CHAPTER TWO

THE BANKERS, THE BUSINESSMEN, AND THE LAWYERS

IT IS September 24, 1980, in the Versailles Room of New York's St. Regis Hotel. Surrounded by marble walls, beneath chandeliers of cut Waterford crystal, forty-seven men and a sprinkling of women have gathered around white-linened tables at the invitation of the United States Chamber of Commerce. They have come to meet with some visiting officials from the far-off African republic of Zaire. Joining them, we may begin to learn why America's foreign relations have failed so.

Policy is being made here in the splendor of the St. Regis. Representatives from the great commercial banking houses are assembled here—Chase Manhattan, Citibank, Manufacturers Hanover Trust, and Irving Trust—as well as the more genteel Wall Street investment firms of Lehman Brothers Kuhn Loeb and Lazard Frères & Company. General Motors is represented. So are American Express, Texaco and Mobil oil companies, Newmont Mining Company, and a variety of shipping concerns.

Theodore Roosevelt IV of presidential blood is here representing Lehman Brothers, and Cyrus Vance, Jr., son of the recently departed secretary of state, is representing the worldwide shipowning and cargo-chartering interests of Skaarup Shipping Corporation. Orville L. Freeman, the former secretary of agriculture, is on the guest list representing Business International Corporation, a consulting firm.* Mary Lee Garrison, a foreign service careerist

*Freeman says he skipped the meeting and sent a subordinate.

who runs the Zaire (pronounced, "Zy-*ear*") desk at the State Department, is here representing the government.

Maurice Tempelsman, the international diamond magnate, prefers to keep a low business profile. He is represented at the St. Regis by several top aides. Recently, Tempelsman's low business profile has been threatened by gossip column items linking him romantically to Jacqueline Onassis. They have been photographed together on his yacht, and Mrs. Onassis is suing a photographer who harassed her daughter, Caroline Kennedy, outside Tempelsman's summer home.

Mrs. Onassis's son, John F. Kennedy, Jr., a college student, has spent the summer traveling in Africa in the employ of Tempelsman's operations. Her first husband's closest White House counselor, Theodore Sorensen, is Tempelsman's longtime lawyer. Sorensen has spent a bit of time in Zaire. One-fourth of all the world's diamonds come from there, and Tempelsman also has a stake in Zaire's rich copper lodes. Tempelsman, like many businessmen, has contributed generously to both major U.S. parties over the years. Belgian politics interest him as well; Belgium colonized Zaire, and arrangements made at the time of independence assured that the Belgians would retain considerable influence there. Tempelsman had the wife of the Belgian foreign minister on his payroll as a $20,000-a-year consultant before the foreign minister lost his job in a cabinet reshuffle a few months ago.

The Central Intelligence Agency may be represented in the Versailles Room, too, though, of course, we can't know by whom. Chase Manhattan and other big banks have provided cover for CIA operations at times by employing spies as bank officers.* Tempelsman has also employed at least one senior aide from CIA ranks (after the spy declared his retirement). Theodore Roosevelt's cousin Kermit Roosevelt spied for the CIA while working as a sales agent in the Middle East for big military contractors like Northrop. And Sorensen was President Carter's first, unsuccessful, choice to direct the CIA.

THIS is a tax write-off lunch. The guests at the St. Regis are mostly people accustomed to the tax write-off meal system. Companies pay for their senior employees' lunch, and often dinner, and then deduct the cost from taxable income as a business expense. The value of the meal isn't taxed as income to the eater himself, either. So 50 percent of the cost of dining, including the cost of the marble halls and cut Waterford crystal chandeliers required for the diner's comfort, is paid for out of the pockets of the millions of lathe operators, clerks, computer programmers, dirt farmers, druggists, and hod carriers who are harnessed collectively as the American taxpayer.

*There are numerous sources for this, including congressional investigators and former bank employees. It's been widely published and never denied.

But today's bill at the St. Regis is a little different, because when it is finally passed through the Chamber of Commerce to its member companies, much of the bill not covered by the American taxpayer will be forwarded in the form of fees and business costs to the citizens of Zaire. American taxpayers are having a rough time of it during these years of slow growth, high interest rates, and inflation. But next to their counterparts in Zaire, they have no complaints. A survey completed a few weeks earlier in this summer of 1980 by a team that included members of the United States Peace Corps concluded that malnutrition kills more than one-third of Zaire's citizens and leaves countless others with permanent brain damage, usually suffered in youth. The 25 to 28 million people of Zaire, half of them children, are literally starving to death in their mud huts.

Few Americans in the tax-free dining class, and certainly none of those at the St. Regis, consume three martinis with lunch. (Three martinis is the standard of extravagance that has been declared unacceptable by President Jimmy Carter.*) Even without the martinis, however, the vichyssoise, chicken florentine, strawberry tortes, and appropriate Italian wines served up by the St. Regis this day would leave the average Zairian walleyed. What's more, there is a final course to come for these financiers and industrialists, and it is far more expensive to the taxpaying citizens of the United States and Zaire than was the food that preceded it. That course is a vision of the world the way the tax-free dining class would like it to be.

AS the coffee is poured, Citoyen Namwisi Ma Koyi rises to read his prepared speech. ("Citoyen," or citizen, is the form of address that Namwisi's boss and Zaire's autocratic ruler, Mobutu Sese Seko, has decreed for his nation.) Citoyen Namwisi is the Zairian minister of finance, and his coal-black body is decked out in a well-tailored Western business suit.

"First of all," Namwisi says, "the government of Zaire wishes to keep its creditors and its current and potential economic partners informed of the progress made in the laborious process of rehabilitating and developing our country." He tells the creditors and economic partners around the Versailles Room that the laborious process is perking along fine. "Zaire is now doing noticeably better," he says. "The foundation for the improvement of the country's economic and financial condition is being strengthened daily. . . . Measures taken by the Zairian authorities, especially during the last twelve months, have begun to bear fruit."

Citoyen Namwisi admits his country still has a few problems. But he blames them on events beyond the control of him or his audience. He men-

*A reticent reformer, Carter was trying to ask Congress to end the government subsidy to luxury dining without directly embarrassing its rich, but usually sober, beneficiaries. So instead of attacking the actual $35 worth of viands and claret, he attacked the phony $7.50 worth of gin. He was thwarted by public apathy and the hotel-restaurant lobby.

tions "the sudden reversal of copper prices in 1974–1975," and "weather problems." And he complains about "the two foreign invasions of Shaba province." Shaba, formerly known as Katanga, holds most of Zaire's mineral wealth.

