



NEW SOLIDARITY International Press Service

P.O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Single copy \$10 Yearly Subscription Rate \$350

Vol. III Issue 10

March 9, 1976

INTERNATIONAL MARKETS NEWSLETTER	1
U.S. POLITICAL NEWSLETTER	6
DOMESTIC MARKETS NEWSLETTER.....	13
SPECIAL REPORTS	
N.Y Default Will Trigger Chain of State and Municipal Bankruptcies	16
Kissinger's Operations To Destabilize The Governments of Guyana and Jamaica	18

IPS DAILY REPORTS FEBRUARY 29 THROUGH MARCH 6

[THIS PAGE IS INTENTIONALLY BLANK]



NEW SOLIDARITY International Press Service

INTERNATIONAL MARKETS NEWSLETTER

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Collapse Accelerates: IDB Solution Needed Now

March 7 (IPS) — Friday's catastrophic collapse of the British currency, the pound sterling, signals that the deepening world economic crisis has entered a new phase. Politicians and bankers on both sides of the Atlantic are now forced into decision-making processes on the basis of cold, hard reality. The collapse of international production and trade is accelerating to the breaking point.

There will be no hoped-for upswing in the U.S. subsector of the bankrupt Dollar Empire, nor any hope in meeting the March 31 debt rollover in international payments. In consequence, capitalists themselves are now opening up to consider what measures are necessary to stop the rot which has already brought on a holocaust of genocide and disease. The Labor Committee's proposal for an International Development Bank is thereby forced onto the agenda as the only practicable solution. Approximations simply will not work. Wall Street's desperately demanded alternative — fascist reorganization now, thermonuclear war by 1977 — is intolerable to the bulk of the world's population.

The Bank of England began the run on its own currency, and continued to feed that run until pressure mounted on other weaker European currencies, the Danish kroner and French franc, while beginning to spill over into the initial phases of a run on the dollar itself. Idle speculators and observers may well seek to console themselves with the illusion that Friday's business activity is the beginning of the process of so-called competitive devaluation whereby the weaker European currencies are devalued against the dollar and the West German deutschemark while Wall Street's demanded dollar-deutschemark axis sneaked in through the back door. Such fools would be well advised to ponder the evidence, and act.

Short of Dumping The Dollar

The Bank of England dumped its own currency because that was its only possible course of action short of an actual break with the dollar. Since the announcement of last month's disastrous U.S. trade deficit figures, U.S. Federal Reserve Chairman Arthur Burns has embarked on a credit-tightening policy here to force Europeans to prop up U.S. banks. That policy created a pool of excess liquidity in London which could neither be invested there nor here. It was those funds which the Bank of England had to dump, and by so doing created the explosive pre-conditions for a run on the dollar itself.

More ominously, British sellers did not move into other currencies directly. They chose instead to hedge in the London commodities markets, buying tin, copper, cocoa and coffee. Their judgement was seconded by the director of the Swiss National Bank, Herr Leutwiller, in an address before international businessmen gathered in Zurich the day before. At that time Herr Leutwiller politely informed his audience, according to the authoritative Swiss daily *Neue Züricher Zeitung*, that he would make use of incoming dollar funds to "support" the gold market. Such signals demonstrate that capitalists themselves are preparing for a bust on the money markets. These are the first moves out of speculative paper, such as dollar investments, and into the realm of hard, tangible "real" objects provided by the commodities markets.

Even the Capitalists Know

Even capitalists know that such a state of affairs is, and would be, intolerable. Under such conditions, world economic activity would grind inexorably into total chaos. The world cannot be put back together on the basis of barter agreements, without returning to a feudal mode of existence and feudal levels of population. In consequence, capitalist spokesmen themselves have been forced into publicly mooted approximations of the solution required to put an end to the mess created in the world by the rapine appetites of Wall Street's debt collection agencies.

On March 4, Peter Jay, the economics editor of the *London Times* demanded in the columns of his paper that a stop be put to the sham of step-by-step negotiations between developed and developing countries for a New World Economic Order. Jay issued the following proposals: a commitment by the industrial countries to development of the Third World as a matter of enlightened self-interest; 25 year underwriting of the costs of development in the Third World; agreements internationally on specific projects to be mutually undertaken; a minimum guaranteed standard of living as specified by the British Commonwealth's group of experts (the Jay report coincided with a Commonwealth ministers' meeting in London); and debt rescheduling. The Jay proposal is identified by sources at the International Monetary Fund and World Bank as a product of the United Nations Commission on Trade and Development.

The flaw in Jay's proposal is that failure to freeze the \$25 billion annual debt service of the Third World, as well as other categories of debt inside the advanced sector, would

perpetuate the present intolerable strain on the financial system, and lead to hyperinflation were masses of new credit granted on top of it.

In addition, the following policy statements were coordinated with the Jay proposal:

1) The French financial daily *Les Echos* published an editorial Thursday which denounced the current round of trade and tariffs negotiations under the Tokyo Round (using argumentation identical to the Jay proposals), and insisted that nothing could be settled unless the current dollar monetary system were replaced. The editorial cited the views of the French employers association, the CNPF, as the basis for this statement, and it should be understood that this is the viewpoint of the leadership of the Gaullist movement. Authoritative spokesmen for this movement have declared themselves to be in favor of debt moratoria and are studying proposals of the IDB type.

2) Italian Socialist Party leader De Martino told his party congress Wednesday that the Italian crisis was not a national but an international one, and that its solution demanded the creation of a new central financing facility — as Peter Jay did — “between capitalism and the planned economies.” This is a vague definition of the IDB.

3) President Tito of Yugoslavia told a conference of representatives of the public-sector industry of 34 developing nations Friday that new international institutions must be created to accelerate the pace of development and “stabilize the world economy.”

4) At a public lecture in Vienna this week, a spokesman for the Polish finance ministry proposed the creation of joint institutions between Eastern and Western Europe to finance East-West trade.

The same public stirrings were felt in Chicago where Mr. Abboud, head of that city's First National Bank, reported in the pages of the *Chicago Tribune* that relations between creditor and debtor countries have to be improved on the basis of expanding production.

It has been learned that privately such mootings have proceeded much further. The British government would support policies of debt moratoria, and recognizes the benefits to be derived from the creation of development-based institutions. Leading layers of the French Gaullist movement are working on proposals for a development-based monetary system to replace the bankrupt dollar.

Italian, Swiss and French banking circles report that they consider the monetary chaos to be past the point of recovery, and that moratoria on debt and new institutions are needed. It is the same with circles considered broadly representative of Chicago industry.

The Issue is Debt

Yet such passes at the problem, no matter how well-intentioned the conception, will be as successful as attempts to mate a jack-ass with a horse. There will be no issue. First the question of the \$800 billion overhang of debt has to be settled politically. That debt cannot be collected, and indeed is not being collected. Third World countries such as Argentina, Zambia, Zaire and Pakistan, who are unable to pay their debts are simply being left — cut off from access to credit and imports. They have become what former Agriculture Secretary Orville Freeman described in a recent interview as “holes in the world economy”. If that question is walked around, or otherwise avoided, there can be no solution. The accelerating collapse of economic activity will continue so long as first claims on current production go to satisfy the insatiable demands of Wall Street's debt collectors. Such political agreement has to be matched with a commitment to implement the Labor Committee's International Development Bank proposal which remains the only workable proposal for putting the world economy back together, as a world economy rather than a patchwork of heteronomic interest groups.

It is the debt question which has to be dealt with as top priority by working-class and related political forces within the advanced capitalist sector. So long as any credence is given to the genocidal effects of Wall Street's demands for debt service payments, then those same banking circles typified by the Nuremberg criminal George Ball of Lehman Brothers, will redouble their efforts to impose fascist levels of accumulation within the advanced sector itself. Indeed such efforts were called for by the *Wall Street Journal* itself this past Friday in an editorial which endorsed the ‘useless eaters’ program of Nazis Heinrich Himmler and Albert Speer. And, such a policy means general thermonuclear war with the Soviet Union by at latest 1977. Dumping the debt now, politically, will remove the combined threats of descent into economic chaos and war, and see George Ball, David Rockefeller and their cohorts put where they belong.

International Markets Newsletter

Euro-Currency Panic Turns To Run On Dollar

A run on the U.S. dollar and a potential generalized panic directed against all "paper" currencies and into gold and commodities is emerging out of yesterday's collapse of the British pound, which fell below the \$2.00 to the pound level for the first time in post-war history. "Competitive devaluations are in the air," noted Continental Illinois Bank's foreign exchange traders, amidst reports that the Bank of England had contributed to the collapse of its currency. The initial reaction to the pound collapse was sales of all European currencies against the U.S. dollar, with heavy pressure as well against the French franc and Danish kroner. However, by the end of the European trading day, the dollar was declining sharply against the "stronger" European currencies plunging 1 per cent against the West German mark and the Swiss franc.

Although there are technical reasons why a collapse of the pound should lead automatically to a dollar decline—(namely the dollar's role as a "vehicle currency"—that is, first buy dollars, and then sell the dollars for marks)—the volume of trading against the U.S. currency was several times that of the trade in sterling, indicating a genuine run on the dollar was underway.

At the same time, to the extent that European governments are still refusing to break with the dollar and the huge burden of dollar-denominated debt which is choking off European production and trade, there is a growing "loss of confidence" in all paper currencies as frantic investors rush into gold, commodities, anything representing real wealth.

The signal for an all-out panic, which could trigger a sudden and total breakdown in world trade, came from Swiss Central Bank head Leutweiler who announced that the Swiss would swap their excess dollars for gold. Tin and copper prices surged on the London Metals Exchange yesterday, as sterling holders, barred from going into other currencies by exchange controls, got out of the collapsing English currency and bought commodities instead. The stage is thus already set for the next phase of the run, which traders indicate could occur when the markets reopen Monday.

BEHIND THE CRISIS

The Bank of England's decision to let the pound drop did not cause the currency crisis. It was only the trigger for a crisis which could have broken out at any time and on any number of fronts. The British credit system, along with that of every key European economic sector, is strained to the breaking point. When U.S. Federal Reserve Chairman Arthur Burns opted for higher U.S. interest rates and a deflationary policy last week, he literally forced the "Old Lady's" (as the Bank of England is called) hand.

The details of the British crisis are as follows: According to informed New York banking sources, due to the severe already regimented cutbacks in British industrial production and trade, British corporations and banks are "stuffed to the gills" with "excess" funds which cannot be invested profitably anywhere. Ironically, the spiralling British government deficit has been the main prop for the pound up to this moment. To mop up the excess liquidity, the British government increased its outstanding short-term Treasury bills (a large portion of which were sold to foreigners) from £1 billion in 1973 to over £5 billion now. Adding the Treasury

bills to the money supply rate, the actual annual rate of increase of the money supply rate in Britain is an astounding 47 per cent.

The London banks, acting as intermediaries in world trade, hold the bulk of Euro dollar deposits, which also tends to prop up the pound. Since British companies finance an increasing share of their trade through these Eurodollar accounts, rather than sterling, the actual size of the British balance of payments deficit is masked.

The New York banks further shore up British liquidity by depositing huge amounts of dollars on a 180-day basis, which the British banks then use to finance British and third-country trade. The multiplier here is five to one — i.e. the banks lend out \$5 for every \$1 from New York. This paper expansion swindle allows the British to finance their growing payments deficit. (One consequence of this, of course, is that as British foreign loans, the bulk of which are to Third World countries, go soft, the collapse will feed right back on the New York banks!)

The ability of the British government to sustain this double fraud was based on the continuing collapse of international interest rates—a spin off of the depression in the U.S. Under such conditions, the United Kingdom's gilt-edged bonds appeared as a relatively high-yielding investment.

Burns' moves to higher rates (to stave off a collapse of the inflated dollar), whether intentionally or not, called an end to the British game.

On March 4, as the pound was sinking, the British government dropped its minimum daily lending rate from 9.5 to 9 per cent, the third such lowering in the last three weeks. The move was aimed at convincing investors that government securities were their best bet, since interest rates were not going to rise. No one took the bait. The market for British Treasury bills collapsed. Meanwhile, the Nigerian government refusing to participate in the swindle any longer, called on the Bank of England to liquidate Nigeria's sterling deposits.

The British had only two choices: either declare a moratorium on the government debt or let the pound go. So the Old Lady let the pound go, actually speeding the process by selling off sterling covertly through intermediary banks.

THE DILEMMA

The "British" crisis however, merely reflects a dilemma now faced by every European national sector. As long as the European economies are tied to the debt-bloated Dollar Empire, they will be faced with one of two situations. Those sectors facing an external payments crunch, such as the United Kingdom, Denmark, France, and Italy, are forced into deflationary collapse. France, for example, in order to keep capital in the country this week was forced to raise the interest rate on franc deposits from 6 to 7.5 per cent.

Those sectors, like West Germany, which are in a relatively good payments position are faced instead with an inflationary explosion as funds flow in from the "weaker" currency sectors. If they raise interest rates to halt the inflation, however, they only attract more speculative capital in-flow.

Atlanticists In Zugswang

The stewards and guardians of the Dollar Empire are presently being treated to the kind of "existential crisis" otherwise reserved for benighted chessplayers — they are, in "zugswang." With at least half the Atlanticist army still on the board and some admitted potential "threats" left to boot, their opponents' superior deployment and the fatal weaknesses inherent in their own position have nonetheless converged over the past two weeks and months to leave the Atlanticists without one single move that does not instantly expose the full extent of their strategic bankruptcy.

A quick review of political economic developments over the past week emphasizes the point. With the terminal rupture the dollar payments system at hand, Arthur Burns, chairman of the U.S. Federal Reserve, cannot decide whether to raise interest rates or lower them, whether to deflate or inflate — it is a choice of death by fire or frost. Faced with the anti-austerity revolt of European pro-development forces, and a bankrupt Third World looking toward the debt moratorium alternative, Atlanticist policymakers can't decide which political factions to entrust with debt collection enforcement in the field — a raging brawl broke out within cabal ranks this week over whether the "White Communists" in the Communist Party of Italy (PCI) and by extension the French Communist can be relied upon to hold the Italian working class to heel and enforce austerity.

THE "SAFETY NET" GAMBIT

In these circumstances it should not be surprising that the Atlanticists are desperately trying to "buy time," the inevitable last hope of the hopeless — chessplayers or otherwise. The public call for more rope came on March 2 when a panicked New York Times pushed the Atlanticist policy paralysis into the open stateside. In a lead editorial — "Saving Italy? ... Or Sinking It" — the Times charged that "the financial 'success' was a socio-economic-political disaster," referring to the imposition of austerity conditions in Italy prefatory to re-opening the foreign exchange market and, most emphatically, reacting to the crystalization of anti-Atlanticist, anti-austerity political factions in the Christian Democracy and the Socialist Party now preparing a debt moratorium government for Italy.

Breaking ranks with Wall Street bankers committed to the employment of the agent-ridden Italian Communist Party leadership to collect the debt in Italy, the Times demanded the implementation of the "safety net" of \$25 billion in government-guaranteed loans from the advanced sector as the basis for giving Italy a breathing space.

The attempted resurrection of the moribund "safety net" proposal first fielded almost a year ago by U.S. Secretary of State Henry Kissinger is to date the most concrete manifestation of a broader attempt by Atlanticist bankers and political operatives to piece together a holding action on the imminent explosion of \$800 billion on debt-bloated dollar payments structures. What the nervous nannies among At-

lanticists would like to effect is a global operation modelled on New York's Big Mac — a centralized clearing house for selected governments bailouts and federal banking for new loans, while their agents hammer away at the opposition to austerity and debt collection. Sources at the hub of New York City's Big MAC debt collection operation, the investment firm of Lazard Freres which houses MAC master-mind Felix "The Fixer" Rohatyn, insisted this week that such a scheme of government bailouts and loan guarantees is the only thing left, and acknowledge a "full employment" of their personnel to that end.

Banking on the Kissinger "safety net" however, is analogous to calling the rescue squad ten minutes after the victim has jumped from the window ledge. The loan guarantee scheme, which requires the approval of 16 federal governments, has only been ratified by four in nearly a year. It is well-known to face massive opposition in the U.S. Congress. Nonetheless, the Treasury and State Departments are predicting swift, "positive action" on the scheme "very soon." To the complete astonishment of Senate committee members, the State Department told IPS this week that the safety net proposal would be out of the Senate Foreign Relations Committee within ten days!

Elsewhere, New York banking sources, acknowledging the impossibility of enforcing austerity, revealed that a proposal to give guarantees to Third World loans is being tossed around among bankers on both sides of the Atlantic. The proposal calls for the creation, among advanced-sector governments represented in the Organization for Economic Cooperation and Development (OECD), of "a new institution for government backing of LDC loans, so that current loans could be rolled over and new credits issued." With no investment outlets in the recovery-less advanced sector, banks are desperate to continue lending operations in the Third World, but "the risk factor is too great for private capital alone."

DEFLATION STRATEGY BACKFIRES

Underlying the frantic effort to "buy time" is the impossible dilemma now confronting Arthur Burns. The collapse of the U.S. trade balance in January, publicly announcing the non-existence of the alleged world recovery, pulled the last prop out from under the bankrupt U.S. dollar. Already the absence of productive investment outlets had prompted a 1929-style speculative bubble in the stock markets. To preclude the disastrous consequences — a hyperinflationary collapse — of such speculative excesses and prevent an imminent run on the dollar Burns is compelled to rein in credit and raise rates — immediately invoking a deflationary collapse of equally disastrous proportions. Without excising the enormous cancer of dollar debt, there is no escape from this dilemma. Either course will blow the capitalist credit structure to smithereens and further

destroy the productive base of the world economy, a fact of which Dr. Burns is not wholly unaware.

Burns clinical ambivalence in this matter was plainly demonstrated over the past two weeks. When trade figures were released he hiked up the key interbank lending rate by fully one-half per cent — only to drop it by one-quarter point only days later. The currency markets did not, however, miss the net quarter point rise in interest rates — and responded in kind to the tentative deflationary policy. The currency crisis that broke out at week's end was the direct result.

At the same time, NATO's civilian arm, the Organization for Economic Cooperation and Development put the official stamp of approval this week on the Atlanticists' implied deflation policy. At a ministerial meeting of the organization's manpower and social affairs committee late last week, OECD spokesmen announced that "persistent inflationary pressures" would not allow the use of traditional fiscal and monetary measures to "stimulate" demand and "reduce unemployment" — measures which have characterized the stimulative economic policy in effect throughout virtually the entire advanced sector for the past year.

Tremendous and continuing pressure has, moreover, been exerted upon West Germany to serve as the Atlanticists' enforcer for such a deflation policy. U.S. Treasury Secretary William Simon will visit West Germany next week — as the West German industrialists' financial daily Handelsblatt noted acidly this week, he can be expected to merely reiterate the marching orders of Federal Reserve member Henry Wallich for West Germany to impose devaluations and austerity on its European neighbors — in the process eliminating its own markets!

The OECD notwithstanding, a deflationary policy spells instant disaster for Europe in particular. At a time when the continent's financing needs have more than doubled, New York bankers estimate that dollar inflows into Europe will drop by as much as \$6 billion from last year's already low levels. A deflationary policy will provoke payments crises in every sector, and seriously undermine if not outright collapse internal credit structures and industrial production. The adoption of a deflationary policy will merely drive Europe further from Atlanticist clutches.

Who, then, Will Collect The Debt?

That is at the core of the policyless brawl over the "solution for Italy" now wracking the Atlanticist layers. Ironically, the brawl broke out at the moment the Atlanticists' trained pets among the leadership of the "White Communist" parties of Western Europe — in France, Italy and Spain — publicly declared their unfailing allegiance to NATO at the Soviet Communist Party's 25th Congress last week. Over the course

of the week the realization struck Atlanticist layers that the working class base of these parties, the Atlanticists' long-chosen debt collectors, would quickly emerge to battle austerity and debt payments mandated by any government — including one made up of their own traitorous leadership.

