

Consumer Bust, Plus

On this basis the August-September consumer goods bust and the current \$20 billion austerity programs are like driving a nail into a balloon.

France is exemplary. Last fall, on the basis of a \$5 billion government spending "relaunch" program and huge consumer loan volume producing 30 per cent annual rates of increase in the money supply, all France went on a consumer spending orgy. Housing, appliances, and most of all car sales shot up — until April, when everything went flat. The franc was collapsing, and the Giscard government began to call in the liquidity. In July, car sales began falling by 1.2 per cent, and by August, production was off by 1 per cent and inventories were piling up; in September production fell another .9 per cent. New orders for future production during August and September dropped even more, 1.5 and 1.7 per cent per month.

French, West German, and other steelmakers, seeing their orders fall by 10 to 25 per cent over the past three months, are now talking about laying off 25 per cent of the workforce.

Running Backward

Under these circumstances the economic policy decisions being taken this month in Europe can deal the death blow to the economy. Kicking themselves off the cliff, Britain, Italy, and France have carried out credit squeeze programs now removing

\$3 billion, \$4.7 billion, and \$4 billion from the loan making capacity of the respective national banking systems. The International Monetary Fund and the New York-Euromarket banking community, since the monetary system remains chaotic despite these measures, is however demanding further such cuts again in Britain and Italy, bringing the total up to over \$20 billion.

Italy's current \$4.7 billion program, imposed two weeks ago, pulls exactly that amount of money out of loans to consumers and industry. Furthermore, related measures hiking the central bank discount rate to 15 per cent bring the effective interest cost of money to prime industrial customers up to 25 to 30 per cent.

As a condition for a \$500 million loan which is itself a precondition to further international borrowing, the International Monetary Fund is demanding that Italy make as much again in cuts in government spending on education, hospitals, public transportation, and utilities. Subsidies to the vital state sector of industry are to be cut. The Italian workers' wage contract, which allows them to keep up with inflation, is to be scrapped.

With demand for the industrial production of Europe the problem, lopping another \$20 billion off net demand (not even counting the multiplier effect through economies) in the midst of the current production crisis should be enough to put Europe back to the wreckage of 1945.

Andreotti Clamps Down On Currency Speculators, Oil Multinationals

Oct. 23 (NSIPS) — Andreotti's imposition of currency controls and selective debt moratoria on the oil multinationals immediately followed the conclusion of this week's Central Committee meeting of the Italian Communist Party (PCI) during which support for Andreotti's minority cabinet was reaffirmed by a substantial margin of the party's leadership. At the meeting, the party's centrist bureaucracy, grouped around General Secretary Enrico Berlinguer, followed old-line pro-Soviet spokesman and PCI President Luigi Longo in support of Andreotti's development programs, effectively isolating the right-wing PCI factioners under NATO operative Giorgio Amendola. The rotund Amendola is well known to the PCI's working-class base as the champion of the austerity policies which Wall Street hopes to force on the Andreotti government.

The strengthening of Italo-Soviet relations — signaled by Longo's speech in support of the government program at the Central Committee meeting — is a major source of support for Andreotti's break with the bankrupted dollar; such developments, in fact, are second in importance only to the PCI's willingness, also signaled by Longo's remarks, to mobilize the mass base of the PCI in defense of Andreotti's anti-dollar policies.

An article by the Soviet Communist party daily Pravda's Rome correspondent Prozhogin, which was picked up by the major Italian press, traced Italy's history as a leader of East-West collaboration. Pravda stressed Italy's key role as a peace keeping force, instrumental in the realization of the Helsinki accords.

The broad-based support of the Italian working class for a declaration of general debt moratorium and development can be obtained for the Andreotti government only through a popular mobilization of the major working-class parties — the PCI and the Italian Socialist party. At this week's Central Committee meeting, PCI leadership cleared the way for this mobilization by isolating Atlanticist agent Amendola. Party President Longo's scathing criticism of Amendola's bourgeois economic policies — that is, his acceptance of austerity — led to a discussion of the policy to be adopted by the PCI: full mobilization in support of Andreotti's development programs. Longo's speech indicated that the PCI was preparing to mobilize to pressure the government from the left in order to counterbalance the considerable pressure for austerity measures which is hitting Andreotti from the right.

In the concluding session of the Central Committee meeting PCI Secretary General Berlinguer was forced to take up Longo's demands for such a mobilization. The party indeed has already begun to move. La Stampa, Turin's leading daily, yesterday reported that the communist mayor of Turin and former slave labor advocate Diego Novelli stated to the Central Committee meeting that the debt situation of the cities has forced the municipal administrators to mobilize for moratoria. He warned the administrators "would lead the working class into the piazzas" unless the government complied with the PCI's debt consolidation proposal for the cities. Within the week, the government will meet with city leaders, and if at that time the "consolidation" proposal is not worked out, mass mobilization will begin.

PCI's Longo Calls For Development Program

Oct. 21 — The following excerpts, from an address by Luigi Longo to the Italian Communist Party Central Committee, are taken from today's Il Tempo.