As everyone in the Versailles Room today knows, French and Belgian paratroopers, with U.S. military transport and logistical help, put down rebellions in Shaba in 1977 and again in 1978. These Western interventions, however, aren't the invasions to which Namwisi is referring. Nobody in the room likes to think of the arrival of French, Belgian, and American military forces in the middle of Africa to seize the world's richest copper and cobalt lodes as an "invasion." It is a "rescue mission." By "invasions," Namwisi is referring to alleged *prior* invasions from Soviet-influenced Angola. Invaders from Angola were the official justification for calling in Western troops.

At the time, the black invaders from Angola were reported in the American press as having carried out an indiscriminate massacre of hundreds of whites. It was also reported that only the arrival of U.S., French, and Belgian forces saved the entire white community of mining managers and their families and related personnel from similar execution. Most Americans who can remember the events—even most people in the Versailles Room—accept this story as true, because it's all they've heard.

For example, at the time of the 1978 conflict the Associated Press, quoting "survivors," reported, "Rebel tribesmen on a rampage of murder and rape slaughtered as many as 200 persons in a 'hunt for the white man.'" United Press International reported, "Rebel troops went into a frenzy of killing and looting in which they massacred at least 150 whites." The *Washington Post* said this "may turn out to have been the worst massacre of Europeans in modern African history." Then Walter Cronkite, perhaps the United States's most trusted news source, opened the "CBS Evening News" on May 19, 1978, with these words: "Good Evening. The worst fears in the rebel invasion of Zaire's Shaba province reportedly have been realized. Rebels being routed from the mining town of Kolwezi are reported to have killed a number of Europeans."*

What a judgment on the value of lives! It is clear now, and should have been then, that far more blacks died in the violence than did Europeans—and far more than that had been dying regularly for years from malnutrition and preventable disease. Big powers habitually discount the death of Third Worlders. This is a real problem, not just for the people dying, but also sometimes for the United States.

In this summer of 1980, even as Citoyen Namwisi speaks at the St. Regis, bodies of countless peasants litter the landscape of El Salvador. American

*Thanks to *Africa News* of Durham, North Carolina, which rounded up these quotes. They have been verified by the author.

support for the government there won't be broadly questioned until later, when three American nuns and another woman church worker are gunned down. All through 1979, Soviet weaponry was annihilating Afghan villagers. By much evidence, the weapons may have included poison gas that had been outlawed under international agreement. Few cared, until Soviet troops appeared in December, creating a crisis. When the same thing happened in Laos, and no Soviet troops appeared, few seemed to care at all.

Then there is Iran, a country to which Zaire is often compared. Like Iran, Zaire has resources the U.S. needs. Like Iran, Zaire was saddled long ago with an unpopular, Western-contolled government. And so Zaire is a candidate to have a very unpleasant revolution—like Iran's. In 1978 and 1979, countless thousands of Iranian civilians suffered brutalities from American-supplied weapons. U.S. guns killed them, U.S. cattle prods burned them, U.S. experts taught their oppressors how to torture them. American citizens remained largely unaware of this, and their president, Carter, went out of his way to embrace the Iranian shah. Now, in September 1980, the shah has been replaced, and the fate of the world is thought to hang on what happens to fifty American hostages—a relative handful, who will eventually be released unharmed.

Sympathy for the fifty hostages is not misplaced, of course, any more than sympathy for the four murdered church workers in El Salvador. But a refusal to see such events in their context leaves the United States perpetually unprepared for crises abroad, when these crises are the natural consequence not only of events long visible, but often, in part, of the U.S.'s own actions.

As for Walter Cronkite, his concern for fairness is usually exemplary. Most of his journalistic colleagues and most of his listeners—the American people—are likewise of good will, including a lot of the businessmen in the Versailles Room. But in the Shaba episode, journalists and their audiences alike were ready to plunge into action based on misunderstandings of local conditions—because the news stories about Shaba, like so many secondhand accounts of events in El Salvador, Afghanistan, Laos, Iran, and other Third World countries published in the American press, weren't true.

The *Washington Post* later made at least a partial retraction of the Shaba massacre story, though with considerably less visibility than the "massacre" got. It said that the original reports had come from Western and Zairian government sources, not from firsthand observation. These sources had "exaggerated," the *Post* explained.

Obviously, the government sources had lied, in order to gain sympathy for what is still generally described as a "rescue mission." It certainly was a rescue mission, but all the talk of rape and massacre merely obscured the fact that what was really being rescued were copper and cobalt mines, and a dictatorial government.

If you go to Kolwezi, the mining center that was at the heart of the fighting,* residents both black and white will tell you that the Shaba uprisings of 1977 and 1978 involved not so much invaders, but mostly local people, who are predominantly of the Lunda tribe, or ethnic group. These local Balunda ("Ba" is plural) were suffering under the same miserable conditions as other Zairians. In addition, they had long resented the domination of the central government by ethnic groups from the north and west of Zaire. (The Associated Press dispatch quoted above called the rebels "tribesmen," which conveys an inaccurate picture of painted savages; but the dispatch didn't explain the ethnic divisions of central Africa, which might have shed light on what was happening.)

The Shabans revolted when a small military force, mostly of fellow Balunda, arrived from across the nearby border with Angola. Ironically, most of this force had been trained not by the Soviets, as was being suggested, but by the West. That happened soon after Zaire (then the Congo) became independent in 1960. The Balunda had wanted to make their home province an independent country. Many Westerners with business interests there had encouraged them to secede and become independent. These European and American advisors feared that the central government might try to nationalize mineral resources, and they hoped to secure continued Western ownership of the mines through an alliance with an independent Shaba (then known as Katanga).

That early secession was put down by a force from the United Nations. Many defeated Balunda soldiers followed the Western mercenaries who had fought with them into Angola, which was then a Portuguese colony. These Western-trained secessionists and their sons were basically the same militiamen who entered Zaire in the Shaba incidents of 1977 and 1978. So they hardly qualify for the role of communist aggressors in which they were cast. Family and friends welcomed them back and joined them once more in rebellion against the central government.

In other words, practically all the "invaders" lived in the place they were "invading," and most had never left there. They were challenging the authority of a central government that had never been popular in Shaba. Now the government was unpopular throughout Zaire, for reasons wholly transcending socialism, capitalism, or Soviet or American alliances. The rebellion was overwhelmingly supported by the residents of Kolwezi.

Of course, the Zairian government of Mobutu Sese Seko put out a different story. To encourage Western intervention against the rebellion, Zaire said that Cuban troops—some 20,000 of whom were busy propping up the government of Angola—were fighting with the Shaba invaders. There has never been any evidence of this, and it almost certainly wasn't true. But President Carter immediately began accusing Cuba, first of equipping and training the

*My most recent visit to the area was in May 1980, four months before the luncheon in the Versailles Room.

rebels, then, failing evidence of that, just of not restraining them. (Carter's ultimate suggestion that Cuba had a moral responsibility to use its troops in the area to *prevent* the Balunda from rebelling against their dictatorial government certainly has an ironic touch.)

