

beneficial for the world economy as a whole.

**EIR:** A certain number of Reagan's advisers, like Jack Kemp from Buffalo, have talked about reinstating a link between the dollar and gold.

**Fourcade:** I think this is still a premature question, because after being completely locked up by the U.S. Treasury and by international organizations, the gold market has now become an erratic market.

So I think that we must first go through a phase of rapprochement between the major international currencies, in which I include the ruble, to orient the world toward greater stability. And I think that the mere fact of this stabilization of exchange rates between major currencies will bring about greater tranquility on the gold market. And I think that it is only then that we will be able to envisage an agreement between central banks to contain the variations of the price of gold within relatively reasonable limits. Then the third phase of this reorganization, a few years down the line, will be the creation of a tie between, not the dollar, but between the Special Drawing Rights and gold; in other words I think that we have to put a piece of gold into the SDRs, in order to give some real value to this international currency. But I think that there are several phases, and the idea of re-establishing convertibility or a link right away between gold and the dollar seems to me to be going too fast at the risk of setting off a new catastrophe in the monetary field. I believe in a pragmatic method, including these three phases which I have just indicated.

**EIR:** Do you have a particular message you would like us to transmit to the American people?

**Fourcade:** Yes, and the message is as follows. I think that confronted with extremely difficult problems and in the face of the East-West conflict, the Americans did not see the rapidity of the evolution of the European continent and did not see that the EC is presently the world's first economic power, in terms of GNP, living standards, and so forth. I think that these facts must first be accepted. The second element is that I think that, because of their own power, the Americans did not really feel the importance of the North-South tension. So I think that if in the coming years American policy were oriented toward more active cooperation with Europe—and when you say cooperation this means that you discuss before making decisions, it means that you find out about the ideas of others and try to find some common objectives—and toward a much greater understanding for the concerns of the Third World, then I think that we could witness a change in this world during the coming decade, and that we could contain Soviet hegemonism better this way because the Soviet regimes are now taking advantage of this absence of sensitivity of American policy to the problems of the Third World. And I think that this is necessary for the future evolution of democracy.

## A technetronic coup against Italy?

by Marco Fanini

“Two years ago you were complaining about the dollar's weakness and the fact that our monetary authorities, accused by you of 'benign neglect,' decided not to intervene. Now you are complaining because the dollar is strong and brings inflation to your country.” Thus spoke David Rockefeller, meeting with Italian government officials in Rome, during an interview with the Milan daily *Corriere della Sera* on Feb. 3.

But the Italians have a good reason to complain. The exchange rate for Italy's currency, the lira, has reached an all-time high of 1,000 liras to the dollar, mainly due to the high interest rates imposed in the United States by Federal Reserve Chairman Paul Volcker. Thanks to these interest rates, a wave of speculation has fallen on the lira, with the result that an emergency situation that has given Treasury Minister Nino Andreatta a pretext for imposing a credit crunch of his own.

Under Andreatta's dictum, loans are frozen at the level reached as of Dec. 31, 1980 (except for loans for export); loans to industry cannot be at less than a 12 percent rate. Confindustria, the Italian industrialists' association, and the trade unions have strongly criticized Andreatta's plan for fostering production cutbacks, unemployment, and inflation.

### 'Postindustrialize' Italy

Once again, the question arises whether Italy, destabilized by terrorism and paralyzed by the inability to form a national unity government, can survive economically or not. Italian industry, despite the adverse conditions, miraculously continues to produce; but now the situation has become critical.

The new minister for the state sector, Socialist Gianni DeMichelis, has published a “white paper” on remedies for the crisis in the state-sector industries, which represent a good half of Italy's industry. But DeMichelis, whose brother-in-law has been charged with financing terrorism, is known to be a favorite of the Venetian “black nobility”; and despite the fact that DeMichelis's protégé Toni Negri is in jail, convicted of

being a member of the terrorist Red Brigades, Socialist Party leader Bettino Craxi arranged for DeMichelis to be given the office of minister for the state sector.

DeMichelis's proposals for the public sector are very simple: leave heavy industry to survive on its own, and put increasing emphasis on electronics, computers, and other "soft" industry. To do this means to change the face of Italian industrial production, and to say goodbye to any hope of industrializing the southern Mezzogiorno; it would also make Italy the first realized model of the "postindustrial" society.

