Banks and Lobbying

By EILEEN SHANAHAN

WASHINGTON—Although Senator Edward W. Brooke of Massachusetts is clearly one of that group of Republican Senators, which includes Charles E. Goodell of New York, that sometimes deserts the Nixon Administration on key issues, he certainly has no record as a foe of business.

All the more remarkable, therefore, was a speech given recently to a group of Massachusetts bankers by a young assistant to the Senator, with the knowledge and approval of his boss.

The assistant, Timothy D. Naegele, is a 29-year-old lawyer who is Senator Brooke's staff man on the Banking and Currency Committee. In his speech before a meeting in Boston of the New England Bank Management conference, Mr. Naegele warned the bankers that they were overplaying their hands in their lobbying with Congress.

In words that might well be addressed to a number of other industries, Mr. Naegele discussed how the bank holding company bill had been shaped in the Senate committee not, he said, by careful weighing of substantive positions but by the balance of lobbying forces.

Mr. Naegele brought up a subject seldom publicly discussed as he described the banks' lobbyists and their operations.

The banking associations "generally employ former members of Congressional staffs to do their lobbying," he said. "These persons were generally connected with one or more influential senators or congressmen who may or may not still be members of the Senate or House Banking and Currency Committees. Some former Congressional staff aides have developed lucrative law practices based on servicing their clients through contacts on Capitol Hill which have been carefully nurtured over the years."

The lobbyists, many of them, perform worthwhile functions, Mr. Naegele said. "As advocates of one point of view," he noted, "they provide legislators and staff aides with carefully developed arguments and detailed information which assist in the decision-making process."

This works well, he said, "when advocates appear on both sides of a given issue to argue on behalf of their clients."

But what happens, Mr. Naegelle asked, when the lobbyists all line up on one side and, what is much worse, "are joined by Government departments and regulatory agencies which mirror industry sentiments?"

The answer, he said, is that the banks may achieve short-run lobbying successes, but at considerable long-run costs.

When the regulators "become better spokesmen for your industry than your paid association lobbyists it jeopardizes the regulators' integrity and reputation with members of Congress who must pass on important banking issues," he warned.

"To be quite blunt," he continued, "you may jeopardize your chances of obtaining favorable legislation in the years to come by letting the banking agencies and others do your bidding now."

There are some other reasons, Mr. Naegele added, why lobbying successes in the past will not necessarily continue indefinitely. He said:

"Washington is changing. Congressional offices are being staffed by younger individuals who do not covet jobs with industry associations but rather possess idealism. Your communications with Washington must also change, for your legislators are becoming less receptive to the unsophisticated exercise of industry power and more receptive to articulate, knowledgeable discussions of the issues at hand."

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