The administration line was widely accepted by an American people that, despite decades of being misled, still really wants to believe its government. The *Wall Street Journal* reported from Washington (not Kolwezi), "The invasion of Zaire's copper-rich Shaba province by guerrillas based in Angola... heightened administration concern about communist expansion in Africa. There is widespread disagreement over how to check Soviet and Cuban aggression, however."* By this time, it was almost hopeless to point out, spitting in the wind of accepted propaganda, that the problem in Zaire didn't involve Soviet or Cuban aggression—or racial massacres.

While the rebels controlled Kolwezi, according to interviews with people who lived through it, they conducted a house-to-house hunt-down of one or two dozen mining overseers, some white and some black, who were blamed for the death and mistreatment of miners. These men were singled out and murdered. But apparently even this didn't happen until after the town was attacked, first by Zairian government troops and then by the U.S.-supplied French and Belgians. (European reporters have written that the shooting of whites started when President Mobutu ordered Zairian government troops to kill some in order to ensure Western intervention, but this has never been substantiated.)

In the anarchy that prevailed as the rebellion crumbled, there was some looting and at least one widely reported case of multiple rape (of a white woman, which is no doubt why it was widely reported). It isn't clear whether the looters or rapists were rebels, Zairian government soldiers, civilians, or all three. There were reports of random shootings by unknown persons, and other atrocities attendant to war. There was also a lot of machine gun and mortar fighting, and many died in it. In all, of the several thousand whites who lived there, about 130 were killed.

But whites living in Kolwezi in 1980 recalled no indiscriminate massacre. Some whites said they were forced from their homes by French paratroops and made to fly to "safety" in Europe against their will. Some, including wives and children, even had to pay their own way back to Kolwezi. They did so, which was the ultimate demonstration of how unthreatened they felt.

All available evidence is that far more blacks were killed by the white "rescuers" than whites were killed by black rebels. Belgian soldiers reported seeing half a dozen whites die from gunfire from French troops. Before the Western forces arrived, most of the eighty-eight U.S. citizens in Kolwezi

*Three months later, another *Journal* reporter, Jonathan Spivak, actually went to Zaire, and did perhaps the year's best reporting from there. He avoided the official version of the Shaba episode, and told instead about conditions he observed in the country.

had been peacefully evacuated by truck and helicopter provided by Morrison-Knudsen Company, the construction firm that employed many of them. Fourteen chose to stay. One was killed, it's not clear by whom, apparently while driving through a combat zone trying to reach his German wife. She and the other Americans were unharmed.

Still, when the subject comes up, the Western press and people like Namwisi Ma Koyi speaking in the Versailles Room of the St. Regis Hotel continue to talk of Angolan invasions and massacres. To protect against this alleged Soviet-backed menace, the Zairian government persuaded its Western patrons to supply new arms and to station troops there (for "training purposes" only, of course). This new strength was then paraded before the bone-hungry pepole of Zaire to discourage them from further protesting their predicament.

The government of Zaire and the Western interests that use that government weren't the only ones exploiting the Shabans' plight. The international Left also found the invasion story convenient. A European-based group called the National Front for the Liberation of the Congo (Zaire is the name given by Mobutu) quickly claimed credit for leading the invading army, though it disclaimed any Balunda partisanship. This "liberation" group was largely unknown in Kolwezi or anywhere else in Zaire, and had no visible power. But its emissaries in Europe and the U.S. convinced leftists to endorse it as a kind of exile government. Much of the press also accepted the accuracy of these claims.

Thus the Shaba incidents became archetypal examples of Third World conflict. The truth vanished, as a local problem was translated into international melodrama. Local people suffered and nurtured their resentment, while the meolodrama suited vested interests elsewhere. Not a few of these suited vested interests were present in vested suits, in the Versailles Room of the St. Regis on September 24, 1980.

CITOYEN NAMWISI turns the subject from military invasion to money, and the International Monetary Fund. In 1978, an IMF team had taken up quarters in Zaire's central bank. It was and is a sort of minigovernment sent in from the U.S. and Western Europe, essentially to try to run Zaire's economy. The IMF operates such minigovernments in about forty countries.

Why would a country let an international outfit like the IMF take over an important function of national government? Namwisi tells his audience, "We recognize that Zaire should provide tangible proof to the international community as a whole of its serious efforts to redress its economy and finances. . . . Our relations with the International Monetary Fund offer proof of such resolve." What he means is, his government wants new loans, and it wants more time to pay the old ones. Installing an IMF team is the West's price for keeping credit lines open.

This is all part of a giant international flimflam, which accounts for a large part of the half a trillion dollars or so now owed by the poorer countries to the richer ones. Much of this debt is owed even though the poorer countries never received the money they supposedly borrowed. This debt is one of the most important unsettling factors in the world today. If you look beneath such boiling pots as Poland and Central America, you will find this debt, burning.

The debt system isn't as complicated as it sounds, and is worth a minute to understand. Theoretically, the IMF operates under the auspices of the United Nations, to promote international cooperation in keeping currencies stable and interchangeable. But the IMF is controlled by the West, because the West supplies most of the money that the IMF lends out.

The IMF lends to countries to help balance their international payments, if, for example, they import more than they export. A line of credit from the IMF guarantees that whoever is selling goods to such a country will get paid, even though the country that is buying the goods hasn't earned enough money on the world market to cover its debts. Such a loan can be looked at two ways. In one sense, it is an artificial device to help poor countries buy things beyond their current means. In another sense, it is an artificial device to allow businessmen in rich countries to sell things they otherwise couldn't sell. In any event, once the IMF makes such a loan, it often demands control over the borrowing country's importing and exporting, which can lead to control over the entire economy.

The IMF has a sister institution, the World Bank, that was originally intended to be much more important to Third World countries. The World Bank makes big loans for development projects like dams and airports. Of course, heavy development borrowing is a form of importing, and often leads to trade imbalances. So taking a loan from the World Bank is often a prelude to taking a loan from the IMF, which in turn often leads to the IMF's grabbing control of a country's financial management.

In the 1970s, the IMF role broadened. Much of the development lending that had been done by the World Bank and other international organizations was taken over by private banks in the United States and the former colonial countries of Western Europe. These private banks, flush with Arab oil money and other funds, have found big profits making direct loans to Third World governments. Yet the IMF has continued its role as regulator whenever a country can't pay its debts. So in a pracitcal sense, the IMF often acts as a U.N.-authorized collection agent for the big banks. By the end of 1981, the IMF exercised control not only in Zaire, but in such other large countries as the Philippines, Kenya, India, South Korea, Pakistan, Thailand, and Turkey.

