

predictions are attempting to crush our spirit. . . .

The world is experiencing a dramatic economic period, but we must have faith in our capacity to navigate stormy and difficult waters. The developing world, towards the end of 1981, owed more than \$540 billion to the developed or industrialized countries, and this is one of the greatest problems that we confront. . . .

[At the North/South Cancún meeting in October 1981] I painted with objectivity and without alarmism the gravity of the situation that these [underdeveloped] nations are being subjected to, particularly when the interest rates rise in the international financial markets and all the development plans of the nations that want to develop are obstructed. In the [IMF/World Bank] meeting that is taking place in Toronto, the Venezuelan representatives and fundamentally the Minister of State, chief of the Coordination and Planning Office [Dr. Maritza Izaguirre Porras], took direct personal instructions from me to pose before the World Bank and the International Monetary Fund that the developing nations can tolerate neither the reduction in the possibility of obtaining loans, nor the conditionalities that the Fund wants to impose, above all on the Caribbean and Central American nations. . . .

In the midst of this world economic crisis, we have not gone into the trenches with our own Venezuelan national egotism. With the backing of the population, which understands that we cannot aspire to be an island of prosperity in a sea of poverty, I declare that we intend to maintain our policy of cooperation with Central America and the Caribbean. . . .

Venezuela planning minister

From an interview with Kathy Burdman with Dr. Maritza Izaguirre Porras, Venezuelan Minister of State for Planning and Coordination, on Sept. 8 in Toronto:

EIR: Does Venezuela support Mexico in its current negotiations with the banks and the IMF?

Izaguirre: Politically, we must respect the national sovereignty of Mexico. National sovereignty equals Mexico's right to order its own internal political affairs. Economically speaking, yes, we stand for international cooperation. We, too, have been suffering the "Mexican effect" in the international markets . . . in which banks have reduced lending to all of Latin America. So we must respond. We must have a coordinated response, we are all Latin Americans and must act together.

EIR: Do you support Mexico's recent nationalization action?

Izaguirre: Mexico is a sovereign state, and we support Mexico's right to do such things, if that is the way in which they need to act. I think the coming weeks are very important—how the international banking market moves, and how the Mexican nationalization actions and the Mexican negotiations with the International Monetary Fund will shape their internal response and the response of the rest of Latin America.

In our case, however, it is a different story. Since 1979 we have been trying to put our economy in order, and we've been successful in reducing inflation. We've been successful in trying to put our foreign debt in order. We have tough problems with our budget, because of the fall in the price of oil, which is due to the fall in demand in the industrial world, which has cut into our income. So we've reduced our budget, and we've tried to stimulate industry, agriculture, and construction.

But the outlook for 1982 and 1983 is very tough, and in our case as well, very difficult. International cooperation is the key. We have cooperation programs with the Caribbean nations, and with Central America, on oil and on other trade. And I emphasize that even though we, as well as other nations, have less money now, we intend to continue these cooperation programs.

EIR: Are you referring to U.S. Treasury Secretary Regan's abdication of similar responsibilities?

Izaguirre: (Laughs) I don't like to mention others. But as I say, even though our own people have some difficulty understanding why we must spend money abroad in this tough period, we still intend to continue internationally.

EIR: Do you agree with Nicaraguan Finance Minister Joaquin Cuadra Chamorro that IMF conditionalities unduly "interfere in borrowing countries' economic systems"?

Izaguirre: Regarding conditionalities, the IMF sometimes does not see clearly not only the economic conditions but the financial, social, and political situations in sovereign nations. They don't take account of the entire range of problems nations have. Nations must promote employment; they must raise the standards of their people. Politicians must represent their constituencies, they have the entire society to take care of. It is not so easy. . . .

EIR: If Mexico does not reach agreement with the IMF, and the creditors do treat Mexico and the rest of Latin America badly, what cooperation can you offer Mexico?

