and then turned around and lent the money someplace else. All CRA says is put the money back into the communities from which the deposits are taken.

Why would anybody try to undercut that basic fundamental premise? Why would we say that they should not do that? Why should we say that small banks have less of an obligation to do that than big banks, when if we look at the data, the fact of the matter is that small banks have worse records in terms of lending to minorities, lending to people of color, lending into the poorer communities than the bigger banks.

Sixty-five percent of all the banks in the United States would be exempted by virtue of the amendment that we are currently debating. Sixty-five percent. We are going to turn around and say to 65 percent of the banks in the United States that they can go ahead and buy each other up, they can merge and acquire one another, they can go into the insurance industry, go into the securities industry, but, boy, they really do not have to go back to Main Street; they do not have to go back and lend money into the communities from which they take their deposits.

It is a crime for us to be suggesting that we want to allow that kind of pullback on our commitment to the poorest people in this country as a provision in order to allow the bigger banks to get even bigger.

Mr. LAFALCE. Madam Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Madam Chairman, I rise to voice my strong opposition to the Baker amendment. If passed, the Baker amendment would exempt more than 60 percent of all banks from the requirements of the Community Reinvestment Act. This amendment is a frontal attack on the Community Reinvestment Act and has absolutely no place in this bill.

The fact of the matter is the Baker amendment tries to solve a problem that does not exist. The new CRA regulations have already streamlined the exam process for small banks. Under the new rule, banks with assets of less than $250 million are no longer required to collect, report or disclose any data. Instead, examiners look at a small bank's loan-to-deposit ratio and distribution of loans across geography and income levels.

□ 1700

Even though the new rule went into effect in January of 1996, the effect is already being felt. According to the Office of the Comptroller of the Currency, over 80 percent of all banks covered by CRA qualify for the streamlined performance standards for small banks and thrifts. They also report that the actual time spent in community banks on CRA examinations have been reduced by 30 percent. To argue that small banks are still suffering under unfair burdens is absolutely preposterous.

CRA works. The Community Reinvestment Act has been an extremely hard-fought reform of our banking sector that has brought over $400 billion in resources to poor and minority communities. This has meant the availability of critically needed lending for community, small business, and housing developments.

That is why the friend of my colleague got some money. He lives in a community that had not been getting the money, and now he has got it. It has nothing to do with affirmative action. So we have a successful law. It should not be dismantled. Vote against this amendment.

The CHAIRMAN. The Committee will rise informally.

The SPEAKER pro tempore (Mr. NETHERCUTT) assumed the Chair.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

## FINANCIAL SERVICES COMPETITION ACT OF 1997

The CHAIRMAN. The Committee will resume its sitting.

Mr. LAFALCE. Madam Chairman, I yield 1½ minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Madam Chairman, it surprises a number of my colleagues on the Committee on Banking and Financial Services that the gentleman from Louisiana (Mr. BAKER) and I are quite often on the same side of financial services issues. But I have got to jump ship on him today when he starts trying to do away with CRA for small banks. Sixty-four percent of the banks in this country, in fact, would be exempted under this amendment. I cannot go there with him.

The CRA requirements for small banks, those under $250 million in assets, were already streamlined in 1995. I am not sure what it is we are responding to with this proposed amendment, because in February of 1996, the American Banker headlines said, ''Small banks give thumbs up to streamlined CRA exams.''

They are not complaining. Who is it that we are trying to protect? This is an amendment in search of a problem to solve. And I am not sure why we are trying to solve a problem in the midst of this bill that has a bunch of problems in it for people who do not even perceive that they have a problem.

CRA has served a very important purpose in our communities. The gentleman from Utah (Mr. COOK) is absolutely wrong in his assessment that the purpose of CRA is for community people. It is not an affirmative action program. It is for small businesses, small farmers, people who live in the communities. It has got nothing to do with affirmative action. We ought to all be supporting CRA rather than trying to abolish it.

I think we ought to oppose this amendment even though there are some other aspects to it that might be valuable.

Mr. BAKER. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, in 1950, the average American family had 50 percent of their assets in a bank. Today, that percentage is 17 percent. And in the corporate arena, it is even worse.

For many years, the banks were the only place in town where moderate- to large-size businesses could get credit to grow or expand. And from perhaps 80 percent of corporate lending, we now find that banks provide less than 20. And it is not only just that markets are changing. New products are being created.

In 1980, there were 266 mutual funds in this country. Today there are over 2,600. As the stock market continues to surge ahead to unparalleled record highs, investors are not worried about deposit insurance; they are worried if they are going to miss out on the next 25 percent rate of return.

The creation of money market funds, a nonbank product, allowing people to put their money in a perceived safe location and earn interest on their checking accounts, again, more disintermediation, more money flowing out of the banks into nontraditional sources.

So many banks in the marketplace are surging ahead with these new mergers because this gives them a way to keep the profitability up as they spread fixed operating cost over larger and larger and larger customer bases. It makes good sense for the large institutions. It is reported that the NationsBank merger, for that institution alone, will result in annual savings in excess of $2 billion. Phenomenal savings are occurring through these efficiencies in the marketplace.

Now, the question becomes, how does the typical $47 million bank in America, the 6600 subject of the CRA amendment, see any benefit from any of this? Is there any provision that we can point to in this bill that we can go back to hometown XYZ in our State and say, this is going to help make us more profitable, it is going to relieve us of regulatory burden, it is going to give us an opportunity to grow and prosper?

Sure, if they are a billion-dollar institution with branches in multiple States, maybe who has even acquired a recent insurance company in spite of Federal prohibitions to the contrary, they might see tremendous potential in diversification and opportunities, particularly if H.R. 10, as currently constituted, is passed.

But for the average consumer who goes home today and uses their ATM machine, if they have them in their community, who is complaining about

those fee increases, who bitterly hates the new charges for all the service the banks are providing, those banks are desperate. They are looking for ways to get new revenue streams. Because it is a historical fact, interest on loans is in decline and the real growth market is in the fee business and trying to find new products.

Again, that is not a significant problem to a competent management team who has diverse interests. But to the hometown bank, walk in a hometown bank, the the president and vice president are not only the loan officer, not only the fellow who locks the door, there are probably two tellers at the window, they are the CRA compliance department. They are the OCC compliance department. They put up with the audit from the FDIC or the Federal Reserve. They are doing it all.

Make no mistake, this amendment is a great deal more than just limiting the load of CRA and its financial obligations on small town institutions. It is, in fact, the product of the Committee on Banking and Financial Services on restructuring how a bank can sell new products.

There is nothing insidious about the words ''operating subsidiary.'' It is a way of doing business. And quite to the contrary opinion of the Federal Reserve, the Secretary of the Treasury, I am told, will urge a veto of this legislation because we do not allow operating subsidiaries to be engaged, in the base text of H.R. 10, as envisioned by the administration.

I would also point out, for those who are scared of the new world of commerce and finance, of all the megamergers and the banks gobbling one another and perhaps the giant of all, Microsoft, one day finding a way to enter the financial marketplace, guess what? The unitary thrift is alive and well if this bill passes. And even worse, it is bigger than ever if this bill fails.

And there is no restraint, no other amendment, no limiting factor. There are approximately 800 unitaries that have been in the marketplace quite successfully. They own over 62 percent of all thrift assets in the country. They are enormously successful. Look down the application line.

Why, even in Louisiana, we have got my Farm Bureau and 26 more who are joining together on March 9 to apply for a unitary thrift charter. Do my colleagues think they just want to make farm loans? I think they have got other plans.

Now, all of these applications, unless there is something just basically deficient with the applicant, will be approved. It could be 1,500, it could be 2,000 of these new commercial enterprises that own thrifts. Under the bill, there is no prohibition about selling these entities to Microsoft or to General Motors or any of the other horror stories we have heard time after time after time as we concern ourselves about where our financial markets are going. This amendment would prohibit those sales. It would keep the Microsofts from buying unitary thrifts.

This amendment is a lot more than just CRA operating subsidiaries and closing down thrifts. It is an amendment that does important insurance reform. If they want to get into the insurance business in this bill, as a bank, they have to buy an existing insurance agency that has been in business for 2 years.

What if they are in a town that does not have an existing insurance agency that has been in business for 2 years? This amendment allows them to petition the State insurance commissioner to certify there is no competition in the community and allows them then to enter into the insurance business, a small-town, small-bank provision.

Sure, I know financial modernization is an absolute necessity and frankly will proceed whether this Congress or the regulators notwithstanding choose to take a position that moves the marketplace forward. Bright people are going to find a way to get around the law, the Congress notwithstanding. But we can facilitate it. We can make it less expensive.

For the past 50 years, this Congress has taken the pasture of financial services and fenced it off; and what we decide is some people get 10 acres, some people get 30, some people get the really pretty waterfront property in the fertile valley, others get the rocks.

Now, whether they have 10 acres in the rocks or 30 acres on the waterfront has depended on how successful their lobbying effort is. That ought not to be the case. We ought to take down the fence lines. We ought to let them roam wherever they choose and eat as much grass as they want. But if they get sick, do not come back to us.

This proposal does not allow for that innovation. This proposal makes it difficult for small banks to be innovative, to sell new products, to use that dreaded operating subsidiary, to reach out to their consumers and provide them competitive products at competitive prices in small towns across this country. This amendment speaks to that point.

I understand the differences that some Members may have with the philosophy of this amendment. I understand that the Federal Reserve and the OCC fight each other for regulatory turf. I understand there are a lot of reasons for people to be opposed to this amendment. But I can honestly tell my colleagues, the sole motivation for seeing it included in H.R. 10 is to give hope back to the small community banks across this great Nation.

Mr. GILLMOR. Madam Chairman, I yield 2½ minutes to the gentleman from Ohio (Mr. OXLEY).

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

Mr. OXLEY. Madam Chairman, let me first of all say that it has been an excellent debate. I have great respect for the gentleman from Louisiana, as he well knows, and he certainly has expressed his position exceptionally forcefully and well to this body.

Frankly, I have some empathy for his position, particularly on some CRA relief versus small banks. But I really do have major concerns with how this particular amendment treats insurance sales in banks. As I had indicated earlier during the debate on the LaFalce amendment, this issue, the bank sales of insurance, has bedeviled this Congress for a long, long time. It has basically kept this modernization legislation from passing Congress now for the last 20 years.

We finally in our committee, after a lot of hard work and a lot of gnashing of teeth and a lot of long nights and negotiations between the parties, came to an agreement on how we would best deal with banks selling insurance; and we basically came to that conclusion that indeed, based on court decisions, the Barnett decisions and decisions by the OCC that indeed banks would be in a position to sell insurance.

So the next question is how do we best protect the consumer and at the same time allow that kind of activity to take place. So we got the players together, the president of the insurance agents, the representatives of the insurance agents, representatives of the banks, or some banks at least, the ones that were participating in our effort, particularly Bank One and NationsBank, who were real leaders in trying to come to a conclusion. And after a lot of negotiations and after having testimony from the Illinois representatives of the agents and the banks telling us how they worked so hard to get a bill passed in the Illinois legislature unanimously and signed by the governor that became essentially the template for what we tried to do in this piece of legislation.

□ 1715

It is not perfect. In many cases, all of us would have written this differently depending on where we are coming from. But the fact is it was forged in the caldron of compromise in a major State and signed off on by the major players. That is really what we use the basis for our provision on insurance in our committee. It has survived on to the floor.

Unfortunately, the amendment of the gentleman from Louisiana (Mr. BAKER) would rend asunder our ability to make those kind of changes that we basically have the major players sign off on. It removes, in my estimation, a critical consumer protection preventing implicit coercion; that is tying of insurance sales to loans. I think we do have to provide the kind of protection for the consumer that is absolutely necessary.

Another concern I have is that the Baker amendment contains a mischievous provision requesting the OCC, the Federal bank regulator, to report to Congress on the effectiveness of State insurance laws. That, in my estimation, is already predetermined how

that would come out. I ask you to defeat the Baker amendment, as well-intentioned as it may be and support the underlying bill.

Ms. JACKSON-LEE of Texas. Madam Chairman, I rise to speak in opposition to the Baker Amendment.

This amendment's aim and consequence is to eviscerate the Community Reinvestment Act. That Act was created in order to encourage banks to meet the credit needs of the communities in which they were located.

That Act is the child of a successful grassroots movement that is over 20 years old: the ''anti-redlining'' campaign.

In the late 60s, the ''anti-redliners'' took it upon themselves to investigate just how well banks were treating the customers from the communities in which they were located. Their discoveries were shocking. Many banks were using their financial leverage to siphon the savings of middle and lower income neighborhoods, only to turn around and invest those same funds in upper-class neighborhoods.

Although not alone, the Community Reinvestment Act remedied much of this problem. It gave many deserving Americans access to credit and capital for the first time. And it did so, and continues to do so by simply telling banks that they must make better efforts to serve each and every person that comes before them.

Respected Colleagues, this Act did what it was advertised to do, something I wish I could say about much of what we produce. It has resulted in over $200 billion dollars worth of investments in low-income and minority areas.

Under the Baker Amendment, any bank worth less than $140 million dollars would be exempt from the requirements of the Community Reinvestment Act. Ladies and gentlemen, that exemption would capture 80% of all of our banks and thrifts!

Under the current law, most of these banks already operate under a relaxed version of the Community Reinvestment Act standards. These ''streamlined'' rules are more than satisfactory to banks. There is no reason to fix something that is not broken.

This amendment is a profound step backwards for urban communities and minorities. Not only do I not want to face constituent-entrepreneurs who can no longer obtain loans for their small businesses, I also do not want to hear the outcries from the neighborhoods that are being deprived of the essential services which only come to them in the form of locally-owned, family businesses.

I also realize that the Community Reinvestment Act if often the only means that urban development groups can reach agreements with banks. If this Congress wants to continue to look for private solutions for social problems—why do we want to take away the most effective tool for getting private institutions and local communities to sit down at the same table? It just makes no sense.

What does make sense? The Community Reinvestment Act has been instrumental in over 300 different community renewal projects in over 70 different metropolitan and rural communities.

Furthermore, this amendment allows the banking industry to measure its own performance in providing minority access to lending against other banking institutions. Even more importantly, it removes the proverbial leash from banks, allowing them to revert to their discriminatory lending practices of the past.

I ask my fellow colleagues not only to vote against this amendment, but also realize that the Community Reinvestment Act provides benefits to all citizens of the United States, giving us all equal access to the ''economic wells'' that make our country great.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana (Mr. BAKER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BAKER. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 140, noes 281, answered ''present'' 1, not voting 10, as follows:

[Roll No. 145]

AYES—140

| | | |
|---|---|---|
| Aderholt | Everett | Myrick |
| Archer | Ewing | Nethercutt |
| Armey | Fawell | Neumann |
| Bachus | Foley | Norwood |
| Baker | Fox | Nussle |
| Barrett (NE) | Gallegly | Paul |
| Bartlett | Gilchrest | Pease |
| Barton | Goode | Peterson (MN) |
| Bereuter | Goodlatte | Peterson (PA) |
| Bilbray | Goss | Petri |
| Bilirakis | Graham | Pickering |
| Boehlert | Granger | Pombo |
| Boehner | Gutknecht | Portman |
| Bonilla | Hansen | Pryce (OH) |
| Bono | Hayworth | Ramstad |
| Boucher | Hefley | Redmond |
| Brady | Hill | Regula |
| Bryant | Hilleary | Riley |
| Bunning | Hoekstra | Rogers |
| Buyer | Horn | Rohrabacher |
| Callahan | Hostettler | Ryun |
| Camp | Hulshof | Scarborough |
| Canady | Hunter | Schaffer, Bob |
| Cannon | Hutchinson | Sensenbrenner |
| Castle | Inglis | Sessions |
| Chambliss | Istook | Shadegg |
| Chenoweth | Jenkins | Smith (MI) |
| Coble | Johnson, Sam | Smith (TX) |
| Coburn | Jones | Snowbarger |
| Collins | Kelly | Souder |
| Combest | Kim | Stearns |
| Cook | King (NY) | Stenholm |
| Cooksey | Klug | Stump |
| Cox | Largent | Sununu |
| Cramer | Latham | Talent |
| Crapo | LaTourette | Tauzin |
| Davis (VA) | Lazio | Taylor (MS) |
| Deal | Linder | Taylor (NC) |
| DeLay | Lucas | Thornberry |
| Dickey | McCollum | Thune |
| Doolittle | McCrery | Tiahrt |
| Dreier | McInnis | Wamp |
| Duncan | McIntosh | Watkins |
| Ehrlich | McKeon | Watts (OK) |
| Emerson | Miller (FL) | Weldon (FL) |
| English | Moran (KS) | Wicker |
| Ensign | Moran (VA) | |

