

## 'Basket 2' Economics Up Front As Belgrade Conference Opens

The Belgrade Conference on Security and Cooperation in Europe (CSCE) opened Oct. 4 with an emphasis on East and West European economic, and especially energy, cooperation. Milos Minic, Prime Minister of the conference's host country, Yugoslavia, told the gathering—which brought together the U.S., Canada and the 33 European nations which signed the 1975 CSCE accord in Helsinki—to seek “generous international credit extension” for regional cooperation on energy development. Minic's appeal to West Germany to make a special contribution to this effort was reciprocated Oct. 5 in the presentation by West German delegate Van Well, who said that only concerted pan-European planning can provide energy on the scale needed by “the industrial continent of Europe.” Van Well, echoing a proposal made many times by Soviet President Leonid Brezhnev, suggested a special conference be held on energy development.

The three sections, or “baskets,” of the Helsinki document are up for review at the Belgrade conference. These are: military and defense matters (Basket 1), economic cooperation (Basket 2), and the area of cultural and other exchanges, including “human rights” (Basket 3). The Belgrade conference had been slated as a battlefield for East-West confrontation over “human rights.” But the Carter administration's attempts to downplay the provocative “human rights” issue in order to ensure collaboration with the USSR on strategic arms and Middle East peace may force the Basket 3 talks to take a back seat.

The importance of discussions in Belgrade on economic program is underscored by the presence there as observers of delegations from the non-European Mediterranean nations of Israel, Egypt, Algeria, Morocco, and Syria. Outside the official CSCE framework, Bel-

grade has also played host to Saudi Oil Minister Sheikh Yamani and other Arab financial delegations in recent weeks. Yugoslavia is an obvious crossroad for European and Arab factions whose sights are set on radical new financial arrangements. Indeed, Yugoslav Premier Minic reiterated in his speech the nonaligned nations' stand in favor of “international financial reorganization.”

This flurry of diplomatic activity in the Yugoslav capital in the opening weeks of October directly complements the earlier high-level Franco-Soviet and Italo-Soviet discussions on financing tremendous increases in world trade, and significantly, have included representatives of the powerful Communist Parties of France and Italy as well as regular government delegations.

General Secretary Enrico Berlinguer of the Italian Communist Party traveled to Budapest, Hungary and then to Belgrade recently, where he conferred with President Tito. The communiqués from Berlinguer's discussions in both capitals stressed economic issues; with Tito, he called for establishing a new world economic order. Berlinguer will be followed on the Budapest-Belgrade route by his French counterpart, Georges Marchais.

This pattern of diplomacy has led to informed speculation that Moscow is in the process of resolving its polemics with the so-called Eurocommunists, by giving precedence to the issues of economic development on which the USSR, the Andreotti government in Italy, the government of French President Giscard d'Estaing, and the healthy sections of the Italian and French Communist Parties can agree. Italian press commentators observed that during his latest trip to Eastern Europe, Berlinguer distanced himself from the extreme Eurocommunist leader of the Spanish Communist Party, British agent Santiago Carrillo.

## Britain: Unions Give A Qualified 'Yes' To Callaghan

In answer to party leader and Prime Minister James Callaghan's ultimatum “back us or sack us,” this week's Labour Party annual conference had little choice but to affirm its support for the beleaguered Labour government. But the trade-unions, the largest bloc delegation to the conference, are far from enthusiastic supporters of the government, whose economic policy, sired by Chancellor of the Exchequer Denis Healey, they feel is driving a wedge between the unions and industry, supposed allies in the Callaghan strategy for the regeneration of British industry.

Ironically, it was at last year's conference that Callaghan launched his then near-revolutionary strategy for tripartite support in rebuilding the British economy through investment in high-technology industries and export-led growth. While the other half of the strategy — below-inflation rate wage increases and cutting of government expenditure in social services — has been vigorously adhered to in the past year (real incomes

have declined by nearly 6 percent), the collapse of world trade and the giant speculative paper bubble in the City of London has precluded any serious success in the government's regeneration strategy.

Not surprisingly, Healey, just returned from his trumpeted reception at the International Monetary Fund meeting in Washington, D.C. the previous week, met with a decidedly cold reception at his own party conference. The government's so-called economic miracle for which Healey received high praise at the IMF meeting, was disclaimed as a “financier's recovery” by delegates whose constituencies face growing unemployment and further collapse in industrial investment.

### *Labour, Nonetheless*

Yet, at the vote, the unions backed the government's wage-control, “regeneration” program; not because there is complete acceptance of the strategy, or even sim-