

8/20/73

Ladies and gentlemen, I appreciate your invitation to participate in your convention and especially at this time to honor Senator Wallace F. Bennett, whom I consider to be one of my closest friends. Your invitation caused me to reflect back to the first part of 1970 when Senator Bennett offered an amendment to provide share insurance for credit union members to a bill which established the National Credit Union Administration as an independent agency.

I am sure many of you will recall those stormy days when the issue of share insurance was very controversial. We were told that most credit unions were opposed to Federal insurance for their shareholders. We were told that the stabilization or liquidation funds established on the state level were all that was needed, yet credit unions continued to liquidate at a loss to their members. In 1969, the year before Federal share insurance, 31 of the 36 Federal credit

unions that liquidated at a loss to shareholders were located in states which had stabilization funds. The states of Massachusetts and Wisconsin had plans for insurance but these plans were not available to federally chartered credit unions. Your Association, NAFCU, expressed strong support for federal share insurance, as did many individual credit unions and even some state credit union leagues. There is no doubt that there were strong feelings on both sides of the issue and while credit union share insurance may have been an idea whose time had come, there were many who opposed it.

When Senator Bennett introduced his share insurance amendment in February of 1970, some leaders in the credit union movement made such comments as, "Senator Bennett has long been an opponent of credit unions and credit union legislation. He most likely introduced the amendment as a trick." As you know, the Bennett share insurance amendment

failed in the Senate by a vote of 35 to 52 after heavy lobbying by the opposition. It was obvious to Senator Bennett, however, that the vote was not a loss, but a significant victory. The only substantive argument against the amendment was that there had been no hearings on the proposal, and we knew that if the issue could be thoroughly aired in hearings, reasonable legislation could be enacted. For that reason, Senator Bennett asked the Chairman of the Banking Committee, Senator Sparkman, if he would schedule hearings at the earliest possible time if the amendment were introduced as a bill. He was given that assurance.

On May 11, Senator Bennett introduced S. 3822 and within a few days, members of the largest credit union association at their annual meeting reversed a prior position

by voting two to one in favor of a federal program of share insurance. Hearings were held in June and the bill, with amendments based on recommendations made during the hearings, passed the Senate in early September without an opposing vote.

One would have thought that after the enactment of share insurance, those who disagreed in the beginning would take advantage of this new opportunity to ~~compete~~ ^{become more competitive} with other financial institutions and within a short time agree that it was a desirable thing. Most have done that and are happy with the result. However, some still seem to believe that the purpose of Federal share insurance was to destroy the credit union movement.

A speech made late last year and distributed to participants in a national conference indicates the strong

feelings that some may still have. The speaker, who had opposed share insurance two years earlier, said, "Senator Bennett, apparently a congressional spokesman for the more vicious segment of our banking opposition, is no true friend of credit unions." Let me just say at this point that if Senator Bennett had been a spokesman for the banking opposition, he would not have even offered share insurance for credit unions. To my knowledge, no element in the "banking opposition" spoke out in favor of the Bennett proposal and the American Bankers Association recommended against enactment of the share insurance legislation.

This speaker continued in his remarks, "Senator Bennett's disturbing interference in the mainstream of credit union progress was 'a stupid, asinine' contribution to the lengthening list of problems in the credit union future."

Some others, including your Association, came in for some harsh words upon which I will not dwell. It is unfortunate that such divisiveness seems to exist among officials of an industry dedicated to the assistance of those who may not have reasonable access to other sources of financing. In my opinion, the best thing that could happen to the credit union movement would be for credit union leaders to become more concerned with the success of credit unions in serving their members properly and less concerned about their own personal position and that of their specific organization. I believe credit union leaders should also recognize that some of what they see as credit union needs cannot be obtained without additional governmental rules and regulations.

