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Torrijos Bug Bares Bedroom Banter

The private telephone calls of Panamanian strongman Omar Torrijos have been monitored by the U.S. Army for years. The eavesdropping has produced more bedroom banter, however, than inside information.

Congress has been trying to subpoena the results of the electronic surveillance ever since it leaked out that the Army had been caught eavesdropping in Panama. But both the State and Justice departments have joined the Army in blocking congressional access to this sensitive material.

From our own inside sources, however, we have learned that the Army intercepted the telephone calls of just about every important official in Panama City. The monitoring was stepped up in 1973 when the Panama Canal negotiations began in earnest, with the Army snooping zeroing in on conversations that might deal with the treaty.

Torrijos was a major target of the eavesdropping effort. All calls to and from his country home were monitored. A portrait emerged from the secret telephone transcripts of a roistering military dictator who drinks too much and loves too many, a conniver who has mastered the mechanics of intrigue without learning the art of governing.

His phone was answered by a maid who called herself "Abuela," which means grandmother. It was difficult for callers to get through to Torrijos, the Army found, because the maid would talk for hours to anyone who called. The eavesdroppers got bored listening to the maid's endless conversations.

Those who reached Torrijos, our sources say, included a number of women who talked as if they were his mistresses. The ruggedly handsome dictator, with much macho, engaged these women in intimate bedroom talk. He also made many telephone calls while under the influence of liquor.

Once at a dam dedication, Torrijos impulsively plunged into the water. Other officials joined him with great splashing, and newspapers ran pictures of the dictator at play.

But our sources learned from their surveillance that Torrijos was blind drunk at the time. His subordinates followed him into the water to minimize his embarrassment.

We first got wind of the bugging in Panama several months ago. The calls were intercepted by trained operators from the 408th Company of the Army Security Agency. The monitoring equipment was hidden in a small trailer on a remote hill in the Panamanian capital.

Our sources insist that Ambassador Ellsworth Bunker, who headed the U.S. negotiating team in Panama, should have had knowledge of the electronic surveillance. The Army turned over records of the bugged conversations to the National Security Agency, which regularly briefed Bunker, they told us.

There have been published allegations that one of the Army's eavesdroppers sold the monitored conversations to the Panamanians. But our sources claim several Army officers sold out to the dictator. The Army has

never prosecuted these officers, the sources say, for fear of disclosing the sensitive surveillance operation.

Footnote: The Army refused to comment. Bunker also had nothing to say.

Banking Blues—World bankers have suddenly discovered that they are teetering on a shaky financial limb. Western banks, including the U.S. banking colossuses, are stuck with billions in bad and endangered loans.

International bankers have told us the secret figures: \$170 billion in bad loans, \$290 billion in endangered loans. This has produced a severe strain on the international financial system.

The principal cause of the great credit crisis, of course, is the catapulting price of oil. Most nations have refused to reduce living standards to pay off the oil potentates. This has compelled these nations to borrow heavily to meet their oil bills.

U.S. loans to foreign countries have soared to a staggering \$207 billion. Of that amount, \$45 billion has gone to struggling Third World nations. Half the assets of the largest U.S. banks, which do most of the lending, are now in international operations.

This heavy tide of foreign loans has left the big U.S. banks in a precarious position. Result: the money managers are scrambling behind the scenes in Washington to protect the banks from a financial crash. For major defaults overseas would cause shock waves that would rock the U.S. banking system.

The Federal Reserve Board is manipulating the financial levers to bolster the banks. But the Fed, unfortunately, has no control over the money supply outside the United States.