

International Intelligence

Schmidt reiterates interest-rate urgency

"One of the most important issues at Ottawa will be the question of whether the Americans are ready to change their interest-rate policy," West German Chancellor Helmut Schmidt stated in an interview published in the June 11 issue of the Hamburg-based weekly *Die Zeit*. "I have explained to the Americans very carefully that their economic policy, especially their monetary policy . . . will have severe consequences for France, Italy, and Germany if it is continued for a few more months. . . ."

"Such high interest rates lead us to a situation in which less credit is available for investment. As a result jobs are not created and modernization of production is not undertaken. . . ."

Schmidt added, "I have never preached that inflation should be fought by high interest rates. We never did that in Germany. Here we fought inflation more successfully than any other country in the world—except Switzerland—and we never had interest rates as high as they are now throughout the world. . . ."

ASEAN rejects Haig's arms policy

Indonesian Foreign Minister Mochtar has criticized the U.S. Secretary of State for Haig's approval of arms to China without consulting the nations of Southeast Asia, according to the BBC. He said the decision is causing "some concern" among the members of the Association of Southeast Asian Nations (ASEAN) gathered for a foreign ministers' summit June 19-22 at which Haig was a guest.

One unidentified foreign minister told the *Washington Post* that he feared Washington is prepared to let China play a bigger role in the region, leading to Chinese dominance.

"Although ASEAN nations now see Vietnam as the main threat in the region, in the longer term China could be the

main threat," said another ASEAN diplomat.

Philippines Foreign Minister Carlos Romulo, acting as the spokesman for ASEAN, refrained from accepting Haig's proposal of support for a Kampuchean united front dominated by the genocidal Khmer Rouge. Haig has proposed U.S. and Chinese military support for this "united front."

Instead, Romulo said, the ASEAN proposal was introduction of U.N. peacekeeping forces, withdrawal of Vietnamese troops, and the disarming of the warring Kampuchean factions following a Vietnamese withdrawal.

P-2 networks uncovered in West Germany

An *EIR* investigation has begun to reveal what the entire West German press is covering up: key sections of the same German industrial circles that promote Global 2000 population reduction are part of the P-2 Lodge network.

A key figure in this network is the recently deceased August von Fink, identified as the richest individual in the Federal Republic. Head of the Munich-based investment bank Merck and Fink, he was also on the board of Assicurazioni Generali of Venice-Trieste, Europe's largest insurance company, and was linked to the P-2 leaders Licio Gelli and Roberto Calvi. Fink founded Allianz Versicherung, the West German insurance company that recently bought 28 percent of Britain's Eagle Star Insurance.

On the Allianz advisory board is Peter von Siemens, family heir to the giant corporation, who is a prominent environmentalist supporter, although Kraftwerke Union, the only producer of nuclear plants in West Germany, is a 50 percent owned Siemens subsidiary.

Fink was at the center of the emerging scandal around Orbital Transport and Rockets Share Company (ORTRAG), whose head, Lutz T. Kaiser, is presently building \$1.5 billion worth of long- and medium-range missiles for

Libya. Kaiser's bank, which backed the Libya connection, is Merck and Fink.

With his wartime collaborator Hjalmar Schacht, Fink was tried at Nuremberg but acquitted, and later developed close ties to the Rothschild family. Schacht himself was a member of a Scottish Rite Freemasonic lodge in Berlin and Otto Skorzeny's father-in-law.

Arabs call for nuclear expansion

The Organization for Arab Petroleum Exporting Countries (OAPEC) released a study on June 17 calling for the Arab world to construct a string of twenty 1,000-megawatt nuclear plants from Morocco to Iraq. The study, released at a Damascus conference on nuclear energy, was prepared before Israel attacked Iraq's nuclear installation.

OAPEC called for the construction of nuclear plants in Morocco, Tunisia, Iraq, Saudi Arabia, and a reprocessing facility in Algeria. It also recommended the establishment of an Arab uranium exploration company, joint electrical grids, and other energy projects.

Each facility would be 1,000 megawatts, the OAPEC study said. Construction would be solicited from France, Japan, Canada, and West Germany.

A double-edged deployment in Africa

The African wing of the pro-zero-growth Socialist International is being deployed into a right-wing anti-Soviet posture, lining up with U.S. Secretary of State Alexander Haig, as opposed to the Willy Brandt-led left wing of the Socialist International (SI).

The African SI, founded by a group of 15 African countries last winter by Presidents Senghor of Senegal and Bourguiba of Tunisia, held a meeting of its six-member general council in late May.

