

Two Policies For Italy...

IMF...Cut Public Sector Now

Italy's press this week published a letter received by Italian Treasury Minister Gaetano Stammati. The letter, which is excerpted below, is from the Director of the European Department of the International Monetary Fund, and suggests that Italy discontinue extending loans to hospitals.

Dear Minister,

We have followed closely the developments within Italy's economy. The viewpoints of those who are inside and those outside are always different. Looking at it from the outside, I am quite impressed by the progress so far accomplished towards achieving external and internal equilibrium...Looking at it from the inside, you must be so overtaken by the problems that you have little time to think about everything that has been done...Please forgive me if I mention to you a number of sectors in which I am sure that a substantial preliminary work has been done, but not completed and much less formally systematized....The area which worries me the most is the financial prospectus of the public sector. I remember that we fully agreed on the need to guarantee a fast and noticeable improvement in this field, either by controlling expenditures or increasing income...I am aware that time will be needed in order to fully achieve this objective...But I must add that I did not feel comfortable with the announcement of recent measures which will lead to new spending and that will make it more difficult for you to observe the expenditure levels set for 1977 and those needed for 1978. Measures for increasing income would be welcome, particularly along the line set forth in the letter of intent. It seems that the moment has come to prohibit health institutions access to short-term bank credits...In my opinion, a reduction of external pressure and the alleviation of the immediate political problems is perhaps the occasion to proceed with energy in those sectors...

With my best regards,
Sincerely,
L.A. Whittome
Director of International Monetary Fund,
European Department

USSR... Step Up In T-Ruble Trade

The Soviet Union has announced what the Italians have previously made public — that the use of transferable rubles for trade arrangements with Italy is already underway.

The following are excerpts from an article appearing in the Soviet weekly New Times, last month. A similar report appeared in the bulletin of the Soviet-owned London-based Moscow Narodny Bank.

... (An expanding) assessment of business relations between the two countries was made at a recent meeting of representatives of Soviet foreign trade organizations with Walter Giuseppe Maccotta, the new Italian Ambassador to Moscow, Ugo Toscano, Commercial Counsellor to the Embassy, and Niccolo Gioia, President of the Italo-Soviet Chamber of Commerce. Italy, they said, was interested in cooperation with the Soviet Union and would exert maximum effort to further it...

An even bigger role in our business relations is played by scientific, technological and commercial exchanges in the field of nuclear power development...

The Italian representative spoke of a new departure in our relations — the possibility of settling accounts in transferable rubles, the collective currency of the countries of the Council of Mutual Economic Assistance. The agreement on the use of the transferable ruble concluded by member of the International Bank for Economic Cooperation does not exclude the possibility of settling accounts in this currency with capitalist countries...

The Italo-Soviet Chamber of Commerce plans to arrange seminars and meetings in the coming months to determine the best forms of economic ties between our countries.