chaired by another ex-Trilateral Commission member Eugen Loderer, raised a wage increase to 9.5 percent as opposed to the offer of 4.5 percent.

The conservative daily *Die Welt* noted Dec. 29: "There is the real danger that the DGB can topple the Schmidt government..." *Die Welt* wrote, "What is driving Loderer, Vetter and Kluncker to do these things?

Miners' union chairman Adolf Schmidt quickly responded to Vetter's interview in an interview of his own in the Dec. 30 *Koelner Express*. Schmidt emphasized that "the wage struggle will naturally get harder in light of the decreasing rate of growth," but said that the only difference between Chancellor Schmidt's government and the trade unions was one of atmosphere.

Giscard Acts for Energy Austerity

In the last week, French President Valery Giscard d'Estaing has acted as the leading agent of the International Energy Agency. Giscard pushed through his Council of Ministers a proposal to restrict French exports of nuclear fuel reprocessing plants to prospective Third World buyers. The rationale behind Giscard's sudden conversion to nuclear non-proliferation, Giscard claimed, was U.S. President-elect Jimmy Carter's recent statements on that subject. In the short term, such a policy reversal will mean that tentative agreements for nuclear plants with Pakistan, Iraq, and Iran will be eliminated.

Giscard came under heavy fire from the West German and the British press last week, for France's sabotage of the continent's first joint thermonuclear fusion reaction plant, the Joint European Torus project, by refusing to consent to a joint site for the plant. The West German daily *Frankfurter Rundschau* pointedly called Giscard "insane" for opposing the project. (see Energy report).

Following Giscard's proposal at last month's Common Market heads of state meeting to impose energy consumption ceilings throughout Europe, the French Government announced this week that as of Jan. 1, 1977, a tax will be imposed on all imports of oil from Saudi Arabia and the United Arab Emirates, the two OPEC countries which took the lead in defending a minimal price increase and increased production. While the reported reason for the tax is to prevent the major oil multinationals from making a killing on the cheaper OPEC oil, the tax will serve to keep oil prices up in Europe, while pitting the Saudis and the Emirates against their OPEC partners Iraq, Indonesia, and Algeria — France's major oil suppliers.

The political content of this policy to pit the pro-development countries of the Third World against each other likewise came to the fore this week in a French-backed destabilization move against the President of Mauritius Sir Seewoosagur Ramgoolam. A previously unheard-of political party, the MMM, emerged to seriously challenge Pres. Ramgoolam's electoral victory this week, drastically cutting into his majority. The MMM's platform rested primarily on inviting French defense forces into the Indian Ocean, as an effective "third way" counterweight to the "superpowers," the United States and the Soviet Union. President Ramgoolam, in his capacity as President of the Organization of African United, has been one of the key pro-development spokesmen from Africa. (see Africa report).

Within France, the Giscard government announced this week that prices for domestic oil consumers would probably be cranked up yet another notch early next year, while simultaneously rigorously enforcing a system of energy-consumption ceilings to prevent "cheating." The system itself consists of a tax scale for offenders who overreach their energy ceiling. The nationalized electricity company, EDF, has been charged a huge 50 million franc fine for "cheating." EDF has one of the largest programs for fission research and has been the subject of repeated attack from assorted ecology and environmentalist groups.

Gaullists Under Pressure

The French daily *Le Monde* this week reported that Giscard is sounding out the possibility of creating a French version of the U.S. National Security Council. The proposal is to turn the Gaullist-controlled interministerial military and defense planning agency, the SGDN, into a centralized policy-making authority, thereby wresting this process from Gaullist forces and placing it in the hands of a restricted team of technocrats.

The political attack on the Gaullists which will serve the dual purpose of eliminating their influence and creating a propitious terror environment surfaced this week with the political assassination of Jean de Broglie. Although a member of Giscard's own Independent Republican party, de Broglie was a close personal friend of leading Gaullist spokesman Michel Debré and one of the key figures in the elaboration of Gaullist policy toward the Third World. The right-wing "Charles Martel" group claimed responsibility for the assassination; the group is reported to have been part of the Secret Army Organization during the Algerian War. The OAS is close to Giscard's most loyal minister, Interior Minister Michel Poniatowski and the right-wing networks of Interpol.

French Oil Agreements

French industrialists, in particular the nationalized oil interests, are not going along with the President's austerity plans. In a significant countermove to Giscard's proposed tax on Saudi oil imports, the nationalized oil concerns CFP and ELF announced today the conclusion of an agreement to raise their imports from Saudia Arabia by 30 per cent per annum, to a total of 12 million barrels, circumventing the Rockefeller-owned ARAMCO.

