

Italy has strongly supported from its inception — this past week announced that it was creating a new currency. “Our money is political money,” announced President Neto, “and we are not willing to sacrifice it to worldwide imperialism.” Only a sharply limited amount of the old currency, the escudo, will be allowed to

be traded in for the new currency.

In response to the holders of escudos who fled the country with their arms filled with the now-worthless paper, the Angolan Finance Minister has aptly responded: “I suggest you put the (worthless escudos) in capitalist museums.”

## Schmidt, Callaghan Meet to Hammer Out Joint Development Strategy

West German Chancellor Helmut Schmidt and British Prime Minister James Callaghan met for talks on Sunday, Jan. 23 which were the latest in a series of meetings between Schmidt, Callaghan, and Italian Prime Minister Giulio Andreotti designed to work out a united Western European front for development and trade independent of the bankrupt U.S. dollar. In keeping with the Italian-West German coordination for industrial growth previously worked out between Schmidt and Andreotti, the talks established, “the broadest coordination of foreign and economic policy of both countries, with respect to the upcoming summits, according to the Jan. 24 daily *Sueddeutsche Zeitung*.”

In a joint television interview after the talks, Callaghan and Schmidt ruthlessly initiated this coordination by attacking the Committee on the Present Danger line of President Jimmy Carter’s advisors which insists that the Soviet Union’s military strength shows it has abandoned détente. Both spokesmen agreed, “We have nothing to fear from the Soviet Union’s military

strength....We are agreed that Moscow is following a policy of détente.” Callaghan ridiculed “the people who get into a bit of a panic about this” while Schmidt supported him saying, “at the present time one must not listen too much to people who overstress the need for defense efforts.” Schmidt further emphasized the Western European determination to reach agreement with the Soviet Union, regardless of Carter’s White House if necessary, by stressing that although it was important that Carter and Soviet party chief Leonid Brezhnev “get along together and negotiate a SALT agreement,...we Europeans have to reach a compromise on the limitations of conventional weapons in Europe.”

Schmidt was not as specific on the question of industrial development for Britain and West Germany. The *Sueddeutsche Zeitung* reported that unnamed British government sources complained that Schmidt “was afraid to make a decision” and discuss European moves away from the dollar, even though West Germany is an economic powerhouse.

## French Prime Minister Calls For Euro-Currency Backed By Gold

U.S. Vice President Walter Mondale’s arrival in Western Europe this week coincided with the launching of a concerted campaign in favor of a single European currency by those European forces most committed to global industrial growth. While the creation of a single unity of account has been a longstanding project in Western Europe, its great significance now derives from the fact that it is meant to be pledged on gold; it would thus involve a break with the U.S. dollar and the first phase of a new international monetary system.

While the Italian forces backing the Andreotti government have been advancing that proposal for some time, it was endorsed last week by French Prime Minister Raymond Barre — the first West European governmental leader to do so publicly. Mr. Barre, who is known to espouse Gaullist views on monetary matters, had recently asserted that gold represents a “living international monetary asset.” He followed this statement by an interview he gave to the newspaper of

the Italian industrialists’ association *Il Sole 24 Ore* on Jan. 26, in which he declared: “(The European Economic Community) must characteristically resemble a national market clear of customs or fiscal obstacles, and further offer that irreplaceable element of support which is constituted by a common currency or at least currencies connected by stable exchange relations and managed in a concerted manner. But his monetary union is valid only if supported by a common economic policy.”

On the same day, *Il Popolo*, the newspaper of the Italian Christian Democracy, laid out the following program for Europe: “A single European currency is perhaps the only condition whereby the recurrent international monetary crisis would cease, and it would establish stable commercial relations without the dangers of returning to more or less veiled protectionism....This will facilitate dialogue with Third World countries and a long-term accord with the oil-producing