

SPEECH -- DALLAS, NOVEMBER 1, 1978

DIRECTOR'S FORUM, U.S. LEAGUE OF SAVINGS ASSOCIATIONS

OUTLINE

- I. BACKGROUND AND EXPERIENCE
RELATE EXPERIENCES AND INVOLVEMENT IN THE SAVINGS
AND LOAN BUSINESS.

- II. QUALITIES OF A GOOD DIRECTOR
GENERAL SKILLS
NEED FOR POLITICAL INVOLVEMENT.

- III. ROLE OF A SAVINGS AND LOANS
OBLIGATION TO HOUSING
OPPOSE SAVINGS AND LOANS ACTING LIKE BANKS
OPPOSE SAVINGS AND LOANS BECOMING MUTUAL STOCK
COMPANIES

I. INTRODUCTION

YOUR BACKGROUND AND EXPERIENCES AS DIRECTOR OF
NORTH CAROLINA SAVINGS AND LOAN INSTITUTION

II. OBLIGATIONS OF A SAVINGS AND LOAN DIRECTOR

THERE ARE SOME VERY IMPORTANT QUALITIES WHICH A SAVINGS
AND LOAN DIRECTOR MUST DEMONSTRATE. I DON'T MEAN TO SPEAK IN
SOME LOFTY TERMS ABOUT UNATTAINABLE IDEALS TODAY, BUT I DO
THINK THAT THERE ARE SOME IMPORTANT OBLIGATIONS THAT A DIRECTOR
UNDERTAKES.

NATURALLY, I BELIEVE THAT HONESTY AND EXPERTISE ARE TWO
VITAL ELEMENTS THAT A DIRECTOR MUST HAVE TO INSTILL CONFIDENCE
IN HIS COMMUNITY. MOST OF THE MEN THAT I HAVE KNOWN WHO HAVE
ASSOCIATED THEMSELVES WITH SAVINGS AND LOANS ARE OUTSTANDING

EXAMPLES OF COMMUNITY-ORIENTED LEADERS WHO CONSIDER THEIR POSITIONS TO BE A FORM OF PUBLIC TRUST.

I FEEL THAT THERE ARE SEVERAL IMPORTANT QUALITIES FOR A DIRECTOR. IN A RECENT SURVEY OF BRANDS OF DIRECTORS, THE MOST IMPORTANT WERE NOTED AS:

- BROAD EXPERIENCE IN BOTH THE BUSINESS WORLD AND IN THE COMMUNITY SERVED BY THE SAVINGS AND LOAN;
- SENSITIVITY FOR THE NEEDS OF THE COMMUNITY AND FOR THE NEEDS OF THE S & L, IN SHORT A DETERMINATION TO PRODUCE THE BEST ENVIRONMENT POSSIBLE FOR BUSINESS AND YOUR NEIGHBORS;
- AN ABILITY TO MAKE INTELLIGENT, INFORMED AND CREATIVE DECISIONS. NO ONE WANTS A LACK LUSTER DIRECTOR IN AN INSTITUTION AS IMPORTANT AS A SAVINGS AND LOAN, AND SIMPLY RUBBER STAMPING THE DECISIONS OF OTHERS IS OF VERY LITTLE VALUE;
- AN ABILITY TO ADVISE TOP MANAGEMENT BOTH IN THE COMPLEXITIES OF ORGANIZATION PROCESS AND IN THE

DAY TO DAY HUMAN INVOLVEMENTS THAT ARE SO
IMPORTANT TO A FINANCIAL INSTITUTION;

-- THE HONESTY AND INTEGRITY THAT ONE WOULD EXPECT
OF AN ELECTED OFFICIAL WHO HOLDS A PUBLIC TRUST;

-- A SENSITIVITY TO THE POLITICAL REALITY THAT
CONFRONTS US TODAY.

I DON'T CONSIDER THIS A LISTING OF SOME IDEALISTIC GOALS.

