Italian-Initiated Consortium First Step Toward IDB

Oct. 8 (NSIPS) — Totally new multilateral economic entities came into world view this week as Italy announced that it has consolidated an international chemical consortium oriented toward greatly expanded relations with the Comecon countries, and Britain began to turn the Commonwealth into a raw-materials-for-technology alliance worthy of its name. These initiatives, coinciding with intensified bilateral agreements for industrial expansion among Western Europe, Japan, and the Third World, are the foundations of the formal implementation of the U.S. Labor Party's International Development Bank proposal once the world overhang of illiquid Eurodollar-centered debt is frozen and a new credit and currency framework is in place.

Yesterday Giuseppe Ratti, international relations spokesman for the Italian semi-public chemical giant Montedison, announced in an interview in the Milan newspaper Corriere della Sera that his company has pulled together an alliance of chemical producers whose activity will be exemplified by Montedison's construction of a $3 billion petrochemical complex in Siberia, an enterprise for which Ratti is "finding new partners." The consortium, he said, already includes two major American chemical companies, Monsanto and Hercules, as well as Petrofina of Belgium, some unspecified Japanese firms, and the British ICI, the world's largest chemical corporation. Underlining the role of new loans for production rather than debt rollover, Ratti further stated that Italy must increase the absolute amount of credits to the Soviet Union to foster exports.

On the same day, the editor of the Italian daily Il Messagero called for expanded food production through increased output of Italian tractors, for optimal use on large cooperative farm enterprises. Il Messagero, which is controlled by the chief of Montedison Eugenio Cefis, also reiterated the need to implement the proposed consortium of Western European state-sector oil companies to break the Rockefellers' veto powers over European industry through petroleum control. "If so many serious reasons did not already suffice," it writes, "the energy problem would be enough to push the Common Market toward a unified policy. To accept the taxative presence of the Seven Sisters who hold the Mideast oil means to accept the Confindustria position, which was already outmoded in 1950." Il Messagero is referring to the Atlanticist-controlled Italian industrial association's stand against the establishment of the state oil concern, ENI, in the early 1950s.

The Development Vanguard

The emergence of the energy and chemical sectors of Western Europe as spearheads of steps toward the International Development Bank expresses the resolve of the industrialists who control the state oil companies never to submit again to the kind of extortion inflicted in 1973-74 by the multinationals' "Arab boycott" fourfold fuel price increases, which drained resources out of production and export markets into the New York banks. As for the high-energy-using chemical sector, it can only survive by constant large-scale technological innovations in industry and agriculture as a whole. As Ratti said, "International chemicals is a manifold of links among several groups which, even if they compete, are united by a very thick network of collaborators" — precipitated by the capital-intensive and integrative requirements of progress.

In endorsing the proposed formation of an anti-Rockefeller consortium of Western European state oil producers, British Petroleum — one of the multinational majors — cited, first, the need for its West German subsidiary to defend West Germany's national interests, and second, the desirability of transforming refinery structures to increase the use of petroleum in advanced chemical processes. This week, BP's chairman made a speech recalling that Britain used to export the Industrial Revolution to the rest of the world; now, he said, it should provide its advanced oil extraction technology to Latin America, Africa, and the Soviet Union. The new British government-industry consensus on promoting real growth yesterday prompted Britain, together with Malaysia and Jamaica, to begin ensuring a flow of raw materials from the Commonwealth by pledging technological assistance in return.

This adoption by both Britain and Italy of a conscious policy of reciprocally reinforcing joint development with the Third World received an historic stroke of support by the Comecon this month. The October issue of the German Democratic Republic foreign policy organ Aussenpolitik explicitly and forcefully counterposed Henry Kissinger's murderous International Resources Bank proposal to the need for debt moratoria and development credits for the non-aligned countries. This is the first time a Comecon spokesman has given direct support to a proposal modeled on the International Development Bank proposal — which specifies the creation of billions of credits for three-way trade and specifically targeted mammoth development projects among the Third World, Comecon, and the advanced sector, once the claims of old debt are cleared away by orderly moratoria.

Italy is acting as the international catalyst of this process, not only in its organizing of chemical and energy producers, but in its entire foreign policy. Following the Andreotti government's call for debt moratorium at the Manila conference of the International Monetary Fund this week, treasury official Palumbo went on a mission to bolster Japan's pro-development factions; and last week, while Angolan Premier Augustino Neto was in Soviet Union, his foreign minister, Lopo do Nascimento, visited the Italian government, providing a kind of symbol of trilateral efforts toward the new world economic order.

The Mideast Battleground

Italy has also pioneered in the push to draw Mideast fuel and population resources into the proto-IDB international alliance. This effort is proceeding along consistent lines announced late last month at an IRI-sponsored conference on "Industry and Culture" attended by representatives of Egypt, Somalia, and other Third World leaders. IRI's Dr. Arena attacked the "technological monopoly" of the industrialized countries and declared that the new world economic order involves the costly but invaluable education of technical and managerial cadre who can contribute to the "self-developing process" of collaboration between the Third World and the advanced sector. Through ENI, Italy is also pressing Egypt and Algeria to expand development of oil resources, and beginning to aid Angolan oil exploration.

Other Western European countries are contributing to the development of the oil producers on a more ad hoc basis; while the governments of West Germany and France cut back their purchases of Iraqi oil, France also bribes Iran with oil-for-arms deals to defect from supporting the Third World. French industrialists are trying to resume the positive relations with Algeria disrupted by French President Giscard d'Estaing's policies, and the West German state steel complex, Salzgitter, will build a desalinization center in Libya — a project also involving a major West German machinery and tractor producer, KHD. Similarly, while David Rockefeller attempts to siphon international trade toward puppets Iran and Saudi Arabia by drawing them into the OECD, the Tennaco conglomerate of Houston has arranged to buy over $15 billion worth of liquified natural gas for the U.S. and Canada from pro-development Algeria, providing 10 billion cubic meters a year.

