

**REMARKS BY DAVID A. SAMPSON
PCI LEGISLATIVE ACTION DAY
WEDNESDAY, APRIL 27, 2016
WASHINGTON, D.C.**

Welcome.

Thank you for joining us for PCI's annual Legislative Action Day.

This event is one of the best tools PCI has for amplifying the industry's voice on Capitol Hill. And while I'm optimistic about the momentum our efforts today will generate ...I believe it IS important to acknowledge the challenges facing us this year ... an election year when the forces against compromise and consensus are ... to put it mildly ... mounting.

So this is what a presidential campaign would call a major address—what they mean by that is the principal is going to try and say something of actual substance and not just repeat their normal talking points...we will see if I succeed.

We must understand the landscape on which we're operating. In short: to arrive at policy solutions and to get them enacted, we must first understand the political environment in Washington as it exists today.

We meet at a time of great instability--for our industry, and for our country.

Our economy is expanding, but growth is lumbering along a tepid pace. The federal government is broadening its reach and the threat of terrorism is the highest it has been since 9/11 and the days following. Add to this the ... underwhelming ... tone and tenor of this year's presidential election ... and it is impossible not to feel genuine anxiety about the direction of our country.

Much of this angst and anger is driven by the lingering impact of the Great Recession of 2008. The median household income...after many years of growth...has declined significantly since the millennium, despite productivity growth of more than 40 percent.

From its peak before the Great Recession, household income is still down about \$4,000 a year.

Our unemployment rate is dropping ... but eight years after the Great Recession it is still higher than it was before the recession and fewer people are participating in our workforce. Too many can only find part time jobs or have just dropped out.

Average hourly wage growth is way below its pre-recession levels and home prices also have not recovered to their pre-recession peaks.

The years since the Great Recession have been characterized by careers cut short... careers never begun. It all adds up to confidence lost.

They say those who don't study history are doomed to repeat it... Yet those who do study history are doomed to stand by helplessly while everyone else repeats it.

Of course, we've seen this type of economic dislocation and uncertainty before. The [Panic of 1873](#), which was driven by a handful of major disasters and a bust in the railroad industry. Twenty years later, the bankruptcy of Philadelphia and Reading Railroad led to another panic.

We saw it with Black Tuesday and a Great Depression that started in the Hoover era and didn't end until World War II. As well as with gas lines and malaise in the 1970s and interest rates in the 1980s.

We've seen these crises before, but there's something different today. What is it?

I believe it's that, today, the economic angst and dislocation are exacerbated by the very real perception that our political institutions and leadership are not working.

Americans' pain and anxiety are real. And they are looking for someone—anyone—with a credible chance of fixing what ails our nation.

They've been looking for that person, or party, for almost a decade now—as seen by the swinging back and forth in wave elections. And, history teaches us that in times like these, electorates are particularly drawn to messages of populism, nativism, and isolationism.

In 1935, Winston Churchill observed that, “in the United States, economic crisis has led to an extension of the activities of the Executive and to the pillorying, by irresponsible agitators, of certain groups and sections of the population as enemies of the rest. There have been efforts to exalt the power of the central government and to limit the rights of individuals.”

The legislators with whom you will meet today are witnesses to these themes. They understand, as Abraham Lincoln did, that “A universal feeling, whether well or ill-founded, cannot be safely disregarded ...” They understand their constituents are, by and large, angry and anxious.

And they understand that they had better be the ones to address those worries ... or someone else will be put in their place.

The question is: HOW will they address it?

With balanced, informed, consensus-driven solutions that actually produce economic growth---or with rhetoric that divides and pits groups of citizens against each other?

Too often in recent years, our elected officials have chosen the latter.

In today's politics there is a prevailing belief that to win hearts and minds ... and elections ... you have to run a campaign at the extremes. Campaigns pit "us" against "them" instead of forging real policy options that could lead to compromise and consensus—we are seeing politics of division, not politics of addition.

In other words: Our political parties and many of our candidates have retreated into Newtonian politics.

