SENATE RECORD VOTE ANALYSIS

105th Congress | October 7, 1998, 10:11 a.m.
2nd Session | **Vote No. 301** | Page S-11648 Temp. Record

FINANCIAL SERVICES/Motion to Proceed

SUBJECT: **Financial Services Act of 1998 . . . H.R. 10. Lott motion to proceed.**

ACTION: MOTION TO PROCEED AGREED TO, 88-11

SYNOPSIS: As reported, H.R. 10, the Financial Services Act of 1998, will eliminate barriers that prevent banks, insurance companies, and securities firms from affiliating. Affiliations will be through a new type of bank holding company called a "financial holding company." Banks will not be allowed to engage in any of the new activities permitted by this bill unless they have at least a satisfactory Community Reinvestment Act (CRA) rating. The creation of Wholesale Financial Institutions (WFIs) will be authorized. WFIs will not have deposit insurance or be affiliated with institutions with deposit insurance, and they generally will not be allowed to accept deposits of less than $100,000. WFIs will be subject to the CRA. The bill will make several other expansions of the CRA. As a general matter, activities will be regulated by function--securities activities will be handled by the Securities and Exchange Commission under Federal securities laws; insurance activities will be regulated under State insurance laws; banking activities will be handled by Federal banking regulators. The Federal Reserve will have jurisdiction over the umbrella holding companies. State regulation of national bank insurance activities will be protected if it does not have a disparate impact on the ability of a bank to sell insurance or if it involves any of 13 listed "safe harbor" activities. Companies engaged in commercial activities will not be allowed to acquire or take control of thrifts after September 3, 1998.

On October 1, 1998, Senator Lott sent to the desk, for himself and others, a motion to close debate on the motion to proceed. Cloture was invoked on the motion on October 5, 1998 (see vote No. 297).

Those favoring the motion to invoke cloture contended:

The legal framework for the financial services industry in the United States is antiquated. Most of that framework has persisted without alteration since the 1930s. The system basically is set up to keep banking, insurance, and securities activities strictly

(See other side)

YEAS (88)				NAYS (11)		NOT VOTING (1)	
Republican (49 or 89%)		**Democrats (39 or 89%)**		**Republicans (6 or 11%)**	**Democrats (5 or 11%)**	**Republicans (0)**	**Democrats (1)**
Abraham	Helms	Akaka	Kennedy	Gorton	Bumpers		Glenn-[2]
Allard	Hutchinson	Baucus	Kerrey	Gramm	Dorgan		
Ashcroft	Inhofe	Biden	Kerry	Hutchison	Feingold		
Bennett	Jeffords	Bingaman	Kohl	Roberts	Mikulski		
Bond	Kempthorne	Boxer	Landrieu	Sessions	Wellstone		
Brownback	Kyl	Breaux	Lautenberg	Shelby			
Burns	Lott	Bryan	Leahy				
Campbell	Lugar	Byrd	Levin				
Chafee	Mack	Cleland	Lieberman				
Coats	McCain	Conrad	Moseley-Braun				
Cochran	McConnell	Daschle	Moynihan				
Collins	Murkowski	Dodd	Murray				
Coverdell	Nickles	Durbin	Reed				
Craig	Roth	Feinstein	Reid				
D'Amato	Santorum	Ford	Robb				
DeWine	Smith, Bob	Graham	Rockefeller				
Domenici	Smith, Gordon	Harkin	Sarbanes				
Enzi	Snowe	Hollings	Torricelli				
Faircloth	Specter	Inouye	Wyden				
Frist	Stevens	Johnson					
Grams	Thomas						
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Warner						
Hatch							

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

separated. The initial purpose of requiring that separation was to prevent banks from "gambling" on risky ventures with insured deposits. Now, though, having that separation actually puts insured deposits at greater risk. The globalization of financial services, developments in technology, and changes in capital markets have all created significant benefits for allowing banks to engage in both insurance and securities activities. Passing this bill will allow financial institutions to diversify their products and will give them incentives to develop new and more efficient products and services. All of the prudential safeguards to protect federally insured deposits will be retained, and it will be less likely that there will ever be any need to pay any claims on those insured deposits because the banks will have greater financial health due to their new financial options.

The effort to pass a financial services reform bill has been ongoing for nearly 25 years. Those efforts have been very difficult because of the complexity of the issue and because the banking, insurance, and securities sectors have so much at risk as well as so much to gain. For most of the years we have been working on this issue it has been impossible to get the House to act. This year is different. The House has passed the bill, and the Administration is supportive of it. In the Senate, there is broad, bipartisan support for this particular reform bill as well, but we are running up against the adjournment clock for the 105th Congress. A determined minority of Senators, who do not have enough votes to stop cloture, are causing delays in the consideration of this bill because they oppose the CRA provisions. They are now being joined by a few liberal Senators who have totally different concerns. If our colleagues demand cloture votes at every possible step, and demand that all the post-cloture debate be used after each step, it will be impossible for the Senate to pass this bill this year.

We urge our colleagues to relent. This bill has the support of the big money banks and the small community banks; it has the support of the insurance industry; it has the support of investment groups. We support cloture, and hope that the rolling filibusters will end and that this bill will be enacted into law.

Those opposing the motion to proceed contended:

Argument 1:

We will not prevail on this vote, but there are more than enough parliamentary opportunities within the rules for us to conduct successive filibusters that will kill this bill. There simply is not enough time left this Congress for our colleagues to overcome the opportunities we have for delaying matters. We have offered a compromise; they have refused any negotiation. The choice is theirs--either they compromise or we will kill this bill. Our objections are to the CRA provisions. We explained those objections on the previous vote (see vote No. 297). So far, our colleagues have not shown the slightest interest in compromise. Therefore, we have no choice but to continue our delaying tactics.

Argument 2:

Global financial markets are in a great deal of turmoil. Many of the institutions that are in trouble are considered "too big to fail" and are consequently being bailed out. Under the circumstances, we are not in a rush to allow the creation in the United States of the type of huge financial institutions that are failing all over the world. Beyond the issue of timing, we have three other concerns with this bill. First, we do not like to see a concentration of financial resources, because it weakens local control over funds and local access to financial services. Second, we are concerned that the new financial products that will be created will be extremely complex to manage, and will end up being managed poorly by untrained individuals. Third, we do not believe that this bill has enough consumer protections. Based on these concerns, we oppose the motion to proceed.