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## Interview: Piers Wooley, British strategist

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# 'Monetarism will mean re-thinking the defense policy of the West'

*The following is an interview conducted with Piers Wooley, a London defense economist and international relations specialist. Wooley has done research advisory work for the London International Institute of Strategic Studies and was, through September 1983, the research officer for the Conservative Party Research Bureau International Department responsible for North America, Europe, Africa, Bretton Woods Institutions, and Overseas Development.*

*Since early October, Wooley has been at the center of a controversy in London because of his charges on Oct. 9, aired publicly on the BBC weekly television news show "Panorama," that the Conservative Party had withheld information from the public on the state of the economy to cover up its intentions to carry out large-scale cuts in public expenditures in health services and other fields after the election. Wooley charged that this deception was choreographed by the arch-monetarists in the Party, especially in the Treasury, who are ideologically committed to the general "privatization" of the British economy.*

*The interview was conducted by telephone from EIR's Wiesbaden center by correspondent Mark Burdman.*

**EIR:** You recently made charges on "Panorama" about how the real facts of the British economy were covered up for electioneering purposes. Could you say why you felt this was important, and what are the issues at stake?

**Wooley:** I've decided to make a public statement because I felt, as I explained to "Panorama," that at the time of the general election, facts involving economic policy and public expenditure should be laid clearly before the electorate without any distortion. The economy is one of those areas where national security is not involved directly; therefore it is not threatening national security to have open debates about the facts.

**EIR:** What kind of facts are involved here?

**Wooley:** They involve the government's own economic pol-

icy. If the government pursues its present monetarist policies and aims to reduce public expenditures to a much lower figure, and if it combines these in an environment of low economic growth, then the outcome will be severe cutbacks in the services provided by the public sector.

**EIR:** What areas does this involve in particular?

**Wooley:** Particularly the National Health Services (NHS). During the elections, questions were asked about the future of the NHS under a Conservative government and the electorate was assured that the services provided to the public were safe. Tied in with their policy of public expenditure, about a month after the election, reductions were made in spending on national health services out-turn, despite assurances of no reductions of services.

**EIR:** What magnitude of cuts are you talking about?

**Wooley:** Initially, £200 million. Then, in September, the crunch came for me when the announcements of further NHS cuts were made involving redundancies for 6000 workers, including doctors and nurses. That to me is a complete contradiction to what the government campaigned for. They were of such a scale and such detail that it is clear that the government knew about this before June and didn't explain the realities because it was not politically convenient.

**EIR:** What are the effects of the budget cuts?

**Wooley:** Very serious. Although the government claims it is spending more money in real terms, the truth is that demands will increase because of the aging of the population and because of the expenses of new technologies. Already, the cuts have hit pediatrics, geriatrics, orthopedics, and general practitioner services.

**EIR:** And you say this flows out of the monetarist policies of the Treasury, the kind of Vienna School orientation?

**Wooley:** Yes. These date back to what was implemented in

1979, when the Conservative Party came in, but they were actually started earlier, by the Callaghan administration, when Britain had to go to the IMF for a loan. The IMF put conditions on the loan which involved strict monetary targets. This didn't have enormous effects until 1980-81, but then it did, because the world, including the United Kingdom, had moved into a serious recession, and tightening money supply during a recession is like putting a pillow over a man who is gasping for air. It is gagging an already tight system.

**EIR:** Does the IMF policy you are talking about impinge on Britain's defense capabilities?

**Wooley:** It has a very serious effect on defense, particularly on conventional forces and equipment, because of the price effect of defense, because procurement expenses rise over inflation. The natural tendency is for the defense budget to grow in real terms. The government is not ideologically uncertain about the U.K.'s

policy on public expenditure will lead to a serious reduction in the volume of military hardware available to the armed forces. It is an inescapable fact that procurement costs are not just a function of inflation. This is evidenced by the fact that the Leander class frigates commissioned 10 years ago cost £7 million compared with £130 million for today's Type-22 frigates. This escalation of costs also covers missiles, aircraft, tanks, and so on. Until 1985-86, the United Kingdom is committed to increased expenditures by 3 percent per annum in real terms in defense. Thereafter the position is unclear due to probable lack of significant economic growth and the present policy of "cash limits" brought in by the IMF agreement and applied to the Ministry of Defense.