NOES—281

| | | |
|---|---|---|
| Abercrombie | Brown (FL) | DeFazio |
| Ackerman | Brown (OH) | DeGette |
| Allen | Burr | Delahunt |
| Andrews | Burton | DeLauro |
| Baesler | Calvert | Deutsch |
| Baldacci | Campbell | Diaz-Balart |
| Ballenger | Capps | Dicks |
| Barcia | Cardin | Dingell |
| Barr | Carson | Dixon |
| Barrett (WI) | Chabot | Doggett |
| Bass | Clay | Dooley |
| Becerra | Clayton | Doyle |
| Bentsen | Clement | Dunn |
| Berman | Clyburn | Edwards |
| Berry | Condit | Ehlers |
| Bishop | Conyers | Engel |
| Blagojevich | Costello | Eshoo |
| Bliley | Coyne | Etheridge |
| Blumenauer | Crane | Evans |
| Blunt | Cubin | Farr |
| Bonior | Cummings | Fattah |
| Borski | Cunningham | Fazio |
| Boswell | Danner | Filner |
| Boyd | Davis (FL) | Forbes |
| Brown (CA) | Davis (IL) | Ford |
| Fossella | Luther | Roybal-Allard |
| Fowler | Maloney (CT) | Royce |
| Frank (MA) | Maloney (NY) | Rush |
| Franks (NJ) | Manton | Sabo |
| Frelinghuysen | Manzullo | Salmon |
| Frost | Markey | Sanchez |
| Furse | Martinez | Sanders |
| Ganske | Mascara | Sandlin |
| Gejdenson | Matsui | Sanford |
| Gekas | McCarthy (MO) | Sawyer |
| Gephardt | McCarthy (NY) | Saxton |
| Gibbons | McDade | Schaefer, Dan |
| Gillmor | McDermott | Schumer |
| Gilman | McGovern | Scott |
| Goodling | McHale | Serrano |
| Gordon | McHugh | Shaw |
| Greenwood | McIntyre | Shays |
| Gutierrez | McKinney | Sherman |
| Hall (OH) | McNulty | Shimkus |
| Hamilton | Meehan | Shuster |
| Hastert | Meek (FL) | Sisisky |
| Hastings (FL) | Meeks (NY) | Skeen |
| Hastings (WA) | Menendez | Skelton |
| Herger | Metcalf | Slaughter |
| Hinchey | Mica | Smith (NJ) |
| Hinojosa | Millender-McDonald | Smith (OR) |
| Hobson | Miller (CA) | Smith, Adam |
| Holden | Minge | Smith, Linda |
| Hooley | Mink | Snyder |
| Houghton | Moakley | Solomon |
| Hoyer | Mollohan | Spence |
| Hyde | Morella | Spratt |
| Jackson (IL) | Murtha | Stabenow |
| Jackson-Lee (TX) | Nadler | Stark |
| Jefferson | Neal | Stokes |
| John | Ney | Strickland |
| Johnson (CT) | Northup | Stupak |
| Johnson (WI) | Oberstar | Tanner |
| Johnson, E. B. | Obey | Tauscher |
| Kanjorski | Olver | Thomas |
| Kaptur | Ortiz | Thompson |
| Kasich | Owens | Thurman |
| Kennedy (MA) | Oxley | Tierney |
| Kennedy (RI) | Packard | Torres |
| Kennelly | Pallone | Towns |
| Kildee | Pappas | Traficant |
| Kilpatrick | Parker | Turner |
| Kind (WI) | Pascrell | Upton |
| Kingston | Pastor | Velazquez |
| Kleczka | Payne | Vento |
| Klink | Pelosi | Visclosky |
| Knollenberg | Pickett | Walsh |
| Kolbe | Pitts | Waters |
| Kucinich | Pomeroy | Watt (NC) |
| LaFalce | Porter | Waxman |
| LaHood | Poshard | Weldon (PA) |
| Lampson | Price (NC) | Weller |
| Lantos | Quinn | Wexler |
| Leach | Rahall | Weygand |
| Lee | Rangel | White |
| Levin | Reyes | Whitfield |
| Lewis (CA) | Riggs | Wise |
| Lewis (GA) | Rivers | Wolf |
| Lewis (KY) | Rodriguez | Woolsey |
| Lipinski | Roemer | Wynn |
| Livingston | Rogan | Yates |
| LoBiondo | Ros-Lehtinen | Young (AK) |
| Lofgren | Rothman | Young (FL) |
| Lowey | Roukema | |

ANSWERED ''PRESENT''—1

Hall (TX)

NOT VOTING—10

| | | |
|---|---|---|
| Bateman | Harman | Radanovich |
| Christensen | Hefner | Skaggs |
| Gonzalez | Hilliard | |
| Green | Paxon | |

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Ms. FURSE and Mr. MCHUGH changed their vote from ''aye'' to ''no.''

Messrs. DOOLITTLE, CANNON, DICKEY and REDMOND changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. GREEN. Madam Chairman, I missed rollcall vote 145 because I was unavoidably detained. Had I been here, I would have voted no.

The CHAIRMAN. The Chair has been advised that Amendment No. 4 has been withdrawn.

It is now in order to consider Amendment No. 5 printed in part 2 of House Report 105–531.

AMENDMENT NO. 5 OFFERED BY MRS. ROUKEMA

Mrs. ROUKEMA. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Mrs. ROUKEMA:

Strike subparagraph (A) of section 6(f)(1) of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute, and insert the following new subparagraph:

''(A) the aggregate annual gross revenues derived from all such activities and all such companies does not exceed 10 percent of the consolidated annual gross revenues of the financial holding company;''.

Strike paragraph (2) of section 6(f) of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute.

Strike paragraph (3) of section 6(f) of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute, and insert the following new paragraph:

''(2) FOREIGN BANKS.—In lieu of the limitation contained in paragraph (1)(A) in the case of a foreign bank or a company that owns or controls a foreign bank which engages in any activity or acquires or retains ownership or control of shares of any company pursuant to paragraph (1), the aggregate annual gross revenues derived from all such activities and all such companies in the United States shall not exceed 10 percent of the consolidated annual gross revenues of the foreign bank or company in the United States derived from any branch, agency, commercial lending company, or depository institution controlled by the foreign bank or company and any subsidiary engaged in the United States in activities permissible under section 4 or 6.''.

Strike paragraph (4) of section 6(f) of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute and insert the following new paragraph:

''(3) FINANCIAL HOLDING COMPANY GROWTH BEYOND CAP.—Notwithstanding paragraph (1), the Board may, on a case by case basis, allow the aggregate annual gross revenues derived by a financial holding company from activities engaged in, or companies the shares of which such holding company owns or controls, under this subsection to exceed the 10 percent limitation contained in subparagraph (A) of such paragraph so long as—

''(A) such aggregate annual gross revenues do not exceed 15 percent of the consolidated annual gross revenues of the financial holding company; and

''(B) the financial holding company does not commence any new activity, or acquire ownership or control of shares of a company, under this subsection after the date on which such gross revenues first exceed 10 percent of the consolidated annual gross revenues.''.

After paragraph (3) (as so redesignated) of section 6(f) of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute insert the following new paragraph:

''(4) DOMESTIC GROWTH OF FOREIGN BANK BEYOND CAP.—Notwithstanding paragraph (2), the Board may, on a case by case basis, allow the aggregate annual gross revenues derived by a foreign bank from activities engaged in, or companies the shares of which such foreign bank owns or controls, in the United States under this subsection to exceed the 10 percent limitation contained in such paragraph so long as—

''(A) such aggregate annual gross revenues do not exceed 15 percent of the consolidated annual gross revenues of the foreign bank or company in the United States derived from any branch, agency, commercial lending company, or depository institution controlled by the foreign bank or company and any subsidiary engaged in the United States in activities permissible under section 4 or 6; and

''(B) the foreign bank does not commence any new activity, or acquire ownership or control of shares of a company, under this subsection after the date on which such aggregate annual gross revenues first exceed the 10 percent limitation contained in paragraph (2).''.

Strike subsection (g) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the Amendment in the Nature of a Substitute (and redesignate the subsequent subsection and amend any cross reference to any such subsection accordingly).

The CHAIRMAN. Pursuant to House Resolution 428, the gentlewoman from New Jersey (Mrs. ROUKEMA) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, this amendment is a straightforward one. All financial holding companies, under this amendment, will be entitled to derive 10 percent of their gross annual revenue from nonfinancial activities and investments.

Once a financial holding company hits the 10 percent commercial basket, they would not be permitted to make new investments. They would be permitted to have a 10 percent commercial basket with a cap. They would not be permitted to make new investments in commercial entities or activities once they reach that cap. The Federal Reserve, and this is very important, could approve on a case-by-case basis a financial holding company application for an additional 5 percent, but it would only be at the discretion of the Fed, with very strict parameters.

There are several good reasons, in my opinion, for increasing the commercial basket to 10 percent. In the first place, I believe we need that famous, or infamous, two-way street for all market participants. It should be understood by my colleagues that banks, security firms and insurance companies need to be able to affiliate on an equal basis as in a holding company.

The 10 percent commercial basket is especially important for those who are concerned about their banks. It would establish parity among banks, securities firms and insurance companies by establishing a single limit that applies to all participants.

The basket is only modest. As I have said, it would have strict safety and soundness supervision and examinations by Federal and State regulators. Sections 23(a) and 23(b) of the Federal Reserve Act impose a significant limitation on transactions with affiliates, and the Federal safety net, the deposit insurance funds and the Federal payment systems, are more than adequately protected by the limits in this bill.

☐ 1745

I want to assure people of that. The commercial basket would accommodate normal growth of income from commercial activities. I do not have time to go into the business cycle effects, but I think that really indicates, it is really an indication of a lot of common sense about that. It gives the elasticity to accommodate the banks, the securities firms and the insurance industry.

If financial services holding companies can invest in commercial activities, as under this bill, as under this amendment, there will be a new potential source of capital for small and midsized companies. I know I have heard that question raised by numbers of constituents, and I think we can go back to our small and midsized companies, which all of us know are really an engine of growth in our communities, and we know what trouble they have attracting capital. I believe that this 10 percent basket will be very helpful to them.

Madam Chairman, every day I think that we know that there are new products and services and we can certainly understand how this 10 percent basket would help in creating those new innovations for variable annuities, money market deposit accounts and sweep accounts, and it would be a help to those.

Now, I want to stress to all of our Members that this is probably a subject that is not well understood by many Members, but I have to tell my colleagues that the Committee on Banking and Financial Services, in committee, adopted an even larger basket, a 15 percent basket, with a 2-to-1 margin. After studying this for months and months and months, our committee voted 35-to-19 to allow a 15 percent basket.

Madam Chairman, my amendment is more modest. It takes a more modest, smaller step towards this innovation. But I also must say that all 5 subcommittee chairmen of the Committee on Banking and Financial Services support this amendment, and I note with great pride and appreciation the fact that we have bipartisan support with the ranking member of the full committee, the gentleman from New York (Mr. LAFALCE), and the gentleman from Minnesota (Mr. VENTO), my ranking member on the Subcommittee on Financial Services. We all give strong support to this amendment.

The securities industry and the insurance industry strongly support the amendment, and I must repeat that this is particularly important to the

bankers because the amendment does give parity, a parity arrangement for banks in this new financial services world.

BACKGROUND—WHAT THE AMENDMENT DOES

My amendment is straightforward. All financial holding companies would be entitled to derive 10% of their gross annual revenue from nonfinancial activities and investments. Once a financial holding company hits the 10 percent commercial revenue cap, they would not be permitted to make new investments in commercial entities or activities. The Federal Reserve could approve, on a case by case basis, financial holding company application to receive up to an additional 5 percent in earnings from existing commercial activities.

The bill as currently drafted would limit the amount of revenue to 5 percent of annual gross domestic revenues. My amendment would expand that limit to 10 percent of annual gross domestic revenues.

There are several good reasons for increasing the size of the commercial basket to 10 percent.

THE TWO WAY STREET

We need a two way street for all market participants.

Banks, securities firms and insurance companies need to be able to affiliate on an equal basis in a holding company.

Insurance companies and securities firms are not prohibited from affiliating with commercial entities. They derive significant revenue from these nonfinancial activities.

Insurance companies and securities firms need a commercial basket so they can be financial services holding companies. Without a basket they will have to curtail existing commercial activities.

The bill would grandfather existing commercial activities of securities and insurance firms—up to 15 percent of annual gross revenues.

Bank holding companies would be limited to 5% of annual gross domestic revenues.

My 10 percent commercial basket would establish parity among banks, securities firms and insurance companies, by establishing a single limit that applies to all participants.

SAFETY AND SOUNDNESS

The basket is modest—only 10 percent of annual gross revenues.

Strict supervisiion and examination by the State and Federal regulators.

Sections 23A and 23B of the Federal Resrve Act imposes significant limitations on transactions with affiliates.

The federal safety net—the deposit insurance funds and the federal payment systems—are adequately protected by the limits in the bill.

10 PERCENT ACCOMMDATES BUSINESS FLUCTUATIONS

The 10 percent commercial basket would accommodate normal growth of income from commercial activities.

It is the hope of every businessman that their businesses will grow. The 10 percent commercial basket will permit enough flexibility to accommodate reasonable increases in income from commercial activities.

The 10 percent commercial basket would also help accommodate any seasonal decrease in the amount of revenue derived from ''financial'' activities.

The business cycle affects all industries. For instance a securities firm's revenues may rise or fall depending on general economic conditions. Insurance company revenues can be affected by natural disasters. Banks revenues are significantly affected by interest rate changes.

The basket will be large enough to account for normal fluctuations in the holding company's financial business.

ECONOMIC GROWTH

A commercial basket will encourage economic growth.

If financial services holding companies can invest in commercial entities there will be a new potential source of capital for small and midsized companies.

Small and midsized companies—which are the engine of most growth in the United States—frequently have problems attracting equity financing.

The 10 percent commercial basket may help these new and innovative companies.

The 10 percent commercial basket may also promote community reinvestment. Holding companies could make investments in their community's businesses and contribute to vibrant, growing local economy.

ENHANCE COMPETITION

The 10 percent commercial basket will enhance competition between all participants in the financial services industry.

This bill is supposed to level the playing field between the banking, securities and insurance industries.

The insurance and securities firms have never been prohibited from affiliating with commercial firms.

The 10 percent basket would permit a ''modest'' level of commercial affiliation and would enhance competition.

NEW PRODUCTS AND SERVICES

Innovation is the United States.

Every day there are new products and services.

Examples include: variable annuities, money market deposit accounts, and sweep accounts.

A basket which is too small would result in statutory and regulatory barriers which the legislation is supposed to eliminate.

We need to have a basket large enough to accommodate the new products and services which the financial services industry creates in the coming years.

This amendment has significant support.

The Banking Committee adopted a larger 15 percent basket by a vote of 35–19. A 2 to 1 margin.

All 5 Banking Subcommittee Chairmen supported this amendment.

The amendment enjoyed strong bipartisan support in committee.

I note that Mr. LAFALCE, the ranking minority member of the full committee, and Mr. VENTO, the ranking member on my financial institutions subcommittee, support this amendment.

Other members of the committee will be speaking in support of this amendment.

The securities industry and the insurance industry strongly support this amendment. And this amendment, to repeat, will give parity (pg.2) to the Banks.

Madam Chairman, I reserve the balance of my time.

Mr. LEACH. Madam Chairman, I rise in opposition to the amendment.

I do not want to speak at length at this time; I simply would say that the gentlewoman has outlined a very thoughtful perspective on a very troubling area of law. I happen to believe this is perhaps the most profound amendment, if not profound approach, that applies to the financial landscape in the United States that can be expressed or will be addressed by this body, and I will have a substitute amendment at the appropriate time that will be designed, in effect, to negate the effects of this particular amendment.

I would simply suggest to my colleagues that if one believes that what this country needs is more conglomeration, greater integration of financial institutions with other parts of commerce, then this amendment is a very sensible way to go. If, on the other hand, one believes that the engine of dynamism in this country are smaller enterprises, more discreet enterprises, enterprises that are hallmarked by competition, enterprises that are hallmarked by nonintertwined capitalism, then I think one will want to give serious thought to alternatives, or the alternative that I will be presenting.

Madam Chairman, at this time I would allow the gentlewoman and the advocates of her approach to make as strong a case as they can marshal, and I reserve the balance of my time.

Mrs. ROUKEMA. Madam Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. VENTO), the ranking member of the subcommittee.

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

Mr. VENTO. Madam Chairman, I rise in strong support of the Roukema-Vento-LaFalce, and Baker amendment. This is a good amendment. This I think is an amendment which provides parity for both the banking, the securities, and the insurance industries.

As we seek to modernize financial institutions, Madam Chairman, in the past, the Committee on Banking and Financial Services has guided into enactment, working with the Senate and the administration, the Branching and Interstate Banking Act, which in essence, vertically integrated and provided an opportunity for banks to work across State lines and eliminate some of the geographic barriers.

What is occurring here and what has been said by the regulators is, of course, the recognition that financial entities, insurance, banking, and securities, have instruments that look very much alike. What we want is a 2-way street regards their ability to do business. We want the securities and insurance industry, which has historically involved an equity ownership that is commerce, to, in fact, be able to participate and not to have to change the entire nature of the way that they operate in a limited extent, and of course operating at a 10 percent equity ownership position would facilitate that.

Now, on the banking side, we have had any number of intrusions in terms of commerce. In fact, this bill personifies some of those intrusions, such as

the non-bank bank provisions of this bill; such as the provisions in this bill that permit nearly 100 unitary thrifts to continue to have a commerce role, 100 of them, without any limitation as to a percent of revenue or assets. There is no 10 percent limitation in this example.

