



SAVINGS BANKS ASSOCIATION OF NEW YORK STATE

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VICE DIRECTOR OF PUBLIC INFORMATION

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Dear Mrs. Scholl,

Here are Chairman Wille's remarks as reported in the official proceedings of the 79th annual convention, Savings Banks Association of New York State, at the Boca Raton Hotel and Club, Boca Raton, Florida, November 9-11, 1972.

Hope what you are seeking is here.

Sincerely,

PRESIDENT BRUSH: Thank you, Mrs. Wallace.

Whatever happens to the philanthropy business down the road, the foundations can be glad that they have a champion of your caliber on their side.

Let me hasten to say that the possibility of bankruptcy is nowhere in the future of the corporation headed by the next speaker. He is an old friend of ours, a distinguished alumnus of the New York State Banking department.

Ladies and gentlemen, the Chairman of the Board of the Federal Deposit Insurance Corporation, the Honorable Frank Wille. (Applause)

HONORABLE FRANK WILLE: Thank you, Harry.

President Brush, Superintendent Albright, Distinguished Guests of the Association, Ladies and Gentlemen: For me, it is always a very special pleasure to join your annual convention. I enjoy the chance to pick up on some old friendships and to stay abreast of the great changes that seem to take place every year in the savings bank industry.

Your hospitality is total, particularly after five o'clock, and I find myself enjoying more and more the fact that another Superintendent is holding down your anchorman spot on Thursday mornings.

Being one of your last speakers gives me the chance

to be both brief and informative, and I intend to take full advantage of that opportunity this morning, in outlining for you four supervisory developments at the FDIC that may affect your operations in the future.

There is hardly a banking agency these days that is not preoccupied with matters which once would have been thought outside the scope of traditional concerns for the safety and soundness of particular institutions.

The responsible agencies are all dealing with such items as the operating powers of institutions; possible changes in financial structure, both in the short run and in the long run; market performance of one institution or one group of institutions as opposed to another, and with some complex questions of fairness -- fairness to borrowers and depositors; fairness to creditors and investors; fairness to the communities the bank serves, as well as fairness to the bank itself.

The balance between the sometimes conflicting concerns and conflicting interests remains elusive as the public and the public emphasis changes, but we in the agencies, as well as those in positions of legislative responsibility, find ourselves, as representatives of the public interest, under increasing responsibility and obligation to shape and influence

the balance that is struck.

The program outlined by Superintendent Albright on Thursday is very much in this pattern, whether it is emphasis on consumer powers, interest rate flexibility, or a more active stance in the matters of consumer complaints, and the likelihood of consumer requirements for greater disclosure of your financial results.

This is not to say that the agencies are unconcerned about the traditional matters of safety and soundness. Obviously, they are. But in a country of 14,000 banking units, only a very small fraction require close supervision as potential problems. The FDIC list numbers about 220 such banks these days, a figure down almost to 10 per cent. I might add, between the 1971 and '72 figures, only a handful of that limited number of banks ever reaches the point of failure.

In contrast to the average of six or seven bank failures each year throughout the past decade or so, we have had only one this year so far. That was the Surety Bank & Trust Company in Wakefield, Massachusetts and that one was the result of an embezzlement which was quite totally unpredictable.

We had a somewhat close call earlier in the year, as you may remember, with the Bank of the Commonwealth in Detroit,

which was rescued, if you like, by a rather unique line of credit granted by the FDIC, the line of credit extending to a total of \$60 million, of which, at this point, only \$30.5 million has been taken down, and which in the final analysis may amount to only slightly more than that.

We are pleased with the results which have been accomplished in the Bank of the Commonwealth, and I am confident that in the long run that loan from the FDIC will be repaid with interest and that that billion dollar institution will not cause significant repercussions throughout the American banking system.

In both of these categories, the problem in failed banks, I might add, mutual savings banks in New York are conspicuous by their absence. This has been traditionally the case and is so today.

In our supervisory roll, however, as distinct from our insurance function, the FDIC is busier than ever. The roster of state non-member commercial banks examined by the FDIC increases by more than 100 banks each year, a result both of new charters that are granted throughout the country and by the continuing withdrawal of Federal Reserve member banks.

