We in Latin America believe that this state of affairs stems from actions or omissions at the global level. . . . Our countries have been absorbing a disproportionate and excessive share of the international economy's adjustment burden, as evidenced in the region by widespread economic stagnation, declining investment, accelerating inflation, deterioration in wages, and increases in unemployment and underemployment.

The cost of adjustment has been exceedingly high. In many countries maximum limits have already been reached as regards domestic tolerance for orthodox adjustment policices, which offer no better prospects for national development. . . . All in all, in the absence of more rapid recovery in the industrial world, and short of obtaining a suitable volume of external resources, the situation in Latin America will continue to deteriorate over the next few years.

The adjustment programs associated with the external debt have so far been focused on the settlement of that debt. In our opinion, it is essential that these programs take into account principally the national interest of the debtor countries, as expressed in their legitimate and urgent requirement to speed up economic growth. . . . Attempting to make sudden adjustments in an excessively short time may not only provoke undesirable economic and social reactions, but may in the short term cause a deterioration and aggravation of the situation it was intended to correct.

The countries I represent feel that, in addition to the adjustment process, intra-regional cooperation and trade offer opportunities that must be realized. The economic conference of Latin America and the Caribbean that is to be held in Quito, Ecuador early next year will be particularly important, as it will provide an opportunity for major regional initiatives for financial and trade cooperation as well as cooperation in the areas of food production, energy, and transportation.

Caracas planning minister and U.S. spokesmen

The following interview with the Venezuelan minister of state for planning and cooperation, Dr. Maritza Izaguirre, was conducted on Sept. 29 by EIR'*s Kathy Burdman at the IMF meeting.*

EIR: You raised the strongest doubts heard at this meeting about the existence of the so-called recovery.
Dr. Izaguirre: We are the only ones doubting the recovery, yes. We're talking about the world recovery and we don't see it at all.

EIR: Does *EIR*'s exposé here this week of the Federal Reserve's faking of industrial statistics increase your doubts about the U.S. recovery?
Dr. Izaguirre: We haven't made a specific study of the U.S. situation. We don't see major recovery anywhere in the world.

EIR: Do you, for example, see any real evidence of U.S. recovery in rising American imports of Venezuelan oil?
Dr. Izaguirre: Not in oil, certainly. Our oil exports have leveled off.

EIR: Including to the United States?
Dr. Izaguirre: Yes. Oil demand has leveled off. We see no strong return of demand and no strong recovery. If so there would be a rise in our exports of oil. We don't see a boom in the United States.

EIR: You said in your speech that actions or omissions at the global level are to blame for the debt crisis. So you reject the charge that the Third World is to blame for overspending?
Dr. Izaguirre: We certainly do reject that idea. Both parties are to blame. The developing countries have to take part of the blame, but so do especially the banks. The international banks gave loans without ever examining the economics. They were very happy to extend money without examining the capacity of the institutions to pay in the very short term.

EIR: Didn't the banks cause the crisis when they pulled in their loans for political reasons after the Malvinas war last year?
Dr. Izaguirre: They were afraid of the new situation. They changed their policies too precipitously.

EIR: You also said in your speech that "maximum limits of tolerance" of IMF austerity programs has been reached throughout Ibero-America.
Dr. Izaguirre: This is our strongest point, the point we want to make to everyone. We agree that the developing countries have to make adjustments, and we are making adjustments. But you can't forget development when you promote adjustment. We can't have only adjustment. We can't promote adjustment, in the IMF or elsewhere for the sake merely of adjustment, especially when the end [result] of adjustment and more adjustment is millions of starving people. We need to have some reordering and some adjustment, but not only that. Unending adjustment will only lead to social unrest in Latin America. We are trying to get people here to understand this.

The IMF, the U.S. government, the banks, their view is very short-term. Short-term adjustment is not everything;

© 1983 EIR News Service Inc. All Rights Reserved. Reproduction in whole or in part without permission strictly prohibited.

they must try to look at the long term.

EIR: Venezuela President Herrera Campins, in a Caracas speech yesaterday, said Venezuela will never accept tough conditionalities. But bankers here say that's just political rhetoric, and right after the [Dec. 4 presidential] election, the new government will mount a severe IMF program. Is this true?