A more structured series of bilateral initiatives has been made by the Brazilian state oil firm Petrobras, after Petrobras survived attempts by pro-U.S. Brazilians to dismantle it. A risk contract with Iraq for joint oil exploration paid off last week with the discovery of a petroleum deposit that will provide Brazil with 20 per cent of the 300,000-barrel-a-day output — as much as Petrobras' current total output. Petrobras has a similar arrangement with Libya, which has invested oil revenue in Brazilian agricultural development. Pro-development elements in Brazil have also managed to secure the first official Cuban visit two weeks ago, buy 10,000 tractors from Yugoslavia, and negotiate the use of their trade surplus with the Comecon to buy capital goods from the socialist sector. The former gorillas' paradise has refused a military alliance with the government of South Africa, which would preclude further moves along these lines, while boosting trade with Mozambique and Angola.

East Asian Openings

Japanese industrialists, backed by a government faction, have expanded their relations with the Third World in recent days, a prerequisite for the latter's maximum growth on the one hand and Japan's own raw materials needs on the other. Following Japanese discussions last month with Vietnamese leaders about possibilities for petrochemical and agricultural development projects led by the Mitsui conglomerate, Mitsubishi has signed a half-billion dollar contract to build a power plant in Iraq, and Japanese companies arranged $12 billions' worth of hydropower, steel, aluminum, and grain development projects with Brazil. Sabotage efforts failed on the part of the World Bank and Citibank, who had insisted that Brazilian revenues go into debt service. The Japanese government has also announced that, since Eurodollar financing of projected long-term natural gas imports from Iran will be impossible, it would finance Iran's $1 billion contribution to the $2.5 billion project.

Japanese technology was demanded by the president of the Philippines, Ferdinand Marcos, on behalf of the ASEAN countries, which include Indonesia, Thailand, Malaysia, Singapore, and his own nation. Prompted by the pro-development government of Indonesia, Marcos spoke out at a conference sponsored by the London Financial Times, advising Japan that the industrial development of ASEAN was a healthier alternative than the Japanese rearmament offered by the Rockefellers. Henry Kissinger has stepped up region-wide moves against the pro-growth groupings in Japan and ASEAN, not only watergating Japanese industrialists but forcing this week's Thai coup and attempting to forestall the nationalization of foreign oil companies in Malaysia by firing the progressive head of the Malaysian state oil enterprise. Exxon was reported to be "jubilant."

India, the other linchpin of prospective Asian development, has accompanied its United Nations advocacy of debt moratorium with a mission to Poland for industrial cooperation, and an economic delegation backing up Prime Minister Gandhi's peace diplomacy in Africa.

Steps by Comecon and U.S.

In tandem with diplomatic moves on behalf of a new world economic order — including this week's Soviet call at the United Nations for "a reform of the world monetary and credit system" — the Comecon countries have continued to seek bilateral trade and development deals while to some degree stepping up regional initiatives. The USSR has revived a proposal to provide Scandinavia with 2 billion cubic meters a year of its natural gas, and Czechoslovakia recently held a seminar in Prague with Latin American delegates to discuss the potential for Comecon industrial input in that area. The USSR has contracted with the Agnelli-owned Comau firm in Italy to build the world's biggest factory for earth-moving equipment; its 5,000-unit yearly output will double world production of this machinery, which is essential for IDB projects. Most significantly, the Comecon has signaled its acute awareness of the present limits to trade and cooperation in its Aussenpolitik call for debt moratoria as the prerequisite for world development.

In the United States, industrialists are pressing for expanded trade but for the most part remaining unwilling to publicly advocate any form of the IDB, hanging fire while Europe prepares to burn dollars. One industrial spokesman, U.S. Deputy Defense Secretary Clements, sounded the alarm two weeks ago for immediate trade promotion, calling on the Export-Import Bank, target of intense Rockefeller pressures against East-West trade, to approve a long-delayed loan to Poland to build a General Motors truck plant there. Citing the depressed state of the U.S. machine tool sector as a threat to national security, Clements was backed by the influential Cleveland Plain Dealer's editorial demand for increased machine-tool output and exports. Speaking in Japan, a spokesman for the Continental Illinois Bank of Chicago invoked a picture of the expanded purchases that would come from Third World nations provided with the initial capital to industrialize; he did not dwell on the world financial crisis, but reports have been confirmed that Chicago bankers are collaborating with British policymakers to end the IMF's sabotage of industrial recovery.

The Ford Administration, while making anything but a pro-development political campaign, has appointed a special committee on East-West Trade, and Commerce Secretary Richardson is responding attentively to his industrial constituency. After rushing to Chicago to pledge that the administration will not allow the State Department to restrict exports of technology, Richardson spoke in Los Angeles this week in favor of expanding such exports.

In is clear from Montedison's announcement of the international chemical alliance that certain major U.S. corporations acknowledge the need for an overall policy of concerted multilateral development, and the partnership capacity of a "liberated" Europe — including not only Italy and Britain but the new pro-growth government of Sweden and a post-Eurodollar France and West Germany. Well aware of the American industrial mobilization during World War II, it is still an open question whether U.S. industrialists and regional bankers as a whole will show some strategic sense before the dollar expires, or will have to be brought to their political wits amidst the debris of the collapse.