Then, of course, we have banks that are owned by commercial companies in this Nation. There are 4 or 5 of them. And we have, of course, looking beyond that, looking at our U.S. banks that operate abroad, they all have a commerce role in those market places where they are not limited. They own commercial interests abroad and exercise, I might say, many other powers out of a holding company or even subsidiary going back to a past argument and are regulated by the Federal Reserve, curiously, who doesn't object to such relationship.

So there is a mixture of commerce and banking. That already is an established fact. I have just given my colleagues 4 or 5 instances of commerce banking ownership by banks. The question is, are we going to rationalize and regulate this in a consistent and fair manner? That is what we are trying to do with this amendment.

We recognize that to completely shut off commerce in banking, we would be shutting down this particular bill in terms of what securities firms or insurance firms may be able to do, and to deny that the Federal Reserve Board, through some artifice that they suggest: Well, the bank does not have controlling interest, they only have this investment in this area; they only have a participation in this particular area. Well, that is an artifice. That is an artificial distinction, and we should recognize that and adopt an amendment that gives parity to both banks and the other institutions such as the Roukema-Vento amendment, and I urge my colleagues to adopt it.

I rise in support of the Roukema-Vento amendment that will provide a parity basket—that is an equal 10 percent basket for all financial holding companies—as opposed to the unequal 5 percent for banks and 15 percent for everyone else basket.

As my colleague stated, the amendment would provide a 10 percent of annual gross revenues basket for commercial activities. This limited basket is further narrowed because affiliations would be prevented between the largest 1,000 U.S., companies. A further safeguard is the prohibition on transactions with affiliates engaged in non-financial activities.

This amendment is a responsible approach that recognizes the reality of our financial marketplace and works within that framework. It would reduce the disparity between bankholding companies that would be frozen at 5 percent, and the new financial holding companies formed by securities or insurance companies that would have a 15 percent basket. There is no rationale for the difference.

What is important to recognize is that commerce and banking are already in the marketplace on an ''ad hoc'' and ''exception to the rule'' basis. What the bill does and the Roukema-Vento amendment does better is make a clear and reasonable framework for the linking. Without a basket, there is no ''two way street'' which is modernization speak for an opportunity for securities and insurance companies to affiliate with bank. That is why even the Leach ZERO basket approach allows the very thing he and his supporters will preach against—a 15 percent basket for up to 15 years.

If Congress were acting in a void, the creation of a financial system that creates an absolute and total separation of banking and commerce might be achievable. In fact, however, we are not working in a void.

There is a long tradition of equity ownership with investment banking and insurance industries. The regulators have been playing around the edges with regard to operating subsidiary powers and on Section 20 affiliates. The unitary thrift holding company provides a clear opportunity for commerce and banking and that over 100 unitaries are using today. We have non-bank banks, grandfathered banks, and grandfathered activities. What we don't have is a level and open playing field that recognizes the reality of today's marketplace. We need a rational overall structure that establishes the same firewalls, the same rules and same competitive opportunities for everyone within the U.S. financial services industries.

This amendment, really a take off from legislation Mrs. ROUKEMA and I introduced early last session, provides that overarching structure and a two-way street. Total restrictions on banking and commerce need to be lifted so that financial services entities can diversify: spreading risk and increasing profitability. The EQUAL 10 percent basket, with the ability for the Federal Reserve Board to move to 15 percent in strict circumstances, will provide running room to allow for ups and downs in the business cycle and will assure that the majority of financial services companies will not immediately bump up against the top of the basket.

I urge my colleagues to support this amendment and to oppose the Leach amendment that follows. This basket parity amendment is one small step in the direction of the banking industry. This parity amendment will keep the law relevant to the current and future market conditions of all players. While this bill remains flawed for banks, passage of this amendment will alleviate one of the unfair aspects of H.R. 10—while the Leach amendment will only make it worse.

Mr. LEACH. Madam Chairman, I yield 4 minutes to the distinguished gentleman from Nebraska (Mr. BEREUTER), who has such a thoughtful perspective on this issue, and who is also the chairman of the Subcommittee on Asia and the Pacific, and I think might want to address that perspective.

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

Mr. BEREUTER. Madam Chairman, I am a 17-, 18-year member of the Committee on Banking and Financial Services. I do chair the Subcommittee on Asia and the Pacific of the House Committee on International Relations, and I think, frankly, that is a more relevant set of experience right now for this legislation than service on the Committee on Banking and Financial Services. Because of that combination, I have had an opportunity to watch up close, first as a member of the authorizing subcommittee for the IMF legislation or the activities of the IMF, and then from the Asia and Pacific Subcommittees to see what is happening in Japan and Korea and Thailand in recent months.

I want to speak in the strongest possible terms of my opposition to the Roukema-Vento amendment and for the Leach-Campbell–Bereuter substitute.

What we have seen over the last few years is a Japanese banking system where the assets have grown tremendously because Japanese banks have been able to take equity positions or ownership in businesses. So as the economy was good in Japan, the assets of those banks also moved upward dramatically with the progress of those industries. So Japan had most of the largest 20 or 25 banks in the world. But what happens with their mixing of banking and commerce is that it also exaggerates trends downward. So at a time when the Japanese need a strong banking system, they do not have that strong banking system to help them spin out of their economic difficulties.

In fact, if we take a look at the ownership of a Japanese bank today and their assets, we will find that they can take 5 percent ownership in this business, 5 percent in this business, 5 percent in this business, and so on, and as those businesses had trouble, then, in fact, the asset base of the banks also has deteriorated.

We have also had, there and in Korea, an incestuous relationship between banks and businesses. So we have the disaster in the Republic of Korea today with the chaebols, those huge conglomerates, when banks gave loans to such businesses without considering the real risk, but only on the basis of those incestuous business relationships. And the same sort of thing happened in Japan and Thailand. I can tell my colleagues that the burden of proof should be on those people in Congress and not American society that want to change Glass-Steagall—those who want to eliminate the separation between commerce and banking.

What did Paul Volcker tell the Committee on Banking and Financial Services? I want to quote from his statement to us. He said, ''The American financial system is the most vigorous, flexible, innovative, quickest-to-change, most efficient in allocating capital, and it has been done by maintaining the separation. So the burden of proof seems to me to be on those who want to end this separation. We are doing fine without it, and without exception those countries that have more connections between banking and commerce are noted for having inflexible systems.''

The burden of proof, my colleagues, is on those people who want to establish this so-called ''basket,'' and certainly, it is on those people who want to accentuate the size of it. Once we

cross that line, once we eliminate the separation between commerce and banking, we know what is going to happen. The beneficiaries of this change are going to be in here every year asking for an increase. That is not in the best interests of the United States.

Madam Chairman, I want to suggest to my colleagues that the burden of proof indeed should be on those people that want to break down the barriers between commerce and banking, on those who want to disturb the status quo. We have the strongest banking system in the world, and we have loans being made on the basis of risk, not on the basis of incestuous relationships between banks and business.

I would like to ask my colleagues to take a look at a ''Dear Colleague'' letter that the gentleman from Iowa (Mr. LEACH), the chairman of the committee, and the gentleman from California (Mr. CAMPBELL) and I have circulated to show my colleagues the breadth of the opposition to any changes in Glass-Steagall. It is extraordinary. It spans the ideological-business-political-labor spectrum. This elimination of the Glass-Steagall barrier is a step we do not want to take. Vote ''no,'' vote ''no'' emphatically on the Roukema-Vento amendment, and support the status quo, which keeps the barrier between banking and commerce.

Mrs. ROUKEMA. Madam Chairman, I yield myself such time as I may consume to observe my colleague's arguments against my amendment. I will reserve most of them for the debate on the Leach proposal, but I would say that there is no comparison, none whatsoever, between what the Japanese, the south Koreans or the Indonesians do in terms of regulatory controls and the accounting practices and the forcing of conflicts of interest under their system. So the comparisons with Southeast Asia are not valid.

□ 1800

To tell Members the truth, some of the strongest banking financial systems in the world are in Europe, particularly in great Britain, Germany, and other European countries. Virtually every one of those countries have at least a 10 percent commercial entity, and in many cases, many more, and have had them for a long period of time.

Madam Chairman, I yield 2 minutes to our colleague, the gentleman from New York (Mr. ENGEL).

Mr. ENGEL. Madam Chairman, I thank the gentlewoman from New Jersey for yielding time to me.

Madam Chairman, I rise in strong support of the 10 percent basket amendment, the Roukema-Vento-Baker-LaFalce amendment.

This amendment is similar to an amendment I offered during the markup of this bill in the Committee on Commerce. As a New Yorker, I fully understand the importance and significance of providing the proper framework where financial services can thrive.

Our nation's markets are the envy of the world, and New York is the capital of the world's economy. Any legislation that is reported must ensure that our financial structure retains its ability to adapt to the changing needs of the public.

To this end, I believe that financial modernization legislation must allow banks, securities, and insurance firms with commercial interests to invest some percentage of its domestic gross revenues in nonfinancial services. Financial modernization legislation should reflect the current market, and permit some form of commercial affiliation. A 10 percent commercial basket is a reasonable first step toward integrating commerce and banking.

Legislation on this matter must be flexible enough to ensure that financial service providers can continue to evolve. We cannot push back progress. Without a basket, many firms would be forced to choose between their current commercial activities and newly authorized banking powers. In addition, many firms would have difficulty competing in the global economy without having some ability to invest in foreign entities.

While we are pleased that a 5 percent basket was included in the bill, a 10 percent basket provides the proper cushion to accommodate both the normal growth of a commercial enterprise and the potential decrease of financial activity revenues.

To this end, I strongly urge my colleagues to vote for the 10 percent basket amendment. Financial providers must have the ability and the flexibility needed to move forward as we approach the 21st century. As the gentlewoman correctly pointed out, a 15 percent basket would even make more sense, but this is a scaled-back bill, a moderate bill, a bill trying to make progress, and a bill trying to get a majority of the votes.

We cannot put our heads in the sand. We cannot be blinded. We cannot pretend that progress does not march on. To pretend that this is the same financial economy as that of 50 or 60 years ago just does not make sense. I urge my colleagues to vote for this very, very modest amendment, which moves us in the right direction.

Mr. LEACH. Madam Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Madam Chairman, I want to express affection and respect for the authors of this amendment, but I want to differ with them strongly on its need. I talked to the distinguished chairman of the Federal Reserve Board. He opposes this amendment, and he says this in his May 4 letter to me: ''There is every reason to move with caution in this area. The combining of banking and commerce is clearly irreversible. Once permitted, the Congress is unlikely to impose the costs and disruption of disentanglement.''

Let us look at Germany. Their financial institutions have been discussed. The German economy is stagnant. They are exporting jobs because they cannot start them up at home.

Look at Asia, and look what is happening. Over there, a bank can do anything it wants. They own property, they own real estate, they own businesses, they own stock. When values start going down on those kinds of assets, the bank is in serious trouble. It happened in Thailand, it happened in Korea, it has happened in Japan, and all three economies are stagnant, in good part because of this.

Listen to what Chairman Greenspan says:

> The current turmoil in some Asian economies highlights the risk that can arise from the interrelationships between banks and nonbank corporate entities. First, if the interrelationships are too close, the banks' decisions with respect to lending might be based, not on the underlying creditworthiness or other relevant characteristics of the borrowers, but rather on such factors as implicit or explicit subsidies, personal and business relationships, and common managers.

That is exactly what has happened in Japan, Thailand and Korea.

Listen further:

> Second, the interrelationships can become so complex and nontransparent that investors and counterparties cannot properly understand or assess the banks' financial soundness.

Again, this is happening in Korea, in Japan, and Thailand, and in the Asian economies which are in trouble. This amendment would authorize a replication of that unfortunate situation.

Continuing,

> Both of those risks are important elements in the problems now facing some Asian banking systems and are the reasons why banking and commerce have historically been separated in the United States.

If Members want a more clear warning on the dangers of this amendment, check with Chairman Greenspan. Madam Chairman, the Chairman goes on to say this:

> Thus, it is critical that H.R. 10 retain its ongoing $500 million cap. Such a cap allows the controlled experimentation of the mixing of banking and commerce, without locking policymakers into one particular approach that, as noted, may be impossible to reverse and that could do more harm than good. . . . If the fundamental and longstanding structural separation of banking and commerce in this country is to be changed, the Board strongly believes that any modification should proceed at a deliberate pace, in order to test the response of market and technological innovations as well as the supervisory regimes to the altered rules.

I urge my colleagues to heed the warning that is present in these words. Do not replicate the follies of Korean, Japanese, Thai banking. Let us use responsibility. The strength of this country has been that, although our banks have not been as big as they would like to be, they have been strong.

I have heard the banks complain constantly about the size of Japanese and Korean banks and their ability to do

all manner of things. It turns out that this ability to do all manner of things has created a disaster for these countries. We are being asked to bail them out. What are we going to do when our replication of their banking system creates the same abuses, the same hazards, and the same economic collapse for our constituents?

I beg the Members, reject this amendment.

Mrs. ROUKEMA. Madam Chairman, I yield 3 minutes to the gentleman from New York (Mr. LAFALCE), the ranking member of the full committee.

Mr. LAFALCE. I thank the gentlewoman for yielding time to me, Madam Chairman.

Surely the whole question of banking and commerce is one of the most difficult for the committee to come to grips with. An attempt was made within the Committee on Banking and Financial Services to put responsible limitations on that combination. That was 15 percent across the board. But then the bill was changed when the Republican leadership brought it forth, and it is 15 percent for these new financial services' holding companies, and 5 percent for bank holding companies.

So we have to understand that what the amendment that the gentlewoman from New Jersey would do is not to increase it from the existing bill, it is to level it. It is to bring the 15 percent down to 10, the 5 percent to 10; to have a leveling of the field between these financial services holding companies, and the banks.

It is also my understanding that subsequent to this amendment, the chairman of the committee, the gentleman from Iowa (Mr. LEACH) will be offering an amendment with a zero basket but with a grandfather provision that would allow up to 15 percent. So even in this zero basket, as I understand it, the grandfathered institutions would have a higher basket than the Roukema amendment would provide.

This is a difficult issue, but if we are to allow the mixing of banking and commerce, I think a 10 percent across-the-board basket would be more appropriate.

In fashioning my motion to recommit, however, stripping the bill of the controversial national bank charter provisions, so we simply would not deal with it, so that we would simply deal with the Glass-Steagall and the bank holding company changes, it is my intent to follow the disposition of the House on this issue. If the House wants to go for 15, 5, or 10, or a zero basket with a 15 percent for the grandfathered institutions, that is what I would incorporate in my motion to recommit.

Mr. LEACH. Madam Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Madam Chairman, in 1694 the British parliament ruled that banking should not mix with commerce. In 1791, Alexander Hamilton, in the United States, decided that banking should not mix with commerce. Thus, it has been over the last 300 years in the Anglo-American tradition.

Now we are told, since the 1980s, that we should mirror the Japanese model of Keiretsu, where bankers and industrialists work very closely together. In fact, we were told in the 1980s here in Congress that if we did not model ourselves upon the Japanese economic system, that we would become an economic power of the past.

Now, in the 1990s, what do we see? Keiretsu in Japan means bankers and industrialists apologizing to the Japanese people for destroying their economy over the last 15 years. The American system continues on with its entrepreneurial, Darwinian, Adam Smith, ruthless set of decisions, with bankers deciding, venture capitalists deciding, which one of the American companies deserves more capital, not because it is tied to it, not because it is married to it.

What happens as a result of the Japanese system? Something called Asian flu. That comes from having bankers too closely tied to industrialists, having too deep of an investment in them and anyone who gets close to them. What is recommended here by the Roukema amendment? That we should, as well, engage in Keiretsu.

Our system is working. It has worked for 300 years. We do not have to abandon it and emulate the Japanese. The correct vote here tonight is no on Roukema, no on the Japanese system. It has failed, and failed badly. Vote yes on the Leach amendment. The Leach amendment will keep the continuation of the Anglo-American system.

Mr. DINGELL. Madam Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Michigan.

Mr. DINGELL. Madam Chairman, it is also no on the Korean system and the Thai system.

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

Madam Chairman, let me make several points. There has been a lot of talk on the floor today about the bill in general. This amendment comes to summarize several aspects of it.

For example, there has been talk about consumer issues, protecting the public. I do not know a bigger consumer issue or a bigger public protection issue than the question of do we allow the safety net of financial institutions to be spread to commercial activities of banking institutions. This is what has cost lots of countries in the world lots of money.

Asian countries, European countries, a French bank, a Spanish bank, German institutions have cost substantial funds either to their institutions or to their public deposit safety nets, if they exist.

Let me give an example in Germany, because we have focused so much time in the Far East. In Germany a few years back there was a metals firm that went under called Metallgesellschaft. This particular metal company entered into some very sophisticated derivatives trading.

A study at the Chicago Federal Reserve Bank has indicated that they believe that the risk environment involved, the lack of supervision, because it was associated with a commercial bank, caused substantial losses; by ''substantial'', $6 billion.

