

Congressional Closeup by Carl Osgood

Mikulski warns: Don't repeal Glass-Steagall

On Oct. 8, Sen. Barbara Mikulski (D-Md.) brought a bit of reality into the debate on repealing the Glass-Steagall Act, which prohibits banks and securities firms from merging and doing each other's business (although they are doing it anyway). She told the Senate that she opposes the financial services modernization bill "because it is inappropriate to bring down the protective firewalls in U.S. financial services while a firestorm is sweeping global financial institutions." She said that she understands the arguments for the bill, but "I would suggest to my colleagues that changes in the global economic picture make this bill unwise."

Mikulski launched a broadside against globalization. "Advocates of this legislation," she said, "always mention the free market. . . . But look at what the free market has brought us lately—a global financial meltdown and hedge funds that are 'too big to fail.'" She said that the Long-Term Credit Management debacle "was a failure of proper supervision," and it doesn't make sense to have "too big to fail" institutions if the regulatory structure is not up to handling them.

Mikulski also expressed reservations about the "unhealthy concentration of financial resources" that will result from relaxing the laws regarding who can own and operate financial institutions, and about transferring regulatory authority from the Office of the Comptroller of the Currency to the Federal Reserve. "This would be like letting the bankers regulate themselves," because the Fed "is not independent of the bankers and finance companies that it would regulate," she said.

The Senate later voted 88-10 to cut off debate on a motion to proceed with

consideration of the bill, but, it did not take up the bill before final adjournment.

Democrats make another effort for HMO reform

On Oct. 9, Senate Minority Leader Tom Daschle (D-S.D.) made a last-ditch effort to get the Senate to take up the Patients Bill of Rights, by making a procedural motion to bring the House-passed version of the bill to the floor. Majority Leader Trent Lott (R-Miss.) immediately moved to table Daschle's motion, and Lott was upheld on a vote of 50-47, with one Democrat and four Republicans crossing party lines.

Afterwards, Daschle complained that the GOP has been blocking any serious efforts to address abuses by health maintenance organizations (HMOs). "Frankly," he said, "the priority that this legislation should have is probably as great a dividing line as there is between our Republican colleagues and Democratic Senators." He said that the bill that the Republicans prefer "is filled with loopholes that benefit the insurance industry, and today, once again, they have refused to debate the real issues and our real differences regarding this legislation."

GOP, White House agree on spending package

Marathon negotiations and six continuing resolutions finally resulted in an agreement on \$500 billion of Federal spending, that passed the House by a vote of 333-95 on Oct. 20, and the Senate by a vote of 65-29 on the following day. Wrangling over hundreds of individual issues kept the House and Senate in session almost two weeks past the Oct. 9 target adjournment date, and

left a bad taste in the mouths of many conservative Republicans.

Even though both sides declared victory when the agreement was announced on Oct. 15, it was President Clinton's veto pen, combined with Republicans' extreme fear of the potential political fallout from a government shutdown so close to an election, that ultimately decided many issues, including funding for the International Monetary Fund (IMF) and education, in favor of the Democrats.

In the end, the administration got the \$18 billion, with conditions attached, it had been seeking for the IMF; \$1.1 billion for the hiring of 100,000 new teachers; \$6 billion in disaster relief for farmers; and no cuts or additional funding for numerous other programs supported by the President. The administration also got a supplemental spending package that included \$6.8 billion for military readiness issues, including \$1.9 billion for Bosnia, \$2.4 billion for anti-terrorism operations, \$3.35 billion for year 2000 computer compliance, and \$1.5 billion for hurricane disaster relief. The total package covers 8 of the 13 appropriations bills, and marks the fourth year in a row that the GOP-controlled Congress has had to finish the appropriations process with an omnibus package negotiated with the White House.

While the GOP succeeded in retaining numerous legislative provisions that attach conditions to various spending programs, including several related to funding of abortion and use of contraceptives, the \$81 billion tax cut passed earlier this month was reduced to \$9.2 billion, mostly consisting of extending existing tax credits that were about to expire. Two out of every three votes against the package, however, came from disgruntled conservatives, who called the bill a "spending spree."