editorial, ''No more cosying up to gangsters,'' commenting upon the conviction of eight members of a gang for distributing narcotics in Chicago and the suburbs. There is much to be said, of course, for the decriminalization of drug sales in this country, just as there has been for the decriminalization of gambling. But ''cosying up'' to, and relying upon, such activities, and even promoting them for their revenues pose questions that we seem to have lost sight of about the role of law in sustaining morality.

Far from encouraging morality, we find ourselves catering to vices and trying to exploit them. To some extent, as we have noticed, gambling is a form of self-chosen entertainment less harmful in many ways than some other forms of entertainment. It tends to be for most of the ''players'' more self-correcting than several other forms of self-abuse, such as alcohol and drug addiction.

But this sort of entertainment is not intrinsically satisfying, requiring as it does constant intensification in order to maintain its interest for participants. Thus, it has been noticed by a Haverhill, Massachusetts newspaper (''Opinionline,'' USA-Today, November 13, 1995, p. 13A):

''We've gone from the Sweepstakes era, with a once-a-week, 50-cents-per-ticket drawing, to state-run and fostered gambling industry which is worth millions. The state government is addicted to gambling, as government finds ways to avoid dealing with the issues of how much money it should spend and what tax it ought to levy. But something is drastically wrong when government becomes increasingly dependent on the misfortunes of its people to finance its operations.''

There is something ''realistic'' in recognizing that people will gamble, however much government attempts to suppress it. The considerable lure of gambling, sometimes with catastrophic consequences, has long been known. But what seems to be forgotten from time to time is the price paid, even in economic terms, for widespread gambling. The next decade should see the publication of more and more studies which expose to public view the hidden costs of the revenues that are derived from the gambling industry. These include the effects upon small businesses as large sums of money are siphoned out of the community by casinos. These hidden costs include, as well, the social services that have to be provided the families that are victims of gambling addictions. (The University of Chicago library has extensive entries under the catalogue heading: ''Addictive disorders update: alcoholism, drug abuse, gambling.'')

Even more important than the economic and social costs of intensified addiction is what has been happening (but not only because of the gambling industry) to the authoritative opinions of the community. Hedonism is encouraged along with the notion of getting ''something for nothing.'' Self-centeredness is thereby legitimated, as may be seen in the growing scandal of the level of compensation these days for the chief executive officers of our major corporations (especially when their compensation is compared to that of their equally successful European and Japanese counterparts). It sometimes seems that shamelessness has become the order of the day. . . . A billboard recently on display in Chicago invited us to a Wisconsin Dells casino with the slogan, ''Come to the Land of Milk and Money.'' (This advertisement was illustrated by the drawing of a slot-machine showing three cows lined up: a real winner!) That, we are thus told, is the new Promised Land.

The public should be encouraged in these matters to face up to two sets of delusions. This can help us face up in turn to what we are doing and how best to accommodate ourselves to the vices that human beings are bound to have.

The first set of delusions has to do with what organized gambling depends upon: the systematic fleecing of the ignorant by the informed. Professional gamblers do not believe in gambling any more than professional panderers believe in love: gambling magnates are no more gamblers than casino riverboats are boats. The huge outlays that casino operators are willing to devote to securing licenses reveal what a treasure-trove the well-placed casino must be. The sooner that casino customers recognize that they are suckers, the sooner most of them are likely to entertain themselves some other way.

The second set of delusions has to do with the notion that revenues derived from the gambling industry are a painless substitute for the taxation required for schools and other essential community services. Thus, it can be said that ''money raised through legalized gambling is one of the few forms of taxation that people voluntarily and cheerfully pay.'' (Geis, Not the Law's Business?, p. 237) But for an action to be truly voluntary a minimum of understanding is required. Consider, for example, these observations (''Take a Hard Look at Costs of Gambling,'' Chicago Sun-Times, September 28, 1955:

''Some $330 billion was wagered legally in 1992, up 1,800 percent from 1976. In Mississippi last year, gamblers wagered $29.7 billion, whole total retail sales were only $27.6 billion. Since casinos opened in Atlantic City in 1978, 100 of the 250 restaurants have closed, as have all the movie theaters.''

''Despite evidence that gambling may not be the panacea once thought, legislators continue to legalize gambling as a way to bring money into state coffers. But what are its costs long-term?''

The need for reliable information here, to which I have already referred, may well be served by the current efforts in Congress, by Senator Paul Simon and others, to investigate gambling in this country. The thesis to be tested is that offered last year by a syndicated columnist (William Safire, ''New Evil Empire,'' New York Times, September 28, 1995, p. A17):

''Gambling is a [massive] industry that is inherently immoral, corrupting public officials, enriching criminals, addicting and impoverishing the young and vulnerable.

