

Italy

Italy's Andreotti Pursues Pro-Peace, Pro-Development Foreign Policy

Italy's new independent foreign policy instituted by Prime Minister Giulio Andreotti has dealt a serious blow to the Rockefeller-led Atlanticists. Andreotti's foreign policy — based on a deep commitment towards international peace and development, as shown by Andreotti's ongoing political and diplomatic initiatives to effectively stop the slaughter of the Lebanese population — has propelled Italy into a key position within the industrialized nations as the spokesman for the Third World demands for a New International Economic Order.

The dimensions and contents of Andreotti's foreign policy and domestic economic program — praised by Italian political and governmental layers as "unprecedented" for an Italian government — have allowed him to not only consolidate the original support for him among industrialists and socialists (notably the cases of Mondtedison's president Eugenio Cefis and socialist leader Giacomo Mancini), but also neutralize the saboteur NATO leadership of the Communist Party (PCI). Andreotti has won to his side the swelling support of both the party's rank-and-file and that of a large segment of its development-minded secondary leadership, as reflected in the interview below.

This support continued to increase this week as the Andreotti government officially demanded that Syria withdraw its troops from Lebanon. This diplomatic step had been preceded by statements of political support for the Palestine Liberation Organization in the Christian Democracy's daily *Il Popolo*. *Il Popolo* had also demanded the withdrawal of the Syrians, the withdrawal of Israel from the Golan Heights and the full recognition of the Palestinians' national rights to be exercised in an undivided Lebanese territory. The PCI base and the communist-controlled trade unions this week backed these demands in a series of demonstrations as well as food and medicine collections for the Palestinians.

Internationally, the Andreotti government has been hailed by representatives of the Third World and by the socialist countries. Last week *Pravda* gave Andreotti their "vote of confidence" by declaring that Andreotti's was "more leftist" than any previous Christian Democratic cabinet.

The following are excerpts from a front-page editorial in Corriere della Sera, Aug. 17:

...Never before as today, in relation to the themes which dominate the international scene and also the Colombo reunion, moral reason stands on the side of political reason, and the road indicated by the sense of justice is precisely the same one which intelligence suggests.

Let us begin with the most dramatic event, that is with the facts of Lebanon and the Near East. Can one reasonably think of closing a tragedy of almost 30 years by cancelling an entire people — the Palestinians — from the face of the earth? What happened at Tal Zaatar is and can only be the harbinger of a harshening and a reinforcing of the conflict. Whoever, in the course of these years, has done whatever possible to "recommend moderation" to the Palestinians, whoever has operated to weave together the fragile threads of the dialogue, today can only feel himself most negated by a bloody reality which tells the most violent and extremist they are right.

No one can be amazed if, after what happened and is still happening, the Levant and the entire Arab shore of the

Mediterranean witness further explosions, further proofs of blind fanaticism, in short we may find ourselves soon facing a situation much graver than the one which led to World War II. Since it is impossible to annihilate an entire people, one cannot think that the Palestinians will abjectly accept their fate.

And as far as the prospect of a Lebanon divided in two on religious bases goes — it would be the same as a new fountainhead of war. It would not be the solution of the drama of the Levant, but the very repetition of an error. The lesson of Israel would have taught nothing. As if someone afflicted by a splitting headache would want to have two heads to feel double pain.

The same relationship between morals and reason goes for what is happening in southern Africa which is the other burning point on our planet. Can one reasonably believe that less than 5 per cent of the population, represented by whites, can in the long run preserve all the power in Rhodesia? Can one think that, once the Rhodesian bastion falls, the same wave will not invest and overturn as well the remaining segregationist stronghold of South Africa? And in this case too there is a precedent for knowing what not to do: just keep in mind the lesson of Angola.

Finally, the monetary ups and downs of these days are the proof that the world cannot escape the necessity of a rationalization. Today the very contry which had undertaken the initiative of the great monetary consultation of Rambouillet and which had launched the formula of the north-south dialogue is getting into trouble. But the Paris conference, from which the new world economic order was to have been born, is marking time, while the old order is falling to pieces. Therefore, if we want a more stable order, we can only head in the direction of a more just order.

Rome, Aug. 16 — The following is an interview with Umberto Cardia, Central Committee member and official of the Italian Communist Party foreign section by telephone at his home in Cagliari, Sardinia.

Q: What is your view and that of the Italian Communist Party on the possibility of a debt moratorium being declared by the non-aligned countries at Colombo?

Cardia: The problem is not easily solved since the position of the industrialized countries, especially the USA and West Germany is too rigid. However, considering the dramatic situation, the intolerable increase of the debt and debt service, something must be done. We have to go in the direction of moratorium. This is what I and my party think.

Q: Mexican President Echeverria has warned of the danger of general war if the new world economic order is not carried out at once.

Cardia: I agree. But the Third World cannot directly influence the global situation.

Q: But indirectly?

Cardia: Yes....Because given the situation of the Third World conflicts are created in international relations. Violence is everywhere which sparks conflicts here and there. That sets up the danger. I don't know how long the superpowers will remain still.

Q: You might see Echeverria's speech as an invitation to Italy, Japan and so forth to move towards the Third World and explicitly support the new world economic order.