The Chicago Federal Reserve then examined an American company not associated with the bank, a major American company called Enron. Enron entered into the same kinds of derivative transactions on the same metals at the same time. It made a mistake or two, but because of the discipline of the United States stock market, Enron run survived quite nicely, and it is prospering today. Metallgesellschaft caused enormous losses to a particular financial institution.

□ 1815

Now, if we think about what it is that is at stake in all of this that one relates to, is there a difference between financial prowess and management of enterprise prowess? What we have developed in this country today are the most sophisticated capital markets, but also capacities of people that know how to manage money to take over lots of enterprises, enterprises that they may not be very good at managing.

I happen to think that there is a huge distinction between management and financial prowess. And what this approach before us has in mind is the idea that because one is a good money manager, one then can become a manager of manufacturing, a manager of retail sales, and the end result is very simple. It is a concentration of ownership.

This country has long had an antipathy to concentration of ownership. Here we are going to be looking at combining financial and commercial ownership in ways that I think, if one takes a step back and looks at it, one should have grave doubts about. I know, frankly, some very smart individuals have brought this approach to the Congress that are Members; smart people on the outside have suggested it would be the way to go. But every time I try to describe it neutrally to people in my district and I ask the local Rotary if they think the local bank ought to own the local department store, if they think it would be smart for a national auto company to be intertwined with a national bank, I get people saying, you have got to be crazy.

That is what this amendment not only endorses, but leads to.

I personally think we ought to just take a step back, think it through and suggest that mixing commerce and banking, which is an abstract concept, just simply does not fit the United States of America. I urge serious consideration of the amendment that I will shortly be offering to this particular approach.

Mrs. ROUKEMA. Madam Chairman, I yield such time as he may consume to

the gentleman from Delaware (Mr. CASTLE).

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

Mr. CASTLE. Madam Chairman, I rise in strong support of the Roukema amendment.

Mrs. ROUKEMA. Madam Chairman, I yield myself the balance of my time.

I would simply like to say there have been a lot of dramatics here and a lot of quotes here and a lot of economic analysis, and I do not know that there has been substantiation of any of it. I do know that when Mr. Greenspan came before our committee, he indicated, no, he did not want to hold open the commercial basket, but he did say that we had to take a step in this direction. It was inevitable with technology and the global markets with which we are dealing. It was out there; we had to deal with it in some way or other.

We are not opening it up, as has been implied here, to unlimited commercial activity. We are saying that 10 percent gives the legitimate two-way street and the parity and the kind of mixture that we are having between banks, insurance and securities. And that is all.

Forget the drama. It is not keiretzu. When we get to the Leach amendment, I will give a little more of my own analysis of why we are not talking about Asian flu.

The CHAIRMAN. It is now in order to consider substitute amendment No. 6 printed in part 2 of House Report 105–531.

AMENDMENT NO. 6 OFFERED BY MR. LEACH AS A SUBSTITUTE FOR AMENDMENT NO. 5 OFFERED BY MRS. ROUKEMA

Mr. LEACH. Madam Chairman, I offer an amendment as a substitute for the amendment that would eliminate the commercial basket for financial services holding companies.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part 2 amendment No. 6 printed in House Report 105–531 offered by Mr. LEACH as a substitute for amendment No. 5 offered by Mrs. ROUKEMA:

Strike subsection (f) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute (and redesignate subsequent subsections and any cross reference to any such subsection accordingly).

In paragraph (1) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute, strike ''subsection (f)(1) and''.

In paragraph (2) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute—

(1) strike '', as of the day before the company becomes a financial holding company,''; and

(2) insert ''(excluding revenues derived from subsidiary depository institutions)'' before '', on a consolidated basis''.

In paragraph (4) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute, insert ''(excluding revenues derived from subsidiary depository institutions)'' before the period at the end.

In paragraph (5) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute, strike '', subsection (f),''.

In paragraph (6) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute, strike '', subsection (f),''.

After paragraph (6) of subsection (f) (as so redesignated) of section 6 of the Bank Holding Company Act of 1956, as added by section 103(a) of the amendment in the nature of a substitute, insert the following new paragraph:

''(7) SUNSET OF GRANDFATHER.—A financial holding company engaged in any activity, or retaining direct or indirect ownership or control of shares of a company, pursuant to this subsection, shall terminate such activity and divest ownership or control of the shares of such company before the end of the 10-year period beginning on the date of the enactment of the Financial Services Act of 1998. The Board may, upon application by a financial holding company, extend such 10-year period by not to exceed an additional 5 years if such extension would not be detrimental to the public interest.

Strike paragraph (1) of section 10(c) of the Bank Holding Company Act of 1956, as added by section 131(a) of the amendment in the nature of a substitute (and redesignate subsequent paragraphs and any cross reference to any such paragraph accordingly).

In subparagraph (A) of paragraph (1) (as so redesignated) of section 10(c) of the Bank Holding Company Act of 1956, as added by section 131(a) of the amendment in the nature of a substitute, strike ''paragraph (1)(A) and''.

In subparagraph (C) of paragraph (1) (as so redesignated) of section 10(c) of the Bank Holding Company Act of 1956, as added by section 131(a) of the amendment in the nature of a substitute, strike ''or (g)''.

In subparagraph (B) of paragraph (2) (as so redesignated) of section 10(c) of the Bank Holding Company Act of 1956, as added by section 131(a) of the amendment in the nature of a substitute, strike ''Notwithstanding paragraph (1)(A)(i), the'' and insert ''The''.

In subparagraph (A) of paragraph (3) (as so redesignated) of section 10(c) of the Bank Holding Company Act of 1956, as added by section 131(a) of the amendment in the nature of a substitute, strike '', (2), or (3)'' and insert ''or (2)''.

The CHAIRMAN. Pursuant to House Resolution 428, the gentleman from Iowa (Mr. LEACH) and a Member opposed, each will control 15 minutes.

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

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

The movement to go beyond the integration of financial services and eliminate the traditional legal barriers between commerce and banking is simply a bridge we should not cross. It is a course fraught with risk and devoid of benefit and one for which there is no justification.

Such a step would open the door to a vast restructuring of the American economy and an abandonment of the traditional role of banks and impartial providers of credit, while exposing the taxpayer to liabilities on a scale far exceeding the savings and loan bailout. At issue with financial services modernization is increased competition. At issue with mixing commerce and banking is economic conglomeration, the concentration of ownership of corporate America.

Recognizing this, warnings about mixing commerce and banking have been issued by the Federal Reserve Board, by Paul Volcker, and by consumer activist Ralph Nader. It is opposed by groups representing consumers, labor organizations, community bankers, farmers, travel agents, realtors, pharmacists, building contractors and the self-employed. In other words, the concept is opposed by the millions of workers, small businessmen and women who are the generators of economic prosperity in the United States.

Proponents of a commercial basket argue that U.S. financial holding companies need a commercial basket to be able to compete with foreign competitors, and that virtually all European countries permit banks to make direct investments in commercial activities. However, this overlooks a couple of simple facts.

First, in testimony before our committee, Chairman Volcker noted that the mixing of commerce and banking in Germany, France, Spain, Japan and elsewhere has led to massive financial losses for both banks and taxpayers in these countries. There is plenty of recent experience in other parts of the world to suggest that potential problems with banking-commerce links are not just theoretical, Paul Volcker noted.

Second, a recent New York Times article indicated that the European universal banks have a lower return on equity than U.S. banks, such as Citicorp, which does not have a commercial basket. So why would we encourage our banks to go in that direction?

Third, the U.S. financial system has much more depth and credit in equity markets. That is one of the strengths of the United States system. It thus could not be more ironic that powerful groups in Washington are today suggesting that Congress redesign America's financial landscape to make it more like that of Japan and Germany, France and Spain and the 1980s United States S&L industry.

Mixing commerce and banking only benefits large banks and large corporations at the expense of small banks and small business. For decades small business has been the engine of job creation in the United States, and mixing banking and commerce places American job growth in jeopardy.

For instance, would an individual hoping to open a restaurant in a town where the only bank was owned by McDonald's be able to obtain a loan, or would the bank disregard its role as an impartial provider of credit? Would a bank owned by a real estate developer

provide comparably priced credit to competing developers? Given these troubling possibilities, it is no surprise that the nonpartisan General Accounting Office issued a report demonstrating that there is no compelling economic argument for mixing commerce and banking and a lot of socioeconomic and political jeopardy in doing so.

In this time of crisis in Asian economies, the lessons of the chaebols of Korea, the keiretzus of Japan and cartels of Indonesia should not be lost in the United States. Those who advocate financial modernization legislation which mixes commerce and banking might want to take a hard look at the conflicts of interest endemic to systems that have allowed such mixing.

In East Asia, bank ownership of industrial firms led to crony capitalist relationships with the government. The virtue of America's decentralized, stock-market-oriented financial system is that credit and investment decisions are made based on economic fundamentals, not entangled relationships or corporate favoritism.

America is a country which has traditionally opposed concentrations of power, both political and economic. It is the country of Jeffersonian individualism, Jacksonian bank skepticism and Teddy Roosevelt trust busting. The contemplated mixture of commerce and banking goes beyond the lessons that we have learned and the values that we hold.

Madam Chairman, I reserve the balance of my time.

Mr. VENTO. Madam Chairman, I rise in opposition to the Leach amendment.

The CHAIRMAN. The gentleman from Minnesota (Mr. VENTO) is recognized for 15 minutes.

Mr. VENTO. Madam Chairman, I yield myself 2 minutes.

Madam Chairman, I rise in opposition to this amendment. This amendment, what it actually says, and I respect the chairman and his staunch opposition to commerce and banking; he has been consistent in that particular view. But what this amendment does is it says, they rise in opposition to the Roukema amendment which provides a 10 percent basket even for securities, insurance or banking firms, but this one says, 10 percent is too much, but 15 percent is just about right.

That is what this amendment does. This provides 15 percent commerce ownership within a securities or insurance firm for 15 years.

Here we are in an environment in which economic events within a short period of time, in days, maybe months, certainly years, in 15 years we could see dramatic changes in terms of what happens in the economy. We are saying, we are providing a level playing field, taking the most important financial entities in our country, banks, and treating them in a disparate way. Of course, I mentioned the many, many exceptions.

Now, in order to sell this particular proposal to the Members, we have had the bloody flag of the S&L crisis waved back and forth. It has been suggested that somehow our culture and free enterprise system and free people are going to accept the type of government and type of control that exists in Asia, in Japan or Korea or Germany. I do not think so.

I think that our free enterprise system is strong enough and mature enough to recognize what actually is taking place. What happens when banks permit the financing for mergers and acquisitions? What happens when banks make these tremendous loans and end up collecting these companies as collateral? They become, in a sense, investors. They end up picking up that collateral and having that control. And there are many, many exceptions. In fact one of the largest corporations in my State, 3M owns a bank. It has not undercut 3M yet. They are still going to the private market.

I oppose this amendment.

Madam Chairman, I reserve the balance of my time.

Mr. LEACH. Madam Chairman, I yield 3 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL. Madam Chairman, it is a compliment to the side of the argument presented by the chairman of the committee that those opposing his amendment would say that it allows 15 percent commercial investment to continue, as though they realize what danger it is to allow such mixture of commerce and banking.

Let me at the start put to rest this argument. The 15 percent that would be allowed to continue for the bank holding company during the period of a wind-down is in order to allow a reasonable phaseout of the mixture of banking and commerce that is already in existing law.

The fundamental debate here tonight is between those who wish to go to zero mixing of commerce and banking and those who would permit it, those who believe that 5 percent mixture is not enough and, in the Roukema amendment, that it be 10, or as we heard in the debate earlier, that some would even go to 15.

I think the real debate thus is, shall we have a mixture of commerce and banking? Admittedly, the Leach amendment, of which I am proud to be a cosponsor, has a phaseout provision. That is appropriate for now. Eventually, however, under the Leach amendment there will be no mixture of commerce and banking, as there should be no mixture of commerce and banking.

Under the Roukema amendment, it will be 10 percent today, probably 15 percent or 20 in years to come.

What is the objection to the mixture? I think it has been adequately explained by my colleagues in regard to the risk that comes from a commercial investment made by someone that ought to be a neutral provider of capital. I would rather address one point that has not been made, and that is whether the fire walls are adequate, because we know that in the bill itself and in the amendment from our colleague, the gentlewoman from New Jersey (Mrs. ROUKEMA), there is a set of fire walls to make sure that the bank does not offer a loan to the very commercial enterprise in which it has an equity stake.

But there is no fire wall against providing a loan to the customers of that commercial enterprise or to the suppliers of that commercial enterprise. And so a bank might own some stock in General Motors, and General Motors cannot get its new fleet out on time because Firestone has a little trouble providing the tires, due to cash flow. Will the bank not be tempted to give a little bit of leniency on any loan to Firestone? It would not break any fire wall to do so because the fire wall only applies as to the extension of credit to General Motors, if, by hypothesis, the bank has an equity stake in General Motors.

The point is simple, there is no way that the imagination of humankind can prevent the temptation from arising. If a bank has an equity stake in an enterprise, that enterprise will have a claim on the bank's lending policy.

Lastly, why do we care so much? Because it is not the companies' money. I have no problem with the company retaining earnings and using it for its own intended investment—splendid, but not with the taxpayers' money. What we are dealing with here tonight is Bank Insurance Fund money which, if the Bank Insurance Fund is stressed, will, as in the case of the savings and loan crisis, and will, in this context again, be a tax upon the taxpayers.

□ 1830

Mr. VENTO. Madam Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PAUL), a member of the committee.

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

Mr. PAUL. Madam Chairman, I rise in opposition to the Chairman's amendment and in strong support of the amendment of the gentlewoman from New Jersey.

There are two positions that one could take on this. We could have zero integration, which this amendment would do; or we could think about the market. The market would just allow it to exist.

Earlier, somebody quoted Hamilton as being opposed to an integration of commerce in banking. Well, of course, at that particular time in history we had the Jeffersonians, and they were strongly in support of the market and even against central banking.

So I think, considering all things, that I cannot get my 100 percent, and we certainly do not want zero. We need to move in a direction, so I would say this very modest request is very justified.

I think this FDIC insurance is something we should be concerned about,

but that is a different issue for the moment. I object to that, but I do not believe this will solve the FDIC problem.

We have to think about how we got here. In the 1920s, the Federal Reserve created a lot of credit. They created a boom and a booming stock market and good times. Then the Federal Reserve raised the interest rates and there was a stock market crash and a depression. And out of the depression came the desire to regulate banking and commerce. That caused the depression, which was erroneous, because the cause of the depression was excessive credit and then a deflated bubble, which should be all laid at the doorstep of the Federal Reserve.

This is the size of the Glass-Steagall Act, a few pages, in order to solve a problem that did not exist. But we have been living with this for all these years. And now, over these several years, we have been trying to solve the problem. Now, this is the size of the solution. This is H.R. 10, this is the version of the Committee on Commerce as well as the version of the Committee on Banking and Financial Services that went to the Committee on Rules.

We need to look at the fundamental cause of our problems and not jump off a cliff and do the wrong thing. I strongly support the Roukema amendment.

Mr. LEACH. Madam Chairman, I yield 3 minutes to the gentleman from Nebraska (Mr. BEREUTER), my distinguished friend and coauthor of the amendment.

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

Mr. BEREUTER. Madam Chairman, I thank the gentleman for yielding this time to me.

The gentleman from Texas has just spoken to us about letting the market work. The problem with the mixing of commerce and banking is that market decisions are not made. Credit decisions are made on the basis of equity that a bank has in a business. We are more likely to have the market working properly when we have this division between banking and commerce as we have had since the 1930s, even tracing far back beyond that, as the gentleman from Massachusetts (Mr. MARKEY) earlier said, tracing back in some form to a period even before the founding of the Republic.

I just cannot help but think of what happened in the home State of the gentleman from Texas (Mr. PAUL) when we had under S&L law in Texas, in that State and some other States, an opportunity under their legislation to use federally insured deposits to make investments in their own name instead of loans to residents of their community. And I recall something like 50 percent of the total losses in the S&L debacle were in the gentleman's home State of Texas.

The gentleman from Minnesota (Mr. VENTO) suggests that this 10 percent basket is a modest step. Well, I think we are more likely to pay attention to what the gentleman from New York (Mr. ENGEL) said. He said this 10 percent basket is a reasonable first step as a basket. And that is the point this gentleman was trying to make some time ago; that there is, in fact, no end to this process for a larger basket all the time once we break the barrier down between commerce and banking. We are going to be back here with such amendments year after year.

Mr. VENTO. Madam Chairman, will the gentleman yield?

Mr. BEREUTER. I yield to the gentleman from Minnesota.

Mr. VENTO. I wanted to suggest that I did not agree with the gentleman from New York (Mr. ENGEL) on the first step.

Mr. BEREUTER. I thank the gentleman for that clarification.