On February 27, following the White Communists' obscene pledges, BRD Chancellor Helmut Schmidt publicly called for PCI participation in the government as a condition for the \$1 billion EEC bailout loan to Italy. That weekend, the London Economist flatly contradicted the Atlanticist Schmidt in a major feature on Italy's Communists. "Try as he might to establish his independence," the Economist warned, Berlinguer cannot afford to antagonize the pro-Soviet wing of his party. Further, "A tough Communist line on wages could lose the party support from unionists on the left, and would probably cause major dissent within the party, where workers are outnumbered 2-1 by 'intellectuals' on the Central Committee."

This week the breach in Atlanticist ranks widened with a panic-stricken New York Times, Brookings Institution and key French and West German newspapers plunging into the fray. Sharing the New York Times' hysterical perception, influential spokesmen for the "liberal" Brookings Institution thinktank are known to be worried about a possible "slip" in payments to Italy, whereupon, reportedly, "the PCI will come in...and everything will go to hell." Brookings has apparently banned a payments crisis from their universe — sources say one of their most prominent Brookings fellows declared authoritatively at the mention at midweek of the impending payments crisis in Europe, "Why, would it be ridiculous to have a financial crisis at this point!"

In Europe, meanwhile, the influential Die Welt, the daily newspaper of West Germany's right wing, warned of the consequences of even a **nominally** Communist government in Italy. "Objectively Berlinguer is weakening the West and strengthening Moscow, even though subjectively he does not want to do so," Die Welt editorialized. Similarly, in France, Le Monde's Moscow reporter warned this week that if French Communist Party chief Marchais goes much further, he may provoke a "conservative backlash" from the Soviets — i.e. an open denunciation and break with the White Communists. At the same time veteran NATO journalist Raymond Aron, in Le Figaro, raised the spectre that revolutionary ferment may sweep the White Communists from the stage just as the October 1917 defeated Anglo-American operative "White Russian" Kerensky. "No one can really foresee the tremendous upheaval such historical compromise (including Communists, ed.) governments would create in France and Italy; certainly Kerensky had little expectation or desire for paving the way for the Bolsheviks..." Aron reminds the Atlanticists of the relevant historical nightmare.



U.S. POLITICAL NEWSLETTER

NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Terror On Congress

WASHINGTON, March 6 (IPS) — A cowed Congress this week continued its capitulation to attacks on its independence by the Rockefeller-Harriman financier faction. While the House — in an atmosphere reminiscent of Hitler's Reichstag — overwhelmingly granted a just-retired FBI agent blanket subpoena powers for an investigation of its members for alleged security leaks, the cabal put it through a series of burlesque proceedings designed to prove Congress' willingness to rubber-stamp their efforts to enforce payment by bankrupt Third World and Western European nations on some \$800 billion in international dollar-denominated debt. The terror operation being directed against Congress is aimed at creating an environment that will force it to pass Secretary Kissinger's revived proposal for a \$25 billion safety net — an international "Big MAC" as some observers have called it — which will perform austerity and debt refinancing operations on West European nations similar to those performed by the New York financiers on New York City.

This terror operation is producing a controlled aversive environment on the Hill. Discussion with Congressmen and aides and examination of House and Senate votes reveals that Congressmen are voting and taking positions for legislation that they don't support and in some cases bitterly oppose. Several Congressmen who have been regularly bombarded with calls from their constituencies supporting debt moratoria, are now mouthing pro-debt statements.

Similarly, Congressmen could be nervously seen passing around the latest Gallup and Harris polls that "prove" that the American working class opinion has undergone a rightward shift, that they no longer support detente and some have begun to make hedging statements on the question of detente with the constituents. While many Congressmen, aware of widespread support for the U.S. Labor Party and its program, will privately admit that the rightward shift is a "Big Lie" concocted by Wall Street, in public some of these same gentlemen will be quoted as demanding that "we must make detente a two-way street...we've made too many concessions to the Russians." The press picks up on each one of these comments and then feeds it back to both the public and the Congress itself as further proof that it has been shifted to the right. "There is a growing 'jingoism' in the Halls of Congress, a reflection of a new 'get-tough with the Soviets attitude among the electorate," a CBS commentator said this week.

Congress is progressively isolating itself from its actual constituents and thus making it more vulnerable to the witch-hunt operation that is now underway.

This process is clearly visible from the following developments this week.

In proceedings that were hushed up in most of the press, the House overwhelmingly voted 321 to 85 March 3 to authorize far-reaching subpoena powers to the Ethics Committee investigation into alleged security "leaks" emanating from Rep. Otis Pike's Select Committee on Intelligence. House rightists, led by Rep. John Young (D-Texas) and notorious defense maniac Rep. F. Edward Hébert (D-La.) steamrolled the timid opposition to the bill — cutting off any debate. While the cabal's New York Times politely maintained that debate was quashed "by a misunderstanding of the parliamentary procedure," liberal Congressmen who opposed the subpoena resolution report that they were rudely told to "shut up" as they attempted to be heard. Even the Times admitted that "liberal Democrats angrily swarmed around the floor manager of the resolution, Rep. Young, demanding that he give them time for debate."

Describing the dragnet scope of the resolution, Rep. Phil Burton (D-Cal), an opponent of the subpoena power, said afterwards that the Ethics Committee could subpoena "each and every staff member whether or not he had anything to do with the affair, and I think this is an outrage."

The cabal sniffed out Congress' spinelessness in the face of their offensive as the original mandate to investigate the House was rammed through by a vote of 269 to 115 Feb. 19. When only 13 Representatives could be found to sign a letter authored by Rep. Bella Abzug (D-NY) attacking the investigation and defending CBS reporter Daniel Schorr, the cabal escalated and on March 2, one day prior to the steamroller passage of the subpoena resolution, assigned FBI agent David Bowers to head the investigation. Bowers retired from the Bureau on Feb. 28, after 25 years of active duty "assigned to Capitol Hill," where he was part of the FBI dragnet which has compiled massive informational files on Senators' and Congressmen's private lives. On the same day, the Ethics Committee asked for \$350,000 and a staff of 20 to conduct its witchhunt investigation.

While many Capitol Hill sources professed to be unable to account for the overwhelming vote in favor of the resolution, it is clear than many Congressmen are recalling Wilbur Mills' well-publicized indiscretions with a Washington strip teaser, and the late Rep. Hale Boggs' fatal plane crash just after he discovered the existence of the FBI's sex and scandal files on Congressmen. Asked if he thought the appointment of Bowers, who had spent 25 years ferretting for dirt in Congressional garbage cans, was connected with the massive liberal defections in support of the resolution, an

embittered opponent of the measure, Rep. John Burton (D-Cal), shouted: "Why don't you ask the people who voted for it? I don't know! I voted against it!" While aide to a Congressman representing a heavily minority East Coast district mumbled that House members "were voting their constituencies," an aide to a Midwest Congressman admitted that he was "getting a lot of heat in the field" against Bowers, the Ethics Committee investigation, and the Government Accounting Office report approving FBI "preventive action" against alleged subversives."

The Ethics Committee itself is composed of right-wingers led by Rep. Floyd Spence (R-SC), who proudly lists his "anti-communist activities" in his biography. Committee staffers themselves made no bones about the fact that they intend to focus a witchhunt against Congress itself. "No one really is interested in Schorr anymore, we really want to know where in Congress the report came from," one committee staffer said. Another aide, when asked why the committee needed \$350,000 for its investigation, replied, "Well, there are so many people to investigate — on and off the Pike Committee staff — and unfortunately the person who leaked the report won't just stand up and plead guilty."

Pike: The First Victim?

The bizarre announcement by Rep. Otis G. Pike on March 4, the day after the vote for subpoena powers, that the CIA had found that 232 documents, some of them classified, which had been temporarily on loan to his Intelligence Committee, had "mysteriously disappeared," and was insinuating that the Committee was responsible, raises the prospect that Pike himself may be the first victim. Despite the fact that the documents disappeared from files at CIA headquarters, Pike sent a letter to CIA Director George Bush promising his full cooperation in trying to locate the documents. Pike later termed the CIA "suspicious," and said that "they're really out to get me."

Pike is doing little to stop them. The New York Congressman has been extremely quiet since the leak of his Committee's report to the Village Voice, and since two shots were fired at him while he was driving his car on his way to a meeting in his Long Island district in January. While Pike denied in an interview March 3 that there was any terror operation against Congress — "If the Ethics Committee investigation is a terror operation, I'm the one who's supposed to be terrified and I'm not," he blustered — he was nonetheless one of the many liberal defectors who voted for the blanket subpoena powers to former FBI agent Bowers. A source close to Pike admitted: "They are throwing the FBI against us. Not only did we fail, but the FBI and domestic operations are stronger than ever."

It is likely that the House Ethics Committee will next week get its \$350,000, as well as jurisdiction over the incredible new set-up of Pike.

House Marches to Collect Debt

With Congress in headlong retreat before Wall Street's secret police apparatus, Messrs. Harriman, Ball, and Rockefeller are now moving to ensure that the lawmakers rubber stamp their debt collection policies as well. Immediately on the agenda for Congress is passage of the \$25 billion "safety net" proposal that has been stalled in the Senate Foreign Relations Committee for a year. Now the proposal has

suddenly come alive, and the State Department expects "rapid and positive" action on it by the Committee within the next two weeks. In deference to Congressional opposition that has kept the bill bottled up for a year, the State Department is keeping the emergence of the proposal extremely quiet, but it is clear that Secretary Kissinger views the Congressional capitulation to his Intelligence apparatus as an indication that he will not meet with significant opposition.

While this hyperinflationary idiocy is being wheeled in the back door, the Wall Street faction is orchestrating a series of burlesque performances which will underscore Congress' purported resolve to have every penny on the dollar of Rockefeller's debt paid.

Yesterday Rep. Jack Brooks (D-Texas), Chairman of the House Government Operations Committee, held hearings on the collection of some \$59 billion in defaulted debt owed to the United States by foreign countries. Most of the debt stems from the World War II Lend Lease program. Puffing on a cigar and punctuating his questions by pounding his fist on a table, Rep. Brooks interrogated officials from the Departments of State, Treasury and Defense on what was being done to collect debts which government officials concede are uncollectable. There is no legislation pending on the subject, and the particular subcommittee under whose auspices the hearings were held — the Legislation and National Security Subcommittee — has no direct jurisdiction over foreign debt.

The hearings concentrated on debt accumulated during the Lend Lease program, but also touched on Czarist debt dating from before 1917 and Cuban debt dating from before 1959. Of the last two categories, Brooks admitted: "Well, I guess we're not gonna get them back. We know what happened there." At another point in the hearings, Brooks turned to the State Department representative and declared: "Now, Iran says they don't have to pay us the money because we destroyed their railroads when we were in their country during the war. What are we doing about it? Are we negotiating?" he demanded, pounding his fist.

The soft line at the hearings was represented by Rep. Joel Pritchard (R-Wash). Speaking on unpaid World War I debt, Pritchard said: "Well, I guess we're gonna have to write that off."

In similar clown proceedings yesterday, the entire House passed an amendment to its Security Assistance that would cut off aid to foreign countries "in default for a year or more on any payment of principle or interest on a debt to the United States." The amendment, which was proposed by Rep. William Alexander (D-Ark) and passed by a vote of 214 to 152, would immediately cut off all military assistance to Israel and Egypt. Admitting that the performance was just for show, Rep. Otto Passman, the Assistance Bill's floor manager, commented: "It will be deleted in conference...It was an emotional thing...It was a good idea to demagogue on."

With the world economy unravelling, such clown shows are an intolerable waste of time and Congress is running out of time. If its members continue to ignore their responsibilities and to cower before the cabal's terror operation, there is little question that Congress will, like Hitler's Reichstag, effectively legislate itself out of existence. At that point the fact that its members are privately "outraged" at the proceedings will be of no consequence whatsoever.

U.S. POLITICAL NEWSLETTER

The Primary Fraud

Through their top down control of major media outlets and their control of the various presidential "contenders," the Atlanticist cabal is using the presidential primary process to create the illusion for both domestic and European consumption that the American population is now shifting to the right. In the long term, the fraudulent primary system is also designed to discredit the entire electoral process. Mouthing the cabal line on this, Washington Post editorial board member Charles Sieb declared this week, "Americans don't give a damn who wins the presidential election."

Even before the final votes had been tallied in Massachusetts this week, the media was already "interpreting" the vote as a sign that America had turned to the right. The size of the vote for former Alabama Governor George Wallace was said to be a sign that America had rejected the "concept of big government" and the welfare freeloaders; the "victory" of Sen. Henry Jackson (D-Wash) was said to show that even the majority of Democrats were rejecting soft detente policies toward the Soviets and demanding a new hardline stance. The previous week's strong showing for Republican contender Ronald Reagan in New Hampshire primarily had already "shown" according to the press that Republicans favored a "get-tough-with-the-Soviets" attitude.

The entire primary process, however, is a fraud.

First, the presidential candidates themselves are puppets of the New York banks and have been fed issues such as "busing" and detente by their cabal-controlled advisors.

Jimmy Carter, the conservative peanut farmer who won last week's New Hampshire Democratic primary, is a longstanding member of the Rockefeller-controlled Trilateral Commission and recently proclaimed that his foreign policy advisor was Zbigniew Brzezinski, the Commission's director and an "authority" on the detente issue. Sources reported this week that the campaign of Rep. Moe Udall (D-Ariz.), whose second-place finish in Massachusetts has made him the so-called liberal standard bearer of the Democrats, is being run directly by the 84 year-old Democratic patrician Averell Harriman and his towel boy Morton Halperin of the Center for National Security Studies. Ronald Reagan, who has been engaging President Ford in a contest of cold war rhetoric, announced as he launched his most rabid attack against Ford's detente policies March 4 that his political briefings were coming directly from former Defense Secretary James Schlesinger the architect of Nelson Rockefeller's limited nuclear war confrontation policies. And so on.

In addition, as has been extensively documented by the U.S. Labor Party, the computerized voting process is itself carefully directed by the Law Enforcement Assistance Administration (LEAA), the domestic arm of the CIA. Under such conditions, the modus operandi for a fraud operation is simple. If the controlled press can create the illusion that a vote is "credible," any tally will be accepted.

While the returns have not been fully analyzed yet, there are already indications that the Massachusetts primary results were a product of vote fraud.

As if scripted, the Boston Herald American immediately billed the primary results as a "shift to the right" and announced that reversal of the state's "traditional liberal voting patterns" had occurred. The press had prior to the primary set the stage for this by reminding everybody over and over again that Massachusetts was the only state carried by Democrat George McGovern in the 1972 elections. Wallace was reported to have carried most working class districts in Boston and Jackson to have carried most working class districts in the rest of the state while finishing second to Wallace in Boston.

This was all "credible," the cabal controlled press reported, since Americans were voting "against detente." Similarly the Times revealed that a survey of 1000 voters "proved" that 70 per cent of the American electorate was now rejecting detente.

DID YOU VOTE FOR JACKSON?

Prior to the election, a poll conducted by CBS and the Times had predicted the order of finish of the candidates. Since three out of the top four Democratic finishers were conservative, the Times reported this proved that America indeed would turn right. Jackson's strongest campaign plank, blared the Times, was his opposition to detente. Syndicated columnists Evans and Novak produced a poll that showed similar results.

Even if the votes were accurately tabulated, the results would still be meaningless. Most voters stayed away from the primary clown show: the statewide turnout was a pitiful 32 per cent and in some working class districts as low as ten per cent (The cabal press found some reason to rejoice about the light turnout; as several papers reported that turnout was 4 per cent higher than the pathetic 1972 turnout of 28 per cent).

Interviews with voters, however cast a reasonable doubt on the accuracy of the tally. While some people admitted to being suckered into voting for Wallace, U.S. Labor Party organizers found that almost no one had voted for Jackson. Jackson, a walking zombie who has trouble speaking, had hired a whole team of "body psychologists" to turn him into an alive and kicking candidate. He apparently fooled nobody with his "energetic" appeal to so-called lunchpail issues. Workers pointed out that Jackson and the rest of the candidates studiously dodged real economic questions about how to solve the depression crisis. Angry that the press was playing up their supposed "rightwing shift," workers who were veterans of the blatant fraud against Labor Party mayoral candidate Gibbons in the primary elections last fall (Gibbons was robbed of a place in the runoff by the computers; polls had shown him receiving more than 30 per cent of the vote.) demanded to know who the hell had voted for Jackson anyway: "I didn't vote for him, did you?"

GET THE FRONTRUNNER

Meanwhile, the press and other candidates have been careful to not allow any one among the Democrats to get too

far out in front. When Carter won the New Hampshire primary, and looked like he would build up a head of steam, it was decided that he would be knocked down a peg in Massachusetts: he was placed fourth. As part of the little "in-fights" that are allowed within the controlled environment of the electoral process, Carter bristled, "Non-elected politicians of Washington fear that someone who is not their candidate might actually become the next president. They can hurt me by propping up someone like Church (Sen. Frank Church, D-Idaho)." Asked who "they" were, Carter named Averell Harriman.

Now the controllers are moving to undercut the new Democratic frontrunner, Jackson. A similar process takes place among the Republicans, with Ford and Reagan being alternately boosted in order to provoke more hysterical anti-detente outbursts from both.

The travelling road show now moves to Florida for next Tuesday's primary. Stirred by the hot Miami sun, Reagan has already launched a major assault against President

Ford's "conciliatory stance towards Soviet aggression." Meanwhile, Jackson has already told Florida voters that Carter is behind a "weak defense" policy, while Carter retorted to the attacks on his integrity with charges that Jackson is a liar.

In the end, the entire confusing process is intended to produce no presidential candidate, a brokered Democratic Convention and chaos at the Republican Convention. When the dust clears, as has already been mooted by several press sources, Sen. Hubert Humphrey, the Atlanticists' most trusted congressional stalwart will emerge as the Democratic candidate (Nelson Rockefeller, as previously reported, would wind up being the Republican standard bearer) or so the script goes. Anthony Lewis, wrote in the Times March 4 that the Massachusetts primary makes it hard to believe that anyone will emerge from the primaries with enough delegates to get the nomination and in the end the liberals and the moderates will cheer for Hubert at the July Democratic Convention.

Back To The Cold War

Increasingly frightened by the imminent collapse of the Dollar Empire as Europe and the Third World move toward debt moratoria, President Ford this week officially dropped "detente" from the Presidential vocabulary and labelled his "new policy" as "peace through strength." In a speech in Miami, Ford announced that he doesn't "use the word detente anymore... Detente is only a word that was coined...I don't think it's applicable anymore."

Only the day before, cabal columnist C.L. Sulzberger had said that the most significant observation that could be made about the 25th Congress of the Communist Party of the Soviet Union in Moscow was that the USSR had emerged as "the world's strongest military and industrial power."

Then yesterday, NATO Supreme Commander General Alexander Haig told Canadian television interviewers that the West's major task in the coming period is "managing global Soviet power." He went on to ominously warn that events in the Third World could reach a point "where Western power must be applied and must be perceivably applied in order to avert a larger conflict with the Soviets."

These hardline statements from Ford and others and the subsequent red scare stories splashed across the pages of the nation's press this week are an indication that the Atlanticist cabal is once again preparing for confrontation with the Soviet Union over a Third World "hot spot" — the old Rockefeller-Kissinger policy of last year. This shift, to a cold war line which takes U.S. foreign policy back to the days of former Secretary of State John Foster Dulles' nuclear "brinkmanship", is a reflection of the actual policy vacuum which exists in Washington and New York financial circles.

Cuba has been singled out as the immediate target for Cold War propaganda as Atlanticist foreign policy in Europe, Africa, Asia and Latin America collapses. Revolutionary ferment erupting in black Africa in the aftermath of the Soviet-backed Popular Movement victory in Angola is unhinging both the State Department and the New York banking community associated with former New York Governor Averell Harriman and former State Department Undersecretary George Ball.

