

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.

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### A social-democratic view

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*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

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.

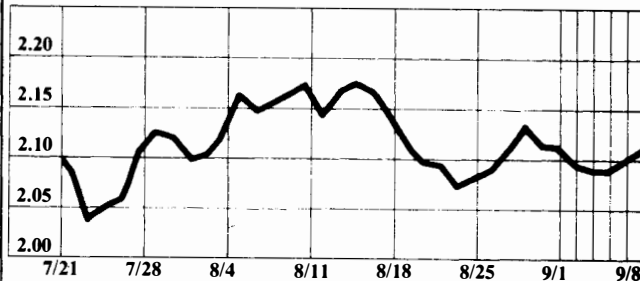
**EIR:** A final question: Will your government be in danger if the Schmidt government falls?

**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

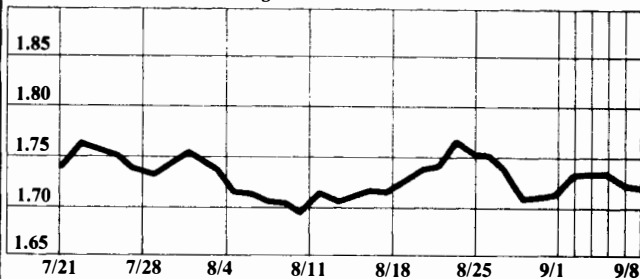
### The dollar in Swiss francs

New York late afternoon fixing



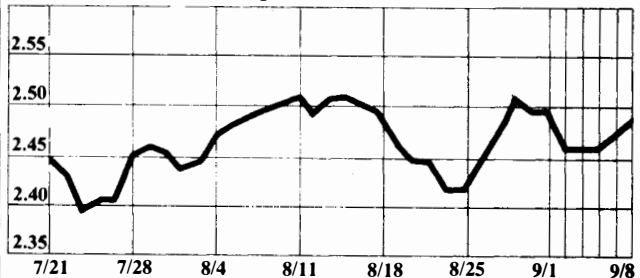
### The British pound in dollars

New York late afternoon fixing



### The dollar in deutschmarks

New York late afternoon fixing



### The dollar in yen

New York late afternoon fixing

