

seems to be very heavily represented.

Bergsten: Well, I don't know. You've got George Schulz, Alan Greenspan, and Pete Petersen, and Dennis Weatherstone and people like that. You've got a number of people there that clearly are not related to the previous administration, and, in fact, many of them have pretty good ties to this administration. Be that as it may, I think there's an important point here, in relation to the question of influence. When we talk about influence, we're talking not only about trying to get specific recommendations accepted, but providing a better analysis, a better understanding of what the issues are and what their implications are. . . . The whole area of international economic policy has tended over the years to be pretty non-partisan. You can think of a few issues where that breaks down, but on balance, there has been pretty bipartisan and even non-partisan continuity of U.S. policy in the international economic area, really through the whole post-war period. . . .

Ezrol: Peter Petersen, the Chairman of the Board of the Institute, served on the Brandt Commission; would you characterize that as falling into what you call the "pragmatic mainstream"?

Bergsten: Well, ah, the first point, of course, is to say that Petersen's been involved in other things as well. He's been heavily involved in U.S. trade matters, investment matters, in monetary matters as well. . . . I don't know that every commissioner of the Brandt Commission agreed with every proposal in the whole report. . . . In the international economic area, I would come back to the fact that all administrations, whether liberal or conservative, including the current administration, support most of the tenets that have underlain policy throughout the post-war period.

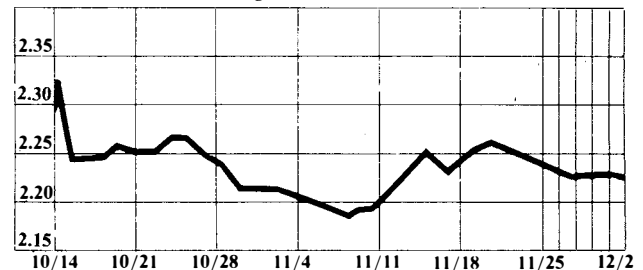
The current administration is certainly supportive of the open trading system. They've been taking initiatives to reduce trade barriers further. They've been taking important initiatives to try to start on a process of reducing international barriers to investment flows. So I think in that major area, they're very much continuing the policy stream of the past 30 to 40 years.

In the monetary area, they've certainly supported the system of flexible exchange rates; they've certainly supported the central role of the International Monetary Fund. There have been a couple of areas in which they've made some changes at what I would call second orders of magnitude. Things like intervention in the exchange markets, comments on some of the terms of IMF lending, for example. They have raised some questions about the proper role of the World Bank, and the multilateral development banks as a channel for assistance to the developing countries, vis-à-vis bilateral channels or private market channels. But even there, they've supported all of the commitments of the previous administration.

Currency Rates

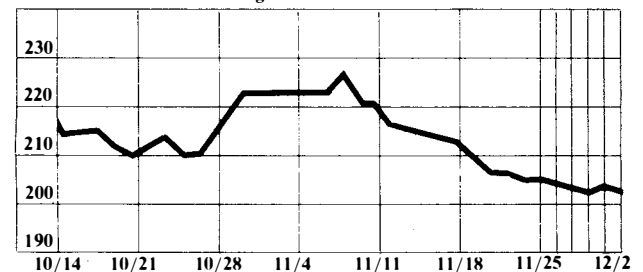
The dollar in deutschemarks

New York late afternoon fixing



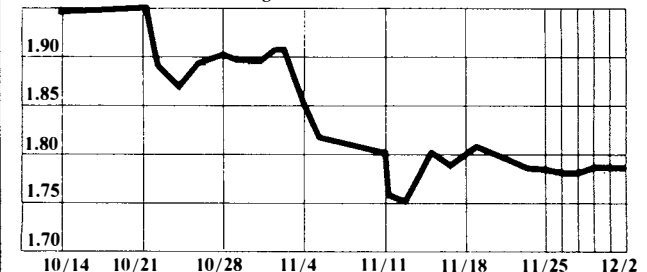
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

