

EEC Meeting Stalls On IMF Bailout Scheme; Declares May Summit 'Not Binding'

SPECIAL REPORT

Leaders of the nine member countries of the European Economic Community (EEC), meeting in Rome for a two-day summit March 25-26, decided to stall on demands from the Carter Administration for the creation of a multi-billion dollar slush fund to bail out the bankrupt Rockefeller banking networks through the International Monetary Fund (IMF).

The tactic followed by the major European heads of state was twofold: 1) issuing verbal support for their recognized policies in behalf of industrial growth, simultaneously holding back from taking any definitive enabling action to realize such policies; and 2) blocking Carter Administration demands for bailout of the New York banking community whose portfolios are stocked with irredeemable Third World loans. Instead of a multi-billion dollar slush fund for Third World "aid" financed by the Europeans, the EEC opted for a "stall" by approving a piddling fund to stabilize raw materials prices below a certain "floor" level.

The European leaders also announced March 26 that the decisions taken during the scheduled May 7 London OECD summit with James Carter would not be "binding on anyone."

Next Best Alternative

On the first day of the Rome meetings, March 25, U.S. Labor Party chairman Lyndon H. LaRouche, Jr. had authored a memorandum containing policy recommendations which was personally delivered to Chancellor Helmut Schmidt of West Germany, and Italian Prime Ministers Giulio Andreotti and British Prime Minister James Callaghan. The memorandum advised that the heads of state of the leading West European nations take the initiative in breaking with the bankrupt dollar as the only possible means to enable the subsequent realization of the industrial growth policies which their governments vociferously advocate.

However, stated LaRouche, if you lack sufficient hubris to take such a major step, I advise you to *stall* as the next best alternative to capitulation which would seriously jeopardize your capacity to take more forthright action in the future.

The West European leaders did not capitulate in Rome. Instead, they handed Carter and Rockefeller a tinker toy version of the bailout facility the latter had insisted on.

The point was emphasized by British Prime Minister Callaghan in his report on the meeting to the March 28

meeting of Parliament, in response to a question put by Conservative leader Margaret Thatcher. Thatcher asked: "It looks as if it is a statement of objectives, but no practical measures. Similarly with the commodity price stabilization agreements. Obviously, it is easier to talk about them than practical schemes to put them into effect. Precisely what key commodities are they intending to start on?"

Callaghan replied that "the idea of a common fund was something that had not been agreed, but we were able to give it a political thrust on this occasion and the foreign ministers will now carry on with the matter. That applies to prices stabilization in relation to key commodities. The heads of government and state do not go into that kind of detail, but it is for the foreign ministers at their Council to work out commodity by commodity what are the appropriate items on which there should be price stabilization agreements, or export stabilization agreements."

For emphasis, the Prime Minister added: "I do not say the common fund. I said a common fund. In other words, the agreement is not to any particular proposals that have been put forward, which have been widely espoused, but to the concept of a common fund and proposals will be put forward by the nine on the basis of a fund as we see it."

Commitment to Growth

The communique issued at the conclusion of the summit similarly gave verbal reiteration of the commitment of the EEC heads of state to increased industrial growth, increased employment, less inflation, more industrial investments, and a common position on international financial issues. They did not, however, specify what and how in any concrete fashion.

For its lack of specifics, the Rome summit came under heavy fire from the European Trade Union Confederation. The European TUC held a special mobilization and issued a special communique over the weekend berating the heads of state for refusing to take concrete steps to "promote economic growth and cut unemployment." According to the London Times, the gathered Prime Ministers were "warned of social unrest and possible collapse of incomes policies if concrete proposals were not forthcoming...It is the responsibility of the heads of government at the summit to take the necessary decision to break out of that vicious cycle." Len Murray, general secretary of the British TUC, echoed LaRouche when he warned the European governments that "economic growth is the key to everything else," and insisted upon policy initiatives at the summit.

Italians Seek European Coordination

The Italians, the host delegation who are presently under intense pressure from the IMF to adopt austerity measures which would wreck any hope of industrial recovery, used the occasion of the summit to press for European economic and monetary unity. This subject was specifically discussed by Prime Minister Andreotti during the talks, Foreign Minister Arnaldo Forlani reported to the Italian Parliament.