The roster of mutual savings banks, as you know, remains relatively steady, with some slight reduction because of

mergers throughout the year.

Examining some 8300 banks each year, as well as the increasing attention we, like other agencies, are giving to non-traditional matters in our supervisory efforts, has increased the workload substantially for both the examination staff and the executive staff of the Corporation, and it leads me quite naturally into the first development that I wish to recount and describe today.

Even before there was a Hunt Commission which you heard so much about yesterday, there was a group in New York State called the Mutual Advisory Committee. It was chaired by Al Mills, and its members numbered some who are here this morning like Tom Hawks, Charley Brau, Virgil Conway and Francis Reed.

Most of its recommendations affected me directly as Superintendent of Banks, since they called either for state legislative action or state administrative action. Within two or three years subsequent to its report, virtually all of those state recommendations were adopted in one form or another by the state Legislature or by the State Banking Department, including such items as time deposit powers, day-of-deposit to day-of-withdrawal accounts, leeway investments and numerous other changes in our operating powers and procedures.

One set of recommendations I never had the time or the capacity to implement until I became Chairman of the FDIC had to do with certain aspects of overlap between federal and state jurisdiction which occurs because New York savings banks are examined and regulated both by the State Banking Department and by the Federal Deposit Insurance Corporation.

The Mills Committee had recommended closer cooperation between the two agencies, so as to minimize the dislocations and waste caused by two examinations, for instance, of the same bank, and by the confusion which might result from trustees and bank management receiving two quite materially different reports of examination, one from the State Banking Department and one from the FDIC. This committee urged the development of a single report of examination which could be used jointly both by the state and by the FDIC, and that that one report be transmitted to the bank and that one report alone.

The implementation of this recommendation was delayed for some time as the FDIC studied revisions in its own examination form for mutual savings banks, a report form used in all 18 savings bank states. A new uniform report was clearly in order, because of the many changes in lending and investment powers for savings banks enacted in one or more of these 18

states, and because of important changes in the tax laws affecting mutual savings banks.

We also had increasing agency interest in data processing operations, consumer protection items, and many of the non-traditional matters to which I referred at the outset.

Drafts of this revised form were circulated among the 18 state supervisors, selected banks and your own National Association, as well as this Association, and we have benefited greatly from their collective comments.

The nearly final version of that new form has been developed and it has allowed us to proceed with a single report of examination for New York State savings banks as a result of examinations jointly conducted both by the state and by the FDIC.

In this cooperative effort, with Harry Albright's full support and my own, our two staffs, headed on the FDIC side by Claude Philipi, our regional director, and Ed Rotti, director of our Division of Bank Supervision, and the State of New York by Dennis Knutsen, the Deputy in charge of savings banks, and Bernard Gassman, the chief bank examiner, we have completed and developed an acceptable joint form of examination report, reviewing and resolving many of the different items

of information presently required by the two agencies, different nomenclature that has been used, different instructions to our examiners. We have worked out the details of how this joint examination could be conducted, and how a single report of examination could be prepared and transmitted to your banks from the two agencies.

As to the report itself, it will contain one set of schedules containing the basic financial information as to your bank as of the date of examination. It will contain one segment of classifications, and this set of classifications will be based not on the B, C, D and X classifications which heretofore have been used in our mutual savings bank forms, but, rather by the standards and laws covering the commercial banks.

The adjusted surplus, for those of you will be getting new vigors, will reflect total net worth 50 per cent less of the doubtful classifications and 100 per cent of the loss classifications.

We have developed among the agencies uniform guidelines for each of them to use in the classification of mortgage loans subject in each particular loan case to examiner judgment and to his own evaluation at the time of examination.

With respect to instalment loans in the consumer

category, we intend to use a delinquency formula developed as a result of joint examinations heretofore put into effect by the Federal Reserve Bank of New York. The basic formula requires that overdue loans, instalment loans which have been overdue 30 to 89 days, be classified substandard and that those which have been overdue more than 90 days be classified doubtful, with obviously some loss classifications if that is warranted by the examiner.