The oil companies' decision to resist Giscard's energy austerity was made explicit in the editorial of last month's CFP publication, *Les Nouvelles*. According to this article, the CFP "is instituting a method and already obtaining results, aware of participating in this fashion with the developing countries in the building of new international economic relations based on confidence and cooperation." CFP has proceeded to negotiate deals for prospecting and joint oil development of natural gas resources with the Algerian state-controlled Sonatrach, deep-sea oil exploration in Angola, technical aid for a Mozambique refinery and negotiations with the Vietnamese government for oil exploration to aid in the economic reconstruction of that country. Following the visit to France two weeks ago by Soviet Communist Party Politburo member Boris Ponomarev, three billion francs worth of oil and chemical related agreements for the construction of plants in the Soviet Union were concluded. The work on these plants call for the combined efforts of French and Italian firms.

Italians Prepared to Accept Transfer Ruble Proposal

Italian economic and financial spokesmen have greeted the Dec. 8 Soviet Narodny Bank announcement of the Comecon's extension of the transferable ruble to non-Comecon countries with overwhelming enthusiasm. These forces realize that the transferable ruble for the financing of bilateral and trilateral trade arrangements is a sound alternative monetary system. The transferable ruble represents an alternative monetary system based on production and on a gold-backed currency rather than the hyperinflated dollar and illiquid dollar.

The prospects for industrial economic growth have prompted top-level financiers to support the transferable ruble as a feasible alternative.

On Dec. 22 NSIPS interviewed one of the top policymakers at the Bank of Italy. In part, he stated: "I am not fully familiar with the details of the Narodny proposal, but in principle it seems to be a very good thing. It means using rubles for credit and people have been talking about this as a key way of facilitating credits for some time now. It would not mean opening up the Soviet economy to capitalism. Let us speak specifically of when Kamarov (a Soviet envoy) came to Italy. The question of the credit lines came up then and we did not have credits to extend. These credit lines are what we are trying to organize presently. That is, to mobilize Soviet credits as letters of credit but first we need guarantees.

"These guarantees must be provided by the Soviet Union itself or by a first-contracting country. In this context the proposal of a European bank for East-West (Europe Ex-Im bank) trade comes forth. There are many opponents to this proposal but Italy is most committed to its realization as is Great Britain. West German financiers as well are favorable but the Bundesbank and the Bonn government oppose it because they fear they would have to provide the reserve fund for such a bank to operate. But this is nonsense. We at the Bank of Italy are already engaged in gathering these reserves. Venezuela will be sending a large deposit to the Bank of Italy soon. We are moving in this direction with Arab countries...Libya, Iran and Saudi Arabia. If the Soviet Union decides to go for the transferable ruble and the Comecon is disposed to do so, the Bank of Italy is standing ready...It would be an opening without precedent."

Andreotti's top economic advisor informed NSIPS Dec. 21 that the Italian government was preparing now to dump the dollar to go for the alternative monetary system. He condemned the hegemonic role of the dollar: "I am not in agreement with an international monetary system which is based only on the force of one currency — the way the dollar has hegemonized the international markets. I think now is the time to stop it."

The Bank of Italy official responsible for East-West relations stated: "Obviously Italy is very open on this front and even more than Italy there are West Germans who are even more favorable. Like Italy, West Germany has granted many credits to the Comecon...We and the West Germans are pressing now for this kind of deal (Narodny bank proposal - ed.) but the U.S. makes no moves in this direction."

Il Fiorino Dec. 23 carried a front-page article elaborating how the ruble can be used to facilitate credit. *Il Fiorino* journalsit Giorgio Vitangeli headlined his lead article, "A move which can have consequences in the currency markets; Soviets try to play ruble card."

Reporting to Parliament Dec. 21 at the conclusion of his trip to Libya, Italian Foreign Trade Minister Reinaldo Ossola laid out the government's political-economical strategy: consolidation of Arab and Venezuelan reserves in the Italian central bank. Ossola further stated Italy's commitment to secure the steady increment of triangular trade agreements between Italy, the socialist sector, and the Arabs on a development policy basis. This policy, he said, is being extended to Latin America as well.

According to a high-ranking official of Italy's central bank, the bank's explicit policy is to pile up as much Arab reserves as possible in order to transform the Banca d'Italia into the immediately required institution for the rediscount of Soviet commercial paper.

Italian developments in this direction are part of British-Italian organizing for an "East-West European Bank" to act as a stepping stone towards a new world