from Phyllis Schlafly

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Foreign Giveaways to Russia

Few things illustrate the desperate political position of the Democrat's as clearly as their reversal on foreign aid. The Democrats have been fervent advocates of every foreign giveaway idea that has come down the pike since 1945, and now suddenly, when confronted by President Bush's package to aid the former Soviet Union, they are saying "Americans first."

The price tag is $24 billion, including $3 billion to stabilize the Russian ruble, and $12 billion in an additional U.S. donation to the International Monetary Fund (IMF), where overpaid bureaucracies of foreigners dole out our money to foreigners who never pay back their debts.

The bill is broad and vague, authorizing a variety of additional grants, credits and technical assistance programs such as eliminating legal impediments to government loans to private firms. Translated, that means giving incentives to U.S. corporations to do business overseas by having the taxpayers cover their losses, something firms don't enjoy if they lose money doing business in the United States.

IMF managing director Michel Camdessus says that the former Soviet Union needs $44 billion in foreign aid this year, that is, $24 billion to Russia and $20 billion to the 14 other former Soviet states. That's just the start; over the next four years, he says, the former Soviet Union will need more than $100 billion in outside aid from the IMF, the World Bank, the governments of industrial nations, and private investors.

He estimates that the IMF would provide $25 to $30 billion in loans over the next four years, and that the World Bank would lend another $12 to $15 billion. The IMF and the World Bank are expected to provide $Z billion immediately, and $3 billion more would come from deferral of principal and interest payments on the former Soviet Union's foreign debts.

To expedite this mind-boggling transfer of U.S. money, the IMF and the World Bank formally offered membership to Russia, Ukraine, and most of the other former Soviet states on April 27. The IMF's mission is supposed to be to

“stabilize” economies, and so it gives loans to developing countries to help them carry out large-scale economic reforms aimed at growth without inflation.

Its sister organization, the World Bank, has the same membership and doles out the money to the same recipients, but with a slightly different focus. It concentrates on long-term programs. Under the regime of Robert S. McNamara in the 1970s, the World Bank was best known for its worldwide campaign for population control.

The U.S taxpayers are being ripped off under so many different labels that it's hard to keep track of them. The World Bank is made up of the International Bank for Reconstruction and Development, the International Development Association (which makes low-interest loans to the poorest countries) , the Internationa1 Finance Corporation (which lends to private companies in developing nations), and the Multilateral Investment Guarantee Agency (which assists foreign investment in poor countries).

The new World Bank president, Lewis T. Preston, has just shocked the international bureaucracy by eliminating 240 highly-paid executives. He thinks they won/t be missed, and hers probably right since the World Bank has 6,000 employees.

Membership contributions from the l-70 members of the IMF are decided by a formula based on their economic output. so, surprise, surprise, the United States provided nearly a fifth of the money for the. two organizations even before the proposed $12 billion infusion.

The IMF works something like a cooperative bank. Russia will have to pay $3.94 billion into the Fund as a membership contribution, but then it can immediately borrow three times that amount. Pretty good deal, isn’t it! They put up $3.94 billion, and presto, they will be able to draw out nearly $12 billion – and maybe much, much more' since some favored countries are allowed to exceed the formula!

This cooperative system sounds very much like the now defunct House Bank, where Some favored (mostly senior Democratic) Congressmen could write overdrafts for several times the amount of their deposits' while the cash for the float was provided by other (mostly fairly new Republican) Congressmen who were induced to deposit their paychecks in the Bank.

There is one catch to this money tree, however. The deal will put the Russian economy to some extent under the stewardship of the IMF and Russia will be required to meet certain conditions. It isn’t at all clear that this is a good deal for the Russians, since the IMF has a long-time reputation for insisting on central planning instead of the free market approach and economic growth.

Those who are determined to send U.S. cash to help the Russians have an obligation to get something for the taxpayers' money they propose to spend. one solution would be to buy the Russian nuclear weapons for which Boris Yeltsin presumably has no use, of pay to have them destroyed under international supervision.