

INVESTIGATION: DUNCAN CAMPBELL & Patrick Forbes

F.O. CONDEMNS "US BULLY BOYS"

SENIOR BRITISH government officials have condemned American actions to destabilise Nicaragua as 'bully boy tactics', 'heavy-handed' and downright 'economic sabotage', according to Foreign office documents obtained by the *New Statesman*. One Foreign Office official,

Sir William Harding

INTER-AMERICAN DEVELOPMENT BANK - NICARAGUA

precedent; and it is typical of the bully-boy tactics which the present US Administration is apt to adopt - towards allies as well as adversaries. If the Americans ask us to support or endorse their action we should refuse.

David Thomas 28/3

Documents leaked by ODA "mole" Geoff Dennis reveal top British officials' condemnation of US policy in Central America. Assistant Under Secretary David Thomas (ex Ambassador to Cuba) is now in charge of relations with the United States.

working for an Executive Director of the Inter-American Development Bank in Washington, has also assembled comprehensive details of how US-organised terrorist attacks have apparently been co-ordinated with official actions to block loans in a devastating economic campaign against Nicaragua.

The Under-Secretary responsible in the Foreign Office for the Americas, including the US, David Thomas, warned in March this year that 'American action [against Nicaragua] does offend against the principles of the IADB... it is typical of the bully-boy tactics which the present US administration is apt to adopt - towards allies as well as adversaries.' According to the confidential documents, both Thomas and Foreign Office Deputy Secretary Sir William Harding then advised the government that American behaviour had gone too far. 'If the Americans ask us to support or endorse their action (in refusing a loan to Nicaragua for overtly political reasons), we should refuse,' writes Thomas. Sir William Harding warned it could set a dangerous precedent.

In a briefing just prepared for UK MEP's on a fact finding visit to Washington, the Foreign Office claims that: 'Contrary to reports in the press the British Government is not blocking loans to Nicaragua'. This is quite untrue; the series of leaked documents from the Foreign Office and Overseas Development Administration make it clear that British officials have been instructed to oppose loans by international development banks to Nicaragua on spurious 'technical' grounds.

The documents are the latest to illustrate the dilemma of representatives of Britain inside the IADB. The bank was set up to provide long

term economic aid to under-developed countries. Its executive staff are drawn from various governments. In private, British representatives accuse the Reagan administration of provoking a stream of 'highly questionable' actions inside the IADB. In a

letter to London, Kevin O'Sullivan, an assistant to the Executive Director who represents the UK on the IADB, described the affair as an 'open scandal'. The Executive Director Taina Tervainen, herself appealed to Britain in March not to give in, and to heed Nicaragua's need for agricultural support.

O'Sullivan blamed the US government directly or indirectly for:

- The 'disappearance' of documents from bank files;
- Suppression of information, and deliberately misleading statements;
- Direct and unauthorised interference with the bank's committee meetings;
- A deliberate attempt to make Nicaragua fail to honour its debts;
- A co-ordinated economic sabotage campaign, in which terrorist activities backed by the US have been closely co-ordinated with political action in the Bank.

'External sources', O'Sullivan has warned the Foreign Office, 'are financing the sabotage of the economic infrastructure of Nicaragua. The same sources have sponsored the destruction of oil supplies which the Nicaraguan authorities have to import at the cost of convertible currency.'

The US is also trying to make Nicaragua default on its debts by cutting off new loans, despite the country's attempts to pay its creditors: 'Nicaragua... is making efforts to clear arrears with the IBRD (the World Bank) and the IMF... against a background of externally-financed sabotage', writes O'Sullivan.

After attending the IADB's Annual

Governors' meeting in Vienna in March, the Permanent Secretary of the ODA, Sir Crispin Tickell, warned the Foreign Office that the US had breached the Bank's charter when it 'overtly invoked political considerations' to block the granting of an agricultural development loan to Nicaragua. 'The Americans' actions have aroused fairly widespread disquiet', Sir Crispin wrote, adding: 'There can be no doubt that the Americans are offending the spirit if not the letter of the charter of the Bank. Their heavy-handedness is everywhere resented.'

Nevertheless, Sir Crispin stuck to the British position, which is 'to find technical reasons for opposing... loans to Nicaragua, and thereby to keep our head well below the parapet'. 'Our position', he noted, 'is unheroic'. (In fact, bank officials describe the Nicaraguan agricultural loan as 'technically sound'.)

