

# Conservatives Judo Human Rights Issue Against New York Bank Bailout

A coalition of conservative Republicans and Democrats engineered the passage of the House Foreign Appropriations Bill last week with an amendment by Rep. C.W. Young (R-Fla.) restricting aid to countries that allegedly violate human rights. Among the countries cited are Cambodia, Laos, Vietnam, Cuba, Mozambique, and Angola.

On the surface the action appears to be straight anti-communist hysteria, but the intent of the backers of the amendment was to cripple the ability of the World Bank and other international lending institutions in using U.S. aid to bail out the New York banks. The amendment makes the appropriation useless for the IMF and the World Bank since the charter of those institutions prohibits use of money with such restrictions.

As one conservative congressional aide put it, "We're fed up with throwing good money after bad for Chase Manhattan, and we want to stop it, but we've made repeated requests for statistics and information on Chase and the other private banks, the IMF and the World Bank, how they operate and where the money goes, but not one request has been answered. We're flying blind, in the process of getting the information we need... We want and intend to haul the World Bank, IMF, Chase Manhattan and others here this year and get some answers. We're going to get involved in these institutions directly, even though we've had no cooperation from Reuss's House Banking Committee."

The Congressional staff assistant stated that he was sorry Congress did not have a request for money for the IMF under consideration, because the IMF is used as a bail-out recycling mechanism and nothing else. "We do intend," he said, "to raise the question of why money (U.S.) is being used to bail out the banks." He added, "there is apprehension in many quarters" and "a great deal of agitation" over this question.

Simultaneously, Administration allies have indicated grave concern over the success of the Young amendment. A source close to Sen. Hubert Humphrey (D-Minn.) commented, "This stems from the fact that human rights got out of hand. We are in good shape over here because we countered it before the crisis came — it is insane in the House. Sure, the conservatives used human rights as a means of getting to the lending in-

stitutions. I told the Harkins types two years ago that this was going to happen. I told them that the conservatives will use it to hit our participation in the lending institutions to destroy them. The Rousselot types are in on this. Harkins aligned himself with the conservatives; there were trade-offs. A lot of people don't understand their motivations. The conservative side used the human rights issue to get the liberals to side with them... The Liberals don't think out well what they are doing."

The key battleground over the bailout issue will be the Senate Appropriations Committee's Subcommittee on Foreign Operations which is chaired by Daniel K. Inouye (D-Hawaii). Inouye's subcommittee will have charge over passage of the bill after the July 4 Congressional recess and be responsible for any amendments that might be added to the Senate version. A number of Senators have indicated that they intend to propose similar amendments to the one approved by the House. Carter intends to lose no time in pressuring Inouye to block such amendments. According to sources close to Senator Humphrey, they believe that they can succeed because "Inouye is very well respected and Carter will invite him to the White House and tell him that he must hold the line to save the Administration's policy or there will be disaster... You have to stroke Inouye."

Certain liberal Democrats allied with Wall Street and British banking interests have joined the attack on international lending institutions in order to create a crisis which they can use to force Congress to pass Rep. Henry Reuss' proposal for a reorganization of U.S. banking regulation for top-down control of the U.S. banking system along the lines of Mussolini's system. According to the Transnational Institute, with which many of these Congressmen are allied, part of the reorganization would effect stronger regulation of banks' overseas lending. Rep. Michael Harrington (D-Mass.) said on the House floor this week that the economic policy of lending institutions "more closely coordinates with the interests of banks, than advocates of development." A spokesman in his office said that Harrington supports the Transnational Institute report and complained, "We have little control over the international lending of the private banks."