

they will, unless the Brazilians and the Mexicans wake up.

EIR: But the banks and the U.S. Administration both wildly underestimated the force of Mexican nationalism, and were taken by surprise when López Portillo nationalized the banks.

Minister: Yes, there is a nationalist wave spreading all over the globe. Everyone wants to blame something from the outside, never blame their own mistakes. During the 1930s it was the Versailles agreement; today it is the IMF; the IMF is the problem, never the policies of one's own government. The IMF is to the present-day nationalists what the Versailles Treaty was to the fascists during the 1930s.

EIR: Yet what John Maynard Keynes said about the Versailles World Treaty in 1919, that it would destroy the world economy, could be said just as accurately about the IMF today.

Minister: Well, in a way that is true. But as a long-time member of the Socialist International, when I see picket signs outside this conference saying, "If you liked Hitler, you'll love the IMF," it makes me very nervous.

EIR: The United States has been portrayed as the villain throughout this conference. Do you see a growing isolation of the United States?

Minister: That is the great danger, as in the case of the American sanctions against the pipeline to the Soviet Union. Now that the U.S. has attempted to use its patents to penalize European countries involved in the pipeline, do you think there will be any technology cooperation between the U.S. and Europe? Europe will set up technology agreements with Japan, and the U.S. will be left out in the cold.

EIR: But what will happen to international trade if the banking system collapses? Will Europe cut off trade with countries who declare a debt moratorium?

Minister: My country does not embargo trade with anyone, and, given their unemployment problem, I doubt the West Germans would either. But that is not the problem. It would be terrible for us. Trade could only go on through barter, through stone-age trading methods, at a much lower level.

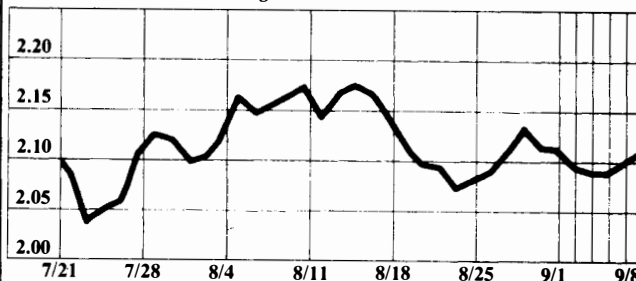
EIR: A final question: Will your government be in danger if the Schmidt government falls?

Minister: The West German political situation is very unstable; Schmidt could last two weeks or two years. For the last period he has been waiting for the Americans to come to their senses and make some kind of deal. Now he has begun to wise up, but it is too late for him; his political career is at an end. We of the Social Democracy have presented our case in the wrong way, and things will go badly for us. The masses will respond to the crisis by turning to the right; their fear will make them search for something elemental, the free market, back to nature, and I am afraid the right will come to power. In this respect it is very much like the 1930s.

Currency Rates

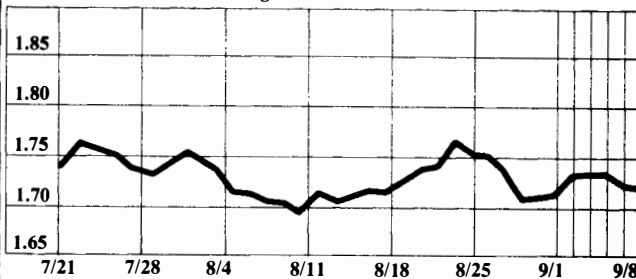
The dollar in Swiss francs

New York late afternoon fixing



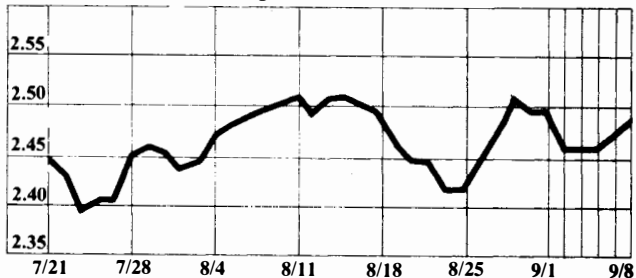
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

