

away from productive investment so as not to lose their blackmail capacity to interfere in other countries.

Reached today by *Corriere della Sera* for comment on the wide criticism that his statements have aroused, Cossutta reiterated his position point by point, adding that he completely shares Soviet policy and sees no reason not to express it freely: "It is unthinkable that a workers' party, a party like ours, could break its solidarity links with the CPSU and fulfill an anti-Soviet function." Cossutta's speech has been blacked out of *Unitá*.

PCI factionalization, however, is best reflected in *Unitá* on energy policy. Yesterday the paper carried one article which mirrored the Trilateral Commission line by attacking nuclear energy for its terrorism and pollution potentials; while a second article dubbed Industry

Minister Carlo Donat Cattin — who has been blocking the government's industrial reconversion and nuclear programs — as an "ecological danger...whom we find disgusting." The possibility exists that Donat Cattin will be replaced by a PCI expert in an eventual cabinet reshufflement.

Finally, *Unitá* today interviewed top Soviet fusion scientists from the Soviet Science Academy, including its Director Alexandrov, in an article presenting nuclear energy development as the only possible alternative to meet the world's energy needs. Alexandrov explains to the Italian readership that the anti-nuclear campaign in the U.S. stems from the fact that the construction of nuclear plants will "limit the profits of the oil companies."

## Gov't Unions Negotiate 'Slap-In-Face' For IMF

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### BRITAIN

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An apparently secondary aspect of the March 29 budget announced by Chancellor of the Exchequer Denis Healey, and one virtually ignored by the press outside Britain, gives the clearest proof yet that the Labour government of Prime Minister James Callaghan is embarked on an economic recovery policy for Britain which will directly contradict one of the most basic tenets of the IMF's conditions for its debtor countries.

Specifically, in upholding the view that "stable exchange rates" are crucial for the economy's recovery, Healey made a 180-degree turn from the provision he signed in the December Letter of Intent to the IMF. There he pledged that the government would "maintain stability in the exchange markets consistent with the continued maintenance of the competitive position of U.K. manufacturers both at home and overseas." According to the *Sunday Times* of April 3, to implement the spirit of this condition, the pound would have had to fall to \$1.56 in the recent period to maintain export competitiveness for British manufacturers. The pound has risen to \$1.72, although the government has intervened to keep its value artificially lower than the market demands.

The pound has been the focus of a fundamental disagreement between the pro-IMF "Young Turks" in the Treasury on one side, and Callaghan, the trade unions, and leading industrialists on the other, over what kinds of policies will best stimulate Britain's lagging economy. The Callaghan faction's standpoint: a falling pound, while perhaps giving some limited advantage to exporters, pushes import prices through the ceiling, thus fuelling a new round of domestic inflation and making any further settlement on pay increases with the trade unions impossible. And a collapsing pound would hardly spur confidence in the British economy abroad, and would tend to curb the recent monumental flow of money

into Britain, which has allowed the government to steadily decrease interest rates (down to 11 percent from a high of 15 percent last fall) and thus boost new industrial investment.

#### *Pressure on Callaghan*

The pressure for the government's outright rejection of the IMF's viewpoint is coming from the trade unions and the Labour base. The loss of yet another Labour parliamentary seat in the Stechford by-election April 30, coupled with the trade unions' near universal disdain of the budget, has put Callaghan on notice that concrete results from his much-heralded industrial strategy must be forthcoming if he intends to remain in government.

Leaders of Britain's major trade unions, already under intense pressure from their rank and file to reject any continuation of the social contract, dismissed the budget as absolutely unacceptable. Clive Jenkins, general secretary of the scientific and technical workers union warned that the budget's measures (which linked further tax breaks to a third round of pay agreement under the social contract) would "ensure the end of phase III." Even moderate trade-union leaders, like Jack Jones of the transport workers union and miners' leader Joe Gormley, say their memberships may vote to end compliance with the social contract at their annual conference this summer. Support in financial and press circles for Callaghan's continued residence at 10 Downing Street rests solely on his ability to negotiate with the trade unions.

The loss of the Stechford seat, while not immediately jeopardizing the government's future following their deal with the Liberal party to ensure parliamentary majority, does have major implications for the future of Labour Government control, since the Stechford constituency represents the heartland of the Labour party's base. Low voter participation, and swings of 17 percent and 9 percent to the Conservative party and National Front (fascist anti-immigration party) respectively indicate the anger of Britain's skilled and semi-skilled workforce which has seen their living standards eroded