DeMichelis's advocacy of such a plan is not surprising, since he is a well-known advocate of Zbigniew Brzezinski's "technetronic age." Meanwhile, the Italian economy is collapsing, as the "white paper" is discussed.

Inflation is now at 22 percent, the interest rate is 21 percent officially, but credit is really only available at 24 to 25 percent rates. Steel and chemical factories are closing down, with thousands of workers being laid off. No nuclear power plants have been built for 10 years; electricity blackouts occur several times a day. Following the recent earthquake, the south of Italy is dying.

Three weeks ago, Ambrogio Puri, director of Italsider, Italy's largest steel company which produced 10 million tons in 1980, resigned in protest of the DeMichelis proposals. Now, Puri has been replaced by Mario Costa, a man controlled by DeMichelis.

The chemicals industry is also in bad shape. The petrochemical giant, Montedison, has just announced the layoff of 12,000 workers. The state oil company, ENI, which recently absorbed the bankrupt chemical companies SIR and Liquichimica, recently published a report that shows ENI's chemicals division lost 1,000 billion liras in 1980, and projects a similar deficit for 1981. Alberto Grandi, the president of ENI, and a man linked to DeMichelis, became the head of ENI as the last remnants of the prodevelopment Enrico Mattei group were removed. Now, Grandi wants to solve the problems of ENI's chemical division through a financial deal with Armand Hammer's Occidental Petroleum.

### **The Libyan connection**

On Feb. 3, Grandi went to London to negotiate the deal that, according to the financial daily *Il Sole 24 Ore*, consists of financial and management cooperation in ENI's chemical industry with Occidental. Occidental is closely linked to the crazy Libyan dictator Muammar Qaddafi. Thus, this deal must be seen as part of Italian Socialist Party leader Bettino Craxi's "Libyan strategy."

Since late January, Enrico Manca, the Socialist who is foreign trade minister, has been in Libya. He recently announced that Italy has been offered a share in Libya's grandiose development plans, including a 2 meters-in-diameter pipeline to bring water across the Sahara for

over 1,000 kilometers, to the coast. In addition, there are proposals for 100 supermarkets, a railway line from Tripoli to Misurata and Tunisia, and a petrochemical plant in Misurata. In the meantime, Libya has cut off oil supplies to Italy (some 15 percent of Italy's total imports), as a form of blackmail.

Qaddafi is known to hold capital in Agnelli's FIAT. According to many press reports, Qaddafi is involved in financing and training Italian terrorists. French President Giscard, during his recent trip to Italy, tried unsuccessfully to convince the Italian government to cancel Qaddafi's planned visit to Italy. Socialist leader Craxi, the man behind the scenes of the weak Forlani government, wants to increase Italy's collaboration with Libya, which he sees as an important part of his Mediterranean strategy.

### **Technetronics and banking**

At the same time Italy's heavy industry is collapsing, DeMichelis is supporting a plan by Carlo DeBenedetti, director of Olivetti, a computers and office machines company, to transform it into an international "technetronic" giant. Olivetti has already entered into partnership with the French electronic company Saint Gobain Pont-à-Mousson, and has bought up the German Triumph/Adler firm from Volkswagen, and Olympia from AEG-Telefunken.

According to the Italian financial weekly *Il Mondo*, Olivetti's interest is not so much in purchasing typewriter companies as it is to acquire the large distribution networks these two firms already have. Olivetti has also already signed a contract to provide a computer system for the European Community's four-year plan.

While Italy is being rapidly deindustrialized, the banking system is being reorganized as well. One proposal under discussion would transform the three major state-owned banks, Banca Commerciale, Banca Nazionale del Lavoro, and Banco di Roma, into de facto private investment banks. Banca Commerciale and BNL recently opened offices in Peking, while Banco di Roma has announced the opening of a Hong Kong branch. Many observers have commented on the interest Italian banks have shown in the notorious drug-smuggling center of Hong Kong.

It is quite possible that Italy may not survive. But it is ironic that it was the recent earthquake in southern Italy that pushed the progrowth forces to propose a drastic reform to clean out the corruption: the introduction of the "heavy lira" that would substitute one new, "heavy" lira for 1,000 present liras, linked to increased investment in industrial production (see *EIR*, Jan. 20). Those progrowth forces in Italy who support the heavy lira know that Italy is now at the proverbial crossroad: either an economic boom with the heavy lira, or DeMichelis's new dark age.