

SPECIAL REPORT

Leading Think-Tanker Calls for Nat'l Autarky To Solve European Crisis

WASHINGTON, D.C. March 20 (IPS) —Two days ago, IPS interviewed David Caleo, the director of the Washington Center for Foreign Policy Research at Johns Hopkins' School of International Affairs, on the economic crisis. Caleo, who has just returned from Italy, runs the program of the Bologna Institute in Italy and is widely regarded as "expert" in European affairs. His Bologna Institute is also known to collaborate with the CIA-controlled Rome Institute for International Affairs, on whose board of directors sit Italian Communist Party (PCI) leaders Sergio Segre and Giorgio Amendola.

An attendee of numerous conferences at the Rockefeller Foundation's Bellagio, Italy headquarters at the Villa Serbelloni, Caleo would not indicate who he had met with while in Italy.

The following are excerpts from the interview:

IPS Interview with David Caleo

IPS: The worse economic crisis in history is now occurring. Look at Italy for example. There is no way that Italy can pay its tremendous debts. The Third World countries are in the same or worst shape. What do you propose as a solution?

Caleo: Some people say that countries still have the capacity to patch themselves up. I don't maintain this. My view is that countries who try to simply patch things up ultimately make the situation worse. I'm not saying that the system can't be patched up but if there is a collapse there has to be a return to economic nationalism.

IPS: Would you explain what you mean by economic nationalism?

Caleo: Because of the present economic situation, govern-

ments have lost control of a system that over-emphasizes interdependence. And that's rough. What we need is a sort of retraction to national autarky.

IPS: Do you mean fascism?

Caleo: In extreme cases, autarky does bring to mind fascist government. The process of retraction is exactly what happened in the 1930's. National autarky developed then — even in England — and things got better because economies were brought into discipline. Germany was only an aberrant case... But this need not mean fascism, especially if greater state control was carried out by broad-based coalitions.

IPS: Sounds like you're talking about Italy. Do you support the Italian Communist Party joining the government?

Caleo: Yes, we need more broad-based coalitions. That's the reason I support the PCI joining the government.

IPS: What about a debt moratorium for Italy? Do you support it?

Caleo: It's not that easy — it's difficult to cancel indebtedness.

IPS: But it is Italy's only possible solution.

Caleo: I don't agree. I think the state enterprises have violated their basic principles of accounting by picking up indebtedness and operating without good management.

IPS: Without debt moratorium, Italy will need to impose a fascist police state. Look at the austerity proposals; they're only the beginning. Trade is beginning to collapse.

Caleo: I admit that more state-control means severe financial discipline for these countries but it's not necessarily true that a drastic decline in world trade results in a drop in the standard of living. Anyway, you are jumping from economics to politics...you're jumping to all sorts of conclusions....