On Feb. 28 Ford branded Cuban Premier Fidel Castro "an international outlaw," while the White House refused to deny reports circulated by Washington columnists Evans and Novak that Ford advisors are discussing a naval blockade of Cuba in retaliation against Cuba's "export of revolution." This sabre-rattling was accompanied by a CIA media revival of an absurd 12 year old story accusing Castro of ordering the assassination of President John F. Kennedy — now embellished with the allegation that Castro was also the perpetrator of the 1968 murder of his brother Robert — in retaliation for CIA plots against the Cuban leader's life.

On March 6, Secretary of State Henry Kissinger, fresh from a highly unsatisfactory tour of Latin America appeared before the House International Relations Committee and warned Cuba "to act with circumspection" in southern

Africa or face American wrath. Noting the intervention of Cuban troops in the Angola civil war and the Congressionally-ordered end to U.S. aid to forces opposed to the MPLA, Kissinger blustered: "Our actions cannot always be deduced by what we did in Angola." Without unified backing from his Atlanticist string-pullers, Kissinger announced "We simply cannot be in a position of giving the Cubans an indication of where it is safe for them to go." Hence, he declined to give specific substance to his threats.

Barely twenty-four hours before Kissinger's testimony, the African Bureau of the State Department staged an open revolt against the Secretary, calling an emergency meeting to discuss "Who's losing Africa?" Career foreign service officers were reportedly bitterly opposed to Kissinger's policy of giving unflinching support to minority white regimes in South Africa and Rhodesia, encouraging the outbreak of racial warfare. Instead, careerists reportedly favor a soft-line of trade with Zaire, Zambia, Nigeria and other African nations.

Meanwhile, Atlanticist think tank staffers were wringing their hands in despair with Morris Rothenberg of the University of Miami commenting in a speech to the Georgetown Center for Strategic and International Studies: "Cuba is in Angola and will soon be in Namibia and Rhodesia and there is nothing the U.S. can do about it. There is a total policy vacuum." The Atlanticist-controlled press simultaneously emitted howls of rage and impotence. Writing for the New York Times, Herbert Mathews observed: "For Fidel Castro there is no darkest Africa. It is all ablaze with lights - the campfires of fellow revolutionaries. So long as Castro exists there will be armed Cubans in Africa...standard bearers for the non-aligned countries of the Third World." Baltimore Sun columnist Henry Trehwitt observed yesterday: "The nightmare of U.S. diplomacy in southern Africa is that horrifying war between the races that ends in Marxist domination while Washington, in effect, looks on."

That same day, Ronald Reagan, playing Presidential politics in Florida in a last-minute attempt to shore up his diminishing political prestige before the March 9 primary, lowered the Cold War temperature by accusing his GOP rival Gerald Ford of presiding over the degeneration of the U.S. into a second-rate power. "Despite Mr. Ford's evident decency, honor and patriotism, he has shown neither the vision nor the leadership necessary to halt and reverse the diplomatic and military decline of the U.S.," Reagan charged. Furthermore, the right-wing glamour boy proclaimed, "Kissinger's stewardship of U.S. foreign policy has coincided precisely with the loss of U.S. military supremacy."

He was seconded by an executive committee member of the reactionary American Security Council, General Eldridge Durbow, who told IPS on Wednesday: "We need a god damned Pearl Harbor to wake this country up."

Chicago Rebukes Wall Street

As It Seaches For Policy

In his annual report to his stockholders, First National of Chicago Board Chairman A. Robert Abboud stressed that the nation's banks had better realize that an expansion of credit for production and to maintain necessary services is the only way to produce an economic recovery. In the 1930s depression, the board chairman stated, the banks had learned that a policy of foreclosures and bankruptcies destroyed jobs and crippled production. "Expansion-not liquidation," he said, "is the way to stimulate recovery" — even if it means that the banks must suffer a temporary loss of profits.

The Abboud report, issued one day after leading Wall Street debt collector and former Undersecretary of State George Ball left town after being battered by Chicago financiers and industrialists represents a major policy rebuke to Wall Street.

Ball, who is regarded in financial circles as a hatchetman, was dispatched to the Windy City by Wall Street after a previous deployment which included Senators Frank Church (D-Idaho) and William Proxmire (D-Wisc), the two leading orchestrators of the Congressional corporate and financial Watergating operations, had failed to hold Chicago in check. The fear of Harriman-Ball people, as expressed recently by representatives of their Chicago allies, the Marshall Field interests, is that industrialists and financiers will form the nucleus of a faction who will break completely from Wall Street's control. While this emerging faction has yet to come to terms with the question of debt moratoria and the need for an International Development Bank, the Abboud policy statement and subsequent deployments indicate that they are moving slowly towards such tactical initiatives. This is the message that Ball has taken back to New York with him along with a badly bruised ego.

Hatchetman Ball attempted to handle the Chicagoans as he is wont to treat the Third World — with arrogance, disdain and threats. As the featured speaker at a Chicago Council of Foreign Relations event March 1 Ball called for the implementation of Atlanticist policy — fascism and an end to détente. The Italian Communist Party (PCI) should participate in the government to carry out corporatist policy in Italy. He made no mistake about what he meant, reporting that he agreed with an "Italian friend" who told him that "If we hadn't tried fascism before in Italy, we would try it now." He went on to identify fascism as the only solution to the current economic crisis and labelled détente as being responsible for the emergence of a dangerous "Leninist" policy in Moscow.

In an obvious rebuke to Ball and the policy he represents, no one within Chicago's top circle showed up for his speech. Earlier in the day, only two of Chicago's "Top Twenty" — Stu Ball, George's brother and the self-proclaimed fascist

Alexander Haymeyer of Marshall Field showed up for an exclusive pre-meeting with the Wall Street banker.

The next day several of Chicago's elite showed up to pay the visitor from Wall Street their respects. The city's leading financiers, the chief executives of Continental Illinois, First National, Northern Trust and the Chicago Fed, however, were conspicuously absent. A spokesman for Chicago Northern later told representatives of the U.S. Labor Party that they did not really have time to waste attending Ball's speeches or meetings. "We had better things to do," he said disdainfully.

While Ball was calling for fascism and an end to détente on March 1, 250 of Chicago's leading bankers were meeting out at O'Hare airport to design a national counter-strategy to Harriman-Ball congressional lackeys' fascist banking reorganization schemes. The banking officials who skipped the Ball affair the next day were meeting with representatives of the Swiss Banking Corporation in what informed sources described as the opening foray of a Chicago-initiated move to tighten their ties with the anti-Wall Street Swiss.

Meanwhile, Chicago business layers were systematically deployed on a global scale. Brooks McCormack of International Harvester is now touring the East Bloc, while Continental Illinois chairman John Anderson is in Western Europe. Two leading officials from Sears Roebuck were in Mexico City and on a Tokyo-Moscow trip.

Wide recognition by Chicago layers that "the upswing" is nothing but a lie peddled by Wall Street is in part behind Chicago's deployment and its rebuff of Ball. The trade oriented and production-based Chicago factions have absolutely nothing to gain and everything to lose by following Wall Street's insane policy directives.

An executive at the West German Kommerzbank's Chicago division reported this week that "while the media plays up the Commerce (Department) report to prove that there is an upswing, my discussions with my industrial and banking clients in Chicago prove the opposite. No one believes it. The immediate situation is only the tip of the iceberg. The Third World is bankrupt and this is not due to OPEC oil prices but to the manner in which American commercial banks operate. The papering-over of balance of payments deficits and continuous debt refinancing must stop. We must instead invest in massive production." However, when asked what he would do about the enormous debt overhang problem, the spokesman replied, "My brain is too small for such questions."

In the closest that Abboud came to "dealing" with the debt question in his report, he wrote, "It would have been unfortunate if the banks had moved precipitously to recoup loans by forcing troubled borrowers to liquidate assets. . .

The result of such a policy could have triggered a depression." He concludes that banks must work closely with their debtors — but refuses to say how.

In a meeting Friday with an executive from a leading Chicago firm, recently returned from a junket to a pro-development country, both debt moratoria and the IDB were a central focus. He reported, "It seems to me that the major issue is really a political one, which would have to be settled in some way, both in the political arena and in some form of actual negotiations, and that would be exactly what portions of the debt would have to be placed in moratoria and what portions financial institutions would seek to maintain out of

moratoria." Hinting at his firm's willingness to sit down and negotiate, he will be putting together a meeting of chief executives for next week to discuss the specifics of the IDB.

According to one Chicago supporter of expanded world trade, Chicago is now seriously beginning to "grope for a policy alternative" to the fascist austerity of Wall Street and its representatives like George Ball. With a chaotic world economic collapse already developing — perhaps no more than a week or two away — such layers have little time for the delusion that such a policy exists short of the IDB and general debt moratoria.



NEW SOLIDARITY International Press Service

DOMESTIC MARKETS NEWSLETTER

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

New 'Recovery' Statistics Show Depths Of Collapse

March 7 (IPS) — Contrary to doctored statistics released by the Commerce Department and disseminated by the nation's news media, in the fourth quarter of 1975 the U.S. economy began an irreversible contraction in manufacturing production, employment, shipments and orders and personal income. Taken together with the current dollar sector financial crisis, this contraction promises to feed into a full-scale shutdown of the economy and bank-credit collapse in the weeks ahead.

Once the fraudulent mask of "seasonal adjustment" is removed from the outpouring of U.S. Government economic data, it is crystal clear that the U.S. economy and its vital manufacturing base have been in a state of functional breakdown and disuse since October 1974, and that the much-celebrated March-September 1975 "upturn" was no more than an "intra-depression" period of marginal growth, which like the 1934-37 recovery will collapse into depression levels well before it reaches pre-depression production levels. The methods by which this interim growth period occurred — government pump-priming and devastating productivity — cannot themselves be repeated without unleashing simultaneous hyperinflation and a depression shrinkage of production.

Since October 1975, manufacturing production has fallen at a 14 per cent annual rate . . . according to unadjusted figures. Reflecting this drop, manufacturing employment fell at a 3.1 per cent annual rate. On this basis, the unemployment rate rose to 9.9 per cent rather than dropping to 7.6 per cent — as was officially reported. In turn, all the economic trends which foreshadow future production schedules (60-90 days hence) plummeted during the September-January period; new orders placed with manufacturers declined by a whopping 38 per cent and 40 per cent annual rate, respectively.

Unless manufacturers begin to slash production at comparable rates they will be instantly plagued with inventories which their current illiquidity does not permit them to finance. The prospect for a reversal of this process by a step-up in retail sales that feeds back into distribution and production has no basis in reality. Since September 1975, personal income — the money available to workers for the purchase of goods and services — has been eroding at a 25 per cent annual rate. All that has prevented the current production decline from turning into a complete industrial

shutdown is the fabled auto boomlet, itself based on un-supportable inventory pile-up and installment credit extension to consumers. As documented in the last issue of this newspaper, the auto boomlet is near its blow-out phase.

Where Are the Inventories?

How could all this be so when every economic statistic and indicator coming out of Washington and turning up in the lead news items of the nation's media reveal a picture of a slow-but-sure economic recovery characterized by 10 per cent growth rates? The explanation is simple: these statistics are outright lies, doctored by a fraudulent "seasonal adjustment." They are a hoax, dutifully carried out by government statisticians. In a depression period, normal "seasonal" behavior loses all meaning. Such seasonal adjustments are only applicable to "average" years characterized by moderate fluctuations in economic activity, and are therefore irrelevant under the current conditions of staircase-like collapse. The fact that the government's professional liars have figured in last year's industrial shutdown and mass unemployment as a basis for this year's adjustment exposes the figures as pure fraud.

For those economists and government officials who insist with slide rule in hand that this is an unproven allegation and yell "where are the facts!," we will perform the following exercise asking in response "where are the inventories?" In the October through January period, final retail sales computed in constant dollar terms remained flat. It is therefore reasonable to assume that if manufacturing production rose — and by the amounts the Commerce Department insists — it would have appeared in the form of increased stocks at either the manufacturing, wholesale, or retail level. According to the Commerce Department's "seasonally adjusted" figures manufacturing inventories fell at a 9.2 per cent annual rate. The government statistician will insist that such inventories reappeared in the form of wholesale or retail inventories. But after adjustments are made for inflation, manufacturing shipments actually declined. In any case, wholesale and retail inventories during these months fell by 9.6 per cent and 9.8 per cent per annum. The question therefore arises: where are the goods that were produced but are nowhere to be found on the shelves of the nation's warehouses, department stores and discount centers? The answer, as the Government's own fine print "unadjusted" figures reveal, is that they were never

produced. The next question that comes to mind is: where are the several million workers that supposedly produced these goods and are counted in the employment figures? The answer, we anticipate from the Government, is that they have been employed to look for the missing inventories.

Unmoved by these realities, the same government statisticians and press conduits insist that recovery is at hand and cite the rise in personal income as proof. According to the theory, as workers' pocketbooks start to bulge, so do sales and in turn production. While the theory is itself baseless in the face of consumer indebtedness and inflation rates, the facts are equally so. Personal income is arrived at by multiplying the number of employed times the average earning per hour. But, as documented above, the employment figures are based on the fraudulent seasonal adjustment fudge factor.

These fraudulent figures have baffled and totally confused the more honest economists who still clutch on to them. The only economist on Wall Street who predicted the October 1974 inventory bust and production collapse admitted, "I can't make any sense of these seasonally adjusted figures. I used to be able to make predictions. Now I expect production to collapse and when the figures come out it rises."

What's Behind the Fraud

But these fraudulent statistics are designed for more than to baffle well-intentioned economists. They are black propaganda to keep the U.S. working class and other opposition to Wall Street's policies in the dark about the current depression crisis. For the worker whose everyday reality convinces him that he is in the middle of a depression this upswing propaganda is intended to provide a fantasy belief structure to muddy his understanding of the programmatic political initiatives of the U.S. Labor Party. For export-dependent European capitalists, it is designed to convince them that the world's largest national market is in an upswing, and therefore there is no reason to break with the Dollar Empire. In fact, during the fourth quarter of 1975, European capitalists stepped up their exports to the U.S. on

the basis of the fraudulent but encouraging economic figures coming out of Washington, only to find that roughly half their exports are now sitting in the ports, on the docks and in dealer parking lots.

These deceptions, however, cannot be masked for more than a few weeks as the present contraction turns into an all-out collapse.

Why the Contraction and Collapse?

The reality of the current industrial contraction and imminent collapse reflects the irreversibility of a staircase depression collapse that started in October 1974. At that time the ratio of debt to income measured four times greater than on the eve of the 1929 stock market crash. To keep up such payments on debt and forestall the inevitable deflation of stocks, bonds and debt capital, U.S. capitalists put the economy through a managed liquidation: junking labor, capital investments, inventories, housing and everything else that could be turned into cash for bill payments.

To the extent that this liquidation process was halted and temporarily reversed during the March-September 1975 period, it was due principally to two factors — government debt and murderous productivity — both of which guaranteed renewed and more severe industrial shutdown. Through a \$28 billion tax cut, money was simply put into the hands of individuals to liquidate corporate inventories and provide them with the cash to pay down their debt. The rise in industrial production during the March-September period at a 16.6 per cent annual rate was simply to keep inventories from falling through the floor as a result of this artificial sales boost. Combined with record rates of speed-up which cheapened current operating costs, this permitted corporations to pay their debts to the banks, which in turn provided the latter with the cash to cushion against loan losses and bankruptcy.

The erosion of working class income over this period combined with the exhaustion of tax cuts ensured the late summer downturn in retail sales — the spark which ignited the October industrial contraction.

Government Lies

A leading Chicago banker told IPS March 4, "In the press, the Commerce Department reports are being used to show that there is an upswing. However, in my discussions with my clients, no one believes it." Nonetheless, the U.S. press continued to fill its pages this week with more unbelievable lies about the U.S. recovery.

February auto sales were reported March 3 to have risen by 20 per cent over January, reaching an 8.8 annual rate. One auto analyst, however, was quoted in the March 4 Wall St. Journal as saying "I just don't think the gains we've had recently are sustainable." The consulting firm of Gilbert Hass explained why in a recent newsletter, noting that the recent expansion of consumer installment credit underlying the rise in auto sales "probably has gone as far as it is likely to go" since "consumers are having trouble meeting their payments."

According to the Wall St. Journal, the February sales figures were boosted by dealer sales contests, a tell-tale sign of desperation. Despite this Detroit auto producers plan to add over 100,000 additional cars to dealer inventories in March. Inventories especially continued to pile up at foreign car dealerships, as the entire February sales increase was gobbled up by domestic producers. One analyst told the Wall St. Journal that foreign car dealers have "cars coming in on them like a ton of bricks and I think they're going to have to do something pretty drastic soon to start selling them."

Nonetheless, Wall St.-based auto industry analysts undauntedly continue to manufacture theories about the auto "recovery." According to one consulting firm contacted by IPS, "There has to be a recovery because the people haven't bought cars for two years and their cars are falling apart, so they have to buy new ones." Where will people get the money to buy such cars (i.e. to put a down payment on an installment loan)? According to another firm, they could get it from the money saved for the new home they can't afford. "Auto sales are going to rise because the homebuilding industry has collapsed," he assured.

* The Labor Department reported yesterday that the unemployment rate in February dropped to 7.6 per cent, from 7.8 per cent in January. This figure is so fraudulent, however, that even AFL-CIO President George Meany has been forced to denounce it as a lie. As IPS has previously shown, the Labor Department simply reduces the unemployment rate by using unjustifiable "seasonal adjustment"

factors to increase the number of employed workers while simultaneously decreasing the size of the labor force by writing out of existence so-called "discouraged" workers who are supposedly no longer looking for work.

* The Commerce Department reported March 3 that personal income rose about 1 per cent in January, or at a 12 per cent annual rate. However, the Commerce Department computed its personal income statistics by multiplying the number employed times the average hours worked times average earnings per hour. The Commerce Department however got its employment statistics from the Labor Department — the aforementioned experts in manufacturing non-existent employed workers. When the Labor Department's hocus-pocus with the employment statistics is corrected, along with the effects of inflation, personal income actually declined at a 20 to 30 per cent annual rate in January.

* The above, accounts for the continued "softness" of retail sales. The major retail stores released their February sales figures two days ago. Although the press headlined huge percentage gains, these were computed on the basis of one-year gains over the unprecedentedly low levels of last year. According to retail analysts, the February sales were actually unchanged from January. Retail stores continue to refuse to build their inventories.

* With consumer demand still miserable, the press tried to get some mileage out of a mythical anticipated pickup in capital spending; puffing up a report put out March 4 by the well-known businessmen's propaganda group, the Conference Board. The report only spoke of business "plans" to increase in capital spending in 1977. The fate of General Motors planned \$2.6 billion capital spending program for 1976, which was indefinitely shelved last week, indicates how seriously such reports should be taken.

The Commerce Department released March 4, January figures showing manufacturing orders and shipments both up 1.9 per cent while inventories remained unchanged. Since retailer and wholesalers are also not increasing their inventories and sales have remained essentially flat, where did the increase in shipments go? There was no increase. The Commerce Department seasonally adjusted upwards by over 7 per cent actual orders and shipments in January. In actuality, order and shipments have been falling, along with industrial production, since September.

SPECIAL REPORT

N.Y. Default Will Trigger Chain Of State And Municipal Bankruptcies

Between now and the end of this month, an uncontrollable chain reaction of bankruptcies and defaults will occur on portions of the \$225 billion in outstanding state and municipal debt — a figure more than \$50 billion larger than the total Third World debt.

New York City and state are once again on the verge of bankruptcy and default as the patchwork quilt of so-called rescue packages begins to unravel. A major default could come as soon as next Friday when \$480 million in state agency debt comes due. A chain reaction of defaults by municipalities and school districts across the state would quickly follow.

