

Will Italy trigger an 'avalanche' against IMF?

by Umberto Pascali

On Feb. 15, before a gathering of Italian parliamentarians and Third World ministers and diplomats in Rome, Christian Democratic Deputy Publio Fiori delivered an historic appeal for the dissolution of the International Monetary Fund and its replacement with a new and just economic order.

Only a few days earlier, it had become public that the Italian government of Bettino Craxi was considering actions that could lead to precisely the result Fiori demanded.

Fiori's appeal came at a conference of the Committee of Italian Parliamentarians against Starvation (PARIFA). Fiori was chairman of one conference session, and quoted St. Augustine as the inspiration for his challenge, calling for strong unity on the debt issue between Africa and Ibero-America.

In November 1985, the same Fiori had addressed a conference of the Schiller Institute in Rome dedicated to St. Augustine, where usury as embodied in the IMF was broadly denounced. The Institute was founded by Helga Zepp-La-Rouche to strengthen the Western alliance and promote a new economic order. The Schiller conference was followed in short order by a series of Vatican-convened meetings on religion and economics, culminating in the Extraordinary Synod of Bishops in Rome (Nov. 26-Dec. 8), whose thrust was the introduction of morality into economic decision-making, as against "free market" and "Marxist" approaches.

Fiori's Feb. 15 statement is symptomatic of a raging debate on the world debt crisis under way in Italy, with pro-IMF forces now fighting desperately against the possibility that the Italian government will offer a moratorium on debt payments to struggling Third World nations, thereby setting a precedent that will destroy the IMF system.

In his conference address, Fiori dismissed the so-called Baker Plan of the U.S. treasury secretary, which would provide some additional loans to debtor nations provided they permit virtual recolonization. He pointed to the example of the President of Peru, Alan García, who has placed a limit on debt payments of 10% of Peru's foreign exchange earnings, and has rejected any role for the IMF in loan negotiations or economic policy-making.

At the same conference, the president of the Italian Senate, Amintore Fanfani, who had earlier received a delegation of the Schiller Institute to discuss the debt problem, announced that on Feb. 26, parliament will hold a joint session on the debt crisis of the Third World.

The foreign minister of Senegal read a message from Senegalese President Abdou Diouf, also president of the Organization of African Unity, who stressed: "It is an illusion to think that African nations can solve the problem of starvation without a new world economic order and without a solution of the debt problem in the context of a reform of the International Monetary System."

A manifesto, signed by 12 African heads of state and approved by the conference, denounced "the monstrous world debt that often threatens directly the very economy of the debtor countries and tends to mortgage their general policy in favor of private systems of domestic and international interests. . . ."

A debt moratorium?

A few days before, major Italian media reported what was termed an economic and political "bombshell": The Italian government had been studying for months a plan of general debt moratorium to all Third World countries experiencing payments difficulties.

The plan became public during the visit of Somalian President Siad Barre, who arrived in Rome on Feb. 10. On that day, the newspaper of the Vatican, *Osservatore Romano*, reported: "In the meetings [between Prime Minister Craxi and President Barre], the question of cancellation of the debts to Italy of the poorest Third World countries is to be raised. The debt of Somalia amounts to \$153 million, an enormous sum if compared to the country's total exports. . . . These are countries at the edge of survival: The Italian government is studying the possibility of a cancellation to give these countries the possibility of development by removing the risk of financial strangulation that would compromise any sign of recovery. This is a very important initiative that is being considered with 'interest and favor' by the Italian government."

The Vatican organ underlined the close connection between a peace process in the Horn of Africa to end the war of Soviet-controlled Ethiopia against Somalia, and the economic relief promised by a debt moratorium.

A day earlier, Deputy Foreign Minister and close Craxi collaborator Francesco Forte, considered the brains behind the moratorium plan, dismissed an alternative proposal by pro-IMF Treasury Minister Giovanni Gorla, who wanted a moratorium on principal payments only. Said Forte, to ask for interest payments would be to increase "Somalian debt from 220 billion to 450 billion liras, which it is impossible for that country to pay."

Forte also ridiculed the position which is dominant in Giulio Andreotti's foreign ministry: to give aid to Third World

countries without touching the debt question. "What is the sense of making donations in food and projects to Somalia . . . while the IMF forecloses on Somalia's bed and mattress?"

