

his alleged heroics as commander of the Egyptian army during the October 1973 "Oil Hoax War." Recently he has been quoted making pro-Soviet grunts from his current post as Ambassador to Great Britain. What is not often reported is that upon his nomination as ambassador in London "pro-Soviet" Shazli was nearly refused entry by the British government for his past ties to the British fascist movement!

Rather than lose Sadat entirely, however, Rockefeller might wish to "rearrange" the Cairo Cabinet, dumping Premier Abdelaziz Hegazi, singled out by the Western press as the supposed target of the demonstrators for his austerity policies. A new Egyptian government under a repentant Sadat, perhaps headed by a premier like Heykal, would severely challenge the Soviets to make a final break with the sort of right-wing Arab nationalism which the USSR disastrously has supported consistently in the past. The temptation would be severe for the Soviets to again enmesh themselves in a rerun of a "Nasserist" Egypt.

Should the Soviets make a steady push to topple Sadat and the Shah, however, coupled with a call by the USSR for a real Geneva Conference to discuss the socialist development of the Middle East, the only remaining "rational" CIA alternative would be straight hardline military consolidation of the Teheran-Cairo axis, behind the current Iranian and Egyptian dictators. The implicit threat of the extension of NATO into the Middle East--raised today by reports that NATO-controlled Turkey was planning to train Libyan troops!--combined with a provoked Rockefeller monster both in Europe and the Middle East would be immediately raised by any sign of hubristic Soviet moves in the area. As the Labor Committees have shown, it is precisely this which the situation demands.

CARLI MOVES TO RESCUE MAJOR BANKS FROM BANKRUPTCY

Jan. 4 (IPS)--An authenticated leak from an aide to the Shah of Iran has revealed that a highly-placed source close to Italian Central Bank head Guido Carli assured the former that Carli's policy is entirely dedicated toward the avoidance of defaults on Italy's international debts, come what may.

Last Thursday's announcement of Rome's new monetary policy is aimed precisely toward that end. The Central Bank, in a move preceded by Nazi Finance Minister Schacht's policy in the 1930s, will channel newly printed paper to the export-oriented industries to hopefully improve Italy's balance of payments position and thereby enhance Italy's ability to repay its massive debt to the international financial cabal. To ensure that none of this new liquidity ends up in the wrong hands, the Central Bank will strictly monitor the process carefully to assure that only "Italy's semi-public biggest banks" are the primary beneficiaries

of the additional funds. These banks will own shares of the debtor corporations.

This move by Rockefeller-ally Guido Carli is an integral part of a desperate international "rescue operation" designed to salvage these key national and corporate sectors.

"There will be no defaults....The whole country will go under before we let a [major] bank be bankrupted. That I can assure you. That's Mr. Carli's policy," the Shah's aide was told. Carli is aiming for a stratification of the banking and industrial sector by providing large banks with cheap funds and thereby increasing their profit margins. By favoring some industrial sectors over others, a selected core of the economy is to be allowed to scramble aboard Noah's Ark. In short, the capitalist system is carrying out triage against itself.

However, pump priming will open up the Italian economy for total collapse. The "non-essential" industrial sector, and Italy's large state agencies sector, will, in a matter of a few short weeks, be forced to close shop and lay off millions of workers, leading to mass social upheaval. Next, at least in the short run, any addition of credit into the economy is bound to be inflationary and will further fuel the raging official inflation rate of 24.8 per cent. This in itself is bound to cause bankruptcies of such major proportions that the primary Italian banks cannot remain unaffected. In addition, even the bureaucrats at the International Foreign Trade Council have finally conceded that over the next few months international trade will fall drastically. The question then is: who is going to buy the expanded exports of Italy when demand is dropping everywhere?

This dilemma has not escaped Mr. Carli. As he publicly patted himself on the back last week for nearly balancing Italy's non-oil foreign payments position, his close associate was privately pleading with the Shah's aide: "There are a lot of problems. You can't move workers from Turin to Mezzogiorgo overnight. It takes time, but it will happen. Just give us time." Carli's associate is referring to the slave-labor development plants scheduled for southern Italy. Without the rapid massive relocation of a crushed and disciplined workforce to development projects, there is no short-term financial procedure which can bail out the economy.

Mr. Carli's associate, however, took special pains to assure the Shahanshah's aide that there would not be a repeat of last June's debt moratorium "hysteria." With the growing influence of the International Caucus of Labor Committees and its allies in the Socialist and Communist Parties in Europe, this is a possibility Mr. Carli is ill-advised to rule out.