

people with what the immensely wealthy Saudi regime does with its \$ 30 billion annual income: Thousands of undernourished, poverty-stricken, illiterate beggars line up along the streets of Mecca every year to testify to how the Saudi regime distributes its wealth.

### **Economic crisis or wishful thinking?**

Like most countries, Libya has suffered an economic slump due to the world recession and the nosedive taken by oil prices. Yet, however blunted Libya's oil weapon may become, Libyan crude (light and low sulphur) is among the best quality oil in the world. No matter how much oil prices rise or fall, Libyan oil remains at the top of the chart. Moreover, transport costs are lower because of Libya's proximity to Europe (its biggest customer). More important still, Libyan oil costs about \$ 5 a barrel to produce. Thus, despite drastic dips in oil prices, Libya can still make more than 100% profit on oil sales.

Even though there are economic problems, these are not particular to Libya or related to the way Qaddafi has handled the internal situation. Long before the leaders of many other oil-producing states, Libya imposed austerity measures to keep spending in line with revenues, in a way that even the IMF found commendable in a confidential 1985 report. Implementation of the austerity program, designed to urge independence from foreign goods and labor, began with a decision to reduce the one million strong labor force to 600,000. Thirty-three military projects, costing \$ 700 million, were cancelled. Imports were cut by 25% in 1986, including consumer goods and machinery, mostly from European countries. The third reduction of foreign labor in 1985, following reductions in 1976 and 1980, was another factor which alleviated Libya's economic problems.

Much commotion accompanied Libya's laying off of foreign labor. The western media tried to capitalize on these events to feed into their anti-Qaddafi campaign, despite the fact that many a Gulf country has embarked on similar measures to relieve economic pressures. Thousands have been sent home by Kuwait and Saudi Arabia in particular, to cut the expatriate work force, but reactionary and western media have not chosen to dance up a storm about those countries. The commotion raised about Libya's «inhumanity», as Mubarak put it, rises not from concern over the plight of the unemployed, but from fear of the exacerbation of the already deteriorating economic situation, especially in Tunisia and Egypt. Mubarak conveniently overlooks the fact that Egyptians are humiliated and strip-searched in Iraqi airports. Worse still, many have been coerced into serving in the Iraqi army to fight Iran.

### **The anti-imperialist network**

Libya has provided more than just moral support to many anti-imperialist forces all over the world. Qaddafi's relations with Iran, Syria, Ethiopia, Nicaragua and the socialist countries, especially the Soviet Union, are well known. Libya's support for progressive groups in the Philippines, New Caledonia, Pakistan, Zaire, Guatemala, El Salvador, Chile, Columbia, the Dominican Republic, Costa Rica, St. Lucia and Lebanon is only to mention a few on a much longer list. This is not to mention the support Qaddafi extends to anti-imperialist groups in Europe itself. More important still is Qaddafi's principled stand of support of the Palestinian cause, and his hard-line policy against Zionism and its allies. Indeed, it is because of his declared commitment to fight imperialism on all levels that Qaddafi has become a major target of CIA schemes.

Qaddafi has also been bold enough to throw his influence in the US's own territory. In a forty minute speech transmitted

live by satellite from Tripoli to Chicago, Qaddafi promised support to black US servicemen (totalling about 400,000) if they would mutiny. Another sensitive nerve is the US's fear of Qaddafi coming too near to Nicaragua, a hot spot for the White House these days. Over the last four years, Libya has given Nicaragua \$ 400 million in economic aid and \$ 15 million in petroleum. It is not surprising that the US considers Libya a threat to its interests.

### **Unmixable business and politics**

It is not the purpose of this article to delve into Libya's international business ties, but we will cite some examples of how extensive they are. A great many countries, especially in western Europe, are linked to Libya not only by dependence on oil, but through multiple business interests as well. Considering how sizeable these are, it is no wonder that these imperialist countries have resisted US pressures to impose drastic sanctions on Libya. Libya has links with countries spanning from Surinam in South America to China.

Libya's ties with western Europe give a clear idea of how Qaddafi can deal with these capitalist countries economically without becoming vulnerable to political pressures. Greece is to supply Libya with military equipment worth \$ 1 billion over the next five years. Denmark and Sweden have won contracts for development projects worth millions of dollars. Ireland has recently negotiated a \$ 89 million cattle deal with Qaddafi, ignoring a US call for trade sanctions. France supplies spare parts for Libya's fleet of more than 100 Mirage jet fighters. (Although the US has confronted France with this, France continues to deny it.) Malta has flourishing ties with Libya. In 1984, it signed a friendship and defense accord. According to this, Libyans and Maltese can travel between the two countries without visas; they can work and buy property without special permits. Many Maltese seek job opportunities in Libya.

Although Britain has broken relations with Qaddafi, 8000 British are living in Libya. For many British, Libya constitutes a well of untapped potential for trade. Thatcher, however, has opted for loyalty to Reagan's policy rather than for national interest. Libyan institutions have for nine years been the biggest single shareholders in Fiat after the owning Agnelli family, and have two members on the company's board. Fiat also has a controlling interest in Italy's largest rocket and munitions company, Snia BPD, which is involved in US contracts. Fiat is also working with Rolls-Royce on the RB 199 engine for the new Tornado jet. Italian companies won a contract worth £ 136 million to manage a steel plant being built by the Libyan government at Misurata. Libya is also deeply involved in Italy's booming textile and hotel industry. The group also has ▶

