thriving democracy. However, I believe that we need to express this concern in a manner that acknowledges the accomplishments of the past, appreciates the challenges of the present, and carefully considers the options available to realize our hopes for the future.

EXPLANATION OF THE DEPOSIT INSURANCE REFORM LEGISLATION

HON. SPENCER BACHUS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Sunday, December 18, 2005

Mr. BACHUS. Mr. Speaker, today, we have a great opportunity to make significant improvements in our Federal Deposit Insurance system. Our position is strong, as both the insurance fund and the banking industry are extremely healthy, making this the ideal time to fine tune the system and establish a strong footing going forward.

BASIC PRINCIPLES OF REFORM: FAIRNESS AND FLEXIBILITY

The two fundamental driving principles of reform are to provide fairness to all insured depository institutions by assessing each based on risk, and to promote greater flexibility by allowing the FDIC to manage the fund differently based on existing economic conditions.

The bill provides greater fairness to insured banks in many important ways. It authorizes the FDIC to revise its risk-based formula to reflect with greater accuracy the risk each institution poses to the insurance fund. In providing this authority, our Committee looked at examples provided by the FDIC to determine how the new system might work, including FDIC representations that show about 42 percent of all banks would likely remain in the lowest risk category. Because the very nature of bank loans involves risk, we expect the FDIC to form a reasonable system that encourages appropriate risk-taking, consistent with safe and sound banking, and with premiums at a level that protect the best run banks from being overcharged but don't inadvertently stop lending. In this bill, we make explicit that the size of the financial institution should not bar an institution from being in the lowest risk category. It is risk that matters, not size. We expect the FDIC to conduct assessments in such a timely manner that banks are able to plan for such an expense, thereby avoiding unexpected or untimely costs.

Secondly, the bill recognizes that about 10 percent of institutions have never paid a premium to the FDIC to support its operations. This has put a burden on those institutions that fully capitalized the insurance funds in the mid-1990s. This legislation provides that those institutions that capitalized the fund with initial credits in proportion to each institution's financial contribution to FDIC. The credits are intended to offset premium assessments for many years to come, Those institutions that have not financially supported the FDIC would not have these credits and therefore must begin to pay premiums to the FDIC. Moreover, should the insurance fund grow to the upper regions of the normal operating range for the FDIC, banks would be entitled to a cash dividend in proportion to their historic financial contributions.

In addition to promoting fairness, the bill provides the FDIC greater flexibility to manage the insurance fund. The current law constrains the FDIC from charging most banks when the reserve ratio remained above a certain level and forces the FDIC to charge high premiums (23 basis points) at times when it makes the least sense. Our bill corrects these problems by allowing the FDIC to manage the fund within a wide range, with the intention that assessments would remain reasonably constant and predictable.

Importantly, this bill is not intended to raise more money than what the FDIC would have collected under the old law. Nor is this bill intended to encourage the FDIC to build the fund to the highest possible level. In fact, we know that each dollar sent to the FDIC means that there are fewer dollars that can support lending in our communities. As we considered this bill, we heard testimony that suggested that each dollar sent to Washington means that eight dollars of lending is lost. We cannot afford to restrict lending in our communities just to have more money added to the nearly $50 billion already in the insurance fund.

To protect against the fund growing too quickly, the legislation provides an automatic braking system that would return as a dividend 50 percent of any excess when the reserve ratio of the fund is above 1.35 percent. It also caps the fund level, providing a 100 percent dividend when the reserve ratio exceeds the upper limit of the range at 1.50 percent. This assures that money will remain in our communities. And while we provided the FDIC some authority to suspend the 50 percent dividend under extraordinary circumstances where it expects losses over a one-year timeframe to be significant, our expectation is that this authority will be used rarely and reviewed carefully each year when the new designated reserve ratio is set. This exception should be temporary and not a regular event, and the FDIC must communicate to Congress and the industry its justifications.

The FDIC's development and implementation of a new risk-based assessment system should not negatively impact the cost of homeownership or community credit by charging higher premiums to prudently managed and sufficiently capitalized institutions simply because they fund mortgages and other types of lending through advances from Federal Home Loan Banks. The Gramm-Leach-Bliley Act took great care in trying to provide adequate funding resources for community financial institutions and insured housing lenders through expanding community institutions' access to Federal Home Loan Bank advances. The FDIC shall take into consideration the goals of the Gramm-Leach-Bliley Act with respect to Federal Home Loan Bank advances and the objectives of this Act when developing a risk-based premium system.

