



NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE. (IPS)

LATE EVENING NEWS WRAP-UP
THURSDAY, 19 FEBRUARY 1976

I. LATE PRIORITIES

ARAB OIL PRODUCERS STUDY PLAN FOR ALTERNATIVE CURRENCY TO THE DOLLAR

FEB. 19 (IPS)--A MEETING OF ARAB CENTRAL BANK GOVERNORS WHICH WAS CONCLUDED IN KUWAIT YESTERDAY DRAFTED PLANS FOR THE IMPLEMENTATION OF AN ALGERIAN AND IRAQI-BACKED PROPOSAL TO ESTABLISH AN ARAB UNIT OF ACCOUNT AS AN ALTERNATIVE TO THE DOLLAR BASED ON A BASKET OF ARAB CURRENCIES, ACCORDING TO THE MIDDLE EAST ECONOMIC SURVEY. THE SURVEY REPORTS THAT THE GOVERNORS ARE SCHEDULED TO MEET AGAIN IN BAGHDAD MAY 3 TO VOTE ON THE PROPOSAL, WHICH IS PRESENTLY UNDER STUDY.

KUWAIT FOCUS OF INTERNATIONAL DIPLOMATIC ACTIVITY

WASHINGTON, D.C. FEB. 19 (IPS)--KUWAITI OIL MINISTER ABDEL MUTLALEB AL-KAZIMI URGED SOVIET PARTICIPATION IN KUWAITI OIL EXPLORATION LAST WEEK DURING A VISIT TO MOSCOW, ACCORDING TO YESTERDAY'S BUSINESS INTERNATIONAL. A FEDERAL RESERVE OFFICIAL IN WASHINGTON ATTRIBUTED THE RECENT KUWAITI MOVES FOR TECHNOLOGICAL DEVELOPMENT FROM THE EAST BLOC TO THE MAJOR ROLE OF COMMUNISTS IN THE LEADERSHIP OF KUWAIT'S TRADE UNIONS, AND TO THE FACT THAT HALF OF KUWAIT'S POPULATION ARE PALESTINIANS, MANY OF WHOM ARE SOCIALISTS.

MR. AL-KAZIMI'S VISIT TO THE SOVIET UNION COINCIDED ROUGHLY WITH THAT OF ITALIAN MONTEDISON OFFICIAL RATTI, A SPECIALIST IN TRADE WITH THE EAST BLOC. SINCE THEN AN ITALIAN DELEGATION HAS ARRIVED IN KUWAIT, ACCORDING TO BUSINESS INTERNATIONAL.

LEADING PSI TRADE UNIONIST ACCUSES MULTIS OF ATTACK ON LIRA; CALLS FOR STRENGTHENING OF ENI

FEB. 19 (IPS)--IN AN INTERVIEW INH THE FEB. 19 ISSUE OF IL MONDO, SR. DIDO, THE NATIONAL SECRETARY OF ITALY'S CGIL TRADE UNION CONFEDERATION AND A MEMBER OF THE ITALIAN SOCIALIST PARTY, BLAMED THE MULTINATIONAL OIL COMPANIES FOR THE RUN ON FOR ENI, THE NATIONAL HYDROCARBONS AGENCY IN SUPPLYING ITALIAN OIL.

(MORE)

DIDO CALLED ON ITALY TO REJECT THE REQUEST OF THE OIL COMPANIES "BECAUSE THE SAME OIL CO ON THE BASIS OF A PROGRAM."

ITALIANS MOVE TO BYPASS MULTINATIONALS TO SECURE OIL

MILAN, FEB. 19 (IPS)—AN OFFICIAL OF ENI, THE ITALIAN NATIONAL OIL COMPANY, SAID TODAY THAT ITALY IS LESS AND LESS DEPENDENT ON THE MULTINATIONAL OIL COMPANIES, AND THAT IT HAS OPENED UP DIRECT TALKS WITH A NUMBER OF OIL PRODUCING COUNTRIES. THE OFFICIAL SAID ONE COUNTRY, IS ALREADY "OPENING UP TO SELL OIL" DIRECTLY TO ITALY. AS A RESULT, HE CONCLUDED, THE THREAT OF OIL EMBARGO AGAINST ITALY HAS SIGNIFICANTLY DECREASED. "IF ROCKEFELLER MAKES AN OIL EMBARGO AGAINST ITALY...HE WILL BE DESTROYED WITH HIS OWN HANDS, BECAUSE HE WILL HAVE TO SABOTAGE THE COUNTRIES SUPPORTING ITALY AS WELL," HE SAID. THE OFFICIAL INDICATED THAT ENI IS NOW ABLE TO GUARANTEE 40 PER CENT OF ITALY'S OIL NEEDS.

