

International Intelligence

New Mexican oil offer to Japan

Speaking to a three-day conference of Japanese and Mexican businessmen and officials this week, Jorge Díaz Serrano, the head of Mexico's state oil company, Pemex, surprised his Japanese hosts with a call for a novel kind of cooperation on energy supplies between the two countries.

Díaz Serrano first reiterated Mexico's long-standing policy of selling oil to those nations that help Mexico with capital and technology. He then called for "a new form of association . . . which will support a process of refining in which both you and we participate." The Pemex chief said that Mexico and Japan could jointly refine and market petroleum products to Japan's 114 million consumers.

Mexico is also believed to be interested in using a joint Japan-Mexico refinery project on Japanese soil as a bridge to the Asian market. Díaz Serrano will travel to South Korea, China, and Hong Kong after his Tokyo stop.

Large downturns in U.K. industrial output

British media hailed both a slowdown in monetary growth rates and a September trade surplus this week, although both of these were the product of new, large downturns in Britain's economic activity.

The purported good news was that in September, the Bank of England finally succeeded in bringing the growth of M3, a broad definition of money supply, down to .6 percent. Also greeted by London was the announcement of a record trade surplus in September, when exports outperformed imports by \$60 million.

What lies behind these figures is a continuous downward ratchet of production. Industrial output in August fell 2.4 percent. The trade surplus in September resulted from a more rapid decline in imports than exports: while exports fell

to \$9.44 billion, imports fell to \$9.38 billion.

September steel output was at 55 percent of 1979 levels for the same month. In response to dramatic downturns in steel demand recently in Europe, which have recently cut prices by 10-15 percent, British Steel, Britain's leading manufacturer, has just announced new reductions in capacity utilization. With 25,000 new layoffs expected in coming months, British Steel intends to reduce capacity from a current 15 million tons to 12 million tons.

Life for the average industrial worker in the country has become unbearable. During the governing Conservative Party conference Oct. 12-13, trade unionists battled with police outside the conference hall, demanding a reversal of government policy.

Jamaican government no longer in control

The assassination of Jamaica's assistant Security Minister Roy McGann by members of his own national police while campaigning in Kingston this week underscores the fact that Jamaica has become ungovernable and brings closer the prospect of full-scale civil war. Barely a week before, Prime Minister Michael Manley and Security Minister Dudley Thompson managed to escape unharmed when gunmen shot at them in separate incidents.

According to official sources, while touring his St. Andrew district McGann came upon a roadblock manned by the security forces and members of the opposition Jamaican Labour Party, who began to hurl stones at him. He called for police reinforcements, using the two-way radio in his vehicle. When they arrived, they shot McGann and his bodyguard in cold blood, eyewitnesses say. The entire incident was monitored by officials of the ruling People's National Party, with whom McGann was in radio contact.

McGann's bodyguard, who survived the police attack, was kidnapped from a

Kingston hospital, where he was being treated for gunshot wounds, by a mob of Jamaican Labour Party members.

The death of the Jamaican official was "the first time in our history that a candidate for political office has been killed," said Prime Minister Manley in a speech broadcast nationwide. Manley called on his supporters to remain calm and not to take reprisals. He also said that the elections will take place as scheduled.

Poland, Hungary at center of policy maneuvers

Sensitively placed diplomatic sources have told *EIR* that the U.S.S.R. views the ongoing destabilization of Poland as a virtual coup d'état by NATO and certain Vatican factions. The Kremlin now believes Poland will move toward withdrawal from the Warsaw Pact/Comecon bloc. The new Kania leadership intends to "de-socialize" the Polish economy, the Soviets conclude. Other sources add that the Polish crisis is still so serious that the West German chancellery is on alert for a Soviet invasion. Brezhnev's emerging support for Carter's reelection may involve a U.S. pledge to cool the situation.

British Foreign Secretary Lord Carrington will visit Hungary and Poland this month, in something other than a detente effort. Hungary is moving in the direction of membership in the International Monetary Fund, according to Hungarian central bank chief Janos Fekete. The Hungarian banker is one of the architects of his country's "New Economic Mechanism," a policy model preferred by many of the new leaders of Poland.

Speaking to a conference of bankers sponsored last week in Charlottesville, Va. by Manufacturers Hanover Trust, Fekete outlined the domestic program matching his international policy. It features "legalization of the present black market of small shops and artisans," according to a *Journal of Commerce* account of Fekete's speech.

