Creditors bludgeon Ibero-America with Kissinger's debt for equity plan

by Cynthia R. Rush

On Feb. 7, David Rockefeller swaggered into Caracas, Venezuela with a Chase Manhattan Bank delegation to flaunt his ownership of leading Venezuelan figures, including the powerful Cisneros family whose drug connections *EIR* exposed in the book *Narcotráfico, S.A.*

Only two days before the multibillionaire American banker arrived in the country that used to be known as "Rocky's ranch," the Cisneros family, by way of vendetta, had personally ordered the outrageous Feb. 5 detention and subsequent deportation of four *EIR* correspondents from Caracas. Rockefeller's arrival on Feb. 7 coincided with the launching of a wild slander and vilification campaign against *EIR* founder Lyndon LaRouche and his Venezuelan associates—authorized by international bankers led by Henry Kissinger's "piggy bank," David Rockefeller.

The ferociousness of the attacks against LaRouche in Venezuela indicates that something big regarding Venezuela's debt negotiations may be in the works, and that the presence of LaRouche's associates in Caracas was a complicating factor that had to be removed.

Creditors are terrified that the rapid disintegration of the continent's economies caused by International Monetary Fund "adjustment" programs may provoke at least one head of state to make the same kind of command decision on the debt crisis as President Ronald Reagan made on the issue of strategic defense on March 23, 1983. If this were to happen, then Lyndon LaRouche's proposals for a debtors' cartel and new international monetary system elaborated in his 1982 document, *Operation Juárez*, would be on the table for discussion.

Already facing setbacks on other issues of vital strategic importance, the financial community is resorting to mafia-style thuggery to bludgeon the Ibero-American nations into accepting the plan for converting debt into "equity"—old-fashioned asset grabbing—first revealed by Henry Kissinger at an August 1983 conference in Vail, Colorado. On Feb. 7, David Rockefeller began a tour of the larger Ibero-American debtor nations, starting with Venezuela, to personally order them to adopt this plan.

A source at Rockefeller's Council of the Americas revealed on Feb. 14 that the "alternative development model" being offered is based on privatization of debtor nation's economies. Debtors must be forced to remove existing barriers to foreign investment, facilitate remittances of profits abroad, and sell off "unprofitable" state-sector companies to private investors. All these steps will purportedly help debtors lower their budget deficits and reduce public expenditures. The sale of state companies might encounter resistance among more nationalist layers in the debtor nations, this source added, "but we want to see it pushed as far as it can go."

Turning the screws: Brazil

No efforts are being spared in the bankers' campaign of coercion. Any debtors that might be thinking of stepping out of line were treated to the spectacle of Brazil being told on Feb. 13 that the International Monetary Fund (IMF) is cutting off $1.5 billion in credit until that government proves it can comply with the austerity targets established by the Fund.

IMF director Jacques de Larosière is reportedly "fed up" with Brazil for refusing to comply with targets for monetary emission and for continuing to subsidize wheat prices and housing industries. As a result of the cutoff, the debt restructuring plan that Brazil recently renegotiated with commercial banks will be delayed for several months, and perhaps thrown out altogether.

The IMF is also putting the squeeze on Mexico, whose willing application of draconian austerity in 1984 made it one of the Fund's biggest "success stories." Even though it slashed its own economy to bits at the Fund's behest (see page 24), Mexico has revealed that it still did not comply with the established austerity targets for 1984, and is unlikely to meet 1985's targets despite the recent announcement of a $1.2 billion budget cut for next year. Now the Fund is demanding that Mexico make even further "adjustments" in the form of a faster devaluation and more budget cuts in order to qualify for new credits.

As of this writing David Rockefeller is in Brazil and will stop off in Mexico on his way back to the United States. IMF missions are negotiating further austerity programs with Mexico, Colombia, and Argentina.

Venezuela told: Relinquish sovereignty

In Caracas, Rockefeller stated his business directly. On Saturday, Feb. 9, banner headlines in the daily *El Universal* blared out: "David Rockefeller Says: Conditions Do Not Exist in Venezuela for Foreign Investment." Underneath the headline appeared a picture of Rockefeller flanked by the four top Chase Manhattan executives accompanying him on his trip, along with the reminder that Chase Manhattan heads the Bank Advisory Committee which is directing Venezuela's debt negotiations!

