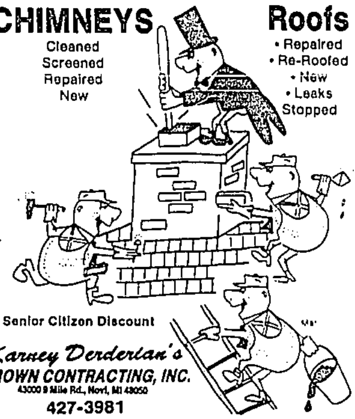

Roll Call Report

A fiscal and political nightmare became official last Aug. 9 when President Bush signed the savings-and-loan bailout bill into law, activating a recovery effort the United States Comptroller General Charles A. Bowsher estimates will cost $306 billion over the next 33 years.

Treasury borrowing is expected to cover at least 60 percent of the cost, adding federal debt at a rate of more than $1,000 per taxpayer over the three-plus decades. The remainder of the bailout is to be covered mainly by assessments on S&Ls and proceeds from the sale of assets of failed thrifts.

Blame for the fiasco is directed at many factors in play on and off since the late 1970s — inflation, recession, high interest rates, plummeting oil and farm prices, competition from money market funds, federal deregulation and lax state regulation of S&Ls and inept or fraudulent thrift management.

Also getting bad reviews is the savings-and-loan lobby, which, critics say, for years kept Congress from enacting any major reform that the industry would have had to pay for without taxpayer help.

"The strategy of the U.S. League (of Savings Insitutions) was to delay the day of reckoning long enough so that the problem would be so big that the burden of dealing with (it) couldn't have been handled by the industry itself," said Rep. John J. LaFalce, D-N.Y., of the House Banking Committee, at a National Press Club conference on the $306 billion debacle.

Disagreeing, a league spokesman said in an interview the lobby did not support a massive recapitalization bill before 1989 in part because neither it nor the Administration knew of the enormity of potential industry losses.

If the S&L lobby had a soak-the-taxpayer strategy, it worked only because Congress went along with it in the years leading up to 1989. Rep. Jim Leach, R-Iowa, also a Banking Committee member, told the press club forum: "What we really see in the thrift issue . . . is the inability of Congress to deal with the national interest as contrasted with the discreet interest of those who have a major stake in an endeavor."

What follows are key House and Senate floor votes during the late 1980s relating to the growth and proposed remedy of the S&L fiasco, along with positions taken by Observer & Eccentric lawmakers and the S&L lobby.

HOUSE:

1. TO PUT BILLIONS IN FSLIC: By a vote of 382 for and 12 against, the House on Aug. 3, 1987 approved the conference report on a bill (HR 27) enabling the Federal Savings and Loan Insurance Corp. to recapitalize itself with industry-financed borrowing of $10.8 billion over three years. S&L lobbyists favored a $5 billion figure previously approved by the House (see Issue 2 below). The Reagan Administration argued up to $15 billion was needed to stabilize the industry.

The bill also made regulatory concessions to thrifts hurt by depressed regional economies, and included banking and consumer provisions essentially unrelated to the issue of failing S&Ls.

Supporter Chalmers Wylie, R-Ohio, said "no one disagrees that FSLIC needs to be recapitalized. We may quarrel as to the proper amount . . ."

Opponent David Dreier, R-Calif., said 'the $10.8 billion recapitalization level will saddle the thrift industry with a massive debt burden that could preclude any prospect for recovery well into the next century."

YES: Carl Pursell, R-2; Dennis Hertel, D-14; William Ford, D-15; Sander Levin, D-17 and William Broomfield, R-18.

2. $15 BILLION RECAPITALIZATION, NOT $5 BILLION: By a vote of 153 for and 258 against, the House on May 5, 1987 rejectd an amendment to HR 27 (above) to authorize a $15 billion rather than $5 billion industry-financed recapitalization of FSLIC. S&L lobbyists advocated $5 billion as less burdensome on an industry trying to stabilize itself. They prevailed over Reagan Administration arguments that $15 billion was needed to shut down all rapidly hemorrhaging thrifts.

Supporter Thomas Carper, D-Del., said "the question before us is who will ultimately pick up the tab . . . the savings-and-loan industry or, very possibly, the American taxpayer."

Opponent Jimm Slattery, D-Kan., said the $5 billion funding level "is clearly sufficient to ensure that the funds on deposit at our nation's savings-and-loans are safe and secure without unnecessarily burdening the industry with excessive debt."

YES: Hertel, Levin. No: Pursell, Ford, Broomfield.

3. TO BAN REAL ESTATE INVESTMENTS: By a vote of 17 for and 391 against, the House on May 5, 1987 rejected an amendment to HR 27 (see preceding votes) to ban federally insured S&Ls from risking depositor's money in speculative "direct investment" such as real estate.

Sponsor Jim Leach, R-Iowa, said "this Congress simply has no business playing patsy to a few high-rolling bankers who, rather than supporting home ownership, prefer to speculate on their own account with other people's money."

Opponent Stephen Neal, D-N.C., said "there is no evidence that I am aware of at any time in any place of 'direct investments' being the reason for the failure of a savings-and-loan."

NO: Hertel, Pursell, Ford, Levin Broomfield.

4. TO CREATE A COMMISSION: By a vote of 395 for and 21 against, the House on Oct. 6, 1988 passed a bill (S 2653) establishing a commission to propose solutions to the worsening savings-and-loan problem by the following February. This occurred as the House and Senate found themselves unable to pass legislation dealing directly with the matter.