Since the December 1974 outbreak of the New York City debt crisis, Wall Street has forced the elimination of some 35,000 jobs in the city alone — 10 per cent of the total municipal workforce — while slashing more than 1 billion from city services. The application of the bankers "austerity solution" has already created health emergency conditions in the present flu epidemic. It has in no way solved the fiscal crisis: the city's deficit is now \$1.2-2 billion or triple what it was when the bankers of Big MAC started running things.

Bankers' Labor Policy

Wall Street has only one solution to the municipal debt crisis: Big MAC-style austerity. A Wall Street Journal editorial two days ago reiterated and extended it to the private sectors as well. The economy is being bled dry by "income transfers to non-producers, by labor contracts constraints on productivity ... there will have to be some crowding out ..." New York state and city are singled out by the Wall Street Journal editors as having to "struggle harder to cut their fiscal imbalances ... The New Yorks can never restore fiscal soundness by postponing budget cuts ..."

In other words, the axe must fall on the "useless eaters" — the welfare "bums" and the unemployed, the old, the sick, — as existing labor contracts are ripped up to increase speed-up. With the current debt crisis occurring simultaneously with the contracts negotiations in the municipal sector, this latter point is the bankers' current bargaining position against municipal and other workers who are demanding "catch up wage increases." They must be met with an equally intransigent working-class bargaining position: debt moratorium.

The crisis facing New York is now spreading across the country as city after city and state after state moves toward bankruptcy and default.

* In Philadelphia — The city has admitted a \$85 million deficit and is running a deficit of at least a \$125 million. Said Budget Director Leonard Moak at a closed meeting, "If people knew how much this city was really in debt, they'd be out in the streets and all hell would break loose."

* In Connecticut — Moody's Investor Service has lowered

the ratings on the State bonds because Governor Ella Grasso's austerity measures were not implemented fast enough. The state's debt is now 13 per cent of its expense budget.

* In Boston — The size of the city's deficit is probably close to \$85 million — although it has yet to be made public. Despite several hundred millions in cuts from the Massachusetts State budget, on March 15 several of its departments will run out of money.

* In Detroit — The Michigan Municipal Finance Commission has given Detroit "permission to borrow \$40 million in short-term, high-interest notes leaving at least a \$20 million deficit on its payroll account to be dealt with through layoffs. The State of Michigan is running a \$300 million deficit in its current budget.

* In Illinois — Gov. Dan Walker last week unveiled a \$9.9 billion austerity budget for next year featuring \$900 million in cuts.

* In St. Louis — the city must draw up a budget that eliminates a \$10 million deficit. And so on across the country.

Linchpin

But it is New York State and city that has Wall Street most worried.

"The state damn well better get its money. If it doesn't, then the whole house of cards will come down." One bond trader said this week, "There'll be a domino kind of effect." If the state does not get its money it will default on tax anticipation notes equal to the state's deficit at the close of the fiscal year on March 31 — between \$400 and \$600 million. The failure of the state to make state aid payments starting April 1 will set off a wave of bankruptcies across the state. Bankers are panicked about defaults on debt obligations, some recently contracted in anticipation of receiving state aid.

Buffalo has been unable to raise all but a few million of the \$35 million in short-term money it needs to tide it over between now and June 25 when it is supposed to receive state aid in that amount. On March 9 the city treasury will be out of cash.

Yonkers faces a more pressing payments crisis on March 16 when it has another \$16.5 million to raise to pay off notes.

New York City is also counting on \$400 million from the state in April — plus another \$200 million in May and \$185 million in June. Otherwise it will be in the throes of another cash-flow crisis.

However, there is ample evidence that a crisis is brewing independent of the state aid variable. Last Monday following a visit by the Big MAC to City Hall, MAC chairman Felix Rohatyn mentioned that the board was considering offering holders of the \$1.1 billion notes under moratorium another chance to swap their notes for long-term MAC bonds,

probably to relieve the city from paying interest costs on those notes. Rohatyn commented that holders of the notes wouldn't live long enough to see them redeemed.

Wall Street's mouthpiece, the New York Times, is in a state of panic about New York City's galloping budget crisis and Mayor Beame's announced intention to wait until the third year of the three year austerity plan to eliminate the major portion of the city's deficit, now estimated as high as \$2

billion by Rohatyn. Half admitting the impossibility of closing the deficit as debt service costs spiral upwards, the Times wailed on Thursday, "Perhaps that will prove impossible as the debts continue to grow; but it is no excuse for not trying." The next day, the Times freaked out over the possibility that the end of the month contract negotiations between the MTA and city's bus and subway employees could blow apart the three-year wage freeze.

SPECIAL REPORT

Kissinger's Operations To Destabilize The Governments Of Guyana And Jamaica

Introduction

March 6 (IPS) — The Prime Minister of Guyana, Forbes Burnham, last week told an interviewer for the Mexican Daily Excelsior that he feared that "a campaign of destabilization might be unleashed against his government," and that he was in possession of reports showing that Brazilians were infiltrating the southern border of his country. Two weeks before Burnham had condemned the "vicious slanders and attacks" of press organs who were working with "those foreign elements who dedicate themselves to discrediting Guyana to subvert the stability of the country."

Burnham's remarks came in direct response to an escalating campaign of press attacks and military threats against both his country and the Caribbean island of Jamaica. The campaign began in earnest approximately three weeks ago when U.S. Secretary of State Henry Kissinger began his tour of Latin America.

The character of the propaganda, diplomatic and military operations against the two small nations resembles closely the initial phases of Kissinger's successful efforts to isolate, destabilize and eventually overthrow the Popular Unity government of Salvador Allende in September of 1973 and evidence clearly suggests that the desperate Secretary of State has begun a Chile rerun strategy against Jamaica and Guyana. This evidence demands that an immediate and thorough investigation be carried out in the U.S. Congress and appropriate international bodies such as the United Nations to put a stop to all such plans or operations being put into effect by the Department of State, the CIA, the National Security Council or other agencies of the U.S. government.

I. The Kissinger Trip

The major purpose of U.S. Secretary of State Henry Kissinger's February tour of Latin America was to patch together a strategy for stopping the motion on the continent toward debt moratoria and a New World Economic Order. Using threats, coercion and bribery, Kissinger attempted to establish the basis for keeping South America from actively pushing the pro-development and pro-moratoria policies of the leading countries of the Group of 77 Developing Nations. Within the hemisphere, Kissinger was most worried about isolating the pro-development government of Peru and with curtailing Cuban influence on countries increasingly open to proposals for moratoria and expanded trade with the Comecon.

The heart of the Kissinger strategy is the use of the Brazilian military as a continental watchdog, and although the trip was for the most part a failure, Kissinger retains that Brazilian threat and a reserve of CIA dirty tricks with which to attempt to keep Latin America in line. This is the capacity that Kissinger and his Atlanticist backers are now employing in attempts to destabilize the pro-development governments of Guyana and Jamaica.

Guyana and Jamaica, two of the smallest countries in Latin America, have been among the strongest organizers continentally and internationally for establishing a New World Economic Order and for rejecting Henry Kissinger's definition of relations between the developed and developing sectors. At the Manila meeting of the Group of 77 in the beginning of February, Guyanese Foreign Minister Frederick Wills called for the abolition of the International Monetary Fund and the creation of an alternative international central bank to finance world development. At the end of February, Jamaican Prime Minister Michael Manley echoed Wills' call and declared that both the World Bank and the IMF should be replaced with new credit institutions to promote development. Manley called on Third World countries to unite in order to rapidly establish the New World Economic Order. Both countries were among the first nations to establish diplomatic relations with the Provisional Revolutionary government of Angola, and both have taken steps domestically to increase national control over the extraction and processing of their raw materials. Together, Guyana and Jamaica produce approximately 70 per cent of the world's supply of bauxite ore used in the production of aluminum.

II. Guyana

The context for both propaganda attacks and military threats against Guyana over the last month has been an escalated "hard" position on the part of the United States toward Cuba. Warnings by President Ford and Secretary Kissinger to Cuba over Cuban support for the government of Angola have set the tone for accusing Guyana of cooperating in Cuban and Soviet "aggression" and "intervention." The anti-Guyana campaign has seized on long-standing air traffic agreements between Cuba and Guyana as "evidence" that Guyana is a Cuban beachhead threatening the security of the continent and the hemisphere.

Although in operation before hand, the propaganda campaign against Guyana was brought to its present level of intensity at the time of Kissinger's stopover in Caracas on the

first leg of his Latin American tour. Apparently replying to expressions of concern by Venezuelan President Carlos Andres Perez, Kissinger played up the dangers of Cuba's "exportable army" and raised the possibility that it might intervene in Venezuela "in the case of a leftist uprising here." Invoking the provisions of the 1947 Inter-American Treaty of Reciprocal Assistance, a mutual defense treaty, Kissinger vowed that the U.S. would act to counter "aggression from inside or outside the hemisphere."

Within a day of Kissinger's threats against the Cubans, the international bourgeois media picked up the line and connected it to Guyana. On Feb. 18, both the New York Times and the Baltimore Sun printed stories, datelined in Lima, Peru, where Kissinger had just arrived, and said that the U.S. was increasingly worried over "reports of an increased Cuban presence in Guyana."

Kissinger brandished the military strength behind his loud threats the next day with the signing of an "agreement of consultation" between the U.S. and Brazil. From the point of the signing of the accord, the press campaign against Guyana mounted, and the media of the neighboring countries of Brazil and Venezuela joined in with the U.S. press.

On Feb. 25, C. L. Sulzberger of the New York Times wrote from London on the "Cuban confrontation" with the U.S. and includes in his threatening column the allegation that "Cuba still maintains troops in Guyana, on Venezuela's flank, and is training Peruvian pilots at air bases near Havana."

One day later, the Venezuelan magazine Resumen included a feature article entitled "Danger in Eastern Borders", subtitled, "Guyana trains large military forces to hate Venezuela." The article charges that Guyanese troops are being trained by Cubans at four farm camps in Guyana near the Brazilian border and that the camps include Chinese advisory personnel and weapons furnished by East Germany and the Soviet Union. Resumen claims that "Guyanese travel to Cuba for military training and indoctrination," and then in an hysterical attempt to account for Guyana's development-oriented foreign policy, the article charges that Cuban instructors are in charge of a three month training program for all Guyanese diplomats.

The Resumen piece was picked up quickly by the Brazilian daily Jornal do Brasil which quoted the Venezuelan magazine to the effect that "Cubans and Chinese are training Guyanese troops on the Brazilian border." The Chinese embassy in Brazil revealed the absurdity of the charges when it hastily replied that its government would never have any joint military activity with a country that supports "Soviet imperialism." The Brazilian military command also denied the report of the training of troops on the border.

In response to these attacks, echoed in papers in the U.S., the Burnham government has consistently stressed that the charges are totally false and that they form part of a pattern of threats and coercion aimed at diverting Guyana from its pro-development foreign policies. Guyanese Foreign Minister Wills has repeatedly denied that his country is being used to launch attacks against other countries. Guyanese ambassador to Washington, Laurence E. Mann, wrote a letter in reply to Sulzberger's column of Feb. 25. Mann quotes Prime Minister Burnham to the effect that Guyana would not let anyone use her as a base for attacks on other hemispheric nations and goes on to denounce "the most vicious attacks and prevarications" directed against his country. Mann also stresses the good relations between his government and the government of Venezuela. A similar statement of friendship

between Venezuela and Guyana was made the same week by the Guyanese ambassador to Venezuela.

While the Burnham government counters attempts to pit the country against its neighbors, the pro-government press in Guyana is baring the motivations behind the campaign of slanders and false allegations. On Feb. 22, the Sunday Chronicle, Guyana's major weekly, ran a column authored by "an analyst," which is usually taken to mean a high government official. The column attacks the "well orchestrated hostile propaganda campaign" being carried out by "foreign elements" whose purpose is "to freeze... (our) cordial relations with (our) neighbors" and to "prompt our neighbors to feel that their own security is threatened by Guyana." These elements, the column continues, are motivated by the fear that Guyana's "socialist model" might create an "unstoppable attraction" in the continent.

A week later, the Chronicle again hits at the anti-Guyana propaganda operation. Chronicle columnist Carl Blackman begins his column: "The fifth columnists are at us again. They tell the world that there are massive concentrations of Cuban troops on our borders. They are trying to build up a patently false picture of an armed Guyanan rumbling through the jungle apparently bent on gobbling up its giant neighbors. In a malicious way they try to convince the world that the little sardine called Guyana is bent on swallowing the whales all around her." Blackman goes on to link the press smears to an attempt at a "destabilization process" modelled on the operation used to overthrow Chilean President Salvador Allende.

In another column in the same issue of the Chronicle, columnist Mohamed Hamaludin analyzes Kissinger's tour and writes: "The timing of the visit is not as strange as may see. Kissinger had to find a vehicle to carry a new Latin policy, and it is now obvious that he hit upon the idea of isolating both Cuba and Guyana — left-wing countries — using, in particular, scare tactics."

Despite exposure of the method and motivation of the slander campaign, however, the campaign continues and has been escalated to include troop buildups on the Guyanese border. The Brazilian daily O Estado de Sao Paulo on March 2 reported that the Brazilian army had doubled its troops on the Guyanese side of the border and claimed that two planes, "apparently from Cuba," had landed on the Guyanese side of the border. The Estado stressed that the "atmosphere is hot on the border," and reported that "Brazilian soldiers patrol the border 24 hours a day to prevent it from being invaded by the Guyanese military."

It should be noted that Brazil has a 200,000 strong military force equipped with tanks and missiles while Guyana has a combined army and police force of 1,300 men with no heavy artillery.

The Venezuelan magazine Resumen likewise maintained its steady stream of attacks on Guyana and Burnham. On March 7, the magazine ran an article labelling Burnham a "black racist" and a "totalitarian" who uses his country's special intelligence unit (SIU) — "modelled after the N.K.V.D." (the Soviet intelligence agency that preceded the KGB — ed.) — to spy on foreign personnel and embassies in the country. The magazine further charged that the SIU was used by Burnham to "surveil" and "oppress" the large East Indian population of the country which is in large part organized by the pro-Soviet People's Progressive Party, led by Cheddi Jagan. The attempt to incite splits between the black and Indian population comes just at the point that

Jagan's PPP has announced critical support for the government, and it represents an effort to rekindle the Indian black tensions fostered by the British when Guyana was a British colony.

An added purpose of the Resumen article is to squelch building opposition within Venezuela toward Brazil's threatening of Guyana. A Venezuelan Deputy for the Movement of the Revolutionary Left Party (MIR) this week stated that "there is a direct relation between the visit of Secretary of State Henry Kissinger to Brazil and the troop reinforcement in the border regions with Venezuela and Guyana." The Secretary General of the Republican Democratic Union Party of Venezuela also this week denounced that role that Kissinger assigned to Brazil and the military mobilizations in that country.

III. JAMAICA

The destabilization campaign against the Jamaican government of Prime Minister Michael Manley is strikingly similar to the operation being carried out against the Burnham government. The two campaigns, diverge, however, in so far as there is a much stronger internal right-wing opposition inside Jamaica than in Guyana.

The Jamaican right wing has strength in the officer corps of the military, among certain business layers and is organized politically in the pro-British Jamaican Labor Party.

A brief chronology of the last two months indicates the coordination of internal and external efforts to isolate and weaken the Manley government. The chronology begins with Secretary of State Henry Kissinger's arrival in Jamaica, supposedly for a vacation. His arrival overlaps with the proceedings of an International Monetary Fund meeting taking place in Kingston.

Week of Dec. 28 to Jan 3

Supporters of Manley's People's National Party (PNP) held a large rally in support of the Provisional Revolutionary Government of Angola and in protest of the South African delegation to the IMF meeting. Manley met with representatives of the MPLA and pledged his support. A few days later he met with Kissinger, the next day violence broke out between PNP supporters and members of the Jamaican Labour Party (JLP). JLP supporters battled police.

Week of Jan. 4 to Jan. 10:

Justice Minister Munn accused the JLP of training guerrillas to overthrow the legally elected government of Michael Manley. The Trench Town and Jones Town sections of West Kingston — working class neighborhoods of strong support for the PNP — were attacked by JLP mobs. Many homes were burned. The violence and some shooting spreads to the Tivoli Garden section of the city.

The Guyanese Sunday Chronicle revealed that the "international opponents of socialism have opened a major front against Manley through the foreign owned bauxite companies." According to the paper, there are "disturbing reports of covert operations by the American Central Intelligence Agency to destabilize the (Jamaican) government."

Week of Jan. 11 to Jan. 17:

The Jamaican Weekly Gleaner reported that violence in the country over the proceeding weeks had left four policemen and several civilians dead, scores injured and 60 arrested.

PNP headquarters were burned in several parts of Kingston. Manley accused the JLP of "hiring armed gunmen to shoot their way to power."

Revere Jamaican Aluminum Ltd., which closed down its operations in August, threatened that it would not reopen unless the government abolished its proposed 10 per cent tax hike.

Week of Feb. 18 to Feb. 24:

Manley endorsed the Algerian proposal calling for troops to be sent to help the Angolan government fight off an invasion by the South African military.

Week of Feb. 25 to Feb. 31:

Fighting continued in West Kingston. Manley declared a state of siege in the area and ordered a search of all cars entering or leaving the area.

Week of Feb. 1 to Feb. 7:

The Jamaican Chamber of Commerce and the Jamaican Manufacturers Association accused Manley of trying to impose a "State Dictatorship" on the island.

Week of Feb. 8 to Feb. 14:

Carl Rowan of the Washington Post, in a column entitled "A Communist Jamaica" wrote that though Manley claims he is not a communist, his social and economic revolution, which "embodies every challenge some 2 billion people in the world's poor countries are hurling at the United States," is worrisome because "if he succeeds, the Third World will try to emulate him and we shall all face profound and perhaps dangerous changes."

Police and army in Jamaica raid the offices of the PNP. Nine PNP members were arrested in the PNP stronghold of St. Andrews and weapons were supposedly confiscated.

Week of Feb. 15 to Feb. 21:

Jamaica's Weekly Gleaner reported that 870 NATO-trained British Marines from the HMS Bulkward were in Jamaica celebrating "joint maneuvers" with the Jamaican Army. Manley refused to meet with the Bulkward officers claiming that he was "too busy."

JPL accused Manley of bringing in "Cuban spies" camouflaged as construction workers while the Weekly Gleaner warned about "Cuban infiltration" in the island.

Reliable sources from the island of Jamaica reported that Manley is threatened because he does not control the British-trained army and police officers who are being activated against him. The same source reported that the only reason these officers had not openly moved against Manley is because **the Prime Minister has the support of the majority of the rank and file in the Armed Forces and a blatant move against him now would provoke an all-out civil war.**

Week of Feb. 22 to Feb. 28:

In an interview with Prensa Latina in Jamaica, Prime Minister Manley echoed the call made by Guyanese Foreign Minister Fred Wills in Manila, calling for the abolition of the World Bank and the IMF and creating new credit institutions to promote development. Manley also called on the Third World to unite and hastily establish the New World Economic Order.

A one page spread in the New York Times entitled "Political Violence in the Slums of Jamaica ... The Island is a Time-Bomb," written by Ralph Blumenthal stressed Manley's shift from pro-West to non-aligned and stated that although Manley is not really a communist, he cannot control the "ro-Cuban" and "pro-communist" youth of his party. Blumenthal also warned that the fact that Communism is being debated in the island as a possible solution to the island's economic woes is dangerous in itself, especially since Jamaica produces 43 per cent of all bauxite that is used for aluminum production.



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
COMBINED NEWS ROUND-UP--PRIORITY ITEMS
SUNDAY, FEBRUARY 29, 1976 1900 HOURS EST

LONDON TIMES: TIGHT MONEY IN THE U.S., TROUBLE AHEAD FOR "RECOVERY"

Feb. 29 (IPS)—Yesterday's London Times reports that "significant" increases in interest rates in the United States are "widely predicted," adding that "some bankers and economists fear that further rate rises could endanger the chances of the economy's continued recovery and dampen investor confidence."

