

Congressional Closeup by William Jones

Bill sets up commission on financial regulation

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) introduced on April 21 a bill to set up a "Blue Ribbon Commission" for international coordination of financial regulation. The commission is part of a broader program outlined by Gonzalez to increase congressional oversight over the volatile financial markets.

"The commission will be charged with making recommendations to develop more inclusive mechanisms for improving cooperation among the world's financial regulators," Gonzalez said. It will also "evaluate the feasibility of establishing a single mechanism to coordinate international financial regulation." The United States should take the lead "in improving the effectiveness of international regulation and supervision of financial services," he added.

The commission will consist of 15 members who shall serve for its duration. The chairman will be designated from among those members by the President. The members will consist of the Fed chairman or his designee, the secretary of the Treasury or his designee, the chairman of the Securities and Exchange Commission or his designee, six members appointed by the President, three members appointed by the Speaker of the House and the House Minority Leader with not more than two being of the same political party, and three members appointed by the majority leader and minority leader of the Senate, with the same proviso.

The commission "shall have the authority to hold hearings, secure information from any department or agency, and request the head of any department or agency of the United States to furnish information to the commission." One of its tasks will be to "identify offshore tax havens, their

function in the world financial system, the reasons for their growth, and the necessity of restricting their growth." The commission is to present the results of its study to the President and Congress within 18-months of its start.

House committee passes ban on assault weapons

A bill to ban 19 types of semi-automatic assault weapons was passed by the House Judiciary Committee on April 28 by a vote of 20-15 and sent to the full House. Supporters hope the House can approve the bill in early June in time for it to be put into a pending crime bill, but say they are 15-20 votes short of a majority. The Senate had passed the ban as part of its crime bill last November, but the ban was not contained in the crime bill which the House passed in late April. The crime bill is now awaiting action by a House-Senate conference committee.

The bill would ban rapid fire weapons such as the AK-47, the Uzi, and the TEC-9, which are often used by drug dealers, street gangs, and other criminals, but would exempt nearly 700 other guns. "This bill is a careful balancing of interests," claimed Charles Schumer (D-N.Y.), its chief sponsor. "It honors the public interest to be free of unnecessarily dangerous killing machines. At the same time, it protects legitimate hunting, sporting, and self-defense rights."

Opponents, led by the National Rifle Association, argue that the bill will infringe on the rights of law-abiding citizens to own guns for self-protection and hunting and would do little to stem the spread of crime.

President Clinton and Attorney General Janet Reno are strong sup-

porters of the bill and have conducted a nationwide campaign to rally public support for it. "The gun lobby argues that an assault weapons ban infringes on the right of hunters and sportsmen to own guns," Clinton said in a statement. "The 19 types of weapons we want to ban are weapons of war and mass destruction—they were created for the battlefield and have no place on our streets."

"These weapons are only used to kill and they should be banned," Reno said at a news conference. She said a large majority of Americans support the ban. The committee vote was mainly along party lines except for Jack Brooks (D-Tex.), the committee chairman, and Rick Boucher (D-Va.), who voted against it, and Henry Hyde (R-Ill.), a conservative, who voted for the ban.

Iraqi claims fund gets House nod

The House on April 28 approved by a vote of 398-2 a bill creating a U.S. Treasury fund in which \$1.2 billion in frozen Iraqi assets would be used to help pay American claims against Iraq. The provision passed despite the devastation dealt Iraq during George Bush's Persian Gulf war and the ongoing embargo.

Under the bill, the U.S. Foreign Claims Settlement Commission will use the assets to pay part of \$5 billion in claims. These include government claims, commercial debts incurred prior to the 1991 Gulf war, injury claims by the crew of the U.S. warship *Stark* which was hit by an Iraqi missile before the war, and death and injury claims on behalf of American war veterans. The commission would also administer funds received from the U.N. Compensation Commission to American prisoners of war deemed to have

been mistreated.