AS A RESULT of the US political and economic sabotage campaign, Nicaragua has received no loans since 1983, when the United States first vetoed the late borrowing of a \$2 million loan which had already been agreed. It then evidently backed terrorist tactics to subvert a \$30.7 million loan for Nicaragua's 'Fisheries Rehabilitation Programme'. This loan was agreed in September 1983, after considerable (US created) delay. The US Chair of the bank's executive board then insisted on including in the loan agreement a clause requiring Nicaragua to agree adequate fuel for fishing boats, before drawing on the loan. This 'mystified' the board, but after 'acrimonious exchanges', he got his way and this unprecedented clause was included in the approved loan agreement.

Mr O'Sullivan's report to the Foreign Office explains what happened next: 'The following week saboteurs blew up the fuel depot in the port of Corinto, their single most effective blow to the Nicaraguan economy.' □

BBC: THE TRUTH

PUBLIC CRITICISM of the decision to ban the BBC's *Real Lives* programme by former BBC Director Sir Hugh Greene belies his own decision in banning Peter Watkins' documentary, *The War Game* 20 years ago. Now that the BBC has shown *The War Game*, it is important that the record should be set straight.

Last Wednesday on Channel 4 Greene stated 'I cannot imagine BBC boards of the past ever considering giving way to such pressure'. In banning *The War Game*, Greene yielded to precisely 'such pressure', albeit pressure more subtly channelled through BBC Chairman Lord Normanbrook. Greene's justification for the banning of the film seems equally at odds with the facts. Greene cited public alarm as the justification, but the BBC's principal concern was in fact erosion of support for the British nuclear deterrent.

In early 1965 the Home Office had expressed the hope that the 'supervision of the programme would rest at the highest levels',

after receiving 40 questions from Watkins on Britain's civil defence preparations — most of which they declined to answer on the grounds of national security.

Accordingly, in September 1965, Greene and Normanbrook saw the finished film together. Normanbrook's response to the film was extraordinary: prior to showing it to the public, the BBC should share its editorial responsibilities with the government via 'soundings in Whitehall' that he would undertake.

On 5 November Normanbrook reported to Greene, after a series of meetings with senior civil servants, that ministers had been told about the film, did not want to see it, and would leave the decision as to whether to show it to the BBC. However, he added, 'it is also clear that Whitehall will be relieved if we do not show it.'

On 24 November the BBC announced in a press release that it had decided not to broadcast *The War Game*, 'the effect of the film has been judged by the BBC to be too horrifying for the medium of broadcasting.'

However Normanbrook had earlier written to Burke Trend, who had succeeded him as Cabinet Secretary, stating his central concern to be that 'the showing of the film on TV might well have a significant effect on public attitudes towards the policy of the nuclear deterrent'. Sir Hugh Greene's claim that past BBC boards would not have yielded to pressure is wholly misleading; *The War Game* was banned to preserve the bomb.

Additional research: Michael Tracey

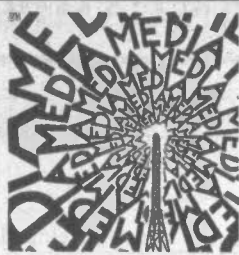
EXCELLENT DEATHS

CLOSE LINKS with Ministry of Defence departments are claimed in an extraordinary brochure just produced by the Midland Bank, in an attempt to cash in on arms sales in Britain and overseas. Entitled 'In support of excellence', the brochure advertises the services of the Bank's new Defence Equipment Finance Department (DEFD), which offers 'support for both defence equipment exporters and importers worldwide'.

Its claims to special links are in part based on the man it pays as DEFD's Defence Advisor. He is John Shrimpton, formerly the senior army officer in the MoD's Defence Sales Organisation. Another adviser is Stephen Kock, whose distinguished pedigree includes service in the SAS and as political secretary to Ian Smith, Prime Minister of Rhodesia.

The booklet is illustrated throughout with tasteful, full colour pictures of animal life such as the Silky Lacewing moth, the Grasshopper Nymph, and a chameleon, rather than the modern defence equipment which destroys such creatures in milliseconds. A bank official explained that the designer had 'wanted to break away from the usual pictures of defence equipment, some of which would be classified . . . he selected a series of pictures of animals camouflaged against a background'.

