

International Intelligence

Chilean 'miracle' runs out of steam

The Chilean "free enterprise" model is rotting out from under its proponents. Chile has the world's worst trade deficit: official figures show during the 12 months ending July, Chilean imports of \$7.1 billion surpassed exports of \$4.2 billion, and the deficit is growing. This is a result of the "free trade" policy of opening doors to luxury imports while wiping out local industry.

On the day *Fortune* issued a praise-filled description of Chile's "miracle," the government seized four of the country's biggest banks, holding 21.4 percent of deposits, to keep them from bankruptcy. The banks were owned by the Sahl-Tassara group, known as "pirañas" for their proclivities for devouring smaller fish during the intensive de-industrialization of the Chilean process. Real interest rates 65 percent above inflation provided them with many victims. And now the banks have been absorbing industrial and agricultural firms.

"We are sitting on top of a volcano," the *Journal of Commerce* quotes a Santiago banker saying. "In a market this size, when institutions of such large size collapse, one expects others to follow." The *JOC* reports the Wall Street banks who profited from the looting process are now moving to pull out.

Club of Rome plans D.C. invasion

The Club of Rome is planning an international event in Washington next spring to celebrate the 10th anniversary of its pioneering *Limits to Growth* report and promote the Club's role as "an active force in world affairs."

The keynote speaker will be Club founder Aurelio Peccei. According to the Director of the U.S. Association for the Club of Rome, which is sponsoring the affair, "It is Mr. Peccei's feeling that we have to make a show of force in the

U.S. . . . The ideas which were once so radical, the concept of limits, is now reality, and even conservatives now speak of this paradigm. We have changed the world and we will change it more."

Conference organizers hope to have Carter Global 2000 directors Edmund Muskie and Cyrus Vance speak at the event, as well as Secretary of State Haig.

Bettino Craxi is forced to back down

Italian President Sandro Pertini and the Italian Communist Party have both made moves to support Italy's Prime Minister Giovanni Spadolini. Their actions have effectively stalled Socialist Party head Bettino Craxi, known in Italy as "the new Mussolini," in his efforts to topple the present government.

On Nov. 2 President Pertini said he would "absolutely stand behind Spadolini." His statement follows strong speeches by Spadolini on the need to seriously address the issues of inflation, terrorism, the Propaganda-2 Freemasonic scandal, and the war danger. The Vatican has also announced that Italian politics must be shaped "from the standpoint of truth."

The Milan newspaper *Corriere della Sera* reports that Spadolini has assured Pertini of his personal intent to extirpate all roots of P-2 from Italian civil life.

In separate statements, PCI Central Committee members Chiaromonte and Natta also gave their support to the Spadolini government. Writing in *L'Unità*, the PCI's daily paper, Chiaromonte said, "Although the PCI is not in agreement with the government on the economic policy, our objective is not the collapse of this government."

Thus, the question of reviving the old "historic compromise" between the Communists and Christian Democrats has again returned, following a period in which Craxi had manipulated the saner forces in the Christian Democracy (DC) away from a labor-industry alliance. Former DC Prime Minister Giulio Andreotti has publicly attacked his closest aide for

putting out rumors that he, Andreotti, was secretly making deals with Craxi to endorse an alliance with the Socialists. One of the top national leaders of the Christian Democrats, Granelli, has written an article jeering at the Socialists for wooing the Communists while following a rigidly anti-Communist line. Granelli concludes with an endorsement of the historic compromise.

And the Propaganda 2 Masonic scandal is once again making headlines, after Craxi and his cronies succeeded in quashing investigations. The trial concerning the 1980 Italicus train bombing has begun in Bologna, and the state's star witness has promised to make revelations about Masonic involvement in the massacre. It has been announced that the two former Grand Masters of P-2 will be brought in as witnesses at the trial.

The Nov. 11 economic agreement between the Communist-dominated unions and the government seems to indicate that PCI leader Enrico Berlinguer is helping stabilize Spadolini.

How OPEC lowered the price ceiling

One day after Congress approved Ronald Reagan's bid to sell the AWACS radar planes to Saudi Arabia, the Saudis won an historic concession from the oil cartel, OPEC, to lower the pricing ceiling of oil from \$41 a barrel to \$38 and to freeze prices through 1982.

According to the terms of the Oct. 29 agreement, Saudi Arabia will raise its \$32 a barrel price to \$34, which will represent the new benchmark price for the cartel. In turn, Riyadh may opt for cutting its production to as low as 8.5 million barrels a day from its current level of 9.5.

Nevertheless, the U.S. press has put out the line that the Saudi price hike was a "slap in the face" to the United States after the Senate approval of the AWACS. In real terms, the price hike will mean a \$.02 a gallon price increase for gasoline and nothing more for the next 12 months. Nigeria, which traditionally prices its oil at parity with Libya and Algeria, has cut its price twice over the past three months,

from nearly \$40 a barrel to \$34.50. The Nigerian move broke the "hawk" alliance. The Saudi production drop is expected to directly benefit Nigeria, whose exports have collapsed from nearly 2 million barrels a day to 600,000.

