

AMERICAN BANKERS ASSOCIATION
NEW ORLEANS
MARCH 29, 1977

Thank you very much, Lou, and Ladies and Gentlemen. I'm very indebted to my good friend, Lou, for his kind introduction and you can tell from his introduction that he is my friend and I'm indebted to all of you for allowing me to come down for a couple of days and share this meeting with you.

It has given me an opportunity to visit with many of you, to hear of your problems, your comments and to learn a little bit maybe about what we are doing to you in Washington.

I think perhaps one of the greatest criticisms that I have of members of the Senate is their failure to keep contact with the people back home. I'm reminded of a very story and you'll have to listen carefully to get it, but it illustrates what I'm trying to say better than I could ever.

Last year I was on the floor of the Senate one day and listening to a debate between Senator Mondale of Minnesota and Senator Packwood of Oregon. And it had to do with day care centers. And Senator Mondale was trying to establish some national standards and so forth. Senator Packwood engaged him in a colloquy and he said I won't

you to tell me Senator, what makes you think that we here in Washington are more concerned about the children in Oregon than the people back in Oregon are. I won't you to tell me what makes you think that we know best here in Washington what's good for our children and the people back home.

He said you remind me a little bit of the Catholic priest and the Presbyterian minister in my hometown. The Presbyterian minister is a rather staid formal individual. You see him the pulpit on Sunday morning with his high collar and you don't see him anymore until the next Sunday morning because he is in his study in quiet meditation, but on the other hand, the priest is a sort of gregarious individual, you can't go to a civic club that he isn't there, you can't go to a little league baseball game that he isn't the coach - whatever is involved in the community, he's there, and he's involved.

So one day they met on the street and the Father said to the Presbyterian minister, you know Reverend, we belong to different faiths and we go our own way, but we can do things our own individual way and still be friends, can't we?

The Presbyterian minister sort of straightened up, cleared his throat, and said yes, Father. You do

things your way, I'll do things his.

A little subtle story, but it illustrates sometimes the feelings of many of my colleagues in Washington who fail to get back home as often as we ought to. And on the other hand, that's not easy.

I noticed quite recently that Lou Harris did a poll and 93 percent of the people said that they felt that their congressmen should spend more time in Washington looking after the peoples business and at the same time, 93 percent of the people said they ought to spend more time back with the people finding out what was going on in their own communities. So I don't know how you do both of them.

But it has given me an opportunity to get some of your thoughts today and I've enjoyed it very much.

One of the most difficult problems I have in trying to make a talk like this is trying to determine the appropriate subject. When you come down here and talk to a group of bankers about the banking business its like carrying coal to Newcastle and I always wonder if my remarks are going to be as inappropriate as the remarks of the little girl in my one favorite story

which I wasn't going to tell, except that Jim Smith last night asked me to tell it and Luke brought me my prop so I'll have to tell it.

But it does illustrate the point. Several years ago, Katie, my wife, and I were waiting for the children to come around our home on Halloween with their trick or treat bags and we had prepared for them - had gotten together a bunch of apples and polished them up like Luke polished this one and were waiting for them and sure enough it wasn't long before the doorbell rang and we went to the door and there were a group of children there and amongst them was a little girl about 3 or 4 years old. She had blonde hair - just a little doll and her mother had dressed her like an angel. She had on the white angel costume with the little wire halo over her head.

Well, she held that big brown paper bag in front of me and without even thinking of what I was doing, I reached around and got an apple and dropped in the bag and when I did, that little girl looked down in her bag and looked right straight back up at me and she said you busted every damn cookie in my bag.

Before I do go on with my remarks, I do want to tell you - mention the fact that one of your staff members, Bill _____ has really made this an enjoyable

trip for me. I wish somebody in Washington would look out for me as well as he has down here. Nobody pays much attention up there.

I have been privileged to serve on the Banking Committee for two years, going on three years now. And I haven't become an expert in banking. About all I knew before I went to the Senate was how to borrow a little money and how to make arrangements to cover an overdraft from time to time and maybe I had closed a few loans.

But I have made a concerted effort to find out as much about the banking community as I possible could. I haven't always been successful, but we are making progress together.

There are many things there that I would like to talk with you about. For instance, today they are marking up/ⁱⁿthe banking committee the Export Administration Act, which expired last year, and the main part of that bill I think concerns all of us as businessmen in America, is, of course, the provisions relating to the Arab boycott.