Dr. Izaguirre: Venezuela admits that we need some adjustment, but some of the conditions demanded by the IMF are quite impossible to accept. For example, they want to put the domestic price of oil for our internal economic consumption up from the current price of $6 a barrel to the world price of $29 a barrel. That is five times the price, and would be disastrous for our economy.

Also, the IMF wants to cut our public-sector deficit; by now, however, our 1983 deficit is set, and we don't need any assistance from the IMF in 1983, so we won't have an IMF program this year. As for 1984—we want the IMF to advise us on an adjustment program if we can reach some agreement on the terms. It must be done on our own terms. We need some adjustment, we want their advice, but not as sharp as they have demanded. I told them, "Only on our terms—after all, it is the Venezuelan people who will suffer the consequences of austerity, not the IMF's people!"

But we hope we won't even need IMF money in 1984.

If we have a sharp drop in oil revenue, we can't rule out the need for help. But if the oil price is stable, then we won't need it at all in 1984.

EIR: You emphasized the Quito heads of state conference [scheduled for early January]. Will it form an organization to deal jointly with the Ibero-American debt?

Dr. Izaguirre: The Quito conference will try to specify some kind of measures in trade and in the exchange of financial information. As you know, SELA [the Latin American Economic System] is trying to establish an information bureau to coordinate financial information on the debt between all the countries of Latin America. But Quito will be a conference of the heads of state, so they won't deal with such specifics, but they will work in the same direction.

EIR: They won't come up with specific measures on debt?

Dr. Izaguirre: Concrete steps will be more in the direction of trade coordination.

EIR: What will be the main results of the conference?

Dr. Izaguirre: The main results will be on the political level. Señor Hurtado [President of Ecuador] wants all the Latin American heads of states to be there, so we must find some middle ground upon which all can agree.

EIR: You mean that the debt issue cannot be directly addressed because certain heads of state would not attend?

Dr. Izaguirre: We must find common ground. The message of the Quito meeting to the rest of the world is the same point we have made here: we will insist that we cannot just continue adjusting and adjusting. We can't adjust any more.

Willard Butcher, chairman of Chase Manhattan, gave the following interview to EIR*'s Kathy Burdman at the IMF conference on Sept. 26.*

EIR: What will the banks do if the IMF quota bill doesn't pass the Congress?

Butcher: The banks are not worried about it a bit. We have plenty of money. We have lots of new deposits. It's the U.S. government that should be worried about it. If Congress withdraws us from the IMF, this will vastly reduce the U.S. role in world affairs. It will be the end of the U.S.-centered postwar financial system. The IMF and the rest of the world will just go on without the United States.

EIR: What will the banks do when the Ibero-American countries declare a debtors' cartel, and demand join renegotiaion of their $350 billion debt?

Butcher: You ask me what would I do if the sky falls. The answer is, I'd make a market in sky. I'd sell sky short. I can't plan for that sort of contingency. That's a doomsday scenario.

Excerpts from an interview by EIR*'s Kathy Burdman with Deputy Treasury Secretary Timothy McNamar on Sept. 26 at the IMF meeting:*

EIR: What is the Treasury planning to do about the Congress?

McNamar: Which Congress? The Brazilian Congress?

EIR: I meant the U.S. Congress, but okay, let's start with Brazil. What if they don't pass the IMF letter of intent? Are you afraid Brazil might join a debtors' cartel?

McNamar: I don't rule anything out. The Brazilian situation is very touch-and-go. If the Brazilian Congress does not pass the IMF legislation, the government may send it to court. Then the question is, which faction of the military runs the court. Some people in the military are against the IMF program. Maybe Brazil will just try to operate on the basis of a series of 90-day decree laws.

EIR: But you're not ruling out a debtors' cartel.

McNamar: We don't know just what will happen. We'll have to see what happens in Brazil in three weeks, *when their oil stocks run out. Then we'll see how uncooperative they are* [emphasis added].

EIR: What would the Treasury do if a debtors' cartel was formed?

McNamar: I don't know what we could do. It would be terrible. . . .