

# LaRouche at center of fight over the IMF in Venezuela

by Christian Curtis

Plans to force Venezuela to sign away its sovereignty to the International Monetary Fund began running into trouble during the last week in January. Ever since, Caracas has been rocked by headlines and televised news coverage of American economist Lyndon LaRouche's proposal for the formation of a debtor's cartel and embarrassing exposés of the IMF scheme by LaRouche associates.

Three of the four largest Caracas newspapers and two television networks have featured stories on LaRouche's offensive against the IMF, yielding almost an article a day. The Feb. 7 front-page banner in *El Mundo*—circulation 200,000—covered a detailed account by *EIR* investigators on how the country's creditor are trying to “break” Venezuela and eventually take over its oil. The same dispatch was also published in *El Universal*, regarded as the conservative, private sector daily.

The following afternoon, *El Mundo* announced on its front page that its publisher, Miguel Angel Capriles, will be a speaker at the Club of Life conference in Caracas on Feb. 23. Also highlighted on the front page was an *EIR* article exposing the connections of William D. Rogers (see below), recently hired as a “consultant” to the Finance Ministry on matters of debt negotiations, to Kissinger Associates, the private British intelligence firm. In Venezuela, which was one of the strongest defenders of Argentina during the Malvinas war, the “British” label is tantamount to political herpes.

The same issue of *El Mundo* carried an interview with *EIR* Ibero-America editor Dennis Small on the campaign of the Club of Life to destroy the Club of Rome (see page 43). Small's exposé of the racist NATO-oligarchical links of the Club of Rome founders proved embarrassing for Club of Rome president Aurelio Peccei, who was in Caracas at the time—supposedly to contain the rising LaRouche influence.

The high profile of the “LaRouche factor” has created a ruckus within the government. The finance ministry on Feb. 7 was besieged by reporters wanting to know if the IMF was indeed putting the screws on Venezuela. Although the ministry denied that the IMF had anything to do with Venezuela's ongoing attempt to renegotiate the \$8.7 billion in short-term debt coming due this year, it did say that the banks are putting “pressure” on Caracas to pay off the whole amount, rather than refinance it—a pretty amazing revelation in itself. This

demand was alluded to the previous day by President Luis Herrera Campins (see below).

The same day the finance ministry was citing pressure to amortize all its short-term obligations, President Herrera stated that Venezuela is being subjected to “psychological warfare” of the exact same type “as what occurred in Mexico” last year. This is no casual observation. Since the Mexican crisis began, the official Venezuelan line has been that it was a result of mismanagement, nothing else. More importantly, the statement by Herrera Campins is the first government acknowledgement that Venezuela is indeed getting “the Mexico treatment”—exactly as *EIR* warned more than five months ago.

Herrera may also be having second thoughts about some of the advice he has been getting from people around his finance minister, Arturo Sosa. It is certainly no secret either in Caracas or in the financial capitals that Sosa wants to play the banks' game of sending Venezuela to the IMF first. Since no one goes to the IMF any more willingly than they would to the electric chair, the idea is to have Venezuela's refinancing effort collapse so badly that Sosa can then tell his president that the only cash to be had anywhere is at the Fund.

Sosa wrapped up the first leg of his current tour to bankers' doorsteps in mid-February in New York. Everything went according to plan: he didn't get a penny. As one financier confided, “They came up here without a comprehensive plan, they were arrogant—that sort of thing. The banks were turned off.” Of course, the fact that while Sosa was in town Moody's and Standard and Poor both dropped the rating on Venezuelan financial paper a notch helped a lot. Now, with the banks threatening to call in almost \$9 billion this year, Venezuela's respectable \$10 billion in reserves—already being chiseled away by capital flight—could dry up even more quickly than most observers thought possible.

