

## Congressional Closeup by Ronald Kokinda

### Congress howls over Fed regulations

Over two dozen representatives took to the House floor on June 3-4, to protest a rule promulgated by the Federal Reserve Board that would allow federally chartered banks, bank holding companies, and their non-banking subsidiaries to become involved in a variety of real estate activities including investment, development, brokering, and management.

The loudest screams were over the fact that the Fed was intruding into an area that Congress considers its domain to regulate. The suggestion that the non-elected Fed regulators are legislating changes, is driving several congressmen to distraction—a welcome change from a few short years ago, when the Fed's interest rates were defended as none of Congress's business.

Most members urged the adoption of a provision in the Senate version of the bill to help the Federal Savings and Loan Insurance Corporation (FSLIC), S. 790, which imposes a one-year moratorium on the proposed Fed regulatory change, allowing Congress time to act on the matter on its own. "I would like to see the conferees report a bill that puts an end to the Federal Reserve Board monarchy," Rep. Bill Chapman (D-Tex.) said.

Several representatives, such as Mickey Leland (D-Tex.) and Thomas Bliley (R-Va.) invoked the Glass-Steagall Act. Leland charged that the proposed activity allowed these institutions "to hold direct equity positions in real estate, an activity prohibited by the 1933 Glass-Steagall Act, which was enacted by Congress during the Great Depression to separate investment banking from commercial banks." Bliley noted that Congress had

adopted Glass-Steagall "with the expressed purpose of assuring the integrity and long-term viability of this nation's banking system."

Rep. Jim Bates (D-Calif.) said he was "especially concerned about what impact any new activities in these high-risk areas would have on consumers and on the safety and financial soundness of our system." Rep. Tom DeLay (R-Tex.) attacked the "steady decline of land values and commercial property values caused by regulators repossessing properties and selling them at fire-sale prices."

### Simpson: AIDS costs to revise our priorities

Minority Whip Sen. Alan Simpson (R-Wyo.) became the first senator to acknowledge that the cost of the AIDS epidemic will force a reassessment of national priorities.

Speaking during the debate on June 2, when the Senate voted 96-0 for an amendment, sponsored by Sen. Jesse Helms (R-N.C.), adding AIDS to the list of contagious diseases for which immigrants are tested, Simpson said that he had "no problem with money" to meet the AIDS threat. "Money will be something we are going to be called upon to supply in response to this awesome disease in extraordinary figures. We have all heard that. It is startling. Indeed it is. The sum of \$146,000 will be the average cost of every AIDS victim after they have been admitted to the hospital until what will be the tragic, final death. That is an extraordinary figure. From what we know from those who have been exposed, those who have it, we are going to have to reassess the priorities of the United States on that issue."

Simpson urged the creation of a Senate select committee of seven Democrats and six Republicans, with "a mandate of a 90-day educational process for themselves," to grapple with the implications of the AIDS threat.

Simpson raised the issue of how to deal with people applying for citizenship, under the immigration reform bill, who test positive and are refused entry by another country. Do we leave them here "illegally in a status with a communicable disease? That is a possibility. Or, are you talking about detention or areas where they will be kept quarantined? That is really where we are headed here."

### Senate takes up campaign finance

Stymied on several issues, including the defense bill, Senate Majority Leader Robert Byrd (D-W.Va.) brought the issue of campaign finance, S. 2, to the Senate floor, and is faced with a filibuster.

The first effort to break the filibuster was defeated on June 9 by a vote of 52-47, 8 votes short of the 60 required. But Byrd and Minority Leader Sen. Robert Dole (R-Kan.) are predicting that a compromise is possible. There is a "willingness to come together," Dole indicated. He said that the Republicans would caucus on June 10 to work toward compromises. A limit on PAC contributions to political parties is one area where some, but certainly not all, Republicans may be willing to compromise.

Sen. David Boren (D-Okla.), the chief sponsor of S. 2, has hinted a possible willingness to abandon the public financing provision of the bill,