FORD PLAN VASTLY EXPANDS CIA DOMESTIC ACTIVITIES

FEB. 19 (IPS)—YESTERDAY PRESIDENT FORD RELEASED HIS 36-PAGE EXECUTIVE ORDER ON THE INTELLIGENCE COMMUNITY WHICH, IN THE WORDS OF WASHINGTON POST REPORTER LAWRENCE STERNE, "LEGITIMIZES DOMESTIC SPYING AND OTHER ACTIVITIES THAT HAD BEEN CONSIDERED LEGALLY AND POLITICALLY QUESTIONABLE."

ONE PROVISION OF THE ORDER, WHICH ADMINISTRATION OFFICIALS SAY, IN STERNE'S WORDS, "WAS CUSTOM-DRAFTED FOR A SPECIFIC DOMESTIC TARGET," AUTHORIZES INFILTRATION IN U.S. ORGANIZATIONS COMPOSED PRIMARILY OF NON-U.S. CITIZENS BELIEVED TO BE ACTING ON BEHALF OF A FOREIGN POWER. ANOTHER PROVISION PERMITS THE CIA TO COLLECT INFORMATION WITHIN THE U.S. CONCERNING CORPORATIONS AND OTHER COMMERCIAL ORGANIZATIONS WHICH CONSTITUTES FOREIGN INTELLIGENCE OR COUNTERINTELLIGENCE.

ACCORDING TO THE WASHINGTON POST, THE EXECUTIVE ORDER ALSO AUTHORIZES CIA DOMESTIC INTELLIGENCE GATHERING AGAINST U.S. CITIZENS, CORPORATIONS OR RESIDENT ALIENS BELIEVED TO BE ACTING ON BEHALF OF A FOREIGN POWER.

ACCORDING TO AN ARTICLE BY THOMAS ROSS IN THE CHICAGO SUN TIMES, WHITE HOUSE ADVISOR JOHN MARSH, UNDER INTENSIVE QUESTIONING, ADMITTED THAT PRESIDENT FORD'S NEW INTELLIGENCE GUIDELINES PERMIT THE CIA TO ENGAGE IN ANY AND ALL FOREIGN INTRIGUES EXCEPT ASSASSINATION AND WITHOUT PRIOR NOTIFICATION OF CONGRESS. THE SUN TIMES NOTES THAT THESE FACTS DID NOT EMERGE CLEARLY IN FORD'S PRESS CONFERENCE FEB. 17 NOR IN THE INTELLIGENCE REORGANIZATION PLAN THAT HE SENT TO CONGRESS YESTERDAY.

(MORE)

CONGRESS ADOPTS "WAIT AND SEE" ATTITUDE ON FORD CIA REORGANIZATION

FEB. 19 (IPS)—CONGRESSIONAL RESPONSE TO PRESIDENT FORD'S MOVES TO VASTLY BROADEN INTELLIGENCE AGENCY COVERT OPERATIONS AUTHORIZATION BY EXECUTIVE FIAT WAS FOR THE MOST PART UNEASY, WITH A FEW GIVING FORD OUTRIGHT SUPPORT, MOST SITTING ON THE FENCE, AND A MERE HANDFUL DECLARING OPEN OPPOSITION.

REP. OTIS PIKE (D-NY), FORMER CHAIRMAN OF THE NOW-DEFUNCT HOUSE INTELLIGENCE COMMITTEE, WARNED THAT THE FORD REORGANIZATION PLACED THE INTELLIGENCE COMMUNITY IN THE HANDS OF TOO FEW PEOPLE.

SEN. ROBERT MORGAN'S (D-NC) AIDE SAID THAT "MORGAN DISAGREES VERY STRONGLY WITH THE PRESIDENT'S PLAN" AND THAT THE SENATOR WAS PARTICULARLY UPSET WITH THE CARTE-BLANCHE GIVEN TO THE FBI.

REP. ROBERT DRINAN'S (D-MASS) OFFICE RECOGNIZED THE RELATION BETWEEN FORD'S MOVES, RECENT SUPREME COURT DECISIONS AND THE S-1 LEGISLATION AND SAID THAT DRINAN WAS CONSIDERING LEGISLATION TO OVERRIDE THE SUPREME COURT DECISIONS.

