

IN THE WORLD

U.S./SOUTH KOREA

Korea scandal may sink top U.S. envoy

WASHINGTON, D.C.—The same man President Carter sent to Seoul to consult with South Korean president Park Chung Hee on American troop withdrawals may have been deeply involved in the South Korean bribery scandals that shook Washington last year.

According to a former intelligence operative who maintains close CIA ties, Philip C. Habib, Undersecretary of State in the Ford and the Carter administrations, was present at meetings at South Korea's presidential palace (the Blue House) where President Park, lobbyist extraordinaire Tongsun Park, and other close aides discussed an overall plan to win friends for Seoul in the U.S. The plan was designed as a covert diplomatic campaign to build support for South Korea in Congress and among key academics just as plans were being discussed for a possible American troop withdrawal.

Habib's role, according to the source, has been preserved on tapes recorded by American intelligence, which bugged the Blue House. Habib's attitude was a flat-out, "Let's go to it," the source says.

Habib's alleged participation in the Korean scheme, the source says, has touched off a massive struggle inside the highest diplomatic and intelligence circles

in Washington.

"The stakes are high," said one source. "Because of the involvement of so many agencies, everyone has a stake in keeping the lid on." But according to the source, "There's a young guy in the CIA rattling those tapes and trying to force Habib to come clean. They are very, very—and I can't emphasize this enough—very concerned about this thing. Habib is caught and he knows it. But he's ready to go to the mat over it. Henry Kissinger ordered him to do it and he's ready to say so if he's forced."

The State department has not commented on the allegations.

It is unclear whether the present investigations in the House Ethics Committee or the House Subcommittee on International Organizations will touch on Habib's role. The Ethics Committee has a lackluster record in previous investigations and is reportedly willing to turn over the investigation to the Internal Revenue Service.

So far, American government investigations have not gotten off the ground.

Last year when the South Korean bribery scandal was beginning to heat up, Donald Ranard, the head of the State Department's Korea Desk, pressed his im-



American Undersecretary of State Philip C. Habib shakes hands with the Japanese Foreign Minister Ichiro Hatoyama on stopover with Gen. George Brown prior to their visit to South Korea last week.

mediate superior to do something about it. His superior was none other than Habib, then Ford's Undersecretary for Asian Affairs.

"We were having a discussion about the Koreans one day," Ranard recalled in an interview, "and Phil was romping up and down the room complaining about these Koreans and their money and the congressmen and so forth. And so I said, 'Well, do something about it. I've tried and haven't gotten anywhere. You're the one with the presidential portfolio.

Go to the White House and tell the President that this is an intolerable situation and you want it stopped."

Ranard paused. "I never heard anything about it again."

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INTERNATIONAL ECONOMY

US lets down 3rd World at Paris talks

In his May 22 speech at Notre Dame, President Jimmy Carter warned that "we can no longer have a foreign policy solely for the industrial nations we must respond to the new reality of a politically awakening world." He promised that the U.S. would present "constructive proposals for the forthcoming meeting on North/South problems of poverty, development, and global well-being."

He was referring to the Paris meeting of the Conference on International Economic Cooperation and Development, which brought together 19 Third World nations and the industrial capitalist nations.

At the final session last week Secretary of State Cyrus Vance reiterated Carter's commitment. "There should be a new international system," Vance said. "In that system there must be equity; there must be growth; but above all there must be justice. We are prepared to help build that system."

If the Paris talks are any indication of the depth of American commitment to a "New International Economic Order," the results are shallow indeed. Vance used an offer of \$375 million in emergency aid to the "poor nations" to counterbalance the refusal of the U.S. to support the substance of Third World demands. These center on the creation of a "common fund" to eliminate sharp drops in raw material prices and a moratorium on rising Third World debts.

The final statement of the conference expressed the lack of consensus between the industrial capitalist countries, led by the U.S., and the Third World nations. While agreeing that a common fund could be a "key instrument" for attaining stable raw material prices, the conference failed to agree on the specifics of a proposal. "It is a masterpiece of language," one West-

The Third World countries want relief from their soaring debts.

ern delegate said. On the crucial issue of debt relief, there was not even an agreement "in principle."

International collective bargaining.

What the Third World countries wanted from the Paris meeting is a buffer for the 17 basic agricultural and mineral commodities that make up 80 percent of the exports of the underdeveloped world. They want protection against the price fluctuations that wreak havoc on their economies—fluctuations that are in large measure determined by the buyers who continually play one country against another for better terms of trade and lower prices. While buyers control the market of raw materials and beat down prices, the same people, now sellers, control the markets for finished industrial goods. The underdeveloped countries are forced to sell cheap and buy high.

To protect themselves from this uneven and dependent treatment, the Third World nations have proposed a \$6 billion fund to support basic commodity prices through a stockpiling scheme. In times of glut, the fund would buy up commodities, which they would then throw back on the market in times of scarcity.

In addition, the Third World nations would like to link the prices of basic commodities to the prices of finished industrial goods, since the prices of finished goods tend to rise much faster than prices of raw materials. These two proposals are attempts to introduce international collective bargaining as a solution to the poor countries' deteriorating economic condition.