At the St. Regis, Namwisi describes the IMF control of Zaire's finances in a way designed to please his audience. He says, "In order to be able to use the financial resources put at its disposal by the IMF, Zaire must adhere to a series of budgetary and monetary performance criteria." What Namwisi really means doesn't take a degree in economics to understand.

The IMF team will make sure that any money Zaire gets through sale of its resources is sent back out again to repay Western bankers. Enough spare parts and fuel will be allowed in to maintain the mining industry. And Zairian officials will be allowed to skim off enough in graft to keep them cooperative. Under this arrangement, much of the money paid for Zairian minerals never even arrives in Zaire except as a bookkeeping entry.

Zaire's external debt is in the neighborhood of six and a half billion dollars, or about $240 for every man, woman, and child in the country, against their average per capita income of about $127 a year.

The Western banks lend to Third World countries at relatively high interest rates. Details of the loans usually aren't made public, but overall profit records show that most banks get a higher rate of return from their Third World business than they do from their domestic loans. The ten U.S. banks with the biggest international lending business get, on average, about half of their profits from overseas loans. The biggest, Citibank, was getting about two-thirds of all its profits from these loans as Namwisi spoke in 1980. (The Citibank profit share from overseas loans reached 82.2 percent in 1977.) This shift in profit centers represents a tremendous diversion of lending resources, coinciding with the sharp rise in interest rates in the United States and a critical drying up of capital investment in basic U.S. industry.

If all this needed capital is being shipped overseas, one might expect that the Third World countries would at least *benefit* from it. And in some cases, they do. But in many others, maybe the majority, they don't, because this very expensive money isn't invested in sensible, productive ways. Although the money supposedly comes from the heartland of capitalism, almost none of the investment decisions are made by the free market. Most of the money is fed to central planners running Third World governments. Few of these planners are democratically chosen. Many, like Mobutu in Zaire, hold office because of U.S. intervention. Most are corrupt or naive or both, often to a mind-boggling degree.

To the bankers, it doesn't matter, because they have ways of collecting. When they lend at home, they must depend on the money's being invested productively in order to generate funds for repayment. Overseas, the repayment money is in the ground, in the form of minerals, and the taxpayer-funded IMF will see that it gets properly channeled. If necessary, the taxpayer-funded marines and paratroops will see to it. So the money flows, but instead of being guided by Adam Smith's "unseen hand," much of it is merely grabbed by sticky fingers. In Zaire's case, almost all of it has been.

Zaire now owes so much that its vast mineral exports barely meet the interest payments on its debt. When copper prices dip and interest rates rise, such as happened in the late 1970s, the exports don't quite do that. So the debt swells, and the IMF must be there at Zaire's central bank to seize any available spare change, lest Zaire try to spend some income feeding its people instead of fulfilling its international responsibilities.

It is the men in the Versailles Room who are getting paid. Namwisi announces: "I am happy to inform you that, overall, these diverse criteria have been scrupulously adhered to.... I can confirm to you that the government's budget is strictly controlled at a price you can well imagine."

Few in the audience really believe things are getting better for Zaire. The man from Citibank assures a reporter that he doesn't. But it's important to hear these things said. The men in this room depend on Zaire's reputation for solvency and reliability. Without that reputation, Western governments (including the one in Washington) might not be politically able to continue supplying their taxpayers' money and military force to support the system.

ONE justification is usually offered to Congress and the American voter for their continued support of the Mobutu government. That is the danger that Western industry might be cut off from Zaire's strategic minerals, say, by a leftist government. In fact, however, there really is not much danger of a cutoff at all.

War could halt production temporarily, in which event there are stockpiles. Or, as in the case of Iran, U.S. support for a hated dictatorship could engender an anti-Americanism so zealous that it might, for a while, override the economic impetus to trade. But that is a possibility the U.S. could still avoid in Zaire, and even in Iran such irrationalty may be short-lived. In the end, Zaire cannot eat its cobalt, diamonds, copper, and other minerals. Any Zairian government would have to be masochistic not to want to sell these items to whoever will pay for them.

Fox example, the government of Angola, which is the very prototype of the Soviet-influenced, socialist government from which it is thought Zaire must be protected, happily pumps Angolan oil into U.S. tankers. The Angolan government will likely continue doing so just as long as Gulf Oil Company keeps paying Angola more than $500 million a year, the going world price for the oil. Cuba and Vietnam would like to sell goods to the U.S., too, if the U.S. government would let them.

So the flow of minerals from Zaire is unlikely to stop, even if Zaire lands a new dictatorship of an extreme leftist sort, which it probably won't anyway. What *could* change, though, if Zaire changes leadership, is who gets the money. And in this, the interests of the Western banks and Western governments are intertwined in ways the public little realizes. In fact, if you analyze Zaire's $6.5 billion in debt, you find that almost *none* of it arises from anything that much benefited the Zairian people, who are being slowly starved to pay it off.

As the group meets in the St. Regis, for example, relatives of French president Valery Giscard d'Estaing and the companies they run, including large banks, are pulling literally billions of dollars out of the Zairian and other African economies. The banks connected to the Giscard d'Estaing family have lent a lot of money, secured by Africa's minerals. As a rule, this money never reached Africa, but rather was forwarded to European manufacturing companies connected to the Giscard d'Estaing family. With the money, the companies built high-priced showpiece items in Africa that Africans didn't really need, at what apparently was considerable profit for the Europeans. In the case of Zaire alone, contracts for skyscrapers and other lavish buildings, and a billion-dollar satellite and microwave communications system, all involving Giscard d'Estaing family interests, account for close to a third of the foreign debt (much of which is made up of mounting finance costs).

This is the money that the IMF is strangling the Zairian economy to collect. Most Zairians have never seen the fancy buildings. Most have never seen a telephone, and live a day or more's hard travel from the nearest electricity. So they don't need the ultrasophisticated communications system, which came complete with TV studios. Yet in December 1980, when the communications system was declared finished (it broke down almost immediately), its French manufacturer announced that Zaire was now "one of the first countries in the world to possess its own domestic satellite-communications network."

The president of that manufacturing concern was Philippe Giscard d'Estaing, the first cousin and lifelong close friend of the president of France. The contracts for the communications systems *and* the fancy buildings were awarded during the presidency of Valery Giscard d'Estaing, who twice sent French troops to Zaire to protect the Mobutu government. Members of his family, or companies in which they hold high positions, have had extensive business dealings in Gabon, Morocco, Chad, the Central African Republic, Cameroon, Ivory Coast, Mauritania, Niger, and Upper Volta. The governments of many of these countries are heavily obligated to the French government for the military support that keeps them in power.*

Belgium, another of the three countries whose military might regularly bails out Mobutu, also holds roughly a third of the Zairian debt. This mainly involves the banking and industrial trust called Société Général du Belgique, which in colonial days owned many of Zaire's mines and now runs them on contract. Société Général is in large part owned by the king of Belgium as a personal business venture. Its ties to other political leaders in Brussels are myriad. As one investigates these holdings, the availability of Western troops to support the government of Zaire becomes less wondrous.