SENATORS MIKE MANSFIELD (D-MON) AND WALTER MONDALE (D-MINN) CALLED THE FORD REORGANIZATION A "GOOD FIRST STEP." SENATOR HUBERT HUMPHREY (D-MINN) ADDED HIS ENTHUSIASTIC APPROVAL TO THE PLAN.

REP. ROBERT KASTERMEIER'S (D-WISC) AIDE SAID THAT ALTHOUGH THE REPRESENTATIVE WAS UNEASY, HE WOULD WAIT TO FIGHT ANY REFORMS IN THE JUDICIARY COMMITTEE.

A HALF-DOZEN OTHER CONGRESSMEN ADOPTED A WAIT-AND-SEE ATTITUDE WHEN DIRECTLY CONTACTED.

CHICAGO INTERNATIONAL TRADE CLUB CALLS FOR EXPANDED INTERNATIONAL TRADE INVESTMENT IN THIRD WORLD

FEB. 19 (IPS)—THE CHICAGO INTERNATIONAL TRADE CLUB (ITC), REPRESENTING THE TOP 200 INDUSTRIES, CORPORATIONS AND BANKS IN CHICAGO, CALLED FOR EXPANDED INTERNATIONAL TRADE — IN PARTICULAR WITH THE EAST BLOC — AND INCREASED INVESTMENT IN THE THIRD IN ITS JANUARY NEWSLETTER.

THE POLICY STATEMENT ON THE WORLD ECONOMY, DECLARES THAT THE INDUSTRIALIZATION OF THE THIRD WORLD AND THE GENERALIZED INCREASE IN THE STANDARD OF LIVING AROUND THE WORLD WOULD PROVIDE THE IMPETUS FOR EXPANSION IN THE ADVANCED SECTOR. THE STATEMENT EMPHASIZES THE PRIMACY AND INTERDEPENDENCE OF THE WORLD ECONOMY.

THE NEWSLETTER CALLS ON GOVERNMENTS TO ENCOURAGE THE CONTRIBUTION OF THE PRIVATE SECTOR TO THIS PROCESS, AND TO DISMANTLE BARRIERS TO THE FREE FLOW OF CAPITAL, THE FREE FLOW OF KNOWLEDGE AND THE TRANSFER OF TECHNOLOGY.

(MORE)

DESPITE THIS STRONG PRO-DEVELOPMENT STATEMENT, THE CHICAGO INDUSTRIAL FACTION REMAINS SPLIT ON THE ISSUE OF DEBT MORATORIUM AND THE DISMANTLING OF THE DOLLAR BACKED SYSTEM AS REFLECTED IN A COMPROMISE STATEMENT ON THE NEED FOR NEW INTERNATIONAL INSTITUTIONS. THE ITC URGES "THE PEOPLES AND NATIONS OF THE WORLD, THROUGH THEIR GOVERNMENTS, MUST THINK MORE SPECIFICALLY AND PURPOSEFULLY ABOUT STRENGTHENING EXISTING INTERNATIONAL INSTITUTIONS AS WELL AS CREATING NEW ONES" WHICH WILL ENSURE THE ADOPTION OF THE OUTLINED POLICY.

IN THE SAME NEWSLETTER, THE ITC ANNOUNCED THAT IT WAS ESTABLISHING A FIRM DIALOGUE WITH THE ILLINOIS CONGRESSIONAL DELEGATION.

WORLD BANK OFFICIAL TELLS CHICAGO INDUSTRIALISTS:
THIRD WORLD MUST CUT GROWTH, IMPORTS

FEB. 19 (IPS)—HENRY J. COSTANZO, AN OFFICIAL OF BOTH THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND, TOLD A MEETING OF THE CHICAGO INTERNATIONAL TRADE CLUB TODAY THAT THE INCREASING DEBT SERVICING REQUIREMENTS OF THE THIRD WORLD WILL NECESSITATE NEGLIGIBLE OR ZERO GROWTH IN PER CAPITA INCOME OF THIRD WORLD COUNTRIES. COSTANZO TOLD THE HEAVILY-TRADE ORIENTED GROUP THAT IMPORT CUTBACKS, IN ORDER TO MAINTAIN DEBT PAYMENTS, WOULD BECOME A "FACT OF LIFE" FOR THE THIRD WORLD.

