

gunboat diplomacy — the support of some, the silence of others — poisons the national political climate and threatens to drag the country into a chaotic and diversionary left-right confrontation, accompanied by mounting Interpol terrorism, analogous to what is occurring in Italy. Giscard's team is preparing for precisely this kind of scenario, constituting itself as a "crisis management staff (involving the military, and French SDEC Intelligence) according to the right wing paper *L'Aurore*. The Belgian press reports that French officers sent to Zaire are led by Colonel Franceschini, a former Secret Army

Organization terrorist involved in anti-Gaullist subversion 15 years ago.

It is now rumored in Paris that Giscard might soon choose to invoke Article 16 of the Constitution, which empowers the executive to rule by decree in case of grave threats to national security. Because of Giscard's unpopularity, such a move would cause an uproar, and class war — type chaos in France's extremely tense social situation, now marked by a multiplicity of on-going metal industries against depression levels of austerity and unemployment.

Moscow-Rome Continue Talks; Will Italy Solve Debt Problem With The Transfer Ruble?

ITALY

Negotiations between Italy and the Soviet Union for a transfer ruble agreement to finance East-West trade, together with the inevitable economic implications of such an arrangement, are the main topic of heated political debate at the highest levels of Italian government and political circles.

Negotiations for the transfer ruble were further advanced this week with an invitation to Italy extended to a Polish banking delegation by the Banca Commerciale Italiana — the largest Italian bank outside the central bank itself — and the unscheduled visit to Italy by Soviet Deputy Foreign Trade Minister Komarov. This will be followed with a visit to Moscow by Italian Foreign Trade Minister Ossola later this month.

The Polish delegation has been meeting with Italian banking circles who are involved in easing the way for the transfer ruble, such as the large Bank of Sicily. Komarov's current discussions with Italian officials — a group that prominently includes Premier Giulio Andreotti — is to work out the preliminary arrangements for the transfer ruble, according to well-informed sources. Should the necessary arrangements be worked out, the transfer ruble will be put into an operational phase by the agreed midsummer target schedule.

Amid universal recognition by the Italian press that the International Monetary Fund has not one penny to grant even the miserable \$530 million loan it has promised to Italy, the Italian Communist Party paper, *L'Unità*, has been conducting a campaign on behalf of the transfer ruble and for the reorganization of the foreign trade ministry.

L'Unità featured an article April 11 attacking the IMF's system of refinancing by imposing levies on allied countries — "allies unwilling any longer to play that

game." For the first time, *L'Unità* raised the question of the transfer ruble as the way to come out of the "IMF's monetary games" into a monetary system oriented toward development and peace.

Financial Reorganization

The fact that the Italian government is considering undertaking major financial reorganization was hinted again today by *L'Unità* and by Italian Treasury Minister Gaetano Stamatì. PCI Central Committee member Cardia, a known supporter of the new world economic order and a party foreign affairs specialist, revealed government plans to submit a bill to Parliament that will reorganize the Foreign Trade Ministry so as to create a new institution for coordinating all foreign economic activity. Under the direct control of both the government and Parliament, the new institution will act as a mediator for trade with Third World and Soviet bloc countries. At the same time it will provide a global, coherent approach to Italy's trade with these sectors, an operation now fragmented into myriad agencies.

Treasury Minister Stamatì's proposal to establish a "lira pesante" (heavy lira), put forward yesterday would be a key aspect for reorganizing Italy's economy. A "heavy lira" by decree would change the pegging of the lira to the dollar by issuing new currency and giving it the value that Italian authorities consider the most appropriate. Although by itself — depending on the value given to the currency — this could be hyperinflationary, the indications are that the Italians are aiming at cleaning out their books for the transfer ruble and that they probably will declare a de facto debt moratorium by up-valuing the lira. As Stamatì emphasized, the problem is not a technical one, but one of political will. Interestingly enough, the Italian daily *La Stampa* compared the measure with one taken by General de Gaulle in 1958. At the time de Gaulle established a "heavy franc" in order to stabilize France's economic development and put the country's destroyed economy on its feet again.