**EIR:** In effect, what you are saying is that monetarism is undercutting the defense of Britain and possibly other countries as well.

**Wooley:** That's right. The problem of the defense lobby is that even if it wins the battle with the Treasury and the 3 percent is continued beyond 1985-86, the equipment cutbacks will be as inevitable as past cutbacks of the past 25 years. In the short term, the cuts are not readily apparent. The politicians will claim that there has been no reduction in the conventional capabilities. This is best illustrated by referring to earlier reductions and accompanying statements by the government at the time. I can reinforce this point by quoting an article by Captain John Moore, the editor of *Jane's Fighting Ships*: " 'Both the U.K. and NATO have insufficient ships' (*The Listener*, Jan. 8, 1981). In 1943, the Germans had 240 operational submarines to deploy in the Atlantic and it took between 2,000 and 2,500 escort ships, 130 escort carriers, and 1,500 anti-submarine aircraft to defeat them. The Soviet Union can deploy the same number of submarines against a NATO force less than half the size." If this trend continues and the government sticks to its economic policy, the U.K. and possibly other NATO countries will be

forced to re-think the entire defense policy of the West. Future cutbacks will be inevitable in the areas of conventional forces. This will involve British options in Europe, in terms of the Army on the Rhine and the Second Allied Tactical Air Force, the Standing Naval Force Atlantic, and, as far as mainland Europe is concerned, I think it is rather disturbing that in the 1981 Defense White Paper, our commitment to Europe is described as "unnatural." If this analysis is correct, the result will be a serious reduction in our ability to respond to a conventional attack by the Warsaw Pact. . . . The corollary to this is the need for a well-balanced mix of conventional, tactical, and strategic weapons. . . . Not only will we see a reduction in volume of procurement, but in Research and Development for new projects.

**EIR:** Our founding editor Lyndon LaRouche has fought for years for the idea of shifting western doctrine away from Mutually Assured Destruction, toward what President Reagan actually adopted on March 23 of this year, for a rapid development program for energy-beam weapons to stop incoming missiles. What do you think of this policy orientation as it applies to Great Britain, especially in view of your mentioning of R&D for "new projects?"

**Wooley:** We should go for beam weapons on the basis that it would be a policy of Mutually Assured Survival. If the West does not go for beam weapons, the Soviets will regardless, which will give them the ability to knock out the West's nuclear weapons while still being able to use their own.

**EIR:** In effect, then, the Soviets gain the actual capability for a successful first strike, even if they don't necessarily intend as conscious policy to use it?

**Wooley:** That's right. They can launch their weapons, we can't respond, and then we become vulnerable.

**EIR:** How well is this problem comprehended in the U.K.?

**Wooley:** It is not taken seriously. The indication is this: Britain is committed to spending in excess of £10 billion on the Trident missile system up until 1995. The snag, though, is that Trident is a 1960s-1970s technology which will come on stream when the Soviet Union will quite probably have developed beam weapons, which means that the Trident will be out of date as soon as it comes on stream! My own idea, from this, is that the £10 billion plus should be spent on extending the life of the Polaris to about the year 2000. The remainder should be spent on a substantial R&D program for beam weapons.

**EIR:** How has this proposal been met in the circles you have circulated it to in the U.K.?

**Wooley:** A few find it attractive, but those closest to the government have referred to it as pure science fiction, which incidentally gives you some insight into conservative—with a small "c"—thinking in government circles.

**EIR:** What spinoff effects do you think this work on beam weapons could have into the civilian economy of the United Kingdom?

**Wooley:** Colossal. It could speed up the development of fusion power. We could introduce new technology into industry itself, using lasers as cutters for machine tools and other equipment. There could also be spinoffs in the area of medical technologies.