Of course, we ran into a situation where, if our two examination forces were in the same bank and they were looking at the same loans, and came up with a disagreement as to the classification to be used for particular credits, which one would prevail as between the two examining agencies' judgment, if, indeed, we were to end up with one report of examination and one set of classifications?

We did agree among ourselves that the more severe classification would prevail, and in fact, this may result in a slight increase which otherwise could not be explained in the classifications reflected in your examination reports for 1973. Nonetheless, this seemed to be the most felicitous way of working on that particular problem between the two sets of examiners.

There will, however, be this one single report of

examination, two summary and conclusions pages and two sets of recommendations, one from the State of New York and one from the FDIC. The purpose of this is to allow each agency the independence and the ability to reflect its own judgment as to the financial condition of your institution, and to present it to you in one place with the basic supporting data contained in the schedules that follow, so that you can expect, even though you receive one joint report of examination, two sets of conclusions and recommendations from your examining agencies.

The report will be transmitted by the New York State Banking Department with a letter of transmittal signed by the Deputy or his delegate, and that transmittal letter will reflect the considered judgment of the Department, but it will be reviewed by the FDIC prior to the date that you receive it.

We have also tried our best to incorporate a goal for the return of this examination report, which would bring it to you within 90 days of the date the examination starts. We hope very much that this schedule can be adhered to, and I think that when it is in actual practice you will agree that the results of receiving one examination report will be well worthwhile.

We also agreed, in conducting our joint examinations,

that the work force between the two agencies will be evenly divided, both with respect to experience levels and with respect to manpower, and we hope to adhere to that formula of 50 per cent participation in the future.

As we see it, these joint examination report forms have significant benefits to the mutual savings banks of New York state for a number of different reasons. You will be getting one report of examination rather than two materially different reports of examination even from a concurrent examination conducted at the same time by the two agencies.

On the other hand, you will have the benefit of independent evaluations by the two agencies. It will remove much of the duplicative work of examinations between two examining forces, and the total manhours required should be less than for two concurrent examinations. There should be less disruption of your operating routine and less of a tie-up of your physical facilities during the course of that examination.

Because the total number of manhours is expected to be reduced, it is also likely that the fees which will be charged to you by the State Banking Department, which assesses for examination costs independent of the FDIC and for a specific examination, will be lower than they have been heretofore if our

hopes hold up.

For the agencies involved there will be a conservation of available manpower which we both desperately need and that conservation of manpower will occur both in the processing of the report of examination and in the actual examination itself. The manpower that we save in that effort can be used more effectively and better, I believe, in specialized examinations and field investigation reports and in more specialized compliance efforts as a result of the new legislation passed by the Congress on a continuing basis for us and by the State Legislature on a continuing basis for the New York State Department.

You may say how close are we to actually introducing this kind of system and this kind of report. I can say that we have actually started an examination of the Bowery Savings Bank on October 16, utilizing this procedure. They will be the first. We hope to receive this particular joint report of examination as a result of this examination.

However, we do intend to have two other examinations of New York savings banks prior to the end of the year, utilizing the same system, and we are also trying this out in at least four other FDIC regions throughout the country where mutual

savings banks are prevalent.

We hope, from the sum total of these five, or six or seven different examinations to be in a position at the end of the year to revise our proposed new uniform report of examination for mutual savings banks and to proceed from there to instituting this new form in all of the 18 states which have mutual savings banks, beginning on January 1, 1973.

The effect of that is that your own examination procedures during 1973 should be conducted according to this joint procedure. We may have some lapses in individual cases where our available manpower of the two agencies isn't in the same place at the same time, but we are going to do our darnedest to see that you get a single report of examination from here on out, starting January 1, 1973.

We hope, in time, that other states will welcome this effort to prepare a single transmittal letter and to prepare a joint report of examination which can be transmitted to mutual savings banks in their state. This, as you know, is a further development of a recommendation originally made by the Advisory Committee on Commercial Bank Supervision, which was chaired by Elmer Patterson, now the chairman of the board of the Morgan Guaranty Trust Company, in which he recommended much the same

procedure for commercial banks.

The State Banking Department, while I was Superintendent, did begin procedures at the Federal Reserve Bank of New York for developing that kind of joint examination and joint report of examination. It has been difficult to extend that same concept to other states because of the varying requirements and because of the great number of commercial bank examinations which must be conducted by the FDIC and by the various state departments throughout the country.