I BELIEVE THE QUALITIES LISTED HERE MAKE UP THE CHARACTER OF
MOST OF THOSE IN THIS ROOM. IT IS GOOD TO RECALL THEM TO
REAFFIRM IN ONE'S MIND THAT WHILE THE WORK OF A DIRECTOR OF
A SAVINGS AND LOAN MAY NOT BE A REGULAR WORK WEEK, THE RESPONSIB-
ILITY IS THERE WHETHER ON THE JOB OR OFF.

I FEEL THAT THE LAST POINT THAT I MENTIONED, THE NEED FOR
SENSITIVITY TO THE POLITICAL ENVIRONMENT, IS ONE WHICH I CAN
ADDRESS WITH SOME FAMILIARITY.

ALL OF US ARE AWARE THAT THE FEDERAL GOVERNMENT AND THE CITY OF WASHINGTON CAN NO LONGER BE IGNORED. WHILE YOU MAY BE AWARE OF THE GENERAL DRIFT OF LEGISLATION AND OF EXECUTIVE ACTIONS, I BELIEVE THAT YOU HAVE AN OBLIGATION AS A SAVINGS AND LOAN DIRECTOR TO INQUIRE ABOUT THE IMPACT OF PROPOSED LEGISLATION ON THE SAVINGS AND LOAN INDUSTRY WHICH YOU REPRESENT. YOU MUST TAKE PART IN THE PROCESS AND MUST MAKE YOUR VOICE HEARD IN WASHINGTON. I WILL TOUCH ON THE BEST MEANS OF DEALING WITH YOUR ELECTED REPRESENTATIVES IN A MOMENT.

FIRST, LET ME SAY THAT YOU ARE PARTICULARLY FORTUNATE TO BE DIRECTORS OF ONE OF THE MOST IMPORTANT INSTITUTIONS IN THE UNITED STATES. ONE WAY OR ANOTHER, SAVINGS AND LOANS TOUCH ALL OUR LIVES AND TO MY MIND HELP PRESERVE TWO OF THE MOST IMPORTANT VALUES OF OUR AMERICAN WAY OF LIFE--OWNERSHIP OF PRIVATE PROPERTY

AND STRONG COMMUNITY LIFE.

THE INDUSTRY

THE GREAT GROTH IN SAVINGS AND LOAN ASSOCIATIONS TOOK PLACE AFTER THE SECOND WORLD WAR. FOLLOWING THE GROWTH IN ECONOMIC WELL-BEING AND THE LARGE INCREASE IN POPULATION, SAVINGS AND LOAN ASSOCIATIONS WERE IDEALLY SUITED TO ASSIST PROSPECTIVE HOMEOWNERS. AGGRESSIVE BUSINESS PRACTICES HAVE GAINED SAVINGS AND LOANS THE LARGE SHARE OF THE SAVINGS AND MORTGAGE LENDING OPPORTUNITIES THAT THEY NOW ENJOY.

IN THE YEARS SINCE WORLD WAR II, WE HAVE SEEN MANY CHANGES IN BUSINESS NEED AND INNOVATION AND IMPROVEMENT HAVE BEEN REQUIRED. TRADITIONALLY, THE S & L'S HAVE BEEN ACTIVE AND IN THE FOREFRONT OF UNDERTAKING NECESSARY AND PRUDENT CHANGES.

I AM PROUD OF THE SAVINGS AND LOAN INDUSTRY. I WANT IT TO FLOURISH AND TO BE STRENGTHENED. THERE ARE SOME PROBLEMS WHICH CONFRONT THE INDUSTRY IN THESE TIMES AND WHICH WILL BECOME MORE ACUTE AS WE MOVE INTO THE 1980's. I WOULD LIKE TO TOUCH BRIEFLY ON THEM.

AS I NOTED EARLIER, A DIRECTOR MUST BE ABLE TO RESPOND NOT ONLY TO THE BUSINESS, BUT AS WELL TO THE POLITICAL CLIMATE. WASHINGTON CANNOT BE WISHED AWAY; THE SIGNIFICANCE OF LEGISLATION GENERATED IN THAT CITY IS SIMPLY TOO IMPORTANT FOR ANY DIRECTOR, EVEN IN THE MOST REMOVE AREA, TO IGNORE.

