

with his group over at State — they prepare shopping lists of who's good, who's bad, who's so-so. The good guys get weapons and loans, the bad guys get nothing. And the "in-betweens," in between. It used to be that they just used their shopping list for direct U.S. aid. Now they've been going after indirect aid — like U.S. World Bank funds. Put that together with Congress trying to get control over more things and you see what we're up against, since 40 percent of U.S. foreign aid goes through non-U.S. controlled channels like the World Bank.

But that isn't all. There's (Treasury Secretary) Blumenthal. He's given some speeches saying our salary structure over here should be reduced. It just isn't fair. We're not civil servants over here. We shouldn't be reduced to U.S. civil service scales. First of all, we're getting paid in dollars, which are worth less and less every day. Second, we come from the private sector, we're not your civil service types. Blumenthal should pay more attention to defending the dollar rather than harassing us. That's what other Organization for Economic Cooperation and Development countries have been telling Blumenthal too.

British Agents Draft:

The Final Solution For New York

Any question as to who makes financial policy for New York City ended last week as proposals were made to restructure New York under the rule of the International Monetary Fund. The scenario as it is presently unfolding, will use the ongoing municipal union negotiations as a backdrop for the implementation of drastic austerity measures by Municipal Assistance Corporation Chairman Felix Rohatyn, Treasury Secretary Blumenthal, and Federal Reserve Chairman Miller. All of Mayor Koch's provocative demands to the transit workers are part of the script previously determined by Miller, Rohatyn, and Blumenthal. The Mayor is to simply set the stage for the destruction of the city's trade unions, making New York the example of austerity for the rest of the U.S.

The Unions Must be Broken

A Washington, D.C. source close to the Joint Economic Committee indicated what was expected of Mayor Koch in the upcoming contract negotiations.

Q: What did happen during Mayor Koch's visit to Washington earlier this week?

A: Koch received a "pep talk" on how to deal with the transit negotiations. What happens between Koch and the transit workers will set the pace for how future negotiations will go. (Federal Reserve Chairman G.) William Miller and (Treasury Secretary) Blumenthal have told Koch that he must stand firm against extravagant demands and Mayor Koch agrees. When the negotiations get down to the wire, Koch will do as Miller and Blumenthal say....(Municipal Assistance Corporation Chairman) Felix Rohatyn has been telling him the same thing.

Q: Who are the good guys from the World Bank's standpoint in Congress?

A: Rep. Conte of Mass. is friendly to us, Sen. Javits is especially marvelous. Also helpful are Sen. Dick Clark of Iowa, Elford Cederburg of Mich., David Obey of Wisconsin, Jack McCall of California, Jim Wright of Texas, Alan Cranston of California, Paul Tsongas, and Henry Reuss, both on the House Banking Committee. Among the Administration it's Walter Mondale and especially Under Secretary of Treasury Fred Bergsten.

Q: Who's been hurting you?

A: Clarence Long of Maryland; Bill Young — a ranking Republican on his committee — who says we're guilty of funding left-wing nations. What makes the problem much worse this year is that there's much more funds needed, because of deals and postponements in previous years. Why, the International Development Agency alone needs \$1.55 billion! We want to get a capital increase for the World Bank. The Administration just isn't pushing the way that's necessary. What a mess!

Q: Does that mean that Mayor Koch's Administration is prepared, and willing to face a strike?

A: If necessary, to demonstrate New York City's commitment to austerity, Koch may have to take a strike....Miller and Blumenthal feel that a strike — regardless of the chaos it produces — will have beneficial effects not just on the city, but on the rest of the nation. Someone will be shown as "holding back the flood," and this will deliver one way or another. Koch must show a determination to break the back of union wage demands and force major concessions from its workers or it could forget about any Administration support for loans or loan guarantees to avert a city bankruptcy....Koch will deliver one way or another, either (with) contracts that show union concessions or a victory in a strike....

The IMF Should Takeover New York

Dudley Fishburn, author of the American Survey in the March 24 issue of The Economist, reiterated his proposals to "save New York City" while a guest on CBS talk show March 26. Excerpts of Fishburn's "solutions" appear below.

The City must shrink, its people should be redistributed through out the North American continent... Let the old industry move out of the city. New York will never have a future as a port or rail terminal... There are already more people working in museums and concert halls than on the docks and that is the way it must be... New York (could become) a capital of the world for a new elite kind of industry....

(New York went wrong) in Albany 15 years ago with Rockefeller. It got worse with Lindsay.... These people thought they could spend money that they didn't have... money (went to the unions) to programs....

