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Fund the RTC

In the past two years, the Resolution Trust Corporation—the agency charged with the clean-up of the nation's savings and loan problem—has protected the deposits of Americans with savings accounts in failed S&Ls. It has closed or sold nearly 600 such institutions, liquidated nearly 60 percent of assets received to date and collected more than $200 billion in cash from the liquidated assets.

It has reached a point where former RTC Chairman Bill Seidman was able to report, "The end is finally in sight."

Unfortunately, because of congressional inaction, the RTC no longer has the money needed to schedule the closing of any more of the S&Ls it is taking over. Congress must not repeat the mistake it made last year when it adjourned without providing funding for the RTC. That delay cost the taxpayers $300 million that cannot be recovered. Every day of delay on the part of Congress costs the taxpayers an additional $4 million as these money-losing S&Ls remain open.

Through the RTC, the U.S. government has stood firmly by one of its most important obligations to its citizens—its commitment to federal deposit insurance. That commitment must be honored. The money spent by the RTC has not gone to wealthy shareholders of failed S&Ls. Rather, it has gone to pay off the deposits of ordinary Americans—almost 19 million of them so far in 45 states whose accounts averaged just over $9,700 each. Now Congress wants to put conditions on that commitment.

While no one wants the responsibility of cleaning up the S&Ls, Congress must realize that if resolutions are put on hold, there will be no one to blame but Congress itself for increased taxpayer costs and the denial of protection for individual depositors.

I hope Congress will complete action before it adjourns for the year. Both the House and the Senate have been debating the matter but have yet to agree on an acceptable bill as the hour of adjournment draws near.

Politics has played a large part in Congress's inability to act. An excellent example of such political posturing was the proposal by Rep. Joseph P. Kennedy (D-Mass.). His plan, recently outlined on this page [op-ed, Oct. 29] as a "big step forward," is a big step nowhere. As adopted by the House Banking Committee, it provided no funding for the RTC—short term or long term. The $20 billion in interim funding supposedly provided to afford a "smooth transition" is merely an authorization. If and when that authorization is appropriated and made subject to another provision in the bill, it would provide only $10 billion of the $80 billion needed.

The Kennedy proposal also failed to provide a long-term funding plan. Under its terms, severe cuts in existing programs would be required before the RTC could receive funding. The Kennedy proposal provided no guideline as to what cuts should be made. Observers of the congressional process acknowledge that reaching agreement on such a plan would be an extraordinary feat. That means that, while Congress dickers and debates this issue in an attempt to reach an agreement, the RTC will be without money and the resolution process will remain at a standstill as the costs mount.

Congress must not adopt provisions that hold hostage the savings of millions of Americans who were innocent victims of failed savings and loans. It is not time to put conditions on the government's commitment to depositors or to destroy the budget agreement. It is time for Congress to acknowledge its responsibilities to the millions of depositors across the country, provide funding for the RTC and put this problem behind us.

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