DESIGNED FOR THE FUTURE

Not only does the legislation provide fairness and flexibility, it also anticipates needed changes in the coverage levels over time. We know that inflation has cut in half the real value of the current insurance coverage since it was last changed in 1980. We also know that, as the baby boomers move into retirement, the current coverage level was inadequate to protect their life-long savings. Thus, this bill increased to $250,000 the insurance limit on retirement accounts.

The House has repeatedly voted overwhelmingly in favor of legislation that would automatically index coverage levels based on inflation. The other body has only recently passed deposit insurance reform. The indexing language included in the Senate reconciliation bill required the FDIC to ''determine whether'' to increase coverage based on the amount of inflation increase plus a long list of factors. Our compromise language calls on the FDIC and NCUA to consider just three narrow factors. Those factors are: (1) the overall state of the Deposit Insurance Fund and economic conditions affecting insured depository institutions; (2) potential problems affecting insured depository institutions; and (3) whether the increase will cause the reserve ratio of the fund to fall below 1.15 percent of estimated insured deposits. If the FDIC and NCUA elect not to increase coverage, they must make their case based on these three narrow factors. The key language in the compromise is that the FDIC and NCUA, ''upon determining that an inflation adjustment is appropriate, shall jointly prescribe the amount by which'' coverage ''shall be increased by calculating'' the amount of inflation. This change in language, from ''determine whether'' to ''shall jointly prescribe'' is a clear statement that Congress is establishing a presumption that the agencies will increase coverage if warranted by past inflation.

STRONGER THAN EVER

This legislation will make the insurance fund even stronger than it already is and, in combination with the extensive regulatory and supervisory authorities of the FDIC, ensures that the fund and the banking industry will remain strong for a very long time.

EXPRESSING SUPPORT FOR THE MEMORANDUM OF UNDERSTANDING SIGNED BY THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE FREE ACEH MOVEMENT

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Sunday, December 18, 2005

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in strong support of H. Res. 456, ''expressing support for the memorandum of understanding signed by the government of the Republic of Indonesia and the Free Aceh Movement on August 15, 2005, to end the conflict in Aceh, a province in Sumatra, Indonesia.'' Let us begin by first thanking Congressman CROWLEY for his tireless work and steadfast leadership on this issue.

For over thirty years there has been armed conflict in the Indonesian province of Aceh between the Indonesian military and the Free Aceh Movement. The Free Aceh Movement had demanded independence while the Indonesian government has fought to maintain their control over the region. The fighting in the region has not only devastated the landscape, but has led to an estimated 15,000 deaths in the region.

Last December's tragic tsunami killed at least 165,000 people in Aceh. If something good can be taken from the horrible disaster, it is that the tsunami's destruction led the Indonesian government and the Free Aceh Movement to set aside their three decades of fighting to enable the rebuilding of Aceh.

With the help of former President Martti Ahtisaari of Finland, the parties agreed in July

to a draft memorandum of understanding to end the conflict. The memorandum of understanding not only provided a timetable for disarmament and troop withdrawal, but also granted the people of Aceh with new political powers and the right to retain much of the revenues of resources extracted from the province. The Indonesian President has also granted amnesty to hundreds of Free Aceh Movement members, and the Free Aceh movement has agreed to forgo its demand for independence.

Mr. Speaker, I am sure my colleagues can understand and respect just how difficult it can often be to reach compromises in highly charged political situations. It is precisely because of this fact that we as a Congress should whole-heartedly congratulate the Indonesian government and the Free Aceh Movement for their willingness to compromise. Their ability to compromise has made both parties better off, and perhaps can serve as an example to all of us. I sincerely hope the memorandum of understand the parties reached will stand the test of time and be the first step toward extended peace for the Aceh region.

Lastly, Mr. Speaker, I believe this country can most show its support of this peace process not only with kind and supportive words, but with kind and supporting actions. I encourage the Secretary of State and the Administrator of the United States Agency for International Development to commit resources in guaranteeing the peace and building a strong civil society in Aceh.

TRIBUTE TO THE COUNTRY OF POLAND

HON. SCOTT GARRETT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Sunday, December 18, 2005

Mr. GARRETT of New Jersey. Mr. Speaker, I rise today to recognize and congratulate the country of Poland and its citizens for their successful Presidential and Parliamentary elections.

On October 23rd, a Conservative Law and Justice candidate Lech Kaczynski defeated Civic Platform candidate Donald Tusk in the Presidential Election runoff. A month earlier, in the Parliamentary elections, the Law and Justice Party won a plurality by capturing 27 percent of the vote while the Civic Platform party garnered the 2nd highest amount at 24 percent.

In addition to the remarkable political reform that has swept Poland over the last 15 years, there has been considerable economic progress as well. The Polish GDP continues to grow and because of its skilled workforce and a competitive free market economy, it has received significant foreign investment.

