
Interview



C. Fred Bergsten sees continuity between Carter and Reagan

A Brookings Institute fellow who was Jimmy Carter's Assistant Treasury Secretary for International Affairs, C. Fred Bergsten was recently selected by the German Marshall Fund as executive director of their new U.S. venture, the Institute for International Economics. As described in a Nov. 9 statement by the Fund, the institute is intended to influence U.S. foreign economic policy, because the Fund concludes that "there is no existing U.S. institution which addresses international economic issues on a sufficiently sustained and policy-relevant basis."

The German Marshall Fund was established in 1972 under the chancellorship of Socialist International Chairman Willy Brandt to promote "post-industrial" and "alternate life-style" policies of zero-growth. It is financed out of West German tax revenues. Its board of directors and honorary committee include Mr. Brandt; C. Douglas Dillon; John J. McCloy; John B. Conant; David Rockefeller; Milton Katz of the Ford Foundation and Carnegie Endowment; Gabriel Hauge of Manufacturers Hanover; Russell Train, U.S. President of the World Wildlife Fund; Paul G. Hoffman, former Marshall Plan administrator, now at New York Life Insurance Company; Guido Goldman of the Aspen Institute; and B. R. Gifford, director of the Russell Sage Foundation. As described in a Nov. 9 statement by the Fund, the institute and pilot projects in both the United States and West Germany; funded the "Eurosociology" conference in Washington on Dec. 5-7, 1980; and helped to launch the World Bank's Brandt Commission on North-South issues. Mr. Bergsten himself is known as a spokesman for abolishing industrial and export-financing subsidies in

the Third World, and phasing out the dollar's world reserve role. *EIR's* Stanley Ezrol interviewed him on Nov. 23; excerpts follow.

Ezrol: Is there a particular ideological bent that the Institute has?

Bergsten: No, no. I think everybody was very clear from the outset there would be no ideological bias, no political bias; it would be an objective research institution. . . . The only [project] that we've launched definitively is on the question of conditionality of IMF lending programs. . . . John Williamson, a senior member of the staff here, will be directing that study. We will be sponsoring a major conference March 24 through 26 to discuss the issues with about a dozen papers presented by top economists and others from around the world on the subject. . . .

Ezrol: In looking at your Board and your Advisory Committee, I find people who have been intimately involved in formulating policy—people like Dr. Mahbub ul-Haq of the World Bank; Lester Brown, who certainly represents a particular point of view, and Alan Greenspan, who may represent a different view. How do you see this diverse group as being able to affect policy-making in a coherent way?

Bergsten: Well, the diverse group was chosen because of its diversity. . . . We're not trying to forge any consensus in either our board or our advisory committee as to the substance of our research. I think it probably will be possible to forge some kind of consensus—not a unanimous view, but a majority view—on what are the most important issues. . . . but the research will be carried by the staff of the Institute itself, and that's not going to be affected by any particular policy views on the part of the board members or advisory committee members or anybody else.

Ezrol: Doesn't the inclusion of someone like Lester Brown, who is generally considered to be somewhere out on the environmentalist fringe, tend to detract from the credibility of whatever the Institute does overall?

Bergsten: I would have thought it was the other way around, frankly—I wouldn't characterize Lester as being on the fringe, incidentally, he certainly is deeply concerned with environmental issues and things of that type; but no, I think it's important for us in formulating our work program and our product to make sure that we take account of the whole range of considerations. . . . I regard it as a strength to have a guy with that particular expertise and point of departure involved in our program.

Ezrol: It seems like there may be some difficulty there in making your influence felt. The previous administration

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.

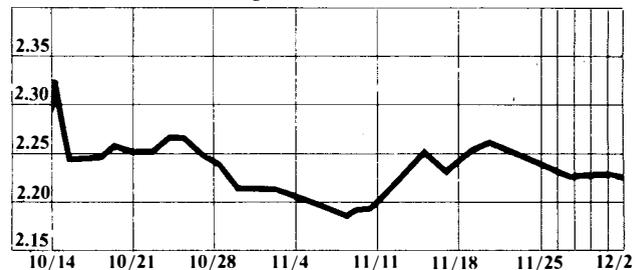
The current administration is certainly supportive of the open trading system. They've been taking initiatives to reduce trade barriers further. They've been taking important initiatives to try to start on a process of reducing international barriers to investment flows. So I think in that major area, 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

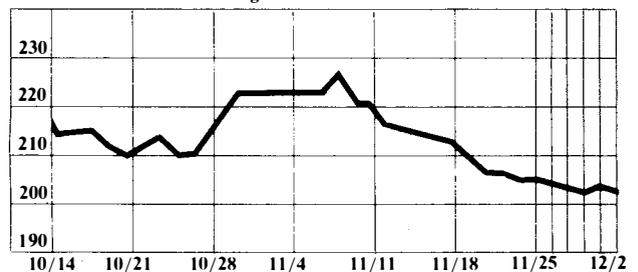
The dollar in deutschemarks

New York late afternoon fixing



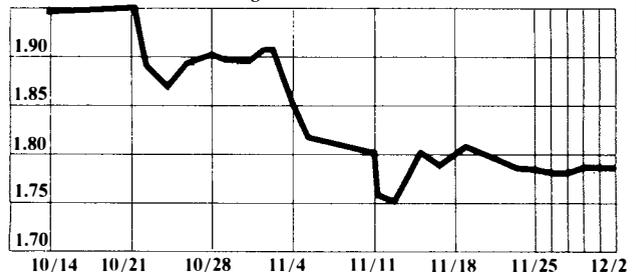
The dollar in yen

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