THE POLITICAL PROCESS

ONE OF THE BASIC CONCERNS YOU SHOULD HAVE ABOUT THE LEGISLA-

TIVE PROCESS IS THE NED PRODUCT -- THAT IS, REGULATIONS CREATED BY A FEDERAL AGENCY TO CARRY OUT THE LAW.

1. GROWTH OF FEDERAL REGULATION:

ESPECIALLY OVER THE LAST TWO DECADES, WE HAVE WITNESSED A PHENOMENAL GROWTH IN THE SIZE OF THE FEDERAL GOVERNMENT.

SINCE 1962, SOME 25 NEW FEDERAL AGENCIES OR GOVERNMENTAL BODIES HAVE CREATED TO REGULATE SOME ASPECT OF PRIVATE BUSINESS ACTIVITY.

FROM WHAT I HAVE SEEN, THERE IS AN INADEQUATE APPRECIATION IN WASHINGTON OF WHAT SUCH COSTS MEAN IN THE BUSINESS ENVIRONMENT.

THE GROWTH OF THE FEDERAL ROLE IN REGULATION OF FINANCIAL INSTITUTIONS, TO MY MIND, HAS GENERALLY WORKED TO THE DETRIMENT OF THE AMERICAN PUBLIC. TOO OFTEN LENDING INSTITUTIONS HAVE BEEN

VIEWS AS PUBLIC UTILITIES SUBJECT TO ANY FORM OF FEDERAL
REGULATION.

THERE SEEMS AT TIMES IN WASHINGTON, A BASIC INABILITY
ON THE PART OF MANY LAWMAKERS, TO COMPREHEND THAT INCREASED
REGULATORY COSTS ULTIMATELY COME HOME TO THE INDIVIDUAL
CONSUMER.

ONE SAVINGS AND LOAN INSTITUTION REPORTED THAT LAST SUMMER,
THEY WERE UNABLE TO TAKE LOAN APPLICATIONS, NOT DUE TO THE LACK
OF LENDABLE FUNDS, OR A LACK OF DESIRE TO MAKE LOANS, BUT DUE
TO THE INABILITY TO PROCESS THE ADDITIONAL PAPERWORK THAT THE
REGULATORY AGENCIES HAVE FORCED UPON THEM.

WHEN THAT POINT HAS BEEN REACHED, IT IS INDEED TIME TO PUT

ON THE BRAKE.

WHAT WE NEED, IN PART, IS FOR MORE PEOPLE IN WASHINGTON TO COME TO THE REALIZATION THAT WE DON'T NECESSARILY PROTECT THE CONSUMER BETTER BY CREATING NEW REGULATIONS OR BY ADDING TO THE ALREADY OVERGROWN FEDERAL BUREAUCRACY.

2. TREND TOWARD SKIRTING THE STATES:

ANOTHER PROBLEM IN THE LEGISLATIVE PREVAILING ATTITUDE IS THE INCREASING TREND TOWARD EROSION OF ANY SIGNIFICANT ROLE FOR THE STATES IN SOLVING FINANCIAL PROBLEMS.

THE PREVAILING ATTITUDE SEEMS TO BE, IF ANY PROBLEM CAN BE FOUND, THEN THE FEDERAL GOVERNMENT SHOULD STEP IN TO REMEDY IT. I FIRMLY DISAGREE WITH THAT APPROACH.

I CONTINUE TO BELIEVE, THAT IF CONFLICTING STATE LAWS
PRESENT A PROBLEM FOR INTERSTATE INDUSTRIES, THEN THE PROPER
SOLUTION IS TO WORK THROUGH THE COMMISSION ON UNIFORM STATE
LAWS, RATHER THAN PRESUME THAT FEDERAL LAW MUST BE WRITTEN TO
SUPERCEDE ALL STATE APPROACHES.

FROM DIFFERING EXPERIENCES COMES CREATIVE AND INNOVATIVE
THINKING. EXCESSIVE CONTROL FROM WASHINGTON TENDS TO STIFLE AND
CONSTRICT THE FREE ENTERPRISE SYSTEM.

