

ment area of universities, corporation law firms and government, was impressed by the Governor, if only because he had ventured abroad, and invited him to join. Governor Carter, perhaps because he was already eyeing the White House from afar, was only too happy to accept."

U.S. Press Grid

July 24 (NSIPS) — Following is a grid of U.S. press response to the nomination of Jimmy Carter as Democratic candidate for president:

New Orleans Times-Picayune, July 17: Editorial, "Now Nominee Carter," states: "For Carter now finds himself in a somewhat embarrassing bind. His carefully constructed image is that of an accomplished politician inconnu with the Washington scene and thus free to criticize the long records of others. Yet he sought to be and now is standard bearer of a party that has been an integral part of that scene and that record.

"His complaints about inactivity on tax reform, for example,

point the finger at the Democratic Congresses. Decrying a now dead war in Vietnam as a failure of leadership recalls that President Kennedy and Johnson — the latter despite his own campaign pledge — led us into it and that a Republican Administration led us out. If Watergate is tied to Republican President Nixon, "scandal" as a general condition also covers some Democrats recently caught in the Flagrante..."

Dallas Morning News, July 17: Editorial charges that "the liberal intellectuals...Brookings institution and other fixtures in past Democratic Administrations await the summons."

St. Louis Post Dispatch, July 18: article entitled "Inexperience and Fuzziness on the Issues May Undo Carter" charges Carter is a "liar" and "cynically ruthless."

Chicago Tribune, July 18: Lead editorial, "Midsummers Night's Dream," says the convention was "dripping with so much unity" that was "unreal". "There is a place in political life for dreams and for the ability to inspire unity and a willingness to sacrifice. This ability enabled great leaders like Churchill and de Gualle to do wonders for their country. It also enabled Adolf Hitler to do immeasurable damage...What will he (Carter) have to offer when the novelty wears off?"

What Schmidt Said And Why

July 24 (NSIPS) — After extended meetings with Henry Kissinger during a visit to the U.S. last week, West German Chancellor Helmut Schmidt told a July 18 press conference in Washington, D.C. that "the U.S., West Germany, France and Britain have reached an informal understanding to bar further loans to Italy if Communists hold cabinet posts in any new Italian government," according to the next day's New York Times. The decision, Schmidt "leaked," was reached on the sidelines at the June economic summit meeting in Puerto Rico. "It makes no sense to throw money down the drain," Schmidt quoted U.S. Treasury Secretary William Simon as saying, according to the Washington Post.

It was immediately evident that this declaration of economic warfare was not aimed against the Italian Communist Party, itself widely acknowledged to be a mere instrument of Atlanticists, but at the nascent Andreotti government of Italy itself. The political formation represented by Andreotti — the pro-growth industrialists around Andreotti and ENI's Cefis with their growing ties to the socialist bloc and the Third World, plus the working-class mobilization powers of Socialist Party leader Giacomo Mancini — is not only an immediate threat to bankers' austerity demands but a potential political wedge for international suspension of debt payments.

Understanding this "domino" threat, Schmidt was simultaneously warning the rest of Western Europe and handing a Kissinger fait accompli to President Ford, many of whose industrialist backers in the U.S. have expressed firm and even enthusiastic tolerance for proposed moratoria against debt held by New York financiers. To get an embarrassed Ford into lockstep with his gunboat diplomacy, Kissinger even had the UPI wire service run a fabricated story on the President's agreement with Schmidt's Puerto Rico "leak," though Ford and the White House have not upheld any direct threats against Italy.

To back up Schmidt's verbal blitzkrieg, the West German central bank ordered large West German holders to dump their gold and drive the price down, it was revealed July 22 by the Journal of Commerce and Manhattan banking sources. This was intended to devalue the gold collateral put up by Italy and Portugal for prior loans and, in coordination with the U.S. Treasury, to "scare the markets" away from the preconditions for the remonetization of gold favored by anti-Atlanticists, especially the French Gaullists.

Plan Backfires

Schmidt's blackmail backfired. The Andreotti government has continued its drive for consolidation. Worse, the Gaullists not only jumped to the defense of Italy but raised the head of the Atlanticists' most dreaded bogeyman — a Gaullist government based on an anti-Atlanticist accord with the French Communist Party. By the end of the week, the friends of Kissinger and Schmidt were wishing that Schmidt had never opened his mouth, and — in the case of the State Department's reply to inquiries — pretending he hadn't.