Briefly

● **WASHINGTON** "would lose its most faithful lackeys" if it complied with Philippines requests to extradite suspected terrorist leaders now living in the U.S., claims popular Filipino columnist Teodoro Valencia in the *Manila Express*. He charges that the U.S. State Department is "coddling Filipino rebels in the U.S. despite official Philippines protest." The Philippines defense ministry just revealed that members of the organizations responsible for the recent series of urban bombings were trained in the American Midwest by the U.S.-based Movement for a Free Philippines, and also documented their use of American-made explosives. Nonetheless, the U.S. has turned down extradition requests.

● **A STATE OF** emergency has been declared in Sri Lanka on the grounds of alleged plans by the opposition to encourage its members to murder the president and incite riots. Opposition leader Sirimavo Bandaranaike is expected to be ousted from the parliament, following a guilty verdict last month on charges of abuse of power reminiscent of the campaign against India's Prime Minister Indira Gandhi before she regained power.

● **NORTH KOREA'S** party congress, as expected, elevated the son of Korean strongman Kim Il Sung in preparation for his role as successor to his father. More interesting was the competition of the two communist giants, Peking and Moscow, for the Kims' favors. Peking, which is favored in Pyongyang, sent its number two ranking man, Li Xianian, while Moscow sent a Politburo member thought to be among the possible successors to Brezhnev.

● **LEONID BREZHNEV**, in a statement preceding his talks with Occidental Petroleum's Armand Hammer Oct. 14, declared that he maintains "warm feelings for Jimmy Carter," Hammer reported.

Expanding on these ideas in an Oct. 12 interview with the *Washington Post*, Hungarian economist Bela Czikos-Nagy said Hungary would introduce reforms making "provision for unemployment as a means of improving labor efficiency. . . [and] a planned curtailment of industrial growth."

Sadat launches new "Pan-Arab League"

Egyptian president Anwar Sadat established a League of the Islamic and Arab Peoples in Cairo last week. The League will aim to position Egypt in the forefront of a pan-Arab, pan-Islamic movement committed to "taking on the Soviets" in the Middle East.

Mideast watchers assert that the new League is designed to function in the context of a NATO militarization of the Middle East.

The secretary general of the newly formed League is Sayyid Nawfal, the former secretary general of the Arab League. The Arab League's headquarters were removed from Cairo upon Sadat's signing of the Camp David accords.

The assistant secretary of the League is Harun al-Mujaddadi, described by the Egyptian press as "an Afghan struggler" dedicated to eliminating Soviet influence in the region.

China, U.S. keep Pol Pot alive in U.N.

The United Nations General Assembly voted Oct. 13 to maintain the former Pol Pot regime as the representative of Kampuchea for another year.

Peking and Washington, with assistance from Thailand and Singapore, were the prime movers behind the support for Pol Pot. The votes followed the same pattern as last year's; almost half the U.N. members either voted against Pol Pot or abstained.

The Vietnamese ambassador, Ha Van Lau, told the General Assembly debate that his country was not asking for the recognition of the present government of Heng Samrin in Phnom Penh but merely that the U.N. seat be kept vacant. Lau asserted that the world—with exceptions like China—condemns the Pol Pot murders and that the division was only over recognition of the new Phnom Penh government, which, he emphasized, has run Kampuchea for 20 months now, "restored a devastated country," and checked famine conditions.

Lau called on the U.N. to reject the presence of representatives of a regime which "killed almost half its people." "Cutthroats cannot represent their victims," he declared.

Iraq and Iran communists condemn Saddam Hussein

The communist parties of Iraq and Iran have issued a joint statement from Rome attacking Iraqi president Saddam Hussein for his invasion of Iran aimed at overthrowing the Iranian dictatorship of Ayatollah Khomeini. The statement attacked President Hussein for "his expansionist purposes" and charged that he aims to replace the former Shah "as the world's gendarme."

Saddam Hussein has initiated a tough campaign to contain the influence of the Iraqi Communist Party since he came to power last year. Like its Iranian counterpart, the Iraqi CP is controlled by British intelligence through the latter's assets in the U.S.S.R. associated with triple agent Kim Philby. The British have made no secret of their disdain for Saddam Hussein's designs to make Iraq the economic model for a full-scale Arab development plan for the next two decades.

The statement emphasizes the "democratic" rights of the minorities in Iraq, especially the Kurds, a minority group historically infiltrated with British and Israeli agents attempting to manipulate the Kurds against the governments of both Iran and Iraq.