I watch with awe and wonder the gentleman from New York (Mr. LAFALCE), who speaks to us in such a soothing voice, about how the changes that are being made here are actually reducing it from 15 percent basket to 10 percent basket. And, well, that is accurate. But in reality, of course, the status quo is a zero basket. And that is what we are supportive of the Leach amendment think is a crucial and proper level. It is crucial that we maintain this barrier against mixing banking and commerce. I think it provides us a much higher likelihood of the impartial provision of credit by bankers to people and to businesses that deserve to receive credit. It avoids a concentration of economic power.

Earlier, too, we heard references about a bloody flag being waived in the debate on S&Ls. But I think that is appropriate for we have to learn from our experience. And it boggles my mind, it boggles foreign legislators' minds that we in America would be recreating, the kind of unhealthy banking situations that we find in Asian countries.

And as the gentlewoman from New Jersey (Mrs. ROUKEMA) ask earlier, well, what about Europe? Well, in fact, the problems resulting from the mix of commerce and banking exists in Europe, too. And, in fact, in France and Spain the public treasuries were raided to make insolvent large banks more solvent after they made imprudent commercial investments. And that is what we would have to have.

Do not trade the separate American banking and commercial systems for the failures of Asia or Europe.

Mr. VENTO. Madam Chairman, I yield 3 minutes to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Madam Chairman, I thank the gentleman for yielding me this time.

This is, no question, a very difficult issue. I can come down almost on either side. But if we do not deal with it tonight, and my bet is we probably are not going to deal with it tonight, we are going to have to deal with it at some point in the future.

Again, I have nothing but the greatest respect for the chairman of the Committee on Banking and Financial Services, and I think he has thought long and hard about this, but we have to consider a few things.

First of all, the chairman talked really about two types of commercial baskets. I think he talked about what this amendment or the Roukema amendment was about, and then he talked about what he thinks may come in the idea of a reverse basket where McDonald's owns banking entities around the country.

Of course, we already have a system in place where we have the small town banker that owns the bank and the car dealership and the feed store and everything else, and that is allowed under current law. But I think we also have to remember we have a much more dynamic marketplace.

And that leads into my second point. It is not really fair to compare the United States' economy to that of Asia or even Europe. Our market is much more sophisticated. It is much more diversified. Our capital and credit markets are much more diversified, much more efficient, much larger. So, yes, there may well be risk, but I think it is a very unfair comparison to make.

I think that the gentleman uses the example of the German company and Enron, which happens to be based in my home city of Houston, and how efficient the U.S. market, the stock market treats it, and I think that is true with respect to banks.

We could turn this over to Mr. Greenspan and let him write the entire bill and just rubber stamp it when it gets back over here and let him go on with his business. I think that would be inappropriate. But what I think Mr. Greenspan and the former chairman, Mr. Volcker, said, when they testified before the committee, is getting back to the real crux of the issue, which is, well, we are opening the door a little bit and it is going to get broader.

But herein lies the problem. Because, as the chairman knows, we are going to find, and we are finding it now, that where banks, as they become stronger, are going to get into areas which are not financial in nature, whether it is data processing or others, that have to be part of their function to be competitive. And we are going to have to address this problem. If we do not address it tonight, we will be addressing it down the road very shortly, I believe.

So I think the chairman has thought a lot about his amendment, I appreciate what he has to say about it, but I think we ought to defeat it and support the amendment of the gentlewoman from New Jersey.

Mr. LEACH. Madam Chairman, I yield 1 minute to the distinguished gentleman from California (Mr. CAMPBELL), who is also a coauthor of the amendment.

Mr. CAMPBELL. Madam Chairman, I asked for the additional time just to stand in defense of the free market. Our good friend and colleague the gentleman from Texas (Mr. PAUL) spoke on

behalf of the free market, and it is hard to beat him when he speaks on behalf of the free market, but I am not weak in my own right in terms of defending the free market—on this floor, and in our Committee on Banking and Financial Services.

I say people should do whatever they want with their own money. If they want to have a commercial enterprise and a bank and an insurance company and a real estate company, may God bless them. May they succeed and prosper in America, the greatest economy in the world, but on their own dime. But, if they have access to the Federal tax dollar through the FDIC, its successor, the Bank Insurance Fund, then no, sir, no, ma'am. I want to make sure they are restricted with what they do when taxpayers' funds are at risk. I want to make sure they are careful.

And do not tell me it will not happen. I came to this Congress in 1989. I joined the Committee on Banking and Financial Services, and the thrift crisis happened. I hope no one suggests causality in that order of events. But let me say to my colleagues there were people telling me I should not worry; that the thrifts were safe; savings and loans could not be better. And we ended up, we the taxpayers, paying for it.

I'm for the free market—on their own dime, but not on the taxpayers.

Mr. VENTO. Madam Chairman, I yield 2½ minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Madam Chair, I thank my colleague for yielding me this time.

I do not know where to begin here. There have been so many strawmen and exceptions to prove the rule thrown out here that it is really a little difficult to answer. But I do want to say to my colleagues, let us be very sure. This is not the time of Jefferson or Hamilton. It is not even the time of Teddy Roosevelt. We are in modern times with technological changes that are so fast pace we can hardly absorb them, and in global market places. And that is the reality of what we are trying to do here.

Now, I secondly want to point out that, with all due respect to my good friend and colleague, the chairman of the committee, and my other good friend and colleague, the gentleman from Nebraska (Mr. BEREUTER), my colleague on the committee, we have worked long and hard on lots of different issues, but with all due respect we cannot be making these parallels between Southeast Asia and what we are proposing here with a 10 percent commercial basket with the kinds of regulatory reforms and fire walls and structures that we have in place in this bill.

This is not Japan, South Korea or Indonesia. It is not unlimited investment, as those countries have. It is a 10 percent basket. Also, we do not have a situation where banks lend to only certain companies. We also do not have the family connection things of those foreign countries. Banks in the United States are generally examined annually, and we have the generally accepted accounting principles and stricter requirements. The foreign banks do not have this.

I could go on and on. In fact, I will, in one more respect. U.S. bank transactions with affiliates are subject to the protections, and under this bill would continue to be subject to the protections of 23(a) and 23(b) of the Federal Reserve Act. And this is very important because it is specific to how you cannot make these gross comparisons that are being made. The restrictions on the amount of loans a bank can make to their affiliates, and requires fair deal for all, not giving better deals to any one particular affiliate. There are all kinds of distinctions in this bill.

We are making a modest step forward and one that I believe any objective observer would say get with the program, figure out a regulatory structure that would accommodate so that we can compete with virtually every other of the successful European countries with whom we are competing.

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

First, let me talk about competition. In case no one has noticed, over the last 2 decades the United States of America has outstripped competitively virtually every Western European country. We organize differently than Europe. We decentralize.

In case nobody has noticed, the last 7 years Japan has averaged about 1 percent growth. The United States 2 to 4 times the rate of growth in each of these years in Japan. We organize differently.

In terms of speed, in very short order, very large things can occur. We have just witnessed announcement in the last 4 or 5 weeks of the largest financial combination in American history. Reports after the fact indicate that the leadership of the two institutions involved, Travelers and Citicorp, reached a decision in a 6 to 7 week time frame.

As financial institutions grow, these percentage restraints grow with them. So we have a circumstance that the larger financial institutions become, the larger the commercial enterprises they can intertwine with. In very, very short order the American commercial landscape as well as financial landscape can change if this kind of approach is adopted.

Finally, let me just note that in addition to concentration of ownership that can occur, we are likely to get a concentration of geographic control.

□ 1845

It simply is a fact that most large enterprises are not located in rural areas. It simply is a fact that people in what are called money center areas are more mobile with large sums of capital than people who are not.

And so, in very short order, if one goes ahead with an approach that authorizes the mixing of banking and commerce, one can see a concentration of ownership grow in this country and one can see a geographic concentration of that ownership come to be of rather telling dimensions.

So I would simply urge this Congress to note that, other than some very large interest groups, I know of no one that advocates this approach. I have never in my time in public life gotten a letter that has said, ''What ails America is that Chase Manhattan and General Motors are not combined.'' I have never gotten a letter that says, ''What we need are larger enterprises, not from growth within but from conglomeration.'' And I just suspect that if the American public thought this through, there is not only lack of majority support, there is lack of any support other than a very, very few very, very wealthy people.

So I would urge restraint.

Mr. BEREUTER. Madam Chairman, will the gentleman yield?

Mr. LEACH. I yield to the gentleman from Nebraska.

Mr. BEREUTER. The Chairman is exactly right about the small number of entities, if any, that are supportive of it. There are a handful of firms and banks. But on the other side, perhaps it is good to reiterate the people that are in favor of the Leach amendment, maintaining the status quo of the zero basket. The chairman has mentioned a few of them before.

Mr. VENTO. Madam Chairman, I yield myself 1½ minutes.

I wanted to point out that the Leach proposal has a 15 percent basket for securities and insurance firms. And what I presume that means, the way it operates, is that until the year 2013, for 15 years, they could have that 15 percent basket of equity position. They then could go, under this Glass-Steagall provision, and buy banks, buy insurance firms, and maintain 15 percent equity ownership. So it boggles the mind.

I understand that we are against commerce and banking, except that this particular configuration until the year 2013 would prevail. In my judgment, it is an untenable position in terms of what is going on. As I listen to the debate here, I wonder if really we are prepared, or the proponents of this amendment are prepared, to really repeal the Glass-Steagall amendment. Because they seem to have learned no lessons or recognized no difference between the fact that we are not able to distinguish some of the instruments of these financial entities; that in fact the banks write two-thirds of the derivatives, that the types of loan programs that they are involved in, I think very often look like investments. The inconsistency of this in this particular bill, in the marketplace, it seems that they are in a state of denial, quite frankly.

I am just amazed at the vehemence in terms of this particular position. And then to compare us to Germany and Japan and other countries where

they do not have a regulatory system, a culture, and a free enterprise system as we have. I must state again, this is not my first step. This is just a recognition to get out there and regulate it.

Madam Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Madam Chairman, I just wanted to point out to the gentleman from Minnesota (Mr. VENTO) regarding the grandfathering arrangement, it is a 10-year period. It could be extended for five years. But this is dealing with an anomalous situation. It is a condition created by regulators because the Congress did not act earlier. These anomalous conditions are not a good situation, but the grandfather clause is a valuable way to remedy these anomalous situations.

Mr. VENTO. Reclaiming my time, I understand. I think the gentlemen are being very fair. Except it just becomes very inconsistent in terms of what the effect is. It just becomes unworkable and it is untenable to present a bill like this where we have such an unlevel playing field; and to criticize 10 percent at the same time they are providing 15 percent here just boggles the mind.

Madam Chairman, I yield 3 minutes to the gentleman from Louisiana (Mr. BAKER), a distinguished member of the Committee on Banking and Financial Services.

Mr. BAKER. Madam Chairman, I thank the gentleman for yielding the time.

I certainly want to acknowledge the hard work that the gentleman from Iowa (Mr. LEACH) has given in the difficult management of H.R. 10 throughout not just this session, but many years.

However, this is one issue where the chairman and I have had significant differences of legitimate opinion as to the appropriateness of diversified financial structures. If we were to adopt the zero parity amendment that is proposed by this amendment, we would find significant dislocations in the current marketplace. There would be corporations and entities legally engaged in businesses which they have engaged in for many years which would, of necessity, have to divest those revenue streams from their corporate structure. Stated another way, people lawfully engaged in business that does no harm would now, by action of this Congress, be told they can do that no more.

That, to me, seems to be a bit unreasonable, especially when we realize that one of the important elements this amendment does not address is the structure of the unitary thrift, which will continue to exist and proliferate, which may be resold without limit in which one cannot only have nonfinancial income, they can own a plywood plant, a hotel, a restaurant, and a thrift.

Mr. VENTO. Madam Chairman, if the gentleman will yield, there is no 10 percent limit in there. There could be a 100 percent.

Mr. BAKER. That is correct. The gentleman makes the point that there is no revenue limit at all with regard to the unitaries that can be sold to commercial enterprises, so that a General Motors can get into the thrift business by accessing that charter. This amendment does not address that question.

And so what we have left at the end of consideration if this amendment were to prevail is a very unbalanced marketplace where a few authorized actors have the right to have very diverse incomes, while we are taking banks and financial enterprises down to zero level and requiring them to divest themselves of currently legally authorized activities.

When we look at those currently authorized institutions that have significant activity, American Express, for example, enjoys 9 to 14 percent of revenue annually coming from nonfinancial related activities. We see A.G. Edwards, Charles Schwab, Lehman Brothers, we can go down the list and look at what is going on in the market today and realize the consequences of this amendment are not minor.

Now, I certainly understand the proponents' perspective that we should not allow commercial and financial interests to intermingle. But I have to tell my colleagues, smart people are figuring out ways to do that no matter what the Congress might attempt to limit.

This is a very serious amendment. It is a very thoughtful amendment. It is a very important amendment. But it is a disaster for the existing financial marketplace of this country if it were to be adopted.

Mr. TOWNS. Madam Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

The five percent commercial basket contained in H.R. 10 recognizes that the securities industry has a long, troublefree history or affiliation with commercial companies. In fact, there are instances in which securities firms have benefitted greatly from the capital a commercial affiliate has contributed. Additionally, allowing financial holding companies (F.H.C.s) to invest a percentage of their domestic gross revenues in non-financial activities will provide companies with a source of capital and will help F.H.C.s.

The Commerce Committee reported out this with a 5% commercial basket. The Banking Committee passed a 15% commercial basket amendment by a 35 to 19 vote. At no point did either committee say that there should be no commercial basket. Modernization legislation can not continue the status quo. This bill must reflect the current market and permit some form of commercial affiliation. Therefore, I would urge my colleagues to oppose this amendment and to support the gentlelady's from New Jersey's amendment to increase the commercial basket to 10%.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Iowa (Mr. LEACH) as a substitute for the amendment offered by the gentlewoman from New Jersey (Mrs. ROUKEMA).

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

Mr. VENTO. Madam Chairman, on that I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 428, further proceedings on the substitute amendment offered by the gentleman from Iowa (Mr. LEACH) will be postponed.

The point of no quorum is considered withdrawn.

It is now in order to consider amendment No. 7 printed in part 2 of House Report 105–531.

AMENDMENT NO. 7 OFFERED BY MR. KINGSTON

Mr. KINGSTON. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. KINGSTON: After section 108 of the Amendment in the Nature of a Substitute, insert the following new section (and conform the table of contents accordingly):

**SEC. 109. GAO STUDY OF ECONOMIC IMPACT ON COMMUNITY BANKS AND OTHER SMALL FINANCIAL INSTITUTIONS.**

(a) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of the projected economic impact that the enactment of this Act will have on financial institutions which have total assets of $100,000,000 or less.

(b) REPORT TO THE CONGRESS.—The Comptroller General of the United States shall submit a report to the Congress before the end of the 6-month period beginning on the date of the date of the enactment of this Act containing the findings and conclusions of the Comptroller General with regard to the study required under subsection (a) and such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

The CHAIRMAN. Pursuant to House Resolution 428, the gentleman from Georgia (Mr. KINGSTON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Madam Chairman, I yield myself such time as I may consume.

This amendment is a very simple one. It simply says that after 6 months of enactment of this legislation that a study will be done on institutions with $100 million or less in assets to see how House Resolution 10 impacts them, and it requires the Comptroller of the Currency to conduct that study and just to be sure that our smaller financial institutions, usually community banks, see if they are negatively impacted by it.

It is not second-guessing the bill as much as it is saying the bill may not be perfect, there may be some unintended consequences that affect the bill if it is passed without this amendment. So all we are trying to do is say, let us take a look at it, let us make

sure that things are working as they are intended to work, and let us get that report back to Congress.

Mr. BLILEY. Madam Chairman, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman from Virginia.

Mr. BLILEY. Madam Chairman, we have looked at the amendment. We think it is a good amendment, and we are prepared to accept it.

Mr. LEACH. Madam Chairman, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman from Iowa.

Mr. LEACH. Madam Chairman, in my view, it is a very thoughtful amendment. We are very appreciative that the gentleman has offered it, and I hope it will be adopted.

Mr. KINGSTON. Reclaiming my time, I appreciate that.

Mr. LAFALCE. Madam Chairman, will the gentleman yield?

Mr. KINGSTON. I yield to the gentleman from New York.

Mr. LAFALCE. Madam Chairman, I concur in the judgments of the gentleman from Virginia (Mr. BLILEY) and the gentleman from Iowa (Mr. LEACH).

Mr. KINGSTON. Madam Chairman, I appreciate that, and I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. NUSSLE). The question is on the amendment offered by the gentleman from Georgia (Mr. KINGSTON).

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

Mr. KINGSTON. Mr. Chairman, on that I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore (Mr. NUSSLE). Pursuant to House Resolution 428, further proceedings on the amendment offered by the gentleman from Georgia (Mr. KINGSTON) will be postponed.

It is now in order to consider Amendment No. 8 printed in part 2 of House Report 105–531.

