



## “Italy Must Have The Courage To Declare Debt Moratorium...”

Oct. 8 (NSIPS) — The first demand for debt moratorium in the advanced capitalist sector from a public forum was delivered in Italy last week by the Hon. Tocco, a Socialist parliamentarian and spokesman for the country's state sector industry. For over two years, the debt moratorium demand has been singularly associated with the European Labor Party, in Italy and elsewhere on the continent.

Tocco told the Italian Parliament's Industry Committee on Oct. 1 that the government of Premier Giulio Andreotti must “have the courage... to declare a total moratorium” on Italy's foreign debt. Tocco issued this call in the context of testimony favorably reviewing the resolutions on debt and development issued at the mid-August Non-Aligned Movement Conference in Colombo, Sri Lanka.

Yesterday, editor Italo Pietra of *Il Messaggero*, a newspaper owned by state-industry leader Eugenio Cefis, went into print with a call for conversion of idled Fiat auto facilities to production of tractors as part of a capital-intensive and energy-intensive approach to expanding and collectivizing Italian agriculture. This, too, is the Labor Party program — the tractor is the party's well-known electoral symbol internationally. Pietra linked his proposal to a complete break with the Rockefeller family's oil multinationals. Eugenio Cefis' Montedison took a major step toward that goal this week by forming a new petrochemical cartel with European and American concerns.

Tocco's debt moratorium demand and Pietra's tractor conversion proposal signify that industrial interests and political parties allied with the Andreotti government intend Italy to continue and broaden its leadership role in the struggle for a new world economic order.

Their success is crucial. With the Third World's failure to unilaterally declare debt moratorium when the opportunity presented itself last week at the United Nations — and with Italy's own failure to explicitly issue such a declaration on its own account in the General Assembly setting — the Andreotti government now stands confronted with unpayable debt burdens necessitating at least temporary austerity measures.

On the very day that Tocco was calling for debt moratorium, Andreotti went on national television to outline a series of short-term austerity measures which the government expects to have adopted by the week-end. The measures entail higher prices for gasoline, home heating oil and other consumer items, as well as curtailment of cost-of-living wage increases for workers earning more than 6 million lira annually.

“The measures are not a cure but a drug,” warned an editorial in the major financial daily, *Il Fiorino*, immediately following the Premier's speech. “The government is off the track....” said the paper, which has been factionally allied with Andreotti himself. The Premier's other anti-austerity allies — *Il Messaggero's* Pietra, for example — reacted with similar warnings, and the press of the Italian Communist Party has spoken out in favor of the approach championed by parliamentarian Tocco last week. In each case, the critics made clear, their purpose is not to attack but strengthen Andreotti's government for the role it must continue to play as an advocate of international economic development.

### Andreotti's Address To The Nation

*Following are excerpts from Italian Premier Giulio Andreotti's Oct. 1 address to the Nation, translated from the Oct. 2 *Il Giorno*. *Il Giorno* carried the speech under the banner headline, “Andreotti Asks Sacrifices From All To Save Italy From Collapse.”*

Over the last few days, the lira has returned to its restless position... following the first few months of this year. It is now necessary to adopt measures which are in our realms of possibilities in order to avoid aggravating the situation.

This evening, after being informed of the situation and after consultation with the President of the Republic, the parties and the trade unions, the Council of Ministers has adopted the provisions which were presented in a decree by the Minister of the Treasury yesterday ... and by the Minister of Foreign Trade.

These three provisions reflect substantially the need to create some maneuvering room... It is true that this (crisis) is an international phenomenon but it is not the case of “trouble shared is trouble halved.” We have lost... as the pound has lost... against the strongest currency of the European Economic Community, the deutschemark. In fact, the deutschemark has gained more than three per cent. This has created and continues to create a kind of tension which we hope to be able alleviate during the coming week...

The provisions we have adopted concern:

1. tax discount rate raised three points;
2. export deferred payments must be financed 50 per cent in lira, as opposed to the present 30 per cent;
3. ten per cent tax on the conversion rate —lira to foreign currencies.

The third provision must discourage speculation... while the other two have a more technical nature. Therefore, I emphasize that it would be unjustified for the banks to increase the cost of money generally...

I am not engaged now in a technical discourse... I believe however that it is the duty of the government to precisely inform the population... I do not wish to provoke states of euphoria nor states of pessimism, pessimism many times unjustified...

Yesterday we presented the report for the coming year, according to the terms set by law, and this report... is a government program of sacrifices for the last time, a program which maintains those characteristic guidelines of reissuing to our productive apparatus that vigor, that strength, to give it that renewal — even a technological renewal — which is necessary to maintain the markets, to maintain a strong policy for the south, to give youth a new possibility for jobs,...

We have two grand illnesses: we have indebtedness which continues and therefore grows more aggravated year-by-year, both in state finances and in the public agencies, and we have a disequilibrium in our balance of payments... We do not make enough (through exports and tourism) to pay for our pur-

chases... We have a deficit of 6,500 billion lira for the purchase of petroleum alone, 3,000 billion lira for food purchases... (We can expand to export more) but since this is not yet the case, we must reduce our imports and improve our overall capacity to export and to produce.