We decided, however, to start with the mutual savings bank industry because we have only 320 some-odd FDIC insured mutual savings banks, and because so many of them are concentrated right here in the State of New York. I think it will be a significant improvement, and I think that we will benefit from the experience we gain when we attempt to translate that into the commercial bank examination reporting forms.

The second development that we have undertaken is to allow you to use the New York State form of application for branches when filing for FDIC insurance on that same branch. We do not wish to see you go to the expense and the trouble of preparing duplicate application forms for branches. We will have to ask you for a very brief supplement for certain items which we need to have under our statute which are not required by the

State Banking Department.

None the less, the certificate of merit which the state collects is more than adequate for most of our purposes, and if, indeed, as Superintendent Albright promises on Thursday, that certificate of merit is simplified and reduced in scope, you will, indeed, have a significant improvement of your application procedures and your ability to file in a timely and least expensive way with the two agencies.

I might say we have noticed, since the first of the year, when your district-wide branching law went into effect, that there has been a significant increase in the number of branch applications presented from the mutual savings bank industry in New York State. It is running 50 per cent higher than it was in 1971, even though merger activity seems to have been somewhat lower this year than last.

We believe that this particular increase is only a token of what the future holds, and that there will be even more activity as we head into 1976 and statewide branch banking in New York State.

This is an effort that we are making again, as I say, to eliminate some of the duplication and waste whenever two agencies are required to grant approvals for the same

application.

There are additional developments which I suspect you will not welcome quite so readily as the two I have previously outlined.

One has to do with the hearing procedures of the FDIC and what we conceive and perceive to be the trend of court decisions relating to administrative due process for any regulatory agency. We feel an obligation in the light of those judicial precedents to revise our procedures for handling branch applications internally within the FDIC.

We will have a publication requirement imposed on non-member banks that apply for branches. Newspaper publication requirements. Some of you may be meeting that in any event in New York State. We will be establishing a public file available to both applicants and opponents of your application, and we intend to provide more formalized procedures to assure both applicants and opponents of application a full opportunity to be heard before the FDIC's final decision is made.

Within the constraints of these court decisions on due process, we will do our utmost to preserve a flexibility in our procedural arrangements for handling branch applications and we will do our best to permit the continued expeditious

handling of applications which have been approved by the State Banking Department. But I think I must say to you that these new procedures carry the risk of some additional time, of lengthening the time that is required for processing of branch applications to completion. We hope that that will not be the case. We will do everything to minimize it.

But we are reaching a situation where the requirements of administrative due process and the application of those not only to chartering agencies but to other agencies of government require us in our judgment, we believe, to provide a more complete and more effective means of handling applications as far as proponents and opponents are concerned.

The fourth development has to do with fair housing lending practices and the further implementation by the FDIC of the Civil Rights Act of 1968 which, as you know, prohibits discrimination in the field of residential lending, based solely on race, color, national origin or religion. It is a subject which we have been wrestling with at the FDIC for well over a year now. You may remember that last December we issued notice that we were considering regulations in certain areas as a result of a petition filed with us by a variety of civil rights groups. That petition and the discussions that we had at the interagency level and within the FDIC resulted in April in the

promulgation of a policy statement related to lobby posters and to advertising with respect to residential lending in which we were trying to make more effective the mandate of the Civil Rights Act that there be no discrimination based on race, color, religion or national origin.

We have subsequently, as you know, issued a proposed regulation which adds to the requirements of that policy statement. The proposed regulation incorporates the items of the policy statement and adds certain features to it in the advertising area, particularly, on which your own Association and the National Association have commented, particularly with respect to the size of the logo, the lending opportunity logo that might be required in connection with advertising by a bank. I suspect that that aspect of the regulation will be easily adjusted and corrected.

But in addition to these requirements that emanated from that policy statement, we added requirements that would require banks to obtain from, or at least request from loan applicants certain racial and ethnic data to identify the census tract in which the property was located on which the loan was requested, that if a loan were denied the reasons for the denial of loan be stated and be offered to the loan appli-

cant. And, finally, that each non-member FDIC bank appoint a fair housing officer with responsibility for bank-wise compliance with these non-discrimination provisions.