The paper explained that "the forecasts of significant rate increases ahead, after sharp rate declines over the last two months, gained support today (Feb. 27) with the announcement by the First National City Bank of New York that it was raising its prime lending rate to 6-3/4 per cent from 6-1/2 per cent."

The Times also said that "the economy is still seen by many economists as being at a fragile point with its sustained recovery still in doubt."

WEST GERMAN PRESS SKEPTICAL OF UPSWING

Feb. 29 (IPS)—West German press today expressed skepticism concerning predictions about a current economic upswing in the capitalist sector. The Sunday tabloid of the right-wing Springer press, Bild am Sonntag, reports that in the coming three months 18 per cent of companies in the already collapsed metal-working industry plan further lay-offs.

These figures, severely understated in view of the ongoing collapse of West German exports, were presaged by an editorial Feb. 26 in the West German bankers' daily, Frankfurter Allgemeine Zeitung, protesting the Bavarian economics minister's plan to give state subsidies to a bankrupt textile complex. The Zeitung wrote that so many similar bankruptcies will occur in the imminent future that such a plan represents a dangerous precedent.

HEATH DEBUNKS RECOVERY MYTH, CHARGES PRESS WITH "FALSE EUPHORIA"

Feb. 29 (IPS)—Speaking to a local chamber of commerce on Feb. 27, former British Prime Minister Edward Heath charged that a "false sense of euphoria" about the British economic situation was being conveyed in the country's press. He blasted journalists for being taken in by the government's propaganda "newspeak"

which claimed that unemployment was "levelling off," while it was really rising steadily, and that industrial production was "flattening out," when it was, more accurately, still falling.

"There is a big difference between Fleet Street (British newspapers' headquarters) on the one hand and between Bradford, Manchester and other industrial cities, on the other hand," said Heath, who is associated with Conservative industrial forces in Britain. "People in this country should not be taken in. There is a deep anxiety throughout the country and rightfully so about rising prices, about disappearing jobs and about living standards."

Heath's speech, which further charged that Britain's Labour Government did not understand the needs of private industry, was quoted in the London Times and Daily Telegraph of Feb. 28.

AMERICA IN ITS HALF-SLEEP, TO WITNESS THE FALL OF ANOTHER BYZANTIUM

Feb. 29 (IPS)—In a column today in the Washington Post, Georges Suffert, editor of the French paper Le Point, declares that America is facing the end of its empire as surely as Byzantium in the 1450s. Suffert says that Europeans are asking if the U.S. "still exists as a leading power in the Western world" and that they see Secretary of State Henry Kissinger's movements "to be plunged in unreality." He says that European leaders also "are wondering if American politicians perceive the danger or if they have grown bored with the outside world." America in its half-sleep, he concludes, is like the Western leaders around 1450 who listened absent-mindedly to messengers from Byzantium who warned them that the prestigious capital of the Eastern Roman Empire was going to fall: "Nightmares of the traditional pessimists, they might have thought. Byzantium had existed a thousand years; it will still last for just as long."

SULZBERGER CALLS SOVIETS "SUPERGIANT WITH CLAY FEET"

Feb. 29 (IPS)—New York Times columnist C. L. Sulzberger today acknowledges that the "salient fact" of this week's Soviet Party Congress is that the Soviet Union "has become the world's strongest military power" through the continuation of a policy begun under Stalin of heavy industrialization and rearmament. But the Soviet "supergiant," Sulzberger says, has "clay feet" stemming from its weakness in food production and advanced technology, opposition from dissidents and anti-Soviet White Communist Parties in the West.

RICHMOND MAGISTRATE FLAUNTS LAW, REFUSES TO ACCEPT BAIL FOR OGDEN

RICHMOND, Feb. 29 (IPS)—Richmond magistrate McKinney last night refused to accept bail for U.S. Labor Party senatorial candidate Alan Ogden, who was jailed on framed-up assault charges two days ago and then had a 300 dollar appeal bond on an earlier phony trespassing conviction revoked.

(more)

When U.S. Labor Party organizers presented the necessary 300 dollars to McKinney, McKinney refused to accept the money, claiming that Ogden's bail would be reset Monday morning. McKinney's claim is in flat contradiction of law.

Tomorrow morning, the Labor Party has announced it will go into Federal Court to seek a restraining order against further harassment of Ogden, who has been subjected to nearly 40 arrests since he declared his candidacy for the U.S. Senate seat now held by Sen. Harry Byrd, Jr.

COLUMNISTS MOOT NAVAL BLOCKADE OF CUBA

Feb. 29 (IPS)—Columnists Roland Evans and Robert Novak said yesterday that the White House is exploring methods to prevent Cuba's Premier Fidel Castro from "his use of military force anywhere," including consideration of "an outright naval blockade of Cuba itself." The columnists say the problem with a blockade is that Congress might "balk" if such a policy is decided upon by the White House, claiming that the victory of the "Soviet-Cuban backed" forces in Angola was in large part due to Congressional refusal to aid pro-Western forces in that country.

Writing in yesterday's New York Post, Evans and Novak also state that "a move into Namibia" by Cuba "would not go unchallenged" by the U.S., emphasizing that U.S. officials in Washington are already discussing military aid to South Africa in case of such an event.

IRAQ TO CLOSE DOWN SYRIAN PIPELINE

Feb. 29 (IPS)—Iraq will sharply curtail the use of the trans-Syrian pipeline which transports Iraqi oil to the Mediterranean starting April 1, when it will open a new pipeline and oil refining facility on the Persian Gulf, according to today's Washington Post. As a result, Syria will lose an estimated 100 million dollars per year in transit revenues and oil supplies from Iraq.

PORTUGUESE FASCIST VISITS U.S. TO SEEK "MARSHALL PLAN"

Feb. 29 (IPS)—The head of the Portuguese Popular Democratic Party (PPD), Francisco Sa Carneiro, will arrive in the United States tomorrow in order to ask for a "Marshall Plan" type of aid. He told reporters at the Lisbon airport that Portugal needed monetary help in the form of a "Marshall Plan" in order to help "solve her economic and social problems and to install a stable democracy," according to today's Baltimore Sun. Sa Carneiro, who has organized groups of fascist farmers throughout Portugal, also wants the money because he says that there is still a "dangerous, non-democratic left" that intends to "seize power or, at least, to create a zone of interest beneficial to the interests of the Soviets."

In the U.S. Sa Carneiro will visit with Secretary of State Henry Kissinger and Senators Edward Kennedy (D-Mass) and Hubert

(more)

Humphrey (D-Minn). He will also address the House and Senate Foreign Relations Committees.

MOBUTU RECOGNIZES ANGOLA

Feb. 29 (IPS)—Zaire, through Congolese mediation, has announced its recognition of Angola. "We have gone beyond a simple recognition. We have both reached our objective—the respect for the territorial integrity of each state," said Zairean President Mobutu. The recognition agreement includes an assurance of "mutual confidence and security for each state" and mutual cooperation regarding the now closed Benguela Railway running from Zaire to the Angolan port of Lobito. The news was reported in today's Washington Post.

MUSSOLINI'S BRAINS RETURNED IN BOLOGNA CONFSSIONAL

Feb. 29 (IPS)—An unidentified man returned the brains of Benito Mussolini in confession yesterday at a 14th century basilica in Bologna, Italy, according to today's Baltimore Sun. They had been stolen from Mussolini's tomb on Feb. 27.

Bologna is the stronghold of Atlanticist agent Giorgio Amendola of the Italian Communist Party.

End of Combined IPS for Sunday, February 29, 1976



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

MONDAY, MARCH 1, 1976
COMBINED EDITION

I. Priorities

FORD BANS USE OF WORD "DETENTE," TERMS U.S. POLICY "PEACE THROUGH STRENGTH"

Mar. 1 (IPS)—President Ford declared today that he will no longer use the word "detente" because "Ronald Reagan has made it a code word in the primaries," according to CBS news tonight. In a radio interview with WCKT in Miami, Ford also stated, "this does not mean we are abandoning the concept of detente, but expanding it." He explained: "We will talk with the other superpowers," naming the Soviet Union and Communist China, and termed this a continuation of "our policy of peace through strength."

ITALIANS ON U.S. UPSWING: "COLLAPSE CERTAIN"

MILAN, Mar. 1 (IPS)—A representative of the Bank of Naples said today that the Italian banking community puts absolutely no credence in reports of a U.S. economic "upswing." Among Italian bankers, he stated, "there is certainty on the collapse of the U.S. economy," adding that traders here expect "repercussions on the (value of the) dollar" soon.

RECOVERY NOT BELIEVED IN WEST GERMANY

WIESBADEN, West Germany, Mar. 1 (IPS)—Although the Atlanticist-controlled West German press has dutifully reported Atlanticist claims of an "upswing" in the U.S. economy, these claims do not find credence here, according to a highly-placed West German financial official. The source said today that he does not believe the reports, and emphasized that Chancellor Helmut Schmidt does not believe them either.

This authoritative private assessment contrasted sharply with the West German press today. The Frankfurter Allgemeine Zeitung ran a short article on the U.S. balance of trade deficit under the headline "Trade Balance Shows Upswing," while the right-wing Die Welt was profuse in its description of the U.S. economy as "accelerating further" despite a lag in Western Europe and Japan.

(more)

Closer to the actual opinion of West German financial layers was the report of the financial daily Handelsblatt, which published a brief summary of the latest U.S. economic figures with the comment "disappointing."

LES ECHOES DISPUTES "RECOVERY"--PCF HAILS "MINI-UPTURN"

Mar. 1 (IPS)--France's major economic daily, Les Echos, which has recently tended to reflect the viewpoint of France's Gaullists, today expressed scepticism about talk of an economic upswing. In an article on the recent GATT report on world trade, Les Echos expressed "extreme pessimism" about the possibility of an upturn in the near future.

In contrast, L'Humanite, the daily of the agent-led French Communist Party, reported Feb. 26 that "there is a mini-upturn in the capitalist world." However, L'Humanite noted, France "is slightly behind" this upturn, and its economy will "remain depressed."

MOSCOW WILL PURGE THE WESTERN COMMUNIST PARTIES, SAYS FAZ

Mar. 1 (IPS)--Harry Hamm, a top editor of the West German daily Frankfurter Allgemeine Zeitung, today writes that the Communist Party of the Soviet Union is preparing a purge of the anti-Soviet Western European Communist Parties of their agent leaderships. In an editorial titled "Moscow Strikes Back," Hamm states that a purge of the Italian and French Communist Parties is now "logical and inevitable," and further says that the agent leaders of the two parties, Enrico Berlinguer of the PCI and Georges Marchais of the PCF, do not have the support of their members in the fight with Moscow. "For decades the governing policies of the Soviet Communist Party have been uncontested and exemplary," Hamm states. "For many the new Marxism is something akin to cooperating with the Common Market and NATO, that is to say pure heresy. Moscow is taking that into account in its offensive."

Hamm writes that Moscow will carry out the offensive "even at the price of the communist parties not being able to participate in West European governments," so that "Berlinguer and his comrades must dissolve the dependence upon Moscow in internal party affairs and prepare themselves for the break with Moscow."

BALTIMORE SUN RECOGNIZES NEW SOVIET HARD LINE

Mar. 1 (IPS)--Warning that the Soviets have launched an offensive against Western European Communist Parties which have demanded an "independent" road to socialism, an article in today's Baltimore Sun quotes "Western analysts" who "infer that Moscow purposely sabotaged the conference (of European Communist Parties) by putting forward unacceptable ideas."

"What they were getting out of gathering everybody together wasn't worth what they were giving up to do it," said "one European student of Communist affairs" quoted in the article.

An accompanying editorial on detente terms Soviet Party leader Leonid Brezhnev's support for national liberation movements a "bleak prospect" and expresses the hope that continuing pressure on "bilateral relations" may discourage Moscow's commitment to an international "dictatorship of the proletariat."

BREZHNEV REAFFIRMS SOVIET COMMITMENT TO PROLETARIAN INTERNATIONALISM, HOLDS MEETINGS WITH BERLINGUER, CUNHAL

Mar. 1 (IPS)—Soviet Communist Party head Leonid Brezhnev, addressing the Party's 25th Congress in Moscow today, reaffirmed his stated commitment to proletarian internationalism: "This is our policy," he said, "and we won't deviate from it." His remarks were carried by the Cuban wire service Prensa Latina.

Brezhnev met today with Italian Communist Party head and NATO agent Enrico Berlinguer, and the two issued a terse protocol statement. Yesterday Brezhnev met with the pro-Soviet leader of the Portuguese Communist Party, Alvaro Cunhal, and expressed his "deep sympathy and brotherly ties" with the PCP, according to today's Neues Deutschland, the official newspaper of the German Democratic Republic.

PCI DARES SOVIETS TO EXPEL THEM FROM COMMUNIST MOVEMENT

Mar. 1 (IPS)—In an interview with the Italian daily Stampa Sera today, NATO agent and Italian Communist Party spokesman Giancarlo Pajetta in effect stated that the agent-led PCI would continue to use its standing as the largest Communist Party in the Western world to attack the Soviet Union unless the Soviets move to force an open break. Stating that "the problem is not to break" with the Soviets, Pajetta said that the PCI intends to maintain its "criticism from the exterior" against the Soviets, while warning the Soviets that the PCI is "against interference" in its support for NATO and its efforts to gain entry into a pro-austerity Italian cabinet. Pajetta also assailed the Soviets for barring dissident physicist Sakharov from travelling to Norway to receive his Nobel prize.

In an example of the "criticism from the exterior" that Pajetta has in mind, founding PCI member Umberto Terracini attacked the Soviet Union as totalitarian in an interview published in yesterday's La Stampa. Speaking of the Stalin years, Terracini denounced "the horrors of that regime...the bureaucratization, the dogmatism, the grave limitations of freedom. Much of it still survives," he continued, "and it is strongly noticed when one goes to Moscow or any other Soviet location."

(more)

PCF CONTINUES ATTACKS ON SOVIETS

Mar. 1 (IPS)--Continuing attacks on the Soviet Union by leaders of the French Communist Party, PCF Politburo member Jean Kanapa stated at a press conference in Moscow yesterday that Soviet Communist Party leader Leonid "Brezhnev was completely wrong" in his evaluation of the French government's foreign policy in his address to the ongoing 25th Congress of the Soviet Communist Party.

Kanapa, following other PCF spokesmen, was pointing to a passage in which Brezhnev stated that a tradition of summit-level Franco-Soviet relations begun under French President De Gaulle had continued under the subsequent presidents, Georges Pompidou and Valery Giscard D'Estaing. Brezhnev said that the "positions of both countries have drawn closer together on various policy questions," stressing that this had met with "broad support from the French people and the majority of the political parties in France." PCF critics of Brezhnev's statement have stressed the PCF's own difference with the foreign policy of Giscard, although they have not stressed what those differences are.

Also in opposition to Brezhnev, Kanapa reiterated the PCF's recent decision to repudiate the "dictatorship of the proletariat," adding that "our position on this problem is no longer negotiable."

Kanapa's remarks were reported in today's Le Figaro.

BRANDT SAYS WATCH OUT FOR COMMUNISTS, GAULLISTS, CHRISTIAN
DEMS, AND BRITISH CONSERVATIVES

March 1 (IPS)--West German Social Democratic Party (SPD) chairman and Atlanticist agent Willy Brandt this weekend defended his "information contacts" to other West European parties including communist parties, stating: "I have to know what's going on with the Christian Democracy, with the Conservatives in England, with the Gaullists in France, as well as in countries where the communist parties have a large part of the working class, the middle class and the intelligensia behind them. I think it is stupid to walk through the European landscape with blinders on," Brandt added.

In an interview with Deutschland Funk radio yesterday which was covered widely in the West German press today, Brandt also said that there are numbers of reliable Atlanticists in the West German Christian Democratic Union who "could carry out a rational foreign policy," with the SPD and its Free Democratic coalition partner, but said the CDU as a whole is not reliable enough to represent Western policy "with respect to the East." Brandt claimed that the present SPD coalition with the FDP led by staunch Atlanticist and present Foreign Minister Genscher is better "than any other conceivable combination."

(more)

BRANDT MOOTED AS NEXT WEST GERMAN CHANCELLOR

Paris, Mar. 1 (IPS)—Atlanticist and NATO circles are considering replacing West Germany's present Social Democratic Chancellor Helmut Schmidt with former Chancellor Willy Brandt, according to authoritative and well-placed sources here. If this scheme is adopted, Brandt, who stepped down as Chancellor following a scandal in 1974 to make way for Schmidt, would stand as a candidate in West German Federal elections scheduled for November.

GAULLIST BLASTS EUROPE'S SOCIAL DEMOCRACY

Paris, Mar. 1 (IPS)—Gaullist leader Alexandre Sanguinetti today targetted the European Social Democracy as the primary force behind NATO's drive to create a "Europe of parties" through a European parliament based on universal suffrage -- a proposal of the Atlanticist Tindemans Plan. Echoing the attack of General De Gaulle on the "France of the parties" of Socialist Guy Mollet in the 1950's, Sanguinetti implied that he includes agent 'white communists' in the French and Italian Communist Parties in his attack on the social democracy. Sanguinetti declared that social democracy "is the only form under which socialism ever manifested itself in Western Europe."

YOUNG BACKS DOWN, OPENS HEARING UP TO PUBLIC

Mar. 1 (IPS)--Detroit Mayor Coleman Young has backed down from an earlier firm stand to hold closed hearings on his proposed budget. The hearings start tomorrow evening and will be open to the public. U.S. Labor Party senatorial candidate Peter Signorelli will testify and will call for the city to declare a debt moratorium.

The decision to open the hearings came shortly after the New York investment firm of White-Weld revealed that "Detroit, they're not going to get any money. You know why? Because they defaulted in 1933." Detroit needs 64 million dollars in loans on March 15, and Mayor Young hopes to be able to produce sufficient austerity in the budget to appease investment bankers.

ALAN OGDEN KEPT IN JAIL THROUGH HARASSMENT AND BAIL MANIPULATION

Richmond, Va., Mar. 1 (IPS)--A 300 hundred dollar bail commitment which would have secured U.S. Labor Party United States Senatorial candidate Alan Ogden's release from jail was withdrawn by a bondsman this morning in the continuing series of blatant interference and harassment operations against the USLP electoral campaign here. Ogden has been denied release on bail in a series of incidents starting with his arrest Feb. 27 on phoney assault charges pressed by a provocateur.

This increased harassment of Ogden has come despite a Federal General Accounting Office report which claimed that the FBI would not be involved in surveillance of electoral campaigns. On Feb. 27 as the USLP and a bondsman were securing Ogden's release on the assault charge, a 300 dollar appeal bond from a previous case was withdrawn by a bondsman claiming Ogden had violated the bond stipulations by being arrested. The following night, after the Labor

(more)

Party raised 300 dollars to replace the withdrawn bond, Magistrate McKinney refused to accept the money stating in defiance of the law, tht the value of the withdrawn bail would be reset and keeping Ogden in jail until today.

Immediate measures, including Federal Court action, are under-way to overrule the local court and police moves — engineered by the FBI -- to keep Ogden in jail.

Yesterday Alan Ogden was nominated as Congressional candidate by the Richmond USLP nominating convention, in spite of his attendance being prevented.

III. INTERNATIONAL

NORTH VIETNAM DECLARES SUPPORT FOR SOUTHEAST ASIAN REVOLUTION

Mar. 1 (IPS)--Communist victories in Indochina and U.S. setbacks in the area have combined to the point that "time has never been so good in Southeast Asia for revolt," according to Nhan Dan, the North Vietnamese Communist Party newspaper yesterday. The North Vietnamese went on to declare that they would "fully support" national liberation struggles in the area.