There are a good many people in Congress who feel that we can enact those rather stringent provisions, without jeopardizing our trade at all with the Arab nations. While I share everyone's concern for human rights and I certainly do not condone any kind of boycott,

I think we have to be cognizant of the fact that about 80 percent of all of the trade that we carry on with the Arab nations could be - they could obtain the same goods and services from other nations and so we really are in a dangerous area.

I don't know what we are going to come out with. I could spend the whole morning talking with you about pros and cons of Regulation Q - the extension of it. Or the Financial Institution Act. I happen to be one of the few democrats on the Senate committee in the last congress that voted against it. I personally don't want my savings and loan to get involved in consumer financing. Because I think human nature being what it is, that they might soon divert too much of their funds away from home financing where I think we need it so desperately.

But there are many pros and cons that - so many that it would take the whole day to talk about them. I could talk about my chairman, Senator Proxmire's continued effort to regulate the Federal Reserve System a little more than its now being regulatedbut time simply won't permit me to give an adequate discussion of any of those risks, so what I want to talk with you a few minutes about today if I can in a general sort of way the trends towards greater and greater regulatory practices by the federal government and what I think you as a part of the

business community can do about it.

As I look back, from my own personal experience, without being a scholar on the subject, it seems to me that the policy has become greater since 1960 and for a number of reasons.

If you will stop for a moment and think, before 1960, there was no cabinet department of Health, Education and Welfare which today spends more than half or more of our national budget than the Defense Department does and which involves more and more regulations and more and more time of the members of congress. There was no cabinet department of Housing and Urban Development prior to 1960. There was no Department of Transportation for the congress to be worried with.

In addition, in the period of time since 1960, our population has grown by something like 20 to 25 million people and in addition to all of those problems the congress has to deal with, there have been more activists since 1960.

I think primarily as an aftermath of the civil rights movement in this country and because of the activities of these activists, there has been more demand for regulatory action. In fact, before 1960, before these events which

I've been describing to you, the congress itself had adequate time to write a law and spell out in that law more in detail what they expected of an industry - to do.

But now, because of the press of time, and the growth of our country, the difficulty is that we in the congress sometimes pass bills that we think are good bills and pass them with the best of motives and then we have to delegate to regulatory agencies or to the bureaucrats in those agencies the authority to adopt rules and regulations for carrying those out.

And that's when I think so much of the difficulty really comes. And I think we see monsters quite often created that the congress never intended to create. Now let me say that I believe in the federal system, but I believe in the federal system the way that it was originally created. I believe that the states hold all of the powers that were not specifically delegated to the federal government in the Constitution.

I think that's the way it ought to be. Our states are small enough and state government officials are close enough to you the businessmen of the community - the state - as well as the people of the community to be responsive to the day to day needs and to the day to day problems that you encounter.

The states are not so large to be divorced from the personal involvement of the affairs of the people and the business of the community.

Now, as Lou mentioned to you, I was Attorney General before I came to the Senate and I like to think that maybe our office in North Carolina was a forerunner of the consumer movement. Certainly in our state and I was a strong advocate of the consumer movement and I still am.

I think as a matter of fact that when I went to the Senate, I went there with a reputation of being a strong consumer advocate and I think that's exactly the reason I ended up on the subcommittee on consumer affairs. But after two years, I think because I was a state's rights consumer advocate, that's exactly why I ended up off of the committee this time on consumer affairs.

But I believe that the consumer movement - the consumer advocacy ought to be as much on the state level as possible. As Attorney General of my state, I knew the people there. I knew the business community. I knew the climate of public opinion and I knew the courts and I knew the laws of that state. And for that reason, I was very very close to the people.

We didn't hesitate when I was Attorney General to become involved - intervene in rate cases before the Utilities Commission. We didn't hesitate at all to appear before the Banking Commission in opposition to requested action on the part of banks.

We didn't hesitate to appear before the Insurance Commission as a representative of the people in those circumstances where they couldn't very well represent themselves. I was pleased that before I left office one day that the vice president of Southern Bell came to see me and he said you know, I thought you were wrong in the beginning, but before you leave office, I want to tell you that I think you were right. That consumer advocacy is something whose time has come, but at least when you were exercising those duties here on the state level, you were close enough to the people so that if you went off on a tangent, we could at least come in and sit down and talk to you and say Robert, what do you think youre doing - you better take another look.