But a rebellion in Caracas corridors against Sosa could mean all IMF deals are off, and the “LaRouche” factor could trigger the whole affair. As Dennis Small reported from Caracas, the rapidly growing sentiment in favor of exchange controls is so strong—even among Sosa's own subordinates—that it is hardly containable. There is also growing support for a policy of joint Ibero-American debt renegotiation, a policy first suggested last year by LaRouche in his

“Operation Juárez” document, and a policy that has been expressly denounced by Sosa.

At this point, it is clear that by at least destabilizing the financial oligarchy’s plans for Venezuela, LaRouche has gummed up a vital part of the scheme to carve up the Third World and place it under complete IMF control.

With characteristic tact and style, the U.S. embassy in Caracas has shouldered its assignment from Washington of stopping LaRouche’s influence. Not counting various instances of reporters and political figures getting “leaned on” by embassy bullet-heads, the embassy has been handing out fliers citing Wharton’s econometric forecasting service and other operatives on how 1983 will finally be the year of the “recovery” of the U.S. economy. *EIR*’s Small fouled up this ploy when he appeared for a half hour on a nationally televised talk show describing the LaRouche-Riemann model and showing charts documenting how it has proven correct in its forecasts when every other computer model—including Wharton’s—has failed. And the LaRouche-Riemann model shows no recovery in 1983 or any other year, unless there is an immediate transition to a New World Economic Order.

## ‘Venezuela is getting the Mexico treatment’

*At a press conference Feb. 7, President Luís Herrera Campins vehemently denied insistent rumors of imminent devaluation or exchange controls, and compared these rumors to what occurred in Mexico last year:*

We have justly warned against a type of psychological warfare that is being carried out around these questions to weaken the banking system, above all with a series of rumors the same as what was done in Mexico, and which, combined with the situation there at the time from the economic point of view, brought on the financial problems that that country has today.

*On Feb. 6, President Herrera spoke of the arm-twisting being done by the banks:*

This country can be sure that the government is treating with seriousness and moderation the economic difficulties that have arisen as an effect of the deterioration of the economy of the world and of the American continent. That is why we want to renegotiate part of our foreign debt. . . . But the truth is that there is pressure being exerted on Venezuela to pay, and this is one of the things we must keep in mind. Venezuela has been and is a good payer.

## ‘Like putting Dracula in charge of a blood bank’

*On Feb. 8, El Mundo published an NSIPS dispatch on revelations made by EIR investigators into the recent hiring of former Assistant Secretary of State and member of Kissinger Associates William D. Rogers by the Venezuelan finance ministry as a consultant on foreign debt negotiations. The article carried a boxed front-page headline that read: “Having William D. Rogers as financial adviser is like having Dracula as president of a blood bank, says Executive Intelligence Review magazine.” Below, we reprint the story.*

William D. Rogers, former U.S. Under Secretary of State and recently named official “adviser” to the finance ministry of Venezuela on foreign debt matters, is the agent of a private branch of British intelligence that operates under the name of “Kissinger Associates.”

According to the weekly *Executive Intelligence Review*, the relevant facts on the Rogers case are as follows: The supposed consulting firm of Kissinger Associates, with offices in Washington and London, and of which Rogers is a founding member, is named after one of its principal partners, former Secretary of State Henry Kissinger, who has admitted publicly that he directed the State Department on behalf of British strategic interests. For the past decade, Kissinger has been Rogers’s superior inside as well as outside the U.S. government.

Kissinger Associates was founded during the Malvinas war, and one of its first contracts was with the British government. Its job was to dissuade Argentina from freezing British financial assets in that country.

Other members of Kissinger Associates include:

- Lord Carrington, the former British foreign minister who prepared the Malvinas war and, through Kissinger and Haig, engineered U.S. support for Great Britain.

- Robert O. Anderson, chairman of the Atlantic Richfield oil multinational and of the Aspen Institute, a promoter of the zero growth line of the Club of Rome, with which it maintains regular relations. Anderson travels frequently to Moscow to meet with D. Gvishiani, son-in-law of Alexei Kosygin, and with other prominent friends of KGB Gen. “Kim” Philby, the supposed defector from the British secret services.