Cardia: That's a very acute observation. I know the foreign ministers' speeches at Colombo have criticized the industrialized countries while there has been a kind of "appeal to Italy." It's true that the Third World is turning to Italy in part for material support, but not only that...I personally and the PCI also think that only if Italy projects itself onto the world stage can it find a solution. Obviously without forgetting Europe, quite the contrary. But also with a certain degree of autonomy. Italy must modify its industrial and trade structures but this can bring results only if Italy projects itself into world politics....We need an active and peaceful world presence.

Q: Have (Foreign Minister) Forlani and (Premier) Andreotti done something like that?

Cardia: Some things have been done, but more needs to be, for South Africa and Rhodesia. Italy has enormous interests in Africa, not imperialist interests, the interests of an industrialized nation. But we have to move politically. We have to move fast and hard, for Africa. For Palestine, yes, something has been done.

Q: Did Forlani reinforce the Italian delegation to Colombo?

Cardia: Yes, also because of PCI pressure around the Colombo meeting, but more must be done.

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U.S. Economic Report Figures Show Ford Can't Campaign On Recovery

Aug. 20 (NSIPS) — All signs point to a continuing decline in the U.S. economy straight up to the November election. President Ford must seize the opportunity of the dramatic developments at Colombo, Sri Lanka this week to abandon his present strategy, announced at the Republican national convention, of "running on the record" of his economic policy accomplishments. By seriously beginning the process of negotiations toward a new world economic order with the developing sector, Europe, Japan, and the Soviet bloc, Ford can quickly reverse the economic decline, and turn his weakest point into an unbeatable weapon against the zero-growth campaign of fascist Jimmy Carter.

The most sobering news on the economy this week were profit figures for the second quarter released by the Commerce Department Aug. 19. Adjusted for inflation, profits declined from the first quarter. A survey by Citibank showed its profit index, adjusted for inflation and seasonal variations, down from 146.4 to 144.5, well below its 1974 peak of 158.3. The news, combined with downward revision of the second quarter Gross National Production figures, sent the Dow Jones average tumbling nearly 21 points Thursday and Friday, to a new summer low. Bankstocks were particularly battered after the Federal Reserve warning to Bankers' Trust Aug. 19 — a clear signal that the banks are now in a battle for their lives.

Actual profit figures were considerably lower than most projections. Several well-known Wall St. economists, including Gary Shilling of White, Weld, and Gert von der Linde of Donaldson, Lufkin and Jenrette, are now warning their clients to expect a further decline in profits in the third quarter, while the Aug. 20, Wall Street Journal noted as a result of the poor profit picture that "in some circles...a slight but actual decline in "real" GNP during the current quarter is considered a possibility."

The implications of this news for the unemployment picture are ominous. It takes a substantial rise in production merely to keep the unemployment rate stable due to constant additions to the civilian labor force. The Labor Department's method of seasonally adjusting the unemployment figures is likely to play a factor in the upcoming months. Earlier in the year, the seasonal adjustment factor was used to minimize the official unemployment rate. Now, however, the seasonal adjustment will work the other way, increasing the number of unemployed

by about 400,000 per month since it is predicated on a seasonal pickup of business in the fall. If that pickup does not materialize, as now seems likely, the Ford Administration can expect bad news when unemployment rates are announced over coming months. Albert Sindlinger, the well-known economic consultant, noted this week that only a very strong production surge could prevent the unemployment rate from rising, and that instead his surveys show that people are being laid off.

Projections Unrealistic Under Current Policy

Official Administration projections on decreasing unemployment and rising GNP made by Council of Economic Advisors' Chairman Alan Greenspan July 16 are totally unrealistic without a drastic economic policy shift by Ford.

Second quarter GNP was revised slightly downward Aug. 19, while the inflation rate was revised upward. Inventory figures for the quarter were revised upward, following the reported 1.2 per cent rise in inventories in June, the largest since December, 1974. The jump in inventories is due to lagging retail sales, down 1.2 per cent in July to a level equal to last July after adjustment for 6 per cent inflation. Auto sales, formerly the bulwark of the so-called recovery, continued to fall in July to a seasonally adjusted annual rate of 8.6 million, down from the 9.4 million rate of March. In the other major "consumer durable" sector, appliances, the sales rate in July was the same as May, 1975.

Gert von Der Linde, one of few Wall St. economists to hit the second quarter profit figures correctly, believes there will be inventory liquidation in the months ahead, further depressing production figures. Shilling feels the recent lower inflation rates will lower inflation rates will lower inventory "book" profits, thereby further depressing corporate profits. Dr. Kurt Richebaecher of Dresdner Bank in an interview this week noted that the U.S. recovery was mainly based on inventory accumulation and that the most significant indicator, the ratio of final demand to capacity, has not changed dramatically.

The current quarter started miserably, with industrial production rising a meager 0.2 per cent in July, with auto assemblies declining, and business equipment production rising 0.3 per cent. Fantasies of a "capital goods" boon have been squashed. Nor do the most recent orders and shipments figures seem to offer much help for a substantial pickup in August. Cumulatively to date this year, such key indicators of basic