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Senate Acts on Useful but Timid Bill to Ban Congressional Insider Trading

Statement of Craig Holman, Government Affairs Lobbyist, Public Citizen

WASHINGTON, D.C. – Today, Senate Majority Leader Harry Reid (D-Nev.) followed the footsteps of House Majority Leader Eric Cantor (R-Va.) in both substance and procedure by forcing the Senate to approve a watered-down bill banning congressional insider trading without any chance for amendments to strengthen the measure. It is a victory of sorts – the legislation clearly applies the laws against insider trading to Congress for the first time, and provides a system of near real-time disclosure on stock trading by Congress to help enforce the law.

But it is also a missed opportunity for more sweeping ethics reforms.

Prompted by the leadership of Sens. Charles Grassley (R-Iowa) and Patrick Leahy (D-Vt.), the Senate approved by a 96-3 vote a strong “Stop Trading on Congressional Knowledge” (STOCK) Act more than a month ago that would have banned congressional insider trading, required political intelligence operatives who prowl the halls of Congress for information to use in stock trading to disclose their clients and activities, and provided the means to enforce ethics laws in the courts.

Wall Street rallied to block the political-intel provision and found a friend in Cantor, a leading beneficiary of its campaign largesse. In a brazen parliamentary maneuver, Cantor pulled the strong STOCK Act, stripped it of the political intelligence and anti-corruption enforcement provisions, and brought his substitute measure to the floor under rules prohibiting any amendments. The watered-down House bill was sent back to Reid, who today did much the same thing in the Senate chamber.

Make no mistake: the legislation is a big step forward. But Congress had a chance to do something grander.

Reps. Timothy Walz (D-Minn.) and Louise Slaughter (D-NY) have already introduced separate legislation to enact the political intelligence and anti-corruption enforcement provisions, and similar legislation is expected to be introduced in the Senate with Sen. Kirsten Gillibrand (D-NY) joining Grassley and Leahy. Public Citizen dearly looks forward to helping these members press in the near future for what should have been law today.