IPS AS YET HAS NO REPORT OF HOW ITC MEMBERS, WHO JUST RELEASED A STRONG PRO-DEVELOPMENT POLICY STATEMENT, REACTED TO COSTANZO, WHOSE BROTHER IS A HIGH-RANKING EXECUTIVE AT FIRST NATIONAL CITY BANK OF NEW YORK.

SENATE SUSTAINS FORD VETO OF PUBLIC WORKS BILL

WASHINGTON, D.C. FEB. 19 (IPS)—THE SENATE THIS AFTERNOON NARROWLY SUSTAINED PRESIDENT FORD'S VETO OF A 6.1 BILLION PUBLIC WORKS BILL. THE 63-35 TALLY IN THE SENATE FELL FOUR VOTES SHORT OF THE NECESSARY TWO-THIRDS MAJORITY REQUIRED TO OVERRIDE A PRESIDENTIAL VETO. EARLIER IN THE DAY, THE HOUSE HAD OVERWHELMINGLY APPROVED A MOTION TO OVERRIDE BY A 319-98 MARGIN.

CONGRESSIONAL SPONSORS OF THE DEFEATED LEGISLATION, WHICH WOULD HAVE PROVIDED 600,000 JOBS AT WAGE LEVELS NEAR THE MINIMUM WAGE, WILL ANNOUNCE LATER TODAY THEIR FUTURE STRATEGY.

WINSTON BOSTICH DENOUNCES LEVI'S POLICE STATE;
SUPPORT USLP'S RIGHT TO ORGANIZE

NEWARK, N.J., FEB 19 (IPS)—WINSTON BOSTICH, NOTED PHYSICIST, PROFESSOR AT STEVENS INSTITUTE OF TECHNOLOGY, DEMOCRATIC COMMITTEEMAN IN CHESTER, NEW JERSEY, AND FOUNDING MEMBER OF THE FUSION ENERGY FOUNDATION, HAS ENDORSED THE FOLLOWING STATEMENT AND COMMENCED CIRCULATION OF IT AMONG NEW JERSEY LEGISLATORS, PROFESSORS AND LAWYERS:

(MORE)

~~"WE STAND FIRM AGAINST ANY ATTACKS ON CIVIL LIBERTIES AND DUE PROCESS OF LAW, SUCH AS THOSE DELIVERED AT THE AMERICAN BAR ASSOCIATION CONVENTION BY ATTORNEY GENERAL LEVI AND CHIEF JUSTICE BURGER. I RECOGNIZE THAT SUCH ASSAULTS ON CONSTITUTIONALLY GUARANTEED RIGHTS, CONCURRENT WITH THE U.S. CONGRESS' PORTENDING THE ADOPTION OF S-1 MEASURES AND OF AN OFFICIAL SECRETS ACT, WILL LEAD, WITHIN MONTHS, TO POLICE STATE DICTATORSHIP TO ENFORCE ECONOMIC AUSTERITY.~~

"ESCALATED HARASSMENT AGAINST U.S. LABOR PARTY ORGANIZING AND ELECTORAL CAMPAIGNING -- WHICH IS COMMITTED TO POLICIES OF ECONOMIC DEVELOPMENT -- PROVES THE POINT. WE DENOUNCE ANY AND ALL ILLEGAL SURVEILLANCE, INTIMIDATION, HARASSMENT, AND FASCIST-TYPE VIOLENCE DIRECTED AT THE LABOR PARTY BY FEDERAL AND STATE LAW ENFORCEMENT AND SECURITY AGENCIES. WE CALL FOR FULL AND COMPLETE DISCLOSURE OF SECRET FILES AND OTHER INTELLIGENCE RECORDS MAINTAINED ON LEGITIMATE POLITICAL GROUPS LIKE THE USLP. WE STAND FOR DEMOCRACY, FOR CONSTITUTIONAL RIGHTS, FOR A FREE POLITICAL PROCESS."

II. CONTINENTAL

THIRD LARGEST BANK FAILURE IN U.S. HISTORY

FEB. 19 (IPS)—IN THE THIRD LARGEST BANK FAILURE IN U.S. HISTORY, THE HAMILTON NATIONAL BANK OF CHATTANOOGA, TENNESSEE CLOSED ITS DOORS THIS WEEK. THE BANK COLLAPSE HAS THREATENED DEFAULT ON 103.5 MILLION DOLLARS IN INTER-BANK LOANS EXTENDED BY A GROUP OF NEW YORK BANKS HEADED BY MORGAN GUARANTY.