''But the gambling racket—whether in state-licensed casino, state-sponsored lotteries or on glitzy reservations of phony Indian tribes—has been promoted by public officials as a great way of painlessly raising revenues, with state voters acting as suckers. As a result officially endorsed and government-advertised gambling now has America by the throat.''

A report from Deadwood, South Dakota sums up the suicidal course we have followed in our delusions. A woman who has supported the effort to legalize casinos in 1989 is now appalled upon seeing that the casinos ''have all but wiped out [her] town's retailers'' (James Sterngold, ''Spread of Gambling Prompts Calls for Federal Study of It,'' New York Times, November 24, 1995, emphasis added):

''Strolling past storefront casinos that have replaced everything from the state social services office to the insurance broker and department store, [she] commented, 'I'm homesick all the time and I never left home. We were completely unrealistic.' ''

Perhaps the most troublesome feature of all this may be that we have drifted into a much-changed way of life without much serious study or deliberate choice.

This paper was prepared for the Law Panels at the American Culture Association Convention, Las Vegas, Nevada, March 25, 1996. George Anastaplo is Professor of Law at Loyola University of Chicago.●

THE FORMATION OF THE FINANCIAL INSTITUTION MODERNIZATION WORKING GROUP

● Mr. GRAMS. Mr. President, I rise today to discuss something that probably has not been debated much in the Senate since this body considered the FDIC Improvement Act back in 1991. I want to talk about the need to modernize the outdated laws that govern America's financial services industry.

The vital role that financial services play in our daily lives cannot be understated. We take out loans to go to college, to buy a car, and to purchase a home. We buy insurance to provide greater security to ourselves and our families. We make investments throughout our life so that we may retire in comfort and dignity.

Today, technological advancements and increased innovation in the delivery of financial services make it easier than ever for consumers to get loans, purchase insurance, and invest their earnings. Unfortunately, our archaic and burdensome laws governing financial institutions continue to discourage, rather than encourage, such advancement and innovation.

The laws to which I am referring are not those governing the safety and soundness of financial institutions, such as setting minimum capital requirements or requiring periodic oversight by Federal or State regulators. Safety and soundness laws and regulations are beneficial and necessary, as they enhance the security of the consumer whenever he or she deposits money in a bank or purchases an insurance policy.

The outdated laws that I am referring to are the laws that create barriers to competition by artificially compartmentalizing the three major sectors of financial services—banking, securities, and insurance. For example, under the Banking Act of 1933, more commonly known as the Glass-Steagall Act, banks are generally barred from directly investing in corporate securities, underwriting new corporate issues, or sponsoring mutual funds. Under the Bank Holding Company Act of 1956, securities underwriters, insurance underwriters, and nonfinancial companies are generally prohibited from owning banks or being owned by a bank holding company.

These outdated financial institution laws hurt consumers by artificially increasing the costs of financial services, reducing the availability of financial products, and reducing the level of convenience in the delivery of financial services. These outdated laws hurt small businesses—an engine of job growth in the American economy—by artificially limiting the amount of equity capital available for expanded activity. And finally, these outdated laws weaken the international competitiveness of America's financial institutions by prohibiting them from offering the range of financial services that foreign financial institutions may offer.

It should be noted that the Glass-Steagall Act—which created the compartmentalized structure of financial services that we have today—was based upon the false premise that the massive amount of bank failures that occurred during the Great Depression was caused by the securities activities that these banks conducted. However, just the opposite is true: Diversification in financial services actually increased the safety and soundness of the banks. Between 1929 and 1933, 26.3 percent of all national banks failed. However, the failure rate for those banks that conducted securities activities was lower. Of the national banks in 1929 that either had securities affiliates or had internal bond departments, only 7.2 percent had failed by 1933. The message from these statistics is clear: We should encourage competition and diversification, not discourage it.

Earlier this year, Congress passed a bipartisan and comprehensive legislative initiative to reform the Telecommunications Act and stimulate competition and innovation in the telecommunications industry. Similar action is needed to stimulate the growth and global competitiveness of our financial services industry.

There are currently three financial institution modernization bills that have been proposed: S. 337, the Depository Institution Affiliation Act, sponsored by Senator D'AMATO, Chairman of the Senate Banking Committee; H.R. 2520, the Financial Services Competitiveness and Regulatory Relief Act, sponsored by Representative LEACH, Chairman of the House Banking Committee; and finally, a proposal submitted at the beginning of this year by the Alliance for Financial Modernization, which consists of various financial services industry organizations.

It appears likely that next year, the Senate Banking Committee will consider the issue of financial institution modernization. So that Members of the Senate may have more information about the current compartmentalized structure of America's financial institutions, the three proposals for reforming this structure, and the issues that arise from these proposals, I am announcing the formation of the Financial Institution Modernization Working Group.

