

U.S. socializes costs of S&L losses

It turned out that Reagan and Bush were socialists. Yes, they were socialists, in a sense, in the worst sense. Most socialists socialize gains, but Reagan and Bush socialized the costs of the savings-and-loan plundering. As conservative commentator George Will explained, "We seem to have a capitalism here in which profits are private and we socialize the losses."

Through Reagan's and Bush's highly deregulated savings-and-loans policy, the government helped rich S&L owners take (steal) billions and socialized the costs of the whole financial orgy. In other words, the taxpayers gave the S&L owners and their friends a lot of money.

How much is it going to cost us? Only \$500 billion or more over the next few decades. That's about three complete yearly budget deficits or about \$2,000 from every single American man, woman and child.

Before mass deregulation, S&Ls were highly regulated institutions that were owned and operated by community people. They made loans to families to buy houses. They attracted mostly small depositors who were insured for up to \$40,000. And, when an S&L began to lose too much money, it was immediately closed down to minimize losses.

This system was changed by legislation and executive commands from the Reagan administration. Some of the most crucial changes made are listed below:

- Increase of the federal depositors insurance level from \$40,000 to \$100,000.
- Allowing developers to own S&L's.
- Allowing S&L owners to do almost anything with depositors' money. They could even loan money to themselves. The owners managed to steal and squander billions of dollars.
- Allowing more freedom for S&L's in setting interest rates. The S&L's attracted more money to steal and squander with the higher rates.
- The firing, replacement, shutting up and deliberate ignoring of S&L regulators and the covering up of the growing S&L problem. If the dead S&L's were forced to close in 1982, it would have cost taxpayers nothing. Even as Ed Grey, head of the Federal Home Loan Bank Board (FHLBB) from 1983 to 1987, warned of a growing S&L problem, Reagan, Bush, Regan



Irwin Tang
Columnist

(treasury secretary) and certain members of Congress continued to tell him to shut up.

Reagan never mentioned the S&Ls in public. Though Bush knew of a huge problem, he didn't mention it until after the election. They even managed to ignore Silverado, Neil Bush's little mess, until after the election.

Thus, we've learned the hard way: the best and easiest way to rob a bank is to own one.

Molly Ivins called the S&L debacle "the most massive transfer of wealth from the poor to the rich in our nation's history." And every two-bit politician and their speechmaker vows that such transfers will never be allowed to occur again and that the S&L mess will be cleaned up soon. These statements are funny.

First, the Bailout is going at a snail's pace. Of the FBI's reportedly 7000 major bank fraud referrals, the Bush Justice Department selected only 100 in July for priority investigation.

Furthermore, the investigation and further implication of S&L fraud is being slowed—possibly sabotaged by the director of the Office of Thrift Supervision, the notorious M. Danny Wall. He was one of the main culprits in committing the S&L heist of the 80's. Deregulation was his big idea, and he kept the whole affair hush-hush until boss-man Bush could get elected.

The investigations should be carried out quickly to recover as much money as soon as possible (most of the \$500 billion bill is interest), and M. Danny Wall should be kept out of any position in government.

Second, there may be more bailouts to come if we don't act. The federal depositors' insurance level should be returned to its old \$40,000. If someone has more than \$40,000 to deposit, he can put some of it in another bank. Some experts are predicting a commercial bank disaster similar to the S&L one. Lowering the federal

insurance level can minimize the damage.

Third, such poor-to-rich money transfers, the socialization of costs of big businesses, the subsidization of super-rich money makers by the often-unknowing taxpayer has been going on for decades in America.

Some of the more grotesque transfers of money from poor to rich occur as a result of Big Business' scourging of the environment. Big Business makes Big Profits while ruining the environment. Meanwhile, taxpayers and society as a whole pay for the clean-up of their poisoning. What we don't clean up causes cancer, illness, and wilderness destruction.

Farm subsidies hardly protect the small farmer, as they continue to lose their farms to the Bigtime farmer. Instead, the farm subsidies mostly benefit those who do not need them. Most of the subsidies go to the wealthiest quarter of all farms. Most of these "farmers" make over \$100,000. Federal farm subsidies cost the taxpayers between \$10 and \$20 billion and consumers an additional \$10 billion in higher food costs. Let us at least direct the subsidies to poorer farmers and use some of the money to help failing farmers adjust to nonfarming work.

Government protection of the sugar industry costs consumers \$3 billion every year, according to the U.S. Department of Commerce. Because of the protection, sugar producers pick up \$260,000 each in extra profits every year.

Ranching and mining companies make easy money from the federal government by taking advantage of the below-market prices charged for use and abuse of public lands. Mining companies extract public gold from public land without paying any royalties.

This is a wicked type of system we have here. We let capitalism and its forces push the price of labor so far down that working people go hungry or homeless. But the same people who scream "Let the free market work its wonders!" will set things up to guarantee huge profits for little work for people who do not need the money. Let's clean up the S&L mess. And the rest of the mess.

Irwin Tang is a junior political science major.