KEYS TO EFFECTIVE INVOLVEMENT

I WOULD LIKE TO TOUCH ON SOME KEYS TO EFFECTIVE POLITICAL
INVOLVEMENT WHICH ARE NECESSARY FOR A DIRECTION TO DO AN EFFECTIVE
JOB.

THE FIRST IS EARLY INVOLVEMENT. FEW THINGS ARE MORE IRRITATING -- AND MORE INEFFECTIVE -- THAN LAST MINUTE PANIC, AFTER THE HORSE HAS GOTTEN OUT OF THE BARN. IN BEGINNING EARLY, TO EDUCATE KEY MEMBERS AND STAFF PEOPLE ABOUT AN UPCOMING ISSUE, YOU CAN BEST ATTAIN A RESULT YOU DESIRE.

A SECOND KEY IN MY MIND IS LOCAL PARTICIPATION.

I BELIEVE THAT MEMBERS OF CONGRESS WANT TO HEAR FROM MORE THAN JUST THE EXECUTIVES OF NATIONAL ASSOCIATIONS; THEY VALUE THE FOLKS FROM THEIR OWN STATE OR DISTRICT. MEMBERS OF CONGRESS ARE INTERESTED IN THE NATIONAL PERSPECTIVE AND HAVE AN OBLIGATION TO CONSIDER ISSUES IN AN OVERALL WAY. BUT THEY WANT TO HEAR THE IMPACT ON THEIR OWN AREA -- FROM PEOPLE THEY KNOW -- IF POSSIBLE.

THIRD, I BELIEVE THERE MUST BE A WILLINGNESS TO COMPROMISE.

A MAN OR WOMAN'S RECORD CONSISTS OF MANY DECISIONS AND MANY VOTES.

UNFORTUNATELY, SOME BUSINESS LOBBYING HAS BEEN CHARACTERIZED BY INADEQUATE UNDERSTANDING OF WHAT A PERSON'S RECORD IS, AND BY A "DO-OR-DIE" APPROACH TO AN ISSUE. VEILED THREATS, OR AN ATTITUDE OF "EITHER YOU'RE WITH US OR AGAINST US" DOES NOT WIN FRIENDS OR INFLUENCE PEOPLE.

I BELIEVE THE POLICY PROCESS HAS BEEN WEAKENED BY THE RISE OF "ONE-ISSUE" GROUPS -- GROUPS TO WHOM THEIR PARTICULAR ISSUE IS A TEST OF FAITH -- RATHER THAN A SUBJECT FOR REASONABLE DISCUSSION.

FOURTH, AND FINALLY, I BELIEVE IT IS IMPORTANT TO OFFER POSITIVE ALTERNATIVES -- NOT JUST CLICHES OR DIRE PREDICTIONS

OF GLOOM AND DOOM. IF A REAL PROBLEM EXISTS, BUSINESSPEOPLE HAVE THE KIND OF PRAGMATIC AND PRACTICAL EXPERIENCE WHICH CAN HELP TO SOLVE IT. BUSINESSPEOPLE -- WITH SPECIFIC EXAMPLES DRAWN FROM DAY-TO-DAY EXPERIENCE -- CAN HELP LAWMAKERS UNDERSTAND THE IMPACT OF VARIOUS POLICY DECISIONS.

CONCLUSION: ENCOURAGING PROSPECTS AHEAD

ALTHOUGH THERE HAVE BEEN SOME DISCOURAGING ONE-ISSUE CAMPAIGNS, THAT IS CAMPAIGNS WHICH CENTER ALL THEIR BITTER ATTENTION ON ONE PROBLEM SUCH AS PANAMA, THE LABOR LAW REFORM BILL OR THE EQUAL RIGHTS AMENDMENT, I AM OPTIMISTIC THAT THESE ARE BUT TEMPORARY EVENTS.

ON THE WHOLE, I WANT TO ENCOURAGE YOU TO COMMUNICATE WITH YOUR REPRESENTATIVES AND TO LET YOU KNOW THAT THERE IS A GENUINE

AND VITAL INTEREST IN WHAT YOU ARE DOING. YOUR CONTRIBUTION
MAY NOT ALWAYS BE SEEN IN A DIRECT BENEFIT TO YOUR SAVINGS AND
LOAN, BUT IT MAY BE SEEN IN AN IMPROVED GOVERNMENT FOR ALL OF
US.

