

own party typified by DC faction head Amintore Fanfani, who is now campaigning to disrupt an agreement concluded between the DC and the PCI to postpone elections in the fall. Fall elections would inevitably collapse the government and focus Italian politics on Byzantine internal maneuverings that would make it impossible for Italy to participate in the current active international negotiations for the creation of a new monetary system

to replace the dollar. The support of the leading U.S. Atlanticist circles which Andreotti's clever deception bought for him will tend to rapidly neutralize a substantial portion of that internal opposition, simultaneously gaining for Italy desperately needed financial credits for the implementation of the government's economic and energy programs.

## British Break With Dollar Averts Near-Term Union Conflict

British Premier James Callaghan has succeeded in working out a political holding action to keep the Labour Party in power by announcing simultaneously the decoupling of the pound from the dollar and a new "social contract" with the trade unions. However, any lack of aggressiveness on the government's part in implementing the general European shift to a new pro-Soviet, pro-gold monetary system (see article this issue), could immediately jeopardize these initial steps and open the way for a full-fledged confrontation with the unions.

### BRITAIN

The *London Times* of July 28 hailed the British decision to abandon the dollar as a victory for "those who put stability first." The *Times* continues, "This broad stance would seem to be in line with what the TUC (Trade Union Congress) has been asking the government to do on the exchange rate and is also in line with City (of London financier—ed.) opinion..." At the same time, Callaghan and the TUC general secretary Len Murray announced the agreement on a new social contract which, while completely sidestepping the contentious question of pay increases, reiterates the need for increased exports, reduction of imports, and an immediate increase in investment funds for industry. On the basis of the agreement with the trade unions, Callaghan forecast that "the country looks forward to the time when the IMF loan arrangements will no longer be necessary."

However, barely submerged under the government's efforts at cooperation and compromise with the unions is a hard-line stance against any attempt by individual unions to demand "inflationary" wage increases. Support for such a strong government stand, exemplified by Chancellor of the Exchequer Denis Healey's economic package announced July 15, is emerging from the government's Liberal Party coalition partners and others. There are now rumors of a "grand coalition" around this issue — which, if implemented, could force major splits between the Labor Party and its trade union base.

#### *Monetarist Subversion*

During the July 20 vote of confidence called on the Healey economic program debate, Liberal leader David

Steel warned the government that further Liberal support was completely dependent on the government's ability to keep the unions in line. Steel told Callaghan that if he was "soft" and allowed wage demands to push inflation rates to 25-30 percent a year, "we should decide that it would be in the national interest for the Government to go, and quickly."

The strategy outlined by Healey calls for strict government spending limits in the public sector and sanctions against private-sector industry which gives in to wage demands over the government's recommended ten percent increase over the next year.

Since most public and private sector unions have told the government they will be backing member demands for pay increases equal with current inflation rates (approximately 20 percent), the stage has been set for all-out confrontation between the unions and government. If the unions refuse to be persuaded to make a more moderate stand, Healey warned during the parliamentary debate, then "confrontation may become inevitable."

While there is no prospect of a collapse of the Callaghan government during the next several weeks, acceptance of the Healey policy will mean the ruin of the Callaghan government's industrial strategy for economic growth based on a working consensus between the government, the unions and industry. In place of the Callaghan strategy, political maneuvers are underway to form a broad coalition of self-described monetarist factions from all parties to impose the level of austerity which the Callaghan government is unable to implement because of its political dependence on the unions.

The right wing of the Labour Party, arrayed around Healey (now dubbed "number two" behind Callaghan), Carter-collaborator Foreign Secretary David Owen and others, is organizing a right-wing coup in the party. Key cabinet ministers, including Owen, are planning "grass roots" campaigns to bust up the trade union-left alliance in the local parties. Top right-wing Labour Party parliamentarian John Mackintosh laid out their strategy for a realignment of the Labour Party base in his call in the July 22 *Times* of London for the creation of a "realigned left-of-centre party...which would be tied neither to Marxist dogma nor to the trade unions."

Potentially key in the formation of an all-party coalition is the reemergence of former Conservative Prime Minister Ted Heath into the ranks of Tory

leadership. Heath, who during his 1970-74 administration attempted to build Britain's links to the Arabs, to Prime Minister Andreotti of Italy and to French President Pompidou, announced this week that he will be giving the key "ideological" speech before the Conservative Political Centre at this year's Tory conference.

Heath also this week came out in strong support of French President Giscard's attack on Carter's human rights policy for destroying detente with the Soviet Union.

The anti-union, anti-communist shrieks of Tory leader Margaret Thatcher have forced even the staunchest Tory supporters to reject this Kissinger protégé as a credible British Prime Minister. But Heath, with his support for detente and minimal government ownership into industry could provide a more palatable "soft option." Negotiations have been on-going over the last few months between the right wing of the Labour Party and Heath's people in the left-conservative Tory Reform Group to provide an alternative ruling base once the Labour Party has junked the trade unions.

## French Gov't Bans 'Eco-Freak' Demonstration Against Fast Breeder Reactor

The prefect of the south-eastern department of Isère — who represents the French Interior Minister in the region — pronounced on July 27 the official ban on the demonstrations against the Creys-Malville Super-Phenix (fast breeder) reactor scheduled by various "radical" environmentalist groups to begin July 30. The government will allow a demonstration of sorts to take place, but not within three miles of the nuclear site itself, thus incapacitating the ecologists's stated plan to confront government authorities and the police with violence and terrorism. We will not allow "a new Reichstag fire," said the prefect to motivate his decision.

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### FRANCE

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The government's announcement follows by a few days the various French left parties' and trade-unions' refusal to participate in the environmentalists' demonstration on the grounds that it might lead to unacceptable violence and repression. Both the French Communist Party (PCF) and its trade-union ally, the CGT, flatly declined to attend, in addition to denouncing the proto-fascist and terrorist leadership of the ecological groups. The Socialist Party and Social-Democratic CFDT union have announced their intention to hold a separate demonstration a few miles away for fear of provocations, while reaffirming their agreement with the environmentalists' attack against the "excessive" and "premature" nuclear energy development program of the government and its

state-controlled utility, Electricité de France. The CGT, on the other hand, is known to approve of the program's principle, despite disagreements on matters of detail.

These programmatic differences between the PCF and the CGT on the one hand, the SP and the CFDT on the other, at a time when the agent leaderships of both sides are desperately trying to come to terms in other areas of divergence such as defense, have been quickly seized upon by French President Giscard d'Estaing as a means to finish off what is left of the Socialist-Communist electoral coalition. Industry Minister Monory praised the PCF and the CGT for their stand in support of nuclear energy July 27, while SP leader François Mitterand's public refusal to either endorse or denounce the very idea of a civilian and military development program (for fear of splitting his own party), has been branded as "irresponsible" by government spokesmen and the press. *Le Figaro* openly professed contempt for "non-leader" Mitterand July 26, one day after he proposed to "let the French population decide by referendum."

In view of the SP's blatant equivocation and of CFDT leader Michel Rolant's inflammatory statement July 27 that "this weekend's demonstrations will be the Dien-Bien-Phu of Electricité de France," the Isère prefect's decision to keep the ecologists "at bay" seems motivated by the "Machiavellian" desire to see the environmentalist crazies and the SP "merge" their operations without danger to the Creys-Malville site itself. On the other hand, should violence arise, such a development would go a long way towards totally discrediting the Socialists.