

Kissinger "Resources" Scheme Denounced

WIESBADEN, BRD April 16 (IPS) — U.S. presidential candidate Lyndon LaRouche reacted to the leak of Kissinger's "resources fund" proposal with what the candidate described as "mixed feelings."

"The proposal itself is downright genocidal," LaRouche qualified his views, "but the leaking of the proposal is extremely useful in exposing the real interests behind the vicious raw materials indexing fraud into which some credulous members of the Group of 77 have been duped by their own cupidity."

The candidate proposed that four points ought to be noted concerning the Kissinger proposal as such. "First," he stipulated, "the idea of the resources bank is a pathetic and obvious parody of Hjalmar Schacht's old Rentenmark scheme. Second, if one compares the proposal with the way Egypt was raped through the Suez Canal project, it becomes clear that the UNCTAD raw materials indexing project is nothing but the most vicious distillation of the workings of late nineteenth century imperialist looting arrangements. Third, if the proposal were carried out under conditions of the existing monetary crisis, it would have genocidal effects throughout the developing sector, and would create a monstrous catastrophe for the internal economics of Western Europe and Japan. Fourth, such a harebrained scheme is absolutely contrary to the interests of the United States economy, and would benefit only one group in the world, the bankrupt major financial interests of Lower Manhattan."

Schachtian Plan

According to a New York Times report of the leak, the Kissinger scheme will be to float bonds in the international markets, backed by the raw material wealth of the developing nations. The funds generated will then be channelled to the developing nations themselves — supposedly to increase their raw material-producing and exporting capabilities. This thinly disguised attempt to refinance old loans, now in technical default, by overt Schachtian schemes is as outrageous as the circumstances of the leak itself.

The New York Times story came out the very morning after UNCTAD Secretary General Gamani Corea and his aides had extensive discussions with Kissinger where, according to administration sources, the scheme was not discussed. Besides giving the scheme respectability by virtue of the coincidence of the UNCTAD-State Department meetings, the leak was meant to "sell" the scheme to the despondent U.S. Secretary of State, who has not yet decided on whether the resources bank is the proper means of repeating the UN Special Session "time buying" tactics while he puts together his politico-military solution to the world problems. Although UNCTAD and the Group of 77 spokesmen were unavailable for comment due to the Easter holidays, the only support from the Third World side is so far coming from an Atlanticist agent and close friend of Robinson's Venezuelan Finance Minister, Peres Guerrero. World Bank sources have indicated that Peres Guerrero is busy drumming up support especially among Latin American financial circles — most susceptible to the scheme because of their dependence on foreign investment and their close ties to Wall Street.

"The basic idea" a Princeton University economist commented today on the plan, "is to encourage a process of lending to the Third World on the basis of future raw material production, which has in fact already started as those countries have no other lending sources open to them and their debt is continuously increasing."

Why It Won't Work

Asked why the Kissinger project might not work for a short time, in the same way Schacht's 1924 implementation of the Rentenmark had worked for Germany, LaRouche replied: "Schacht's Rentenmark succeeded in maintaining a temporary partial recovery of Weimar Germany not because of the Rentenmark scheme itself, but because the United States provided Germany with massive credit relief."

"Who could play today the role the United States played for Weimar Germany during the 1924-28 period? The New York banks are bankrupt, the Eurodollar market is bankrupt, much of the assets of the International Monetary Fund are dubious paper, and most of the member nations of the IMF are in or sliding into de facto national financial bankruptcy."

"When the Bundesbank is hit with the massive effects of an Italian default on the debt to Germany, there won't be a penny of additional new credit available anywhere — which the OPEC nations, for example, will soon discover, as collapsing production levels and so forth push down petroleum consumption and payments."

LaRouche added, "Kissinger and the Brookings Institution have simply added their names to the growing list of idiots, such as Milton Friedman and Abba Lerner, who have lately gone over from preaching John Maynard Keynes to worshipping Hjalmar Schacht. I recently discussed this problem briefly with Jacques Rueff (DeGaulle's economic advisor—Ed.), who responded to this information with disbelief. Insisting that Schacht's proposals don't work; he could not accept, at first, that any professional economist would be ignorant of the relevant historical evidence."

"All Schacht's schemes, notably both the Rentenmark and the later austerity program of the Nazi regime, appeared to succeed temporarily because of some consideration external to the German economy itself. In the case of the Rentenmark, U.S. aid was the key; in the second case, Nazi Germany was impelled to forestall internal economic collapse by successively looting its neighbors and finally resorting to the slave-labor-death camp system."

"What today's Schachtians hysterically refuse to recognize is that if a Schachtian scheme is simultaneously applied to the entire economic basis of the present monetary system, there is by definition no outside sources of the kind of wealth on which the short-term success of all Schachtian concoctions depend."

LaRouche added, "I mention Jacques Rueff in this connection because of his position as a non-Marxist leading economist who has published a thorough study of Schacht's schema, and because, on the grounds Rueff takes the matter up, his analysis is entirely sound. He has characterized Schacht's austerity schemes as inflation turned inward upon the real economic base, which I must agree is an insightful image of the problems involved."

On the second implication of the Kissinger proposal's publication, LaRouche emphasized: "The leaking of Kissinger's unworkable proposal has the usefulness of corroborating my warnings to various developing sector government's representatives concerning the recent antics of UNCTAD (United Nations Conference on Trade and Development) secretary general Gamani Corea. The proposal is essentially an old, discredited scheme originating with the

Brookings Institution, which is being pushed forward at this time as one of several ongoing tactics for disrupting the Group of 77 and UNCTAD from the inside.

"Now, since the Kissinger proposal has been leaked, any government which backs the raw materials indexing scheme at Nairobi (upcoming UNCTAD meeting in May—Ed.) will have publicly exposed itself as a conscious accomplice of the Lower Manhattan gang."