

Remarks by Congressman Les AuCoin
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In my remarks tonight, I'd like to cap your conference by visiting with you not just as members of the banking industry, but as one citizen to another.

Our country has some serious problems today. And they demand our attention.

As a matter of fact, I just asked my field staff for a reading on how bad the public thinks our problems really are. They said they couldn't tell. Except there's this guy in Scappoose who's reportedly building an ark!

We figure he just returned from a trip to Washington, D.C.

In all candor I'd like to talk about some of our vexing problems tonight...What I think they mean...And what we can do about them. I think their solutions are vitally important to a healthy banking climate and a healthy country.

The problems I want to describe can be wrapped up in one term -- Proposition 13. Some would say Proposition 13 is the problem. I say to you tonight that it's only the symptom of the problem. And if the government misreads that distinction it will do so at its own risk.

I'm not here to tell you how to vote on Oregon's version of this proposition if it should reach the ballot. I intend to vote against it at the ballot box. But that's not the point.

The point is: What is the real message Proposition 13 is trying to convey? The message speaks to several issues long overdue in their resolution.

Part of it is taxes, sure.

-- And it's dissatisfaction with local government and schools, too. But in its most basic sense, I submit that it's an honest-to-God revolt against the excesses of the federal government.

-- Against stifling regulations with marginal benefits, time-consuming paperwork, and expensive demands that the taxpayer has to pay for.

-- Against an alarmingly inflated cost-of-living.

-- Against government budget habits that result in spending billions of dollars that we don't have in what appears to be a permanent way of life.

The tragedy of Proposition 13 is that it isn't possible to aim it at the chief culprit -- the federal government. And this results in the brunt of it falling on our schools and on local government.

How can you interpret the situation any other way? Local property taxes are the only ones imposed directly by the voters on themselves at the ballot box. But property assessments are the uncontrollable element -- and here inflation is the villain that pushes those assessments up.

It is not local government that's principally responsible for that inflation. It's the federal government -- especially federal spending deficits.

A man I saw on the street in Forest Grove a few weeks ago overstated the point -- but he put it in a memorable way. He said: "People who think the world owes them a living now have a government that agrees with them!"

Another man told me he didn't really object to the government trying to fight all of mankind's battles -- he just resented them wanting to use his life's savings as the ammunition!

Ladies and gentlemen, the serious truth of the spending matter is that this year the government may very well run up its third straight deficit in excess of \$50 billion. That's unprecedented in American economic history!

It's also a pistol aimed squarely at the forehead of something called capital formation -- the lifeblood of a sound economy.

Deficit spending has to be reined in. I'm here to tell you that the Administration's proposed \$50 billion deficit this year should be -- and can be -- cut in half.

Congress can start this process by showing the country that it really is more serious about inflation than it is about politics-as-usual by not passing, at least for now, the proposed \$20 billion tax cut. I think the public is smart enough to know that those \$20 billion dollars are not real dollars, but deficit dollars. But the attempt is being made anyway. Given that, is it any wonder that public antagonism toward government exists? Is it any wonder that Proposition 13 exists?

You know, when the California ballot measure passed, my mind went back to a TV special a few years ago that some of you may have seen. It was called "Mr. Rooney Goes to Washington."

It was an incredibly funny but devastating commentary on slipshod government. Anyone who saw it could have predicted the inevitability of something like the Proposition 13 movement.

The program assigned a reporter named Andy Rooney to Washington to find out what in the name of God was really going on within the machinery of the federal government. Rooney said the experience was like spending two months as a tourist in a foreign country.

He found, as I did, that a different language is spoken in Washington. There are associate deputy administrators -- and deputy associate administrators. In addition, there are deputy assistant secretaries and assistant administrators for -- administration.

Mr. Rooney also reported on the government's serious response to the growing public protests against the paperwork it imposes on people. He found out that the government had really dug into the problem. In fact, Mr. Rooney showed his TV viewers a stack of separate federal studies on that subject. The stack stood 10 feet high!

If this were a fantasy world, or a cartoon, it would be hilarious. But unfortunately, it's the real world. And that point never hit home with greater force than when my legislative assistant David Knowles returned to Washington a few days ago from a three-week tour of the district -- including stops at several local banks, where he may have visited some of you who are here tonight. At one stop, a banker made a comment that may prove to be the telling commentary on our time.

The banker stared at a pile of forms on his desk and said: "It used to be fun to be a banker! Every day I met with farmers, businessmen, and individual customers. They all had problems and I was challenged trying to help them. Now, with all these forms and paperwork, I don't have very much time to meet my customers. Banking just isn't the fun it used to be."

You know, that's a tragedy.

But I think that that banker said it all. I also think he was giving voice to the feelings of millions of Americans. And, I might add, to many of the reformers in the Congress. Even though we're still in the minority there, what the reformers have been saying -- and what many Americans now seem to be saying is this: That the Congress, in its zeal to legislate, and the bureaucracy, in its zeal to regulate, have overreached themselves to the point where they've taken a lot of the challenge...the fun...the responsibility...and the interest out of life.

And the result stifles the human spirit.

I don't think it has been with malice of forethought. To the contrary, it has always been with the best of intentions. But the result is the same.

In the face of these problems, I'd like to offer five specific proposals that I believe will go a long way toward responding constructively to the Proposition 13 phenomenon and to improving our country. They are in keeping with the spirit of reform pioneered by many new members of Congress who prefer to reach for workable answers rather than pat ideologies.

1. I've already mentioned reduced spending deficits. I think the deficit should be cut by half this year.

2. Congress should, as I indicated, bring the budget more closely into balance by not passing the \$20 billion general tax cut.

3. Instead, Congress should loosen the thumb screws on the private sector and encourage investment. Specifically, it should pass the Steiger Amendment decreasing the rate on capital gains from 50% to 25%. This will generate investment and productivity and that, in turn, will produce more revenue than the Steiger Amendment gives out.

4. Congress should pass the legislative veto bill. This bill, which I've sponsored, would give either the House or the Senate -- by a separate vote -- the ability to quickly override an agency rule or regulation that goes overboard or goes beyond what Congress intended when it passed the law on which the regulation is based.

5. Congress should fight inflation by immediately investigating the new idea of the so-called "TIP" plan -- tax cuts for both businesses and labor organizations who hold the line on prices and wages.

Ladies and gentlemen, these ideas are not a complete list. In and of themselves, they will not solve all our domestic problems by any means. But they will be solid steps toward freeing once again the initiative...the imagination...the sense of possibility that the American people need in order to thrive.

I don't imagine that there's another group who knows this quite as well as the banking industry. It's been my experience that you have some of the most community minded, most energetic, most capable people one can find anywhere in the business world.

But you are also one of the most regulated industries alive. The availability of capital -- the soundness of monetary policy -- the impact of the budget deficits -- the non-productive costs of excessive regulations -- these are not abstractions for you but rather the concerns that fill your working hours each day.

And no one sees more clearly than you how all this impacts the individual citizen. That's because the consumer comes to you for the services, the advice, and the capital to finance his dreams.

Just think about that. That's an incredibly noble calling -- financing people's dreams.

In the most basic sense, I see my job in the Congress as being there when I'm needed to help make it as easy as possible for you to make those dreams come to pass.

So as you leave this convention tomorrow, let's make it our mutual task to put some of the "fun" back in banking again. Let's work on it together not just for your sake, or for mine.

But what it can do for our country.