Twenty eight months ago Britian was in the same shape... The International Monetary Fund got tough... New York needs a federal program for (administration of the) Emergency Financial Control Board (to put) it in shape. It would be folly to give New York money without putting a stop to its whimsical way of spending money. In my (*Economist*) article I suggest we put the IMF on the

board (administering) New York City....

I was in Washington, D.C. ... I talked to several of officials.... New York is still misunderstood in there.... The rest of the world looks at New York and sees a safe city... Businessmen feel secure here.... In Rome, you can be kidnapped,... in Paris blown up... but in New York you are safe....

U.S. Labor Party Draft:

Legislation To Save New York City

Whereas the City of New York is the nation's largest and most important urban center and is the headquarters of U.S. commercial banking, world trade, fashion, printing and media industries, and

Whereas the City is facing bankruptcy which will affect municipal services, municipal employee wages, payment of debts, and providing funds for capital improvements, and

Whereas a bankruptcy or continued financial instability in the City would jeopardize the stability of the commercial banks and their ability to fund trade and industrial growth, and jeopardize future City and New York State finances.

Whereas the Municipal Assistance Corporation, a State agency, not only fails to provide growth capital to the City but if City revenues remain level or decline, the Municipal Assistance Corporation will be bankrupted, jeopardizing \$3 billion in obligations mainly to New York City commercial banks and municipal union pension funds, and further, jeopardizing City and State finances if City sales tax revenues are used to bail out the Municipal Assistance Corporation, and

Whereas the true "ability to pay" the City's obligations, whether debt service, municipal employee wages, other operating costs, or capital expenditures, depends solely — as it has done historically — on the economic growth of the City, State, and Nation, and

Whereas the City's failure to conduct "good faith" collective bargaining with its municipal employee unions based on an "ability to pay" premised on level or reduced City revenues has created a climate of imminent crisis and chaos in the City and

Whereas the City requires certain revenues immediately to maintain existing services and eliminate the present confrontatationist mode of union negotiations, and requires, for the Region as a whole, several billion dollars for creation of increased nuclear energy supplies, transportation linkages and augmented port facilities, and

Whereas the New York State Senate has affirmed its commitment to rapid national growth by passage of the Exim Bank Resolution, (Senate legislative Resolution No. 119)

Be It Therefore Resolved:

1. That the State of New York create an Industrial Development Authority for the purpose of assuming, with Federal guarantees, the debt obligation of the Municipal Assistance Corporation. Those obligations will bear interest equal to U.S. Treasury notes, and conversion will be voluntary.

2. That the Industrial Development Authority be

empowered to issue State guaranteed notes up to an amount fixed by the Legislature at such time deemed appropriate by the Legislature for high technology nuclear energy production, transportation networks and port facilities in the State.

3. That the Municipal Assistance Corporation be disbanded and the earmark of New York City sales tax be released.

4. That the revenues saved in the form of lower interest payments on the former MAC debt be placed at the disposal of the City treasury for immediate operating expenses including the payment of municipal employees.

5. That the Legislature, in conjunction with other agencies, public, quasi-public, and private, request Congress to appropriate up to \$11 billion in funds to the Federal Economic Development Administration for the following purposes: 1) 7,000 megawatts of nuclear power generation for the State and Metropolitan Region to assure the power necessary for large-scale industrial growth; 2) rail and road and rapid transit linkages necessary to the fullest development of the nation's largest port, not excluding such concepts as Starport integrated intermodal terminus, and off-shore port facilities. This request is made in the national interest to implement a national policy of greatly expanded U.S. exports based on an augmented role of the U.S. Export-Import Bank and other Federal agencies and private agencies.

6. That the Legislature declare its intention not to "steal" industry from other sections of the nation but rather to coordinate with national industrial growth policies to maximize the City's, State's and Region's contribution to expanding the nation's wealth.

7. That the Legislature monitor the process of industrial growth with frequent hearings that examine not only State and City activities, but scrutinize the efficacy of Federal programs relative to the capital needs and labor needs of the State, City, and Region.

8. That the Industrial Development Authority (IDA) seek joint investment with large private investors, foreign or domestic, and with quasi-public agencies such as the New York Port Authority, Power Authority, Urban Development Corporation etc.

9. That the board of directors of the IDA be composed of representatives from industry, banking, labor and quasi-public agencies; that each appointee must have proven expertise or experience in creating or realizing economic development plans; and that the board shall cooperate with local boards of education and the City and State Universities to create the necessary labor skills requisite to the proposed construction.