By the time Somalian President Barre met with Craxi and Forte to discuss the issue on Feb. 10, terror was everywhere evident among the IMF's supporters in Italy, not so much over the amount of money involved, as over the political implications: Italy might create a precedent, breaking the usurers' front which has been systematically destroying the Third World to preserve a bankrupt monetary system.

The treasury ministry informed the media that the plan was just "a wish of Forte and we do not know anything about it." The foreign ministry was more sophisticated, planting a series of articles in the press with the usual format, "Foreign ministry circles think. . . ."

The frankest spokesman of this "thinking" was Claudio Lanti of *Il Giornale*: "If such a decision is not agreed to at the international level, our relations with the rich and developed North would suffer. Paradoxically, France, Germany, Great Britain and above all the United States, would find themselves exposed to the risk of censure for not following the Italian example, and someone would be forced to follow it unwillingly. Italy would be considered responsible for the unilateral break-up of the common front of the creditors. It is a subversive decision, a slap in the face of the international institutions. In the eyes of the world, such a step would break one of the fundamentals of international morality"!

The fight continues

Lanti concluded with a denunciation of "who's behind all this": "Only the Vatican would be enthusiastic for such a decision." *La Repubblica*, the paper of the Freemasonic-liberal lobby, wrote: "We have information that the moratorium is not the fruit of the demands of Somalia, but a decision of the [Italian] government. If we establish this precedent . . . what consequences will this have for our relations with the other creditor countries? How can we block the 'avalanche effect?'"

Wrote Fiat magnate Gianni Agnelli's *La Stampa*: "For sure, the U.S. would not like it while they are trying to solve the debt problem with the Baker Plan. The banks would not like it either."

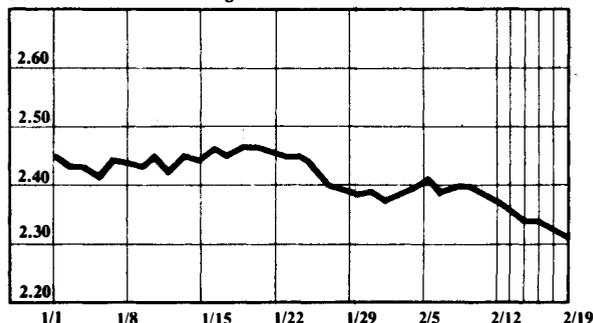
The final assault came from—who else?—Amnesty International. AI organized a press conference in Rome to complain that Somalia has three "political prisoners." The notorious clown of the drug lobby in Italy, Marco Pannella, denounced "the intolerable scandal of Somalian military expenditures" and attacked Forte for "structural intervention" instead of "emergency aid."

The final communiqué from the Craxi-Barre talks stated, "Reflection on the moratorium is not complete, but will be deepened in conjunction with multilateral initiatives." That is, the fight continues.

Currency Rates

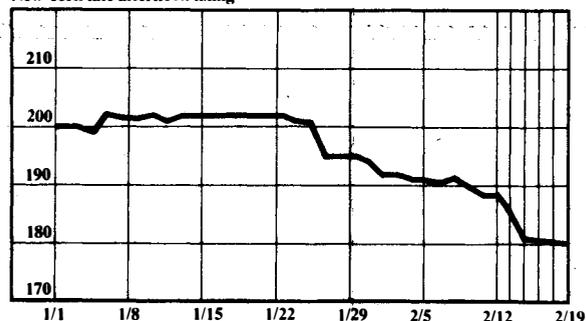
The dollar in deutschemarks

New York late afternoon fixing



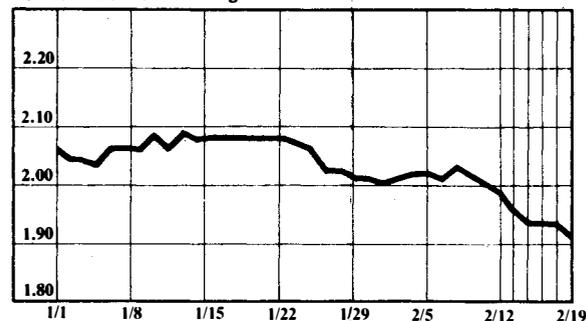
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

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The British pound in dollars

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