CONCLUSION

I WANT TO END WITH A FEW OF MY FIRM CONVICTIONS ABOUT
SAVINGS AND LOANS. THESE ARE MY OWN VIEWS AND THEY HAVE GUIDED
MUCH OF MY WORK IN THE SENATE.

THE SAVINGS AND LOAN INDUSTRY HAS A PECULIAR OBLIGATION TO
THE HOUSING INDUSTRY. MY SERVICE AS CHAIRMAN OF THE RURAL
HOUSING SUBCOMMITTEE OF THE BANKING COMMITTEE HAS REINFORCED THE
VITAL ROLE OF THE SAVINGS AND LOANS IN FOSTERING A HEALTHY HOUSING

INDUSTRY AND IN ASSURING ADEQUATE HOUSING FOR OUR PEOPLE. THIS IS PRIMARY TO MY MIND AND THIS SPECIAL OBLIGATION CANNOT BE FORGOTTEN.

MY SECOND CONVICTION IS THAT SAVINGS AND LOANS SHOULD NOT BECOME IDENTICAL WITH BANKS.

I BELIEVE THAT THE DUAL FINANCIAL SYSTEM IS AN AMERICAN AS THE THREE BRANCHES OF GOVERNMENT. DUAL FINANCIAL SYSTEMS AND

DUAL FINANCIAL REGULATION HAVE PROVEN SUCCESSFUL ACTIVITIES.

THE DIVERSITY BETWEEN BANKS AND SAVINGS AND LOAN RESULTS IN
BETTER DECISIONS BEING MADE AT HOME WHERE THEY REALLY COUNT.

BETTER DECISIONS ARISE OUT OF COMPETITION AND INNOVATIVE SOLUTIONS
RESULT FROM DIFFEREING PERSPECTIVES. I BELIEVE THAT WHAT IS
GOOD FOR THE BANK IS NOT NECESSARILY GOOD FOR THE S & L AND
THE COMMUNITY IT SERVES.

I AM FOR THE UNIQUENESS THAT REMAINS AND THE DIVERSITY THAT
WE NOW ENJOY AND I HOPE THAT THE TREND TOWARD BANKING WILL NOT
WEAKEN YOUR DETERMINATION TO REMAIN APART.

FINALLY, I AM CONCERNED ABOUT SAVINGS AND LOANS BECOMING
MUTUAL STOCK COMPANIES. THERE HAS BEEN A TREND TOWARDS STATE-

CHARTERED STOCK INSTITUTIONS. THIS IS A MOVE WHICH I DO NOT
WELCOME.

My opposition is based on

18

I AM GLAD TO HAVE HAD THE OPPORTUNITY TO SPEAK TO YOU
TODAY ON A DIVERSE SET OF ISSUES. PERSONALLY, I BELIEVE THAT
THEY ARE ALL CLOSELY RELATED.

THE SAVINGS AND LOAN INDUSTRY IS AN IMPORTANT ONE AND ONE
WHICH I FEEL MUST BE PRESERVED. THAT PERSERVATION AND GROWTH
REST TO A LARGE DEGREE IN YOUR HANDS AND ONE JOB YOU MUST ADD TO
YOUR LISTS OF DUTIES IS A CONCERN WITH THE FEDERAL GOVERNMENT.
FEDERAL LAWS WHICH INJURE THE INDUSTRY ARE VERY MUCH YOUR
RESPONSIBILITY AND CANNOT BE BLAMED ON SOME FAR OFF LEGISLATIVE.
I HOPE THAT YOU WILL BECOME INVOLVED IN THE LEGISLATIVE PROCESS
IN A BENEFICIAL AND MEANINGFUL WAY. AFTER MEETING MANY OF YOU
HERE AT THIS CONVENTION, I AM CONFIDENT THAT SAVINGS AND LOANS
WILL BE KEPT ON THE RIGHT TREND FOR A GOOD TIME TO COME.
THANK YOU.