The council (representing Gambia, Djibouti, Morocco, Senegal, Sudan, and Tunisia) called for a resumption of the dialogue with South Africa in order to confront "the greatest danger now facing the continent, Soviet penetration," according to the Middle East business magazine *8 Days*. The magazine added that this "points to a loose coordination with Washington's African strategy." The result could be a superpower square-off in southern Africa on a scale much larger than that taking place in El Salvador.

The African SI is close to the Italian Socialist leader Bettino Craxi, one of the sponsors of the African SI, and a man some consider a "new Mussolini."

Sonoda challenges Haig and Pentagon

Sunao Sonoda, Japan's Foreign Minister, said he would ask whether the U.S. wants Japan to be an obedient, faithful partner or a partner worthy of trust and consultations when he meets with Alexander Haig in Manila at the June 19-22 ASEAN foreign ministers conference.

Sonoda told a press conference his tart remarks were prompted by U.S. demands for a drastic Japanese military buildup. The demand was delivered at a recent "working level" meeting in Hawaii in which Pentagon officials told Japan to revise its current five-year defense plan. According to Kyodo news service, U.S. officials also shocked Japanese representatives by saying Japan should be prepared to resist an invader for a "prolonged time" without U.S. help.

Japanese Defense Agency chief Joji Omura, in rejecting the demands, commented in Tokyo that it is not clear if the Pentagon demands represent the view of the U.S. government as a whole.

Asked to comment on U.S. arms sales to China, Sonoda said he would ask Haig to explain U.S. "actual intentions" when they meet.

Regarding the recent meetings Sonoda and Prime Minister Zenko Suzuki

held in Europe, the foreign minister said that he was impressed with the European argument that arms talks were a means, and détente the goal.

'Nuclear development a sovereign right'

Iraqi Foreign Minister Saadoun Hammadi called upon the council to reaffirm the right of all nations to develop nuclear energy in a speech on June 12 before an emergency session of the United Nations Security Council convened to deal with Israel's bombing of Iraq's nuclear facility.

"It can no longer be denied that it is the sovereign right of every country to seek the knowledge and pursue the application of science and technology, including nuclear technology for peaceful purposes, in the interest of economic and social development," Hammadi stated. "We firmly believe that the widening gap between developed and developing countries cannot be narrowed without the full utilization of science and technology, including the peaceful application of nuclear energy."

Hammadi pointed out that the Israeli raid had caused many civilian casualties. He then outlined the history of Israel's secret nuclear weapons program over the past 30 years, frequently citing CIA sources as documentation. Unlike Israel, Hammadi said, Iraq has cooperated fully with the relevant international agencies in the interest of developing a nuclear capability for peaceful purposes.

Iraq, he said, has embarked upon a vast and ambitious program of development. In so doing, the Iraqi government recognized at an early stage the importance of science and technology, including the peaceful applications of nuclear energy.

In destroying Iraq's reactor, asserted Hammadi, Israel demonstrated its "determination not to allow the Arab nation to acquire scientific or technical knowledge necessary for their development and progress."

Briefly

● **THE PALME** Commission met in Moscow the weekend of June 13 and issued a resolution condemning the resumption of ABM systems development. This is the area of directed beam weaponry that takes scientific research to the frontiers of physics. Former Swedish Prime Minister Olof Palme, a Social Democrat, told a Moscow press conference that ABM R&D would be "costly and destabilizing." Also present were commissioners David Owen, Egon Bahr, Georgii Arbatov, Gen. Mikhail Milshstein, and Cyrus Vance. The group was not well received by the Brezhnev government, however, all reports indicate.

● **THE P-2 LODGE** mounted a direct campaign last year on behalf of Italian Socialist Bettino Craxi's rise to power, according to the Italian journal *Panorama*. P-2 chief Licio Gelli chose Craxi as his preferred candidate in September 1980, according to the report.

● **GUYANA** declared a state of emergency June 11 and mobilized its troops for a possible war with neighboring Venezuela, which claims two-thirds of Guyanese territory now that an official agreement between the two has expired. If war should erupt, Brazil is expected to defend Guyana.

● **JAMAICA** is being used as a transshipment point for smuggling heroin and cocaine into the U.S., as well as marijuana, Jamaican Police Commissioner Wilbert Bowes acknowledged late last month.

● **MENACHEM BEGIN** is ruining Israel's intelligence capabilities, charged the chief of Mossad, Israel's intelligence service, in an interview with the daily *Haaretz*. The Mossad chief, whose identity is a secret, zeroed in on Begin's wild public statements in the wake of the bombing raid on Iraq's nuclear reactor.