This proposed regulation has been out for comment, with the comment period ending November 1. We received, altogether, over 100 considered comments by various non-member banks throughout the country, of which there are 8000 in the commercial banks and 300 some-odd mutual savings banks.

I would say, if I could characterize the comments that have been received from the banking industry and from the associations which represent them, that all of them vehemently deny the existence of discrimination in residential lending based on race, creed, color and national origin.

Having said that and been insistent that their own banks would continue to grant loans on other criteria or deny them on other criteria, most of the banks that commented did disagree and did oppose the collection of racial and ethnic data from loan applicants even on a voluntary basis. Somewhat a lesser number opposed the requirement that the census tract be identified.

As I say, there were some constructive comments received with respect to the advertising and logo departments.

I have listed about eight different categories into which these comments fell from the banking industry, and I will relate them to you, because I want to contrast them with the comments which we received from the civil rights groups and petitioners that originated and asked us for action much earlier than that, some two years ago.

The banks commented adversely on what they thought would be a monumental bookkeeping and recordkeeping required in the collection of these questionnaires on racial and ethnic data from the loan applicants, and the requirement that they be maintained for not more than two years. They felt that this created on all of the banks in the country an unfair burden because of non-compliance with the Civil Rights Act of only a few banks, and that the retention period of two years was much too long, although I could comment on that, that the retention period was initially introduced into the proposed regulation because of our own examining requirements and the fact that some banks are not examined from one period to the next without a lag of some 18 to 20 months.

The banks further commented that the racial and ethnic questionnaire which would ask a loan applicant to check off the category that most applied to him, even though this was

voluntary, was likely to be offensive to many loan applicants, that it was an invasion of privacy and that it did not go at all to the merits of why a particular credit would be granted or denied.

They stated that the collection of this information would be of doubtful effectiveness in advancing the non-discriminatory practices which obviously the agency wished to see encouraged. They pointed out that a good many mortgage loan applications are arranged by telephone and that they do not necessarily lend themselves to the collection of a questionnaire from a particular loan applicant.

They claim that the proposed regulation might provide a disincentive to continue mortgage lending throughout the country by FDIC banks. They thought that it was unfair to impose this kind of a requirement on mutual savings banks and non-member commercial banks insured by the FDIC unless the same requirements were imposed at the same time on all competitors in the commercial bank field or on all mutual savings banks and other lenders who might not be insured by the FDIC, such as the Massachusetts savings banks, and by insurance companies and others who might be very much involved with residential lending operations.

The banks commented that the existence of this

information in the files of the bank and available to regulatory agencies would encourage the filing of false claims of discrimination and the need for banks to defend themselves in unfair circumstances against charges of that kind.

They pointed out that in some localities throughout the country, where minority and ethnic member groups are very sparse indeed, it would be inappropriate to collect this information.

And, finally, they pointed out there are some state law provisions in Ohio, Wisconsin, and perhaps even here in New York, under which the state law has, in the past, taken an adverse view of the collection of racial and ethnic data in connection with certain types of applications.

The banks commenting recognized that federal requirements in this area might prevail, really, but that nevertheless banks in those particular states did not want to be put in the position of appearing to violate the state law of the state in which they had been chartered.

These particular comments, I think, in various degrees and in various adjectives and expressions, constituted the bulk of the comments received from the banking industry.

The petitioners, on the other hand, who had

originally suggested to the FDIC and to each one of the federal regulatory agencies that regulations of this kind be promulgated and adopted, were quite dissatisfied and disheartened by the proposed regulation, claiming it did not go by any means far enough.

They wanted to see it expanded, in addition to discrimination in residential lending based on race, creed, color and national origin, to include any discrimination based on the sex status of the loan applicant and particularly for the working woman.

They wanted particularly to extend the discrimination requirements however described to all lending activity of the bank on the theory that a loan applicant, discouraged in one area, would not be likely to come to the bank for a residential loan and that, therefore, other bank lending practices were just as much a part of the discrimination problem faced by minority groups in this country.

