

be lot more focused on these issues. Previously people would say, "Well, they have enough international reserves." Now they see a 40 percent devaluation and they are going to say, "uh oh, oil prices are dropping . . . let's sell pesos."

I don't think there is anything the Bank of Mexico can do. If people put pesos in a suitcase and fly to Switzerland and give them to the Swiss central bank, and this bank turns to the central bank of Mexico and says "I want dollars or Swiss francs for these pesos," that's it. Capital is going from Mexico mainly to Switzerland and the Southwest of the United States. In the case of Switzerland, people just take one or two suitcases there. And the point is, how long can the Bank of Mexico keep going?

There is a big question mark about more foreign loans to Mexico. The banks are going to be very leery about lending to the Mexican private sector. There may not be a problem with the government. It all depends on how [presidential candidate] De la Madrid proceeds. If he continues to spend as López Portillo did, there may be problems.

The value of the peso to the dollar is still not right. When they devalue to 50 pesos the pressure is going to be completely off relative to prices in the U.S.

This is not over, this is just the first shot.

Robert Boston, Thomson McKinnon Securities, New York office: The difference in inflation rates between the U.S. and Mexico caused the devaluation. That trend is not over. We expect the peso to trade lower in the next two to four months. You cannot stop market forces. Flight of capital did not force the devaluation. It's just the result.

In Mexico there is going to be a big increase in inflation due to the devaluation. The new President in Mexico will make no difference. What difference does a President make? What you need is a Paul Volcker in your central bank, that's what you need. That would throw Mexico into a depression.

Inflation is a disease. It's like a vampire. Eventually you can't stop it at all until it brings the government down.

Larry Young of Thomson McKinnon's Chicago office: Capital flight was not the cause of the devaluation. The fact is that the dollar is more attractive. A lot of British, Japanese, and Germans are holding their assets in dollars because it offers higher interest rates. In this sense, I would say that Mr. Volcker was behind the devaluation.

[Young outlined three underlying causes for the devaluation: sagging oil revenues, a threat of a loan cut-off from the World Bank and the International Monetary Fund, and nervousness because it is an election year in Mexico.]

The climate here in Chicago is that there's going to be another devaluation.

Investigative Leads

Red Brigader ran Solidarity support

by Vivian Zoakos, European Editor

A startling picture has begun to emerge around the case of arrested Italian trade unionist Luigi Scricciolo, indicating that the Western support movement for Polish Solidarity may have been connected to the kidnapping of the American NATO General James Dozier. These Italian leads corroborate charges printed more than a year ago in this publication, that Polish Solidarity, nominally a pro-Western oriented "independent freedom movement," is in fact largely controlled by a network of international intelligence agencies led by British secret intelligence and including the Soviet KGB itself.

What the Scricciolo case points to is the way in which terrorist networks have infiltrated the international trade-union movement, often under seemingly opposite "pro-communist" and "anti-communist" labels.

As *EIR* first reported in this column three weeks ago, Luigi Scricciolo is the chief of foreign affairs of the Italian trade union confederation UIL and a close associate of UIL Secretary-General Giorgio Benvenuto, a leading figure in the International Metalworkers Federation. He was picked up Feb. 4 on charges of being a Red Brigade terrorist. Arrested with Scricciolo was his wife, Paolo Elia, who functioned as an unofficial press aide for the UIL. Scricciolo was responsible for maintaining all liaisons with non-Italian trade unions, and has been characterized (since his arrest) by UIL head Benvenuto as having enjoyed his "full confidence."

Deliver Dozier to Eastern Europe?

As *EIR* reported March 2, Scricciolo was in correspondence with Ernest Lee, the head of the AFL-CIO International Affairs Department at the Paris international headquarters of the American trade union federation. Sources at the AFL-CIO headquarters report that Irving Brown, the director of the Paris AFL-CIO office, who is in charge of conduiting American trade-union contributions into the Polish Solidarity movement under orders from AFL-CIO president Lane Kirkland, has had the most contact with the arrested terrorist. U.S. trade unionists could very reasonably now ask the question of whether their union dues are being conduited to pay for terrorism.

The information leading to Scricciolo's arrest originated with his cousin Loris Scricciolo, the jailed Red Brigade leader, and with Antonio Savasta, one of the "jailers" of kidnaped NATO General Dozier who was seized when Dozier was rescued on Jan. 28. The cousin charged that Luigi had at least on one occasion passed him NATO documents and had agreed to arrange, on the request of the so-called "strategic leadership" of the Red Brigades, a meeting between the latter and a representative of the Bulgarian Embassy in Rome, where some of these documents were to be exchanged.

