EIR Economics

Kissinger and Castro face off against LaRouche

by Robyn Quijano

Henry Kissinger's June 22 syndicated column, "Building a Bridge of Hope to Our Latin Neighbors," which proposes "the modern philosophical equivalent of the Marshall Plan, a Western Hemisphere Development Program," is a hoax. As the oil price collapse, and the physical destruction of the populations of the continent relights the shortened fuse of the "debt bomb," and puts Lyndon LaRouche's Operation Juárez proposal for great project industrial growth steered by an Ibero-American Common Market back on the agenda, Henry puts himself forward as the champion of an imaginary "prospect of growth."

Just before Kissinger's article appeared, LaRouche had issued an open letter to Fidel Castro, on Castro's "Doomsday forecast" about the imminent collapse of the world debt structure, which had appeared in interviews granted by Castro to Brazilian and Mexican press. The Castro debt proposal advances, in part, policies proposed in Operation Juárez, and fought for by the democratic trade union movement on the continent for years.

LaRouche's letter (page 22) described "Operation Juárez" as, in Ibero-American eyes, "the chief hope for a sane U.S. policy toward Ibero-America," in contrast to "Kissinger's obscenities." Hardly had LaRouche's article begun circulating in policy circles, than Kissinger responded. In the *Washington Post,* one excerpt was highlighted, in boldface: "It is no accident that Fidel Castro of Cuba has recently taken up the debt crisis in—for him—comparatively moderate terms."

Castro has used the crisis to move into Ibero-America. In mid-June, just two weeks after Castro announced in the Brazilian daily *Folha de São Paulo,* that he proposed to "save capitalism," Cuba was admitted to the Latin American Parliament, in Brasilia at the 11th annual meeting. The general secretary of the Cuban Workers Central, Roberto Veiga, announced in Mexico the following week that a July meeting of continental trade unionists in Havana will discuss a debt strategy based on the premise that "the debt is unpayable." IMF conditions, he said, "bring us closer together and unify us. We should give thanks for that, for in this way we gain greater strength."

While Castro proposed "to save capitalism," Kissinger, with equal sincerity, claims to be most interested in saving democracy. "The IMF itself deserves to be saved," said Castro, a point on which Kissinger agrees. Kissinger asks if "the new democracies can survive in the face of dramatically falling standards of living that *appear* [emphasis added] to be imposed from the outside." "Frustration and lack of hope could well generate a populism that rejects free enterprise," warns Kissinger, proposing longer terms for interest payments since IMF demands "threaten to become an invitation to irresponsibility."

Kissinger's Swiss friends, meanwhile, played hard cop. Guido Hanselmann, General Director of the Union of Swiss Banks told a meeting of international bankers from 32 countries in Malaga, Spain, on June 24, that "it is quite easy not to pay debts, but if any country did it, it would leave the international financial and economic community. It would be outside of any new financial relationship; it would not receive funds; its trade would be paralyzed; it will be total war." For these reasons, Hanselmann said, he doubted Latin American countries would respond to Castro's call for debt moratoria.

Kissinger's modern "Marshall Plan," coming from the man who steered the Reagan administration economic policy toward Ibero-America through the 1982-83 debt crisis into the genocidal holocaust of 1984-85, is directed not toward a development alternative, but toward winning the top spot as

President Reagan's debt negotiator. "Matters of life and death for new democratic governments are being handled by bankers and international civil servants who, no matter how far-sighted, have not sufficient authority or experience to shape political relationships," he warns, obviously offering himself for the job. This is also a "promo" for Kissinger Associates, who are offering themselves, for a price, to Ibero-American governments to "negotiate" on behalf of the debtor nations with the creditor banks. Both Venezuela and Brazil have hired William Rogers of Kissinger Associates, apparently overlooking the fact that Kissinger and his Kiss. Ass. team are board members and political front men for nearly every important financial institution holding Ibero-American debt!

Under Kissinger's Bridge of Hope there is nothing new. The growth he proposes is on the Hong Kong model as in the Kissinger Commission report on Central America in 1983. And the "solution" to the problem of unpayable interest rates, is nothing but the plan he presented in Vail, Colorado in 1983, of "debt for equity," facilitated by interest payments in local currencies, to be used to buy up Ibero-American equity, a penny on the dollar.

