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## Part II: East-West Trade Mafias

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# In France, 'red billionaires' broker the deals with Moscow

by Laurent Murawiec

Ten billion francs' worth of long-term industrial contracts were signed in Paris on Jan. 30 by Deputy Soviet Prime Minister Ivan Arkhipov, who brought a large delegation to visit a number of France's largest corporations. The deal, which extends to 1990, provides desperately needed breathing space for indebted, loss-making French industrial giants. As a commentator for the official Soviet news agency Novosti stated to the daily *Le Monde* on Jan. 28, "There is a recovery of Franco-Soviet cooperation. It has long been one of the dynamic elements in the process of cooperation in Europe. . . . Will France remain a privileged partner of the Soviet Union? It depends solely on her."

Along with President François Mitterrand's recent diplomatic openings to Moscow—"France and the Soviet Union have never been enemies," he stated recently in Belgrade—the business deals provided crucial incentives to complement the heavy-handed pressures from the Soviet side. A powerful French industrial-political complex has long advocated a strategic alliance between France and the Soviet Union, directed against the United States. Foreign Trade Minister Edith Cresson traveled to Moscow in December to co-chair the meeting of the French-Soviet "Grand Commission," and the head of the industrialists' association, the CNPF, Yvon Gattaz, also made his pilgrimage to the Russian Mecca. Four Communists are members of the Mitterrand cabinet; legions of party faithfuls have invaded the upper levels of the all-powerful civil service and created large clienteles with their ability to distribute trade payoffs.

### The case of Riboud and Doumeng

The first example of the industrial side of France's Soviet lobby is the chairman of the Curaçao, Dutch West Indies-registered multinational corporation Schlumberger Ltd., Jean Riboud. With a turnover of some \$10 billion, the Franco-American company has a reputation as "the best-managed multinational in the world" (according to Felix Rohatyn, who sits on its board).

The company's history alters this picture somewhat. Established in 1927 by Conrad Schlumberger and his father Paul, from a family that had moved from Württemberg to the French Alsace, the company had patented a new technology of electrical scanning and mapping of differential resistivity of rocks applied to the detection of oil fields. For two years, no client showed up, until the U.S.S.R. sent its representatives to get the Société de Prospection Electrique on the business track in the Soviet Union. Conrad Schlumberger was a shareholder in the French Communist Party daily *L'Humanité*, while Soviet ideologue Nikolai Bukharin ran Soviet oil policy.

Enter Jean Riboud, son of a wealthy industrial family of Lyon, who during World War II had been sent to the Buchenwald concentration camp, where his life was saved by Communists. The Communist International, by agreement with the SS, was running matters internal to the camp and its internal organization, including the selection of who was allowed to live, or die. A leftist already in the 1930s, Riboud survived and "emerged from the camp thinking of himself as a Communist," as an intimate described him, which did not stop the young man from being hired by top Protestant banker Istel in New York in 1946. Riboud's American years were marked by his friendship with Soviet spy Alger Hiss—whose innocence Riboud defends to this day—and with the avant-garde of Greenwich Village.

Riboud married the Indian Krishna Roy, whose uncle, the revolutionary leader Sumyendranath Tagore, had lived in the Soviet Union in 1927-29 and became a friend of Nikolai Bukharin. Riboud was then brought into the Schlumberger company, whose Eastern operations he ran until he became its chairman. A close adviser to Mitterrand who enjoys immense behind-the-scenes influence, Riboud, often tipped as a potential prime minister of Socialist France, sits on top of a corporation whose personnel enjoy unique access to all parts of the world: When Schlumberger, which has a massive corner on the wireline logging technology of measuring and controlling oil wells, is hired by a country or a company, its

own engineers do not train locals in the knowhow, but jealously guard their secrets. Schlumberger engineers, in the U.S.S.R. or the Middle East, cross borders without trouble—and are under investigation by several secret services for their role in the logistical underpinnings of Mideast-centered terrorism. Sources have also reported that business connections exist between Jean Riboud and Swiss Nazi banker François Genoud, the protector of Islamic terrorism.

Another power broker in France who was equally at ease with former President Valéry Giscard d'Estaing, is a card-carrying Communist, the "red billionaire" Jean-Baptiste Doumeng. Chairman of the huge Interagra trading company, Doumeng has developed his original base—southwestern French farmers' trading cooperatives—into a powerful agrobusiness empire which has become Europe's number-one agricultural East-West trader. When the European Community tries to liquidate some of its huge butter stockpiles, Doumeng is on the spot to ship it at a bargain-basement price to the Soviet Union. When French farmers export food to the East, Doumeng's string of companies does the financing. When several times the export subsidies granted under the EC's Common Agricultural Policy are pocketed, there is one of Doumeng's companies looming large.