Izaguirre: We will work through SELA, and the governments of SELA, which is all of Latin America, will help Mexico, as we did Argentina during the Malvinas crisis. We should create some sort of similar scheme to help Mexico.

EIR: Is the Venezuelan government conducting specific studies on such independent programs for Latin America?

Izaguirre: Yes. After the Malvinas war, Latin America re-

alized that it must promote its own economic development. For example, when we tried to import corn from Argentina, we discovered we did not have the transportation, that the lines of transportation all ran from Buenos Aires to New York and London. We didn't have the ships to promote our own trade between Argentina and Venezuela. So now we have specific studies, we're trying to clarify our own ways to better this situation.

We learned a lot during the Malvinas war. We learned the hard way, but we learned.

Out of the chaos: rise of a new fascism?

by David Goldman

Treasury Secretary Donald Regan not only follows Milton Friedman's recommendations, reports a well-informed Republican party operator, but has begun to ape Friedman's speech patterns, e.g. his favorite expression, "Absurd! Absurd!" in response to interference. Regan's subservience to the vice-president of the Mont Pelerin Society, exposed as the economists' wing of the old "blue fascist" international, raises the question, who steered the United States into its greatest policy disaster of the postwar period, and why? The United States has now taken the role of the International Monetary Fund's most brutal enforcer, and made it possible for stupid anti-Americanism to creep into opposition to the IMF.

While the U.S. delegation donned their Milton Friedman masks in Toronto, Friedman and his Mont Pelerin colleagues held their annual meeting in Berlin, where the Society's new President, Prof. Charles Nishiyama, called for a shift in strategy: advocates of the "free market" have been too much associated with the aristocracy, he told the conference. But "radical changes, like the rolling back of the state, tax cuts and embedding [restrictions to] the state budget in the constitution are *revolutionary developments of a particular kind, which involve broad layers of the population.*" Rather than act in the name of the old oligarchy who control it—Count Max von Thurn und Taxis is the Society's world chairman—the Mont Pelerinites must re-tool towards *mass-based fascist movements*, the Berlin meeting announced.

South African Finance Minister Owen Horwood's resort to Old Testament language in predicting the demise of the financial system and the restoration of a free-market order

was, surprisingly, echoed by representatives of the Socialist International in private discussions during the conference—the same Socialist International that, in a January 1980 meeting in Washington, D.C., predicted that a world depression would destroy the Reagan Administration. Friedman's puppeteering of Donald Regan has brought this goal within reach of success. Even before the Danish and Dutch social-democratic governments fell Sept. 9, social-democratic ministers in attendance at Toronto talked in tones of their colleagues of 1932, bemoaning the failure of the left and the drift toward fascism.

Are the "ugly Americans" and the anti-Americans confronting each other on the same track? A composite interview drawn from discussions with several Socialist ministers is printed below which sheds light on the source of Donald Regan's insanity.

A social-democratic view

The following exchange is a composite of EIR's discussions in Toronto with three European Social-Democratic ministers, all of whom spoke off the record; their views were so similar as to make a joint presentation preferable.

EIR: The Europeans seem to have opposed the American plan for an emergency fund with skepticism. Why?

Minister: There is considerable fear in Europe that the Americans just want to bail out their own banks, and leave the Europeans hanging. When it looked like European banks were in trouble due to Poland, the United States viewed this as punishment for our having engaged in East-West trade. Now that Latin America is the trouble spot they want to do something.

EIR: But nothing at all appears to have been decided at this meeting.

Minister: Absolutely nothing; now the crisis is here. Some people talk of lower interest rates being the light at the end of the tunnel; but sometimes the light at the end of the tunnel is a train coming in the other direction. Some of us foresaw this. Now we wonder why the Americans don't have the sense to bail out their own banking system.

EIR: What will come of the crisis?

Minister: The IMF will not be able to do anything. There will be increasing regionalization; that is what the Americans seem to want. They do not want a global deal through the IMF. All they want is a set of bilateral deals to screw countries one by one. They hope to run the Latin American bloc; and