

International Intelligence

EUROPE

Schmidt refuses concessions to Great Britain

West German Chancellor Helmut Schmidt refused to "mediate" Great Britain's dispute with the rest of the European Economic Community (EEC) in his talks with British Prime Minister Margaret Thatcher outside London March 27-28, Thatcher had hoped that Schmidt would deliver concessions to British demands for a reduced contribution to the EEC budget.

Instead, the Chancellor made clear that West Germany's relations with France are more important than anything Britain can offer, and demanded that Thatcher accept a "global arrangement" for European cooperation if it expects concessions on the budget issue. The London *Times* commented March 28, "Germany's real and close ties of friendship with France—more important to Bonn than its good relations with Britain—are the main reason why the leader of the Community's richest country cannot come to the rescue in the way that Britain, and perhaps he himself, would like."

Schmidt told Thatcher that a package deal will have to be worked out that would include a joint Community energy policy, devaluation of the pound sterling (which Schmidt sees as overvalued due to international speculation on Britain's North Sea Oil), and agreements on fisheries, lamb exports, and other dispute issues.

The next round in the EEC talks is expected to take place at the end of April, and Britain finds itself in a poor bargaining position. European Commission President Roy Jenkins tried to pave the way for a cosmetic compromise, in a statement April 11. He claimed that the gap between Britain's demands and those of the rest of the Common Market is quite small, no more

than "the equivalent of some two weeks' expenditure on the Common Agricultural Policy," or about £230 million. The real disparity, as the British press quickly pointed out, is closer to £1,000 million.

Le Figaro assails Volcker policy

In an April 2 editorial entitled "The Dollar's Revenge," the French daily *Le Figaro* warned Federal Reserve chairman Paul Volcker "not to lose sight of the global consequence" of sky-high U.S. interest rates which have drained capital from European markets and pushed the dollar up sharply against the major European and Japanese currencies. *Le Figaro* estimates that France must pay an additional ten billion francs this year for oil for each ten percent jump of the dollar on foreign exchange markets.

"But the situation for the developing sector countries is even more difficult and sometimes more dramatic. Not only must most of them, like us, sustain increases in their oil bills, but they are borrowing enormous masses of dollars to cover their deficits. These loans are being made at floating rates, and the increase of American rates from 5 percent two years ago to 20 percent today creates serious problems in the servicing of their debts.

"And this is a problem which concerns the entirety of the Western world. What would happen if the large debtors were to default? In New York, the rumor is going around that certain banks that have made long-term loans at low interest rates and are borrowing short-term at high interest rates are on the verge of bankruptcy. Last Thursday, the leaders of one of these banks went to the Federal Reserve to complain about their situation, and were treated to a deaf ear."

Latin America

2nd International endorses terror

Leading spokesmen for the Socialist International have publicly voiced support for terrorism in Central America, under the guise that this is a legitimate and "revolutionary" response to "institutional violence."

While attending the Conference on Latin America and the Caribbean held in Santo Domingo this week, Socialist International Secretary General Bernt Carlsson of Sweden stated that "it is false that the Socialist International is a pacifist organization...when institutional violence threatens to impose slavery, then we will not permit it; rather we will also encourage popular armed resistance." Joined by German ex-chancellor Willy Brandt, and Mario Soares of Portugal, Carlson praised the Jesuit-backed "revolutionary" movement of El Salvador which seeks to reproduce in Central America the horrors of the so-called "Iranian Revolution."

Colombia's pro-drug lobby to submit legalization bill

According to the Colombia daily *El Tiempo* of March 27, a bill "to legalize the production of marijuana" sponsored by Senate president Hector Echeverri Correa and promoted by the National Association of Financial Institutions (ANDI), will shortly be submitted to the Colombian Congress for approval and implementation.

The submission of the bill follows a recent decision by Defense Minister Camacho Leyva to withdraw thousands of special anti-drug troops that have been stationed in the mafia-infested Guajira

Peninsula which has been one of the major sources of marijuana production and export into the U.S. The withdrawal of the troops, purportedly to remove army personnel from a "dangerous source of corruption," was hailed by ANDI president Ernesto Samper Pizano as "de facto legalization" and "the smartest move the government has ever made." Samper had previously declared that the decision to submit a legalization bill to Congress would rest on its being a guaranteed passage.