The man from Manufacturers Hanover leans across the strawberries in the Versailles Room to tell a reporter how the system can work for a U.S. company. "We don't have any exposure in Zaire," he says. "It's all government guaranteed." What he means is that his bank has arranged for its

*Details may be found in a page-one article in the *Wall Street Journal*, April 23, 1981.

loans to Zaire to be guaranteed by the U.S. Export-Import Bank, a federal agency. So if Zaire doesn't repay the money it owes to Manufacturers Hanover, the U.S. taxpayer is obligated to repay it. Even though Manufacturers Hanover and its affiliates have lent hundreds of millions of dollars to Zaire, and are collecting interest, the bank doesn't have to worry about its investment.

The Export-Import Bank functions as a welfare arrangement for business that makes most government welfare programs for individuals look penurious by comparison. The Ex-Im bank uses tax revenues to make or guarantee loans that finance the sale of American goods and services abroad. This provides jobs, and profits, at home. The Ex-Im bank is considered necessary because competing industrialized countries like France and Japan have similar institutions that supply tax revenues to aid export businesses.

At the end of 1981, the Ex-Im bank reported $38.4 billion outstanding in direct loans and loan guarantees, including $624 million covering exports to Zaire. The bank is one of several loan and loan guarantee agencies the government operates to stimulate foreign sales. These agencies had close to $80 billion of taxpayer funds at risk in 1982. One such agency, the Commodities Credit Corporation, guaranteed loans to Poland of $680 million to buy American food. Early in 1982, this federal agency was called on to fork over $71.3 million to a group of ten big U.S. banks when Poland, under Soviet-ordered martial law, failed to pay for the food on schedule. In 1981, U.S. taxpayers had shelled out $158 million to bail out the banks on their bad loans to Poland. With things getting worse in Poland under martial law, that figure was expected to grow soon to nearly $400 million.

One might imagine that great care would go into parceling out these taxpayer guarantees to business. But a third such agency, the Overseas Private Investment Corporation,* with $4.9 billion in risks outstanding in 1982, is directed by a board including Maurice Stans, who, in 1975, pleaded guilty to three counts of campaign fund reporting violations and two counts of accepting illegal campaign contributions.

These transgressions involved contributions from businesses with big foreign investments, and there were strong suggestions that the implied promise of federal favoritism was used to help lure some of the money. Stans lived his life of crime while serving as President Nixon's secretary of commerce and reelection campaign financier. He was fined all of $5,000 for what he did, and six years later was chosen by President Reagan to supervise government support of private foreign investment.

MANUFACTURERS HANOVER got Export-Import Bank guarantees as lead lender on a project in Zaire that will cost something over $1 billion if

*So far, OPIC has prided itself on being profitable, even repaying to the Treasury some of its initial taxpayer seed money. Obviously, a turn of fortune could change that.

it's ever finished. (Most of the money is being supplied by other banks in various syndicates, and by direct loans from the Export-Import Bank.) The project is a power transmission line across eleven hundred miles of rugged, often jungly terrain. The line will carry electricity from the huge dam at Inga, on the Congo River near the Atlantic Ocean, to Shaba, the mining province in the interior. The Inga dam itself had to be expanded to provide extra electricity for the line.

The Inga-Shaba project is being billed as the longest power transmission line ever built, and it may be every bit of that. The problem, besides the fact that it's the better part of a decade behind schedule and the cost has risen to approximately double the original estimate, is that Shaba itself abounds with rivers whose hydroelectric potential is untapped.

Many people, including some American employees helping engineer and build the power line in Zaire, say that the Zairian mining industry could get all the power it needs from dams on these nearby rivers, and at a small fraction of the cost of the dazzlingly sophisticated Inga-Shaba line. That was exactly the conclusion of at least two engineering studies done for the government of Zaire before the power line was started. But the studies were discarded. It was also the opinion, stated in writing, of the Belgian-led company that ran the mines (an offshoot of Société Général). But that opinion was ignored.

New studies were undertaken, recommending the line. Significantly, an engineering technique was intentionally employed making it difficult or impossible for any electricity to be siphoned from the line before it gets to Shaba. So the line won't be able to light up the lives of the millions of Zairians who live along its 1,100-mile path, and who are totally without electricity. For them, the giant stanchions and droopy cables are at best an eyesore.

At worst, the line is a constant reminder of their political and economic servitude. Any one of them with a few sticks of dynamite could knock the power line out of commission. It presents an almost impossible security problem in a country with a long record of civil strife. Sabotage aside, some of the strung cables sag so low as to appear a safety hazard for unsophisticated people who might try to touch them.

With all these arguments against the line, one may reasonably ask why it was ever ordered. Plenty of Zairians and Americans, some in the State Department, say there are two real reasons the power line is being built: first, to provide a big construction contract for U.S. industry in return for U.S. support of the Mobutu regime; and second, to give Mobutu control over the flow of electricity to Shaba. Control of electricity by Mobutu might discourage secessionist movements, like the ones in the early 1960s, or further rebellions, like the ones in 1977 and 1978.

All this suggests that about $1.5 billion in mineral revenues that Zaire desperately needs to save the lives of its people is being wasted on the power line to feed the greed of Mobutu and his American supporters. There is ample evidence to support this conclusion.

A series of mostly secret cables between the U.S. embassy in Zaire and the State Department in 1965* reports the progress of a team of engineers from the United Nations Development Program. The team was headed by an American and included Italians, Frenchmen, and Belgians. The team was reported "opposed to the Inga project as too ambitious and improperly placed." A year later, the embassy reported that a second study, by the Belgian Institute of Economic and Social Research, had concluded, "The solution of refining the mineral products of Katanga [now Shaba] with Inga power is . . . rejected since the slightly lower price of electricity [at the Inga dam site] would not justify the transportation costs [of constructing and operating the power transmission line]." In a 1967 cable to Washington, the embassy itself argued against the project, and said, "Matters like the rehabilitation of transportation and agriculture would seem to have priority. . . ."

But after the Nixon administration took office in 1969, the new U.S. ambassador to Zaire, Sheldon Vance, began to boost the prospects of American companies wanting to build the power line. Encouraged from Washington, Vance apparently did quite an effective selling job.

Still, in 1971, the U.S. consul stationed in Shaba reported problems. He cabled Washington that Henri A. Liekens, the Belgian expatriate in charge of electrical services for the mining company, favored building a much cheaper dam and power station at nearby Busanga, right there in Shaba. The mining company went on record in favor of this local dam. The U.S. diplomatic cable also noted, however, that "Liekens believes that the Congolese governmnent might not approve the Busanga project for political reasons."

