

**Advisor On U.S. Corporate Trade
With Eastern Europe,
Bureau Of East-West Trade,
U.S. Department of Commerce,
Washington**

Interviewer: What is the current mood of U.S. business on East-West trade?

Advisor: They are tremendously in favor of it, and went around banging down the doors of Congress all last year to get reinstated (U.S. Government) Export-Import Bank funding for exports to the Soviets and other bloc countries which was withdrawn under the Trade Act of 1974. But the political climate is terrible now. Detente is not a popular word.

Interviewer: Do you mean the Reagan campaign, Kissinger's statements, etc.?

Advisor: Yes, it's not that business changed their minds. Congress just wouldn't respond and they despaired. Now they (business) finance trade through the private banks.

Interviewer: Isn't President Ford in favor of expanded East-West trade, considering his base in conservative industry, especially the Midwest?

Advisor: Yes, he's very much in favor. But what can he do in this climate? Maybe if there are no more Angolas and so on he can do something after the elections, but he is held back politically...Secretary (of Commerce Elliot) Richardson was supposed to be very pro-East-West trade when he came in but he's been kept very busy elsewhere...

NSIPS Exclusive

Siena Bankers' Meet Looks to 13th Century Wisdom to "Pay the Debt!!"

Siena, Italy, July 9 (NSIPS) — With Henry Kissinger's International Resources Bank swindle out the window, an international conference of Atlanticist bankers and their economists conducted here this week employed the wisdom of 13th century Italian money-lenders to dredge up David Rockefeller's old discredited "Special Drawing Rights" (SDRs) scheme as the only thing they could think of to prevent the collapse of the bankrupt Eurodollar market. As NSIPS reporters on the scene learned, Columbia University Economics Professor Robert Mundell, the organizer of the gathering, had the gall to promote the "Exchange Rates Management and a World Central Bank" conference by assuring prospective attendees that the International Caucus of Labor Committees' International Development Bank program and debt moratoria demand would finally be "dealt with."

Appropriately, the conference's keynote speaker was President D. Verzili of the Monte dei Paschi, a Siena merchant bank founded by the Medici family in the 14th century. The magical monetarist principles of that era dominated the conference proceedings throughout.

"Our theme relates to the creation of monetary within an international monetary system," began Verzili. "Great Britain and Italy are in bad balance of payments situations because of the lack of reserves, concentration of liquidity in the hands of the strong currency nations, the block of gold, speculative capital flows, and other things. As for Italy... the last lira crisis may have been complicated by the U.S. banks' lack of confidence in the Italian credit situation."

Verzili came to his point: "The U.S. remains with the dollar in a hegemonic position and is the lender of last resort.

However, anarchist tendencies have arisen within the European Economic Community, which should be overcome.

"European monetary integration is necessary... Dangers would arise for Europe from any U.S. financial or political neo-isolationism. What European monetary integration requires is joint management of national reserves. The dollar should be unfrozen and Special Drawing Rights should assume a greater role."

The following speech by conference-organizer Mundell should, according to one observer, be remembered as the "Tino di Angelis Memorial Lecture," in honor of the Great Salad oil Swindle of the early 1960s. Mundell, who remained visibly inebriated throughout the conference's first day, spelled out the SDR idiocy as essential to back up New York's Cayman Islands banking shells, which are as empty as di Angelis' famous tankers.

"Our conferences have been held to discuss themes relating to restoration of international monetary order," Mundell began. "We originally viewed the monetary collapse as a mistake, but we have now seen the need for the creation of new institutions; a new world currency will be required."

Mundell continued, "When the 1944 Bretton Woods arrangements broke down, it led to permissiveness. Central banks moved to competitive inflation, and this excessive money-creation led to an explosion of reserves and their concentration. Following this inflationary period from 1972 to 1974-75, the world has been thrown into the deepest depression since the 1930s, with unprecedented inflation rates."

Mundell then proposed, incredibly, to "correct this mistake" with a larger dose of the same monetarist inflation

that produced it! "A more orderly exchange rate universe," he said. "This must be created and we must have control over the rate of international reserve creation. This means finding a way to use SDRs as a unit of account to substitute for the dollar."

Mundell emphasized his point by digressing at length on the "historical basis" for his proposal: the year 1260! "At that time, Siena, which was preparing for war with Florence, asked for credits on the European markets, just as Italy is doing today. "The Italians will need very large loans during this adjustment period." He refrained from the obvious suggestion that Italian cities should once again go to war with each other, but did declare that "Italy will of course have to cut down on imports."

"More Debt!"

Mundell's incompetence was distinguished from that of the other participants only by the clarity with which his role as a strictly Rockefeller family agent stood out from the mere foolishness of a number of others. Exemplary was his provocative interruption of Italian economist DeCecco's statement that "It's impossible to reduce Italy's deficit through reducing imports involving essential goods..." Steering clear of the debt moratorium issue, DeCecco declared that "We must keep our imports while increasing exports. I should emphase," he added, "that Italy is expanding its trade relations with Algeria, Iraq, Libya and others, and this is important..."

Mundell interrupted. "So what's your schedule," he called out, "for solving your balance of payments deficit in the years 1976-80."

The conference discussion immediately plunged back down into the monetarist pit, featuring attacks on Italian workers' "low productivity," "absenteeism," "strikes," "holidays," etc. Mundell closed the exchange by suggesting that Italy could solve its problems by creating "Japanese-style trading companies" to promote the sale of Italian products abroad!

"Does Italy have lira-denominated bonds?" They should," he added.

"That's crazy," shouted another participant. "More debt!"

"Why shouldn't Italy have bonds?" Mundell shot back "But what will really be needed is a big lira devaluation, for one reason only," he smiled, "to cut civil servants wages through a 20-30 per cent inflation.... Then a new parity could emerge alright... But the only way to cut wages is by this kind of devaluation... That's the only reason you'd even ever have a devaluation... it always is."

In several interviews conducted by NSIPS during the lunch-time break, representatives of Guido Carli's Bank of Italy spoke of the International Development Bank and debt moratorium proposals in frightened tones. Giovanni Magnifico, a close associate of Carli and proponent of a "European Monetary Fund" proposal to use the reserves of "rich" countries to take total control over the economies of the "poor" European countries, spoke knowledgeably of the IDB program. But as a crowd of others gathered around, he declared loudly: "The IDB doesn't hold much credit; it's not very important in the consideration of the important circles."

"Oh?" queried the NSIPS reporter. "What circles?"

"Carli," replied Magnifico. Others chuckled.

"What about the question of debt moratorium for Italy?"

Magnifico went white. "That's crazy! Where does this idea come from? We have to pay our debts? We can pay our debts! And I'm not a monetarist and I'm not a Schachtian..."

Rockefeller agent Ugo LaMalfa became similarly unnerved. "You are the Partito Europeo Laboral." ("laboral" from the Spanish!) "You are fixated on debt moratorium!" But he quietly listened to an extensive explanation of the reality of the world economy's plight and the basics of economics.

At the end of the day, Robert Mundell announced that the NSIPS reporters would be banned from attendance at the following day's sessions. "Oh, I know that there are a lot of people who want debt moratorium in Italy," he said. "They'd just love that. Well, I'll agree to it when the Russians concede moratoria to their debtors, ha, ha. But Italy can't and won't do it. They'll have to pay... they'll just have to.... They'll have to pay!"

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