The best index of this deteriorating condition is the increasing debt that these countries face, both in terms of their balance of payments and their repayments on direct development loans. In the 1960s the collective annual debt of the Third World countries stayed relatively stable at around \$12 billion. But by the end of 1976, they owed nearly \$50 billion to private banks and international lending institutions and their balance of payments deficits threatened to bankrupt more than one country.

One American government official said that the heavy debts incurred by Third World nations "prevent the recession of the mid-'70s from being another 1930s depression." By borrowing huge sums from industrial capitalist countries and spending them on imports, they had cushioned the recession. But many American officials now feel that the size of the debts have gotten out of hand and threaten the stability of the international economy.

At the Paris conference, the Third World nations demanded that a debt moratorium be arranged for the indebted nations. Repayments to private banks and international lending agencies—the IMF and World Bank—would be rescheduled or cancelled.

But the industrial nations insisted that any commodity buffer arrangement or debt moratorium be made on a case-by-case basis. They refused to deal with the demands collectively, where the Third World nations would wield more power.

They offered \$1 billion in additional foreign aid, with the U.S. kicking in \$375 million, but proposed no general

plan nor any concrete solutions. The lack of any concrete alternatives for the underdeveloped countries is due in part to the lack of agreement among competing industrialized nations and to particular capitalists' divergent interests within each state.

Soviets asked to participate.

The Paris conference was only part of continuing talks between the capitalist countries and the Third World. Many of the issues discussed there will come up again when the United Nations Conference on Trade and Development reconvenes in Geneva this November.

The U.S. had wanted to continue the Paris talks themselves as a way of continuing the discussions on energy. The U.S. and other industrial capitalist countries had wanted to use the talks to pressure the OPEC countries into concessions on prices. But Third World countries joined OPEC in refusing to extend the Paris talks.

The U.S. also proposed that the Soviet Union be included in future North/South discussions. But the Soviets have so far refused to participate. They reject the concept of a "North/South" division between industrialized and industrializing countries, arguing that it obscures the legacy of colonialism and the persistence of chronic underdevelopment. They maintain instead that "there are capitalist industrial states, socialist states, and developing states."

But it is reported that Third World countries are now also pressuring the Soviet Union and its allies to join the North/South talks. Countries like Egypt with large debts to the Soviet Union resent the Soviet insistence that the world economic disarray is the sole consequence of the industrialized capitalist countries.

SOUTHEAST PACIFIC



The president of FRETILIN, Francisco Xavier de Amaral, with vice-president, Nicolau Lobato.

East Timor fights for its life in an unreported bloody war

A bloody war is being fought on the Southeast Asian island of Timor, but few Americans know about it. The Indonesian military, which invaded the infant Democratic Republic of East Timor on Dec. 7, 1975, controls all access to the island and controls all communications but one radio transmitter operated by FRETILIN, the Revolutionary Front for the Independence of East Timor.

This April the Indonesians carefully staged whirlwind tours of their section of the island to convince Congresswoman Helen Meyner (D-N.J.) and Congressman Bill Goodling (R-Pa.) that their forces have pacified the island, but the fighting continues. FRETILIN, though isolated geographically, is a powerful military force that controls as much as 85 percent of the island.

East Timor is a former Portuguese colony, covering the northeastern half of the Lesser Sunda Archipelago island of Timor. All other islands in the area are part of Indonesia, because the Dutch controlled them. Before the fighting began, there were about 650,000 people living in the 7,400 square mile nation. The largest city, Dili—the capitol—held only 50,000. The rest of the people resided in small towns and villages, conducting subsistence agriculture or working on coffee plantations. Very few Timorese were educated—in fact, very few spoke the official language, Portuguese. Most spoke tribal languages or the *lingua franca*, Tetum.

Background of the African revolution

The revolutionary wave that swept Portuguese Africa missed Timor. Only when the Armed Forces Movement staged the "Carnation Coup" in April 1974 did activity begin.

It was followed by the leftward swing in the conservative Timorese Democratic Union, consisting primarily of middle class, plantation workers and non-land civil servants, staged a coup.

In August 1975, using its control of the

police force, FRETILIN, however, was able to rally to its side the 3,000-strong militia—the Portuguese had practiced universal military training—and it soon gained control over the entire country.

Though FRETILIN was by no means ideologically Marxist, it was the furthest left of the three main parties. It had sponsored literacy and other social programs in its organizing drive, supported independence, and organized colonial employees for higher wages.

News blockade.

Indonesia decided not to tolerate FRETILIN rule. A FRETILIN-led government could symbolize an alternative to Javanese rule for Indonesia's national minorities (such as the Papuans, West Timorese, or Moluccans) and an alternative to reactionary military rule to survivors from the huge left-wing parties that operated in Indonesia before the 1965-66 coup.

As early as October 1975 Indonesia sent irregular infantrymen across the border from West Timore. The Indonesians were repulsed, but FRETILIN was concerned

that Portugal had virtually ignored Indonesian action. FRETILIN decided that it could gather more diplomatic support—especially at the UN—if it declared independence, so it did so on Nov. 28, 1975.

