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# THE BIG BANK ~~ROBBERY~~ BAILOUT OF 1983

Some 25,000 businesses closed their doors last year. They went bankrupt and terminated the jobs of all their workers. The taxpayers did not repay the investors' losses.

Thousands of farmers faced foreclosure last year. They lost their land and equipment when the bankers demanded that loans be repaid. The taxpayers did not rush to their rescue and pay off the loans so the farmers could keep their land.

Now, ten big U.S. banks are on the brink of a financial crisis. Are they taking their losses and their lumps like other Americans do in our private-enterprise, profit-and-loss system? No, the big banks are demanding that the American taxpayers bail them out of their blunders!

This scheme should be called "The Big Bank ~~Robbery~~ Bailout of 1983." Only it isn't a robbery OF a bank -- it is a ~~robbery~~ ripoff of the U.S. taxpayers BY the big banks.

The reason why the big banks are in financial trouble is that, over the last ten years, they lent at least $80 billion in unsecured loans to insolvent, unstable Communist or Less Developed Countries (LDCs) such as Mexico, Brazil, Argentina, Bolivia, Bulgaria, Yugoslavia, Rumania, Poland, and Hungary. About half of that amount comes due this year.

Anybody with common sense would have known that those were bad loans when they were made. The foreign borrowers didn't provide the financial statements, the information, or the security that U.S. businessmen and farmers must provide when they apply for loans. (Most American banks did not make foolish foreign loans.)

Now that the foreign loans are coming due, it is clear that the Communist and LDCs cannot pay them back. But that's not all. Banks often "roll-over" loans IF the borrower can pay the interest due on the loan. (Roll-over means that the borrower gets more time to pay back the principal.) But the foreign countries are so bankrupt that they can't even pay the interest!

When that happens to a U.S. businessman or farmer, that means bankruptcy or foreclosure. You are wiped out! But the big banks, who think they are a specially

privileged class, are demanding a big-bank taxpayer-bailout -- straight out of the pockets of the long-suffering American people.

The big banks have worked out a clever scheme through a middleman in the hope that most Americans won't realize what a ripoff it is. The big banks are asking that the U.S. Treasury give $8.4 billion to the International Monetary Fund (IMF); then the IMF will give the $8.4 billion to the deadbeat Communist and LDC governments; and then those foreign governments will give the $8.4 billion to Citibank, Chase Manhattan Bank, Bank of America, and the other big banks to cover the overdue interest payments.

In order to conceal from the American people what is happening, the big banks are pressuring their auditors to continue to carry the bad loans on the banks' financial statements as "assets." One of the sticky questions is whether the auditors will go along with this coverup. It is hardly good auditing practice to carry at full value a loan that has been "rescheduled" to the 1990s and which nobody believes will ever be paid.

The other part of the coverup involves the Federal Reserve which, under the law, is supposed to supervise the banks. But the Fed has been pressuring the banks to make MORE bad loans to the same bankrupt foreign countries in order to keep the interest payments coming and to preserve the fiction that the loans are still a bank asset.

The big banking blunders were made by identifiable men in indentifiable banks, and THEY should be held responsible. The financial loss should fall on the directors of the big banks and on the stockholders who hired them.

The solution to the big banks' dilemma is to take the $8.4 billion they say they need out of their 1981 and 1982 bank profits. If that's not enough, then it should be taken out of the stockholders' capital investment. The losses from these foreign follies should fall on the backs of the banking corporations -- not on the American taxpayers.

If and when more money is needed, then the problem should be turned over to the Federal Reserve. After all, under the law, the Fed has the responsibility for supervising American banks. Since the Fed allowed the banks to make the bad loans, let the Fed itself cover the losses.

This issue is now before the Senate and House Banking Committees. If the American people don't speak up loud and clear, they will have been ripped off by the big banks.