from Phyllis Schlafly

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Corporate America Demands Taxpayer Subsidies

With the whole world rejecting socialist central planning and rushing toward a free market, Corporate America is pushing the Bush Administration toward adopting the discredited socialist system. They don't call it that, of course, they call it “an industrial policy,” but that’s just a code word for the rich and powerful in government and big business centrally planning our economy.

The excuse advanced. for imposing a centrally planned industrial policy is the alleged need for taxpayer underwriting of private industry investments in the former Soviet Union. As the argument goes, the current situation calls for massive private investment, and that won't take place without government subsidies and guarantees.

Dexter Baker, chairman of. the National Association of Manufacturers, is calling for “special government protection” through “investment insurance and export guarantees” because “the risks in Russia are greater than in any other part of the world.tt The U.S. taxpayers are being called upon to build factories, oi1 fields and the like in Russia, as well as to pay the bills for U.S. companies to export their products to the former Soviet Union.

Corporate America just doesn't want to risk its own money. No American or European corporation has yet spent more than $80 million on a single project, and most investments are under $10 million.

Why aren't U.S. corporations falling all over themselves to seize investment opportunities in the enormous new market of the former Soviet Union and Eastern Europe? Well, it seems that doing business there presents risks that are almost impossible to assess.

Willard A. Workman, vice president of the U.S. Chamber of Commerce's international division, says, “We are used to taking risks, but risks that tare can see and quantify. In the Commonwealth countries you cannot learn enough or find out enough in the available time. You have to make assumptions and you have to be responsible to shareholders. So you look to Government for help.”

The rationale is that, in the post-bad-Third-World-1oans-and-S&L- disaster wor1d, corporate America feels it has to be “responsible” to its shareholders, but since the federal politicians don't feel they have to be responsible to the taxpayers, let's soak the taxpayers for guarantees of risky investments that no reasonable businessman or banker would make.

The Overseas Private Investment Corporation (OPIC), a federal agency that guarantees foreign investments, right now, has $8 billion available for corporate handouts (they call it private-sector investment in foreign countries). However, that's not, enough; U.S. companies have applied to OPIC for $12 billion for investments in the former Soviet Union alone, as well as relief from the current ceiling of $50 million on a single investment.

Other piggy-banks that Corporate America can raid include the Export-Import Bank, which subsidizes American exports, and the Commodity Credit Corporation, which finances food exports. Ex-Im has already issued $172 million in financing for exports to the former Soviet Union and has $11 bil1ion available in export financing worldwide in the current fiscal year. Ex-Im pays the U.S. exporter directly and. then tries to collect the loan sometime in the future from the foreign buyer.

Representatives of the U.S. Chamber of Commerce met with President Bush at a White House meeting in late April. The Administration’s favorable response to this “unusually explicit corporate request” for taxpayer handouts, according to the fiery York Times, constitutes what many economists call “de facto industrial policy.”

The business giants that are pushing this government-corporate partnership are I.B.M., Coca-Cola, Texaco, Cummins Engine, Archer- Daniels-Midland, Dresser Industries, and the big investment bankers. This type of planning and financing collaboration was anathema during the Reagan Administration, with its free-market orientation; but it’s apparently part of the Bush Administration’s New World Order.

The group promoting this business-government partnership to build up the former Soviet Union looks upon it as a first step toward imposing full-scale industrial policy on the U.S. economy. As Stephen S. Roach, senior economist at Morgan Stanley & Company, says, “Do we want to go piecemeal from one case to the next, or do we want to step back and look at the broader objectives of industrial policy?”

clearly, these men are elitists who believe in their hearts that American workers are too dumb to know how to spend their own hard- earned money. Therefore, the smart guys in Corporate America, in collaboration with the politicians who play along, want to make the big decisions as to whether our money is to be spent on building industrial plants in the former Soviet Union, or cleaning up the environment throughout the world, or repairing infrastructure in the United States.

The real investment being made by Corporate America is in locking up the politicians who will a1low them to make big money by bleeding the U.S. taxpayers.