

Mr. Chairman and Mr. ranking member, I first want to express my appreciation to you for the hard work that you and your colleagues have put into the drafting of this complex and necessary piece of legislation.

I am a former member of the Committee on Banking and Financial Services, and I am well acquainted with the difficulties that have to be overcome just to bring a financial services modernization bill to this floor. I do have a concern, however, that I hope the gentlemen will spend some time addressing before bringing a conference report back to the House.

The National Association of Insurance Commissioners and North Carolina's Insurance Commissioner, Jim Long, have expressed to me a concern with section 104 of this bill. This is a section that describes under what circumstances State insurance law should be preempted in order to ensure that financial institutions are not discriminated against.

I know there are differing interpretations of this section as to what sorts of State laws might be preempted. For example, North Carolina just passed a Patients' Bill of Rights. This is legislation that is very important to our citizens. I hope the gentlemen can assure me that it is not the Committee's intention in this bill to allow financial institutions that provide insurance products to be exempted from this law or other important consumer protection statutes.

If there are remaining problems or ambiguities that need to be cleared up, I hope the gentlemen will work during the conference to clarify in what situations State insurance law should and should not be preempted by this bill, and to make sure that functional regulation and vital consumer protections are not compromised.

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

Mr. PRICE of North Carolina. I yield to the gentleman from Iowa.

Mr. LEACH. Madam Chairman, let me say to the gentleman that the major intent of the law is to maintain functional regulation, and the major intent of the law is to have State regulation and law apply without discrimination.

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

Mr. PRICE of North Carolina. I yield to the gentleman from New York.

Mr. LAFALCE. Madam Chairman, I share the judgment of the chairman on this particular question. That certainly is our intent, to prohibit discriminatory action and to preserve the maximum amount of consumer protection.

With respect to a State's Patients' Bill of Rights, I strongly support a Federal Patients' Bill of Rights, and to the extent that the State has acted similarly or more strongly, we would want to give deference to such a bill of rights.

Certainly to the extent that it might need clarification, I am not sure that it does, we would attempt to clarify that.

Mr. PRICE of North Carolina. I appreciate the gentlemen's assurances, both the chairman and the ranking member, that it is not the intent of this bill as drafted to compromise these essential consumer protections, many of them administered by State insurance commissioners, and that if there is any remaining ambiguity, that that will be attended to in conference.

□ 1800

Mr. BLILEY. Madam Chairman, I continue to reserve the balance of my time.

Mr. DINGELL. Madam Chairman, I continue to reserve the balance of my time.

Mr. LEACH. Madam Chairman, I yield 1 minute to the gentleman from Texas (Mr. PAUL), one of the most thoughtful philosophers of the United States Congress.

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

Mr. PAUL. Madam Chairman, I will take my one minute to address the subject of privacy, because I do have an amendment that I think would improve the protection of privacy.

We have had a lot of talk and indication on this side of the aisle about protecting privacy. But I believe the understanding of what our role is in protecting privacy, if it applied across the board, would mean that politicians and political action committees could never rent a list from the Sierra club or the American Civil Liberties Union.

But I am addressing the subject of Know Your Customer. At the same time we hear these declarations for protection of privacy, we hear from the same people that we cannot get rid of Know Your Customer.

Now, if one wants to really find something where one invades the privacy of the individual citizen, it is this notion that the Federal Government would dictate a profiling of every bank customer in this country; and then, if that customer varied its financial activities at any time, it could be reported to the various agencies of the Federal Government. Now, that is privacy. That is what we have to stop. I ask for support for my amendment.

Mr. LAFALCE. Madam Chairman, I yield 2 minutes to the very distinguished Member of the committee, the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Chairman, I thank the gentleman from New York for yielding me this time. It is long past due that we have a bill that brings our financial services into the 21st Century.

We should be able to compete with other industrialized nations where financial institutions have been allowed to merge and bring a wide variety of products and services to their customers. The bill allows the law to catch up with the reality of the international merger movement.

Some of these mergers have taken place on the probability that Congress

will finally act so that financial services will no longer be hamstrung by outdated restrictions of the 1930s. The bill allows financial institutions to merge, but prevents banks from merging with commercial businesses, and it requires functional regulation.

The Committee on Rules has changed what came out of our Committee on Banking and Financial Services with tremendous bipartisan support. I thank the gentleman from Iowa (Chairman LEACH) and the gentleman from New York (Mr. LAFALCE), the ranking member, for their leadership.

Many of these changes are inappropriate and wrong, such as the medical privacy provision, and they should be changed in conference. While I will vote for this bill so that it can go to conference, my final vote will be contingent on a bill that has strong privacy provisions.

Also, we should be cognizant that the President will veto any bill that does not contain strong CRA provisions, which I also fully support, and are in the House bill.

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

Madam Chairman, I want to take a moment first to recognize the hours and hours of hard work contributed by my finance staff team, Linda Rich, David Cavicke, Robert Gordon, Brian McCullough, and the trustee clerks, Robert Simison and Mike Flood.

They were joined by diligent efforts of the minority staff, Consuela Washington and Bruce Gwynn. These professionals performed above and beyond the call of duty, and the committee is in their debt.

Glass-Steagall, Madam Chairman, was passed in 1933 in reaction to the financial markets crash in the Great Depression. Those were extreme times, and the American people demanded extreme measures to rescue them from continuing economic crisis.

Just two years after Glass-Steagall was enacted, the law's primary architect, the gentleman from Virginia named Carter Glass, realized that Congress had gone too far, and he began an effort to undue the damage that had been done.

Carter Glass may have been the first Congressman who tried to reform Glass-Steagall, but he was not the last. In just the last 20 years, there have been 11 efforts to modernize these archaic laws.

Last term, the Committee on Commerce Republicans and Democrats worked with the Republican leadership of the Committee on Banking and Financial Services to pass Glass-Steagall on the House floor for the first time ever. I strongly supported that bill and was disappointed that it faltered in the waning days of the Senate.

Today is a historic day. We join together here in the House to approve legislation that is long overdue, and we are in a stronger position than ever before to achieve our goal of modernizing financial regulation in America.