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Lowell Weiss

PRESIDENT WILLIAM J. CLINTON
REMARKS AT SIGNING CEREMONY FOR FINANCIAL MODERNIZATION BILL
THE WHITE HOUSE
November 12, 1999

Acknowledge: Sec. Summers and his entire team at Treasury [*for remarkable leadership and for ensuring that this legislation would meet the four core principles I set out earlier this year*]; Chairman Greenspan [*for working with Sec. Summers to guarantee that new financial structure we put in place today will both enhance competition and preserve the safety and strength of our banking system*]; Gene Sperling [*who worked very hard to see this day, and is now negotiating on my behalf in China*]; SEC Chairman Levitt [*who cares deeply about investor protection*]; Sen. Sarbanes and Chairman Gramm; Rep. LaFalce and Chairman Leach; many other Members here today.

This morning, we received ^{more} remarkable evidence that new technology and the new economic course we have set for this nation have brought results few even dared to dream about a decade ago. Over the past four years, productivity has grown by a truly remarkable 2.6% – about twice the rate we experienced in the 1970s and 1980s. In the last quarter alone, productivity grew by 4.2%.

And the rate of productivity growth is not just some aloof statistic that matters only to Wall Street economists. Productivity growth is the key to rising wages. Because of our rapid productivity growth, the American economy has been able to produce the fastest and most sustained real wage growth in more than two decades – while maintaining the lowest inflation rate in more than three decades.

Today, ~~we will build on this success.~~ Thanks to the support of a large bipartisan majority in Congress, I have the great honor of signing what is sure to become the defining financial legislation of the 21st century – to modernize Depression-era laws and to seize the full promise of this new high-paced, high-tech world. *This legislation bolsters our economic progress – back to back surplus.*

Over the past seven years, as we have restored fiscal discipline, opened new markets, and invested in our people, we have also worked hard to spark greater competition in such dynamic fields as telecommunications and electronic commerce. Today, we are doing the same for the financial services industry. We are tearing down antiquated walls between banks, securities firms, and insurance companies. We are granting banks significant new authority to conduct most of their new activities through financial subsidiaries.

This financial modernization act will not only save consumers billions of dollars every year through enhanced competition. Just as important, it will protect the rights of consumers and guarantee that our financial system will meet the great needs of under-served communities.

The Vice President and I have long insisted that any effort to modernize our financial industry must benefit American communities by strengthening community reinvestment. In fact, I made it very clear that I would veto any legislation that failed to do so.

The legislation that I will sign today succeeds in honoring this commitment to community reinvestment. It establishes the principle that as we expand the powers of banks so shall we expand

the power of the Community Reinvestment Act. It says to banks: If you want to take advantage of the new opportunities we are creating, you must first show a satisfactory record of meeting the needs of all the communities you serve – not just wealthy communities but low- and moderate-income communities, as well.

I want to thank Sen. Sarbanes and Rep. LaFalce for their leadership on this vital issue. I also want to applaud the hundreds of dedicated community groups around the country that have worked so hard to make sure that CRA brings more hope and capital to hard-pressed communities around the country. Together, we have helped spark more than \$1 trillion in new lending commitments to under-served neighborhoods – 95% of this total in the last six years alone.

The bill I will sign today also takes significant steps forward to protect the privacy of our financial transactions. This Act will give consumers, for the very first time, the right to know if their financial institution intends to share their financial data – and the right to stop private information from being shared with outside institutions. And like the new medical privacy protections I announced two weeks ago, these financial privacy protections have teeth. We have granted regulators full enforcement authority and created new penalties to punish abusive practices.

But let me be clear: the privacy protections in this Act do not go far enough. That is why I am pleased that the Act instructs the Treasury to study the privacy practices in the financial services industry and recommend further legislative steps.

To ensure the swiftest possible action, today I am directing the National Economic Council to work with the Treasury and the Office of Management and Budget to complete a legislative proposal by early next year. Without restraining the economic potential of new business arrangements, I want to make sure that every family has meaningful choices about how their personal information will be shared within corporate conglomerates. We cannot allow new opportunities to erode our oldest and most fundamental rights.

Despite these concerns, this historic legislation embodies is a clear indication of what we can achieve when Republicans and Democrats work together in a spirit of genuine cooperation. By putting aside partisan differences, we have produced truly historic financial reforms that eluded us for two decades. This was a monumental achievement. I think we should feel very proud.

In the same spirit of bipartisan cooperation, we should not leave this Congress without passing the Work Incentives Improvement Act. I know Sens. Roth, Moynihan, Jeffords, and Kennedy are working with you, Sen. Gramm, to get this done. And I know with your help we can finally end the senseless system that forces people with disabilities to choose between keeping their health insurance and taking job.

So, again, I thank you all for making this day possible. The legislation I am about to sign embodies not only how we ought to work together in this city. It embodies what we want for our national economy and for communities all across America. Thanks in great measure to your hard work, we have fashioned the dynamic financial system we need in order to make the 21st century the next American Century.

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