AMENDMENT NO. 8 OFFERED BY MRS. ROUKEMA

Mrs. ROUKEMA. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mrs. ROUKEMA:

After subtitle H of title I, insert the following new subtitle (and redesignate the subsequent subtitle and conform the table of contents accordingly):

Subtitle I—Deposit Insurance Funds

**SEC. 186. STUDY OF SAFETY AND SOUNDNESS OF FUNDS.**

(a) STUDY REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation shall conduct a study of the following issues with regard to the Bank Insurance Fund and the Savings Association Insurance Fund:

(1) The safety and soundness of the funds and the adequacy of the reserve requirements applicable to the funds in light of—

(A) the size of the insured depository institutions which are resulting from mergers and consolidations since the effective date of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994; and

(B) the affiliation of insured depository institutions with other financial institutions pursuant to this Act and the amendments made by this Act.

(2) The concentration levels of the funds, taking into account the number of members of each fund and the geographic distribution of such members, and the extent to which either fund is exposed to higher risks due to a regional concentration of members or an insufficient membership base relative to the size of member institutions.

(3) Issues relating to the planned merger of the funds, including the cost of merging the funds and the manner in which such costs will be distributed among the members of the respective funds.

(b) REPORT REQUIRED.—

(1) IN GENERAL.—Before the end of the 9-month period beginning on the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall submit a report to the Congress on the study conducted pursuant to subsection (a).

(2) CONTENTS OF REPORT.—The report shall include—

(A) detailed findings of the Board of Directors with regard to the issues described in subsection (a);

(B) a description of the plans developed by the Board of Directors for merging the Bank Insurance Fund and the Savings Association Insurance Fund, including an estimate of the amount of the cost of such merger which would be borne by Savings Association Insurance Fund members; and

(C) such recommendations for legislative and administrative action as the Board of Directors determines to be necessary or appropriate to preserve the safety and soundness of the deposit insurance funds, reduce the risks to such funds, provide for an efficient merger of such funds, and for other purposes.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' has the meaning given to such term in section 3(c) of the Federal Deposit Insurance Act.

(2) BIF AND SAIF MEMBERS.—The terms ''Bank Insurance Fund member'' and ''Savings Association Insurance Fund member'' have the meaning given to such terms in section 7(l) of the Federal Deposit Insurance Act.

The CHAIRMAN pro tempore. Pursuant to House Resolution 428, the gentlewoman from New Jersey (Mrs. ROUKEMA) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Chairman, I will not take the 5 minutes.

This is a very direct and straightforward amendment, and I believe that it can easily be understood. It simply asks for a study to be done. It requires that the FDIC conduct a study regarding the two deposit insurance funds, the Bank Insurance Fund and the Savings Association Insurance Fund, the SAIF.

The FDIC, under this study amendment, would look at the number of institutions in each fund and the risk posed by the concentration of deposits in those individual institutions or in certain regions of the country. The FDIC would be required to address how the funds might be merged and how long such a merger would be taken into effect and how such a merger would be paid for if there were extenuating costs circumstances. The FDIC would be required to file a written report with the Congress within 9 months after enactment.

I think, Mr. Chairman, those of us that have been working on this issue over the years have understood that originally there was a central element of the bill that was going to require integration of the funds, of the deposit insurance funds, and we dropped that because we felt that we did not quite know enough about the costs and how they would be allocated and whether or not indeed there would be enough capital in those deposits.

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So I think that this is the better part of valor so that we cannot abandon the complications of the BIF SAIF implications as we have known them, but I think it gives us an intelligent useful way to take our time, go about it, and know the complexities of it, not only nationwide, but on a regional basis. I think this will serve us well.

Mr. BLILEY. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I am happy to yield to the gentleman from Virginia.

Mr. BLILEY. Mr. Chairman, we have read the amendment. We think it is a good amendment, and we would support the amendment.

Mr. LEACH. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Iowa, the chairman of the Committee on Banking and Financial Services.

Mr. LEACH. Mr. Chairman, again, I think this is a very thoughtful amendment, and I am delighted the gentlewoman has brought it to the attention of the House and urge its adoption.

Mr. LAFALCE. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Chairman, I would concur in the judgments of the gentleman from Virginia (Mr. BLILEY) and the gentleman from Iowa (Mr. LEACH).

Mr. Chairman, this amendment would require the FDIC to produce a study on the BIF and SAIF Funds within 9 months of the date of enactment.

The Study would focus on concentration in the two funds. The FDIC would look at the number of banks or savings associations in the particular fund. They would tell us if concentration in terms of the percentage of deposits, number of institutions or regional concentration pose any Safety and Soundness Concerns.

The FDIC would also report on how it will merge the two funds, how long it will take, the expected cost and how the costs would be divided among the members of the Deposit Insurance Funds.

Mr. Chairman, many of the members of the Banking Committee are worried about the deposit insurance funds. With respect to the SAIF—which insures savings associations—the largest savings association in the United States—Washington Mutual—accounts for over 11% of the deposit which are insured by the SAIF. They are based primarily on the West Coast of the United States. We are particularly concerned about the concentration of savings association deposits on the West Coast.

With respect to the bank insurance fund, the recent merger of NationsBank and BankAmerica raises a smaller, but similar, issue. The combined bank will hold roughly 8.6% of the deposits which are insured by the BIF. We are not quite as concerned about regional concentration with respect to the BIF as we are with the SAIF.

The FDIC has said in recent testimony before the House Banking Committee that they would like to have the insurance funds merged. Several members, including Mr. MCCOLLUM and myself, are very concerned about concentration also, and would like to see the funds merged.

I believe we should not prejudge the situation but request a report which will form the basis for further Congressional Action.

The CHAIRMAN pro tempore (Mr. NUSSLE). Is there a Member who rises in opposition to the amendment from the gentlewoman from New Jersey?

Seeing none, the question is on the amendment offered by the gentlewoman from New Jersey (Mrs. ROUKEMA).

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

Mrs. ROUKEMA. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 428, further proceedings on the amendment offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to House Resolution 428, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Substitute amendment No. 6 offered by the gentleman from Iowa (Mr. LEACH), amendment No. 5 offered by the gentlewoman from New Jersey (Mrs. ROUKEMA), amendment No. 7 offered by the gentleman from Georgia (Mr. KINGSTON), and amendment No. 8 offered by the gentlewoman from New Jersey (Mrs. ROUKEMA).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 6 OFFERED BY MR. LEACH

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on amendment No. 6 offered by the gentleman from Iowa (Mr. LEACH) as a substitute for amendment No. 5 offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 229, noes 193, not voting 10, as follows:

[Roll No 146]

AYES—229

| | | |
|---|---|---|
| Abercrombie | Gejdenson | Nadler |
| Aderholt | Gephardt | Nethercutt |
| Andrews | Gibbons | Northup |
| Archer | Gilchrest | Norwood |
| Bachus | Gillmor | Nussle |
| Baesler | Gilman | Oberstar |
| Baldacci | Goode | Obey |
| Ballenger | Goodling | Olver |
| Barr | Goss | Ortiz |
| Barrett (NE) | Graham | Oxley |
| Barrett (WI) | Gutierrez | Packard |
| Barton | Gutknecht | Pallone |
| Bass | Hamilton | Pappas |
| Becerra | Hansen | Parker |
| Bereuter | Hastings (WA) | Pease |
| Berman | Herger | Pelosi |
| Berry | Hilleary | Peterson (MN) |
| Bilirakis | Hinchey | Peterson (PA) |
| Bishop | Hinojosa | Petri |
| Blagojevich | Hobson | Pickering |
| Bliley | Horn | Pickett |
| Blunt | Hostettler | Pombo |
| Boehlert | Houghton | Pomeroy |
| Bonilla | Hoyer | Portman |
| Bonior | Hulshof | Poshard |
| Borski | Hutchinson | Pryce (OH) |
| Boswell | Hyde | Quinn |
| Boyd | Inglis | Redmond |
| Brady | Istook | Regula |
| Calvert | Jackson (IL) | Reyes |
| Camp | Jenkins | Riley |
| Campbell | John | Rivers |
| Canady | Johnson (CT) | Rodriguez |
| Cannon | Johnson (WI) | Rogers |
| Cardin | Kanjorski | Ros-Lehtinen |
| Chabot | Kaptur | Rothman |
| Chambliss | Kasich | Roybal-Allard |
| Chenoweth | Kennedy (MA) | Rush |
| Clement | Kennedy (RI) | Sabo |
| Coble | Kildee | Sanders |
| Coburn | Kim | Sandlin |
| Collins | Kingston | Sanford |
| Combest | Kleczka | Saxton |
| Condit | Klug | Scarborough |
| Conyers | Kolbe | Schaefer, Dan |
| Cooksey | Kucinich | Shadegg |
| Costello | Latham | Shaw |
| Cox | Leach | Shimkus |
| Cramer | Lewis (CA) | Sisisky |
| Crane | Lipinski | Skeen |
| Crapo | LoBiondo | Skelton |
| Cubin | Lofgren | Slaughter |
| Cummings | Lucas | Smith (NJ) |
| Danner | Luther | Smith (OR) |
| Davis (VA) | Maloney (NY) | Smith (TX) |
| Deal | Manzullo | Smith, Linda |
| DeFazio | Markey | Snyder |
| Delahunt | Martinez | Souder |
| Diaz-Balart | Matsui | Sununu |
| Dicks | McCarthy (MO) | Taylor (NC) |
| Dixon | McCrery | Thomas |
| Doolittle | McDade | Thune |
| Duncan | McDermott | Tierney |
| Edwards | McHugh | Torres |
| Ehlers | McInnis | Traficant |
| Emerson | McIntosh | Upton |
| Ensign | McIntyre | Wamp |
| Evans | McKeon | Waters |
| Ewing | Menendez | Watkins |
| Fawell | Metcalf | Waxman |
| Filner | Mica | Weller |
| Fowler | Millender-McDonald | Whitfield |
| Fox | Miller (CA) | Wicker |
| Franks (NJ) | Miller (FL) | Wolf |
| Frelinghuysen | Minge | Woolsey |
| Gallegly | Moran (KS) | Young (FL) |
| Ganske | | |

NOES—193

| | | |
|---|---|---|
| Ackerman | Armey | Barcia |
| Allen | Baker | Bartlett |
| Bentsen | Hefley | Porter |
| Bilbray | Hill | Price (NC) |
| Blumenauer | Hilliard | Rahall |
| Boehner | Hoekstra | Ramstad |
| Bono | Holden | Rangel |
| Boucher | Hooley | Riggs |
| Brown (CA) | Hunter | Roemer |
| Brown (FL) | Jackson-Lee (TX) | Rogan |
| Brown (OH) | Jefferson | Rohrabacher |
| Bryant | Johnson, E. B. | Roukema |
| Bunning | Johnson, Sam | Royce |
| Burr | Jones | Ryun |
| Burton | Kelly | Salmon |
| Buyer | Kennelly | Sanchez |
| Callahan | Kilpatrick | Sawyer |
| Capps | Kind (WI) | Schaffer, Bob |
| Carson | King (NY) | Schumer |
| Castle | Klink | Scott |
| Clay | Knollenberg | Sensenbrenner |
| Clayton | LaFalce | Serrano |
| Clyburn | LaHood | Sessions |
| Cook | Lampson | Shays |
| Coyne | Lantos | Sherman |
| Cunningham | Largent | Shuster |
| Davis (FL) | LaTourette | Smith (MI) |
| Davis (IL) | Lazio | Smith, Adam |
| DeGette | Lee | Snowbarger |
| DeLauro | Levin | Solomon |
| DeLay | Lewis (GA) | Spratt |
| Deutsch | Lewis (KY) | Stabenow |
| Dickey | Linder | Stark |
| Dingell | Livingston | Stearns |
| Doggett | Lowey | Stenholm |
| Dooley | Maloney (CT) | Stokes |
| Doyle | Manton | Strickland |
| Dreier | Mascara | Stump |
| Dunn | McCarthy (NY) | Stupak |
| Ehrlich | McCollum | Talent |
| Engel | McGovern | Tanner |
| English | McHale | Tauscher |
| Eshoo | McKinney | Tauzin |
| Etheridge | McNulty | Taylor (MS) |
| Everett | Meehan | Thompson |
| Farr | Meek (FL) | Thornberry |
| Fattah | Meeks (NY) | Thurman |
| Fazio | Mink | Tiahrt |
| Foley | Moakley | Towns |
| Ford | Mollohan | Turner |
| Fossella | Moran (VA) | Velazquez |
| Frank (MA) | Morella | Vento |
| Frost | Murtha | Visclosky |
| Furse | Myrick | Walsh |
| Gekas | Neal | Watt (NC) |
| Goodlatte | Neumann | Watts (OK) |
| Gordon | Ney | Weldon (FL) |
| Granger | Owens | Weldon (PA) |
| Green | Pascrell | Wexler |
| Greenwood | Pastor | Weygand |
| Hall (OH) | Paul | White |
| Hall (TX) | Paxon | Wise |
| Hastert | Payne | Wynn |
| Hastings (FL) | Pitts | Young (AK) |
| Hayworth | | |

NOT VOTING—10

| | | |
|---|---|---|
| Bateman | Harman | Spence |
| Christensen | Hefner | Yates |
| Forbes | Radanovich | |
| Gonzalez | Skaggs | |

□ 1924

Messrs. LIVINGSTON, HEFLEY, ROGAN, WALSH, DOGGETT, GEKAS, JONES, and BRYANT changed their vote from ''aye'' to ''no.''

Messrs. OXLEY, KIM, DICKS, GANSKE, KENNEDY of Massachusetts, WAXMAN, MCKEON, MCINTOSH, ISTOOK, MCDERMOTT, MILLER of California, ADERHOLT, BASS, DELAHUNT, POMEROY, MICA, DOOLITTLE, GOODLING, and SHIMKUS, Ms. RIVERS, and Ms. LOFGREN changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to House Resolution 428, the Chair announces that she will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will

be taken on each amendment on which the Chair has postponed further proceedings.

PARLIAMENTARY INQUIRY

Mrs. ROUKEMA. Madam Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Mrs. ROUKEMA. Madam Chairman, I have had many, many questions in the last few minutes, that Members were rather confused on what they were voting on. Will the Chair please explain what this second vote will be, with precision?

The CHAIRMAN. The Chair is about to put the question on the Roukema amendment, as amended by the substitute by the gentleman from Iowa (Mr. LEACH), on which the committee just voted.

Mrs. ROUKEMA. I think Members have to understand that would mean that it would change the bill to include no commercial basket.

The CHAIRMAN. The Chair cannot interpret the amendment.

Mrs. ROUKEMA. Who can then? Who can?

AMENDMENT NO. 5 OFFERED BY MRS. ROUKEMA, AS AMENDED

The CHAIRMAN. The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

The CHAIRMAN. The question is on Amendment No. 5 offered by the gentlewoman from New Jersey (Mrs. ROUKEMA), as amended.

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

RECORDED VOTE

Mrs. ROUKEMA. Madam Chairman, I demand a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5 minute vote.