Apparently, Liekens, the Belgian electrical expert, was right about that. A few months later, Mobutu, as the U.S. suggested, decided to ignore the power potential of Busanga and build an 1,100-mile transmission line instead. Even then, the U.S. embassy in Brussels warned the State Department in a classified cable, "Neither World Bank nor Belgian government greatly interested in financing Inga-Shaba Transmission Line Project since it seemed based more on political than economic considerations."

But with U.S. taxpayers available to guarantee the money through the Export-Import Bank, and with Manufacturers Hanover and some affiliates willing to collect interest on a sure-thing loan, the project got under way. This was good news for several companies, including General Electric Company, which became a big subcontractor on the project—though not entirely by its own doing.

Ambassador Vance boasted in a cable to the State Department on July 11, 1972, "It was this embassy in the first instance last August that provided

*Declassified, and obtained by the author under the Freedom of Information Act, as were other cables referred to in this section.

G.E. with initial info [on] this project and urged them make effort obtain contract. Ambassador has followed matter in detail and has used his influence to fix appointments for G.E. on several occasions with top-level Govt. officials. No embassy in Kinshasa has given more all-out support to their national companies that we have. . . ."

The major contractor that got work on the line, with supplies coming from G.E., is Morrison-Knudsen Company, an engineering and construction concern based in Boise, Idaho. Both Vance himself and Morrison-Knudsen officials on the project say it was Vance who first called the project to Morrison-Knudsen's attention, and who guided the engineers from Idaho through the complexities of Zairian politics.

Thomas J. Hayes, then president of Morrison-Knudsen's international engineering subsidiary, and the executive who got the project going, recalled in a 1981 interview, "I hadn't been to Zaire before. I hadn't heard anything about it till we got a call from the American ambassador, Vance, [and] a note that Zaire was interested in getting American firms in there."

It turns out that Hayes of Morrison-Knudsen, and Vance, the ambassador, had been old friends, dating from the early 1960s when Vance worked in the U.S. embassy in Ethiopia and Hayes was in the Army Corps of Engineers there. "When I first went there [to Zaire], it was not with the idea of this line," Hayes said. "We got several small engineering contracts, and the line came up about six months later. I can't remember whether I talked first with Vance or Mobutu about it."

Morrison-Knudsen contends that the money for the Inga-Shaba project is not being wasted. It says that only such a power line can supply enough electricity for the Zairian copper industry to grow the way it should. The company makes this argument through the man who represents it in its Zairian dealings, a highly qualified Washington lawyer. He is that selfsame Sheldon Vance, erstwhile ambassador, now in private practice!

Vance won't say how much Morrison-Knudsen is paying him. Nor will he disclose whether G.E., for whom he boasted of doing so much, is also a client. He does say he represents other U.S. companies doing business in Zaire, but he declines to identify them. He also declines to say whether he used his influence as ambassador to win them contracts, or say how much he earns shooting trouble for companies on his trips to Africa. "In the legal profession, we don't discuss clients," he says. Nevertheless, if the power line does get finished, and Mobutu chooses to name it the Sheldon Vance Transmission Line, the honor may be considered appropriate.

IF Vance, on his business trips, asked enough questions at the U.S. embassy in Zaire, he might have heard an opinion different from his own about the Inga-Shaba project. Timothy Hauser, an officer in the economic section of the embassy, openly confessed to a visiting reporter in this summer of 1980 that Shaba had "a sufficient number of hydroelectric sites to tap" to meet its needs without the power line. He agreed that politics was "an element of" the decision to build the line, and he observed that the basis of Mobutu's decisions is "seldom on the cost-benefit analysis."

The embassy's chief political officer, Robert Boggs, told the same reporter this about the power line: "It's just costing more and more and more and more. It's taking so long that a lot of the equipment they're putting in at the two ends is deteriorating." Soon Boggs would be transferred to Washington and become State Department desk officer for Zaire. But the U.S. government would continue its support of the Inga-Shaba project. In the State Department, the people with the closest knowledge of local problems, and without an ax to grind in defense of an existing policy, often are the least listened to.*

In Shaba, a large copper mining expansion project had been a primary excuse for starting the power line a decade earlier. By 1980, the project had been indefinitely shelved, pending either higher copper prices or a cheaper refining process for the unusually rich ore. The mining project's big American backer is Maurice Tempelsman, the diamond magnate and Jacqueline Onassis's friend.

Project or no project, nobody seems worried about whether payment for the power line will be forthcoming—not Morrison-Knudsen or G.E., the contractors; nor Manufacturers Hanover, the lead financer; nor Vance, the lawyer. The good citizens of the U.S. and Zaire will tighten their belts as much as is necessary to see they get their money.

IN fact, for creditors of a basically bankrupt African nation, none of the luncheon guests at the St. Regis looks worried. The man from the Intercontinental Hotel chain (then a unit of Pan American World Airways, which sold it to a European group in 1981) tells a reporter, "At all times, the government [of Zaire] has done its very best to honor its obligations to us." The Intercontinental Hotel in Zaire is the only one in its class in the capital. For the traffic of visiting businessmen, it has no real competition. "It's been a very good one for us," the Intercontinental executive says. "They've made a profit every year since they've been open, since 1971."

On investigation, it turns out that the man Intercontinental hired to manage its hotel in Zaire is Tom D. Crowley. Crowley's wife's brother is Lannon Walker. Walker is deputy assistant secretary of state for African affairs, and is considered by some to be the most ardent advocate within the State Department for support of the Mobutu regime. In 1979, he pleaded successfully in congressional hearings for approval of continued financing by the Ex-Im Bank of the increasing cost overruns on the Inga-Shaba project. And he is

*Neither Hauser nor Boggs complained to me about that, but a lot of other foreign service officers have.

the boss of Mary Lee Garrison, the State Department desk officer for Zaire, who is at the Versailles Room of the St. Regis, representing the government. Small world.

AFTER Citoyen Namwisi finishes his speech, there are questions. People ask if debt payments are being made on schedule. They ask which foreign investment opportunities look good. Namwisi has a translator at his side (Zaire's national language is French). But he needs more than translation. After almost every question, Namwisi bends his ear down to the mouth of an eldery looking American seated nearby, who whispers to Namwisi. Then Namwisi replies.

The elderly looking American who seems to have all the answers is David A. Morse, seventy-three, a Washington lawyer, a former secretary of labor in the Truman administration, and a former director general of the International Labor Organization (a U.N. agency). Morse is now senior counsel to the U.N. Development Program and other organizations dispensing aid to the Third World. Simultaneously, he also hires himself out to countries, such as Zaire, that receive aid. He sells these countries adivce on how to handle their international relations.