They sought, in addition, a provision in the regulation which would extend the prohibitions against discrimination on the basis of race, creed, color and national origin or sex to the employment of certain key officials of the bank, including loan officials and particularly loan appraisers or particularly

officers and also appraisers.

They again came back to their request, initially, that there be kept a log of oral inquiries for applications submitted to a bank, and they asked that the records be retained not for two years but for five.

You can see, from these two comments, that there is a wide gap of communication between the two groups. They also don't seem to be talking about the same things. The points raised by the banks were not generally acknowledged or even answered by the Civil Rights groups, and the points raised by the Civil Rights groups out of consideration of past experience, they say, and also past findings of Presidential commissions on civil rights in the United States, and other special studies, including one conducted just recently this spring by the Home Loan Bank Board and which indicated significant discrimination in residential lending, that these requirements just plain did not go far enough and that much, much more should be done if equal opportunity for lending were to be accomplished in this country for all of our people.

I might say to those of you who are distressed by suggestions put forward by the petitioners that you should be aware of who they are, because in addition to the particularized

housing groups that are involved in discrimination matters throughout the country, some local councils, housing councils, as well as metropolitan and national councils in the housing area, the following groups were also represented: the FDIC, the Federal Reserve Board, the Comptroller of the Currency and the Federal Home Loan Bank Board for regulations of this kind; the American Friends Service Committee, the National Association for the Advancement of Colored People, the National Urban Coalition of Businessmen and Bankers, and leaders of the black community, the National Urban League, the National Association of Real Estate Brokers, and finally, but by no means least, the League of Women Voters of the United States.

I would say that these groups have had a continuing interest over the years in problems of unfairness and discrimination to loan applicants and to underprivileged people and deprived people in many different areas of our society. They are voices that are heard with respect to concern by any responsible public agency.

I might say that we have been importuned by the Department of Housing and Urban Development, by the Office of Management and Budget, by the United States Commission on Civil Rights, also, to adopt regulations of this kind.

We have promulgated a proposed regulation out of our sense of need for affirmative action to implement the non-discrimination requirements of the Civil Rights Act of 1968. It is affirmative action requirement imposed upon us by mandate of Congress and one from which the Corporation is not likely to retreat.

We are, on the other hand, engaged in a fact-finding process. The regulations were adopted with a certain way, with a comment period and with hearings for a purpose, and that purpose is to obtain the best and most effective regulation we can which will accomplish our purposes, not to defeat them.

When the proposed regulation was issued, I indicated that the FDIC would hold a public hearing on the comments that had been received and we intend to do that on Tuesday, December 19, in Washington. We intend to invite particular banks that have commented and particular associations that have had significant comments to make, as well as representatives of the petitioner, to attend that hearing, and we want them to talk about each other's problems with this kind of a proposed regulation and not to be presenting testimony of what seems to be the abstract, with neither side basically communicating with the other's problems.

We have questions to ask as representatives and officials of a responsible public agency. We would like answers before we promulgate a regulation of this kind. And those questions can be directed both to the petitioners and to the commenting banks that we represent.

I urge you to consider further these regulations as proposed and to review, from our public file, the comments that have been made, through your Association executives and through your National Association of Mutual Savings Banks in Washington.

We think these comments should be incorporated into testimony presented at that public hearing, because it will be the most effective way of presenting to us answers to some of the questions which have been raised on both sides.

When we had that interchange on the floor of this convention the other day, between Virgil Jordan and Henry Waltemade, I couldn't help but feel that the availability of this information, such as we have proposed to collect within FDIC regulation, would have been of advantage and not disadvantage in actually having factual information at hand which would rebut charges of discrimination if that, in fact, were the case, or to confirm representations of discrimination, if that,

indeed, were the case.

But the fact of the matter is that today we do not have evidence available, readily at hand and subject to examination, and further inquiry by bank examiners in the banking agencies which would reveal or dismiss the likelihood of patterns of discrimination by particular institutions.

The basic raw material and factual information to obtain that kind of information was the purpose of our proposed regulation, and we hope that those who commented, asking us not to collect information as to race, even on a voluntary basis by loan applicants, who want to come down and object to that kind of procedure, will come down with a constructive alternative which will satisfy the fact-finding obligation that we have as a public agency, if we are, indeed, to promote equal opportunity in lending for the residential home owners of this country.

