

Congress wants help to vote up IMF plan

by Susan Kokinda in Washington

In between the commemoration of Lincoln's birthday and the reading of Washington's farewell address on the Senate floor, more U.S. senators disgraced themselves before country and Constitution on a single issue than this correspondent has witnessed in many years in Washington, D.C.

When confronted with the spectacularly unpopular issue of increasing U.S. contributions to the International Monetary Fund (see article, page 13) so that its power to commit genocide in developing countries may be augmented, members of the upper body scrambled over each other to concoct arguments by which to "sell" their support of the IMF to their constituents. Every senator is looking for some kind of deal or concession to be wrung from the administration, so that they can go to their constituents and say, "I slapped down hard on the New York banks," or "I extracted a protectionist promise," or "The IMF will promote export recovery," therefore "I may now responsibly vote for the IMF." Democrat Joseph Biden of Delaware put it most bluntly in Senate Foreign Relations Committee hearings when he asked Secretary of State George Shultz, "I guess what I am asking you for is a speech so that I can go back and explain to my constituents the reasons for doing what I am about to do," namely, to vote for the IMF quota increase.

Over the course of several appearances before the Senate Banking and Foreign Relations Committee hearings, Secretary of State Shultz and Secretary of Treasury Regan openly bemoaned the difficulty of getting the quota increase through the institution of the U.S. Congress, as opposed to various foreign parliamentary structures. So, in the spirit of the American system of government which may yet manifest the will of an informed constituency, and in the true spirit of George Washington's farewell injunction to "beware of entangling alliances" (an injunction directed toward the British forebears of the IMF), *EIR* now reports what these erstwhile Senators assumed would never be reported to their constituents.

Larry Pressler (R-S.D.): "I had 25 'open-door' meetings in South Dakota over the past 10 days, and in every one, my constituents voluntarily brought up the issues of the big bankers being bailed out, of the foreign policy establishment working against us. We need a marriage between the Senate

Foreign Relations Committee, the Council on Foreign Relations, the Ditchley conferences, and others to explain to small farmers and small businessmen how this thing works and what must be done."

John Heinz (R-Pa.), chairman of the Senate Banking Subcommittee, which oversees international finance: "I agree that the quota increase is essential . . . but these additional funds must not finance a continuation of the overly expansionary economic activity of the developing sector."

William Proxmire (D-Wis.): "I just want to cite the comments of IMF Director Jacques de Larosière, that the U.S. budget deficit is the greatest danger to international economic security."

Mack Mattingly (R-Ga.) demanded even stricter terms for IMF loan conditionalities: "Can't we use conditionalities to reduce trade barriers and export subsidies in Third World countries? We ought to strengthen those conditionalities."

Paul Sarbanes (D-Md.): "What do you think about requiring that private bank loans to governments be submitted to the IMF for comment and review?" (Even Shultz, probably on a leash from the President, was forced to oppose this as a step in the direction of a world central bank.)

Chris Dodd (D-Conn.): Dodd, who just returned from an extended tour of Mexico and Brazil, asked Fed Chairman Volcker if it might not make sense to turn authority over banking, not to the Federal Reserve, as many are suggesting, but to the IMF itself.

Slade Gorton (R-Wash.): Gorton expressed relief that Secretary Regan had admitted that not all loans made by commercial banks to developing countries had been wise. Said Gorton, "That makes it more politically palatable for us. The question in passing this legislation is, can we argue that we will have better foresight next time?"

Alfonse D'Amato (D-N.Y.): "I hope that you [the administration] move in such a way as to not create additional problems for us. Congress has a difficult time in supporting this, unless we get assurances that the regulatory system, which allowed the crisis to occur, will be improved."

Richard Lugar (R-Ind.): "I have had the same experience that several other senators have cited—of constituents who oppose this quota increase. I tell them that two out of five acres planted in Indiana go for export, so they should support the IMF."

Rudy Boschwitz (R-Minn.): "Those of us who are more immediately facing our constituents [in 1984] are not interested in intellectualizing this issue. Can't we do something to force developing countries to lower their agricultural export subsidies and trade barriers?"

Nancy Kassebaum (R-Kan.): "Couldn't the private banks be urged to declare a moratorium on some of the loans . . . would not that dispel the belief that this is a mechanism to bail out the banks?" Kassebaum went on to describe the outlines of a creditors' cartel as a solution to current economic problems.