Mail Call

Alcohol abuse, bonfire don't mix

EDITOR:

Over the past several years bonfire has become one of the most controversial traditions at Texas A&M University. Some of the controversy focuses on aspects of bonfire over which there is little consensus, such as its size, location and existence. However, there is one aspect of bonfire that almost everyone needs to be concerned about—that is the abuse of alcohol.

Last year produced the first coordinated effort to reduce alcohol abuse at bonfire, and it brought some outstanding results. Problems which jeopardize the continuance of bonfire such as disruptive behavior, related injuries, littering and vandalization of property were reduced by about two-thirds.

Nonetheless, we are far from our goal of eliminating the effects of alcohol abuse. The tradition of bonfire remains in danger. The greater success of curbing alcohol abuse, the less pressure there will be to eliminate bonfire.

Furthermore, when visitors from the community and elsewhere attend bonfire we want them to see the enthusiasm, unity and camaraderie the bonfire and Aggie spirit are all about. Getting stone drunk does not convey this image.

While we realize that many of the people in such a state aren't Aggies, there are those students who still have the mistaken notion that getting drunk at bonfire is a sacred tradition. There is, however, a long-standing tradition of limiting alcohol on campus. We are one of the few major universities in the nation that doesn't have a student lounge where alcohol is served. There has always been a certain respect for the dignity of the University itself that has limited the presence of alcohol on campus. That respect should extend to bonfire.

In recent years, we came close to losing bonfire, and it was due largely to alcohol abuse. If you choose to drink, please do so after and away from bonfire. Please keep alcohol from shattering the tradition.

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Allow nations to develop technology

EDITOR:

Lately I have been bombarded by reports that Saddam Hussein is "only 5 years" or "only 3 years" away from having a nuclear weapon, and of reports of his dreaded chemical weapons arsenal. Americans seem to feel a need to prevent any nation but our own from having the capacity to develop nuclear and chemical weapons.

Most nerve gases are very closely chemically related to fertilizers, and almost any fertilizer plant can be converted to produce large quantities of nerve gases. Blistering agents and simpler, less effective nerve gases like hydrocyanic acid require almost no technology to make. Many types of chemical facilities could be altered, with difficulty, to make dangerous agents. Are we going to prevent third-world nations from educating chemists and engineers and from building chemical industries because they have the potential to make chemical weapons? Any Organic Chemistry professor could design a synthesis process for nerve gas—it doesn't take much technology.

Nuclear weapons are harder to make, but can we deny developing nations access to cheap, clean nuclear energy because they might use it to make bombs? Are we not going to allow other nations to educate and train bright physicists and metallurgists because doing so constitutes a threat?

No nation has the right to tell another what technology it can possess or what areas it can research in. By denying developing nations access to the technology and knowledge that can make nuclear and chemical weapons, we are denying them the technology and industry needed to maintain their economies and to raise their standard of living.

As to the argument that other nations are not responsible enough to have these weapons—who can name the only nation to aggressively use nuclear weapons?

Douglas K. Burke '93

Be quiet in library quiet areas

EDITOR:

This letter is for all you inconsiderate and rude students who seem to believe that any area in the library you choose to designate as a group study area is a group study area.

There are areas on the third and fourth floors of the Sterling C. Evans Library which are specifically designated as groups study areas.

Contrary to popular belief, the Current Periodical department is not a group study area, but a quiet area, or, as the library would have it, a "Quiet Zone."

Impolite people, inform yourselves. You have the third and fourth floor group study areas, the first floor reference area, and the student lounge on the second floor of the library. There you can voice your opinions and thoughts aloud without disturbing the students who need peace and quiet to study. Please have some consideration for your fellow Aggies!

Vivian Rojas '91



Adventures In Cartooning

by Don Atkinson Jr.

Editorial Policy

The Battalion is a non-profit, self-supporting newspaper operated as a community service to Texas A&M and Bryan-College Station.

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SO WHAT DID HAPPEN TO THE OTHER CARTOONISTS?

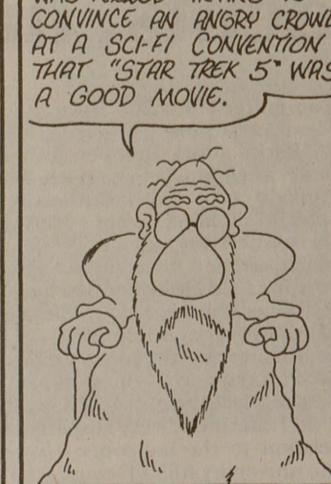
TOM R. MADISON MADE A FORTUNE BY WRITING A SELF-HELP BOOK CALLED "NERD POWER"...



...BOOMER CARDINALE WAS EVENTUALLY BANNED BY SEN. JESSE HELMS FOR EXCESSIVE BEER AND FART JOKES...



...AND SCOTT McCULLAR WAS KILLED TRYING TO CONVINCE AN ANGRY CROWD AT A SCI-FI CONVENTION THAT "STAR TREK 5" WAS A GOOD MOVIE.



AND YOU?

THIS CLOSE TO FINISHING MY DEGREE AT TEXAS A&M!



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