WHILE PRESS COVERAGE IS BEING KEPT TO A MINIMUM TO DAMPEN THE PANIC EFFECTS OF THE FAILURE, THE NEW YORK BANKS ARE WORKING DAY AND NIGHT TO SALVAGE THEIR LOANS. ACCORDING TO TODAY'S WALL STREET JOURNAL, THE NEW YORK BANKS HAVE FORCED HAMILTON BANCSHARES, THE PARENT HOLDING COMPANY OF THE HAMILTON NATIONAL BANK, TO SELL OFF THREE OF ITS OTHER BANK SUBSIDIARIES TO MEET ITS LOAN COMMITMENTS TO ITS NEW YORK CREDITORS.

A LEADING NEW YORK BANK ADMITTED TO IPS LESS THAN A MONTH AGO THAT THIS STRATEGY OF COLLAPSING THE REGIONAL BANKING CENTERS TO SECURE THE LIQUIDITY OF THE CORE MONEY CENTER BANKS IN NEW YORK AND CHICAGO IS ITS CURRENT STRATEGY IN THE FACE OF THE BANKING ILLIQUIDITY CRISIS.

WHITE HOUSE: "SAFETY NET" COULD HAVE DRAWBACKS

WASHINGTON, D.C. FEB 19 (IPS)—A HIGH WHITE HOUSE OFFICIAL SAID TODAY THAT ALTHOUGH THE TREASURY DEPT. HAS REVERSED ITS POSITION AND IS NOW SUPPORTING SECRETARY OF STATE HENRY KISSINGER'S PROPOSAL FOR A 23 BILLION DOLLAR "SAFETY NET" OF U.S. LOAN GUARANTEES FOR INTERNATIONAL BAD DEBTS, THERE IS SERIOUS CONSIDERATION BEING GIVEN IN THE ADMINISTRATION TO DRAWBACKS OF THE PROPOSAL. THE SOURCE COMPARED THE "SAFETY NET" TO AN "INSURANCE COMPANY ISSUING POLICIES...IF EVERYBODY DIES THE DAY AFTER THE INSURANCE POLICIES ARE ISSUED THEN THIS COULD BE DISASTEROUS." THE SOURCE ADDED, HOWEVER, THAT SOME OFFICIALS DID NOT BELIEVE THAT MASSIVE DEFAULTS, ACTIVATING THE GUARANTEES AND REQUIRING FEDERAL RESERVE BAILOUTS, WOULD HAPPEN.

IF THE "EVENTS OF THE LAST TWO YEARS" THE SOURCE SAID, INCLUDING THE "OIL PRICE HIKE... (WHICH WAS) RESPONSIBLE FOR THE SERIOUS WORLDWIDE RECESSION, (IF THAT) DIDN'T PRODUCE THE COLLAPSE OF THE FINANCIAL SYSTEM... WHICH SOME PEOPLE EXPECTED WOULD HAPPEN." THEN NOTHING WOULD COLLAPSE THE SYSTEM.

III. INTERNATIONAL

PANIC RE-EMERGING ON MONEY MARKETS

NEW YORK, FEB. 19 (IPS)—AFTER A MERE TWO DAY RESPITE FOLLOWING AN EXTENDED U.S. HOLIDAY, PANIC IS BEGINNING TO ERUPT ON THE CURRENCY MARKETS AGAIN WITH THE DOLLAR BEARING THE BRUNT OF THE CRISIS. FOR THE SECOND DAY IN A ROW, THE WEAKER EUROPEAN CURRENCIES CAME UNDER HEAVY PRESSURE WHILE CENTRAL BANK EFFORTS TO SUPPORT THEM THROUGH DOLLARS SALES IMMEDIATELY TOUCHED OFF A DOLLAR CRISIS.

NEW YORK BANKERS OPENLY ADMITTED THAT THE RENEWED DOLLAR CRISIS STEMS FROM THEIR INABILITY TO ENFORCE AUSTERITY ON EUROPE TO THE EXTENT NECESSARY TO STABILIZE THE DOLLAR CREDIT SECTOR, AND DISMISSED THE PROSPECTIVE LOAN TO ITALY AND THE SCHMIDT-GISCARD CURRENCY PACT AS MERE PAPER SOLUTIONS. "IF YOU THINK THE SCHMIDT-GISCARD AGREEMENT WILL MEAN ANYTHING," REMARKED A FRUSTRATED CHIEF FOREIGN EXCHANGE TRADER AT A LARGE NEW YORK BANK, "THAT'S NONSENS. NOTHING, NOT EVEN THE LOAN TO ITALY, HAS CHANGED ANYTHING. THE BASIC PROBLEM STILL EXISTS. ITALY AND FRANCE HAVE BALANCE OF PAYMENTS DEFICITS AND HIGH RATES OF INFLATION AND GERMANY HAS A BALANCE OF PAYMENTS SURPLUS AND LOW RATES OF INFLATION, AND THERE'S NO CURRENCY PROMISES THAT CAN CONCEAL THIS FROM SPECULATORS... YES, I BELIEVE WE WILL BE RIGHT BACK WHERE WE WERE A WEEK AGO IN NO TIME."