The vote was taken by electronic device, and there were—ayes 218, noes 204, not voting 10, as follows:

[Roll No. 147]

AYES—218

| | | |
|---|---|---|
| Abercrombie | Buyer | Dunn |
| Aderholt | Calvert | Ehlers |
| Andrews | Camp | Emerson |
| Archer | Campbell | Ensign |
| Bachus | Canady | Evans |
| Baesler | Cardin | Ewing |
| Baldacci | Chabot | Fawell |
| Ballenger | Chambliss | Filner |
| Barr | Chenoweth | Foley |
| Barrett (NE) | Clement | Fowler |
| Barrett (WI) | Coble | Fox |
| Barton | Coburn | Franks (NJ) |
| Bass | Collins | Frelinghuysen |
| Becerra | Combest | Gallegly |
| Bentsen | Condit | Ganske |
| Bereuter | Cooksey | Gejdenson |
| Berman | Costello | Gekas |
| Berry | Cox | Gephardt |
| Bilirakis | Cramer | Gibbons |
| Bishop | Crane | Gilchrest |
| Bliley | Crapo | Gillmor |
| Blunt | Danner | Gilman |
| Boehlert | Deal | Goode |
| Bonior | DeFazio | Goodling |
| Bono | Delahunt | Goss |
| Borski | Diaz-Balart | Graham |
| Boswell | Dicks | Gutierrez |
| Boyd | Dixon | Gutknecht |
| Brady | Doolittle | Hall (OH) |
| Burton | Duncan | Hamilton |
| Hansen | McCarthy (MO) | Rodriguez |
| Hastings (WA) | McCrery | Rogers |
| Herger | McDade | Ros-Lehtinen |
| Hilleary | McDermott | Rothman |
| Hinchey | McHugh | Roybal-Allard |
| Hinojosa | McInnis | Sabo |
| Hobson | McIntosh | Sanders |
| Horn | McIntyre | Sandlin |
| Hostettler | McKeon | Sanford |
| Houghton | Menendez | Saxton |
| Hoyer | Metcalf | Scarborough |
| Hulshof | Mica | Schaefer, Dan |
| Hunter | Miller (CA) | Shadegg |
| Hutchinson | Miller (FL) | Shaw |
| Inglis | Minge | Sisisky |
| Istook | Moran (KS) | Skeen |
| Jackson (IL) | Murtha | Skelton |
| Jenkins | Nethercutt | Smith (NJ) |
| Johnson (CT) | Northup | Smith (TX) |
| Johnson (WI) | Norwood | Smith, Linda |
| Jones | Nussle | Snyder |
| Kanjorski | Oberstar | Souder |
| Kasich | Obey | Stark |
| Kennedy (MA) | Olver | Sununu |
| Kennedy (RI) | Ortiz | Taylor (MS) |
| Kildee | Oxley | Taylor (NC) |
| Kingston | Pallone | Thomas |
| Kleczka | Parker | Thune |
| Klug | Pease | Tierney |
| Kolbe | Pelosi | Torres |
| Kucinich | Peterson (MN) | Traficant |
| Lampson | Peterson (PA) | Upton |
| Latham | Petri | Wamp |
| Leach | Pickering | Waters |
| Lipinski | Pickett | Watkins |
| Lofgren | Pomeroy | Waxman |
| Lucas | Portman | Weller |
| Luther | Poshard | Whitfield |
| Maloney (NY) | Redmond | Wicker |
| Manzullo | Regula | Wolf |
| Markey | Reyes | Woolsey |
| Martinez | Riley | Young (FL) |
| Matsui | Rivers | |

NOES—204

| | | |
|---|---|---|
| Ackerman | Fazio | Mascara |
| Allen | Forbes | McCarthy (NY) |
| Armey | Ford | McCollum |
| Baker | Fossella | McGovern |
| Barcia | Frank (MA) | McHale |
| Bartlett | Frost | McKinney |
| Bilbray | Furse | McNulty |
| Blagojevich | Goodlatte | Meehan |
| Blumenauer | Gordon | Meek (FL) |
| Boehner | Granger | Meeks (NY) |
| Bonilla | Green | Millender-McDonald |
| Boucher | Greenwood | Mink |
| Brown (CA) | Hall (TX) | Moakley |
| Brown (FL) | Hastert | Mollohan |
| Brown (OH) | Hastings (FL) | Moran (VA) |
| Bryant | Hayworth | Morella |
| Bunning | Hefley | Myrick |
| Burr | Hill | Nadler |
| Callahan | Hilliard | Neal |
| Cannon | Hoekstra | Neumann |
| Capps | Holden | Ney |
| Carson | Hooley | Owens |
| Castle | Hyde | Packard |
| Clay | Jackson-Lee (TX) | Pappas |
| Clayton | Jefferson | Pascrell |
| Clyburn | John | Pastor |
| Conyers | Johnson, E.B. | Paul |
| Cook | Johnson, Sam | Paxon |
| Coyne | Kelly | Payne |
| Cubin | Kennelly | Pitts |
| Cummings | Kilpatrick | Pombo |
| Cunningham | Kim | Porter |
| Davis (FL) | Kind (WI) | Price (NC) |
| Davis (IL) | King (NY) | Pryce (OH) |
| Davis (VA) | Klink | Quinn |
| DeGette | Knollenberg | Rahall |
| DeLauro | LaFalce | Ramstad |
| DeLay | LaHood | Rangel |
| Deutsch | Lantos | Riggs |
| Dickey | Largent | Roemer |
| Dingell | LaTourette | Rogan |
| Doggett | Lazio | Rohrabacher |
| Dooley | Lee | Roukema |
| Doyle | Levin | Royce |
| Dreier | Lewis (CA) | Rush |
| Edwards | Lewis (GA) | Ryun |
| Ehrlich | Lewis (KY) | Salmon |
| Engel | Linder | Sanchez |
| English | Livingston | Sawyer |
| Eshoo | LoBiondo | Schaffer, Bob |
| Etheridge | Lowey | Schumer |
| Everett | Maloney (CT) | Scott |
| Farr | Manton | Sensenbrenner |
| Fattah | Serrano | Stenholm |
| Sessions | Stokes | Velazquez |
| Shays | Strickland | Vento |
| Sherman | Stump | Visclosky |
| Shimkus | Stupak | Walsh |
| Shuster | Talent | Watt (NC) |
| Slaughter | Tanner | Watts (OK) |
| Smith (MI) | Tauscher | Weldon (FL) |
| Smith (OR) | Tauzin | Weldon (PA) |
| Smith, Adam | Thompson | Wexler |
| Snowbarger | Thornberry | Weygand |
| Solomon | Thurman | White |
| Spratt | Tiahrt | Wise |
| Stabenow | Towns | Wynn |
| Stearns | Turner | Young (AK) |

NOT VOTING—10

| | | |
|---|---|---|
| Bateman | Hefner | Spence |
| Christensen | Kaptur | Yates |
| Gonzalez | Radanovich | |
| Harman | Skaggs | |

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Messrs. SPRATT, JOHN, RUSH, and EDWARDS changed their vote from ''aye'' to ''no.''

Ms. WATERS and Mr. HUNTER changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 7 OFFERED BY MR. KINGSTON

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment No. 7 offered by the gentleman from Georgia (Mr. KINGSTON) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

PARLIAMENTARY INQUIRY

Mr. SABO. Madam Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SABO. Madam Chairman, is this a request for a rollcall vote on an amendment which passed without dissent?

The CHAIRMAN. A recorded vote was requested.

Mr. SABO. Madam Chairman, the amendment was accepted by all the managers of the bill without dissent?

The CHAIRMAN. The Chair shortly will ask those in support of a recorded vote to rise. The Chair did not happen to be presiding at the time that that vote took place.

Mr. SABO. Maybe we should vote ''no.''

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 404, noes 18, answered ''present'' 1, not voting 9, as follows:

[Roll No. 148]

AYES—404

| | | |
|---|---|---|
| Ackerman | Bachus | Barr |
| Aderholt | Baesler | Barrett (NE) |
| Allen | Baker | Barrett (WI) |
| Andrews | Baldacci | Bartlett |
| Archer | Ballenger | Barton |
| Armey | Barcia | Bass |

Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Filner
Foley
Forbes
Ford
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Salmon
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Towns
Traficant
Turner
Upton
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NOES—18

Abercrombie
Blumenauer
Bonior
Conyers
Dooley
Fazio
Kanjorski
Kind (WI)
LaHood
Mink
Oberstar
Parker
Sabo
Sanchez
Stark
Torres
Velazquez
Vento

ANSWERED ''PRESENT''—1

DeFazio

NOT VOTING—9

Bateman
Frank (MA)
Gonzalez
Harman
Hastert
Hefner
Radanovich
Skaggs
Yates

□ 1947

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 8 OFFERED BY MRS. ROUKEMA

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 8 offered by the gentlewoman from New Jersey (Mrs. ROUKEMA) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 406, noes 13, not voting 13, as follows:

[Roll No. 149]

AYES—406

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Bachus
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Foley
Forbes
Ford
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Hastings (FL)
Hastings (WA)
Hayworth
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Neumann
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus

| | | |
|---|---|---|
| Shuster | Stupak | Visclosky |
| Sisisky | Sununu | Walsh |
| Skeen | Talent | Wamp |
| Skelton | Tanner | Waters |
| Slaughter | Tauscher | Watkins |
| Smith (MI) | Tauzin | Watt (NC) |
| Smith (NJ) | Taylor (MS) | Watts (OK) |
| Smith (OR) | Taylor (NC) | Waxman |
| Smith (TX) | Thomas | Weldon (FL) |
| Smith, Adam | Thompson | Weldon (PA) |
| Smith, Linda | Thornberry | Weller |
| Snowbarger | Thune | Wexler |
| Snyder | Thurman | Weygand |
| Solomon | Tiahrt | White |
| Souder | Tierney | Whitfield |
| Spence | Torres | Wicker |
| Spratt | Towns | Wise |
| Stabenow | Traficant | Wolf |
| Stark | Turner | Woolsey |
| Stearns | Upton | Wynn |
| Stokes | Velazquez | Young (AK) |
| Strickland | Vento | Young (FL) |

NOES—13

| | | |
|---|---|---|
| Conyers | LaHood | Sabo |
| Dickey | Oberstar | Stenholm |
| Hefley | Parker | Stump |
| Hostettler | Peterson (MN) | |
| Kanjorski | Pombo | |

NOT VOTING—13

| | | |
|---|---|---|
| Armey | Gonzalez | Radanovich |
| Bass | Harman | Skaggs |
| Bateman | Hefner | Yates |
| Crapo | Lewis (CA) | |
| Frank (MA) | Nethercutt | |

□ 1956

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. It is now in order to consider amendment No. 9 printed in part 2 of House Report 105–531.

AMENDMENT NO. 9 OFFERED BY MR. SANDERS

Mr. SANDERS. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. SANDERS: After section 241 of the Amendment in the Nature of a Substitute, insert the following new section (and conform the table of contents accordingly):

**SEC. 242. STUDY OF LIMITATION ON FEES ASSOCIATED WITH ACQUIRING FINANCIAL PRODUCTS.**

Before the end of the 1-year period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress regarding the efficacy and benefits of uniformly limiting any commissions, fees, markups, or other costs incurred by customers in the acquisition of financial products.

The CHAIRMAN. Pursuant to House Resolution 428, the gentleman from Vermont (Mr. SANDERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, my understanding is that this amendment has the support of both the majority and the minority, and therefore, I will be very, very brief.

Madam Chairman, this amendment simply requires the Controller General of the United States to conduct a study on whether it would be beneficial, in light of the expected consolidation of the financial industry, if H.R. 10 were to pass to establish uniform limits on commissions and other fees charged to consumers who purchase stocks, bonds, insurance, and other financial products.

□ 2000

This amendment would require a report to be submitted to Congress concerning the results of the study within 1 year of enactment of this bill. That is the short version of my speech.

Mr. BLILEY. Madam Chairman, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Virginia.

Mr. BLILEY. Madam Chairman, we have looked at the amendment. We think it is helpful, and we will accept it.

Mr. LEACH. Madam Chairman, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Iowa.

Mr. LEACH. Madam Chairman, likewise, it is a very thoughtful amendment from a very thoughtful Member. I urge its consideration.

Mr. SANDERS. Madam Chairman, I yield back the balance of my time.

The CHAIRMAN. If there is no Member in opposition, the question is on the amendment offered by the gentleman from Vermont (Mr. SANDERS).

The amendment was agreed to.

The CHAIRMAN. The Chair has been advised that amendment No. 10 to have been offered by the gentleman from Massachusetts (Mr. MARKEY) has been withdrawn.

It is now in order to consider amendment No. 11 printed in part 2 of House Report 105–531.

AMENDMENT NO. 11 OFFERED BY MR. METCALF.

Mr. METCALF. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part 2 Amendment No. 11, offered by Mr. METCALF:

After section 401 of the Amendment in the Nature of a Substitute, insert the following new section (and conform the table of contents accordingly):

**SEC. 402. RETENTION OF "FEDERAL" IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.**

Section 2 of the Act entitled ''An Act to enable national banking associations to increase their capital stock and to change their names or locations.'' and approved May 1, 1886 (12 U.S.C. 30) is amended by adding at the end the following new subsection:

''(d) RETENTION OF 'FEDERAL' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.—

''(1) IN GENERAL.—Notwithstanding subsection (a) or any other provision of law, any depository institution the charter of which is converted from that of a Federal savings association to a national bank or a State bank after the date of the enactment of the Financial Services Act of 1998 may retain the term 'Federal' in the name of such institution so long as such depository institution remains an insured depository institution.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution', 'insured depository institution', 'national bank', and 'State bank' have the same meanings given to such terms in section 3 of the Federal Deposit Insurance Act.''.

The CHAIRMAN. Pursuant to House Resolution 428, the gentleman from Washington (Mr. METCALF) and the gentleman from Texas (Mr. BENTSEN) each will control 5 minutes.

The Chair recognizes the gentleman from Washington (Mr. METCALF).

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

Mr. METCALF. Madam Chairman, I yield myself such time as I may consume.

It is my understanding that the minority does not oppose what I consider to be just clearly a technical amendment. I would like to thank the gentleman from Iowa (Mr. LEACH), the gentleman from Virginia (Mr. BLILEY) and, of course, the gentleman from New York (Mr. SOLOMON) and the consideration of my ranking members, the gentleman from New York (Mr. LAFALCE) and the gentleman from Michigan (Mr. DINGELL) for allowing me to bring this technical amendment that would assist over 500 financial institutions across the country.

This amendment would simply change the law to allow federally chartered financial institutions that have the word ''Federal'' in their name or in their title to opt for a State banking charter if they so choose.

Last year, when this issue came up in the Committee on Banking and Financial Services during markup of H.R. 10, this same amendment passed unanimously.

Over 500 financial institutions across the country are hamstrung because they have the word ''Federal'' in their name. Some of these banks and thrifts may be over 100 years old and would like to benefit from the dual banking system and would simply like to change from a national charter to a State charter without having to change their name.

I urge my colleagues to support this amendment to bring parity and fairness for all financial institutions. Like financial modernization, let us bring forth a level playing field for all financial institutions to have flexibility not only in the marketplace but also in the ability to change from a national to State charter.

Mr. BLILEY. Madam Chairman, will the gentleman yield?

Mr. METCALF. I yield to the gentleman from Virginia.

Mr. BLILEY. Madam Chairman, we have looked at the amendment. We think it is a good amendment, and we are prepared to support it.

Mr. LEACH. Madam Chairman, will the gentleman yield?

Mr. METCALF. I yield to the gentleman from Iowa.

Mr. LEACH. Madam Chairman, I also believe that what the gentleman is doing makes sense.

I would only also stress what an enormous contribution he has made to the committee this year. I think this is a worthy amendment.

Mr. METCALF. I appreciate those comments.

Madam Chairman, I reserve the balance of my time.

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

Mr. BENTSEN. Madam Chairman, I yield myself such time as I may consume.

If I might, I would like to engage the gentleman from Washington in a colloquy if I could ask him a question about his amendment.

If I understand this correctly, if you have a bank or savings bank or thrift which is currently federally chartered and has the name ''Federal'' in it and then, as of this bill, that thrift or that bank decides to recharter as a State thrift or State bank, even though they will be a State institution, they can keep the name ''Federal'' or keep the word ''Federal'' in their name; is that correct?

Mr. METCALF. Madam Chairman, will the gentleman yield?

Mr. BENTSEN. I yield to the gentleman from Washington.

Mr. METCALF. If my amendment goes through, that is correct. Many of them have had the name for a long time and would like to transfer to a State charter without having to change their name.

Mr. BENTSEN. Madam Chairman, as we understand, current law does not allow for any institution which switches a charter from Federal to State or State to Federal to retain the previous name of origin, if you will, in their name, that they were a State bank or Federal bank.

Mr. METCALF. Madam Chairman, if the gentleman will continue to yield, I know that one cannot, if they have the name ''Federal'', cannot switch to a State charter today.

Mr. BENTSEN. I thank the gentleman.

If you have a State and you go to a Federal, could you retain State in your name under this amendment?

Mr. METCALF. Madam Chairman, I do not think that my amendment touches that.

Mr. BENTSEN. I thank the gentleman.

My only concern with this, and I think all of us are concerned with this legislation in terms of consumer protection and disclosure and appearances of whether or not there is some sort of taxpayer-backed guarantee to other financial activities that banks or thrifts are getting into. The problem I have with this particular amendment is that we are going to take the moniker of Federal and allow it to be used for nonfederally chartered institutions. I am not an expert on banking law, but I would imagine this is highly unprecedented.

I appreciate what the gentleman is trying to do. I am a strong supporter of the dual banking system, as the gentleman knows from our work together on the Committee on Banking and Financial Services, but I think this raises a lot of questions with respect to proper disclosure. And I think that you have the problem that a depositor comes into a bank and they think it is a federally chartered bank, maybe they think it is still regulated by the Comptroller of the Currency, but it has shifted to a State-chartered bank. They may feel that they have more protections because the name Federal is in there than what they might have under a State charter. I appreciate what the gentleman is doing, but I have to oppose the amendment.

Madam Chairman, I reserve the balance of my time.

Mr. METCALF. Madam Chairman, I yield myself such time as I may consume.

I would answer in this way, that the important factor is that State-chartered institutions are still regulated by the Federal Reserve. They must carry Federal deposit insurance and they must still pay Federal taxes. In that regard, I think that the amendment is legitimate.

Mr. LAFALCE. Madam Chairman, will the gentleman yield?

Mr. METCALF. I yield to the gentleman from New York.

Mr. LAFALCE. Madam Chairman, initially I had a conversation with the distinguished author of the amendment in which I said I would probably defer to the judgment of the chairman of the Committee on Banking and Financial Services on this issue. But I regret to inform him that now that I have reflected upon it, I feel compelled to oppose his amendment.

I simply think it is misleading and it would also assist in the tendency that this bill will promote having national banks convert to a State charter. That is the effect, I think, of the governing structures that we have created in the bill.

Now, the gentleman's amendment, I think, would make it a bit easier because they would be able to convert to the State charter, but still retain the word ''Federal.'' So it is with deep reluctance, but after reflection and consideration, hearing the gentleman from Texas (Mr. BENTSEN), I feel constrained to oppose the gentleman's amendment.

Mr. BENTSEN. Madam Chairman, how much time remains on both sides?

The CHAIRMAN. The gentleman from Washington (Mr. METCALF) has 30 seconds remaining, and the gentleman from Texas (Mr. BENTSEN) has 2 minutes remaining.

