

year, or 46 percent of the premiums, from the SAIF. As the percentage of premiums paying the FICO obligation continues to increase, the capitalization of the SAIF slows. Without corrective legislation, the SAIF may never capitalize, putting the taxpayer at risk.

In February 1995, the Federal Housing Finance Board noted that thrifts are unlikely to meet the FICO interest payments through their maturity. Price Waterhouse, FICO's outside auditor, and GAO have reported that if the assessment base continues to shrink a FICO default will occur by the year 2000.

The portion of the SAIF deposit base available to pay the FICO obligation has declined at an annual rate of 10 percent because insurance premiums paid by so-called Oakar and Sasser banks cannot be used to pay the FICO obligation. An Oakar bank is a BIF member that has acquired a thrift and therefore pays into the BIF and the SAIF. A Sasser institution had a savings association charter and has converted to either a commercial bank or State savings bank. A Sasser bank remains a SAIF member.

The SAIF is grossly undercapitalized. Currently, the SAIF has \$2 billion in reserves backing up approximately \$693 billion of insured deposits. This is about 28 cents for every \$100 of insured deposits which is far below the Congressionally mandated reserve ratio of \$1.25 per \$100. In order to meet the designated reserve ratio the SAIF needs approximately \$8.5 billion, an additional \$6.5 billion to its reserves.

According to Jonathan Fiechter, the Acting Director of the Office of Thrift Supervision, "The SAIF is weak * * * A sudden economic downturn, a weakness in a particular real estate market, or unexpected stress on the deposit insurance system could overwhelm the thinly capitalized SAIF and render it insolvent."

An undercapitalized SAIF puts the taxpayer at risk. On June 30 of this year the RTC will no longer be responsible for resolving failed thrifts. This means that losses in excess of SAIF reserves must be covered by the taxpayer.

According to the FDIC, problem thrifts currently hold \$31 billion in assets and the SAIF only has \$2 billion in reserves. This is simply not enough because the failure of one of the large problem thrifts or a combination of small problem thrifts could deplete the reserves of the SAIF and leave the taxpayer holding the bag, again.

Additionally, even if the SAIF becomes fully capitalized, the OTS believes that the fund will not be sound. A key ingredient to a sound insurance fund is size. The fund must be large enough to spread risk and absorb a series of simultaneous losses of at least moderate size. Since the fund is much smaller than Congress anticipated due to the faulty assumptions, the SAIF fails to meet the basic standards of size and diversity.

This issue must be addressed now. The Federal Deposit Insurance Amendments of 1995, protects the taxpayer from footing the bill resulting from another savings and loan fiasco.

THE ARMS CONTROL AND DISARMAMENT AGENCY

HON. JOHN JOSEPH MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. MOAKLEY. Mr. Speaker, I want to share with my colleagues an editorial recently published in the Boston Globe which highlights the impact of legislation pending before the House and Senate which would fold the U.S. Agency for International Development, the United States Information Agency and the Arms Control and Disarmament Agency into the State Department. I think that the Globe makes a very strong case for allowing the Arms Control and Disarmament Agency to retain its current status as an independent agency.

THE MASOCHISM OF CHAIRMAN HELMS

All other systems are worse than democracy, Winston Churchill once observed. But there are moments when it is salutary to remember that Churchill also recognized that democracy can look plenty bad. This is one of those moments.

Grandstanding, demagoguery and perversity: These are some of the qualities on display in congressional attempts to restructure and cut funding for agencies that carry out US foreign policy.

Though budgets of these agencies should be scrutinized for economies and pruned accordingly, the legislation initiated by the chairman of the Senate Foreign Relations Committee, Sen. Jesse Helms, is composed of measures that would, if implemented, do grave harm to US interests and to millions of people around the world.

In a spirit of score-settling, Helms, a North Carolina Republican, and other conservatives in Congress have been truffling the House and Senate foreign aid bills with irresponsible provisions pertaining to America's lost sovereignty over the Panama Canal and abortion in China. In a hamhanded manner, they have also been seeking to meddle in the Clinton administration's delicate negotiations to make North Korea abandon its nuclear weapons program without having to bomb Pyongyang's cooling ponds. The posturing of Helms and his emulators in the House, if judged by its likely effects, amounts to a show of unwitting masochism.

Of three independent agencies the Helms bill would absorb into the State Department—the US Agency for International Development, the US Information Agency and the Arms Control and Disarmament Agency—the strongest case for preserved independence belongs to the arms control agency. Not only does this lean, inexpensive agency have the most impressive record of achievements and the most fateful missions in the aftermath of the Cold War, it also owes its success to its status as a separate, specialized entity.

The agency has saved taxpayers billions of dollars and enhanced US security because it has been able to offer advice on policy directly to the secretary of state and the president. Its expert judgments on Pakistan's nuclear weapons capability or on the proper interpretation of the Anti-Ballistic Missile Treaty, for example, did not have to be trimmed or inverted to comply with the parochial bureaucratic interests of the Departments of State and Defense.

Without the independence of the Arms Control and Disarmament Agency, the other national security bureaucracies would hardly have pursued the banning of the Soviet

Union's dangerous and destabilizing SS-18, an intercontinental ballistic missile with multiple warheads. Nor would the United States be on the road to a comprehensive nuclear test ban treaty and a verifiable Biological Weapons Convention. If the arms control agency were folded into the State Department, as Helms proposes, its decisive, expert influence on crucial issues of national security would inevitably be diluted. The loss would be incalculable.

THE PTA

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. CARDIN. Mr. Speaker, I rise today on behalf of Parkville Middle School in my district. I received a large notebook of letters and artwork from Parkville students, requesting a commemorative stamp in honor of the Parent Teacher Association [PTA]'s 100th anniversary in June 1996. Most of us have been PTA members ourselves and we know that this outstanding organization has dedicated itself to strengthening the family-school-community partnership which is essential to quality education.

The PTA has an impressive record. It has been involved in working toward achieving better schools, healthier children, and stronger families for our Nation's future. Over the years, it has conducted nationwide campaigns to promote awareness on such issues as drug and alcohol abuse, protection of the environment, teacher appreciation, safety, AIDS, and the promotion of positive self-images.

In 1912, the PTA sponsored the first hot-lunch programs in our schools. In 1941, it initiated a nationwide school-lunch program. The PTA is responsible for the organization of field trips, launching health information projects, and sponsoring events which create a more well-rounded, quality educational experience.

I would like to read to you a couple of reasons these students want to commemorate the PTA:

Also in 1976 they began a nation wide project to combat violence on television. This was needed so that children will behave in play and in class without violence. Remember, children can not vote what they want, that's what the PTA does.

I remember when at my old school Villa Cresta Elementary and my big fifth grade trip was coming up, a thrilling three days at Camp Wo-Me-To. The Villa Cresta PTA paid the rent fee for each cabin so all us fifth graders only had to pay for food and activities such as rock climbing and stream study. The camp fee was able to let low income families pay for their child's trip. Do you remember when you were a kid in especially elementary school or even middle or high school when the PTA did something for your school like a Fun Fest or Fiesta? Well I do remember.

I believe that the PTA should get a commemorative stamp in honor of the National PTA. My personal experience with the PTA is that in my old Elementary School, Fullerton, our PTA made a day for us kids. The day was called Fun Fest Day.

I am sure that many of you have received similar letters from your constituents. I have written to the National Stamp Advisory Committee expressing my support for commemorating the PTA's 100th anniversary next year.