from Phyllis Schlafly

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How Clinton Plans to Raid Your Pension Fund

Will Robert Reich, Laura Tyson, and other Clinton economic gurus be the new advisors to your pension plan? Do you want to risk your savings on their financial/political judgment?

The Clinton Administration recently gave a warm welcome to a proposal from a congressional commission that ca1ls for the creation of a new federally chartered corporation to be called the National Infrastructure Corporation. The mission of this proposed agency is to persuade institutional investors (such as private pension funds) to put their money in politically chosen "infrastructure investments," which would be backed by the Federal Government through bond insurance and loan guarantees.

The commission estimates that the bait of allowing this new agency to issue its own bonds and enjoy a line of credit into the U.S. Treasury "has the immediate potential to prompt $10 Billion in infrastructure project activity."

Private pension funds are a mighty big piggy bank for the Clinton Administration spenders to get their sticky fingers into. Pension funds control four TRILLION dollars of assets -- two-thirds the size of the Gross National Product.

In order to finance its new pork barrel spending schemes and health care reform, the Clinton Administration has floated a lot of new tax proposals. The trouble is, they are all unpopular: "sin" taxes, national sales taxes, consumption taxes, VAT taxes, and social security taxes.

The American people are out of patience with more taxes. The TV networks' exit polls on November 3 showed that American voters, by two-to-one, would rather have lower taxes even if it means less services.

So the Clinton Administration and Congress are conniving to use the other taxes that aren't called taxes: regulations and loan guarantees. That's where pensions come in. New securities for "infrastructure investment" will suddenly appear on the market paying a "competitive, market rate of return," but they will be more attractive to pension fund managers BECAUSE they are guaranteed by the Federal Government (i.e., the taxpayers).

Of course, the "infrastructure bonds" will be for pet Democratic projects pushed by their union constituency: "high" (union) wage construction for sewage systems, highways, bridges, and buildings. They will attract "investment" from pension funds only because artificial nonmarket incentives are offered.

It is easy to foresee that bonds trill be approved only after the proper subcontractor quotas of various favored groups are met. Every union and pressure group will be standing at the trough, each chanting the magic word “investment.”

The plans also include branching into such high-tech areas as computer networks. Perhaps that was why John Sculley, CEO of App1e Computer, was prominently showcased in the audience when President Clinton made his State of the Union speech.

Government (taxpayer) guarantees always lead to trouble. That's why we have the S&L crisis with taxpayers shelling out billions to bail out all the bad loans that were made because nobody was risking his own money -- the deposits were “guaranteed” by the taxpayers.

The Pension Benefit Guarantee Corporation is very nearly insolvent because its scheme of government (taxpayer) insurance has allowed insolvent companies to dump their pension liabilities onto the taxpayers. In fact, the whole range of unfunded government (taxpayer) liabilities are the unmentioned elephant in the room when everyone talks about “the deficit.”

Why do we need extra incentives to get people to invest in sewage plants, which are the absolute sine qua non of civilized living? If people are not willing to build sewers, then goodbye civilization!

We are just asking for trouble if we allow the Clinton Administration to put taxpayer guarantees behind projects that are extravagant, not economically sound, or can’t make it on their own. That's how your retirement nest egg will get into the Clintons, clutches.

This meshes perfectly with Clinton’s class welfare economics. After all, “the rich” (anybody with a pension) should be forced to make “contributions” to “the poor” (voters Clinton is trying to woo). It’s only fair that “the rich” make a “sacrifice” of a pre-set percentage (quota) of their assets into approved projects.

This “infrastructure investment” scheme has all the potential to become the big financial disaster of the 1990s. Instead of the market deciding what projects are worth buildings, and instead of careful, conservative pension fund managers deciding how to invest your retirement money, the Clinton Administration will lure your money into its net in order to pay off its political debts and advance its radical agenda.

Do we real1y want the Clinton Administration to destroy our retirement savings in order to advance the cause of socialists in America?