At the same time, the Provisional Revolutionary Government of South Vietnam condemned the U.S. bombing of the Cambodian town of Siem Reap last week. According to the Cuban News agency Prensa Latina, the statement also assailed "Thai reactionaries" for cooperating with the U.S. in supporting Cambodian reactionaries who are engaging in acts of sabotage against independent Cambodia from bases inside Thailand.

According to the Washington Post today, 10,000 Cambodian soldiers rallied in Phnom Penh to protest the bombings.

SOUTH AFRICAN WITHDRAWAL FROM ANGOLA WILL NOT INCLUDE DAM PROJECT

Mar. 1 (IPS)--The government of South Africa is ready to withdraw its troops from Angola, but this does not include withdrawal from the Calueque Dam project inside the angolan border, according to an article in today's French daily Le Monde.

The Associated Press quoted Radio Luanda as having said yesterday: "Sooner or later, it will come to new confrontations with the South Africans in which we will throw out the South African forces, because we cannot permit any small area of our country to remain occupied."

SUDAN ACCUSES ETHIOPIA OF AIR ATTACKS

Mar. 1 (IPS)--The Sudanese Foreign Ministry has issued a statement accusing Ethiopia of repeated air attacks on Sudan's border areas over the last year, according to reports in today's New York Times and Washington Post. The statement said that the Sudan will take all necessary measures to protect its territory.

(more)

PCP RECRUITING CHUNKS OF SOARES' SOCIALIST PARTY

Mar. 1 (IPS)—Over the past two weeks, the Portuguese Communist Party (PCP) has made significant inroads in united front organizing aimed at recruiting sections of the Socialist Party (PSP) away from the policies of its general secretary CIA-agent Mario Soares.

*PCP and PSP youth delegations met in the town of Moscavide and issued a joint communique stating that "agrarian reform, the nationalizations, the workers and dwellers commissions and workers' control are conquests that are necessary to be defended with firmness," according to the Lisbon daily O Diario of Feb. 19.

*70 Socialists in the northern city of Viana do Castelo left the party because of the right-wing policies of the leadership, according to the Feb. 23 issue of the same newspaper.

*Socialist and Communist workers expelled Maoist leader Arnaldo Matos from a factory where he was to have held a meeting, reports the Oporto daily Jornal de Noticias of Feb. 26.

*PCP and PSP youth delegations meeting in the town of Castanheira do Ribatejo put out a joint communique demanding that the government take measures against rightwing terrorism and also called for "the consolidation and advance of agrarian reform" according to the Lisbon daily O Seculo of Feb. 28.

Threatened by such widespread splits, especially in its youth organization, the PSP has pressured a youth leader to put out a communique ordering that PSP youth members not engage in "any contact or talks with the Union of Communist Youth." The PSP has also suspended the Socialist leaders who helped block the factory meeting of Maoist Matos, reports O Diario of Feb. 28.



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

TUESDAY, MARCH 2, 1976
COMBINED EDITION

I. Priorities

TIMES WORRIES THAT PCI MAY JOIN GOVERNMENT

March 2 (IPS)—Today's New York Times features a lengthy and paunchy editorial on the Italian situation and what it terms the danger of Communist participation in the Italian government.

Entitled "Saving Italy...or Sinking It," the editorial begins by warning that "How to Defend the Lira while losing Italy" may prove the title of the drama opening in Rome now that a new government, backed by currency-support loans from its European and American allies, has re-opened the foreign exchange markets...the allies have rallied around because the Communist gains have put the future of the European Community and of the Atlantic alliance at risk along with the future of Italy."

The Times editors go on to blast the "central bankers and treasury officials involved, on both sides of the Atlantic" for narrowmindedly propping up the lira with short-term loans and austerity at the expense of the political situation. Unless medium- and long-term loans are provided to give Italy breathing space to "change the economic and political climate in the country," the editors fear, then the "handwringers" and "fatalists" in the West will "have only themselves to blame for a Communist accession to power that probably can still be avoided."

ECONOMIST MILLS OVER A PCI GOVERNMENT

March 2 (IPS)—The editors of the reputable London economist last weekend, in a lengthy feature article called, significantly, "Tap, Tap. Who's There? Only Us New-born Democrats," mull over the dangers of the Italian Communist Party entering the Italian government. "The party has a lot of fledgling democrats; it also has a lot of old apparatchiks," the Economist worries. "Try as he might to establish his independence, Signor (Enrico) Berlinguer (the PCI's agent leader) cannot afford to antagonize the pro-Soviet wing of his party," they add. The Economist also tabulates the PCI's excellent and extensive record of peddling fascist austerity.

(more)

They pinpoint the danger of the PCI trying to push the required austerity: "A tough Communist line on wages could lose the party support from unionists on the left, and would probably cause major dissent within the party, where workers are outnumbered 2-1 by 'intellectuals' on the central committee."

BANKERS REACT TO "PCI" DISCUSSIONS

NEW YORK, March 2 (IPS)--Reached for comment this afternoon, bankers and policy makers both here and in Washington expressed their differing opinions about bringing the agent-led Italian Communist Party (PCI) into the Italian government, and the prospects of handling a worsening Italian payments crisis.

"Some people say the PCI will just go and blow up the whole thing if you let them in, turn again to Moscow--but that's nonsense," insisted one investment banker. "Look at what (PCI leader) Berlinguer did in Moscow, there is an irretrievable trend in Europe that the Communists become just like the Social Democracies..." More specifically, he continued, "Even before 1914 the Fabians and Bernstein took opposition with the Marxist revolutionists, and while Bernstein was defeated in literary debate the practical developments have all gone in his direction."

"I think we could certainly adjust to a PCI government," said another, "but the question is whether they would leave the government without civil war."

Another, a prominent think-tanker, shared fears of the New York Times editors expressed in their paunchy editorial on the Italian situation: "It is always possible there might be a slip, that they wouldn't get money in time," he cautioned, insisting otherwise that "even" Italy would continue to be refinanced, "the CP would come in and everything would go to hell"

Another, in one breath expressing Wall Street's dilemma, said, "There must be austerity...however, austerity is in conflict with the policy to get them out of the recession."

ITALIAN PAYMENTS CRISIS WORSENS

March 2 (IPS)--Italy is spending its foreign currency reserves at such a rate that it will require an additional loan by the end of the week, the Journal of Commerce reported today. The Bank of Italy yesterday spent 100 million dollars in defending the lira following the reopening of the official exchange market in Rome. Italy has only 2 billion dollars in foreign currency reserves--assembled recently through loans from the West German Bundesbank, the International Monetary Fund, the Common Market and the U.S. Federal Reserve. The Journal also reports that there is a huge backlog of payments due for Italian imports of food and oil. The monthly import bill alone is at

least 750 million dollars.

YUGOSLAV MOVES A THREAT TO ATLANTICISTS

March 2 (IPS).—The West German daily Frankfurter Allgemeine Zeitung ran two articles today about the strengthening alliance of Yugoslavia with the other Eastern European Socialist countries, the members of the Council for Mutual Economic Assistance (Comecon).

The West German newspaper reported that public trials in Yugoslavia against what the Western press calls "pro-Soviet elements" actually are aiming at minor local officials, while the more "dangerous" pro-Soviet elements in the country are in high government positions! Confessing that the CIA's ideals of "socialism with a human face" in Yugoslavia are in trouble, the Frankfurt paper also reported widespread actions by Tito's government against economic criminals.

In an interview a month ago, President Tito told Yugoslav media that many of these economic saboteurs were collaborating with Western banks against Yugoslav state interests.

LE MONDE AGENT COLUMNIST WORRIED BY PCF INSOLENCE

March 2 (IPS).—The Moscow correspondent for the French daily Le Monde, Jacques Amalric, reports today that French Communist Party (PCF) officials Gaston Plissonnier and Jean Kanapa, who gave a press conference detailing the divergences between the PCF and the Soviet Communist Party yesterday, "really displeased the Soviets, as it was the first time a Communist Party broke the secrecy usually surrounding inter-party relations."

Many foreign Communist Party delegations believe that the PCF leadership is now provoking the Soviets, Amalric writes. They also think that PCF General secretary Marchais was "rude" for refusing to attend the Soviet Party's 25th Congress and stating on French radio last week that "a meeting between myself and Mr. Brezhnev would have no purpose at this time."

"How far is Mr. Marchais going to go?" asks Amalric, "isn't he the prisoner of his tactic, which is to make a lot of spectacular gestures at the expense of in-depth thinking? By attacking the USSR too readily, isn't he going to reinforce the most conservative elements in Moscow?"

SENATE PASSES DEBT RESOLUTION

March 2 (IPS).—A rider attached to the Senate Security Assistance Bill passed last week requires the Executive branch to obtain "the approval of Congress" if it seeks to settle a foreign debt to the U.S. government in some other way than that outlined in the original loan agreement. The amendment was

(more)

proposed by Sen. Harry Byrd (D-Va). The House will vote on its Security Assistance Bill tomorrow. According to a consultant to the House International Relations Committee, there is currently no such rider attached to the House version and there is no talk of such a rider being proposed from the floor. If an amendment is proposed and then passed, the House source continued, the Byrd amendment will go to a House-Senate conference committee.

HOUSE COMMITTEE REJECTS PRO-DEBT AMENDMENT

March 2 (IPS)—The House Appropriations Committee yesterday voted down an amendment to the House Appropriations Bill proposed by Rep. William Alexander (D-Ark) that would have "denied aid to any country more than 90 days delinquent in repayment of loans," according to today's Washington Post.

DIE WELT CP EXPERT:

NATIONAL COMMUNIST TROJAN HORSES DON'T WORK IN THE WEST

March 2 (IPS)—Carl Gustav-Stroehm, editorialist for the West German daily Die Welt, today analyzes the Eastern and Western versions of "national communism" from the standpoint of their strategic advantages for the West as "trojan horses" to weaken the Soviet Union. He concludes that under no circumstances can the West rely upon the White Communism of Italian Communist Party head Enrico Berlinguer or French Communist Party head Georges Marchais. "the difference between the "national communism" of Berlinguer and that of a Ceausescu in Rumania lies in the fact that objectively Berlinguer weakens the West and strengthens Moscow at the precise point where subjectively he would not want anything of the kind...once they (the communist party) take power everything looks different...neither Berlinguer nor Marchais nor Ceausescu will defend the West spiritually and materially." Following upon the 25th Soviet Communist Party Congress, Stroehm states, the defense of the West "is a task we must carry out ourselves."

WEST GERMAN ECONOMIST: "WE DON'T CALL IT AN UPSWING THIS TIME"

March 2 (IPS)—The chief economist of the West German Association of Savings Banks, Herr Klein-Zirbes, said today that "It's not an upswing anyhow. We don't call it an upswing because this time private consumption is the starter, and we hope that in six months, next fall, it will spread out to investments." Asked about the huge amount of underutilized capital and plants in West Germany, Herr Klein-Zirbes replied, "Look, it's not that we have 25 per cent underutilized capital, it's that we must write this all off."

(more)

ANALYSTS "EXPLAIN" FUTURE AUTO UPSWING

NEW YORK, March 2 (IPS)—Financial analysts here yesterday offered the following fanciful explanations for their prognosis of a U.S. economic recovery based on increased auto sales:

According to the head of Townsend-Greenspan, a top New York consulting firm from which Council Of Economic Advisors head Alan Greenspan is on leave, "There has to be a recovery because the people haven't bought cars for two years and their old cars are falling apart, so they have to buy new ones. Everyone depends on cars because there isn't any mass transportation."

"People will buy new cars instead of used cars because they don't trust auto mechanics," a Wall Street analyst added.

"Auto sales are going to rise because the home-building industry has collapsed," said a spokesman for Shields, Model, Roland. "No one is buying houses so they'll buy cars instead."

MEXICAN ECONOMIST DECLARES "END OF HONEYMOON"
BETWEEN FINANCIERS AND POOR COUNTRIES

March 2 (IPS)—Leading Mexican economist Miguel S. Wionczeck, writing in the major liberal daily Excelsior yesterday, states that "the foreign indebtedness explosion of the lot of poor countries continues accelerating constantly...the financial burden of its services is rapidly nearing the limits of the unmanageable." Based on this, Wionczeck declares that "the honeymoon between the international finance centers and the poor borrowers is coming to an end."

After calling for "a profound revision of the international financing practices to the underdeveloped side of our planet before it is too late for all of us," Wionczeck states that since "the international liquidity in private hands has diminished drastically since 1973...a policy of internal austerity (by the poor nations) in the context of a foreign economic crisis would have translated in violence in many countries."

"After a three-year international financial orgy," continues Wionczeck, "an increasing preoccupation for the solidity of the (lending countries') banking systems, overburdened with financial obligations from the underdeveloped countries comes to the surface."

The foreign financial situation of the underdeveloped countries will become tighter during 1976 and 1977 than in the last three years, the economist concluded. "However, something else can hardly be expected in a world in which at a time of a serious economic recession, the financing for the subsistence of the poor (countries) is progressively left up to the private banking system."

(more)

II. International

KOSYGIN BACKS UP BREZHNEV SPEECH AT CPSU CONGRESS

March 2 (IPS)—In his address yesterday to the 25th Party Congress of the Soviet Communist Party, Soviet Premier Alexei Kosygin gave strong support to trade and development aims as outlined last week by Party Chairman Leonid Brezhnev.

Kosygin described the current capitalist crisis as being characterized by "continuing militarization of the economy, increasing inflation, collapse of the currency and financial mechanisms and a lack of faith in capitalist currencies."

He called for expansion of economic relations to the developed capitalist countries on the basis of detente and the Helsinki agreement. Referring to the problems faced by the Third World, the Soviet Premier said, "The Soviet Union is interested in forming cooperation with the developing countries as a lasting and mutually advantageous division of labor."

"Communists are not ascetics who want an artificial drop in human needs...The Soviet economy has reached a point where satisfying people's needs in high quality consumer goods is a condition of further progress," Kosygin said reporting on the state of the Soviet domestic economy. "We have everything we need for improvement including a scientific-technological base and the energy of our creativity."

Excerpts from the speech were carried in Neues Deutschland, newspaper of the ruling Socialist Unity Party of the German Democratic Republic.

SECOND INTERNATIONAL TO HOLD MEETING IN PORTUGAL MARCH 13 & 14

March 2 (IPS)—Leaders of the Second International will discuss "the leading problems of the current European situation as well as the course of the Portuguese democratic revolution" in the northern city of Porto on March 13 and 14, according to yesterday's Lisbon daily Diario de Noticias.

Among the participants are Olof Palme of Sweden, Francois Mitterand of France and Felipe Gonzalez of Spain. They are members of the "Committee for the Defense of Democracy in Portugal," whose president, Willy Brandt, will chair the meeting.

Mario Soares, head of the Portuguese Socialist Party, declared that "this meeting has nothing to do with any electoral strategy." Yesterday's London Times describes the meeting as a "move to muster international support for his party before the general elections," which will take place next month.

(more)

ANSART EXPOSES PCF/ATLANTICIST GAME

March 2 (IPS)—French Communist Party (PCF) Politburo member and head of the PCF's Northern Federation, Gustave Ansart, in an interview in Le Nouvel Observateur, clumsily tried to cover the PCF's anxiousness to enter the French government, by reminding his interviewer that the PCF "did not hesitate to stand alone" in 1958 against the coup de force of General Charles De Gaulle.

As for the PCF's policy vis a vis European unification, Ansart said that although "we have some differences with our Italian comrades" on the question of a European parliament elected by universal suffrage, "at bottom, we militate for the same Europe as the PCI (Italian Communist Party)."

THAI SOLDIERS ATTACK CAMBODIA ON SAME DAY AS U.S. AIR RAID

March 2 (IPS)—Thai soldiers invaded Cambodia and shot a Cambodian patrol Feb. 25, the Soviet daily Pravda reports today. That same day three U.S. warplanes stationed in Thailand bombed the Cambodian town of Siem Reap, according to the Cambodian government.



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

New Solidarity International Press Service (IPS)
News Bulletin No. 40

JUSTICE DEPARTMENT PREPARES MCCARRAN ACT CHARGES AGAINST NCLC LEADER CHRIS WHITE

New York, Mar. 3 (IPS)--The U.S. Justice Department is attempting to prepare McCarran Act proceedings against NCLC National Executive Committee member Christopher White, it was learned here today.

The Justice Department's Immigration and Naturalization Service (INS), which has reopened the White case after 18 months, informed Mr. White's attorney today that it intends to focus on White's political beliefs and activities at a hearing now scheduled for March 11. The INS' intention to make White's political beliefs and activities the prime focus of their investigation makes it clear that they have now finally decided to treat this as a political case under the McCarran Act statutes.

White, a British national married to a U.S. citizen, has resided in the U.S. since 1974 while the Justice Department has refused to grant him permanent residence status.

The INS decision comes one week after the Government Accounting Office (GAO) released a fraudulent and incompetent report based on FBI "investigations" claiming that the NCLC is "violent," "subversive" and subject to investigations under the unconstitutional Smith and McCarran Acts. The NCLC is now preparing a Federal Court motion to enjoin the GAO and the FBI from circulating this libelous report.

The INS has already applied the McCarran Act provisions of the immigration codes in two previous situations, to Canadian citizens attempting to enter the U.S. Polly Skinner Johnson was originally denied admittance based on section 23 (c), charging that she is a member of "the Communist Party or other totalitarian organization." Mrs. Johnson is now living in Chicago and the INS has not yet either granted her resident status or initiated deportation proceedings against her.

Two members of the North American Labor Party, Francois Bierre and Carlo Dallavalla, were excluded from entering the U.S. and were charged with bringing New Solidarity, the newspaper of the U.S. Labor Party -- which is published in New York -- into the U.S. for illegal purposes. This case is still in court after the Labor Party forced the disqualification of the first trial judge for his anti-communist prejudice.

(more)

On Jan. 6, the NCLC applied to the State Department and the Justice Department under the Freedom of Information Act for all documents and memoranda used in determining that the NCLC and USLP fell under the McCarran Act. Predictably, both the State Department and the Justice Department have refused to supply these documents, since this would force them to attempt to prove an unprovable case.

The increasing harassment of the U.S. Labor Party electoral campaigns as exemplified by the frame-up arrest and jailing of USLP candidate for the U.S. Senate from Virginia, Alan Ogden, has raised the concern that the Justice Department is preparing a full Smith Act case against the Labor Party and the NCLC.

The Labor Organizers Defense Fund has issued an appeal for funds to fight this attempt to resurrect the Smith Act and McCarran Act. Estimated initial attorney's fees for the White case are \$800; further costs will arise as a suit is prepared against the Justice Department to prevent them from using the McCarran Act against Labor Committee members.



NEW SOLIDARITY International Press Service

P. O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
COMBINED NEWS ROUND-UP
WEDNESDAY, MARCH 3, 1976 2100 HOURS EST

I. PRIORITIES

BALL CALLS CORPORATISM SOLUTION TO ECONOMIC CRISIS

CHICAGO, March 3 (IPS)—In a major policy address before the Chicago Council on Foreign Relations here last night, former Undersecretary of State George Ball, a leading representative of the Wall Street financial cabal, praised "corporatism" as the solution to current economic and political crisis in Europe. Emphasizing his point in relation to the current Italian crisis, Ball stated, "If we hadn't already tried fascism, we'd have to try fascism now."

Since the 1950s, the New York investment banker told his audience, "Europe has tended to go in opposite directions from the United States." Britain, Ball indicated, is a notable exception, "it is a model in developing a new corporatism." He praised the British corporatism for having accomplished "the consolidation and rationalization" of industry.

France and Italy, Ball stated, are now "our two greatest problems." He predicted, however, that the French Communist Party would be in the government by 1978 and the Italian Communist Party would enter a government coalition "within the next few months." The PCI, he indicated, was a far better force to carry out programs of "discipline" (austerity) than the Christian Democracy, which Ball described as being "corrupt." He called upon the U.S. Security and Exchange Commission to disclose whatever incriminating information that it had on the Italian DC—in the interests of justice.

