

Gold by Montresor

Gold and the KGB

In which it is revealed how Moscow and Washington are being pushed by the fondi toward an ill-advised policy.

Doctor Giovanni Leone, chief of the international division of one of the world's oldest banks, the Monte dei Paschi di Siena in Italy, confessed to this writer in 1976—while in a state of inebriation—that his \$20 billion institution was a conduit for “unofficial” gold sales from the Soviet black market into the West. He estimated that market at 20 billion Soviet rubles, perhaps a quarter of it in gold. Such gold often finds its way, via Florence, into the accounts of major Mideastern and North African investors.

It would be hard not to suspect a relationship between this fact, and a recent visit to the Federal Reserve by a senior Soviet Embassy official—to determine, as reported by astonished Fed sources, the identity of *EIR*'s “Montresor.” The embassy's concern was over my previous report of covert relations between the Soviet Union and leading South African gold producing entities.

There are only a few places where the covert hand of major powers show up in lofty business deliberations, and gold is one of them. That the Soviet secret service, the KGB, should employ a 400-year-old Italian bank as a channel for gold to Libya is not a great surprise.

However, the fact that the same illicit operators are writing the gold policy of the Reagan administration is more interesting. Not to say that the KGB has infiltrated the President's Gold Commission or

any such silliness: simply, the promoters of a gold policy *acceptable to the KGB* trace their loyalty back to the KGB's collaborators at the Monte dei Paschi. This is the circle represented on the Gold Commission by New York banker Lewis Lehrman, who was trained by economist Robert Mundell.

Doctor Leone, who talks when he drinks, literally bought Robert Mundell 10 years ago, setting up the burnt-out Columbia University professor in a villa close by the yearly Siena Group meetings. The last of these, in September, was organized by Mundell as a strategy session for bringing the world back to a gold standard, of sorts.

Mundell's Siena Group includes men like Robert Triffin of Jesuit Louvain University, lately notorious for predicting a European monetary split from the United States; the leadership of the Italian central bank; and Muslim fundamentalist sympathizer and Swiss moneyman Nichola Krul.

Mundell also invented Prof. Arthur Laffer, his prize graduate student at the University of Chicago, who then invented “supply-side economics.” Linking up with Lehrman, Laffer became the most outspoken voice around Reagan on behalf of the Siena gold standard.

Now, consider the clothesline upon which all this dirty laundry hangs: the world is entering a monetary crisis, as the Bank for International Settlements (BIS) has been saying since June. As a BIS econo-

mist, Peter Kenen, told the Gold Commission, “I could imagine circumstances where gold might become the only acceptable means of international payment.”

The French government, now supported by the German central bank (whose first loyalty is to the Swiss-based BIS), wants Europe to split from the United States on economic matters and create its own currency zone (see article, page 4).

Someone in the KGB is now arguing in Moscow: “Forget Brezhnev's economic development talks with Chancellor Schmidt. The West is entering a final crisis of capitalism. If Europe breaks away from America in the monetary sphere, our enormous gold reserves will permit us closer relations with Western Europe, and eventually the power to absorb it.”

Strangely, the same geopolitical arguments show up in Washington as in Moscow: using gold to stop the creation of credit after the existing rickety system has collapsed. In effect, it means a dictatorship by the BIS and its creators—the Venice-Geneva-Amsterdam and London group of old family funds, or *fondi*, who dominate the world gold market.

That the *fondi* have a line into the Soviet KGB not much different than their influence in the United States can hardly be doubted. The U.S.S.R. does not benefit from world depression, but only from economic growth in the West, which could help solve its own substantial economic problems.

How simple, how diabolical that the *fondi* should wish to prevent gold remonetarization from repairing the damaged world credit system, and strengthening the governments they wish to dominate!