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26 January 1983

MEMORANDUM FOR: Deputy Director of Central Intelligence

VIA : Deputy Director for Intelligence

FROM : ~~CONFIDENTIAL~~
Director, European Analysis

SUBJECT : Report on OPA-Arranged Meeting with
Mr. Lyndon LaRouche.

1. On 21 January 1983 Dale Peterson (OPA), ~~CONFIDENTIAL~~ (DDI Security), and I met with Lyndon LaRouche, his wife Helga Zepp-LaRouche, and his aide Jess Steinberg. Mr. LaRouche had requested a meeting with you, ostensibly to impart information on drug trafficking, gunrunning, and terrorism obtained during a recent visit to Western Europe. It was decided that I should debrief Mr. LaRouche, ~~CONFIDENTIAL~~ using a ~~CONFIDENTIAL~~ used his official ~~CONFIDENTIAL~~. Mr. Peterson appeared under true name. Substantial physical security was provided near and inside the receptionists' area where we met and on the grounds between the G.W. Parkway entrance and the building.

2. During the 1 1/4 hour meeting, Mr. LaRouche did all of the talking, interrupted occasionally by a brief question from me. (My questions were mainly of the "who specifically are 'they'?" variety.) Mr. LaRouche gave little information regarding drug trafficking, gunrunning, and terrorism; these activities served simply as threads in the fabric of conspiracy he sees enveloping the world. In fact, Mr. LaRouche talked of two (possibly three) conspiracies; I came away unsure about the degree to which he views them as intertwined.

o The first conspiracy involves abuse by private entities of the monopoly they hold over the flow of credit in the world. The plotters include the Bank of England, major US and European commercial banks, the US Treasury, the Paris Club, and BIS; I think the IMF is merely a dupo rather than actively involved. The goal is to effect an international financial crisis in which the US government would be euchred into underwriting the Eurocurrency market as well as bailing out the banks. The crisis is nearly upon us because of \$700 billion in debt now in jeopardy (in a condition of "non-

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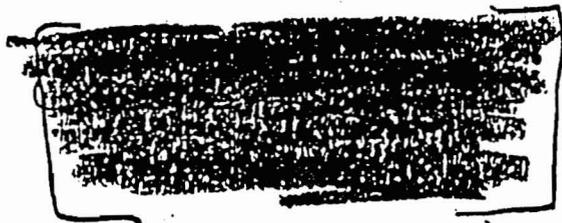
performance"); the US financial condition is no exception and, in fact, is worse than Brazil's. The timing for triggering a panic seems to be shortly before the Williamsburg Summit. In this scenario, President Reagan is called upon to bail out US banks or risk their collapse; Shultz, Regan, and the CEA "panic"; Senator Mathias and "other worms on the Hill" have also been appropriately conditioned. The bankers then "move in" on the Williamsburg conference to make the IMF a world central bank and to establish a world monetary dictatorship by the Anglo-Swiss Banking community. As the denouement, these banks take advantage of the loss of sovereignty by the world's major nations to buy up raw materials, real estate, etc., for printed paper money -- thus gaining control of the world's real wealth.

o The second conspiracy seems to involve mainly the Soviets as prime actors with various Western individuals, groups, and governments playing only supporting (perhaps unwitting) roles. The thesis is that the USSR has been engaged in a massive war mobilization effort of an emergency nature covering the full spectrum of weapons and including substantial advances in "beam weapons technology." ("They're doing what that idiot at MIT says we can't.") Expert estimates of the extent of the Soviet military edge thus are far from accurate, and by 1985 it will be far too late to catch up. The answer is for the US is "go back to" a technological arms race, building a defensive weapons system "capable of destroying the USSR's thermonuclear war capability."