- General Brent Scowcroft, Kissinger’s assistant on the U.S. National Security Council and later National Security adviser to President Nixon.

- Pehr Gyllenhammar, head of Volvo and a director of

the Skandia insurance empire, which is one of the principal investors in the private Washington-based intelligence firm called IRIS. The directors of IRIS are former U.S. Secretary of Defense Robert McNamara and former British Prime Minister Edward Heath. Gyllenhammar is a director of Aspen Institute as well as of Chase International Corporation.

It was in a speech at Chatham House in London last May 10 that Kissinger confessed his career as a British agent: "During my term in office I kept the British Foreign Office better informed and more closely briefed on many matters than the U.S. State Department," he said, adding that Great Britain "is not powerful enough to influence American policy by the traditional means of pressure." Rather, the British had to make use of "discreet advice."

During the past decade, Kissinger has been named as the intellectual author of the assassinations of three heads of state: Salvador Allende of Chile, Zulfikar Ali Bhutto of Pakistan, and Aldo Moro of Italy. Kissinger's role in the Moro case has been substantiated recently in the Italian courts, which tried the material authors of the crime.

A spokesman for *Executive Intelligence Review*, on reviewing this information, commented: "Having Rogers, of Kissinger Associates, as a financial adviser is like having Dracula as president of a blood bank."

## 'There will be no 1983 economic recovery'

*Leonardo Montiel Ortega, a well-known economist and politician, was asked by the Caracas daily 2001 what he thought of prospects for a recovery in 1983. His reply, printed in the Feb. 7 issue, is excerpted below.*

Dr. Leonardo Montiel Ortega states that there will be no world economic recovery unless the problem of the gigantic debt of the developing countries is resolved.

The economist, presently the director of the Economic Research Center of the Universidad Santa María, made the statement upon being asked about the recent Bank of America report which estimates there will be some improvement in the world economy in 1983.

"The condition of the world economy is truly worrisome, even more so now that it is clear that the predictions made by the most internationally authoritative institutions were mistaken when they projected a growth in the GNP of the Western world for 1982."

He said that this mistake was not small-scale, and that the predictions were in error by more than 10 points. "In the case of the United States," he emphasized, "all the econometric

predictions pointed to an increase in tangible production of 3 percent for 1982, but in fact the American productive apparatus reduced its real production by around 7 percent."

He affirmed that this situation would repeat itself this year, despite the positive predictions on world output and U.S. GNP made by Bank of America.

"I am not optimistic in this regard, because there are other econometric measurements made with instruments that are much more real, which are indicating a new contraction in American production that may be greater than 10 percent.

"I am inclined," he added, "to think that the contraction tendencies projected are more in line with reality because unless the problem of the gigantic debt of the underdeveloped countries is resolved, the aggregate demand of the poor nations will not be able to reach normal levels, and therefore international trade will decrease and continue decreasing significantly in the future."

## 'We save ourselves together, or perish'

*The following excerpted essay appeared in the Feb. 3 issue of El Diario de Caracas. The essay was written by Juan José Monsant, the director of international affairs of the Copei [Christian Democratic] party. The op-ed was titled, "The Global Debt."*

Given the increase in petroleum prices during the 1970s, Venezuela embarked on the task of using that fiscal surplus to deal with the country's development in a global manner, sometimes with unrealistic plans, or plans that were not well prepared regarding what to do with that amount of money that we still lacked, but which, well utilized, could permit takeoff. That was when we began the process of increasing indebtedness that has brought us to the present situation, in which we are pressured by the international banks backed by their respective governments in order to ensure payments once oil prices make a significant drop.

If to this we add that in general, raw materials prices have fallen on the international markets, and that trade among nations has been restricted in part because the peoples of the Third World—oil producers or not—no longer have enough money to buy manufactured goods from the industrialized countries, we observe that we are necessarily in the midst of a reordering of the international economy. It is true that the bankers are afraid of the possibility of not being able to collect over the short term.