Poland has been a strong ally to the United States in our war on terror and has provided considerable aid to the military and diplomatic efforts in Afghanistan and Iraq.

Mr. Speaker, I am confident that when President-Elect Kaczynski is sworn in on December 23rd, U.S.-Polish relations will continue to grow and prosper under his leadership.

PROVIDING THAT HAMAS AND OTHER TERRORIST ORGANIZATIONS SHOULD NOT PARTICIPATE IN ELECTIONS HELD BY PALESTINIAN AUTHORITY

SPEECH OF

HON. SCOTT GARRETT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 14, 2005

Mr. GARRETT of New Jersey. Mr. Speaker; I rise in strong support of today's commonsense resolution condemning the participation of terrorist organizations in the Palestinian elections. It is disappointing that Congress even needs to make this statement, yet time and time again, history has proven it is necessary.

The Middle East peace process requires that the Palestinian Authority recognize the right of Israel to exist and that it reject the terrorism and violence that have plagued the region since the 1940s. It stands to reason that this requirement can only be met if the very organizations which threaten peace in the Middle East, such as Hamas and Islamic Jihad, are removed from the official political process.

As it is, these organizations currently operate with little interference or admonition from the Palestinian Authority. Were they to become a part of the governing authority, the integrity of the Palestinian government would be compromised. Clearly, the Authority cannot condemn the anti-Israel and anti-American bias of the same groups of which it is comprised.

Mr. Speaker, I encourage my colleagues to reaffirm their support for our strong ally, Israel, and to support this resolution.

PRESIDENTIAL AUTHORIZATION OF DOMESTIC NSA SPYING

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Sunday, December 18, 2005

Mr. UDALL of New Mexico. Mr. Speaker, I rise today to discuss the recent reports, and admission by President Bush, that he authorized the National Security Agency to spy domestically, and did so without obtaining warrants. Some have noted that it is highly unusual for a President to publicly acknowledge the existence of highly classified intelligence programs. Some believe this is commendable. But Mr. Speaker, his admission was after the fact. After hundreds, possibly thousands, of Americans have had their telephone calls and e-mails monitored with little to no oversight. After he authorized the NSA, an organization tasked with investigating foreign people and entities, to spy on American citizens and other residents living in this country. And after, Mr. Speaker, he urged the New York Times not to report the existence of this program in the first place. Hardly commendable.

Yet these facts alone, though enough to warrant grave concern, are not the end of the story. Further compounding the issue is that the President did this without even seeking warrants, or legal oversight. I wish I could say I was surprised at this, but I cannot. This Administration has pushed the envelope for power and authority at every opportunity and this is clearly no exception. If truly and absolutely necessary, they could have at the very least obtained warrants from the Foreign Intelligence Surveillance Court. As the New York Times stated today in an editorial, ''The law governing the National Security Agency was written after the Vietnam War because the government had made lists of people it considered national security threats and spied on them. All the same empty points about effective intelligence gathering were offered then, just as they are now, and the Congress, the courts and the American people rejected them.'' In authorizing this program, this Administration has chosen to ignore precedent, wisdom, and possibly even the Constitution.

The Fourth Amendment clearly states ''The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.'' I strongly believe that spying on American citizens without first obtaining warrants, or any legal oversight, clearly violates this bedrock principle of our government and our Nation as a whole. I also believe that this program—its inception, its uses, its results, its justification for existence—needs to be thoroughly investigated. I have begun circulating a letter asking the House Permanent Select Committee on Intelligence to conduct investigations of this. I hope my letter will not be ignored.

Mr. Speaker, no doubt the Administration and its supporters will attempt to paint those questioning the wisdom of this program's existence as weakening our defenses, and undermining our Nation's security and counterterrorism efforts. This is a weak and pathetic justification. There is no question the President must have the best possible intelligence to protect our Nation and its citizens. There is no question the President must conduct programs that are hidden from the public eye in order to gather this intelligence. The question is whether or not these ends can be achieved in accordance with our Constitution, our laws, and in a manner that reflects our values as a Nation.

I hope for the sake of the country, that after the Congress investigates this program, it is not shown that the President broke the law. However, we will only know the answer to that question after Congress exercises its proper oversight responsibility. Something it has failed to do for five years. Despite what this Administration would have us believe, securing our Nation from all enemies both foreign and domestic can be achieved without violations of our civil liberties.

PERSONAL EXPLANATION

HON. MARIO DIAZ-BALART

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Sunday, December 18, 2005

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, due to issues I had to attend to at home, I was unable to be here for the majority of this legislative week and was unable to vote on important legislation on the floor of the