AVANTI SCORES IMF/EEC SABOTAGE OF ITALY'S DEVELOPMENT

FEB. 19 (IPS)—IN AN ARTICLE ON THE URBAN CRISIS IN ITALY, THE ITALIAN SOCIALIST PARTY DAILY AVANTI TODAY BLAMED THE SITUATION ON THE LOOTING POLICIES BEING CARRIED OUT AGAINST ITALY BY THE COMMON MARKET (EEC) AND THE INTERNATIONAL MONETARY FUND. AVANTI AUTHOR DANILO GHILLANI CRITICIZED PREVIOUS ATTEMPTS TO SOLVE THE CRISIS AS BEING TOO NARROW, "AS IF LOMBARDY, FOR EXAMPLE, WERE NOT WITHIN A NATIONAL POLITICAL CONTEXT, AND AS SUCH NOT HAVE TAKE INTO ACCOUNT OUR PARTICIPATION IN THE EEC, IN THE GREAT EXTERNAL ORGANIZATIONS LIKE THE IMF WHERE, IN EFFECT, A LARGE PART OF 'EVEN' THE FUTURE OF LOMBARDY OR THE LAZIO IS DECIDED."

STATING THAT "THERE IS SO MUCH TALK OF A RECOVERY OF EXPORTS IN THE ATTEMPT TO REDUCE OUR DIFFICULT COMMERCIAL DEFICIT," GHILLANI STATED: "OUR PARTNERS HAVE EVERY INTEREST IN SEEING ITALY REMAINING A COUNTRY SUBSTANTIALLY A SUPPLIER OF LABOR, WITH AN ECONOMY CONTROLLED BY FINANCIAL INSTITUTIONS, IN SUCH A WAY THAT ITALIAN TECHNOLOGICAL DEVELOPMENT DOES NOT 'TAKE OFF' AND OUR MARKETS REMAIN RECEPTIVE TO LARGE IMPORTS NOT ONLY OF MANUFACTURED PRODUCTS BUT ALSO AGRICULTURAL COMMODITIES."

(MORE)

STATE DEPT., NEW YORK TIMES FABRICATES STORY OF INDIAN AID CUTOFF
YORK TIMES, CLAIMING THAT THE U.S. STATE DEPARTMENT HAD SUSPENDED
NEGOTIATIONS WITH THE INDIAN GOVERNMENT ON THE RESUMPTION OF FOREIGN
AID, IS A COMPLETE FABRICATION OF THE STATE DEPARTMENT AND LESLIE
GELB OF THE TIMES. THE INDIAN GOVERNMENT HAS IN FACT MADE NO
~~REQUEST FOR RESUMPTION OF AID AND THE TALKS ALLEGED BY GELB TO~~
HAVE BROKEN UP HAVE NEVER TAKEN PLACE.

THE STATE DEPARTMENT HOAX WAS DESIGNED, IN THE OPINION OF THESE
DIPLOMATIC SOURCES, TO SERVE AS A PROVOCATION TO THE GOVERNMENT
OF PRIME MINISTER INDIRA GANDHI.

A STATE DEPARTMENT SPOKESMAN, TODAY MAINTAINED,
DESPITE THE KNOWLEDGE OF THE FRADULENT NATURE OF THE STORY, THAT
SUCH A BREAKOFF OF AID NEGOTIATIONS WAS A RESPONSE TO "POINTED
PROVOCATIONS" BY THE INDIAN GOVERNMENT AND INDICATED THAT THIS WAS
REFERENCE TO STATEMENTS MADE AS RECENTLY AS LATE DECEMBER, WHEN MRS.
GANDHI CHARGED THAT U.S. CENTRAL INTELLIGENCE AGENCY AGENTS WERE
INVOLVED IN ATTEMPTING TO DESTABILIZE AND SUBVERT THE
PRESENT GOVERNMENT OF INDIA.
END OF IPS LATE 02-19-76