When Giscard, to the fury of his other Western partners, flew to Warsaw to meet Leonid Brezhnev shortly after the 1979 invasion of Afghanistan, it was Doumeng who had arranged the trip, along with his friends and associates, top international lawyer Samuel Pizar and former Interior Minister Prince Michel Poniatowski. Doumeng and the prince have been associated in the secretive Paris-based Banque Stern. More recently, the Mitterrand government appointed Doumeng a board member of Coface, the French export-credit insurance corporation.

How did the son of a poor farmer reach such heights? A civil servant for the first few years of the war, he joined a Communist resistance movement in 1943 and went up the party's bureaucratic ladder. In 1952, he attended the benchmark Moscow World Economic Conference, organized by the Soviets to pull together their international trade partners in the face of Cold War trade freezes. There, he was spotted by the chairman of the Paris-based Soviet bank Banque Commerciale pour l'Europe du Nord (BCEN) and launched into the grain trade. Interagra and its offshoot IPI-Trade International became one of the world's leading East-West agrobusiness intermediaries. From Vietnam to Gabon to Eastern Europe, with or without his friends Armand Hammer and Samuel Pizar and partner banks, Doumeng represents a major asset in the Soviet policy of strategic corruption through business deals. For 30 years, Doumeng was a friend of Yuri Andropov.

Pizar himself was hired by Armand Hammer's Occidental Petroleum, through the mediation of Pugwash movement founder Cyrus Eaton, who also brought in Kennedy in-law Sargeant Shriver, a former U.S. ambassador to Paris and a friend of Soviet chief spy Zherman Gvishiani, deputy head

of the State Committee for Science and Technology, and former CPUSA member David Carr, who was doing business in Paris with the Soviets and the Lazard Frères bank. Pizar, a participant in the East-West Dartmouth Conferences which bring together the West's leading appeasers and their Soviet controller—"friends," works in close connection with a cluster of Paris banks which occupy center stage in East-West trade: Lazard, Stern, Louis-Dreyfus. His law firm in Paris and New York has acquired a large reputation in East-West transactions.

## The Dreyfus financiers

The Banque Louis Dreyfus and the Groupe Louis Dreyfus, its mother company, are among the world's leaders in the grain trade and trade-financing business, since the establishment of the company in 1851 by Leopold Dreyfus. From Basel and Berne, it soon took a leading position on the Hungarian, Romanian, Indian, Argentine, North American, and above all Russian grain markets. When the Czar's Russia was Europe's breadbasket, much of the Ukraine's product was exported through Odessa, where useful contacts were created. By 1904, when *L'Humanité* was founded, Louis Dreyfus and his brother Charles were among its principal financiers. This might explain why in 1926, when the Soviet government sought to reopen some of the traditional grain export routes, it called upon Louis Dreyfus to do so.

The Banque Louis Dreyfus is the result of the merger of three private banks: the Banque de Hirsch, Banque Seligman and the original Louis Dreyfus. De Hirsch had financed the emigration to Canada from Romania, of which Louis-Dreyfus was consul general, of the Bronfman family, later known for its links to drug-smuggling and Soviet-channel activities. The Paris branch of the Seligman banking international was to become one of the chief bankers of the Comintern's Western European operations, shortly before World War II. Later, the Odessa-born family of the de Gunzburgs was to take over the chairmanship of the combined operation, while Alain de Gunzburg married Edgar Bronfman's sister.

## Political influence

The predominant influence of this group of banks, and that of Lazard Frères, with the left-wing government of Edouard Herriot in the 1920s, caused that government to recognize *de jure* the Soviet Union. The Seligman bank at the time was run by one Nicolas Kagan, the Paris correspondent for the "Great Soviet corruptor of [prewar] Europe," Sweden's Wladimir Olaf Aschberg, owner of the Nye Banken where the Warburgs had opened an account for the Bolsheviks. He financed Lord Cecil's International Peace Campaign, the pro-Soviet peaceniks of the 1930s, and was the chief negotiator of Soviet loans for the whole interwar period.