3. Mr. LaRouche spent a fair amount of time talking about the imminent collapse of the political/economic/social structure in the major Western countries, but it was impossible to glean precisely who or what is involved. Certainly his concern about terrorism, drugs, and guns "intersects with" his concern about instability. He is trying to organize "an institutional structure" here, in Europe, and in other developed countries to "counteract catastrophe." To this end, he has set up contacts with many officials who share his concern -- particularly in France, Italy, and Spain -- and often serves as a "catalyst in the anti-terrorist field." Mr. LaRouche clearly views France as an island of relative stability, because of the strength of its institutions. He claims to have sympathetic contacts (collaborators?) throughout the French government and "extending right into the Presidential Palace." In Spain, his contacts are mostly with the "old crowd," but he believes the new crowd can be worked with as well. (Gonzalez may be "salvageable" if he and his Socialists can be "broken from Brandt et al.") The main hope for effective cooperation in Italy is with the "magistrates," a

group LaRouche claims to have been developing over a long period. Mr. LaRouche views Germany as "on the verge of upheaval." A Vogel government would be "a worse catastrophe than anyone imagines"; Kohl is "stupid"; and Schmidt, incidentally, "traded his strategic interests for a deal with his Bohemian Grove friends".

4. Mr. LaRouche says that his government contacts in Europe would be interested if he managed to "coordinate with something official in Washington, particularly in the drug and intelligence arenas." He too thinks it would be most useful to both sides if he and the Agency could work out a continuing relationship. He thinks he has desirable options to put forth to "the right people" in the US -- not policies but "things that might not dovetail with policies." He views last week's meeting as an initial, getting acquainted step. We agreed only to pass on his views to you.



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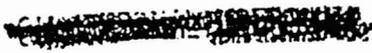
1 - D/Security

1 - OPA/D. Peterson

1 - DDI/OS [REDACTED]

1 - D/EURA

OD/EJRA [REDACTED] (26 Jan '83)



UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA)
)
) CRIMINAL NO.
) 86-323-K
THE LAROUCHE CAMPAIGN et. al.)

AFFIDAVIT OF RODNEY G. SMITH

I, Rodney G. Smith, under penalty of perjury do state as follows:

1) My name is Rodney Smith. I am an Assistant General Counsel, United States Central Intelligence Agency (CIA). In the course of my employment, and in response to a request by Mark Rasch, Trial Attorney, United States Department of Justice, I caused a search to be made of all of the records of the CIA pertaining to any meetings or contacts between representatives of the CIA and individuals and entities named in this indictment.

2) As a result of this search, a memorandum dated January 26, 1983 was disclosed. This memorandum memorializes a meeting between Lyndon H. LaRouche, Jr., Helga Zepp LaRouche and a person identified as Jess Steinberg [sic], and certain individuals who were employees of the Central Intelligence Agency. The memorandum, in its original form, was classified "Secret" because of certain references explained below.

3) In early October, 1987, I initiated a declassification review of this memorandum, which review required the deletion of certain classified references, as described below. On October 18, 1987, I provided a copy of the redacted version of this

memorandum to Mr. Rasch and to Assistant United States Attorney John Markham, the prosecutors in Boston. The following day, a copy of the redacted memorandum was provided to all defense counsel and to the Court.

4) The portions of the original memorandum which were redacted relate only to the identity of certain CIA employees present at the meeting with Mr. LaRouche and others, their job titles, certain CIA-unique internal routing and classification numbers, and certain materials relating to the methods by which the identity of individuals employed by the CIA is routinely protected. A copy of the unredacted classified memorandum has been provided for the Court's in camera review. Nothing contained in this affidavit is intended to invoke the provisions of the Classified Information Procedures Act, Title 18 U.S.C. App. IV (1980) (CIPA), as CIPA relates only to classified information which may be relevant to the issues at trial. The redacted information here does not relate to the issues at trial.

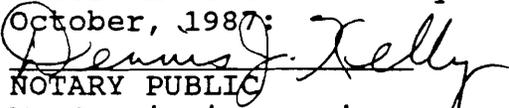
5) The redacted portions of this memorandum were properly classified "Secret" pursuant to the Director of Central Intelligence's statutory obligation to protect intelligence sources and methods, imposed by Title 50 U.S.C. §403(d)(3) and Executive Order 12356 (April 2, 1962). They remain so classified. Disclosure of the CIA identities and CIA methods at issue here is likely to create significant harm to the national security or foreign relations of the United States.

6) The search by the Central Intelligence Agency for documents relating to other contacts between Lyndon LaRouche and representatives of the CIA is continuing, and any such documents will be provided to the prosecutors in Boston to assist them in their obligations under Rule 16, Federal Rules of Criminal Procedure and under Brady v. Maryland.



RODNEY G. SMITH

Signed and subscribed to
before me this 20th day of
October, 1987:



NOTARY PUBLIC

My Commission expires:

11/12/88