

THE WHITE HOUSE

WASHINGTON

August 7, 1998

The Honorable Alfonse D' Amato
Chairman, Committee on Banking
U.S. Senate
Washington, D.C.

Dear Mr. Chairman:

This Administration has been a strong proponent of financial legislation that would reduce costs and increase access to financial services for consumers, businesses, and communities. Nevertheless, we cannot support the Financial Modernization Act of 1998, H.R. 10, which is now pending before your Committee. In the form that the bill is currently drafted, it would stifle innovation and efficiency in the national banking system, and impose needless costs on small banks. In addition, the Administration believes that the bill would materially weaken the national banking system by depriving national banks of the powers they now have and would erode the ability of the Executive Branch in formulating and implementing financial institution policy.

I share your perspective that an overhaul of the laws that regulate our nation's financial services industry is long overdue. However, the President will veto the bill if it is passed in this form.

With best wishes, I am

Sincerely,

Erskine B. Bowles
Chief of Staff