On March 1 Loris Scricciolo testified from his jail cell that during the period of Dozier's captivity, Loris had been asked by this same Red Brigades "strategic leadership" to contact Luigi Scricciolo to arrange for the possible transfer of Dozier to an East European country, in exchange for a delivery of weapons to the terrorists.

Dozier's jailer, Antonio Savasta, identified Scricciolo as the "public relations" man of the Red Brigades vis-a-vis other terrorist organizations, including the Irish Republican Army and the Basque ETA. In 1979, according to the same source, Scricciolo held a meeting with the full leadership of the Red Brigades where he reportedly behaved like "the foreign minister" of the Red Brigades, "supporting a network of contacts with representatives from Cuba and Bulgaria."

Scricciolo had been a member of the Maoist grouplet Lotta Continua and other extraparliamentary left groups. Later, he joined the Democratic Party of Proletarian Unity, through which these groups formed their electoral arm in the early 1970s, and then rose meteorically through the ranks of the Socialist International-linked UIL under the protection of Giorgio Benvenuto, who made him foreign affairs director.

Scricciolo and Solidarity

It was Scricciolo who maintained the contacts between the UIL and Polish Solidarity. He attended the September 1981 Gdansk congress of Solidarity, held regular meetings with Solidarity leader Jacek Kuron (former head of the KOR, which dissolved into Solidarity last year), and was the organizer of Lech Walesa's trip to Italy prior to the establishment of martial law in Poland in December 1981.

Scricciolo's associated networks also extend into the United States. One of his collaborators in Italy was Marta Petrusewics, an active organizer of the Solidarity movement abroad who is currently working closely with the Polish Workers Task Force in New York City. Petrusewics is also a close personal associate of Red Brigade mastermind Franco Piperno, who has recently been granted asylum by the Canadian government. Martha Petrusewics regularly flies to Montreal to consult with Piperno, who is wanted by Italian authorities

in connection with the 1978 kidnap-murder of Aldo Moro, and numerous other subversion charges.

In New York City, the Polish Workers Task Force with which Petrusewics collaborates is headquartered in the offices of the League for Industrial Democracy (LID). A variety of other, interchangeable Solidarity support committees operate out of the same location. The LID was founded and is still today funded by the United Auto Workers, but is also close to liberal networks in other union, like the ILGWU. The UAW leadership works closely with Scricciolo's protector Giorgio Benvenuto in the International Metalworkers Federation. The UIL which Benvenuto heads was begun and still has its stronghold in the FIAT auto plants in Turin.

According to information confirmed through discussions with ranking UIL members last month, one of Scricciolo's close associates for many years was identified as Bogdan Denic, a Yugoslav emigré and sociology professor who has taught "social theory and methodology" at the Johns Hopkins University overseas center in Bologna, Italy. Denic is also prominently associated with the International Association of Machinists, headed by William Winpisinger (a member of the Socialist International). Denic has in the past been a member of former National Security Adviser Zbigniew Brzezinski's Research Institute for International Change, currently headed by Sewryn Bialer.

Denic spends half of his time in Italy, where he maintains close contact with leading Italian sociologists. Among his other activities, he has organized various "exchange programs" for DSOC, the Democratic Socialist Organizing Committee, which is the U.S. affiliate of the Socialist International. These programs have involved sending DSOC members to El Salvador to make contact with guerrillas, as well as to Poland to "meet and learn from the Polish experience."

The widening implications of the Scricciolo case touch on the threat of "Italian-style" terrorism in the United States, which many law enforcement authorities have warned is on the agenda for the near term ahead. In a Special Report issued in early 1981, *EIR* reported on the December 1980 Washington Eurosocialism Conference, which was attended by Winpisinger and a number of other foreign and American affiliates of the networks identified here. The conference delivered a threat that incoming President Ronald Reagan's economic program would be met with violent uprisings, to be organized by the U.S. affiliates of the Socialist International.

The AFL-CIO's European chief Irving Brown, who was hastily summoned to the United States in February to report to Lane Kirkland and the leadership after Scricciolo's arrest, refused to answer any questions from reporters on the Scricciolo affair.