

remarks by

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Second, the bill would place limits on the FDIC's borrowing authority. We believe it is clearly appropriate to limit the FDIC's ability to issue notes and other debt obligations.

However, the bill -- at OMB's request -- would inhibit our ability to deal with the thrift problem by imposing a complicated formula limiting our authority to issue obligations -- in a way that would jeopardize our ability to handle failed institutions.

We believe a simple provision that we should be able to issue notes or obligations as long as they are covered by our net worth, is sufficient. It will assure that taxpayers don't get hit with any further note liabilities.