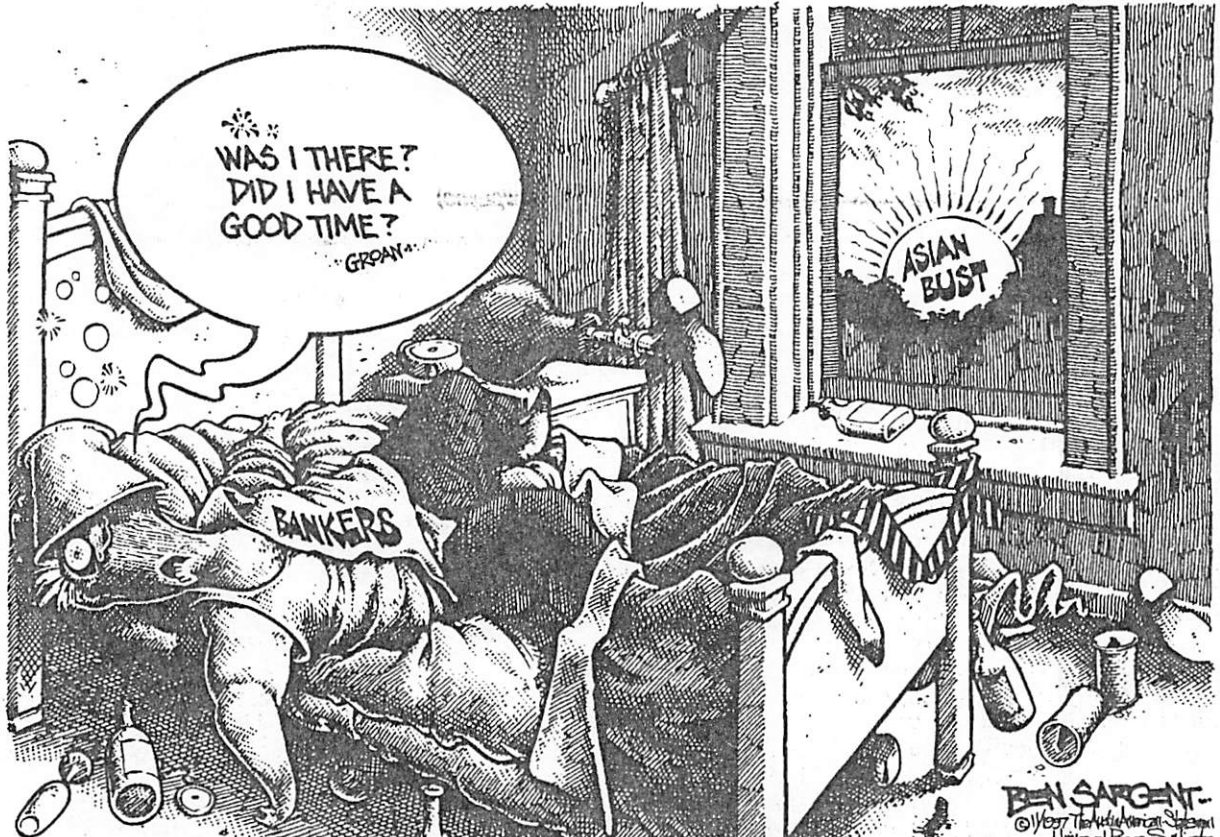


COMMENTARY



Political Super Bowl primer

Before the cherry blossoms bloom, there will take place in Congress one of the great political clashes of our era. It will determine whether nations decide their own economic destiny — or whether those decisions are to be transferred to supranational institutions. The future of the New World Order is at stake.

The precise issue will be a demand by President Clinton for a huge increase in the funding and borrowing power of the International Monetary Fund. Why is the IMF desperate? Well, according to the Heritage Foundation, the Asian bailouts the IMF has already begun — the Philippines (\$1 billion), Thailand (\$22 billion), Indonesia (\$40 billion) and South Korea (\$60 billion) — have tapped the agency out.

To get the money, Mr. Clinton will warn that opponents risk a global collapse. Thus, the GOP is going to need kidney and courage to tell the president no. Indeed, some Americans may wonder why we ought not give the IMF the money, rather than risk our prosperity.

Why not? Well, first, there is the matter of justice. Consider who the hidden beneficiaries of these bailouts are. Thanks to Human Events, we know of four of the so-called "foreign creditors" who, we are told, must be paid immediately the billions they are owed by South Korea et al. or "financial catastrophe" looms:

- U.S. Bank — Estimated Asian Exposure
- Citicorp — \$60 billion
- Chase Manhattan — \$32 billion
- J.P. Morgan — \$23 billion
- BankAmerica — \$16 billion

How vulnerable are the big banks? Well, the stock prices of sev-

eral plummeted on news of the Asian crisis but soared on news of the bailout of South Korea.

Now, John Reed, Citicorp president, earns \$3.5 million a year. But with stock options, his net worth is \$43 million. Why should U.S. taxpayers be put at risk so Asians can make Citibank's foolish loans whole and John Reed's stock options can soar again?

Second, IMF bailouts rarely work. Since 1976, there have been four bailouts of Mexico, each larger than the last. Yet real reforms, which a free market would have imposed on Mexico, have never been made. Now, Mexico is a virtual IMF dependency, and we have an Asian crisis that Heritage predicts may cost \$163 billion, five times the cost of the 1995 Mexican bailout.

With each bailout, money managers go unpunished and, indeed, are rewarded for stupidity, while incompetent regimes never pay the price of their economic blunders and thus never correct them. The only answer: Let the markets work. Had South Korea simply declared it could not meet its \$20 billion in debts due this year or its \$60 billion due next year, Korea and its creditors would have had to work it out themselves. And if the stock price of Mr. Reed's bank plunged, and loans had to be written down, and other big bankers were exposed as chowderheads, is that not the price a free market imposes on those who fail?

In recent years, we have heard loud denunciations of the evils of "protectionism." But the old protectionists were at least honest. They backed tariffs to defend the wages of American workers, the standard of living of our families

and the industries of the nation. The new protectionists use taxpayer bailouts to protect the fortunes and fannies of the rich and famous — and dumb.

At bottom, our Global Economy is a grandiose scheme to make the world safe for Goldman Sachs. Wealthy Western investors and creditors are rescued when their investments go sour, and walk off happy with 100 cents on the dollar. Meanwhile, taxpayers are put at risk for the new IMF loans, while workers are hammered by a flood tide of imports from the bailed-out countries that now must export to pay off the IMF. And so, we become two nations, as the working and middle classes are endlessly conscripted, dunned and sacrificed — to rescue the investing class.

The chairman of the House Banking Committee, Jim Leach of Iowa, is already scheduling January hearings on Mr. Clinton's coming request for new billions for the IMF. Has Congress the courage to resist his demand and the threats that will go with it? We shall see.

On this issue, the Heritage Foundation is right. Congress should vote not another dollar for the IMF but rather demand the IMF give us an accounting of its stewardship, and return every dollar and ounce of gold we have given it over half a century. Let nations and individuals reap the rewards of their risks, and let them pay the price of their mistakes. Let freedom ring.

For sure, this one is the Super Bowl of '98. Be there.

Patrick J. Buchanan is a nationally syndicated columnist.