

Report from Italy by Liliana Celani

Austerity menus to prevail in Venice?

On the eve of the June 8-10 summit, there seemed to be little prospect of action on the key issue—a break with the IMF.

How beautiful is Venice this time of the year, with its special atmosphere of decadence,” opened the comedy of a young Italian writer which dealt with the influence the *Serenissima* has had on Italian politics since it managed to destroy the Renaissance. The description seems to fit the atmosphere one can breathe in Venice, a few days before the opening of the “Big Seven” summit on the island of San Giorgio.

Since no alternative to the financial crash, the debt problem, and the New Yalta deal appearing in the background of the discussions has been presented yet by the protagonists, with the exception of the French and Japanese Premiers Chirac and Nakasone, the Italian press is devoting most of its Venice summit reports to the “party life” in Venice. Long articles describe the colors Nancy Reagan chose for the walls in the villa she and her 800-person “court” will occupy in the Veneto (the region surrounding Venice), or George Shultz, who will play golf with an Italian nobleman.

The biggest reception, in Palazzo Grassi, will be offered to the Big Seven by FIAT industrialist Gianni Agnelli, who seems to be the only one who can afford it, since Premier Amintore Fanfani and President Francesco Cossiga emphasized that a strict austerity budget was to govern the summit, including a fixed menu with Veneto specialties.

Even President Reagan, despite the big talk about his five years of recovery, was adamant about cutting the costs for his entourage. His main con-

cern at the summit, say Italian media, will be to win support from the Western allies for intervention in the Persian Gulf. Italy and Spain have been invited to take responsibility in the Mediterranean while the U.S. Sixth Fleet moves to the Gulf.

Reactions to this long-overdue proposal have unfortunately not been very positive on the Italian side. Foreign Minister Giulio Andreotti, a friend of Colonel Qaddafi, demanded a U.N. decision on this matter, and Premier Fanfani, head of the Italian caretaker government, said, “We are not Marines” during his visit to Ottawa and Washington to prepare the summit, which Italy chairs this year.

One week before the summit, however, two “hot issues” have been discussed in the Italian press which are precisely the ones posed by Democratic presidential candidate Lyndon LaRouche: AIDS and the debt problem.

“AIDS will be the top issue at the Venice summit,” wrote the Italian daily *Il Giornale* on June 1, finally recognizing the connection between the AIDS epidemic in Africa and the debt problem: “It is known that one of the top issues at the summit will be the social economic situation of the sub-Saharan African countries due to their debt, with its repercussions on the economic perspectives in the West. A plan will be examined to relieve these countries of part of their debt to the governments and reschedule the debt to banks. In this context, the devastating effect of AIDS can be seen. The epidemic is threatening to reduce the

economic potential of the African population . . . since AIDS has hit some African countries upon which industrial countries depend for their raw material resources both economically and militarily.”

Pressures to find an alternative to International Monetary Fund conditionalities in Venice came from a number of African and Ibero-American governments, including an urgent message from 11 Ibero-American debtor countries sent to Premier Fanfani, asking him to include the issue of debt reorganization on the Venice agenda. The only concrete reaction to this message came from French Premier Jacques Chirac, who called for a “Marshall Plan” to finance those concrete development projects which have been blocked by the IMF conditionalities so long, and from Japan’s Prime Minister Yasuhiro Nakasone, who committed himself to finance such a Marshall Plan with \$30 billion over three years.

Otherwise the discussion on the debt problem is typical of those who pretend not to see the coming financial crash, with daily interviews in *Corriere della Sera* and other Italian dailies of Wall Street experts or Italian Keynesian economists, who propose to “strengthen the role of the IMF and the World Bank,” although they admit that these financial institutions failed in their task and are considered as the main obstacle to development in less-developed countries.

If this line prevails in Venice, events will confirm what Olivetti head Carlo De Benedetti, representing the old Venetian family *fondi* around Assicurazioni Generali insurance, said May 29 at a Rotary Club event in Florence: that the United States will be replaced by Eastern and Western Europe together as the biggest economic power in the world.