... His (Berlinguer's) essential statement is that the real problem is not only to overcome the country's crisis — which must be addressed vigorously — but also to act soon to put into motion a radically new economic, social, and civil development. This naturally means...new political leadership. His second statement — with which I agree — regards our realizing the fact that our millions of voters, supporters and members await on us, not to give a hand — I quote — “in bringing back the hegemony of monopolistic groups responsible for the distorted character of Italian economic development and its unavoidable current crisis.” Although this position is clear, it still remains to be verified if during these months of Andreotti's government we have succeeded in driving this point home to workers and the popular masses. We all have had the opportunity to feel the pulse of the Party and public opinion. And I think that we all have realized that there are doubts and reservations regarding our line, something that must make us stop and think....

...Are we sure that our cautiousness regarding the Andreotti government has always been justly motivated? Or that public opinion has interpreted our sense of national responsibility as an element of security, as a reference point for everybody, and not as a sign of unconditional consensus for the Christian Democratic (DC) government? We appreciate the recognition granted to us by Andreotti and La Malfa, but I would prefer our current policy to be supported by a more convinced popular consensus... But facts are what really count. The coordinated action of the masses for the achievement of concrete results; and here we must frankly recognize that the balance is rather negative... I am under the impression that on the question of sacrifices some have assumed a position which can be called “the head of the class,” and have been scandalized by counterdemands. I am referring to certain writings by comrade Amendola and some speeches by comrade Peggio, who have had lively reactions on this point. I do not think it is a crime for workers to demand the guarantee that their sacrifices will not serve to reconstitute that political and economic establishment which produced the crisis, the Lockheed scandal, the Sindona scandal, the so-called deviations in the SIFAR and the SID, etc.... Likewise, I believe that it is completely useless to assert — even if with the best of intentions — that we are ready to push the party's interest to a second level in order to prove our national responsibility... Does this mean we must act with blinders on? Certainly not. Our national sensibility and responsibility is measured by our capacity to be that which we have been and now are, of exalting and not changing our image as communists — a force which has grown and has become big because it has never renounced its role.... We are a workers' party which interprets their aspirations, their ideals. Today this is necessary, as shown by the stubbornness with which the DC leading groups and the most conservative forces, whose pressure can not be avoided by the Andreotti government, oppose the otherwise recognized need for a government of national unity... We must recognize that we have not succeeded in imposing a modification on the government's method, neither in promoting a concrete participation of workers and their organization in the key decisions of the country's life... Our limit today — and maybe this is the cause of certain feelings of guilt and discouragement that can be seen even among our ranks — is that we have posed the problems and have indicated the possible solutions as demands rather than as concrete objectives to be

pursued with daily action. I agree with the proposal for an early initiation of the preparatory work for a development program... I think that in this struggle we can mobilize, together with our party, all the democratic forces.

PCI Central Committee Meeting Debates Berlinguer Report

Oct. 20 — The following excerpted discussion on the Berlinguer report is from today's Unita, newspaper of the Italian Communist Party.

Cardia: (member, PCI Economic Commission; member of CESPE, a PCI economics think-tank): Let us speak specifically on the crisis. The first aspect regards the internal life of the country — some people insist on the necessity of transforming private consumption into public consumption (private demands vs. public services — ed.) and they try to find in this disparity the actual cause of the crisis. A simple but severe and undelayable objective is posed here: that is, in order to rebalance our accounts, by expanding forcefully into the marketing sector as well as new areas like the Mezzogiorno and by containing drastically both private and public consumption to the advantage of ‘productive’ consumption — that is, raw materials, energy sources, industrial investments, fixed and circulating capital, industrial and agricultural equipment, research, etc.

The second line of resistance which is thrown up to correctly understanding the peculiarity of the present crisis is a belief which is hard to dissolve, that is, some people think that we can expand and develop the national productive apparatus and realize one to two million new jobs without sensibly increasing the import of raw materials, energy sources and industrial equipment.... This is false.

Most certainly there must be a strong change in the marketing structure of imports and exports, this will be coupled with an inevitable increase of the interdependence of the Italian economy with that of Europe and the world, particularly with the Third World. But this interdependence itself must carry with it a new foreign policy line. A foreign policy line which is mobilized and concentrated in the marketing (merchandising) restructuring of Italian trade, both inside and outside of the EEC structure, in obedience to the national objectives of productive expansions on the internal as well as the international markets.

Fieschi: Reconversion and relaunching of the economy must take into account that the social priority of the division of labor: highly trained and technologically advanced skills must be priority in Italy. This special training is necessary for Italy to expand into high-technology fields like aerospace, nuclear energy, electronics, and calculators, computers, fields which until now have been monopolized by the U.S. The competitiveness of our industry will be partly linked to technological progress, that is, to applied research. The present phase our industry is in is...particularly well adapted to posing concretely the relaunching of applied research. Industrial workers with the practical experience must work hand in hand with researchers for development of our industry.

Vianello: The theme of internationalism taken up by Berlinguer in his address to the PCI CC must be taken into the party itself for discussion at the rank and file level. Within this context of internationalism we must increase the volume of trade with the developing countries as well as with the socialist countries. This includes the increased economic, technical, and scientific cooperation with the developing countries, bearing in mind that this cooperation is based on the efforts of the Italian working class.