

they must try to look at the long term.

**EIR:** Venezuela President Herrera Campins, in a Caracas speech yesterday, 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 joint renegotiation 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. . . .