

## BRANDT'S RESIGNATION SHAKES EEC; MILITARY COUPS POSSIBLE

NEW YORK, May 9 (AP) — "What will Europe look like without a European Economic Community?"

This is the question being asked by ministry employees and businessmen throughout Europe as they read the morning headlines on West German Chancellor Willy Brandt's sudden resignation.

After Sunday's elections in France and the collapse of the Italian economy, signalled by last week's import restrictions, the European Community considered Brandt as the last high-powered booster for European union. Helmut Schmidt's projected rise to the West German Chancellorship is little consolation to the political forces who have resisted the break-up of the Common Market during the last months.

The *Frankfurter Allgemeine Zeitung* on May 5 reported that the former Chancellor had proposed to avert a European crisis by extending further short-term credits to Italy. According to highly reliable sources close to the Italian financial authorities, Italy's decision to restrict imports was in large measure provoked by the debt-repayment schedule for about \$1.9 billion in short term credit from a central EEC fund. The Italian restrictions, effective May 7, compel importers to deposit in a non-interest bearing account the equivalent of 50% of the value of their goods.

But Finance Minister Schmidt blocked Brandt's proposal, the FAZ continued, guaranteeing Italy's drastic steps. According to some observers, Italy's decision violates the 1958 Treaty of Rome on which the Common Market was founded.

In addition, Italy was under pressure from the International Monetary Fund to enact the terms of the Letter of Intent which she had to sign in order to obtain a \$1.2 billion IMF loan last March. Chief among these terms was the stabilization of the lira on international currency markets, following a month of severe depreciation against the Deutschmark. The failure of the German financial authorities to intervene in support of the lira — as they often have to buoy the U.S. dollar — contributed to Italy's decision to restrict imports from her EEC trading partners.

*New Solidarity*, the semi-weekly newspaper of the National Caucus of Labor Committees, identified Schmidt's role in the Italian developments in an article datelined May 2.

### SPD Bundesrat Majority Endangered

According to *New Solidarity*, particularly hard hit by the Italian import ban will be farmers in Lower Saxony, the West German province which will hold state elections next month. These elections will determine whether the governing Social Democratic-Free Democratic coalition will retain its majority in the *Bundesrat*, the upper house of the German parliament. If the SPD loses its control of Lower Saxony, it will simultaneously lose its control of the *Bundesrat* which has an effective veto power over all legislation.

In a related development, Schmidt's expected promotion casts doubt on the possibilities for a European "golden snake" currency policy. Two weeks ago, European finance ministers meeting in Zeist, near Utrecht, Holland, tentatively agreed to mobilize their gold reserves (valued at \$21 billion at the old "official" gold price of \$42 an ounce) in order to meet their pressing external debt commitments. In recent weeks, spokesmen for the German finance ministry, as well as

Otmar Emninger, the vice-president of the German Bundesbank, have emphasized the need for Europe to use its gold reserves at the free market price of about \$170 an ounce in order to compensate for the financial ravages of the oil crisis.

But Schmidt's private and off-the-record statements on the gold issue indicate that he is acting as a print-out device for the views of the U.S. Treasury and the Chase Manhattan Bank, which both denounced the European gold moves as soon as the Zeist communique was issued. Open to question is whether the Europeans will proceed with the gold plan if the U.S. opposes it.

### Resignation May Trigger Italy Coup

Brandt's resignation comes at a moment when Europe is reeling under an all-out offensive affecting its outlets to raw materials, its financial position abroad, and the integrity of its governments. According to this morning's *Corriere della Sera*, the Brandt resignation opens the way for a military takeover in Italy, since Brandt's possible intervention represented the only alternative to domestic chaos in the EEC's southern flank.

Europe's office-holders should take a closer look at last weekend's edition of *Le Monde Diplomatique*, the influential weekly commentary on international politics. According to that journal, Europe was under attack from the United States, with the possible results of "authoritarian, perhaps military governments" replacing parliamentary democracy throughout the continent.

Previously, this analysis was circulated in *New Solidarity* in its English, German, and Italian editions. *New Solidarity* identifies the Rockefeller financier interests and the Central Intelligence Agency as the authors of the offensive described by *Le Monde Diplomatique*.

### Soviet Union Wavers

A crucial factor in the recent clean sweep of EEC proponents has been the ambiguous policy towards Europe expressed by the Soviet Union. In the midst of a very close factional situation in the Russian Politburo, reported by highly reliable European sources, the Soviets have vacillated between aiming for a "special relationship" with the United States through a policy of detente, and economic and political support for the Europeans.

Brandt's rightward turn last month, which began the series of events leading to his resignation, took place in conjunction with Henry Kissinger's apparently successful visit to Moscow.

Indications are that the Rockefeller financier interests, with strong links to the NATO apparatus, envision a Europe ordered by the military wing of the Atlantic alliance. Helmut Schmidt began his political career as the Socialist Party liaison with NATO.

Schmidt's lack of a base within the SPD party machine or the trade union movement makes him particularly vulnerable to the campaign now being waged by the European Labor Committees to prevent his election as Chancellor. Particularly encouraging to Rockefeller forces is the fact that Soviet representatives have openly, and in conversation with *New Solidarity* reporters, expressed their willingness to work with Eurotraitor Schmidt.