The political breadth and depth of the counterattack was unprecedented. An editor of the usually pro-Atlanticist Milan daily, Corriere della Sera, identified Schmidt's terror attempt as one impelled by American bankers' fear of a debt default crisis. Gaullist parliamentarian Alexandre Sanguinetti exposed the Schmidt-Giscard proposals for a united Europe as nothing but a U.S.-sponsored Fourth Reich. Making it clear that the Gaullists were talking about more than Schmidt's past in the Hitlerjugend, former French premier Michel Debre blasted the core of fascist economic and military policies.

The harshness of the Gaullist reaction to Schmidt and Kissinger has been fueled by the speculative attack on the French franc which the New York banks began last week. The attack turned into a full-scale run on the currency, which French companies themselves are forced to dump in order to get dollars for installments on their \$25 billion worth of external debts. The intensity of opposition, however, forced the Atlanticists to buy time to regroup. The franc shot up ostentatiously on the New York market starting July 20 as the U.S., West Germany and Switzerland began to support its price in a tactical decision not to push the Gaullists too far.

The New York Times advised Schmidt to stop "hectoring" Andreotti and instead persuade him to collaborate with the Italian Communists for an austerity program. The Times was echoed by Le Figaro and Le Monde, who claimed that Schmidt was jeopardizing the smooth installment of a supranational, Atlanticist-run Europe. The French and British governments found it best to "dissociate" themselves from Schmidt's claim that they had joined a pact against Italy. In West Germany itself, the government and the controlled press were divided between retreat and nose-thumbing. The Süddeutsche Zeitung and other papers deplored Schmidt's roughness while

the foreign ministry actually issued a statement to its embassies saying the American press had lied about Schmidt; he merely reaffirmed the distaste of America and West Germany for Italian Communism without any Puerto Rico threats. Foreign Minister Hans-Dietrich Genscher himself blandly refused comment. Schmidt's press spokesman, Armin Gruenewald, however, insisted that of course a tight and justified blackmail club existed against Italy. The July 23 Frankfurter Rundschau editorialized that "interference" is both possible and necessary. New York bankers — though audibly nervous about the "domino" threat — maintained with equal bravado that the Gaullists are simply spouting off, and the loan bait can be used to enforce austerity and devaluation in France and Italy.

A definite method produces the diplomatic madness of Schmidt's indelicate conduct toward his Common Market partners, commented the right-wing West German daily Die Welt. This is indeed the case — not because Schmidt wants to prove his anti-Communist commitment in an electoral year, as the West German press insists, but because since spring he and his Social Democratic Party have been assigned the role of "the ugly Germans," terrorizing European resistance to Kissinger. In mid-April, it was Schmidt who attacked the conservatives of the continent for having fostered social disorder; on May 11 it was Schmidt who announced that the policies of Schacht and Hitler were the official policies of West Germany and its American patrons. At the same time, trial balloons were floated for a German-funded "Marshall Plan for Europe" based on austerity demands, and the Federal Republic led the undercover planning sessions for European-wide slave labor programs.

The Italian Christian Democrats and the Gaullists briefly protested Schmidt's insults to their parties, and French Socialist Party (PSF) agent François Mitterrand proceeded to launch a bogus campaign against political repression inside West Germany. Pro-development forces in Italy lay low. The bludgeon had worked.

This time the Atlanticist club not only failed, but it impelled the opposition into a new critical mass. The same post-June 30 financial extremities that prompted the Schmidt attack are recognized by its targets, and the escalation of political provocations outside Europe is meeting a resistance that fuels anti-Atlanticism on the continent. "A brick was thrown into the pond of French politics," as the Quotidien de Paris described the Schmidt stunt — and the Gaullists threw it back. Schmidt and Kissinger had been perfectly aware that their latest atrocity would create a great deal of noise; but they counted on focusing it around the issues of Italian sovereignty and the Italian Communist party. Instead of a lineup on Communism, they found themselves at the end of this week facing an unmanageable shift in the entire balance of European forces, with local Atlanticists in their weakest position since the consolidation of the Giscard and Brandt-Schmidt governments. The gravity of the post-June 30 financial crisis leaves the Kissinger commandos scant "soft-cop" posture to fall back to.

NSIPS Exclusive Translations

Gaullist Leader Responds To Schmidt's Italy Blackmail

July 22 (NSIPS) — The following statement was issued by Alexandre Sanguinetti, Gaullist leader and former General Secretary of the Gaullist UDR party, in response to blackmail threats made against Italy by West German Chancellor Helmut Schmidt. The text of Sanguinetti's statement appeared in Le Quotidien de Paris, July 19.