Mr. BENTSEN. Madam Chairman, who has the right to close?

The CHAIRMAN. The gentleman from Texas (Mr. BENTSEN) has the right to close.

Mr. BENTSEN. Madam Chairman, I reserve the balance of my time.

Mr. METCALF. Madam Chairman, I yield myself such time as I may consume.

I would just reiterate that the important factor is that State-chartered institutions still are regulated by the Federal Reserve, carry Federal deposit insurance and must still pay Federal taxes. I think this is legitimate, to not force them to change the name that many of them have had for 100 years. I think that that is unfortunate if they want to change to a State charter.

Mr. BENTSEN. Madam Chairman, I yield myself the balance of my time.

I have nothing but great respect for my colleague from Washington State. I think his amendment is well-intentioned but problematic. He mentions that State-chartered banks are still regulated by the Federal Reserve, but we also have State-chartered banks that are nonmember banks which are not members of the Federal Deposit Insurance Corporation, which means that you could switch your charter and create a bank, and there are still some in Texas, I believe, that are State-chartered banks that are not protected by the FDIC. But if you retain ''Federal,'' retain the Dime Box Federal Bank, someone might go in and think that they are still an FDIC bank.

I am sure that when everybody walks into the bank, they look on the glass door there to make sure it says FDIC protection, they read all the language that is in there so they know. But I just think with all of our concern that has been raised today, whether it is the consumer protections which I support, or this issue of whether or not there is an implicit subsidy that occurs through operating subsidiaries or even as the chairman of the Federal Reserve, Mr. Greenspan says, with affiliates through holding companies, that this gives the wrong appearance.

Quite frankly, I would just close by saying, this is one amendment where I cannot quote the chairman of the Federal Reserve and apparently no one else can. It is surprising, because we have heard his comments on every other amendment that we have addressed, but my feeling is probably, and I do not want to speak for the Fed chairman, but my feeling is probably if you push the Fed on this, they probably would not think this is a particularly good idea as well. Certainly anybody who is involved in disclosure would probably think this is not a good idea.

I think the gentleman is very well intentioned in what he is trying to do. I do support the dual banking system, but I am not sure that we want to do this. Therefore, I would ask my colleagues to oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. METCALF).

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

Mr. KLECZKA. Madam Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 428, further proceedings on the amendment offered by the gentleman from Washington (Mr. METCALF) will be postponed.

It is now in order to consider amendment No. 12 printed in part 2 of House report 105–531.

AMENDMENT NO. 12 OFFERED BY MR. MORAN OF VIRGINIA

Mr. MORAN of Virginia. Madam Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part 2, amendment No. 12, offered by Mr. MORAN of Virginia: At the end of section 305 of the Amendment in the Nature of a Substitute insert the following new sentence: ''This section shall cease to have effect 5 years after the date of the enactment of this Act.''.

The CHAIRMAN. Pursuant to House Resolution 428, the gentleman from Virginia (Mr. MORAN) and the gentleman from Virginia (Mr. BLILEY), each will control 5 minutes.

Does the gentleman from Virginia (Mr. BLILEY) oppose the amendment?

Mr. BLILEY. Madam Chairman, we are prepared to accept the amendment.

The CHAIRMAN. Is there a Member in opposition to the amendment?

Mr. DINGELL. Madam Chairman, we are happy to accept the amendment over here.

The CHAIRMAN. Without objection, the gentleman from Virginia (Mr. BLILEY) will be recognized for 5 minutes.

There was no objection.

Mr. MORAN of Virginia. Madam Chairman, I yield myself such time as I may consume.

I know when I am ahead and I will keep this brief, but just simply explain that this amendment would sunset, that is, repeal after 5 years the requirement that any bank that is not currently selling insurance products would not have to purchase an insurance agency that has been regulated within their State for at least 2 years. That reduces the competition, and this is obviously a compromise amendment that will at least take this prohibition away and produce greater competition in the marketplace. It was a fairly restrictive amendment. By providing 5 years before the sunset, I do not think any of the industries are going to take particular exception to it.

I appreciate the fact that there is no opposition to it.

Madam Chairman, I yield to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Madam Chairman, I commend the gentleman for his amendment. I recommend it to my colleagues, but I think this just points out one of the major problems with this bill in that, throughout this bill, this measure has treated national banks in a disparate manner. It is suggested that for only 5 years you cannot go into a State, under modernization and deregulation, mind you, you cannot go into a State and start de novo, that is, start from scratch, an insurance business under this deregulation bill for only 5 years. And then after that 5 years, now, with this amendment, of course, it was forever based on what was in the bill. So the gentleman has made a great improvement in the bill.

Unfortunately, it still has restrictions for towns of 5,000 for the sale of insurance for banks. It still has restrictions that treat national banks in a different way than they treat State banks for the purpose of insurance. It still has in the bill restrictions in terms of the sale of title insurance, in terms of national banks.

□ 2015

So on and on it goes with this disparate treatment. And this is one more reason, I am afraid, that this bill should not be passed.

And I commend the gentleman for trying to improve it, it just does not improve it enough. I think we needed a lot more than what is in this one amendment that they permitted the gentleman to offer.

Mr. OXLEY. Madam Chairman, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Ohio.

Mr. OXLEY. Madam Chairman, I thank my friend from Virginia, and let me commend him on his amendment. I was at the Committee on Rules when he offered the amendment.

To correct my friend from Minnesota, this was the product of a very carefully balanced compromise between warring parties that have been at this for at least 20 years. We finally got an agreement with many of the banks and with the insurance industry and the agents to finally put this issue behind us. That was the essence of what this compromise is all about.

Did it give the banks everything they wanted? Of course, not. And the gentleman from Minnesota seems to think that that is the way it ought to be. I would suggest to the gentleman that this was a product of a reasonable compromise. That is what this bill is all about. The gentleman's amendment will provide, I think, a meaningful amendment.

Let me just say, in closing, I commend the gentleman on his amendment but simply say that the gentleman from Minnesota wants it all and that is not the way the process works around here.

Mr. VENTO. Madam Chairman, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Minnesota.

Mr. VENTO. The gentleman from Minnesota does not want it all, but he wants a level playing field to permit banks that are national to have the same rights of banks that are State. And this bill does not do it. And it is intentional.

I understand it was a tough negotiation. I commend the gentleman. But the only thing balanced about this is the deal that is being offered to the House. I do not think it is good enough. I commend the gentleman for trying to improve it but it does not go far enough.

Mr. MORAN of Virginia. Madam Chairman, I thank my two friends and colleagues for expanding the battlefield upon which this amendment might be considered, but again let me just say that without this amendment the bill would have created a situation where some banks can continue to sell insurance under current Federal and State guidelines while other banks would be forced to buy an insurance agency first before they can sell the very same insurance products.

I appreciate the support that it has.

The CHAIRMAN. Does the gentleman from Virginia (Mr. BLILEY) wish to consume the balance of the time?

Mr. BLILEY. Madam Chairman, I yield back the balance of the time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. MORAN).

The amendment was agreed to.

AMENDMENT NO. 11 OFFERED BY MR. METCALF

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Washington (Mr. METCALF) on which further proceedings were postponed, and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was refused.

On a division (demanded by Mr. KLECZKA) there were ayes 14, noes 7.

So the amendment was agreed to.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. BARRETT of Nebraska) having assumed the chair, Mrs. EMERSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes, pursuant to House Resolution 428, she reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole?

Mr. KLECZKA. Mr. Speaker, I demand a separate recorded vote on amendment No. 11, the so-called Metcalf amendment.

The SPEAKER pro tempore. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment:

After section 401 of the Amendment in the Nature of a Substitute, insert the following new section (and conform the table of contents accordingly):

**SEC. 402. RETENTION OF "FEDERAL" IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION.**

Section 2 of the Act entitled ''an Act to enable national banking associations to increase their capital stock and to change their names or locations.'' and approved May 1, 1886 (12 U.S.C. 30) is amended by adding at the end the following new subsection:

''(d) RETENTION OF 'FEDERAL' IN NAME OF CONVERTED FEDERAL SAVINGS ASSOCIATION—

''(1) IN GENERAL.—Notwithstanding subsection (a) or any other provision of law, any depository institution the charter of which is converted from that of a Federal savings association to a national bank or a State bank after the date of the enactment of the Financial Services Act of 1998 may retain the term 'Federal' in the name of such institution so long as such depository institution remains an insured depository institution.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'depository institution', 'insured depository institution', 'national bank', and 'State bank' have the same meanings given to such terms in section 3 of the Federal Deposit Insurance Act.''.

Mrs. ROUKEMA (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

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

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

Mr. METCALF. 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 256, nays 166, not voting 10, as follows:

[Roll No. 150]

YEAS—256

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bilbray
Bilirakis
Bliley
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Brady
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Cooksey
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeGette
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Etheridge
Everett
Ewing
Fawell
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson-Lee (TX)
Jenkins
John
Johnson, Sam
Jones
Kasich
Kelly
Kilpatrick
Kim
King (NY)
Kingston
Klug
Knollenberg
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Livingston
LoBiondo
Lofgren
Lucas
Manton
Manzullo
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Millender-McDonald
Miller (FL)
Moran (KS)
Morella
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pallone
Pappas
Parker
Paul
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Redmond
Regula
Riggs
Riley
Rivers
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Rush
Ryun
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stabenow
Stenholm
Stump
Stupak
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Turner
Upton
Visclosky
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NAYS—166

Abercrombie
Ackerman
Allen
Andrews
Baesler
Baldacci
Barrett (WI)
Becerra
Bentsen
Bereuter
Berman
Berry
Bishop
Blagojevich
Blumenauer
Blunt
Bonior
Borski
Boyd
Brown (CA)
Brown (FL)
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
Delahunt
DeLauro
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Filner
Ford
Furse
Gejdenson
Gephardt
Gillmor
Gordon
Green
Hamilton
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Holden
Hoyer
Jackson (IL)
Jefferson
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Lee
Levin
Lewis (GA)
Lipinski
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McHale
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Poshard
Price (NC)
Reyes
Rodriguez
Roemer
Rothman
Roybal-Allard
Royce
Sabo
Sanchez
Sandlin
Schumer
Serrano
Shays
Sherman
Shimkus
Skelton
Slaughter
Snyder
Spratt
Stark
Stearns
Stokes
Strickland
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Velazquez
Vento
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise

NOT VOTING—10

Bateman
Cox
Doolittle
Frank (MA)
Gonzalez
Harman
Hefner
Radanovich
Skaggs
Yates

□ 2048

Mrs. LOWEY, Mr. ABERCROMBIE and Mr. MINGE changed their vote from ''yea'' to ''nay.''

Ms. WOOLSEY and Messrs. RUSH, DEUTSCH, DIAZ-BALART, and HULSHOF changed their vote from ''nay'' to ''yea.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill 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 bill.

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

RECORDED VOTE

Mr. LAFALCE. 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 213, not voting 6, as follows:

[Roll No. 151]

AYES—214

Ackerman
Andrews
Archer
Armey
Baker
Ballenger
Barcia
Barr
Bartlett
Bass
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Boehlert
Boehner
Bono
Boyd
Brown (OH)
Bryant
Bunning
Burton
Buyer
Calvert
Castle
Chabot
Coble
Collins
Condit
Cook
Cooksey
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cunningham
Deal
DeGette
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dooley
Doolittle
Doyle
Dunn
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Fawell
Fazio
Forbes
Ford
Fossella
Fox
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons

Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Gordon
Goss
Greenwood
Hall (OH)
Hansen
Hastert
Hastings (WA)
Hayworth
Herger
Hill
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hyde
Inglis
John
Johnson (CT)
Johnson, E. B.
Kasich
Kelly
Kennelly
Kim
King (NY)
Kingston
Klug
Knollenberg
Kolbe
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Linder
Livingston
LoBiondo
Lowey
Maloney (NY)
Manton
Markey
McCarthy (NY)
McCrery
McDade
McGovern
McIntosh
McKeon
McNulty
Meeks (NY)
Metcalf
Mica
Miller (FL)
Mollohan
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Paxon
Pease
Pitts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Rangel
Regula
Riggs
Rogan
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Salmon
Sanford
Sawyer
Saxton
Schaefer, Dan
Schumer
Sensenbrenner
Shadegg
Shaw
Shays
Shimkus
Smith (MI)
Smith (NJ)
Smith, Adam
Smith, Linda
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Thomas
Towns
Upton
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Wexler
White
Whitfield
Wise
Wolf
Young (FL)

NOES—213

Abercrombie
Aderholt
Allen
Bachus
Baesler
Baldacci
Barrett (NE)
Barrett (WI)
Barton
Becerra
Bentsen
Bereuter
Berman
Berry
Blumenauer
Blunt
Bonilla
Bonior
Borski
Boswell
Boucher
Brady
Brown (CA)
Brown (FL)
Burr
Callahan
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coburn
Combest
Conyers
Costello
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
Dickey
Dixon
Doggett
Dreier
Duncan
Edwards
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Foley
Fowler
Frank (MA)
Furse
Gephardt
Goode
Graham
Granger
Green
Gutierrez
Gutknecht
Hall (TX)
Hamilton
Hastings (FL)
Hefley
Hilleary
Hilliard
Hinchey
Hinojosa
Hooley
Hoyer
Hulshof
Hunter
Hutchinson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson (WI)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Lee
Lewis (GA)
Lewis (KY)
Lipinski
Lofgren
Lucas
Luther
Maloney (CT)
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCollum
McDermott
McHale
McHugh
McInnis
McIntyre
McKinney
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Moran (KS)
Oberstar
Obey
Olver
Ortiz
Owens
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pombo
Poshard
Ramstad
Redmond
Reyes
Riley
Rivers
Rodriguez
Roemer
Rogers
Rothman
Roybal-Allard
Rush
Ryun
Sabo
Sanchez
Sanders
Sandlin
Scarborough
Schaffer, Bob
Scott
Serrano
Sessions
Sherman
Shuster
Sisisky
Skeen
Skelton
Slaughter
Smith (OR)
Smith (TX)
Snowbarger
Snyder
Stark
Stenholm
Stokes
Taylor (MS)
Thompson
Thornberry
Thune
Thurman
Tiahrt
Tierney
Torres
Traficant
Turner
Velazquez
Vento
Visclosky
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weygand
Wicker
Woolsey
Wynn
Young (AK)

NOT VOTING—6

Bateman
Gonzalez
Harman
Hefner
Skaggs
Yates

☐ 2112

Mr. EWING and Mr. MALONEY of Connecticut changed their vote from ''aye'' to ''no.''

Messrs. ARCHER, MILLER of Florida and STEARNS changed their vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## REPORT CONCERNING NATIONAL EMERGENCY WITH RESPECT TO IRAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 105–252)

The SPEAKER pro tempore (Mr. BARRETT of Nebraska) laid before the House the following message from the President of the United States; which was read and, without objection, referred to the Committee on International Relations and ordered to be printed.

*To the Congress of the United States:*

I hereby report to the Congress on developments since the last Presidential report of November 25, 1997, concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c). This report covers events through March 31, 1998. My last report, dated November 25, 1997, covers events through September 30, 1997.

1. There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535 (the ''IACR''), since my last report.

2. The Iran-United States Claims Tribunal (the ''Tribunal''), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since the period covered in my last report, the Tribunal has rendered one award. This brings the total number of awards rendered by the Tribunal to 585, the majority of which have been in favor of U.S. claimants. As of March 31, 1998, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was $2,480,897,381.53.

Since my last report, Iran has failed to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the $500 million balance required by the Algiers Accords. As of March 31, 1998, the total amount in the Security Account was $125,888,588.35, and the total amount in the Interest Account was $21,716,836.85. Therefore, the United States continues to pursue Case No. A/28, filed in September 1993, to require Iran to meet its obligation under the Algiers Accords to replenish the Security Account.

The United States also continues to pursue Case No. A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal. Iran filed its Rejoinder in this case on February 9, 1998.

3. The Department of State continues to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

On January 16, 1998, the United States filed a major submission in Case No. B/1, a case in which Iran seeks repayment for alleged wrongful charges to Iran over the life of its Foreign Military Sales (FMS) program, including the costs of terminating the program. The January filing primarily addressed Iran's allegation that its FMS Trust Fund should have earned interest.

Under the February 22, 1996, settlement agreement related to the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal (see report of May 16, 1996), the Department of State has been processing payments. As of March 31, 1998, the Department of State has authorized payment to U.S. nationals totaling $13,901,776.86 for 49 claims against Iranian banks. The Department of State has also authorized payments to surviving family members of 220 Iranian victims of the aerial incident, totaling $54,300,000.

During this reporting period, the full Tribunal held a hearing in Case No. A/11 from February 16, through 18. Case No. A/11 concerns Iran's allegations that the United States violated its obligations under Point IV of the Algiers Accords by failing to freeze and gather information about property and assets purportedly located in the United States and belonging to the estate of the late Shah of Iran or his close relatives.

4. U.S. nationals continue to pursue claims against Iran at the Tribunal. Since my last report, the Tribunal has issued an award in one private claim. On March 5, 1998, Chamber One issued an award in *George E. Davidson* v. *Iran*,