

# THE THREE FREEDOMS

## WHY DEREGULATION WORKS

by

Ed Callahan, Chairman  
National Credit Union  
Administration

at

Massachusetts CUNA  
Annual Meeting  
November 3, 1984

OBSERVATIONS FROM CHIP FILSON, LONG-TIME CREDIT UNION INDUSTRY EXPERT

WHY LISTEN TO A SPEECH FROM FOUR DECADES AGO? BECAUSE ED'S OBSERVATIONS ARE NOT ONLY TIMELY, BUT TIMELESS. TIMELY, BECAUSE THEY SPEAK TO ISSUES WE FACE TODAY. TIMELESS, BECAUSE SIMPLY, HIS WORDS STILL INSPIRE. ED'S PASSION AND LOGIC CAPTURE A TRANSFORMATIVE ERA. THIS SAME OPPORTUNITY EXISTS TODAY.

LISTEN. BE MOTIVATED. SHARE THE EXCITEMENT THAT COMES FROM LEADING CHANGE.



- Right before the 1984 general election, Ed presents at Mass CUNA's annual meeting.
- Credit unions have gone from worry about survival to leading the country in growth at 20%. How did this happen?
- Three freedoms enabled by deregulation:
  - **Freedom to compete**  
*You make your own business decisions.*
  - **Freedom to serve**  
*You decide who your membership will include.*
  - **Freedom of security**  
*A unique approach to your own safety net in the insurance fund.*
- Ed's biggest worry: "I don't want you to forget it"—the five safeguards built into the recapitalization plan and your role to monitor.
- Finally, his prediction: Regulatory backlash.
- The danger of a level playing field mentality and how to tell the credit union success story.

continued>>>

## THE THREE FREEDOMS: WHY DEREGULATION WORKS

<<<continued

- The NCUSIF was the safest, best structured fund. FSLIC and FDIC were both bankrupt and needed government bailouts. It really was and is a better way.
- While Ed focused on the three freedoms, I think if you listen well, he had three warnings which were the focus of his future concern. I believe these are still at the top of the list of credit union challenges today:
  - You must monitor the insurance fund to keep the regulators and administrators on their toes.
  - The return of the regulator and the dangers of a level playing field logic in defending a unique system.
  - You have to tell your difference in what you do for your members, not rely on rhetoric.