I disapprove of the declarations of Mr. Helmut Schmidt concerning the presence of Communists in the Italian government, as much in its form as in its content. Gaullism always taught us to recognize states and nations and to leave people free to their political choices, which concern them only. It is true that the French government participated in that decision at the Puerto Rican summit; a supplementary proof is thereby

brought to bear that increasingly, day by day, we distance ourselves from the Gaullist conception of power to become no more than a defense association for an economic and social system under the protectorate of the United States.

I add that Mr. Helmut Schmidt, who calls himself a Social Democrat, sometimes takes on curious youthful remembrances and National Social accents. And it is with such men and with such sentiments that we are invited to dissolve ourselves into Europe.

French SP Leader Joxe On Schmidt

July 22 (NSIPS) — Pierre Joxe, a leading member of the French Socialist Party and the son of Gaullist deputy Louis Joxe, issued the following declaration in response to West German Chancellor Helmut Schmidt's declaration that his nation, the U.S. and France had agreed to cut off credits to any Italian government in which Communists participated. The text appeared in the July 19 Quotidien de Paris.

First of all, it is necessary to obtain clarifications from the French government on its role and its positions at Puerto Rico. But as socialists and internationalists, the declarations attributed to Mr. Schmidt pose specific problems for us...This would reveal the ambiguity of the German Social Democracy, for a long time at the very summit of the European workers movement, and today led by men forgetful of a glorious past of class struggle, on a path which goes beyond domestic class collaboration to attain, at present, collaboration with imperialism on an international level...Finally, this would pose the problem of the consequences to be drawn from this episode for the French Socialist Party. Our party, in fact, has constituted study groups with the SPD to investigate certain common problems. These groups will have only one thing to do: to first of all, determine if the SPD feels itself committed to the statements of Helmut Schmidt.

Wall St. Banker

"I'm Not Worried About Italy — Look At Peru!"

July 20 (NSIPS) — The following interview with an international partner of a major Wall Street investment bank was conducted today following reports of significant new motion in Italian political circles toward a moratorium on Italy's foreign debt.

Q: What is your reaction to the article appearing in Corriere della Sera yesterday on an Italian debt moratorium?

A: You know, Walter Wriston (Chairman of Citibank) is worried about a report put out last week by First Albany Corporation, an Albany banking analysis firm, which rates the major commercial banks 1A to 4 on the soundness of their loans; Morgan is 1, nobody is in 1A and all the rest — Chase, Bankers Trust — are in 4. Citibank made it to 3. The bank's paper is being called into question, and I fully agree with you that another British-style free loan would be terrible for market confidence.

So it's in everybody's interest now to call a spade an excavating tool — that is, not to make it clear that while Mr. Wriston may seem to have made a lot of money in Italy, he hasn't collected any of it yet. We're not going to force Italy. Peru had a government change, didn't it? Didn't it? Andreotti is pretty well shot down, the Italian Communist Party has seen to it that he is having trouble putting together a government of the kind you mentioned (for debt moratorium). I'm not too worried about Italy — look at Peru! Look at Argentina! It has a trade-union movement and a population as big as France!

Q: What about French Gaullist support for an Italian debt moratorium?

A: I know (Gaullist leader Alexander) Sanguinetti. Sure, let them talk. France has a lot to lose. They have a lot of money in

New York banks. Even the money they put in British banks ends up as credits on the accounts of New York banks and is easily impounded. Let them go on borrowing and supporting the franc as long as they can, they they'll have to devalue extensively, and after that, we'll see about a British-style loan...maybe.

Q: What you're saying will result in surrounding the Soviets with Schachtian fascist states, won't it? Have you ever heard of the Schlesinger Doctrine? Do you know about Brezhnev's letter to Assad?

A: Sure, and I wouldn't like to repeat what Assad must have answered over the phone. The Soviets' position in the Mideast is not good. Assad has his own interests, and he knows it. The Soviets don't need to intervene, although they may. They have other alternatives. I don't believe in limited nuclear war, but I don't think the Soviets need to go that far. I discount that.

Q: They have the alternative of supporting an Italian debt moratorium, don't they?

A: Sure, they might even default themselves. But that alternative means not eating this year. Do you know what their grain bills are? Ask not for whom the bell tolls, it tolls for thee, if they go out and try to destroy the capitalist system. I agreed with Jimmy Carter fully on the food weapon.

Q: What do you think they will do?

A: I think this situation will make them count their alternatives, and realize they have to negotiate higher loan rates, and cut back some imports, but cutting back is a lot different from starving.

Q: Or not being around at all?

A: Yes...but then, neither will you or I be.

