

In 1986, President Ronald Reagan gave an exceedingly quotable soundbite during one of his press conferences.

“The nine most terrifying words in the English language are: ‘I’m from the government, and I’m here to help.’”

Reagan was referring to how government, in general, often tends to be inefficient, to such a degree that instead of helping, it frequently causes harm instead. It’s a view the banking industry finds incredibly prescient during these times of “ESG” guidance and regulations.

“ESG” is an acronym for “environmental, social and governance” and covers a wide variety of issues. For bankers, however, it’s become synonymous with legislative or regulatory guidance that essentially mandates financial institutions must or must not do business with certain industries.

To put it in simpler, more terrifying terms: The government is here to help.

Most recently, one of these types of bills has reared its head, with direct – and negative – impacts on an Oklahoma community. In a May 18 article in *The Oklahoman*, the mayor of Stillwater was quoted saying his community’s taxpayers were being forced to pony up more than \$1 million extra because the City of Stillwater was unable to do business with Bank of America.

BoA, it turns out, was recently placed by Oklahoma’s state treasurer on a list of banks no longer allowed to do business with government entities across the state. It was one of 13 banks deemed in violation of a new state law that targets financial institutions that supposedly “boycott” oil and gas companies. The irony is Bank of America has also been criticized as being one of the largest financiers of the oil and gas industry in the recently released “Banking on Climate Chaos” report produced by several prominent environmental organizations.

Regardless of the questionable reasoning for doing so, BoA’s placement on the state’s blacklist forces the City of Stillwater to turn to a different lender. It will likely be one with a higher interest rate, which could cost taxpayers nearly \$1.2 million in additional costs, according to the Stillwater mayor in the aforementioned *Oklahoman* article.

It’s a perfect example of governmental good intentions backfiring badly. On the surface, it would appear the state treasurer and legislators are doing the state a service. After all, the oil and gas industry IS incredibly important to Oklahoma, and a person would be hard-pressed to find ANY banker in the state who would disagree with such a statement.

As usually happens when government interferes, however, the end result boomeranged into – well, I’d love to say “unforeseen” consequences, but one simply has to hearken back to Reagan’s thoughts on governmental “help” to predict these consequences ... consequences that have hit the wallet of Stillwater’s taxpayers.

The Oklahoma Bankers Association’s basic principle is simple: Banks should be free to lend to, invest in and generally do business with any entity or activity that is legal, without government interference. Banks should also be free NOT to lend, invest or otherwise engage so long as they do not violate fair lending or other anti-discrimination laws. This free-market approach has given this nation the strongest and most resilient financial system in the world.

We simply want to keep governmental “help” out of our boardrooms. Whether a person agrees or disagrees with whom or what any bank chooses to do business with, that bank should still have the ability to do so WITHOUT government intrusion.

Government attempting to right a perceived wrong by banks has backfired spectacularly in Stillwater’s case. Even if it hadn’t, it still creates the slippery slope of government entities telling private businesses with whom they can and can’t do business.

Let’s say the City of Stillwater DIDN’T have to pay a higher interest rate, and the only outcome of this law was one where the city merely borrowed from a smaller, local bank – a no-doubt positive ending. We simply cannot let the ends justify the means ... a phrase that should send shivers down any proponents of small government. A policy cannot alone be judged by its outcomes, good or bad.

After all, the policy might be here to help ... just like someone from the government ... and as Reagan said, those are truly terrifying words.

<https://www.oklahoman.com/story/opinion/2023/05/26/banking-industry-finds-oklahoma-governments-mandates-terrifying/70251557007/>