The purpose of the Financial Institution Modernization Working Group is not to endorse any one of the currently proposed bills. Rather, it will engage in analyzing the merits of the current proposals and the current controversies surrounding these proposals.

The Working Group will, however, endorse five principles that should be met by any financial institution modernization legislation package that is presented to the Senate:

First, the legislation should lower the costs to consumers for financial services by increasing competition in the provision of these services.

Second, the legislation should maintain the safety and soundness of the Federal deposit insurance system.

Third, the legislation should not create a new structure that prevents current financial institutions from conducting any activities that they currently conduct.

Fourth, the legislation should create a Financial Services Holding Company structure to increase competitive equality among all financial service providers.

And fifth, the legislation should definitively resolve the current concerns about the future of the Savings Association Insurance Fund by merging the bank and thrift deposit insurance funds, unifying the bank and thrift charters, and consolidating the bank and thrift regulators.

It is my hope that these five principles will provide a solid foundation for the Financial Institution Modernization Working Group's discussions in the coming months.

In closing, I look forward to working with Senators who are both on and off of the Banking Committee to make the Financial Institution Modernization Working Group a useful source of information and ideas. It is my hope that 1997 will be the year that we join together and create a bipartisan bill that will reform our financial institution laws so that America's financial institutions will be able to compete, innovate and grow to meet the challenges of the 21st century.●

THE 120TH ANNIVERSARY OF COLORADO STATEHOOD

● Mr. CAMPBELL. Mr. President, I take this opportunity to recognize the 120th anniversary of Colorado statehood. My home State has a rich and colorful history, having sustained itself as a mecca of cultural diversity, a geographic wonder, and the birthplace of numerous great men and women.

Colorado made several attempts at statehood, one in 1863 and another in 1866, before a convention was held in December 1875 to draft a third constitution for the people's ratification. On August 1, 1876, Colorado was finally admitted to the Union as the 38th State. It was titled the Centennial State for gaining admittance during the centenary of our Nation's independence.

Colorado was a progressive young State, leading the race to erect institutions of higher education, develop advances in mining and agriculture, and most notably, politics. In 1893, less than a generation after its admittance, Colorado became the second State to grant suffrage to women. Since its inception, the State of Colorado has continued to welcome people of all origins and serve as a source of progress and equality.

Colorado is home to two American Indian tribes, the Southern Ute and the Ute Mountain Tribes. The Ute Indians are Colorado's chief representatives of Shoshonean ancestry, and are the only tribe indigenous to Colorado. The Southern Ute reservation, of more than 300,000 acres, has spanned the southwestern corner of Colorado since 1868. The Ute Mountain Reservation occupies just under 600,000 acres in the far southwestern corner of the State, overlapping its borders with Utah and New Mexico.

Both tribes have laid their economic foundation on the land they inhabit, honoring it with memorials and symbolic events. While these tangible signs of reverence are a treasured part of Colorado's identity, the traditions of trust, respect, and honor are the true gift of these tribes to Colorado.

The geographic splendors of Colorado are simply breathtaking. I will never tire of the raw beauty of my State. From the mountains to the Grand Canyon to the massive expanse of virgin forests, Colorado may well be one of the most beautiful places on Earth. I know my sense of pride is shared by Coloradans and others alike.

While there is greatness in the history, culture, and land of Colorado, there is a shared greatness in many individuals hailing from the State. One woman is particular proved herself to be truly heroic to Colorado and the rest of the Nation. As a teacher, scientist, and humanitarian, Dr. Florence Rena Sabin was a pioneer for all women in the field of medicine, playing a critical role in the drafting and implementation of the Sabin Health Laws in the State. Her ground-breaking accomplishments earned her one of Colorado's two places in Statuary Hall in the U.S. Capitol, one of the Nation's highest honors.

Just this summer, the Colorado General Assembly designated that a statue of the Honorable John L. "Jack" Swigert, Jr., join Dr. Sabin in Statuary Hall. As a patriot to his country and a leader in the State, Jack Swigert is considered one of Colorado's most courageous and renowned citizens. As command module pilot of the Apollo 13 Mission, Jack Swigert carried out a heroic maneuver and saved the lives of his crew as he piloted the damaged spacecraft safely to Earth. The work of Jack Swigert has made a staggering contribution of Colorado's 120 years of excellence, setting the State apart in space operations and planetary environmental technology.

Aviation has been a field of continued outstanding achievement for the State of Colorado. Six years ago, the Colorado Aviation Hall of Fame welcomed another inductee, George "Gib" Nesbitt, for his remarkable contribution to improving aviation in Colorado and nationwide. His dedication to teaching people to fly safely spanned two decades and today serves as a benchmark by which all other flight instructors are measured. Having begun his flying career as a teenager, he went on to serve as flight commander in World War II, where teaching young