owe arrearages of child support in an amount exceeding $5,000.''.