**EIR:** Ironical as it may seem, then, this kind of research could provide a solution to the NHS cuts and problems in providing medical services you indicated earlier.

**Wooley:** That's right!

**EIR:** It has been LaRouche's contention that the Soviets' global policy of extreme provocation is a function of their intention to try to stop the West from developing beam-weapon ABM systems. One instrument of the U.S.S.R. has been to use the peace movement. The suggestion in some quarters now is that the peace movement is being retooled by Moscow for a more terrorist direction. What is your evaluation of this question?

**Wooley:** The first possibility, which is a slim one, is that the peace movement will continue more or less as it is now, with more mass demonstrations, but nothing worse. The second possibility is that the peace movement will fade away, since they in effect have lost the battle. The final, much more dangerous possibility comes when we look at the actual psychology of the peace groups, which are as much anti-Establishment, anti-Western culture, as they are anti-nuclear as such. The obvious tactic for such a mentality now would be passive, an increase in passive action, while at the same time there would be small elements going for much harder direct action. The aim would be to inconvenience defense facilities with picketing, or interfering directly with the services of the defense establishment. Allied to this is an escalation of demonstrations already taking place. Even more dangerous is the direction toward terrorism. It is worth pointing out that the type of demonstrator in 1983 is not dissimilar to the types that demonstrated in the early student movement in the 1960s. When the frustration set in, splinter groups like the Baader-Meinhof or Red Brigades formed. If this were to happen, the first attacks in all probability would be "hard" targets like military bases.

**EIR:** Is this something that the Soviets would be actively manipulating and/or coordinating?

**Wooley:** Certainly. In the past 18 months, three Soviet diplomats or TASS correspondents have been expelled from Norway, Denmark, and the Netherlands after being caught redhanded channelling funds to the European peace movement.

**EIR:** From your experience in the Conservative Party, how seriously is this Soviet angle in the peace movement taken?

**Wooley:** It is taken very seriously.

**EIR:** I want in the concluding portion of the interview to come back to your earlier points about the public expenditure cuts and their effect on the U.K.. What has been the effect of this Vienna School approach on the British economy as such?

**Wooley:** It has been damaged very badly by the policy, which doesn't derive so much from economic motivations as from political ones, the belief that regardless of the available evidence, the private sector can always perform better. I wouldn't reject that proposition for some areas, but in transport, health, local government expenditure, communication, and others, the service for the public has to be under the aegis of the government itself.

**EIR:** The contention of Mr. LaRouche, in his Operation Juárez program, has been that we can only get out of the economic mess we are in, by negotiating with the debtor countries of the developing sector organized collectively around reform of the international monetary system to develop credit for new investments and technology transfer. Without this, beam weapons and other programs can't come about. What do you think of this idea?

**Wooley:** We need to have these kinds of negotiations—for the sake, first, of the developing countries themselves. If not, they will not have a secure economic future. The welfare of the population will be damaged and poverty will increase. The second reason is the corollary: Political destabilizations will result, and there would be a vacuum, and the vacuum would be left to be filled by Moscow.

**EIR:** So, the end result is that the monetarists are undermining the stability of the West itself?

**Wooley:** The same groups that pursue stringent monetary and public expenditures policies in the U.K. itself are the same groups

and the same that take the view that the debtor countries should be taught a lesson, and that debt recycling should be curtailed dramatically. This combines with the problem of Britain turning more and more inward-looking, more obsession with domestic problems as the only things that matter. There is little regard for international affairs and defense, so there is, effectively, no coherent foreign policy, even though Mrs. Thatcher herself and the government spokesmen make strong speeches against the foreign policy of the Soviet Union.

**EIR:** In effect, then, actual foreign policy is left up to the "experts" around Lord Carrington and his circle?

**Wooley:** That's right. What you get otherwise is a kind of megaphone diplomacy, without the resources being provided for anything more tangible.