So much for that aspect that I wanted to talk about this morning.

I would like to close by just briefly comparing some of the problems that we have in Washington in enacting legislation and in banking matters generally with the kind of action that you get on the state legislative level.

We are all interested in knowing the outcome of the

Hunt Commission recommendations, and this industry, in particular, is interested in knowing the outcome of the federal chartering proposals which have been advanced before and will be advanced again as a part of that Hunt Commission package.

I think it very difficult, having stood both in Albany and in Washington, for legislation in the banking field to be passed in Congress. I think it is very difficult to attain any sort of consensus through the committee process, as they are presently constituted, and as the control of the Congress is presently distributed.

I believe that there will be significant road-blocks in the way of Congressional action, with any degree of prominence, in the area of the Hunt Commission recommendations.

On the other hand, I am not totally pessimistic. I think that this sometimes takes quite a long period of time, but my point is only in comparing the time lag that seems to be required in Washington with the speed with which action can be taken at the New York legislative level and the New York State Banking Department.

It was far easier with responsible leadership in the Department and with responsible leadership in the State Legislature, both among the majority leaders and among the

committees of the Senate and the Assembly for responsible banking legislation to be enacted. Not only is this true on a one-shot basis, but it seems to be true on a year-by-year basis, because, if you look back to 1964, which was the first year I followed this kind of legislation and activity, there has been a steady procession of changes in the laws affecting mutual savings banks at the state level. You have done terribly well on a continuing basis, and you are likely to do so in the future, with the same kind of responsible leadership which I know is present in Superintendent Albright, a friend of long standing; in Senator Conklin and Senator Blum of the Banking Committee of the Senate; in Lou Russo in the Assembly Banking Committee as well.

You have a basically sympathetic legislative leadership, and I must say that I think your odds of obtaining significant legislation are greater at the state level than they may be in the immediate future in Washington. I regret this, but I think this to be the case.

So I would hope that you would consider that in your own posture on legislative matters coming before the Congress of the United States and the State Legislature.

I look forward to working with Superintendent Albright in the future, and I would look forward to continuing my

very fine relationship and association with you in the years ahead as I have in the past.

Thank you very much. (Applause)

PRESIDENT BRUSH: Thank you, Frank. As usual, you have told it like it is. However, I think you should have started your talk by saying "I have good news and bad news."

Ladies and gentlemen, I am going to depart from the script for personal comments I would like to make.

I believe you agree with me that this has been one fine convention. Of course, your presence at this convention has made it so. But beyond that, I want to acknowledge the outstanding job of planning and running the program which has been done by our Association staff as a unit under the able direction of Ira Scott. They have made what could have been a difficult task a pleasant and productive experience, for me as your presiding officer and I am sure for you as delegates. I commend and thank them for a job very well done. (Applause)

Now we are approaching the end of this convention program, and far be it from me to suggest that we have saved the best 'til last. I am sure, however, that you will agree the final guest speaker was worth waiting for. For many years he has been recognized as one of the nation's leading

economics and educators. Among his many stints of public service, he was the Chairman of the President's Council of Economic Advisers from 1961 to 1964 under Presidents Kennedy and Johnson.

Ladies and gentlemen, may I present the Regents Professor of Economics at the University of Minnesota, Dr. Walter W. Heller.

PROFESSOR WALTER W. HELLER: President Brush, Mrs. Wallace, Mr. Wille, Ladies and Gentlemen of the Savings Banks Association of New York State: When my good friend and yours, who was just mentioned by the Chairman, Ira Scott, asked me to trade places with Andy Brimmer on your program, he reassured me by saying that this would put me in the cleanup spot.

Well, I have chosen to interpret that figure of speech in experience rather than the New York Sanitation Department, and I will try to behave accordingly.

Since my assignment today is to assess future economic policy and prospects in the light of Mr. Nixon's reelection, I can't resist sharing with you an incident that occurred exactly four years ago here in Florida, when I was asked to do the same thing in the light of Mr. Nixon's initial election as President. It was before the National Wholesale Druggists Association. They had asked Chet Huntley and Senator Harry Byrd, Jr. and me --