Now the international banks fear for the investments they so zealously sought, and today they pressure, cut off, devalue currencies, impose conditions and development models through the "Chicago School" or Manchesterian free trade,

which has proven its failure in Chile and Brazil; because the structural and psychological conditions are different from those in the industrialized countries. At any rate, I don't think we Venezuelans are disposed to accept the social cost. . . .

The solution, the negotiation of the foreign debt, the development plans, and the equilibrium of different economies, must necessarily be the result of a search for common interests—because we either save ourselves together, or we perish together. One need only ask oneself what would happen if the debtor nations of Latin America declared themselves insolvent; not the British fleet nor all the Gurkhas in the world would be enough to invade from Venezuela to Tierra del Fuego. For this reason, it is perhaps worthwhile to consider a joint renegotiation of the foreign debt to create a new policy and a new international order, lack of which is being felt so much in the world.

## 'Why not just simply hire Henry Kissinger?'

*The following are excerpts of the editorial comment by El Diario de Caracas of Feb. 4 on the appointment of William D. Rogers as adviser to the finance ministry. It was titled, "After Rogers . . ."*

The decision taken by the finance minister, Arturo Sosa, makes sense, seems logical. Who better than a respectable and respected person, with financial experience and personal influence in the United States, to take over this unsettling matter. William D. Rogers meets all the requirements.

But now that the first step has been taken, defying all the criticism that some rabid nationalist layers will undoubtedly raise, the applicability of this model to other areas of public administration and affairs of state should be considered.

For example, we could contract Henry Kissinger as adviser on foreign affairs. No one could argue the merits of Kissinger, the great architect of war and peace, winner of the Nobel prize. He would be an excellent minister of foreign relations; he understands the Arabs, is a personal friend of Yamani, and is intimate with David Rockefeller.

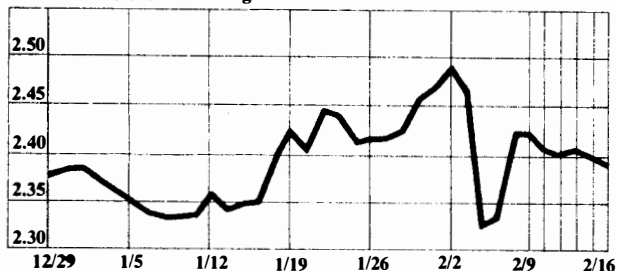
One or more former directors of the CIA must also be available to take charge of intelligence matters. There are Clark and Helms.

Within two months the current chairman of the Federal Reserve, Paul Volcker, the homologue of the president of the Central Bank, will also be available. . . .

## Currency Rates

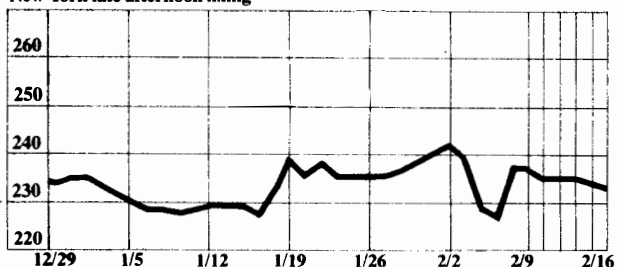
### The dollar in deutschemarks

New York late afternoon fixing



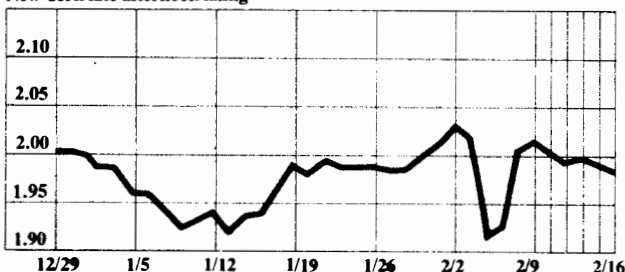
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

