targeting? Why, none other than the government of the United States, and President Reagan's Strategic Defense Initiative. Such a crisis would force a change in policy toward the U.S. dollar, and toward the budget deficit, especially the defense budget.

The developments in Ibero-America in the recent period fit with the timetable laid out last fall. But other parts of the picture must be taken into account.

The farm debt-bomb

Last fall, the U.S. farm sector was in the initial phases of financial collapse, reflected in the collapse of farmers' earnings vis-à-vis the increasing tribute demanded in the form of debt service, and the collapse of land values, wiping out the equity of farmer and farm banker alike. That collapse is now fully on, and is to hit the Federal Credit Administration during March.

The debt associated with the U.S. farm sector is as large as the that of Mexico and Brazil combined, and in falling on the government-backed credit administration, aggravates, with perhaps fatal consequences, the financing of the federal budget deficit.

Associated with this is the fate of the dollar. While many in the United States are concentrated on preventing a dollar collapse, they overlook the reality that the rise of the dollar is accomplishing the same thing as its collapse would. It is the single most powerful lever in the Russians' political warfare armory for breaking up the Atlantic alliance.

As long as the present bankrupt monetary and credit arrangements, derived from the supranational power of what the IMF represents, are allowed to remain intact, the alliance with Europe is going to be undermined, despite the virtual reconstitution of the Atlantic alliance around official West German support for the SDI.

A high and rising dollar beggars the allies to the benefit of the supranational coupon-clippers who are compounding the U.S. national debt. A dollar collapse is the signal that national bankruptcy proceedings have begun. Both force the issue of reorganizing monetary policy on an adminstration that is still, as the behavior of Shultz shows, compromising its policy initiatives and impulses on the basis of a deal concluded with the forces represented by David Rockefeller and the Eastern Establishment he is part of.

There are some within the administration who claim that all this has been studied by an inter-agency task force, and that as long as the oil price does not fall below $25 a barrel, damage sustained as the crisis unfolds will be minimimal. Such idiots argue that Ibero-America can be "handled," that the farm sector is irrelevant because "it will not set off a systemic crisis." They think that the consequences of destabilizing about three-quarters of a trillion dollars worth of debt, in the first phase of a crisis now uncorked by the IMF, can be separated out and not have a devastating impact on the system as a whole. Reality is going to shatter those illusions in the weeks ahead.

Council of the Americas

'Remove all barriers to the private sector'

The following interview with a source at the Rockefeller-run Council of the Americas was provided to EIR *by a journalist. The current U.S. ambassador to Venezuela, George Landau, will be taking over as director of the Council this year.*

Q: What new programs will George Landau bring to the Council?

A: He is the best man to continue our tight relations with the private-sector institutions in each country, like the Argentine Chamber of Commerce. That is the linchpin of our strategy toward the year, what you could call our "Alternate Development Model." We began it as a new program in September with a conference in Washington, then a second in Panama in January, and a third coming up in the Southern Cone, probably Argentina, in April. At each of these conferences, the business organizations of the major Latin American countries are working directly with us to work out private development models.

Q: What types of new programs?

A: First, we want, of course, freer trade. We want to have countries remove barriers to foreign investment and let foreign investors in. The bellwether for this is Argentina, the oil industry. I was just in Argentina to discuss this with business and government leaders. The government must let foreigners develop their oil resources, foreign oil exploration and production in Argentina. We'll tell Argentina that this is the only way they'll become a net oil exporter. We have President Alfonsín coming to New York for a Council luncheon on March 21, it's open to reporters.

Q: Would this lead to eventual privatization of the Mexican state oil and Brazilian state sector companies?

A: I don't think that can be done right away or maybe not at all, but that's the idea. Perhaps private companies won't be able to take over existing government oil companies, but they could certainly open up new ones in Argentina. At least mining and mineral companies more broadly should not be government owned, and private companies should be allowed in to develop those.

Q: What does your group want Venezuela to do?

A: Ambassador Landau finds the private sector very strong in Venezuela, and we think we can accomplish a lot. First, of course, they do have some foreign reserves, more than

© 1985 EIR News Service Inc. All Rights Reserved. Reproduction in whole or in part without permission strictly prohibited.

most, based on oil earnings, and we want access to foreign exchange to repatriate profits by foreign firms. Then, as I said, there is the food question. The drop in Venezuela's foreign-exchange earnings will force Venezuela to stop importing so much food, and to raise food prices at home to encourage their own farmers to produce.

So they must also cut their government spending on price supports for food. Let food prices rise, then the domestic producers will have ability to make money, and they can import even less.

Q: What other new programs do you have?
A: We want to put down all bars against the private sector in these countries. We want to repeal the distinctions against foreign investors and companies having access to local sources of credit. Foreign business should be able to borrow from the private sector in these companies without government interference.

Then, we want to get access to foreign exchange for remittances for foreign companies and investors operating in Latin America. We think foreign companies should have the ability to get dollars to repatriate earnings and make payments and so on. Then, in general, we want an end to tariff barriers like the Andean Pact tariffs for foreign companies and investors.

Q: And you say this can all be done without a debt blowout this year?
A: We think they can handle it using austerity for this year. Of course in the long run, we must have a better enlightened policy on reorganizing the debt. IMF austerity by itself isn't enough, as Dr. Kissinger has been pointing out recently. We need to get the U.S. administration more involved in debt extensions. James Baker at Treasury is much more open to this, and Shultz at State.

Q: But what about major political instability arising from all this austerity? What about Mexico, for example, can the [ruling party] PRI just keep squeezing?
A: I don't see any major political destabilization in 1985. But after that, it gets dicey. The PAN is growing significantly in the north, they will really be gaining in 1985, and could take over the north by 1986. Mexico may be pulled apart. The north is more prosperous, they are linked to the U.S. by legislation, by the lucrative U.S. markets. People in the north feel cut off from Mexico City's bureaucracy and resent their austerity demands. They don't want to have to subsidize the south.

Q: You mean the PAN would secede from the government? Won't the PRI crack down?
A: The PAN increasingly is presenting the PRI with a serious political problem. The PRI can squeeze and take harsh measures as in Sonora—but that will backfire against the PRI, as it did in Sonora. It won't work.

Who should not be Who

in the Reagan administration

EIR's newest special report is an essential reference work for anyone who wants to understand who's who in the ongoing faction fight within the Reagan administration over the President's strategic defense initiative.

It documents the activities of 47 administration officials and private citizens who must be purged from the Reagan administration to thwart their assault on the SDI, including:

- White House Chief of Staff James Baker III
- Secretary of State George Shultz
- Foreign policy advisor Henry A. Kissinger
- 19 think-tanks and other institutions

Sections on defense policy, international credit policy, foreign policy, and domestic policy document how key "eastern establishment" advisers are promoting the military hegemony of the Soviet Union to impose a global political and economic dictatorship which Henry Kissinger calls the "new order under the heavens."

Price *$100*

Enclosed please find $__________ for ________ copies of "Who Should Not Be Who."

Name____________________

Address____________________

City__________ State__________ Zip__________

Mastercard/Visa #____________________

Exp. Date__________ Signature____________________

Send to: CDI
304 West 58th St.
New York, N.Y. 10019
Att.: Editorial Office