Italian Christian Democratic Leader's Response To Schmidt

July 20 (NSIPS) — Following are the comments of Flaminio Piccoli, president of the Christian Democratic fraction in the Chamber of Deputies of the Italian Parliament in response to the report by Chancellor Helmut Schmidt of the Rambouillet agreement to deny Italy credit in the event of a left-wing government.

According to a front page article in *La Stampa*, July 19, titled "Explosion of the Schmidt Case," Piccoli asked that "the event (Schmidt's statements) be verified officially." Noting that it appears that the decision was made at Puerto Rico during a restricted meeting, Piccoli decried "the absurdity and the risk of speaking about Italy in a 'summit' at which our leaders are present in a sort of sideshow conference, outside of their presence. The question is not one of procedure, but of substance in the relation among free and sovereign allies."

Schmidt Backs Down On Attacks On Italy

Following the sharp denunciations directed at West Germany from French and Italian political circles in particular, Chancellor Schmidt issued an official statement on July 20 that he had never threatened Italy with a loan cutoff if Communists enter the Italian cabinet during his press conference with American journalists. According to a statement issued by the Federal Republic's Foreign Ministry to their diplomatic corps, Schmidt's reported statements were distorted by the Washington Post, and the picked up by other news agencies around the world.

The statement gives the following account of the Chancellor's July 14 press conference with American journalists with Schmidt:

The Chancellor began by remarking that any statements he

might made about other nations would be strictly off the record. Asked about the possibility of his country giving financial aid to Italy, he emphasized that any new loans to Italy would have to be put together on a multilateral basis. A journalist present remarked that the United States "does not take a fancy to Italian Communist Party" participation in the new cabinet. Asked if he agreed with the American position, Schmidt remarked that he believed the Germans, French and British were in agreement. The journalist questioned further, asking if the Italians were aware of the attitude in the rest of Europe, and Schmidt answered, "I think they have discovered that in the meantime."

UPI Lies About Ford Support For Schmidt Blackmail of Italy

NEW YORK, July 24 (NSIPS) — In a totally lying report on Presidential Press Secretary Ron Nessen's official press briefing July 20, a United Press International dispatch quoted Nessen as saying that President Ford was in agreement with West German Chancellor Helmut Schmidt's blackmail proposal for cutting off trade credits to Italy if the Italian Communist Party enters the Italian government. To the knowledge of NSIPS, which received word of the report from European press contacts, the UPI wire never appeared anywhere in print. But it did serve to shape the minds of many journalists concerning the situation.

Late in the evening on July 20, the White House denied the UPI story when contacted by NSIPS. The following day, the UPI reporter who attended Nessen's briefing and covered the story told NSIPS that Nessen had never said what was reported by UPI. "Nessen said there is no policy... The State Department is handling it... there is a lot of confusion here (at UPI-ed.) about what's happening," the UPI reporter said. He confirmed that this was the content of the story filed with UPI's Washington bureau from Nessen's briefing.

However, the UPI desk editor in Washington, Mr. Taylor, confirmed that his desk did issue a story, allegedly filed from Nessen's briefing, falsely quoting Nessen to the effect that the President is in agreement with Schmidt's policies. But July 21, this false report was already conduited to leading Italian newspapers from their Washington bureaus.

Further obfuscating the truth, the U.S. State Department, which was said to be "now handling" the situation as of July 23 officially denied that Schmidt ever made his widely-quoted statement on Italian credit restrictions.

Le Figaro: Schmidt Doesn't Give a Damn About Europe

July 24 (NSIPS) — *The following are excerpts from a July 20 French daily Le Figaro editorial by the normally loyal Atlanticist mouthpiece Xavier Marchetti, the paper's editor.*

If we wanted to upset all the political circles in Europe, distress all the Chancelleries and put back into doubt at the highest level the notion of international coordination itself, Helmut Schmidt fully succeeded. His revelations concerning the Puerto Rico summit will certainly not be remembered as a beautiful example of political subtlety.

No doubt the German Chancellor does not give a damn and that's his own business, but he is not the only one involved.

The confusion in Paris and London speaks for itself... If there

are no more guarantees of a common restraint, nothing really concerted is possible on Western scale... The problem begins with the attitude one wants to adopt when confronted by such and such new situations. Helmut Schmidt does not want to be bothered by details... Not to help Italy when she is in trouble would lead to a weakening of this Community (the European Community — ed.), which, in the final analysis, only sticks together because of financial solidarity... To exclude any national member from the community from temporary financial support would lead to its progressive elimination from the European Community... Helmut Schmidt, to say the least, has not clarified anything. The trouble in which he has placed his partners (except Washington) is a sizeable political mistake. It cannot but have aftereffects.

