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DIPPING A TOE IN THE WATER

My eye was caught by a striking color advertisement in the Asian edition of a popular U.S. news magazine. It showed a strange item that could have been a piece of anatomy, an animal, or unidentifiable piece of modern art.

Closer examination showed it to be an artist's conception of the sole of a muscular foot under water, with all five toes curled down. The advertiser was proud of the art work; it was conspicuously marked at the bottom "Copyright 1982 Citibank."

The headline read, "What every international trader needs is advice on when not to dip a toe in the water." The body of the ad continued: "When you trade in Asia with the rest of the world, you need reliable, accurate and fast information. A false move can mean lost business, or worse. Citibank's trade finance specialists can help you decide when to make a big splash, to test uncharted waters, or to keep clear of the alligators."

The ad concluded with the boast that Citibank has "offices in 16 countries, plus a network of 93 country operations around the world."

Citibank's advertising department must be badly out of touch with its loan department. The eyecatching appeal and metaphorical ingenuity of the ad are exceeded only by its inappropriate timing. The financial pages of U.S. newspapers currently provide abundant evidence that Citibank itself made "a big splash" in "uncharted waters," and is now on the verge of taking a multi-billion-dollar bath, and dragging with it many of the smaller banks that loaned their depositors' money to Citibank in the belief they could trust Citibank's financial judgment.

Citibank has been the U.S. leader in the game of lending billions of dollars of unsecured, uncollectible loans to Communist and Third World countries. Braniff is only one of hundreds of American businesses that have gone bankrupt in the last couple of years because they couldn't meet the terms under which U.S. banks are willing to lend them money, or to rollover their existing loans.

Citibank and about a dozen big U.S. international banks are up to their ears in bad loans made to foreigners which any prudent investor would have known were not only

high-risk but a default of responsibility in handling depositors' money. In the words of Citibank's own advertising department, Citibank couldn't keep itself "clear of the alligators."

The debt owed by Communist and Third World countries to Western countries is now estimated to be about $300 billion, of which $83 billion is owed to U.S. banks, of which about 10% is owed to Citibank. About 45% of this debt is due this year.

Mexico is bankrupt; it will never repay the $80 billion it owes to Western banks and governments. "Good money after bad" is the way to describe the multi-billion-dollar bailout of Mexico put together a few weeks ago with U.S. taxpayers' money by the Reagan Administration and powerful but now-nervous U.S. banks.

Poland is bankrupt; it will never repay the $26 billion it owes Western banks and governments. Western governments put a band-aid over the problem by capitalizing the interest this year, but they created a debt pyramid that must eventually crash.

The man who presided over the financial disaster known as the Edsel automobile, and then presided over the Pentagon during the period when the United States lost its nuclear superiority to the Soviet Union, and then presided over the World Bank during the period when it made billions of dollars of bad loans to Communist and Third World countries, has been demanding that the United States give away even more U.S. dollars. Robert Strange McNamara recently said, "I am sad, more sad than angry, and I <u>am</u> angry," when he contemplated the refusal of the Reagan Administration to pour more U.S. taxpayers' money down the rathole of foreign giveaways disguised as "loans". The American people should be sad and angry over the billions of dollars of U.S. taxpayers' money that have rolled through McNamara's hands into bankrupt borrowers in other countries.

At the annual meeting last month in Toronto of the International Monetary Fund (which already has a lending pool of $14 billion from the American taxpayers), Communist and Third World representatives spent their time berating the United States because we were less than enthusiastic about giving unstable, insolvent, ungrateful foreign countries more money than we already have given.

It's time to call a halt to the "America Last" financial policies demanded by Citibank and the interntional bankers. There is no reason why the American taxpayers should pay for the bankers' bad business judgments.