We have now had two and a half years of experience under share insurance legislation. What has been the result of this so-called Bennett trick? Has this legislation been

a "disturbing interference in the mainstream of credit union progress?" When Senator Bennett offered his share insurance amendment, shares in Federal credit unions amounted to between \$6 billion and \$7 billion dollars. In the preceeding year, shares in such credit unions had increased by less than \$650 million. However, since the enactment of share insurance, the increase in shares has been at the much greater rate of about \$2 billion a year. In other words, the annual dollar increase in federal credit union shares has been about three times as great as it was before the availability of federal share insurance. Shares in Federal credit unions now total *between \$12 and \$13 billion* ~~about \$12.5 billion~~, or nearly double federal credit union shares at the beginning of 1970. Three years ago, although most credit union shareholders thought their money was insured just as it was in a commercial bank or a savings and

loan association, the fact was that only state credit unions in two states had such insurance. Today, all of the ^{nearly \$13} ~~over \$12~~ billion in Federal credit union shares is insured up to \$20,000 per account and shares in about 1,500 state credit unions which have over 25% of the assets in state credit unions are federally insured.

It is difficult to measure precisely the beneficial effect that share insurance has had on increasing savings at credit unions, but there should be no doubt in anyone's mind that the effect has been significant. Equally as important as the increase in credit union growth, however, is the protection of savings for those of very limited income.

Three years ago, there were over 7 1/2 million shareholders with savings of less than \$500 in Federal credit unions which was unprotected because they put their savings in a

credit union instead of a bank or a savings and loan association. These uninsured savings represented a substantial part, if not all, of their liquid assets. Three years ago, although stabilization or liquidation funds assisted many liquidating credit unions to return 100 cents on their members' share dollars, far too often the reward for helping others within a common bond was the loss of hard-earned savings such as the loss of over \$600 by one individual who had an annual income of just over \$2,600. Another who lost \$300 had no income. A retired foreman lost over \$400 and another individual on social security lost \$350. Today, no such losses occur in federal credit unions because of the federal insurance. The insurance fund has paid nearly \$1.5 million to shareholders and has guaranteed over \$5 million in loans from liquidating credit unions, thus making

*to mention just a few
others*

the savings of individuals immediately available upon liquidation of their credit unions.

Now I would like to say a few words about the ~~person~~ ^{person} ~~Senator~~ who did more than any one else in Congress to bring about this benefit to credit unions and their members. In addition to working for and with Senator Bennett for a period of ten years between February 1963 and March of this year, I have had the opportunity to travel to and from the office with him on a daily basis during most of those years. Jokingly at my confirmation hearings, he suggested that he hated to lose his chauffeur. The fact is, that I had an opportunity while traveling to and from the office to learn from him for between an hour and an hour and a half a day. Often, of course, we discussed Senate or Committee business but our discussions were not always so limited. Sometimes

we discussed deep religious and philosophical issues and other times some of the Senator's experiences. Few have had such an opportunity with this great man, and few perhaps, other than some members of his family, know him as well as I feel I do.

My feelings for the Senator are love, trust, respect, and admiration not just for what he has done but for what he is. He is a man with unquestioned integrity--an important quality anytime, but perhaps even more important now when the activities of many in Washington are being examined. Because of his integrity, Senator Bennett was chosen by his colleagues as the vice chairman of the Senate Select Committee on Standards and Conduct, better known as the Senate Ethics Committee. An indication of the high regard that his fellow Senators have for him is reflected in the words of the Senate Majority

Leader Mike Mansfield when he said, " I have watched Wallace Bennett day in and day out in the performance of his tasks, doing them without complaining but with integrity and dedication...." And the words of Senator Robert Griffin, the minority whip who described Senator Bennett as "truly a Senator's Senator...beloved, respected and admired by everybody in this body on both sides of the aisle...."

Senator Bennett is known throughout the Senate for his keen intellect and analytical ability. I have always been impressed with his ability to get immediately to the important concepts in a complex issue. His broad experience has given him a basic background in most financial subjects and he is interested in knowing those factors which must be considered in order to come to a reasoned conclusion leaving out all of the rhetoric and boiler plate that often seems to be a large part of congressional action.