But if we sit back and wait for all of this to be done in Washington, we can't find the people who are responsible, let alone have an opportunity to get to see them. Let me give you a good illustration. Early in my tenure of office as attorney general, I felt there was a need for some kind of law to limit the holder in

due course document(?). I thought it was being abused. And so I asked some of the younger staff members in my department to see what they could come up with and we spent about a year trying to come up with a bill that we thought would eliminate the abuses in that doctrine(?) and yet at the same time would be compatible with the financial institutions, with the automobile dealers and the consumer credit people of the state.

And after we had done this, we got our Legislature to pass it and we came out with a bill that I think andlo and behold what happens. After we spend a year tailoring a bill that we thought would meet the needs of the people of the State of North Carolina, suddenly we find that the Federal Trade Commission in one fell sweep enacts a regulation which usurped not only the North Carolina law that we had worked so long and so hard on, but also usurped the laws and perogatives of the legislatures of the various states.

Now we tried to do something about that. Some of us didn't like it and we still don't like it, but we introduced a bill in the last Congress that would restrict the Federal Trade Commission in this area and would have permitted the Federal Reserve Board to determine that the state laws were adequate. That the Federal Trade Commission shouldn't apply.

And also we attempted to try to restrict this power that has suddenly been taken upon itself by the Federal Trade Commission to enact substantive laws in consumer areas.

But you see all of these are more and more federal regulations. Now I am not going to stand up here today and talk to you for instance about the new equal credit opportunity act and the regulations. You know more about it than I do.

But I am familiar with the problems you have been encountering. I'm familiar with the problems you have been encountering. I'm familiar with the problems you are going to encounter as to how you can interpret the regulations which have been promulgated and how you are going to keep yourself out of court even when you act in the best of faith.

Well, really can you do anything about all these things. Yes you can and this is where I want to take a few moments in closing to tell you that you can do something about it. As I look about this room today, I can't imagine assembled in any one room anywhere in America this many influential men and women in your respective communities than those of you who are seated here.

If you would just use that influence in the right way. You are spread out across our entire nation. You operate banks and financial institutions in the big cities and in the small towns and while like politicians, bankers probably are not respected in public opinion as a group, I suspect there is no group in the country that is respected more highly on an individual basis than those of you here.

What I'm trying to say to you is that you do have influence in your community if you would just use that influence and learn how to use that influence. But you have to do it. You can't depend upon your staff in Washington to do all of your work for you. Something can be done about over-regulation by the federal government. And now is the time to do it because if we learned one thing in last year's election, it is that the people are fed up with burdensome government regulations and while our new President has made a commitment to do something about it, I think the constant support and encouragement and support from the business community back in the home bases can help him do something about those things.

Oh, you say what can I do. What can one person do. Well, maybe one person alone can't do much, but collectively you can. Let me give you one illustration. Last year during the August recess, or year before last, I

would ride around my State and be at the county courthouse for a little while each day and give the people an opportunity to come by and tell me what was on their minds if they chose to.

Well, many places we went there was no one there to meet us. All the businessmen in the community that had complaints about over-regulations and complaints with the federal government weren't there. But that's all right. They knew we were there. But we went down to the eastern part of North Carolina to a place we call the original Washington. I was sitting there in the courthouse and in walked the Executive Secretary of the local savings and loan and he brought with him a whole stack of papers and he said I won't to know if you've seen all this stuff that's come out of Washington and then he handed to me all the papers and forms that were required under the Real EstateProcedure Act which I hardly knew existed. Now I knew there was such an act but you got to remember that it had come about since I left the actual practice of law.

And he sat there and he told me about how burdensome it was - how time consuming it was and I couldn't believe it, so I took those papers and when I went back to Washington after the recess, Jake Garn, Senator Garn, Senator from Utah, whom you know very well and I understand has spoken to you earlier.

He and I got together and introduced a bill to repeal that act and because that one man in Washington, North Carolina, came to see me, we repealed ^{it in} the Senate and it was substantially repealed in the House and the Conference Committee came out with an Act that I think is a great deal less burdensome than the one that was there.

Yes, one person can do something, but now how do you do it. First of all, if there is a person in this room that doesn't know his congressman or Senator personally, then you ought to learn him. You ought to know him by his first name and be able to sit down with him and he ought to know you so that when you are talking to him about a problem that he'll know you are and he'll have confidence in what you say. You can't delegate it to the banking staff in Washington because when they come over to see me or some other member of the Senate, I know them by their name, but I don't know them on that personal intimate basis that I know Lou.....back in North Carolina.

