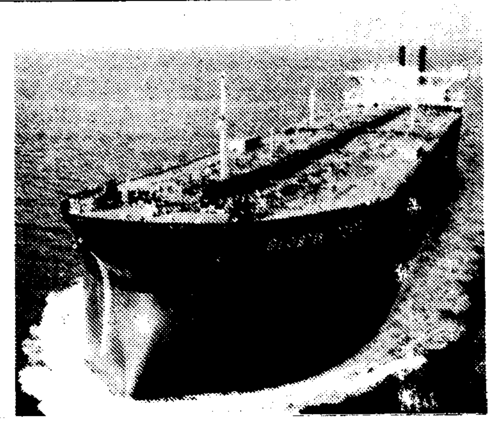

Soaring Gold Price Signals European Break With Carter

Nov. 13 (NSIPS) — The price of gold shot up on international markets this week, reflecting worldwide fear that the Carter regime will embark on a wild paper-printing spree to prop up over $350 billion in Eurodollar debts owed to U.S. banks. Gold has been trading at the $135-136 an ounce range in London this week, compared to $122 the day before Carter's fraudulent election and the nadir of $103 reached at the end of August in the wake of heavy U.S.-International Monetary Fund gold dumping. According to Swiss bank sources, the fear of Carter-imposed hyperinflation has become so intense that future IMF gold auctions will be swamped with buyers, ending that institution's conspiracy to remove gold from the monetary system and replace it with SDR toilet paper.

Europeans are not the only gold buyers; orders are flooding in from the Middle East, Japan, Hong Kong and Singapore, with exceptionally heavy interest stemming from the U.S. itself. Gold market sources report that "sophisticated American businessmen" are hedging their bets that Europe will break away from a Carter-dominated U.S. and set up their own gold-backed monetary system.

U.S. bankers and their IMF flunkeys are haunted by the ever-recurring "nightmare" that a defiant Britain and Italy will lead such a European break-away. According to the West German newspaper Handelsblatt, British Prime Minister Callaghan bluntly informed French President Giscard d'Estaing during their consultation at Rambouillet yesterday that Britain could not accede to the IMF's demand for a brutal £5 billion cut in public spending. Giscard, despite his Atlanticist credentials, was so shaken by Callaghan's unyielding anti-austerity stance that he offered support for Callaghan's campaign to end the reserve currency role of sterling and promised to take "an understanding and reasonable attitude" toward Britain's request for a $3.9 billion loan.

As for Italy, despite the Andreotti government's passage of a harsh austerity program this week which will raise $5.7 billion in tax and price increases, IMF officials are pessimistic about the possibility of winning more fundamental concessions, such as the dismantling of the cost-of-living escalator which protects Italian workers' wages from the worst ravages of double-digit inflation. IMF officials gave the lie to the boast of a Manufacturers Hanover officer that the Italian Communist Party (PCI) will go along with the destruction of the cost-of-living escalator and that Italy, therefore, is a "good debtor."

IMF negotiations with the Andreotti government are "going quite slowly," admitted an IMF source. "They're trying to get away with as much as possible and we're trying to make them cut as much as possible. But the PCI has never been split over the COL — they won't touch it and that's that. They say it would kill the party." Moreover, the so-called "moderate" public sector-based wing of the PCI "will dump Andreotti if we try to go to far," the IMF official complained. "The banks can't just go in there and do whatever they want."

To the IMF's even greater chagrin, the Italian press today reports that Italian Finance Minister Stammati has given his backing to a PCI plan which would "consolidate" the country's huge municipal debt, putting off interest payments for 40 years! Neither is the rest of Europe so eager to force the Italians to their knees; this week the European Common Market took the unprecedented step of selling the country $140 million of surplus beef and dried milk at one-third the market price.

Time is Running Out

But as the Italian and British financial crises show most clearly,the Europeans must act quickly to declare debt moratoria against U.S. banking before existing austerity programs, Carter's planned hyperinflation, and a provoked Arab oil price hike of 25 per cent shatters the European economies. The severe credit squeeze and foreign exchange controls previously imposed by the Andreotti government to curb speculative attacks on the lira have drastically cut necessary food and raw materials imports while threatening to bankrupt Italian industry. Since most Italian companies cannot meet the prevailing 20 per cent-plus interest rates on short-term bank loans, the missed interest payments have simply been tacked on to their outstanding loans. According to the London Economist, "one estimate puts the total interest that will be rolled up by the end of next March at £5,000 billion ($5,7 billion). Since this would account for almost all the increase in bank credit to companies agreed as one of the terms of the EEC loan, a lot of companies will not be allowed fresh loans. Imported stocks will be run down..."

Trade figures reveal that, for the last six months, Italian industry has survived only on the basis of dumping autos, steel, and textiles on the world's markets at super-exploited bargain-basement prices, at the expense of the rest of European industry. But even on its own terms, the Atlanticist-ordered "export-led recovery" was a miserable failure. During the first nine months of 1976, Italy ran up a whopping $4.4 billion trade deficit. The country's foreign exhange reserves are down to only about $1.3 billion, and the production and sales collapse now underway in the U.S. and West Germany will shortly wipe out the last vestiges of Italy's export markets.

Britain's plight is, if anything worse. The official retail price index shot up to 14.7 per cent in October from 14.3 per cent in September, industrial production has stagnated for three months at a depressed level, and the country's trade deficit during the months of September and October combined was an Italian-style $1.2 billion.

This week's London Economist spells out in blood what the IMF's dictates, if implemented, will mean for Britain: giving the axe to 100,000 public sector workers, placing a cash limit on local government spending (and if localities raise taxes, cutting their subsidies from the national government by an equivalent amount), and applying the income tax to unemployment, sickness, and social security benefits.