Versatility is Morse's stock in trade. At one of the luncheon tables, for example, are a vice-president for government relations from International Harvester Company and a representative of Gaucher Pringle Limited, a Montreal-based engineering concern. In conversation, they disclose that International Harvester has taken on a Gaucher Pringle affiliate, Sofati, as a partner in bidding for a large transportation project in Zaire. It seems a wise choice of partners because the chairman of Sofati is David A. Morse, who is, after all, advising the Zairian government on how to spend its money. According to Gaucher Pringle, Sofati rakes in about $50 million a year running training programs and the like in Third World countries. (In 1981, Morse resigned as chairman of Sofati.)

Morse's law firm, Surrey & Morse, also represents Senegal, Egypt, Sudan, Romania, Venezuela, Botswana, China, and other countries. Before the people of Iran kicked the shah and the United States out of that country, Morse was vice-chairman of a company building a big dam and water project there.

Morse's law partner, Walter Surrey, was once profiled on page one of the *Wall Street Journal* as the very prototype of the Washington "rainmaker." That means, the *Journal* explained, that he is the kind of influential lawyer or lobbyist whose presence behind the scenes tends to make things happen "as if by magic," regardless of anything he does officially. Writing in *Inquiry* magazine, John Cummings, a *Newsday* reporter, described Surrey as "a charter member of the old boy network of U.S. intelligence . . . of the OSS [Office of Strategic Services] station in Stockholm during World War II . . . one of the capital's 'super lawyers'... and an expert on the Foreign Corrupt Practices Act." The Foreign Corrupt Practices Act forbids certain kinds of payments by U.S. companies overseas and permits others; businessmen being shaken down for bribes overseas would be worried about the act.

Surrey acknowledges he was in the OSS in World War II, but says he severed all ties with the intelligence community when he went to the State Department after the war as chief of the division of economic security controls. (He later went into private law practice.) Still, Surrey & Morse, the firm that whispers the answers in Zaire's ear as if it were pulling the strings of a puppet, seems to thrive on connections to countries caught up in the cold war.

Walter Surrey also is listed on documents as stockholder, director, and lawyer for a Miami-based concern called World Finance Corporation, beginning with its founding in 1970 by a group including CIA-connected, anti-Castro Cuban exiles. Surrey resigned his World Finance jobs in 1976, the year that several law enforcement agencies began long investigations of drug dealing and spying involving the company. By then it had offices in New York, Lima, Bogotá, Caracas, Panama, San José (Costa Rica), Mexico City, London, and the Ajman Arab Emirate in the Persian Gulf. Hundreds of millions, maybe billions, of dollars passed through its hands. Its ostensible businesses were banking, insurance, and real estate. Surrey says he came aboard mainly to help start a foreign-based mutual fund for an old client, a Cuban exile who helped found World Finance. He says he dropped out when the mutual fund deal fell through, and that he was unaware of any criminal or intelligence activities at the company.

Investigators, though, uncovered plenty of such activities before World Finance was finally shut down in 1980. The chief executive of the company, a Cuban exile, was convicted of income tax violations. Jerome Sanford, the assistant United States attorney in Miami who ran the Justice Department's part of the investigation, complains bitterly that the biggest crimes were never publicly exposed. He says the main investigation was halted by Washington in 1978, after the CIA objected that twelve of the Justice Department's chief targets were "of interest" to it. Sanford says he was told that this meant the men he was investigating were CIA operatives of one sort or another. Florida lawmen who worked with Sanford back up his story. Surrey laughs when told about this, and says it's a surprise to him.

The staff of the House Select Committee on Narcotics and Drug Abuse also investigated, and, in a secret report to Congress, said, "There is no question that the parameters of the WFC [World Finance] can encompass a large body of criminal activity, including aspects of political corruption, gun running, as well as narcotics trafficking on an international level.... It is against this background that our investigation encountered a number of veiled or direct references to CIA and KGB [the Soviet intelligence agency] complicity or involvement in narcotics trafficking in South Florida." The committee took no public action. The mystery of World Finance remains.

But it seems reasonable to conclude that the law firm of Surrey & Morse at the very least gets along extraordinarily well with the U.S. government.

ZAIRE, like many other Third World countries, has found or been found by some very influential advisors. Besides the law firm of Surrey & Morse, Zaire is paying the Wall Street houses of Lazard Frères and Lehman Brothers Kuhn Loeb to counsel and represent it in dealing with Westerners.

Lazard Frères was originally the most blueblooded of French companies; it still has a large Paris home office, but now does most of its business in New York. Lehman Brothers, a U.S. company, has a penchant for recruiting State Department talent that is long on foreign connections and short on banking experience. By the late 1970s, both houses were doing a booming business advising countries faced with IMF problems. Often they worked together, and often also with S. G. Warburg. a British firm. This amounted to a kind of U.S.-French-British tripartite fix-it service for broke countries.

When a country was behind on its debts and faced with having an IMF finance team move in to take over its treasury, Lehman Brothers, Lazard Frères, and Warburg showed up to advise and try to straighten things out. The three companies have been reported working for not only Zaire, but also Costa Rica, Peru, Gabon, Sri Lanka, Turkey, Senegal, Panama, Jamaica, Ghana, and Cameroon. It's believed they have many other clients, but the business is highly secret. The companies won't say which countries they work for, or how much they charge, though it figures to be in the millions of dollars.

Jeffrey Garten, former head of the policy planning staff at the State Department, who went to work in 1978, as one of Lehman Brothers' top whizzes at this international advisory business, spent months excusing himself from an interview request. Finally cornered by a reporter for a two-hour lunch, he refused to be anymore specific about his travels and activities than to say they involved "Asia, Africa, and Latin America." When he wrote an op-ed page piece for the *New York Times* about international finance problems, he wrote only in the most general terms and his biographical note did not identify his banking firm. Other bankers approached were no more forthcoming.

BACK at the Versailles Room of the St. Regis, Namwisi tells his questioners that the "number one top priority" of his country is to "maintain relations with the West... trying to create the confidence of these Western countries." That is a strange number one top priority perhaps, considering that a public health survey of 20,000 typical central Zairian villagers, conducted in this summer of 1980 by expatriate missionaries, found a staggering 80 percent—four of every five people—suffering from serious but treatable maladies. Most prominent were worms, malaria, measles, whopping cough, and severe malnutrition. No such things are mentioned in the Versailles Room.

Namwisi says Zaire will "respect the agreement with the International Monetary Fund." It will control inflation and cut government spending. Namwisi doesn't say that Zairian government spending has already been cut to where the entire budget allocated that year to deal with the public health disaster is $6 million. He doesn't say that this $6 million is one-tenth of what the Zairian Ministry of Health had requested, and that most of this money went to maintain a single hospital in the capital city of Kinshasa, a city most Zairians have never visited. But Namwisi says his government will take "extraordinary measures" to make sure the foreign debt is serviced.