On Dec. 7, 1975, within 24 hours after a visit to Indonesia by President Ford and Henry Kissinger, Indonesia launched an air, land, and sea invasion of East Timor. In their first drive, the Indonesians slaughtered as many as 60,000 Timorese civilians, particularly ethnic Chinese—many of whom welcomed the Indonesians.

The Indonesian military controlled all news of the fighting, feeding information to foreign reporters in Jakarta, the Indonesian capital. Now foreign journalists are sometimes allowed into Indonesian secured sections of East Timor, but their movements and contacts are carefully controlled.

Outside of informal reports from Indonesians who have been to East Timor, the only leak in the news blockade has been a radio transmitter operated by FRETILIN and monitored by supporters in Australia.

Broken Dutch promise sparks South Moluccan school seizure

Two heavily armed groups of South Moluccans seized a Dutch school and hijacked a train capturing 161 schoolchildren, teachers and travelers. They demanded that the Dutch government secede from Indonesia and release 21 South Moluccans imprisoned for seizing a Dutch consulate and a train in December 1975.

The school in Boyens, where the children were being held, promised to be released, but Dutch officials are negotiating for the release of the school and 50 people captured on the train.

The South Moluccans' homeland, a group of islands east of Indonesia, has

been dominated in turn by the Arabs, Portuguese, Dutch, British, Japanese and Indonesians. Some of the 40,000 Moluccans living in the Netherlands came there after having fought in the Dutch army in World War II. Some 12,000 others were forcibly relocated there after an abortive revolution from Indonesia in 1950.

The Dutch promised the South Moluccans that they would someday return. But the tide that brought South Moluccans to Dutch shores dried up with the withdrawal of Dutch colonialism from the Far East, and the South Moluccans have become stranded in a country not their own, caught between a colonial past and an independent future.

Ready-made people's war.

FRETILIN's quick guerrilla mobilization may be the fastest growth of "people's war" on record. Soon after its formation, FRETILIN had built its strength in rural areas through social, health, and literacy programs. When it won the allegiance of the 3,000-strong full-time militia and most of the 27,000 reserves, it gathered the military force necessary to combat the Indonesian expeditionary force. As the Portuguese withdrew, left-leaning military officials let Portuguese stocks and arsenals fall into FRETILIN hands.

The Indonesian forces included 30,000 to 40,000 troops, chiefly from elite units at first. They were armed primarily with American weapons, which included helicopters and OV-10 "Bronco" counterinsurgency aircraft. Though the Indonesians dominated the coasts—with their Navy of decommissioned American ships—and the air, they lacked motivation to fight. In addition, the job of reinforcing and resupplying the invading force proved difficult and costly. (During the December 1975 invasion the Indonesians impressed civilian aircraft for military transport.)

The Indonesians drove many initially anti-FRETILIN Timorese into the liberation struggle by executing Timorese wantonly, wiping out whole villages in cases. The Indonesians blame the excesses on a few poorly disciplined battalions, but FRETILIN reports continuing, widespread brutality. However, it also reports that some Indonesian troops have established unofficial front-line truces and a few have even begun fighting for FRETILIN.

After nearly a year and a half of combat, the military situation seems to have stalemated. FRETILIN is fighting a classic guerrilla struggle, controlling most of the countryside and mounting attacks on the Indonesian garrisons and supply columns. Estimates vary, but the most educated say that FRETILIN controls 85 percent of the territory, where 80 percent of the 600,000 surviving Timorese live, while the Indonesians control the largest towns, including Dili and Baucau. One report within the Indonesian government says that only eight of East Timor's 22 districts are safe.

Indonesian stability shaken.

Given FRETILIN's resourcefulness and Indonesia's resources, the conflict could go on for many years. There are three things which could shift the balance. First, the precarious coalition of technocrats, crooks and soldiers that governs Indonesia could fall apart. The war has been costly—Indonesia has spent as much as \$150 million on the fighting and between 5,000 and 20,000 soldiers have died. Occurring at the same time as the bankruptcy of Pertamina, the Indonesian state-owned oil company, the Timor war has destabilized the Indonesian government.

Second, the American Congress could cut off military aid to Indonesia because of its human right record. Opponents of aid have not only pointed out Indonesian brutality in Timor, but they have documented the continuing imprisonment, without trial, of somewhere between 35,000 and 100,000 opponents of the military regime over the last 11 years.

Third, outside governments may provide FRETILIN with the equipment and supplies it needs to mount full-scale, conventional attacks on Indonesian positions. FRETILIN leaders who left the country just before the Indonesian invasion have developed especially close ties with the former Portuguese colonies of Guinea-Bissau, Mozambique, and Angola, as well as the Asian revolutionary regimes in China, Vietnam and Cambodia.

None of these three scenarios is in the immediate future, but each has something to give. FRETILIN seems to be surviving on its own production and capturing goods. It operates in a subsistence mode where people have few material needs. It is on its side.

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