What do I mean by that phrase?

Well, let's recollect Newton's third law of physics, which says, "For every action there is an equal and opposite reaction."

And what does THAT mean?

It means, force always comes in pairs. If you push against something ... a wall, another human being ... it will push back against you in the opposite direction.

And over the last decade or two, both sides of the political debate have been pushing very hard against one another.

It wasn't always this way ... or at least it was not this bad. Maybe lawmaking bred impassioned debate with harsh words and harsher anger—you pushed back, but ... generally ... politics used to be played within the 40 yard lines of the football field. Maybe the play ultimately ended up a little closer to your end zone ... or to your opponent's ... but politics in America was never a game in which the end goal was the total and utter destruction of one's opponent.

The goal was to achieve the best possible compromise to address issues and advance broad-based opportunity in America.

I'm afraid that's not true anymore. Today, politics and policy have become a zero-sum game where opponents are not just defeated. They are destroyed and discredited.

And that's where Newton comes in: equal and opposite reactions. Force against force. Winner take all.

Both sides are guilty. Both parties and their candidates have reacted to wars and recession by retreating into polarizing ideology.

We've been trending in this direction for decades. Some say it began with Watergate and Nixon's "enemies list." If so, it intensified with the Bork confirmation hearings, Iran Contra, and the impeachment of President Clinton.

Even if it began nearly 40 years ago—let me reflect on the last seven years.

In 2008, Barack Obama ran on the notion that the United States needed to be radically transformed... Wall Street... The energy industry... Our health care system...

The Democrats controlled the White House... the House...and the Senate. It was unique that they passed the fiscal stimulus and Obamacare on a purely partisan vote. By comparison, other monumental reforms throughout history—the Social Security, the Civil Rights Act—were passed with strong bipartisan support.

In a famous meeting after the 2008 election, President Obama said to John Boehner..."Elections have consequences. I won. Get used to it."

That led to a wave election in 2010 and the birth of the tea party. There's Newton: equal and opposite reaction.

Fast forward—the Tea Party movement has become a mirror-image of what is rose up against—a movement captured by ideological purists, who viewed their election as a mandate to unilaterally impose their agenda on the nation, even at the cost of shutting down the federal government.

And it's not just the two parties acting with force against one another. Any member within the party who dared to dissent—or who sought compromise on the fiscal cliff ... or immigration—was deemed insufficiently conservative and driven from office. No one is immune, even the Speaker of the House. Elizabeth Warren has blocked President Obama's Treasury nominees and refused to endorse Secretary Clinton for not being sufficiently anti-Wall Street.

And so, we have Newtonian politics: Where every action warrants an equal and OPPOSITE reaction. Where force is met by force and if something ... or someone ... pushes you, it's assumed that you will push back equally, if not more aggressively.

That's why this presidential primary campaign is characterized by a level of coarseness, shallowness, and lack of seriousness that are unparalleled in modern U.S. political history.

The problems extend far beyond campaigns and the debate stage. Today we're in a place where there is no consensus about how to address pressing, vital issues... and very little effort by many of our leaders to reach it.

Today—in varying degrees in both political parties—isolationism, nativism, and populism are the driving forces.

American voters are told that if we just got rid of Wall Street, “big banks,” profits, greedy CEOs, Mexicans, or Muslims ... that America would be great again.

So here we are ... a place where leading candidates on both sides of the aisle promise “A political revolution in America.”

When large segments of the American electorate start hearing candidates on both the right and the left call for a “political revolution in America,” it's not surprising to me that there is a significant pushback against the idea of dismantling a system of government—that in spite of its flaws, has served the United States of America remarkably well for 240 years?

Here is my humble suggestion: Before we trash the U.S. Constitution, the separation of powers, the rule of law ... or the free market economy ... perhaps we should focus on restoring fundamental principles, checks and balances, regular order

...compromise...consensus building... these things that made America great in the first place!

That's where we are—and now that we understand it, we must ask: what can we do about it?

