P.S. to the NEWS
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WORLD BANKERS AND THEIR LOANS

As interest rates climb higher and the price of gold fluctuates wildly, some 6,000 of the world's leading bankers, financiers, and interested observers gathered for an October conference in Belgrade, Yugoslavia. They came to the first annual meeting ever held in a Communist country by the International Monetary Fund and the World Bank.

Yugoslavia hoped by hosting this conference to persuade the world's top bankers to extend additional large loans to Yugoslavia. To impress the bankers, Yugoslavia completed a new international-class hotel just in time for the visitors to arrive. The government offered to put on a cocktail party anywhere, even at the Museum of Modern Art, at only $77 per person.

It is difficult to see how any trustworthy banker could consider Yugoslavia a good risk for a loan. Its inflation rate is nearly 30 percent. Its more than $4 billion trade deficit during the first eight months of this year is 56 percent higher than last year. Before Yugoslavia can borrow any more money from the West, it will have to refinance the $1 billion it already owes to Western nations.

But hope springs eternal in the Communist breast when it comes to conning the West for more favors on a grand scale. Unfortunately, that hope has been justified time and time again. World Bank credits or commitments to Yugoslavia already total $2.3 billion.

The International Monetary Fund has loaned $569 million to Rumania, and the World Bank has approved an additional $295 million to the same country. The International Monetary Fund has loaned $70.2 million to Vietnam, 20 percent above its quota.

Poland, Bulgaria and Rumania have run up staggering hard-currency debts with private Western Banks. The Communist counterpart of the International Monetary Fund,

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was unable to help. The Eastern-bloc International Investment Bank has itself borrowed nearly $2.8 billion in hard Western currencies, largely for development projects in the Soviet Union such as the Orenberg natural gas pipeline network.

In 1975, Poland was on the verge of defaulting on some Western debts, and the Soviet Union bailed it out. But the U.S.S.R. is putting so much of its gross national product into weapons, and has such a growing need for imported oil and Western technology, that its resources available to make good on its satellites' bad loans are very limited.

It was perhaps coincidental that, the same week the World Bankers met in Belgrade, the Carter Administration announced it will permit the Soviets to buy up to 25 million metric tons of wheat and corn this year, or about 10 percent of our production. The Russian Communist system, after more than 60 years of iron control, is still unable to grow enough grain to feed its own people and depends on the United States to provide food so the U.S.S.R. can put its money, manpower, and technology into weapons.

In the grain announcement, no mention was made about how the Russians will pay for the grain. In 1972, when the Soviets secretly bought 18 million metric tons of wheat and corn, the sale was financed by a combination of U.S.-guaranteed credits and U.S.-subsidized prices.

That controversial sale resulted in major food price increases in our country and led to the present requirement that the government give prior approval to purchases of more than 8 million tons in one year. The Carter Administration did give that approval, but got no quid pro quo from the Soviets despite their desperate need for grain.

American grain is only one of the many trump cards the Carter Administration could have played to solve the problem of Soviet combat troops in Cuba. Loans extended by the World Bank and International Monetary Fund, for which U.S. taxpayers put up a large part of the capital, are another.

But we do not have a President who has the courage to say no to the Kremlin. It's pretty clear that, on the troops-in-Cuba issue, it was Carter, not Brezhnev, who blinked.

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