When the Nazis invaded France in 1940, a team was sent to the Soviet-run France-Navigation, a shipping company with more than 60 cargo ships, which had been the prime conveyor of Soviet military hardware smuggled into Spain during the 1936-39 civil war. The company was based at the

headquarters of the Soviet bank BCEN. Kagan and Seligman were shareholders and keepers of the stock and archives. The Nazis left empty-handed. The Comintern's top transport company in Western Europe was untouched by the Nazis throughout the war.

Herriot, no longer prime minister by the 1930s, went for a much-publicized visit to the U.S.S.R. in 1932. This friend of the Soviet Union was later to be rewarded by being appointed honorary chairman of the French Communist Youth after World War II. His protégé Edgar Faure, a young up-and-coming lawyer in the late 1920s, learned Russian at the advice of the Grand Master of the Freemasonic Grande Loge de France—Masonry being the common feature of the Louis Dreyfus, Stern and Lazard Banks, of Herriot, Faure and Kagan—and made an extraordinary career after 1945, twice France's prime minister under the Fourth Republic, countless times a senior cabinet minister, and surviving into the Fifth Republic, where even General de Gaulle used him as a special envoy to the U.S.S.R. and China. In parallel, Faure—currently the Trilateral Commission's favorite wheeler and dealer on the French political stage—led a fruitful career as an international lawyer, being retained by some of the country's top corporations, such as Saint-Gobain-Pont-à-Mousson, France's fifth largest, as its consultant for Soviet affairs.

When the student and workers' uprising of May 1968 nearly toppled Charles de Gaulle, the price exacted by the Communist Party for withholding the final push was the appointment of Faure as education minister, from which job he supervised the delivery of French schools and universities to the leftists.

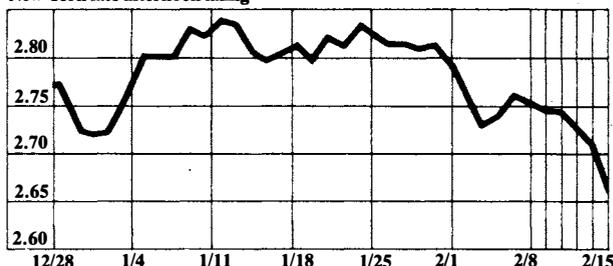
France's East-West trade, estimated at close to \$8 billion in 1983, 4% of the nation's external trade, plays a political role out of proportion with mere figures. "Is the French position on the Euromissiles a hindrance for French-Soviet trade?" a journalist recently asked KGB General Evgeny P. Pitrovanov, who doubles as first deputy chairman of the Soviet Chamber of Commerce. "One must be a realist, he answered; one cannot have bad political relations alongside good economic relations, can one? If we Russians, are compelled to build more weapons, we will have less money for new contracts and investment. That much must be clear." Recall the thesis put forth in 1957 by Soviet General Lagoskii, in an article on economic warfare as a tool of global strategy, that trade constitutes, as the title of the article had it, "the weak link."

The French case also illustrates the real nature of East-West trade: the extraordinarily important role played by the individual "brokers" without whose intervention it is virtually impossible to break into the Eastern markets, and the overwhelmingly political nature of their trade. When a consortium of Lazard Frères and Armand Hammer was awarded the gold-coinage contract of the 1980 Moscow Olympics, with Pisar and associates in the background, billions of dollars transacted allowed the corruption of leading politicians, including a foreign minister.

## Currency Rates

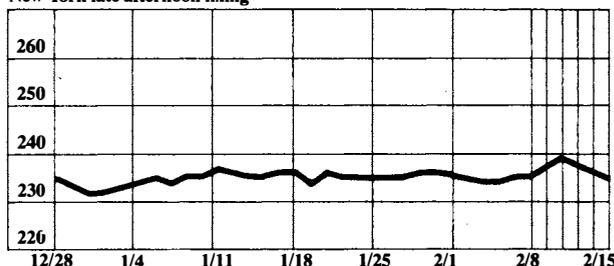
### The dollar in deutschemarks

New York late afternoon fixing



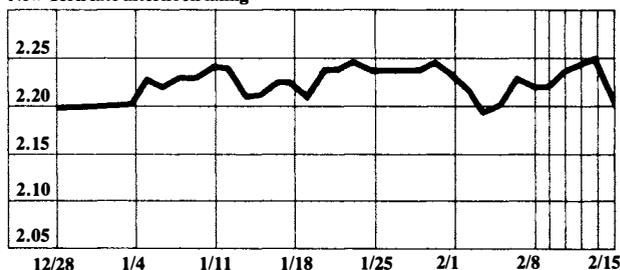
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

