

EUROPEANS MOVE TOWARDS EAST-WEST TRADE AS  
DOLLAR COLLAPSES

**TREASURY CONFIRMS EUROPEAN FEARS OF STERLING COLLAPSE: U.S. ARMTWISTING TO HOLD THE FORT**

May 21 (IPS) -- Sources at the U.S. Treasury Department this morning confirmed that the upcoming Organization for Economic Cooperation and Development (OECD) meeting in Paris will be an arena of intense U.S. armtwisting to prevent the imposition of trade restrictions in Britain and simultaneously keep panicked European financiers in line. "Serious and intense discussions of the U.K.'s precarious political and economic situation is certain to take place. This kind of discussion is the most efficient modus operandi, the source said, "unless you're willing to use threats and bash people around... and we've got enough problems without that."

The Treasury spokesman reaffirmed the U.S. commitment to flexible exchange rates, the formal rationale for explicit Rockefeller policy to dump the pound. But the Treasury source noted, "There is always a danger that when you start these things they may go too far." "Of course," he added, referring to sudden, unexpected European central bank support for the pound sterling last week, "we are less concerned about the pound going down than many European countries who are more closely involved with Britain."

**BANCA COMMERCIALE ITALIANA LAUNCHES EXPANDED EAST-WEST TRADE BID**

MILAN, May 22 (IPS) -- The president of Banca Commerciale Italiana, Gaetano Stammati, affirmed the intentions of a growing faction of Italian financial-industrial circles to resist Rockefeller's gutting of Italian industry by taking up recent Soviet offers of expanded economic cooperation. In an interview published May 20 in the conservative financial daily *Le Fiorno*, Stammati declared: "At this moment a greater opening towards the Eastern countries is necessary. These countries and the USSR in particular have unmistakably shown their determination to base the present phase of the development of their economies on foreign trade."

In an interview yesterday, the director of the Frankfurt branch of Banca Commerciale Italiana reiterated this policy, asserting that his bank is fully committed to expanding trade relations with the socialist countries of the Soviet bloc.

The BCI is one of the three huge national banks in Italy, representatives of which attended the Milan press conference given April 30 by U.S. Labor Party presidential candidate Lyndon LaRouche, in which the proposal for an International Development Bank was launched.

## ARABS ABANDON DOLLAR EN MASSE

May 23 (IPS) -- Starting yesterday, the last prop holding the worthless dollar cracked open when the oil-producers began pulling out of the sinking currency en masse. Within a few trading hours yesterday, the dollar had plunged as much as 1 percent against some of the major Western European currencies, despite the unprecedented purchases of more than \$75 million by the French Central Bank and an undisclosed amount by the U.S. Federal Reserve itself.

Foreign exchange traders contacted in New York were absolutely certain that the Arabs were dumping the dollar "right and left."

The oil producers were reacting no doubt to the failure by Secretary of State Kissinger and Secretary of the Treasury Simon to pull off a massive support of the dollar by the Western Europeans. Under considerable pressure from a European-wide array of forces opposed to Rockefeller's nuclear blackmail of the Soviet Union and the support of the worthless dollar, West German Finance Minister Hans Apel publicly rejected the idea of a fixed relationship between the European currency float and the dollar.

The other factor affecting the oil producers' decision to dump the dollar is the evaporation of the carefully-nurtured public relations effort concerning an international economic upturn. Such wishful thinking was laid to rest by the release, earlier this week, of an Organization for Economic Cooperation and Development report. This report categorically denies the basis for any such recovery in the industrialized Western economies.

## DANISH CP LEADER CALLS FOR FARM DEBT FREEZE

COPENHAGEN, DENMARK, May 23 (IPS) -- Villy Fuglsang, a Central Committee member of the Danish Communist Party, called for a freeze on farm mortgage debt at the just concluded conference on agriculture questions, held in Paris under the auspices of the Communist Parties of Western Europe, according to a report in L'Humanite, newspaper of the French Communist Party.

## IRAQ AND BRITAIN PLAN DEVELOPMENT

May 23 (IPS) -- A joint committee on economic, industrial, and technical cooperation will be finalized soon by the governments of Iraq and the United Kingdom, according to yesterday's London Financial Times. Pro-Soviet Iraq is presently pursuing an ambitious development program, and Britain is trying to stimulate its industry by increasing its participation in this program. The British Department of Trade and Industry has produced a document - "Economic Development in Iraq" - to inform and stimulate British business about the development projects and opportunities in Iraq.

## LE MONDE ECONOMIST CONTEMPLATES DEPTHS OF THE DEPRESSION

PARIS, May 24 (IPS) -- In a front-page article today, Paul Fabra

economic specialist of Le Monde, states, "The countries of the capitalist world are only starting to abandon their too long entertained illusions on the chances for a serious recovery of the economic activity during the second semester.... In the U.S., as well as in Europe, the capitalist world seems to be sinking little by little into a depression whose end one does not foresee."