After the meeting he sits down for a requested interview with an American reporter, flanked by other Zairian officials including the head of the central bank. The former finance minister and now prime minister of Zaire, Ngouza Karl-i-bond, had been scheduled to appear today, but didn't show up. It is announced that he couldn't make it because of his new duties as prime minister. But three months later, he flees from Zaire upon learning that he is to be arrested by Mobutu.

Mobutu, a barefoot army sergeant when he first walked into the CIA office in Kinshasa in the 1950s, has since called himself one of the three richest men in the world, an estimate believed to be in the ballpark. He customarily jails or exiles anyone he thinks might be a threat to him. This is a recent reform of his administration. He used to kill such people. Now, under pressure from Western friends to clean up his act, more and more he gives his political enemies hints of their impending doom a few hours in advance so that they might take off by canoe across the Congo River to Brazzaville in the neighboring Republic of Congo, and thence by plane to Europe.

Ngouza Karl-i-bond got such a hint and made it all the way to Belgium, via Switzerland. Now he lives in a big house, with a big car and without any apparent source of income. He testifies before various commissions and parliamentary bodies in Europe and the United States, accusing Mobutu of corruption. He arrives for his testimony in chauffeur-driven limousines.

Back at the St. Regis, Namwisi and his Zairian colleagues aren't answering questions from the American reporter at the promised inverview. Seated at the table with them are five Western businessmen. *They* answer the questions. Henderson the Rain Kings they are, and they won't give their names, either. One says they represent, respectively, Lazard Frères, Lehman Brothers, Surrey & Morse, and Maurice Tempelsman. The others don't dispute it.

They explain that Zaire's debt payments have been rescheduled by Western creditors, a group known as "the Paris club" because Paris is where they often meet to reschedule the debt of various Third World nations. In 1980, Zaire has been scheduled to pay $500 million, and so far has made its payments on time. This, they say, amounts to 27 percent of Zaire's foreign exchange income—the proceeds from the sale of Zaire's minerals.

In 1981, Zaire is scheduled to pay $850 million, but the Western businessmen are confident that this, too, will be rescheduled. There is a simple reason the $850 million will be rescheduled. "It would be absolutely impossible for them to pay that," says a businessman-advisor. "What Zaire has tried to do is make a maximum effort to retire its debt service."

WHAT is happening here is obvious. The bankers have gotten Zaire in hock up to that country's maximum ability to repay, and they are keeping it there. Every year or so the bankers meet to determine how much more money can be squeezed out of that far-off, pathetic land where most of them personally dread to go. (If occasionally they must, they will conduct their business from the Intercontinental Hotel and get out. Paris is nicer.)

Zaire is not alone in this. The major banks have actually held weekly or monthly "country meetings," where experts at the home office figure out the maximum debt capacity of each overseas country. Loan officers around the empire are then instructed by cable to persuade the governments to borrow up to that capacity. At the height of this activity, during the 1970s, before most countries reached their capacities, bank officers were paid bonuses, and were promoted, based on how much debt they could sign up. Since the major banks were privy to the same basic information, they were after the same debt capacity. Vice-presidents assigned to foreign offices competed fiercely to find enticing projects to lend on. This still goes on when new capacity is found. Former bank officers and Third World government economists, in interviews, describe the competition in such countries as Indonesia, Brazil, and even Sri Lanka as frenzied at times.*

In 1981, a year after the St. Regis luncheon, the banks will decide that Namwisi and his friends have succeeded in upping production and holding down consumption to where Zaire can pay a little more. So the International Monetary Fund will increase Zaire's credit line another $1.1 billion. Zairians, of course, won't see it. The money is by and large kept in the West. It repays the old debt, and pays for a few spare parts to be shipped to Kinshasa to maintain production of export items.

Yet once again there is a campaign to convince the public that things are getting better. A reporter for a major American newspaper, after a brief visit to Lubumbashi, Zaire's second-largest city and the capital of Shaba, will actually write in 1981, "The economy has been improving, although hunger is increasingly widespread among the people."† The operation was a success; the patient died.

Probably no one sat down and plotted it that way, but in effect the system of international debt, as it operates in many Third World countries, has a

*Most sources for this talked (for obvious reasons) with the understanding that their names would not be used. The process has been described in detail for the author, however, by senior executives of two major New York banks and by loan officers of a third.

†An editor in New York perceptively wrote the sentence out of the story.

lot in common with Mafia loan sharking. The original loan is a snare, quickly lost sight of. The borrower is indebted up to his maximum ability to pay interest at a rate profitable to the lender, and is kept there for as long as the lender can control him. Thus the words of the anonymous advisor at the St. Regis were precise: "What Zaire has tried to do is make a maximum effort to retire its debt service"—not the debt, just the service.

Of course, the whole operation wears a three-piece suit and talks with all the refinement appropriate to its Harvard-Wharton-L'École National* background. The operators don't think of themselves as hoodlums. But to contemplate the analogy of roles, the construction or manufacturing firms who do the projects are the loan sharks. The World Bank and the IMF are the fellows they know who have some cash to put on the street. David Rockefeller (of Chase Manhattan) and Walter Wriston (of Citibank) are the godfathers, getting theirs cleanly by messenger, in plain brown envelopes. Lehman Brothers, Lazard Frères, and S. G. Warburg are the Mr. Niceguys who milk a little more out of the victim when things get bad by telling him that they are friends of the toughies he's in trouble with, and that they know how to smooth things over. And if worst comes to worst and the victim tries to rebel, then the U.S. C5A's fly in the French and Belgian paratroops, and they are the goons who will break both his legs.

THE reporter strains to get a question answered directly by one of the Zairians: "How long can your government carry on such a program before there is a revolution?" Sambwa Pida Mbagui, the governor of the Central Bank, replies: "That is not your problem." After this brief exposition, he is cut off by David Morse, who calls a quick halt to the interview. At the reporter's urging, Morse says he'll allow one more question, which must be submitted in writing.

The following question is submitted: "According to the résumé of Namwisi Ma Koyi [which has been distributed to the guests], he has been in the government service since leaving school in the late 1960s. How much money is he worth now and how did he get it? Does he control directly or indirectly any personal assets outside Zaire?"

The question is never answered.

Meanwhile; the assembled luncheon guests have returned to their offices or homes. Most are hard workers. They are loyal to their companies, loving of their families, and respected members of their communities. They would not in conscience steal. They oppose bloodshed. When they receive appeals on behalf of famine-stricken Africans, they write out checks, sometimes generous ones.

Many would openly acknowlege that there is something wrong with the system.

*The French equivalent.