Kissinger Watch by M.T. Upharsin

Kissinger sells 'Dope for debt' to Ibero-America

David Rockefeller convened his Council of the Americas' Winter Conference in New York Feb. 3 ostensibly to discuss "Economic Recovery and the Role of the Private Sector." His real purpose was to give his great friend Henry Kissinger a receptive forum for Kissinger's plans to "restructure Central America's economies" on the model of the British colonies "Hong Kong, Singapore, and others."

All the months of work of Kissinger's Bipartisan Commission on Central America was aimed at one thing: How to use those nations to ensure that Chase Manhattan and the other international banks can still keep themselves in business with some big, dirty bookkeeping tricks that have saved them from having to write off billions in overdue Ibero-American debt.

The conference began with a public session to which Rockefeller's elite corps of U.S. and Latin American business and finance leaders was invited; private sessions followed for Central American financiers who needed a more intensive working-over.

Kissinger was introduced to the public meeting by Rockefeller, his patron and "friend of 30 years," who termed Henry the most distinguished statesman "of the past century."

Kissinger's lighter remarks concerned his appointment as head of the President's Bipartisan Commission on Central America. "When this commission was formed, I had the impression that maybe they looked around for one area of the world in which I am the least qualified," he said.

Then he grew serious. "We are not talking about Central America," Kissinger told an audience that included the Milstein brothers, who own Dope Inc.'s premier Latin American company, United Brands—the former United Fruit, a company which the Kissinger report called a "model citizen and a model employer"—"We are talking about the principles that should govern our relations to the Western Hemisphere."

Henry went on to propose the elimination of the national sovereignty of the United States and all its allies. U.S. policy should not be allowed to change every time a new President is elected, he asserted. We want to insure that "our national direction is embeded in some policies that are more or less fixed," he said, adding, "Once this approach has been set, it will be of profound consequence to our relations with the entire Western Hemisphere."

The future of Central America is laid out clearly in the commission's report, which recommends wholesale population reduction and limiting production to low- and medium-technology goods for export. Just enough financial aid will be provided to meet the bookkeeping requirements of the banks.

Very little of the supposedly generous $8 billion the commission has recommended will reach Central American investors. Much of it is to be spent in military procurements. The rest is to be channeled through a so-called Central American Development Corporation, which, as Kissinger's sidekick Harry Schlaudeman explained to the conference, is to be set up along the lines of ADELA, the Rockefeller- and Swiss-owned "venture capital company" which operates as a private debt collection agency in Ibero-America.

'Give us more than half'

Many of the Latin American participants seemed only too eager to swallow what Henry had to say. Mexican Undersecretary of Finance Francisco Suárez Davila said that his country was willing to pull back from most of the steps taken two years ago by former President José López Portillo, when he nationalized the banks to stop huge, orchestrated capital flight that was threatening the country's very existence.

All companies previously owned by the banks, said Suárez Davila, will be resold to their previous owners. And, he said, all industries not deemed essential to the goverment will be sold to the private sector, growth will be limited to 1% during 1984, and many of the country's development projects "will simply have to be cut."

But these concessions were not enough. The international financiers in the audience laughed outright when Suárez Davila pleaded that they conform with the 49% limit to foreign equity that is currently allowed by Mexican law. "The 49% rule allows for as much control as 75%," he pleaded. His audience, committed to grabbing equity in Latin American resources, was not convinced.

Not everyone was fooled, but Kissinger's accession to power in the Reagan administration has created a quandary for would-be U.S. allies. More than one of the region's principal businessmen who were herded into a closed-door meeting next day in New York's Princeton Club confided, "We don't trust Kissinger, but if we attack him, we will be attacking President Reagan, who is our friend."