In a statement issued for the press, Rockefeller took care to mention that Gustavo Cisneros sits on Chase Manhattan's International Advisory Board. Then, at a business luncheon, he explained that if the Lusinchi government desired to establish the necessary climate of "confidence" it would have to "adjust the juridical instruments" which govern foreign investments, and give special attention to the encouragement of a "strong private sector."

Touching on another point of blackmail, Rockefeller reminded his listeners that the recent drop of oil prices would produce "difficulties," but added that Venezuela would find the "courage and talent" to meet the crisis. The Council of the Americas source mentioned earlier spelled it out more explicitly: The oil price drop won't mean a major crisis because Venezuela, Mexico, and other producers "have institutionalized their IMF austerity programs to the point where they can automatically be made more severe when revenues from oil or other exports drop, *and this is what we expect them to do*. It will be difficult, and it will cause political pain, but they can handle it for 1985 if the price doesn't drop any more precipitously. . ."

The Council of the Americas source gleefully reported that the drop in Venezuela's foreign exchange revenues as a result of the oil price reduction would hopefully "force Venezuela to stop importing so much food, and raise food prices at home to encourage their own farmers to produce."

Dirty dealings

One hint as to the real reason *EIR*'s correspondents were hustled out of Venezuela with savage and reckless disregard for all legality: Neither the Venezuelan foreign minister, Morales Paul, nor Finance Minister Azpurua, attended the meeting of the 11-nation Cartagena group which just concluded in Santo Domingo. Attending instead was the perennial IMF agent, Manuel Pérez Guerrero.

On Feb. 12, Finance Minister Azpurua told the daily *El Universal* that the national executive is considering the possibility of "some reforms" in its legislation so as to "stimulate the participation of foreign investment in the country." Such reforms were necessary, Azpurua said, because existing legislation is "a little rigid," and investors will feel much more confident about putting their money into the country once these reforms are effected. The finance minister went so far as to note how "positive" David Rockefeller's comments on private investment had been.

The Rockefeller grouping wants to extract similar concessions from Argentina, whose president Raul Alfonsín will be traveling to Washington to meet with Ronald Reagan on March 19. Council of the Americas executives are already collaborating with Argentine private-sector representatives to set the agenda for Alfonsín's trip, including a number of meetings with American businessmen. Businessman Arnaldo Musich, a member of the Swiss banking circles around former finance minister José Martínez de Hoz, has been named as one of the logistics coordinators for the trip from the Argentine side.

Diplomatic sources in Buenos Aires revealed to the daily *Tiempo Argentino* the details of a State Department offer to Alfonsín that is now reportedly being studied at the foreign ministry, described as a plan to "reinsert" Argentina into the "Western and Christian system of power"; but if implemented, it is more likely to promote the aims of the KGB by unleashing mass chaos in the country.

Washington is said to be willing to "collaborate" to help Argentina overcome its economic crisis by "inducing. . . important North American companies to invest in Argentina." Such investment will help the nation reduce its fiscal deficit and public expenditures through "the outright purchase of state sector companies in the area of energy, communications, and services."

In its magnanimity, the State Department will also support "the necessary adjustment of the Argentine economy" by promoting a foreign trade scheme that will increase the sale of Argentine wheat and cereals in "diverse markets." According to the plan, Argentina will assume its role as the "agro-exporter leader" in the region, while the role of "industrial leader" has been reserved for Brazil.

In exchange for this "aid," the Alfonsín government is expected to agree to the following: distance itself from the Non-Aligned movement—Alfonsín will be asked not to "come in representation of any other country or group of countries" when he meets with Reagan; offer greater solidarity for U.S. policy toward Central America; reject all support "for any type of joint initiative by the debtor countries," and instead promote "bilateral agreements" between individual debtors and their creditors; sign the Tlatelolco treaty for nuclear nonproliferation; and join in the continental war on drugs. (Argentina would do well to accept the last condition, and point out that it is incompatible with all the rest.)

The Council of the Americas particularly wants Argentina to hand over its oil industry for foreign looting. "We want to remove barriers to foreign investment . . . the bellwether for this is Argentina, the oil industry. . . . The Argentine government must let foreigners develop their oil resources. . . ." This same source added that while it wouldn't be easy for private companies to take over existing state-owned oil companies in Argentina, "they certainly could open up new ones" and gain control over new resources. "Certainly, at least mining and mineral companies more broadly should not be government-owned, and private companies should be allowed in to develop those."