They are poor camouflage for the Midland's intentions. Midland are hard-pressed by mounting losses at US subsidiary Crocker National, and have suffered from a decline in traditional trade financing. They now are financing military deals as a profitable new money spinner, and are offering 'flexible and imaginative financing' to military dealers. □



Decline and fall of the Great and Good

John Ellis

THE BBC Governors' craven collapse in the face of Leon Brittan's 'request' that they ban the *Real Lives* programme marks the end of an era in the British constitution. The BBC Governors have destroyed the political principle on which their very existence was once based: that of rule by 'the great and the good'. One of the more hidden Thatcherite principles has been the steady politicisation of the informal ruling class that has, for almost a century, staffed the major public bodies.

Since the Falklands fantasy, the Thatcher administration has been confident enough to contravene the basic principle that the composition of bodies like the BBC Governors, the Arts Council, the IBA etc is drawn from a list of eminent publicly-minded people who are not identified particularly with one political tendency. These great and good people serve on such bodies for reasons of public service rather than political self-advancement: they include the more *compos mentis* of the aristocracy, academics, business people, regional politicians, scientists, extra-union leaders and the like.

However, as the reconstitution of the Arts Council under Rees Mogg three years ago first demonstrated, the careful balancing of interests that used to go into composing such bodies has become a thing of the past. Now we have political appointees, nothing more, nothing less. The new Chairman of the BBC, Stuart Young, is such an appointee, and, like his vice-chair, a Conservative, in clear disregard for the previous bipartisanship. It is scarcely surprising that he and his Board saw no difference between their role and that of the government.

The press has adequately mulled over the 'what-ifs' of the affair: the Governors could at least have dared Brittan into using his statutory powers as Home Secretary to ban the programme, and then resigned on a major matter of principle. That is what the 'great and the good' used to be for: they were an informal ruling class who were drafted in to guarantee the freedoms and interests of particular sections of society against the blind urgencies of the government of the day. The system worked for so long, through a number of major crises and the militarisation of society in two world wars, simply because it was underpinned by a shared set of beliefs about the limits of civilised behaviour, and of the importance of democratic behaviour.

The BBC Governors have abandoned that consensus. Just as they were off on holiday, they were faced by a qualitatively new kind of problem: the Home Secretary appealing to them *in public* to ban a programme simply because his boss had taken a public stance against publicity for terrorists because *her* boss had had some trouble with some hijackers who had been reading manuals on how

to behave on TV.

In the past, it's possible to conceive of the Governors discussing this as a matter of *principle*: the freedom of broadcasting to set its agenda without government interference. Past Boards of Governors would have been affronted by Brittan's peculiar behaviour in having published his letter immediately: as media manipulation, that takes some beating. But these Governors could see no principle involved for broadcasting: they just banned the programme and went off on holiday, undertaking vaguely to discuss it again when the government had cooled off.

It has to be said also that, even if past Director-Generals were off fishing at the time, their Governors would have encouraged them to return to pre-empt the whole row by a bit of quiet consultation at the Home Office. This is undoubtedly what Sir Hugh Greene did over the *War Game* affair, whatever he claims now. For the other crucial aspect of the 'great and the good' is that they go a long way to avoid rocking the boat in public.

So perhaps something has been gained here after all: Thatcher's policy of politicising the area of the 'great and the good' has had the result of producing a more open government in this area. Most censorship is a secretive process, where we can't see who took what position, where to apply pressure, what the issues really are. With the *Real Lives* case, the positions are clear: management is not supported by Governors, and can see no clear course; Governors have acted as an arm of government; government has acted according to its own political principles first enunciated a couple of weeks ago.

But in the longer term, we have to build a new system for guaranteeing the relative autonomy of journalism (and much else besides) in Britain. There never was an 'independence' as has so often been claimed for the BBC (the informal consensus ensured that), but there has always been a considerable degree of operational freedom, a relative autonomy of organisations in the public sector from the immediate demands of government. What is to replace this system? The Gaullist system of government broadcasting (only possible because of a strong independent cinema)? An Italian system of overtly political appointees, dividing broadcasting into territories staffed by clientèles? An American system of who pays, wins? And, accompanying these, a solidification of government into the hands of one party, requiring cataclysmic changes at all levels of public life if and when the governing party changes? For Thatcher's government has now pushed broadcasting right to the edge of the union on which it has been based. Perhaps the BBC Governors are to be thanked for having made this so starkly clear. □