Quotidien de Paris: Schmidt Is Kissinger's Henchman In Europe

The following is excerpted from a commentary from the July 19 Le Quotidien de Paris, following West German Chancellor Helmut Schmidt's statements on Italy:

Helmut Schmidt's declarations are all the more scandalous that they only break an open secret. They are a brick thrown in the pond of French politics, indeed, for the Gaullists, to learn that at Puerto Rico, (French President) Giscard has approved of an international plan of interference into Italian internal affairs, means to receive a new proof of the resoluteness with which the holy national independence is torn to pieces by the successor of late French President Georges Pompidou. It is especially a confirmation of the renaissance of French atlantism. The Socialist Party, for its part, is in a delicate situation. How can it be explained in effect that Helmut Schmidt, a member of (Second) Socialist International, like François Mitterrand (head of the French SP), is Mr. Kissinger's major henchman in Europe?

Corriere della Sera: On Schmidt

July 22 (NSIPS) — Excerpted below is a July 20 editorial from the Italian newspaper of record, Corriere della Sera, by Associate Editor Michele Tito. Tito's editorial was entitled "Schmidt, Italy and the PCI in the Government: Whom Does the Puerto Rico Blackmail Really Serve?" Mr. Tito is referring to the results of the recently concluded Puerto Rican Economic Summit.

Does the "Puerto Rico blackmail of Italy" exist? A right wing playing its own game and a left which loses all sense of proportion because of excessive mistrust have blown up a huge scandal. The scandal has no basis: technically the four Western big — Americans, French, English and Germans — made no decision on aid to Italy in case of Communist participation in the government...

This stated, the substance remains... It is not scandalous that the responsible leaders of the Western countries talk (about the possibility of a communist government in Italy) around the edges of their international conferences or elsewhere. But there is an ambiguous side: the allies — above all the American and Germans — with their confirmations, clarifications and denials have tended to make the Italians understand that if they want aid they had better exclude the Communists from power. This is indirectly damaging to our sovereignty... However, there is

something more immediately dangerous and perhaps more seriously damaging to our sovereignty and to our real interests...

The West German Chancellor Schmidt has with a maximum of bluntness done everything possible to make appear as a "diktat" determined by himself that that which may be the basic orientation of Italy's allies. Why has he done it? In Germany there will be elections in October. The Social Democracy is threatened by the Christian Democrats... with charges of weakness towards European Communism. In a Germany that accepts the hardest repressive laws existing in the West, these charges are dangerous....

Schmidt's problem is not to lose the advantages gained in the past and to appear today as the unflagging champion of anti-communism in Europe. It should not be a mystery that the Italian Communist Party was informed since the beginning of the year about Schmidt's demands and fears. It is not a mystery any more that between February and March the Chancellor was under the threat of the United States supporting the Christian Democracy against him. The Italian question was becoming a pretext for games of influence between American and German parties. It still is...

We do not want to reduce this huge question to a shrewd game between leaders in electoral campaigns. The question is very serious and of utmost importance... The truth is that at this moment the problem of aid to Italy does not exist: we have not requested it, we have no need as yet to do so...

However, there exists a problem, which is a very old fear of the United States: Italy has a 16,000 billion lire foreign debt outstanding through very complicated ins and outs with the American banks; if Italy was unable to pay its debt, the American financial system would be threatened by a crisis.

The truth is also that Chancellor Schmidt, head of the biggest European financial power, has been firm since he took power on a precise position: Germany must not pay for the others; Italy is living beyond its own means, it must drastically reduce its expenses and its standard of living.... Schmidt is more defending an economic line rather than being ideologically intransigent. And the German economic power always renders him tough and severe on behalf of the logic of the accounting and against consideration of what is politically possible...

There is an important point that the Communists overlook. The problem of aid most likely can be solved if one day, when we have a large reorganizational plan, we have need for it. The big financial bodies do not have to take into account things which are sometimes vital for political leaders. The problem of a fixed view of the demands of Western defense, of security, of international equilibrium, and even the contradictory and complex relationships with the East Bloc, is the real problem which counts for the United States. Kissinger's fear is that while looking for stability and economic strength, Italy may overlook, with the Communists — even though they are capable of agreeing to sacrifices — the military and security demands of the Western alliance.

Kissinger's incredible plan proposing various degrees of Communist participation in power in order to fix the limits between what is tolerable and what is not reveals everything: the economy, the civil life, the society of a country like Italy are worth nothing in view of the necessity for a world equilibrium. The real problem for our independence is this: we cannot prevent the allies from not caring about how we live as long as we are a certain way. The higher reasons of world strategy: Can we ignore them? Can we sacrifice our destiny to them?...