

BOB DOLE
KANSAS

PLEASE DELIVER TO SENATOR BOB DOLE

United States Senate

OFFICE OF THE REPUBLICAN LEADER

WASHINGTON, DC 20510-7020

FACSIMILE COVER SHEET

TIME: 2:10

DATE: Feb. 13, 1992

TO: Senator Dole

FROM: Jim McMillan

RE: Remarks to ABA Legislative Liaison Advisory Committee

6 **PAGES TO FOLLOW THIS COVER SHEET**

COMMENTS: _____

SENT BY: _____
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PLEASE DELIVER A.S.A.P.

M E M O R A N D U M

February 13, 1992

TO: SENATOR DOLE
FROM: JIM MCMILLAN
RE: REMARKS TO ABA'S LEGISLATIVE LIAISON ADVISORY COMMITTEE

Attached for your review are talking points in connection with tomorrow's speech to the American Bankers Association's (ABA) Legislative Liaison Advisory Committee. The audience will consist of banking executives and their representatives (both large and some smaller banks).

I contacted the legislative representative of the ABA who informed me that they would like to hear about the economic growth package. I have also included a few talking points on the banking proposals included in the President's plan which are basically a carryover of the Administration's banking reform proposals rejected by Congress last year (e.g., interstate banking and branching, expansion of permissible bank activities such as repealing Glass-Steagall, commercial ownership of banks, etc.).

I have also enclosed for your information a copy of the ABA's press release following passage of last year's banking reform legislation.

Primary concerns of the ABA are increases in Bank Insurance Fund premiums, proposed and existing regulatory burdens (e.g., ABA hates proposals for mandated basic banking and government check-cashing), environmental liability (ABA wants this existing liability limited for banks), and the expansion of permitted bank activities (to include greater insurance and securities powers). The ABA has been fairly neutral on interstate banking and branching since their membership is split with large and small banks. Generally speaking, all of the foregoing issues go to the competitiveness of the industry.

TALKING POINTS
SENATOR BOB DOLE
AMERICAN BANKERS ASSOCIATION
LEGISLATIVE LIAISON ADVISORY COMMITTEE
FEBRUARY 14, 1992

ELECTION YEAR POSTURING

- IT GOES WITHOUT SAYING THAT GIVEN IT IS AN ELECTION YEAR, YOU WILL FIND THE DEMOCRATS IN CONGRESS SEEKING COMPROMISE AND AGREEMENT WHEN THE POLITICAL FRUITS OF DOING SO ARE GREATER THAN CONFRONTATION. IF CONFRONTATION LOOKS BETTER, THAT'S ALL YOUR GOING TO GET.
- WE SAW THAT ON THE RECENT EXTENSION OF UNEMPLOYMENT BENEFITS WHERE REPUBLICANS AND DEMOCRATS EASILY AGREED ON AN ADDITIONAL 13 WEEK EXTENSION AND THE MEANS TO PAY FOR THAT EXTENSION.
- OF COURSE, EARLY GO-AROUNDS ON THIS ISSUE WERE FOUGHT HARD WHEN THE DEMOCRATS WERE MORE INTERESTED IN POLITICAL BENEFITS THAN EXTENDED BENEFITS.

ECONOMIC GROWTH

- IT LOOKS LIKE THE SAME POLITICAL POSTURING IS SHAPING UP ON ECONOMIC GROWTH.
- LAST WEEK, I INTRODUCED THE PRESIDENT'S SEVEN POINT SHORT-TERM GROWTH PACKAGE -- THE ONE HE CHALLENGED US TO PASS BY MARCH 20. IN ADDITION, I INTRODUCED THE PRESIDENT'S TOTAL BUDGET PACKAGE -- S. 2217, THE ECONOMIC GROWTH ACT OF 1992. THIS IS A COMBINATION OF BOTH HIS SHORT-TERM AND LONG-TERM REFORMS TO STIMULATE THE ECONOMY AND TO KEEP IT MOVING IN THE YEARS AHEAD.
- LOOKING BACK, ONE OF THE MAJOR SUCCESSES OF THE 1990 BUDGET AGREEMENT WAS THE ENACTMENT OF THE PAY-AS-YOU-GO CONCEPT. FOR THE FIRST TIME IN ITS HISTORY, CONGRESS WAS FORCED TO PAY FOR NEW MANDATORY SPENDING PROGRAMS.
- FOR THE BIG SPENDERS IN CONGRESS, THE NEW DISCIPLINE HAS BEEN BITTER MEDICINE. CERTAINLY, BIG NEW FANCY PROGRAMS AREN'T AS ATTRACTIVE WHEN THEY HAVE TO BE COMBINED WITH TAX INCREASES OR OFFSETTING PROGRAM CUTS.
- MAYBE CONGRESS HAS GOTTEN A LITTLE TIRED OF BEING CALLED TO TASK BY THE PRESIDENT, BECAUSE NOW THE SHRILL VOICES INSIDE THE BELTWAY ARE CALLING THE PRESIDENT'S PROPOSED PAY-AS-YOU-GO OFFSETS FUZZY AND GIMMICKS.
- I CAN ASSURE YOU THAT THE PRESIDENT'S PAY-AS-YOU-GO

PROPOSALS ARE VERY REAL AND REPRESENT TOUGH CHOICES. INDEED, IF THEY WEREN'T REAL, I DON'T THINK THE BIG SPENDERS WOULD BE COMPLAINING AS MUCH.