Ball however expressed some uncertainty over the policy that he was proposing. He attacked the Helsinki Collective Security Pact as "giving the Soviet Union legitimacy....We have created problems by a policy of detente....Detente has given the (western) Communist Parties credibility." Under such circumstances, as now exist, what are the implications of a PCI government, he asked. When they get voted out, will they leave peacefully?

Answering his own questions, Ball recommended a policy that would politically, militarily and economically integrate all of Western Europe into NATO. This, he indicated, would prevent PCI and PCF governments from turning too far leftward in response to their working-class base.

**BANKERS FORCED TO ROLL OVER ARGENTINIAN DEBT,
AS POPULATION RESISTS IMF AUSTERITY**

NEW YORK, March 3 (IPS)—Chase Manhattan spokesmen today denied recent London Financial Times reports that the bank was seeking out other banks for a consortium loan to retire some 33 million dollars of the bankrupt Argentine central bank's unpayable debts coming due this week. "There is no consortium; hell, there have been no new credits for the last six months," the source stated. "We're just rolling them over, every bank is." Argentina's outstanding debt exceeds 3 billion dollars.

The Argentine central bank is currently negotiating a 360 million dollar International Monetary Fund loan which carries stipulations for a 50 per cent currency devaluation, drastic import cuts and a near total shut-off in industrial development in favor of labor-intensive agriculture. If the loan comes through, some debts may be repaid, the Chase source indicated, but "the situation is very tough. The unions and the general political resistance to austerity measures make it totally unpredictable whether the government can accept the loan. They are already printing money to pay municipal salaries." High Economics Ministry officials are reportedly meeting with the IMF in Washington.

When asked what would happen if the loan cannot be put through, the source replied, "Well, unilateral debt moratorium has been a real fear for the past six months and it is even more of a fear now."

**JOURNAL OF COMMERCE REPORTS
KEY PAKISTAN CREDIT INSTITUTIONS "COMPLETELY BANKRUPT"**

March 3 (IPS)—The Pakistan Industrial Credit and Investment Corporation (PICIC) and the Industrial Bank of Pakistan (IBP) are "completely bankrupt," today's Journal of Commerce reports. The bankruptcy of the two institutions, which authorize requests for foreign exchange to finance projects in the private and public sectors of the economy, has already produced financial chaos within Pakistan. The announcement of at least 150 million rupees (22 million dollars) shortfall in the Industrial Bank of Pakistan was immediately followed by the report that the government is unable to finance 50 pending industrial projects involving foreign currency loans. Additional loan equivalents of another 500 million rupees (approximately 73 million dollars) for the projects are required immediately.

The Journal reports that the cut-off of investment capital caused by the banking collapse is expected to exacerbate an already serious breakdown crisis in Pakistan. The economic growth has slowed down drastically from a 7.6 per cent figure in 1972-73 to a mere 2.6 per cent rate in 1974-75. Deficit financing in the budget of the current fiscal year (to end June 1976) is reported to be around 1 billion rupees, according to the Pakistan Finance Minister Mohammed Hanif. "Top banking circles estimate the deficit financing up to June 13 will be around 4.5 billion rupees," the Journal reports.

(more)

BANKERS PREDICT FALL OF GOVERNMENTS OF ZAIRE, ZAMBIA

NEW YORK, March 3 (IPS)—Banking sources here predicted today that attempts to enforce International Monetary Fund (IMF) dictated austerity conditions for emerging bail-out loans to Zambia and Zaire will topple governments of both countries within the next six months. Both governments are currently regarded as pro-American.

The foreign reserves of the countries dropped to zero by last September, the sources reported, forcing both countries to withdraw all of their IMF assets. By the end of September, Zambia had only one month and three days left of financial capacity with which to import goods, while Zaire had only three days left. The sources indicated imports were subsequently cut off until the IMF guaranteed a limited credit line under forced austerity conditions.

Both countries have had their sole export, copper, bottlenecked by transit problems while its price collapsed on the London metals exchange. This has forced the shutting down of some of their copper mines, the sources said.

GEORGE BALL PREPARING SUIT AGAINST NIGERIA

March 3 (IPS)—The government of Nigeria is being sued by the East-Europe Import and Export Company in a case being prepared for the World Court by Wall Street investment banker George Ball, according to unconfirmed reports from sources close to Secretary of State Henry Kissinger. The case involves 14 million dollars in cement contracts which were cancelled by Nigeria as part of its clearing a shipping back-up in the port of Lagos last fall. Activity in the port had been brought to a standstill as a result of a glut of cement over-deliveries.

The sources report that the Nigerian and European middlemen who negotiated the contracts knowingly arranged duplication and unnecessarily large orders which produced the glut. The sources also confirmed Nigerian government claims that unusable goods, as well as empty or severely damaged ships were dispatched to Nigeria to accumulate demurrage payments during the height of the Lagos port crisis.

MOZAMBIQUE IN STATE OF WAR WITH RHODESIA, WEST GERMAN RADIO REPORTS

March 3 (IPS)—The President of Mozambique, Samora Machel, today ordered the sealing of his country's borders with Rhodesia and is reported to have declared in a radio broadcast that Mozambique is "now in a state of war with Rhodesia." West German radio reports that all Rhodesian property in Mozambique has been seized by the government.

BANKERS CONTRADICT PERUVIAN GOVERNMENT REPORT OF HALF BILLION DOLLARS IN LOANS

March 3 (IPS)—Conversations with leading New York and Washington bankers today contradicted recent statements by the Peruvian gov-

(more)

ernment that it had obtained half a billion dollars in loans from these banks.

An International Monetary Fund official commented that since the March 1 Wall Street Journal had quoted Peruvian National Bank manager Alvaro Meneses as boasting he had been able to renew 500 million dollars in loans while on a brief New York visit, "we've had lots of calls, but are still not at all clear what Meneses was referring to." The same expert said that Peru would find doors closed at U.S. banks "until the dust settles on the January package" of austerity measures. Several other bankers assured that "all Meneses got was a luncheon in his honor at Manny Hanny (Manufacturers Hanover Bank)."

One banker ran off a long list of radical "attitude changes" which the Peruvian government would have to make before they received any long-term project loans from banks. To prove his point, he laughed that the Peruvians "were expecting Henry the K (Kissinger-ed.) to come with bags of money, but...they can't even roll over their debts."

Most banking sources agreed that Peru will still be able to finance some imports through short-term credits at 15-18 per cent interest, double normal loan rates.

HOUSE ETHICS COMMITTEE PREPARES FOR CONGRESSIONAL WITCHHUNT, HIRES "EX"-FBI AGENT

March 3 (IPS)—Moving off the broad mandate to investigate the leak of the House Intelligence Committee report of CIA activities given it by an overwhelming House vote two weeks ago, the House Ethics Committee yesterday requested a 350,000 dollar appropriation and 20 staff members to conduct the investigation. It announced that former FBI agent David Bowers will head the investigative team. Bowers retired from the FBI last Friday after spending the last 25 years of his service to the agency "assigned to Capitol Hill." The House voted today to give the Committee wide-ranging subpoena powers by the incredible margin of 321 to 85.

AIDES TO ETHICS COMMITTEE REPORT CONGRESS TO BE TARGET OF ITS PROBE

March 3 (IPS)—An aide to the House Ethics Committee said today that the investigators "would not be particularly interested" in CBS news correspondent Daniel Schorr, who has admitted providing a copy of the intelligence report to the New York weekly, the Village Voice, but would instead focus on determining who in Congress leaked the report.

Another Ethics Committee aide, when asked why the Committee needed 350,000 dollars for the investigation, replied, "Well, there are so many people to investigate. There were a lot of staffers on the Pike Committee. Unfortunately the person who leaked it isn't going to stand up and plead guilty." He called today's vote giving the Committee broad subpoena powers a "reasonable vote from Congress—for a change."

(more)



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

New Solidarity International Press Service
Combined News Summary
March 4, 1976 - 2030 Hrs.

LONDON TIMES EDITOR ASKS 'CENTRAL FACILITY' TO UNDERWRITE 25 - YEAR CREDITS FOR THIRD WORLD

March 4 (IPS)—The Economics Editor of the London Times, Peter Jay, in an article in today's Times proposed that the industrial countries "collectively" offer large long-term credits for economic development financed through a "central facility," and that the industrial countries guarantee a "minimum tolerable standard of existence" in the Third World as part of this development.

Jay presents the package as "the only way to prevent war, trade or otherwise." Last week Jay wrote in the London Times that Britain itself had a choice between "national bankruptcy" and "repudiation of its foreign debts."

The article is titled "An Offer the World Can't Refuse." Referring to the last 18 months of discussions on the New World Economic Order, it says, "The manner in which the discussions are being conducted is calculated to maximize conflict and minimize the common interest. The approach being used in countless different forums ... is essentially to bargain over a whole range of different schemes .. (which) cannot be examined purely on the basis of their own merits."

It continues: "Would it not be better to start from the other end?" Jay asks. "Let the developed countries together, excluding the communists if they will not participate, say as follows to the developing countries:"

A ten point negotiating program follows, of which the most important parts are: "We have an enlightened self-interest in your development, call it an insurance policy if you like... We will now collectively underwrite for the next 25 years the foreign exchange requirements of agreed development programs in return for certain freely accepted conditions," which he later describes as essentially the continuance of free trade on a capitalist basis within the development framework.

He proposes a "minimum tolerable standard of existence" for the Third World "and let us work out jointly the development programs needed to achieve it. From the already known capital and debt

(more)

servicing obligations of the developing countries, let the net foreign exchange requirements of at least the minimum development program be deducted...through a central facility."

COALITION GROWING IN BRITAIN AGAINST HEALEY POLICIES

London, March 4 (IPS)--Leaders of the British Conservative Party who oppose the U.S.-dictated budget-cut programs of Chancellor of the Exchequer Denis Healey are negotiating with Third World spokesmen for the New World Economic Order in London, according to well-informed sources here. The sources said that the talks are considering a proposal for a "central facility to underwrite 25 - year credits to the third world" to guarantee a "minimum tolerable standard of existence" which was publicly put forward by London Times economics editor Peter Jay in a column in today's Times.

The discussions are taking place without the consent of the Conservative Party's leader, Margaret Thatcher, who is called the "Iron Lady" for her unwavering support of U.S. and NATO policies, and include Peter Walker, who is an anti-Thatcher Conservative and a former Minister of Industry.

CNPF DENOUNCES DOLLAR SYSTEM

March 4 (IPS)--Pierre Bernard-Danay, editor of France's major financial daily Les Echos, today criticized recent international monetary arrangements as being "at the total disposition and discretion, at each crucial phase, of the behavior of American monetary authorities."

Bernard-Danay said that a recent meeting between the French employers' association (CNPF) and American negotiator Walker at monetary talks held in Tokyo, "brought to light the objections of the French patronat with regard to the manner in which the United States conceive certain points of these great multilateral commercial negotiations."

He adds that the "vigilance" of French industrialist layers is directed not only at U.S. monetary maneuvering, but also the refusal of the atlanticist government of French President Giscard D'Estaing to "openly" counter U.S. proposals.

TETHER PREDICTS CHAIN REACTION OF THIRD WORLD DEBT MORATORIA --EURO MARKET COLLAPSE

March 4 (IPS)-- Economic writer C. Gordon Tether said in his Lombard column in the London Financial Times today that "it is as well to recognize that so many developing countries are coming near to convincing themselves that they are entitled to a moratorium on their international debts, that there is a very real possibility

(more)

that, once set in motion, the default process would rapidly escalate."

In the column, titled "Ignoring All the Warnings," Tether further predicts a breakdown of the Eurocredit markets occurring around the end of March as a result of the Third World payments crisis. The Euromarkets are collapsing anyway, Tether adds, due to the defaults in the tanker sector.

BALL FLIES OFF TO LONDON, PARIS

New York, March 4, (IPS)-- The office of former Under Secretary of State George Ball said here today that Mr. Ball will leave tomorrow for meetings in London. Ball, who is now associated with Lehman Brothers investment house here and who is regarded as a leading Atlanticist policy spokesman, will then fly to Paris for a round of meetings. His office refused to disclose who Ball would be meeting with or how recently they had been scheduled.

PROMINENT MILANESE BUSINESSMAN CALLS FOR TWO-YEAR DEBT MORATORIUM

Milan, March 4 (IPS)--Italo Polimeni, a prominent advisor to the Milan stock exchange, said in an interview that he sent a long telegram to Italian Budget Minister and Christian Democratic Party leader Giulio Andreotti today calling on the government "to ask Italy's allies for a two-year debt moratorium." Stating that he had listed a series of concrete economic and monetary measures to accompany the moratorium and expand Italy's industry and trade, Polimeni said: "I told him (Andreotti) everything he should do, and he is certain to answer."

ITALIAN SOCIALIST PARTY GENERAL SECRETARY PROPOSES DC-PSI COALITION

Rome, March 4 (IPS)--Francesco De Martino, the General Secretary of the Italian Socialist Party, today called for the formation of a coalition government in Italy composed of the Socialists and the Christian Democracy which would tackle the planning of the Italian economy from the standpoint of a "centralized leadership model."

In an address that reflects the views of party faction leader Giacomo Mancini, De Martino told the national congress of the Socialist Party that "the problems to be resolved have ceased to be national and have become continental . . . The capitalist system is in crisis," De Martino said, adding that "in the course of the fight for a unified Europe, new social and economic structures must be introduced."

MOZAMBIQUE TAKES PRECAUTIONARY ACTION AGAINST RHODESIAN AGGRESSION

March 4 (IPS)-- Samora Machel, the President of Mozambique, announced

(more)

yesterday that his government has sealed its border with neighboring Rhodesia and suspended all traffic between the two countries. Machel also called upon the population to install and man defenses against further land and air border incursions from Rhodesia, according to German Democratic Republic newspaper Neues Deutschland today. Mozambiquan soil by Rhodesian firms," Neues Deutschland reports.

According to today's New York Times, a Mozambique government official today denied reports widely circulated in the West European and U.S. press which claimed that Machel had declared war against Rhodesia. In one such report, today's Baltimore Sun covered the border closing under the headline "U.S. Fears Race War Leading to Red Africa." The article began: "The nightmare of the U.S. diplomacy in southern Africa is this: a horrifying war between the races that ends in Marxist domination while Washington, in effect looks on helplessly."

KISSINGER THREATENS "GREAT CRISIS"; WARNS CUBA TO STAY OUT OF MOZAMBIQUE-RHODESIA DISPUTE

Mar. 4 (IPS)--In testimony before the House International Relations Committee today, Secretary of State Henry Kissinger threatened that any Cuban "interference" in the dispute between Mozambique and Rhodesia would provoke a "great crisis." According to the Associated Press, Mr. Kissinger repeated previous warnings that the United States would not tolerate further interference in Africa by Cuba. Kissinger advised the Cubans to act with "great circumspection, because our (the U.S.) actions cannot be deduced from what we did in Angola." The Secretary declined to speculate on what type of action the U.S. might take against Cuba.

Kissinger made his remarks during a report on his recent Latin American tour.

MEXICO'S NEXT PRESIDENT REITERATES SUPPORT FOR NEW WORLD ECONOMIC ORDER

Mar. 4 (IPS)--The presidential candidate of Mexico's ruling PRI party, Jose Lopez Portillo reiterated his commitment to President Echeverria's foreign policy in favor of development and the creation of a New World Economic Order, in an interview with U.S. newsman Carl Rowan. Asked by Rowan whether Mexico would continue its vanguard role in demanding the New Order, Portillo answered "definitely yes," adding that "the destiny and development of the poor countries cannot be left to the free will...of the powerful nations."

Commenting on U.S. Secretary of State Henry Kissinger's policy toward Latin America, Portillo commented on "how grave it is when the destiny of millions of human beings depends on whether an important gentleman (Kissinger) has time or not to think about them; whether he has digested well or not last night's supper with his wife." Portillo added that "I think the U.S. has not had time to seriously think about a policy for Latin America."

(more)

On the question of the Cuban intervention in Angola, Portillo stated that "I respect the Cubans' reasons, this is a problem of solidarity which only the Cubans can qualify."

ECHEVERRIA CALLS FOR THE IMMEDIATE CREATION OF THE NEW WORLD ECONOMIC ORDER

Mar. 4 (IPS)--Mexican President Luis Echeverria issued a call for the urgent establishment of a New International Order in a message sent to the Conference of Public Enterprises of Developing Countries being held in Ljubljana, Yugoslavia. In his message Echeverria calls for "decisive efforts such as the one this meeting entails, in order to implement with concrete actions our determination to jointly take on the task of our development."

Echeverria also stated that the Center for Public Enterprises of Developing Countries which is being established at the conference, "will create new conditions for the implementation of the new international economic order, allowing for the definition of priorities in accord with the true needs of our people, so that they can be posed against the production and consumption guidelines which have been imposed from the outside."

In his letter to the conference, Echeverria praised Yugoslavian President Josip Broz Tito, and said he will receive a warm welcome when he arrives in Mexico for a visit late this month.

Echeverria's statements were reported yesterday in the official Mexican daily El Nacional.

PAKISTAN OFFERS FULL NORMALIZATION OF RELATIONS WITH INDIA

Mar. 4 (IPS)--Pakistani Minister for Defense and Foreign Affairs Aziz Ahmed called for total normalization of relations with India and negotiations between the two countries to bring this about immediately, reports today's West German daily *Suddeutsche Zeitung*. Ahmed indicated that Pakistan is willing to reopen diplomatic relations as well as reinstitute trade talks and transport, activities have been interrupted numerous times since relations were broken off in 1971 following the war for the liberation of Bangladesh. Pakistan last made a similar offer to normalize relations in early 1975.

CIA DOCUMENTS DISAPPEAR FROM PIKE COMMITTEE

Mar. 4 (IPS)--George Bush, new director of the CIA, has been informed that about 230 documents which the agency had temporarily loaned to the House Select Committee on Intelligence "have mysteriously disappeared," Committee chairman Rep. Otis Pike (D-NY) reported today. According to a wire service dispatch Pike sent a letter to Bush promising his full cooperation in trying to locate the missing documents, some of which were classified. Pike's committee which dissolved last month, is currently the target of a Congressional investigation -- aimed at finding out who leaked the final report on CIA activities to the press.



**EARLY IPS
MARCH 5, 1976**

NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

I. International

POLISH TRADE MINISTER OFFERS LARGE RAW- MATERIALS FOR TECHNOLOGY DEALS TO MEXICO

MEXICO CITY, March 5(IPS)—Polish Trade and Maritime Economy Minister Jerzy Olsowski, presently in Mexico heading up a trade and technical delegation declared that Poland recently concluded a 20-year, 4 billion dollar trade agreement with Brazil, and that he hoped to strike a similar deal with Mexico during his visit according to Excelsior March 1. In an interview, the Polish minister elaborated that "...I cannot speak for all of the Comecon, but this is Poland's policy for all of Latin America." One of his top aides noted that "this is the first time that so important a minister from Poland comes to Mexico, and he comes to make effective the agreements signed by President Echeverria (with the Comecon) during his trip to the socialist bloc, and so that things do not remain in paper only." Mexico is one of a handful of countries outside of the Socialist bloc to have special trade agreements with the Comecon.

LAOS CHARGES CIA MURDERED THAI SOCIALIST LEADER

March 5, (IPS)—The government of the Peoples Democratic Republic of Laos expressed their deep sorrow over the death of Dr. Boonsanong Punyodyana, the leader of the Socialist Party of Thailand who was assassinated Feb. 27, and charged that "lackeys of the American Central Intelligence Agency" were behind the murder. According to the March 2 Bangkok Post, the government of Laos, in broadcasts over Veintiane Radio, said that although Dr. Boonsanong's death was a great

loss for the socialists, "their struggle will continue." The broadcast also said that the Thai general elections scheduled for April 4 "will never happen."