He has been known to be impatient with those who persist in pushing pet subjects which are not pertinent to the decision at hand. On one occasion in a conference between the Senate and the House on an important bill, a member of the House began to read an obviously lengthy prepared statement

on a subject about *him speak*
which Senator Bennett had heard many times before, and which

was not directly related to the bills before the Committee.

The Senator excused himself, suggesting that he had other

important matters to take care of and would like to be

informed when the conference committee was ready to resume

its consideration of the differences between the House and

Senate bills. One high government official summed it up by

saying, "Where some public officials rely on rhetoric to

finesse the issues, Wallace Bennett cuts to the heart of

complex problems with incisive language and keen intellect.

He's one of the 'straight talkers' of the Senate."

He is one ~~of those~~ who might be called a working member of the Senate. His greatest contributions come in Committee meetings where he is able to cut through all of the rhetoric and get right to the point. He is also able to suggest alternatives which are not only reasonable, but bring together some of the conflicting views held by other members of the Committee. Often after a meeting on a complex, technical issue, other staff members, representatives of the Administration and other Senators have expressed amazement at the Senator's thorough understanding of the issue. His background and knowledge in the areas of taxation, financial institutions, business, money, and other matters under the jurisdiction of the Finance Committee and the Committee on Banking, Housing and Urban Affairs, make him stand out among his colleagues as a financial expert. Yet you will not often

find him in the newspaper headlines nor does he seek publicity. In fact, when complimented on a major contribution he will often give the credit to his staff. How well I remember being introduced to the Under Secretary of the Treasury in 1965 by Senator Bennett as having provided solutions which the Senator recommended and which were accepted by the Johnson administration on our coinage and silver problem.

One of the little known facts about Senator Bennett is the opportunities for growth and development and advancement which he offers his staff. The Senator has always preferred to have young staff members because he believes that having a young staff keeps him young. Instead of trying to keep staff members who have gained experience through their service with him, he unselfishly suggests that they take advantage of other opportunities for advancement.

As I look back over those who have served on his staff, I find one who is the President and Chief Executive Officer of one of the nation's largest insurance companies. I find another who is a senior partner in one of the most prestigious law firms in Washington, D.C. I find another who is a Vice President of Anaconda, one of the largest mining companies in the world. Another is a special assistant to President Nixon and still another is a chief economist for the American Bankers Association; and these are only a few of those who have had an opportunity to learn, grow, and develop through their association with Senator Bennett.

Senator Bennett, after serving the people in Utah and the nation for nearly 23 years, has an independence which allows him to take positions on issues which he believes to be correct even though they may not be politically popular.

He believes the people of Utah have elected his judgment and experience to the Senate. More than a few of his positions have been criticized by individuals who have had to admit later that the Senator was correct and that what they thought was against the public interest, and was unpopular at the time, was in fact the right decision.

The Nader report on the Senator said, "Bennett is loyal to friends and hard on adversaries." On being hard on adversaries, I can say that though the Senator is mild-mannered, he will not retreat from a fight as was evident in the share insurance issue. Even in such debates, however, I believe the Senator is fair and is a gentleman. On several occasions when I have prepared drafts of remarks for him to use on the Senate floor, which were devastating to his opposition, he has read the draft and said, ^{John} "I'm sure that

you must feel better after having written this. Now let's rewrite the statement so that it will fulfill the same purpose but will not be so abrasive."

Senators fall roughly into several types. There are some who use the office to advance their political ambitions. ^{Others} ~~There are some who~~ seek national recognition through identification with popular or controversial causes but Senator Bennett is different. He attends to constituent needs on a high priority basis, he is an expert on national and international financial matters; he is a Senator who because of his devotion to duty, competence, and integrity is one of the most powerful and effective men in Washington, yet his many contributions, because they are made outside the limelight's glare are known only to a relatively few who work closely with him. So it was with share insurance.

Very few of the millions of shareholders in credit unions whose money is now protected realize that Senator Bennett played the major role in that protection. It is therefore very appropriate that he be honored here ^{today} and I commend this Association for honoring him in a way that will be lasting ^{and beneficial to others} as are his contributions to all of us.

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