At the same time, the Italians mounted a vigorous public organizing campaign in support of their position. The Italian Communist Party, which substantially controls the national trade union movement, over the weekend attacked the IMF in the party press and called for European-wide coordination to ensure economic growth in cooperation with the Arab oil producers. The PCI's daily, *Unita*, on March 27 issued a resolute refusal to accept IMF intrusion into internal Italian economic affairs, arguing that all monies paid to or deposited in the IMF go toward the bailout of the dominant (Rockefeller) American banking consortia.

Similarly, on the first day of the summit, the daily of the Italian Christian Democracy, *Il Popolo*, published an editorial appeal to the gathered European leaders to ensure the success of their policies by opting for a bloc to

bloc agreement with the oil producers that would give Europe the economic basis for generating an autonomous industrial recovery policy free of U.S. domination.

Also on March 25, Italian Treasury Minister Gaetano Stamatì voiced his government's views in an article in the Milan newspaper *Corriere della Sera* in which he proposed the immediate implementation of a European reserve currency to flank the dollar. This parallel currency, he stated, would aim at establishing a system of fixed parties which alone, "as my considerable experience has taught me," can ensure a stable development of international trade. Similar views were expressed in private by the top leadership of the ruling Italian Christian Democratic Party.

In West Germany, top spokesmen from the federal Finance Ministry and the banking system have informed reporters that they fully understand the nature and substance of the present crisis. One of the top executives of a large industrial conglomerate reported that "there is absolutely no question of giving in to the IMF. It is absolutely clear that we can't have a recovery with the present monetary system." An aide to the president of one of the major West German banks concurred: "There is no way that the IMF bailout scheme could be brought on line before the entire monetary system blows *by the end of this year.*"

Andreotti Survives IMF Agreement

ITALY

Italian Prime Minister Giulio Andreotti has succeeded so far in maneuvering his cabinet out of a government crisis amidst heated negotiations with the trade unions to approve International Monetary Fund conditions for a \$530 million loan to Italy. The negotiations were prompted by the trade unions' refusal to accept cuts in the cost of living escalator which would virtually eliminate COL altogether.

The final agreement, however, approved by the IMF, does not change in any significant way the austerity implications of the demands. The government agreed to revoke the clause annulling the cost of living escalator while the trade unions agreed that future increases of public transport and electricity rates — expected to skyrocket soon — will not be included in the basket by which COL is calculated. The negotiations were highlighted by the unexpected overnight flight of Italy's Finance Minister to Washington for IMF acceptance of the modifications to its "Letter of Intent."

Since the end product of the negotiations has no basic practical differences with the effect of the demands both parties had set out to "modify", the real issue at stake is not finances but *politics*. Italian bank officials in New York admit that the IMF is out to overturn Andreotti's government with Senate President Amintore Fanfani

and Christian Democrat President Aldo Moro acting as the inside agents. The real issue is how to rock the government with maximum efficiency in order to knock his underpinning, the Italian Communist Party (PCI), out from under him. In the words of a high-ranking U.S. Treasury official, "the IMF will only get stability by bringing down the (Italian) government."

Simultaneous with the tense government-trade unions negotiations, a new wave of terrorism was unleashed March 30 with clashes between "left" and "right" wing terrorists reported in Rome and Milan while violent incidents mount throughout the country. Yesterday the head of the government's printing office was shot in the legs by a terrorist commando, and fascist snipers were shooting Communists in Rome. Today 3,000 "autonomists" (fascists) attacked the CGIL — Communist trade union — offices in Milan and began an unsuccessful occupation of the building. Strikes are being planned for next week which no doubt will elicit counter-demonstrations following past patterns. Giving the green light, Red Brigades creator Francesco Alberoni authored an article in *Corriere della Sera* "predicting" that Italy is heading towards an immediate explosion of "urban guerrilla warfare."

The terror scenario has its "political" counterpart. Former Finance Minister Visentini — a long standing ally of the Agnelli family — stood up today in Parliament to attack Andreotti for being a pawn of the trade unions. He was followed by Fanfani, backed by Moro, who at