When Lou calls me up about a problem, I know he's not going to pull my leg. I know he's not going to lead me astray and that's how you get things done. You can't do it by waiting and writing to your banking association in Washington and saying get something done.

You ought to constantly be talking with your people and then you ought to be heard from throughout - all

of the time. Too many of our businessmen and I think this is certainly true in banking and certainly in contractors. Thinking that if you sit back and contribute a \$100 to somebody's campaign, that you really are engaged in the democratic process.

Well, of course, we need your contribution. We've got to have them if we are going to conduct our campaigns. But far more than your contributions, we need your active help. The consumer activists who are giving you so much trouble today are active in getting people out to vote. Getting people involved. Be a spokesman - be involved in the democratic process.

And you know unless you really are, I'm not sure you have the right to or that you should really be too critical of what happens to you.

Another way you can help is you can help by writing letters. I know you'll say well they get so many letters that it doesn't make any difference, well let me briefly describe to you the three kinds of letters I get. The first is the kind of mail that I call the hate mail and that's written by a lot of different types of people, but you would be surprised how much hate mail we get on the finest letterheads that you can think of

and we're all human - we're all alike - when something happens to us we fire off a letter by golly we are going to tell somebody off.

You know, I'm not sure that's the kind of letter that does any good. In fact, I quit reading them, not of any discourtesy to my constituents, but because if I read that mail early in the morning, I'm so depressed during the day that I can't do anything else.

So the staff will pull that kind of mail out and you'll get an answer, but you can bet your bottom dollar that most of it is answered by the staff.

Another kind of mail which we get which is helpful but not as helpful as the third, is the kind where you get some correspondence from your professional or trade associations and say look, common situs picketing bill is coming up in Washington and express your concern to your congressman. Well, we got those letters by the thousands and they were helpful in that they gave us an indication about how wide-spread the concern was in our home states and across America.

But you know after the first few form letters,

we spotted them, so then after that all we would do is tally them, you know we'd say we got a 100 or 150 letters on common situs.

Last year I got over 25,000 on gun control, so you know the form letter itself couldn't have had any real bearing, but the numbers helped.

But the kind of mail that I solicit from you on my behalf and behalf of your congressmen, is letters of substance. Where you can sit down and in your own words in just fifteen minutes tell us more about how a proposed bill will effect your business than my staff could learn in a month over in the Library of Congress.

In other words, you know the business. You know it on a day to day basis. You can give us some examples of how it will affect you and if I can go back for a mement to Respa when I argued that bill on the floor of the Senate the only notes that I had before me was a two page letter that had been written to me by an executive office of a savings and loan in North Carolina.

He had said Senator here is what this bill is doing to us - he set out 1 2 3 4 5, and so on. That's the kind of mail that helps and that's the kind of mail that your congressmean and your senator will read. So

if I don't do anything else today but to urge you to get involved, then I think if I could have one bit of influence, I think then my time here will have been well spent because we do need your help. I know that business people all over America are not much different from the business people in North Carolina.

And yet I believe when I sit there with the Banking Committee and watch some of my colleagues continually time after time vote for more and more burdensome regulations and the only thing that I can assume is that the businessmen who are aware of these problems back in his home state are simply not as active and involved in the democratic process as maybe some of the pressure groups really are.

So I think there is something you can do about these burdensome regulations that you are talking about here today - that you have been talking about this week. But its only when people like you across the whole country do get involved.

Now if I could take one minute in closing. Let me tell you.....young man you couldn't have happened in England. There's no way with a person of your background and your heritage could ever have served in the upper house of Parliament in England and that's so true. And on

Christmas Eve I went to a party - a company party for a company in my home county. As I sat there with about a 150 employees, I remembered - recalled the fact that about 26 years ago as a third year law student when I was running for county clerk, too timid and too shy to really ask anybody to vote for me that I visited the two men - the two brothers who owned that business in a little country store three miles from town and yet in a short period of about 25 or 26 years, they had developed that store into a meat packing business and did nine million dollars worth of business last year.

Then I was mindful of the fact that the night before I had been to the President's Christmas Party and as I stood there and talked to President Ford, who is one of the most ^{&capable and} gracious and/competent persons I have ever known, I was mindful of the fact that here was a man who was abandoned and neglected by his father when he was two years old and now he is going to be replaced by a small town businessman who just 20 years ago who was so poor that he was entitled to live in public housing.

Yes, nowhere but in America could all of these things happen and in all of the turmoil and problems we have, I think we ought to remind ourselves quite often about the fact that it is only in America that opportunities abound that do here for us.