

on boards of directors, and the right of foreign investors to acquire real estate.

González calls this "Reverting the Miami effect to the Venezuelan economy," i.e., under a pretense of attracting flight capital to Venezuela, making it another Miami. Miami is one of the major laundering centers for narcodollars; flight capital from Venezuela helped to set up the laundering machine. González wants to bring that capital back to Venezuela by establishing the conditions there which first attracted it to Miami!

Documentation

Excerpted from Secretary of State George P. Shultz's remarks to reporters at a question-and-answer session before the National Academy of Sciences, Washington, D.C., on March 6:

I think that we should encourage other countries to take a lesson and provide an environment that's more attractive to investment.

In fact, I think, from the standpoint of the sort of gross financial problems of the world, it must be clear to people by now that financing future expansion in economic development around the world will not come about through commercial bank lending, and will not come about through increases in concessional aid.

If it comes about, it will come about through funds that come in the form of equity, of ownership, of that kind of investment—a form of investment that has tended to be resisted, if not rejected, in many developing countries. They have to learn, with all due respect to whatever bankers there may be in the room, that debt is dead. All debt wants is to get paid back. Otherwise, it doesn't care, and wants its interest.

Equity cares. Equity has a stake. Equity brings drive; equity brings technological know-how; equity brings access to markets. Also equity brings the fact that if things go sour, it doesn't get paid anything. There isn't any automatic interest.

So I think a big lesson people have to learn is how to make themselves attractive to that kind of money, and right now the United States is perhaps more attractive than any place else, with all our problems—and I know we have plenty—but the high dollar which is a result not of what one would get solely on the basis of trade flows, but rather as a reflection of these great financial flows to the United States. It's a kind of Switzerland effect, you might say.

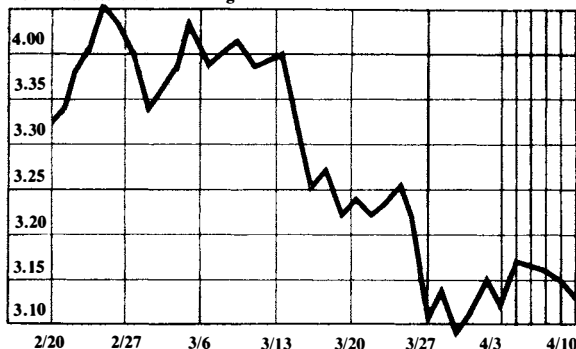
We are like Switzerland right now, and the dollar strength is a result of that. And so it is playing havoc with our trade relationships in a manner that really can't endure. We can't run these kinds of deficits indefinitely. We all know that.

And it also, I think, carries a danger that it will distort the characteristics of our own industrial base as very competitive products made in the United States are priced out of world markets, not because of anything done here but because of what happens to the dollar.

Currency Rates

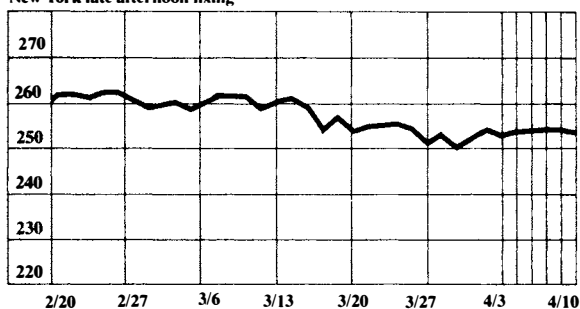
The dollar in deutschemarks

New York late afternoon fixing



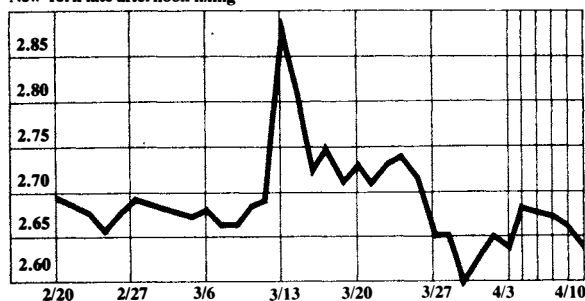
The dollar in yen

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

