

Transnational Institute Proposes 'Austerity' And 'Human Rights'

Harvey Wachtel, economics advisor for the Institute for Policy Studies-linked Transnational Institute, recently published a study on the state of Third World debt. Wachtel stressed that the Third World nations are unable now to meet their debt obligations and are supposedly calling for commodity indexation to help meet that demand. Wachtel, whose study warned that repressive measures were needed to force debt repayment, was concerned that this be done without "having an impact on human rights," which would be opposed by what he calls "isolationist" or conservative opponents to such a plan.

Q: I heard about your new study and am wondering if the situation you describe will result in defaults...

A: Probably not default...yes, there's a threat of default, but it won't be default....I think that the threat will probably provoke more lending by the International Monetary Fund to these countries. Of course, that lending will have strict conditions. Those conditions will demand austerity and will have an enormous effect on your internal political structures. You know, like increasing repression, lack of human rights. The U.S. government will give the increased funding to the International Monetary Fund and that money will be paid by the Third World countries right back to the New York banks. It won't be a direct bail-out...the administration will launder the money, to use a Watergate term, through the IMF...

Q: That's an interesting use of the term Watergate, especially in light of the well-known composition of the Carter Administration...you know, the Trilateral Commission, David Rockefeller...

A: Oh, yes, yes, I know what you mean.

Q: Who is beginning to understand these ideas in Congress?

A: Oh, well. (Rep.) Tom Harkins (D-Iowa)...(Rep. Toby) Moffett (D-Mass)...(Rep. Michael) Harrington's (D-Mass) beginning to figure this out... (Senators) Abourezk and McGovern (D-S:D:... and (Sen.) Frank Church (D-Idaho) and his aide Jerry Levinson. Oh yes, and (Rep.) Henry Reuss (D-Cal). Reuss has a profound understanding of this. Are you familiar with his Financial Institutions and the National Economy study (FINE)?

Q: Yes...is that what you think should be done?

A: Yes. What the FINE study goes into is the tremendous underregulation of the New York banks (Wachtel gives description of off-shore banking in the Caribbean)...Nobody regulates it, nobody knows what's going on out there.

Q: What if the Third World actually defaults...aren't the FINE recommendations too late then?

A: They're not going to default...if it ever came close to that the New York banks would be able to pressure the necessary re-financing through the IMF.

Q: Do you really think they can get that through Congress?

A: Well, it's true there's a lot of isolationist sentiment growing, but I still think they'll be able to push it through...I think you should read my study...There's a chapter in there where I compare what the banks have done to Peru to what they've done in New York City...It's important to realize that what we want to do is fight very hard to make sure that these lending conditions do not lead to repression or have an impact on human rights...

which has taken over New York City and implemented massive budget cuts to ensure that the city does not default on its loans.

The biggest public bombshell so far though, is a brutal attack on David Rockefeller's incompetent management of Chase Manhattan, appearing in the July issue of *Fortune* magazine. Noting that Chase's "operating problems have at times been terrible, the quality of its loan portfolio exceptionally weak, and its financial performance ... inferior," the article threatens to precipitate a full scale run on Chase Manhattan or at the least a move to dump David Rockefeller, whom the article charges has "flunked" as Chairman of the Board.

Government Investigations

Even more direct moves against the Rockefeller interests are already afoot. Parallel investigations into the New York banks' dumping of city securities in 1974-75 are

being conducted by the Securities and Exchange Commission and the New York State Legislature's Legislative Oversight Committee. Last week, the officers of four lower Manhattan banks — Chase Manhattan, Citibank, Bankers Trust, and Morgan Guarantee — opened themselves up to possible contempt citations, court action and jailing by refusing to comply with a subpoena requiring them to submit documents concerning the securities dumping investigation. The SEC will issue a comprehensive report on the "financial improprieties" of the New York city crisis which is expected to provide further momentum to the "Get Rockefeller" drive.

On the other conservative side of the fence, where sentiment against bailing out the bankrupt Rockefellers is far stronger, a counter to the Fabian FINE proposal has surfaced in the form of three bills going under the joint title, "A Unified Bill to Declare a National Policy on