The vote followed sharp criticism of admission into the United States of Iraqi refugees who formerly served in the Iraqi Army. Some members attacked the non-binding character of a section of the bill which said that Iraqis who were soldiers during the Gulf war should not be admitted to the United States as refugees except in extraordinary circumstances. Rep. Paul Kanjorski (D-Pa.) has introduced legislation barring admission of former Iraqi soldiers and requiring deportation of those already in the United States. He sought to block passage of the Iraqi claims bill because of the refugee issue, but was barred from doing so under the rules.

During the last fiscal year, 533 former Iraqi soldiers were admitted as refugees, according to the Foreign Affairs Committee. Of these, 524 never fought against U.S. forces and the other nine were Kurds.

Cuts in veterans personnel rejected

The House, challenging a key element of the administration's "Reinventing Government" proposal, voted on April 28 to exempt the Veterans Health Administration (VHA) from planned government-wide personnel cuts. The House vote was 282-118—fifteen more than the two-thirds majority required.

During debate on April 26, Sonny Montgomery (D-Miss.), chairman of the Veterans Affairs Committee, said the bill would postpone "unsound and devastating" personnel reductions in VA hospitals, clinics, and nursing homes. He said the White House Budget Office had told the secretary of veterans affairs that the VHA would have to cut 5,000 health care employ-

ees in the next fiscal year and another 20,000 by 1999.

Opponents said that exempting one area from personnel cuts would lead to demands that other agencies also get relief. Under the bill, the VHA could still be required to cut personnel by a future law that directed it specifically to do so, or if it was required to do so because of lack of funds. Speaker Thomas Foley (D-Wash.) told reporters he had received a letter from Budget Director Leon Panetta "that I would say is strenuous in its objections" to the bill.

"I don't think we should make exemptions for individual agencies," Foley said. "I understand the motive and the concern that prompted the committee to ask for an exemption, but I think the overall decision to reduce federal employees should not be the subject of special exemption legislation."

Lifting Bosnia arms embargo gets support

The House on April 22 passed by voice vote a nonbinding resolution for ending the arms embargo against Bosnia, which it tacked onto a \$13.5 billion bill for U.S. foreign operations. The Senate had earlier approved a similar bill. A stronger measure sponsored by Senate Minority Leader Bob Dole (R-Kan.), which would lift the embargo and force President Clinton to accept or veto the measure, is expected to be considered by mid-May.

Speaking on Capitol Hill before the Defense Forum on April 30, Bosnian Ambassador to the United States Sven Alkalaj said that the two sides were "not close to a peace settlement. . . . Gorazde was a step toward destroying the peace efforts." Alkalaj noted that even Russian envoy Vitali Churkin was considering giving up his

"mediating" effort. "There will be no peace," Alkalaj said, "until the Serbian appetite for conquest is stopped or until the Serbs are forced back from their conquered territory." He called on the United States to lift the arms embargo, noting that under the U.N. Charter, "self-defense is the fundamental tenet of international law. . . . Everybody but the Serbs have fallen hostage to the peace process . . . but things will get worse before they get better."

Interstate banking bill passes Senate

The Senate passed on April 26 by voice vote, a bill to allow banks to branch across state lines, paving the way for a further consolidation of the U.S. banking system. The House approved a similar measure in April; the "modest differences" between the two bills will now go to conference.

The bill, sponsored by Senate Banking Committee Chairman Don Riegle (D-Mich.), "would eliminate remaining restrictions on interstate banking after one year" and would permit "adequately capitalized and managed bank holding companies" to acquire existing banks in any state. The legislation also would permit "bank holding companies to convert bank subsidiaries . . . into branches of the main bank of the holding company."

"Removing current restrictions on interstate branching," Riegle claimed, "will help promote efficiency in the banking system and permit banks to serve consumers better." The Clinton administration supports the proposal. A House Banking Committee staffer told the *Wall Street Journal* that the 150 to 160 biggest banks should shrink to 60 to 70 banks over the next five years.