And here is where I'll admit that, while the analogy to Newton's third law is an apt explanation for what is happening now ... politics is NOT physics.

There is no rule that says our reaction must be equal and opposite. Yes, we must push back against bad ideas, but that doesn't mean we have to seek to destroy and vilify our political opponents.

Let me quote Churchill again, "Democracy properly understood means the association of all through the leadership of the best."

Today ... we need our best!

We need leaders who—like Churchill—repudiated the view that politics and economics are zero sum games where only certain individuals or demographic groups can win!

In his speech at Westminster College in Fulton, Mo. in 1946—a year after his own reelection defeat in what would be known as the Iron Curtain speech—Churchill offered hope in the face of poverty and privation, which as he said ... and as we know today ... “are, in many cases, the prevailing anxiety.”

Churchill said, “[I]f the dangers of war and tyranny are removed, there is no doubt that **science** and **cooperation** can bring ... an expansion of material well-being beyond anything that has yet occurred in human experience.” Notice the two key factors—“science” (innovation, technology, inquiry) and “cooperation” (democratic, consensus-building, compromise) lead to economic growth.

In other words: the United States, and Britain, and the West had the tools for economic recovery at their fingertips ... if only they would cultivate and unleash the power of free-market economics and preserve their democratic institutions.

Churchill predicted in 1946, “Now, at this sad and breathless moment, we are plunged in the hunger and distress, which are the aftermath of our stupendous struggle; but this will pass and **MAY PASS QUICKLY**, and there is no reason except human folly or sub-human crime which should deny to all the nations the inauguration and enjoyment of an age of plenty.”

And, it DID pass quickly! A devastated Europe was rebuilt through the bipartisan “Marshall Plan.” Japan became a thriving democracy, a strong ally, and an economic powerhouse. Meanwhile, the U.S. experienced a post-war economic boom.

...Do you really mean to tell us the situation we face today is MORE bleak than what the world faced post-World War II?

Think about that: today who is telling the American people that—despite “economic anxiety and distress”—there is hope and the promise of “opportunity” ... for everyone and for ALL nations?

We need to support leaders who believe in creating growth and opportunity for all, and reject the idea in America of pitting one group against another---that politics and economics are zero-sum games.

This mission is important because, without it ... without this American Dream ... we’ll be in a constant state of war—political, economic, social—where anxiety will prevail and policy will fail.

As voters, and as leaders in our industry and in policy and politics, we are faced with a very real question this year: what kind of America do we want to live in?

One where we apply the laws of physics to the laws of politics and further polarize society?

Or the one where we believe anxiety can be overcome with hard work, ingenuity and consensus building?

In the absence of such leadership ... we must play OUR parts. At the same time we're working to achieve our legislative goals and our mission, we must work to reduce rancor and make it clear we want an environment where elected officials can work together for the good of the American property casualty industry, its employees and its policyholders—and for the good of the country.

How are we doing that?

For starters, you are here today. PCI is here.

We've assembled today to reach out to members of BOTH parties to offer real, practical solutions to the issues facing our companies, employees and policyholders.

We are taking a seat at the table—and bringing people together.

Yes, we approach today with an agenda—that's Advocacy—but we approach our work not as a game that requires one side to be utterly defeated, but as a process aimed at achieving consensus.

I'm proud of the fact that PCI is THE recognized leader ... employs more policy experts and lobbyists ... devotes more time and thought to solving the challenges facing our industry ... and is better prepared to protect the interests of our members and advance our economy than any similar organization.

Every member of our board and staff is fully committed to enhancing our position as a thought-leader and respected advocacy voice on behalf of our 1,000 member companies.

And we are fully committed to working on a bipartisan basis to find solutions.

And I believe you are too. Thank you again for being here, and for believing that solutions can be found, consensus can be reached, and anxiety can be overcome.

All of the pieces of legislation that you will be advocating for today... we have worked to bring bipartisan sponsors. So that's our commitment. And I appreciate your personal engagement. That you care enough to try and be a part of the solution...as opposed to just railing against the darkness.