Libya now faces serious economic difficulties; its sale of oil has dropped from 1.7 million barrels a day to under 500,000, and recent negotiations with a number of oil companies indicate that Libya's sales are not likely to rebound, since Qaddafi will not match the lower pricing level of Nigeria.

Exxon's decision, announced Nov. 13, to stop buying petroleum from Libya has been attributed to price factors as well as political pressures from the administration.

Brezhnev outlines his talks in Bonn

Soviet President Leonid Brezhnev granted an interview published in the most recent issue of *Der Spiegel* magazine in which he indicated the major issues he will discuss with West German Chancellor Helmut Schmidt in Bonn Nov. 22-25.

Brezhnev reasserted unequivocally the Soviet military doctrine that no theater nuclear warfare is possible: "A limited nuclear war can't exist at all. Once begun—in Europe or somewhere else—nuclear war would unavoidably and irrevocably take on a worldwide character."

Brezhnev also moderated the tenor of Soviet support for the greenie "peace" movement which three weeks ago culminated in a 250,000-person march on Bonn. Brezhnev said in a statement unreported in the U.S. press that while he can understand the need for the growth of mass-based peace movements in the West, Europe's buildup of scientific, technological and similar cooperation with the U.S.S.R. is actually a more important aspect of peace efforts. Destabilizing the Schmidt regime is one of the "peace" movement's primary aims.

The Soviet Ambassador to Bonn, Valentin Semoyonov, announced Nov. 4 that he will meet with the top leadership of the peace movement, in a factional

countermove to Brezhnev. ship of the peace movement, in a factional countermove to Brezhnev.

Italian agency reports on Bundy's hostility to Pope

The Repubblica Press Agency of Italy Oct. 29 released an article in which it poses for investigation the hypothesis that certain circles in the United States may have been behind the attempted assassination of Pope John Paul II May 13, and may be still plotting to murder the Pope. Specifically, Repubblica cites statements made by Ford Foundation head McGeorge Bundy, former National Security Adviser, against the Pope, statements that first appeared in the newspaper *New Solidarity*, published by NSIPS.

"In statements made last Oct. 15 in New York, McGeorge Bundy expressed apprehension and alarm over the episcopal supremacy of the 'Polish Pope,'" reports the press agency. "Underlining particularly the negative effects of the opposition to birth control, Bundy said, 'This Pope is a disaster.' For McGeorge Bundy, 'his views constitute the major obstacle to world population control."

"After this diagnosis of the role of the Vatican today, Bundy pronounced . . . 'But Popes, luckily, change! Maybe his successors. . . . But he is a robust man, and may live another 20 years.' What operative significance may be applied to these open allusions, coming so close to the attack [on the Pope]? McGeorge Bundy is not only a former official in American presidential security, and as such tied directly to the secret services, but he also has a position of enormous significance today in high finance in the United States. Bundy, in fact, is the president of the Ford Foundation, which is linked to large-scale industry, with the armament and telecommunications industry, and with the circles most involved in a policy of world population control which, in some cases, do not reject genocidal projects. The interview of the Ford Foundation president has profoundly alarmed the Vatican Curia."

Briefly

● **THE NEW SCIENTIST** magazine, based in London, has issued a lengthy attack against *EIR* and its founder, Lyndon H. LaRouche Jr., in an article titled "American Fanatics Put Scientists' Lives at Risk." The author, Ziauddin Sardar, a Club of Rome sympathizer, charges that *EIR*'s exposés of Muslim Brotherhood and related Global 2000 networks in the Middle East "can easily lead to arrests, prison sentences, and even executions" of the operatives in question by "hypersensitive governments." The article, to be reprinted next week in *EIR*, features Club of Rome founder Alexander King, Donald Lesh of the Global Tomorrow Coalition, and an array of other U.N. and British Foreign Office-linked spokesmen who condemn the extensive influence of LaRouche and *EIR*.

● **YOSHIO SAKARAUCHI**, the Secretary General of Japan's ruling Liberal Democratic Party, has called for the shipment of medical equipment to Vietnam despite Tokyo's current freeze on aid to that country. Sakarauchi has invited Mai Chi Tho, mayor of Ho Chi Minh City to Tokyo.

● **GERHARD BAUM**, West German Interior Minister and a member of the free-market FDP, stated Nov. 8 that youthful violence should be treated as "a social phenomenon," not a criminal one.

● **FRANZ-JOSEF STRAUSS**, the Bavarian leader associated with the Mont Pelerin mafia, arrives in Japan Nov. 15 to confer with anti-Suzuki elements. The Christian Social Union chairman will also visit his old friends in Peking.

● **EDWARD O. PRATT** of the World Bank gave an address urging population control Nov. 11 to the conference on the Unity of the Sciences in Seoul sponsored by the Rev. Sun Myung Moon's Unification Church.