Kissinger wants the whole show under the IMF. This is because, he writes, "Most of the reforms now urged by the International Monetary Fund are in fact essential to economic recovery." He calls the "drastic reform program" agreed to by Argentine President Alfonsín, under the IMF gun, a case of "courage and resolution." It is wrecking Argentina's economy, and its new democracy.

But austerity has to be sugarcoated. Therefore, Kissinger argues, "Sacrifice needs to be sustained by hope." The "hope" will come from his "Development Program," which would borrow on the Eurodollar market and re-lend to those debtors who followed orders at high rates, with all interest over inflation, plus 3%, payable at the end of the loan. Banks would reschedule their debts on similar "soft" terms. No development would be financed, and each country would get "a non-recurring chance" to eliminate "strains." Kissinger means any attempts to grow: Argentina's "state enterprise," or Mexico's "rapid population growth."

And he wants a multinationally arranged bailout for the "banks and international financial institutions." On this he agrees with Fidel Castro, who said: "We are going to save the banks. The debt that is no longer collectable . . . will be reimbursed to banks by governments. . . . A small part of the military budget will be injected into the financial system, the pillar of capitalism, the basis of national security. . . ."

"The head of the U.S. Federal Reserve Bank, Paul Volcker, has heroically and almost singlehandedly held matters together at the U.S. end," Kissinger lies. Volcker bankrupted the United States and created the present debt crisis by forcing interest rates into the 20% range.

"Just as there can be no lasting peace if East-West relations are reduced to nuclear accounting," he ends, "So, too, there can be no hope for North-South cooperation if discussions are confined to quarterly crisis meetings on overdue interest payments. The true test of a vital foreign policy is whether it can produce as a voluntary act of creation what otherwise will be imposed on it by chaos and crisis.

Target Mexico

The timing of the Kissinger debt policy, just two weeks before the July 7 elections in Mexico, in which the Kissinger faction at the State Department has decided that the opposition PAN party must win, was not missed in Mexico. Kissinger, who often visits the drug-running oligarchy in Acapulco, has a special hatred for the strong presidential system the Mexican ruling party, the PRI, has maintained during its 50 years in power. The PAN, which has 60,000 terrorists prepared to destroy Mexico if the northern states are not handed over to their drug-running "free enterprise" candidates, is openly supported by the State Department and the FBI.

In 1941, U.S. Naval Intelligence described the PAN as an ally of Hitler, filed under the heading Nazi/Communist—Synarchist International. In 1940 the U.S. Naval Attaché wrote in an intelligence report that "The Russian and German agents, although in opposite political camps, are not in opposition. They act in perfect cooperation and collaboration. Their objective is armed revolution in Mexico. . . ."

The alliance between the PAN and the PSUM, the Communist Party of Mexico, serves Kissinger's purposes as well today as it served Hitler during the Hitler/Stalin Pact. And the economic policies put forward by Kissinger, are precisely the polices promised by the PAN, who have pledged to end the cooperative farms of Mexico, and shut down the trade unions and free public education.

The PAN also is the party of the IMF. On Nov. 19, 1983, PAN mayoral candidate for Mazatlán, Sinaloa, Humberto Rice García, told the Mexican daily *Excelsior:* "The IMF pressured the system for a democratic opening in Chijuajua and Durango, as in the rest of the country, as a condition to renogotiate the debt."

The London weekly, the *Economist,* house organ of the British financial establishment, took aim at Mexican President Miguel de la Madrid in an editorial in its June 22 edition. Entitled "Open up Mexico," the editorial demands that de la Madrid hand over "one or two" governorships to the PAN, to "start to bring the West's 10th largest economy to belated maturity. . . . Mexico can not dig out of its $96 billion debt or create employment for its youthful hordes without the help of foreign investment and an economy capable of exporting things other than oil," the *Economist* decrees. "Pluralism is the best way of making politicians less important. . . . Mexico's stability is also at stake. Rigged elections next month . . . will lead to violence."

Kissinger backed this line in his "Bridge of Hope" column. Mexico now pays 40% of its export earnings for interest rates alone, he noted. Some relief must be offered, even if it will eventually kill the patient: "The long-run economic cost of closed or controlled markets in Brazil, Argentina, Mexico and Venezuela, would far exceed the cost of the program."