- IN ADDITION, THE PROPOSALS REPRESENT SOUND PUBLIC POLICY. LEGISLATION ADDRESSING THE WEAKNESSES OF THE PENSION BENEFIT GUARANTEE CORPORATION IS JUST ONE EXAMPLE OF SHORING UP THE GOVERNMENT'S FINANCIAL EXPOSURE AND ADDRESSING PROGRAM WEAKNESSES.
- I ALSO SUSPECT THAT A NUMBER OF THE PROPOSALS DESIGNED TO HELP THE BANKING INDUSTRY BE MORE COMPETITIVE -- SUCH AS FACILITATING INTERSTATE BANKING AND BRANCHING AND EXPANDING THE PERMITTED FINANCIAL ACTIVITIES OF BANKS -- WILL FIND SOME SUPPORT AMONG YOU. AS YOU WELL KNOW, CONGRESS FACED THESE SAME ISSUES AT THE END OF LAST YEAR AND TOOK A WALK. THERE IS NO GUARANTEE THAT THEY WON'T DO THE SAME THIS YEAR.
- OTHER PROPOSALS CONTAINED IN THE BUDGET PACKAGE, SUCH AS THE REFORMS IN MEDICARE AND THE STUDENT LOAN PROGRAM, ARE DESIGNED TO SHIFT ENTITLEMENT BENEFITS TO THOSE IN GREATER NEED AWAY FROM THOSE WHO CAN MORE THAN AFFORD TO PAY THEIR OWN WAY. FOR ALL THE DEMOCRATS GRUMBLING ABOUT FAIRNESS, I URGE THEM TO TAKE A GOOD HARD LOOK AT THESE REFORMS.
- THE PRESIDENT HAS ALSO PROPOSED SOME INNOVATIVE MEASURES TO PERMANENTLY RESTRAIN SPENDING THROUGH REFORM OF THE BUDGET PROCESS. ONE OF THE MOST IMPORTANT IS THE PROPOSED CAP ON MANDATORY SPENDING.
- DOMESTIC DISCRETIONARY SPENDING -- AS COMPARED TO ENTITLEMENT SPENDING -- HAS BEEN THE RUNT OF THE FEDERAL BUDGET DURING THE PAST TWO DECADES. IF THAT IMBALANCE IS TO CHANGE, CONGRESS NEEDS TO ADOPT THE PRESIDENT'S PLAN TO CAP ENTITLEMENT PROGRAMS.

IT'S UP TO CONGRESS

- IT'S NOW UP TO CONGRESS TO STOP ALL THE HOT AIR GRUMBLING -- PUT ALL THE PARTISAN BICKERING ASIDE -- AND TAKE ACTION ON THE PRESIDENT'S PLAN. IT'S WHAT THE COUNTRY NEEDS; IT'S WHAT AMERICANS NEED.
- UNFORTUNATELY, BASED ON THIS WEEK'S MARKUP IN THE HOUSE WAYS AND MEANS COMMITTEE, IT DOESN'T LOOK LIKE THAT'S GOING TO HAPPEN ANY TIME SOON.
- INDEED, IT LOOKS LIKE LOTS OF CONFRONTATION AND SHOWDOWNS.
- DURING MARKUP, THE PRESIDENT'S PROPOSAL WAS VOTED DOWN ALONG PARTY LINES.
- IN ADDITION, THE BILL INTRODUCED BY REP. GEPHARDT WHICH WAS VOTED OUT OF COMMITTEE WITHOUT RECOMMENDATION, SIMPLY PICKS

AND CHOOSES AMONG THE PRESIDENT'S PROPOSALS -- CONTAINING REVENUE PROVISIONS BUT NONE OF THE SPENDING CUTS. IT IS NOT THE PRESIDENT'S PLAN -- IT IS NOT THE PRESIDENT'S PACKAGE -- AND IS ONLY ANOTHER BLATANT ATTEMPT TO TRY AND EMBARRASS THE PRESIDENT.

- THE DEMOCRATS HAVE NOW LOCKED THEMSELVES BEHIND CLOSED DOORS TO DRAFT THEIR OWN PLAN.
- IT AMAZES ME THAT GIVEN ALL THEIR MOANING AND CRITICISM ABOUT THE PRESIDENT'S DOMESTIC AGENDA, THAT THE DEMOCRATS HAVE YET TO EVEN UNVEIL A PLAN. IT'S FEBRUARY 14TH AND THERE'S NO PLAN AND NO LEADERSHIP.