Reached for comment on this latest pro-legalization initiative from Colombian circles, a spokeswoman for the International Narcotics Division of the State Department warned that it was necessary to look "below the surface at the motivations of these people...some may have their kids on drugs, others may be making money off the sale of marijuana."

Middle East

Muslim Brotherhood terror targets Iraq, Syria

Muslim Brotherhood-sponsored violence and terror continue to escalate sharply in the Middle East, with Syria and Iraq the prime targets.

Last week in Iraq, Prime Minister Tariq Aziz narrowly escaped death when a member of Iran's Fedayeen-i Islam deployed by Muslim Brotherhood sponsor Ayatollah Khalkhali (known in Iran as the "Blood Judge" for sentencing thousands to death) threw a grenade at him while he was speaking at a public meeting at a Baghdad university.

Iraq has bitterly denounced the Muslim Brotherhood attack as coming from the "backward and rotten enemies of mankind."

Iraqi President Saddam Hussein personally vowed that the plot against Aziz,

one of his closest associates, "will not go unavenged."

According to the Indian press, Saddam Hussein himself was the target of an assassination attempt in late March when his plane was blown up minutes before he was due to leave on a visit to the Iraqi oil city of Kirkuk.

In Syria, heavy fighting, instigated by armed assaults by Brotherhood adherents hostile to the Assad regime and committed to the destruction of Syria's national unity, is rocking the country, threatening to topple Assad. The Brotherhood operation to destroy Syria and Iraq is being underwritten by both Iran and Libya.

Asia

Japanese to Carter: 'no thanks'

The Japanese government has issued a firm rebuff to Carter administration demands for stepped up defense spending and other measures aimed at toughening the country's stance against the Soviet Union, according to reports in the daily *Yomiuri*.

According to the *Yomiuri*, Japanese foreign ministry officials responded to Brzezinski's urgings for a tough line against the Soviets with the comment "Japan has been watching West Europe's actions toward the Soviet Union and has been keeping pace. ...The U.S. should show understanding for the special relations between Japan and the Soviet Union." The Japanese government of Prime Minister Ohira had previously been considered one of the most loyal allies of the Carter administration.

The *Yomiuri* article concludes with a call for Japan not to implement large-scale defense spending, to step-up economic ties with the Middle East independent of the U.S. and to follow a European line on relations with the Soviet Union.

Briefly

● **FRANCESCO COSSIGA**, the Italian caretaker head of state who is attempting to form a new government, submitted a list of prospective ministers to the Italian parliament Apr. 3 that gives nine government posts to members of the Italian Socialist Party. EIR investigators have linked most of the individuals to drug-running, assassinations, and generally to the Jesuit Order and "black nobility" of Rome led by the Princess Pallavicini. Proposed defense minister Lagorio, for example, is linked to the Permindex organization expelled from Switzerland in the 1960s for attempts on the life of Charles de Gaulle.

● **AMERICAN SCIENTISTS** want a crash "Apollo style" program for the development of fusion energy, is the message that former French minister Michel Poniatowski brought back to Europe from a trip here in mid-March. He visited many American research labs. Daniel Seguin, who accompanied Poniatowski, reports in *Le Figaro* that one U.S. scientist stated, "To get the necessary funding it would take either a war or a new president." The ex-Minister, who is very close to President Giscard, came back from his trip convinced that more than ever France must pursue its ambitious nuclear program.

● **LEONID BREZHNEV**, the Soviet President, warned on Soviet television that in light of increasing international tensions, the U.S.S.R. would have to "keep our powder dry." Addressing high-ranking Soviet officials March 31 after receiving the Lenin prize for his memoirs, Brezhnev said: "The existing international situation, particularly the facts of recent times, prompt us to keep our powder dry, to be determined and consistent in upholding the cause of peace."