IS YOUR PENSION JUST A CLINTON PIGGY-BANK?

By Phyllis Schlafly June 8, 1995

The Clinton Administration thinks it has found a new source of revenue for its social spending -- your pension fund. The Clinton Administration liberals are licking their chops at the thought of getting their mitts on some of the $4.7 trillion that is now sitting in private pension funds.

The plan to raid private pension funds was first floated in 1993 as an invitation to private pension funds to "invest" their funds in politically chosen "infrastructure bonds" (i.e., for pet Democratic social projects), which would be backed by the Fed eral Government through bond issuance and loan guarantees.

The plan didn't get off the ground then, so now the Clinton Administration is using revised terminology. It is inviting pension managers to invest in Economically Targeted Investments (ETis), a list of"socially important" projects that typically have a high rate of failure, including public housing, urban lending institutions, "job cre ation" schemes, "community development" projects, and minority-owned and politi cally favored businesses.

The pensions of 36 million Americans are directly at risk in this Clinton plan. Pension fund managers are supposed to conduct themselves like trustees, with a fiduciary responsibility to handle those large amounts of money prudently.

The 1975 Employee Retirement Income Security Act (ERISA) is supposed to assure the safety of pension funds. It mandates that the investment of private pension funds be managed "solely" for the "exclusive" purpose of providing benefits to the beneficiaries.

But Labor Secretary Robert Reich doesn't think that "solely" and ""exclusive" mean solely or exclusive. He has now "reinterpreted" ERISA to permit pension trust ees to consider "secondary benefits" such as the alleged societal benefits generated by ETis.

Reich is encouraging this diversion of pension assets by setting up a million dollar "ETI Clearinghouse" in the Labor Department in order to "help" pension man agers select politically favored social spending projects. In the new Clinton Doublespeak, this is called "social investing."

Make no mistake about what the Clinton Administration is prodding pension managers to do. They are being urged to transfer some of their assets from safe investments into projects and activities that a prudent trustee would not otherwise select because of the financial risk.

Now here comes the part that makes this Clinton plan a threat to all Americans, not only the ones who have pensions. The pension managers will be told not to worry about the risk of "social investments" because they will be guaranteed by the taxpay-

ers.

As Yogi Berra would have said, that's deja vu all over again! The savings and loan debacle resulted exactly from the taxpayer guarantees of risky loans that the S&Ls would not have made in the absence of those guarantees.

There is even more to this story. The greedy-for-more-money liberals are not about to let their raid on pension funds be foiled by the reluctance of pension managers to make risky investments. Assistant Treasury Secretary Alicia Munnell (whom Clinton is trying to appoint to the Federal Reserve Board) is urging that pension funds be required to invest 15 percent of their portfolios in ETis.

The sheer size of this pension raid is mind-boggling. A mere 15 percent requirement would divert $600 billion of pension assets into the pet liberal spending projects wanted by the Clinton Administration liberals to curry favor with their constituencies.

Congressman James Saxton (R-NJ), who has introduced a bill to prevent this rip-off from happening, has a long list of horror stories of how state pension funds have lost millions of dollars in exactly this type of politically motivated investment.

This raid on your pension piggy bank meshes perfectly with Clinton's class warfare economics. After all, "the rich" (anybody with a pension) should be forced to make government-required "contributions" to "the poor" (voters Clinton is trying to woo). It's a plan to steal our retirement savings in order to advance the cause of socialism in America.

Where do such arrogant ideas come from? The liberal elites really believe they have a divine mission to redistribute wealth according to their egalitarian social views, and they start from the premise that they know better how to spend our money than ordinary Americans.

The American voters have become highly resistant to tax increases, and the 1994 election proved that they are disillusioned with the whole idea that government can solve our problems. So, the tax-and-spend liberals are forced to turn to new sources of revenue in order to pursue their goal of controlling more and more of the American Gross Domestic Product.

The liberals have already reached the ceiling of what the American people will stand for in terms of regulations imposed on business. It is now estimated that these regulations impose costs on the average household that effectively double the average amount paid in taxes.

But still the liberals yearn for more money that they can spend for purposes of THEIR choosing rather than for purposes chosen by the workers who earn the money. That's why they want to turn pension funds into a piggy-bank for social spending. We shouldn't let them do it.