COOL THE TAX-CUT FRENZY

- WHILE THE DETAILS WILL PROBABLY LEAK OUT OVER THE NEXT FEW DAYS, IT SEEMS PRETTY CLEAR THAT THE DEMOCRATIC PLAN WILL FOCUS ON BROAD ELECTION YEAR TAX CUTS. UNFORTUNATELY, WHAT AMERICA IS REALLY LOOKING FOR IS A HEALTHY ECONOMY AND A CONGRESS COMMITTED TO LONG-RANGE, RESPONSIBLE LEADERSHIP ON THE BUDGET, ON SPENDING, AND ON GROWTH.
- IN MY OPINION, CONGRESSIONAL DEMOCRATS SHOULD FOLLOW THE LEAD OF THEIR PARTY'S NEW PRESIDENTIAL FRONT-RUNNER -- PAUL TSONGAS -- AND RESIST THE SELF-PROCLAIMED ECONOMIC CURE-ALL OF MIDDLE CLASS TAX CUTS.
- IT MAY HELP TO BUY SOME VOTES, BUT IT DOESN'T HELP PUT THE ECONOMY BACK ON TRACK.

35 DAYS AND COUNTING

- IT'S NOW 35 DAYS AND COUNTING UNTIL THE PRESIDENT'S MARCH 20 DEADLINE.
- CONGRESS HAS CANCELED ITS MARCH RECESS TO MEET THIS DEADLINE.
- WHAT REMAINS TO BE SEEN IS WHETHER THE BILL THAT GOES TO THE WHITE HOUSE IS THE MEDICINE THE ECONOMY NEEDS, OR AN ELECTION-YEAR PLACEBO THAT THE PRESIDENT WILL VETO.



AMERICAN
BANKERS
ASSOCIATION

NEWS

PUBLIC RELATIONS □ 1120 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C. 20036 □ (202) 663-5000

November 27, 1991

OFFICIAL STATEMENT BY ABA PRESIDENT ALAN R. TUBBS ON THE PASSAGE OF FINANCIAL LEGISLATION IN THE HOUSE AND SENATE

A reasonable, narrow bill is far better than an unreasonable, broad bill filled with new restrictions on bank activities and costly new regulatory burdens. The bill approved today by the House and Senate stops well short of the kind of positive, competitive legislation needed to strengthen the banking industry for the long-term that banks of all sizes and the ABA have urged for many years, but it's a bill that had to be passed.

The bill just enacted will do several important things. It will recapitalize the Bank Insurance Fund and dramatically restrict the use of the too-big-to-fail doctrine, while retaining the public's multiple account deposit insurance coverage--three top ABA priorities. BIF recapitalization was always to be the centerpiece of any financial package, and it was particularly satisfying to see the recommendations of the banking association summit that ABA organized, in large part adopted by Congress. Taxpayer funds have never been used to pay industry costs, and the line of credit the legislation provides for will help assure that they aren't needed in the future.

What the bill will not do is equip the banking industry to effectively compete over the long haul--an omission which, if left unaddressed, will serve neither the public nor the private sector. Congress had the opportunity to strengthen the nation's financial system and passed it up.

ABA has worked for years in the regulatory agencies and the courts to expand all banks' authorities in the insurance and securities areas as those industries have deepened their inroads into the financial services arena. We will continue to work toward that end.

There were several noteworthy victories on the twisted path to today's legislative conclusion:

- o The disappearance of Senator D'Amato's economically dangerous amendment to cap credit card interest rates;

- o The overwhelming defeat of mandated basic banking and government check-cashing despite the powerful support of the American Association of Retired Persons and the surprising endorsement of the Independent Bankers Association of America;

- o Repeatedly beating back the attempts to roll back banks' insurance, real estate and securities powers;

(more)

PASSAGE OF FINANCIAL LEGISLATION/2

o The adoption in both the House and Senate of similar compromises on interstate banking which ensured that the states retain sufficient authority over state entry rules as geographic expansion moves steadily onward. Although an interstate banking provision was not adopted, the so-called opt-out language received overwhelming support in both the House and Senate.

o Turning back Congressman Schumer's core bank proposal;

o A one-year delay of the date when states must have in place their appraisal certification systems;

o Defeating the attempt by Rep. Kennedy to require the regulators to send "testers" pretending to be applying for a mortgage into depository institutions to check for illegal discrimination;

o Banishing dozens of regulatory amendments, including a proposal to require individuals to register as holding companies, another whose severe restrictions on who could serve on bank boards had the potential to disqualify some current directors in small communities, and a plan to impose a fee on all wire transfers.

. There were also disappointments:

o Accounting reforms that would require institutions over \$150 million to be annually audited by independent public accountants and to prepare a management report, adding to the already substantial paperwork and cost burdens of regulatory compliance;

o Restrictions on certain state-chartered bank authorities to act as a principal;

o And the side-tracking of financial modernization that reflects the overwhelming change in financial services offerings, competitors and the marketplace.

The urgent work has now been done. The important work remains. If it's in the interests of the nation to have a banking system, the banks in that system must be allowed to compete and make a profit. We will continue to work toward that end.

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