There are also other measures. The Agriculture Minister has asked the European Economic Community to give us privileged treatment for food: he who laughs last, laughs best (speaking of speculators — ed.) in confrontation with speculators on food stuffs. One cannot say it is intolerable to have speculation because the system has tolerated speculation, but they cannot remain unpunished in matters concerning food.

Then in terms of money itself — our foreign debts today are 14,000 billion lira. This means every year we have to set up a new schedule of repayment, in order to pay the rather stiff interest rates, and it means seeing decreased credit potential. In order to get credit, they (IMF, EEC, USA — ed.) demand solvency. And solvency point to the necessity of reassessing our system, that is to say to spend less in the state budget and to put a little bit of necessary order in the agencies' budgets. When someone laments, and I can understand why, the increase of taxes — either those already increased or those still under discussion — they should remember that the military this year is even losing 906 billion lira of allocations. ENEL (the state electrical company — ed.) is losing 900 billion lira. But do you want the foreigners to give us help if we ourselves do not increase our taxes to a parity level with other countries? We know and we have already experimented in this area — that we need to have social moderations, to grant privileges to the worker and student by allowing them reduction of electricity rates, and telephone rates. This is a just action, which have to maintain at every cost. But I would like to see this made available on the overall level (to all households): it is just that everyone should benefit. In the coming week, we will go to the Parliament and discuss first with the trade unions on the necessary increases (of taxes, etc.). And I pray that people do not use the word "stangata" — a word implying a hit on the head by austerity — ed.)... because it is a bit hypocritical. Because, from the newspaper editors' point of view, they themselves justly ask for an increase in the cost of newspapers, and so I do not understand why they call (the government program which is also justifiable) a "stangata."... I would like to say this, among the other things which we will have to do is to freeze, for a while, the cost of living adjustments for all those who have an income of over 6 million lira a year, with a gradation which obviously emphasizes the higher salaries (over a period of two years)....

The positive thing is this: I can assure you that things are improving. Income tax four years ago was collected from 28 cent of the population, today 43 per cent was collected. But there is more: from direct taxation we have received 1665 billion lira more than foreseen. Good, because of this 1665 only 413 came from individual taxes, 493 from companies, and 768 from banking deposits. But I wish to assure you that this is one of the points of honor for the public morality in Italy. The struggle against tax evasion is not only a word it is a fundamental point of the government. And now we have the new provisions passed by the Council of ministers last night (to back this up)...

## PSI Parliamentarian Tocco's Call for Debt Moratorium

*Oct. 8 (NSIPS) — The following is the text of a speech delivered by Italian Socialist Party parliamentarian Tocco before the Industrial Commission of the Italian Parliament. The speech was published in the Oct. 1 edition of the Parliament Bulletin.*

Hon. Tocco, after expressing his perplexity at how (Foreign Trade) Minister Ossola defined monetary measures as determining foreign trade policy, stressed that, regarding general problems of economic policy, the government is today immersed in a fundamental contradiction: On the one hand, the government says it is willing to proceed to industrial restructuring, which substantially will mean the indiscriminate allocation of many billions (of Lira); while, on the other hand, credit restrictions remain strong and most popular income and consumption are being hit. This does not seem to be the policy which best suits the country's needs; one cannot think of laying out the basis for renewed foreign trade by drawing on an industrial re-structuring bill (its full text being still unknown) which stresses the financing of companies without foreseeing a structural reorganization. Given these conditions, it is difficult to agree with Minister Ossola regarding the difficulties of the balance of payments. In view of the foreseen increment of the national income, I do not understand the calls to the masses' spirit of sacrifice; sacrifices which would allow the old system to get into shape, when, instead, it should be deeply modified.

It is also necessary to recognize that the flow of foreign trade must be revised and straightened out, especially regarding the raw material-producing countries. The "Eurodollar" area is no longer the area toward which to direct the effort of our economy. Granted, all this is linked to the country's foreign policy, but it is a fact that one cannot think of restructuring the country's economy without broadening one's horizons. The foreign trade policy must be reviewed from the standpoint of the strong warning issued at the Colombo (Non-Aligned) Conference, where it seemed that the world is heading toward a crisis of unusual dimensions which requires the search for a new equilibrium, including a monetary one, without which it will not be possible to overcome the difficult moment. It is necessary, therefore, to make radical decisions and to find new ways of affirming Italy's presence at the world markets: It will be necessary to have the courage of demanding a debt moratorium on the present international debt, while at the same time looking in other areas — like the Mediterranean — more agreeable to the traditions and the interests of our country.

## Il Messagero on Converting Auto to Tractor Production

*Following are excerpts from an article titled "The New Oil Crisis" which appeared in the Italian Daily Il Messagero Oct. 7. The article was signed by Il Messagero's editor, Italo Pietra.*

... The oil crisis poses the need for a review of the agricultural policy... Even if there were not so many other reasons, the energy issue alone would be sufficient enough to push the European Economic Community (EEC) towards a united energy policy. To accept the taxing presence of the Seven Sisters in order to obtain Mideast oil is tantamount to setting Confindustria (national employers' association — ed.) policy back to the 1950s. In Italy, the fundamental problem does not come from the cost of oil, but rather, it comes from the policy of auto and tractor production. There is a need to establish the guidelines for increasing food production. This would be done through the increased productions of tractors (through re-conversion from autos to tractors) and by a rationalization of the present small farm ownership system — that is to go forward with the organization of large cooperative farms.