Dr. Boonsanang, who was murdered by unidentified rightists on Feb. 27, had visited Laos last October for Laotian Independence Day celebrations and had strongly supported cooperation between Thailand and the communist Indochinese states.

Neus Deutschland, the German Democratic Republic daily, reported today that over 10,000 persons demonstrated in Bangkok in memory of the Thai socialist leader.

CAMBODI SHOWS BOMB DAMAGE TO FOREIGN AMBASSADORS

March 5 (IPS)—Cambodia's Radio Phnon Penh yesterday reported that the Cambodian government had organized a trip of 13 ambassadors of foreign countries to the provincial capital of Siem Reap, which was bombed last week by U.S. planes. According to UPI, the broadcast said that the ambassadors of North Korea, Cuba, South Vietnam and Zambia had denounced the activities of "North American imperialists" following an inspection of the town, and that the Swiss and Yugoslavian ambassadors had also been on the trip. The broadcast said that the diplomats were sobered by "the scenes of destruction that were worse than described." Cambodian Foreign Minister Iengsary headed the tour.

VIETNAM PLEDGES SUPPORT TO ANTI- IMPERIALIST FORCES IN THAILAND AND SOUTHEAST ASIA

NEW YORK, March 5 (IPS) — Commenting on the recent meeting of the Association of Southeast Asian

Nations, Nhan Dan, the newspaper of the Vietnam Workers Party, said this week that "a new struggle, very sharp and highly complex, is taking place between the peoples of these countries on the one hand and U.S. imperialism and the other forces of reaction on the other," according to the March 3 Financial Times of London. Nhan Dan indicated that the Vietnamese people would support all movements to "thwart all schemes of U.S. imperialism and reaction."

Yesterday, according to UPI, Nhan Dan issued a very strong denunciation of aggressive acts by U.S. imperialism "and its proteges," Thailand in particular. The article identified the activities of counterrevolutionary groups in South Vietnam, the U.S. bombing of the Cambodian provincial capital of Siem Reap on Feb. 25, the blowing up of a bridge in Laos on March 2, and the use of people evacuated from all three countries for subversion, as demonstrations of how "North American Imperialism" continues to constantly assault the three countries, and warned that all provocations will be responded to in full.

ANGOLAN MINISTER REJECTS "OFFERS OF ECONOMIC AID FROM IMPERIALISTS"

March 5 (IPS) — Iko Carreira, Defense Minister of the Peoples Republic of Angola, declared yesterday that the pro-Soviet government of Angola is "prepared for imperialist splitting maneuvers," such as Western "offers of economic aid" designed to "corrupt certain layers of the population, especially the urban petit bourgeoisie." In an interview published in the German Democratic Republic newspaper Neues Deutschland yesterday, Carreira recalled how "Western imperialists had overlooked several things in their calculations" of MPLA political and military successes in Angola, in particular, the "support of the Angolan

people for the MPLA and the extraordinarily important factor of international solidarity, which hastened our victory."

Carreira said that now "imperialism will try to weaken our revolutionary spirit with offers of economic aid. They want to corrupt certain layers of the population, especially the urban petit bourgeoisie. They want to divide our broad anti-imperialist front. Therefore we must firm our ranks, above all the MPLA... We have to be as resolute on the ideological-political and economic front as on the military front. We are prepared for imperialist splitting maneuvers.

INDIAN MINISTER CALLS FOR FORMATION OF ASIAN ORGANIZATION SIMILAR TO OAU

March 5 (IPS) — Indian Foreign Minister Y. Chavan has called for a meeting of the Asian group of Non-Aligned Countries prior to the entire group's meeting in Sri Lanka this coming August to put together a unified position on crucial regional issues, according to a Prensa Latina report yesterday. Chavan's proposal also separately called for the consideration of formation of an Asian organization, similar to the Organization of African Unity.

In an interview with Yugoslav daily Politika yesterday, Chavan indicated that at the recently concluded talks of the committees of the Conference on International Economic Cooperation (CIEC) Paris, the discussions did not follow the agreed upon framework of the Group of 77 in Manila, Chavan met two days ago with the Yugoslav ambassador in New Delhi, at the same time as the Indo-Yugoslav Economic Commission was called into session at Belgrade, Yugoslavia.

II. Continental

RCMP INVESTIGATES LABOR PARTY ON "OLYMPIC TERRORISM"

March 5 (IPS) — The Montreal office of the North American Labor Party were visited by the Royal Canadian Mounted Police on March 3 as part of a full police mobilization in the province of Quebec. RCMP officer Bellanger asked whether the NALP is planning to disrupt the

Olympics or hold demonstrations during the games, which will be held in Montreal in late July.

Under the pretext of protecting the Olympics from "terrorism," the RCMP, Provincial Police and Montreal police have been "interviewing" hundreds of people on targeted lists of trade unions, civic organizations, "certain ethnic groups" and "all known protest groups." These police terror operations coincide with a major armed forces mobilizations, which one military spokesman termed Canada's biggest effort since the Korean War.

Also under the cover of "Olympic security," the Trudeau government recently passed emergency immigration legislation to severely restrict "free border" access to the country.

III. Special Report

SUPREME COURT IN NEW ATTACKS ON BILL OF RIGHTS

March 5 (IPS) — The U.S. Supreme Court has issued five decisions over the past three days which severely impinge on First Amendment and due process rights.

Three of the rulings directly infringe on First Amendment rights and will immediately effect U.S. Labor Party organizing and election activity. These three cases involve the elimination of First Amendment rights on shopping centers, narrowing the defense against libel suits, and granting immunity for prosecutors even if they violate the civil rights of citizens.

First Amendment rights at shopping centers eliminated in the court's ruling in **Hudgens v. NLRB**, in which the court's majority ruled that a union cannot picket a store in a shopping center against which it is striking. In 1968, the court had ruled in the **Logan Valley** case that shopping centers were public access places where first amendment rights should be protected. In the 1972 **Lloyd** case, this view was partially rolled back, and the job was finished in **Hudgens**. In dissenting opinions, Justices Brennan and Marshall argued that the **Lloyd** had not overturned **Logan Valley**, and that **Logan Valley's** guarantees should continue to be the law.

The 1968 court decision has been frequently used by the U.S. Labor Party in asserting its first amendment rights at shopping centers, including during the

highly-effective boycott of Kresge and K-Mart stores conducted during the fall of 1975.

In a second decision, the Supreme Court sharply narrowed the grounds of defense against libel suits. By narrowing the definition of "public figure," the court has opened up the press to more and heavier libel suits — a move which will invariably have the effect of making the press much more cautious. The defense that the person allegedly libeled is a "public figure" has been a common and long-recognized defense against libel suits and has been used by the Labor Party and New Solidarity in defending itself against at least four libel suits such as that filed against them by UAW president Leonard Woodcock. The defense of truth, the primary legal defense strategy of the Labor Party, has not been overruled by the court.

In a third significant case, the court has ruled that prosecutors are immune from civil damages suits even in cases of flagrant violations of the rights of defendants. For example, this means that the prosecutor in Richmond, Va. who has prosecuted U.S. Labor Party candidate Alan Ogden numerous times in false charges is immune from liability. Only last week, the Labor Party had mapped out a tactic of suing the Bristol, Conn., prosecutor for his malicious prosecution of false arrest cases. This tactic is now apparently ruled out by the Supreme Court in a major move toward legitimizing police-state methods.

In another case, the Court sharply curtailed the constitutional rights of defendants to a jury of their peers, by ruling that potential jurors could not be questioned about racial prejudice except under "special circumstances."

And demonstrating clearly the court's role in enforcing austerity and slave labor, the court unanimously upheld a New York law which says that a person who applies for welfare within 75 days of quitting a job can be denied welfare on the presumption that he quit the job in order to apply for welfare.



NEW SOLIDARITY International Press Service

P. O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

LATE EVENING NEWS WRAP-UP
FRIDAY, 5 MARCH 1976

I. PRIORITIES

POUND FALLS TO NEW LOW; RUN ON DOLLAR FOLLOWS

March 5 (IPS)—The British pound sterling fell to an historic low on the foreign exchange markets today. The 2-1/2 per cent drop against the dollar was also a record for a single day.

By the end of the trading day, heavy selling pressure against the U.S. dollar developed, threatening to create a general currency panic worse than that precipitated by the New York banks attack on the Italian lira three weeks ago. The dollar fell by a full one per cent against the stonger European currencies, while edging upward against the weaker currencies, including the French franc to finish the day with an overall marginal gain in its trade-weighted average. The trade against dollar, however, was several times the volume of that against the pound sterling, indicating that a general run against the U.S. currency had developed rather than a "technical readjustment" to the pound's weakness.

BANK OF ENGLAND COULD HAVE STOPPED RUN ON POUND

NEW YORK, March 5 (IPS)—Foreign exchange traders here said that the Bank of England could have halted the run on the British pound today if it wished. Traders indicated that trading in pounds was so light, that a relatively small absolute sale volume had triggered a staggering 2-1/2 per cent drop in the British currency's value. Under such circumstances, the traders said, the Bank of England could have easily supported its currency. Instead the traders reported that the English central bank had contributed to the run by selling off pounds yesterday through intermediary banks.

CHICAGO BANKER: BANK OF ENGLAND TRIGGERED CURRENCY WAR

CHICAGO, March 5 (IPS)—The bank of England has triggered "a small currency war" in order to force competitive devaluations of European currencies, an influential banking spokesman said here today. "Competitive devaluations are in the air," he reported

(MORE)

indicating that the Old Lady's (the Bank of England) sale of sterling yesterday was interpreted by foreign exchange traders as signalling that the devaluation process was underway.

The spokesman said that the "air had been prepared" by statements made yesterday by Alan Holmes and Scott Pardee, the Chiefs of foreign exchange at the New York Federal Reserve Bank, that there was a "general threat of competitive devaluations" of European currencies and the European monetary snake (the arrangement by which currencies are allowed to float against each other and are supported at minimum parity levels through central bank interventions) would have to be "readjusted."

FED SPOKESMAN: DOLLAR WEAK ONLY BECAUSE IT IS "VEHICLE CURRENCY"

NEW YORK, March 5 (IPS)—The dollar is now extremely stable due to the strength of the U.S. recovery, spokesman for the Federal Reserve Bank here said in an interview this afternoon. The spokesman insisted that the dollar's weakness was only attributable to its use as a "vehicle currency." To sell pound for marks, for example, the Fed spokesman said, one first buys dollars and then sells them off for marks.

BRITISH BANKS STUFFED WITH EXCESS LIQUIDITY

NEW YORK, March 5 (IPS)—British banks are stuffed with excess liquidity as corporations increase their deposits rather than loan demands because they are collapsing production, trade and investment at record rates, bankers here said today. Rumors that a credit tightening in the U.S. will soon raise interest rates there have made commercial banks unwilling to buy the huge issues of British government paper on the market at current rates, the bankers report.

The Bank of England was forced today to further lower its Minimum Lending Rate 1/4 of a point, in an effort to make loans more attractive to corporations and to convince commercial banks to purchase British government paper at higher interest.

NEW YORK DEBT CRISIS ERUPTS AGAIN

NEW YORK, March 5 (IPS)—A renewed debt payments crisis by New York State agencies and municipalities has once again raised the spectre of a chain-reaction of defaults and debt moratoria here.

Next Friday, March 12, several state agencies must repay 470 million in short term notes. On March 16, Yonkers, which sank temporarily into default last month, has another 16.5 million dollars coming due. On March 9, the city of Buffalo will have no money in its treasury, and today the Albany Times quoted the controller of the city of Schenectady as saying, "I don't know from one week to the next if we can meet the payroll. We may be the fourth city in the state to go under."

(MORE)

CAREY PROPOSES PENSION LOOTING, AUSTERITY TO MEET DEBT CRISIS

March 5 (IPS)—New York State Governor Hugh Carey yesterday submitted a patchwork plan to guarantee the 4 billion dollars in borrowing requirements of New York State and several state agencies this spring. Included in the 4 billion are funds which are intended to prevent default by several municipalities in the state. The bail-out plan involves purchases of bonds and notes by state pension funds, commercial and savings banks in and out of state, and insurance companies, and hinges on acceptance by the state legislature of Carey's brutal, "zero-growth" austerity budget, according to today's New York Times.

Reporting "diffences" over the budget among legislators, the Times alleged that "legislators and their staffs" were "striving to reach approval" of both the budget and a "complicated 2.6 billion dollar rescue package for the troubled state construction agencies... by the end of next week, when the agencies' 470 million dollars in borrowing obligations come due."

NY HOUSE OF CARDS NEAR COLLAPSE

NEW YORK, March 5 (IPS)—A trader at a leading municipal bond house here who was asked what would happen if Governor Hugh Carey's complex financial "rescue" plan to save New York State and several state agencies from default falls through, said today: "The state damn well better get its money. If it doesn't then the whole house of cards could come down...there would be a real domino effect."

TIMES WARNS NY LAWMAKERS TO APPROVE AUSTERITY

March 6 (IPS)—In its lead editorial today, the New York Times said that New York State and several state agencies are on the brink of default and warned that "members of the State Legislature who are attempting to rewrite Governor Carey's tough austerity budget are attempting to rewrite Governor Carey's tough austerity budget a debacle that could be far more damaging to their local communities — and to the state itself — than the relatively modest reductions that Mr. Carey has proposed."

"Unless the legislature moves quickly to adopt a balanced budget and other legislation needed to support complex financing arrangements," the Times continued, "the long and arduous effort of the Carey administration to save the state and its agencies could collapse."

Austerity "and other essential emergency legislation must be the first priority for every legislator," the Times concluded.

JUSTICE DEPT STALLS DISCLOSURE IN MCCARRAN ACT CASE; ADMITS MASSIVE FILES ON NCLC AND USLP

NEW YORK, March 5 (IPS)—Responding to a Freedom of Information Act request, the Justice Department today admitted the existence of massive files on the NCLC and USLP but continued to stall on producing the documents requested. In early January, the NCLC

(MORE)

legal staff had requested from the Justice Department "all memoranda, documents and letters" used to classify the NCLC as a communist organization under the McCarren Act provisions of the U.S. immigration code.

After two months, the Justice Department has managed to locate "eleven file sections" on the NCLC and "two sections of files of the U.S. Labor Party." the documents were requested for use in the case of Polly Skinner Johnson, a Canadian citizen who has been refused residence status in the U.S. because of application of Section 212(a) 28(c) which applies to "the Communist party or other totalitarian organization."

On March 3, the Immigration and Naturalization Service made it known that NCLC National Executive Committee member Chris White will be subjected to an intensive investigation of his political beliefs and activities, doubtless in an effort to apply the same provisions to Mr. White.

The Justice Department response indicates that it will take 26 hours of attorney's time to search the files, which, with other costs, will total 208 dollars. The department refuses to begin the search until 52 dollars is deposited.

In denying the NCLC's request for a waiver of fees, the Justice Department stated that fees are waived "when the service to be performed will be of benefit to the public as opposed to the requester...the Department must consider such matters as the size of the public to be benefitted, the significance of the benefit, and usefulness of the material to be released, the likeelihood that tangible public good will be realized, and other similar factors. In this instance, waiver of the fees is not warranted."

The NCLC will pay the 52 dollars under protest, so as not to give the Justice Department further excuse to stall the disclosure, while appealing the denial of the waiver.

LABOR PARTY TO BRING BOSTON AGENT LITTLEWOOD TO COURT

March 5 (IPS)—The U.S. Labor Party in Boston yesterday obtained a court subpoena requiring U.S. Treasury Department "Red Dot Squad" agent George Littlewood to appear at a show cause hearing in Brookline Municipal Court. Littlewood has been summoned to appear on March 13 to show why he should not be tried for a rash of obscene letters, phone calls and at least two death threats to Jane White, a Labor Party member and reporter for the weekly Boston Ledger.

Agent Littlewood infiltrated the Labor Party in Boston last year and since the period of his exposure as an agent, has been observed pasting up obscene posters and writing similar graffiti throughout the Boston area. Numerous such posters referenced Mr. White.

The Boston Labor Party is holding a press conference today at their office to report on the role of Littlewood as an informer and in surveilling the Labor Party. The Labor party will connect

(MORE)

Littlewood's activities with the recent U.S. General Accounting Office report admitting that the FBI spent 3.5 million dollars last year for such activity, and will charge Littlewood with a direct coordinating role in the escalating pattern of harassment against Labor Party members in the Boston area.

CIA CLAIMS SECRET DOCUMENTS MISSING

March 5 (IPS)—The CIA claims that 232 documents are missing from files at CIA headquarters where they were being stored at CIA Director George Bush's request, according to wire service reports. Rep. Otis Pike (D-NY), chairman of the House Intelligence Committee which used the documents during their investigation into the CIA, said yesterday that they probably had been destroyed, turned over the national archives, or returned to another agency. The Baltimore Sun reports that the papers included 189 that were classified Top Secret and covered sensitive subjects such as the CIA budget, the 1974 coup in Portugal and strategic arms limitation.

Responding to the CIA's insinuation that he was responsible for the missing documents, Mr. Pike is quoted in today's Washington Post as saying, "They're really out to get me."

PIKE DENIES HE'S TERRIFIED; VOTES FOR EXPANDED FBI INVESTIGATION OF HOUSE

March 5 (IPS)—Rep. Otis Pike (D-NY), said in an interview on March 3 that if the House Ethics Committee investigation of "leaks" from his Select Committee on Intelligence was aimed at terrorizing Congress, "it isn't working. I'm the one whose supposed to be terrified and I'm not terrified." Pike had just finished voting in favor of expanded subpoena powers for the Ethics Committee investigation being run by a just-retired FBI agent. Pike will almost certainly be a major target of the investigation.

Throughout the interview, Pike refused to take a stand on the Ethics Committee witch-hunt, except to mutter, "I'd like to know who leaked that report too." He also refused comment on Attorney General Edward Levi's proposed FBI guidelines which would legalize the domestic COINTELPRO harassment program.

MANCINI CHARGES AGNELLI CONSPIRACY AGAINST ITALIAN CONSTITUTION

ROME, March 5 (IPS)—Speaking to the national congress of the Italian Socialist Party yesterday, PSI pro-development faction leader Giacomo Mancini assailed moves by Prime Minister Aldo Moro to dismantle Italy's public sector industries as in violation of the Italian constitution. Linking Moro's moves to a series of "watergate"-style scandals against the state industries that have pursued in the press controlled Atlanticist FIAT chieftain Gianni Agnelli, and by referring to the "domination of large private industry." Mancini made it unmistakably clear that he included Agnelli in his accusation.

(MORE)

"We reject the tendency which looks not to the reordering of the state industry, but rather wants to destroy it altogether, annul its role and its function in order to install in its place the absolute dominion of private industry," Mancini stated. "We must go firmly against these tendencies because, among other things, they go against the Constitution. If these tendencies were to win out," he added, "the state would no longer be the one defined by the Constitution."

Speaking in the presence of top representatives from Moro's Christian Democratic Party, Mancini further linked Agnelli and Moro by stating that Moro "was demanding consensus and non-hostility in order to make decisions which would have increased the power of large private industry, with everything that would follow from this on the political level."

SWEDISH CP LEADER ORDERS VIOLENT ATTACK ON ELP MEMBER

STOCKHOLM, March 5 (IPS)--At a public meeting of the Swedish Communist Party (VPK) last night in Sandviken, Sweden, former VPK chairman and major "white communist" NATO operative in Scandinavia C-H Hermansson ordered a physical assault against European Labor Party members, to cut off discussion of debt moratorium.

One ELP member, John Hardwick, had to be hospitalized with a leg and swollen foot after being attacked by goons acting on Hermansson's orders. Police have been notified and the ELP as well as Hardwick personally are pressing legal charges against Hermansson and others involved in the attack.

The attack occurred after Hartwick asked Hermansson about his stand on the urgent question of dollar debt moratorium to counteract the collapse of industry. After telling the audience, "there will be no discussion of debt moratorium," the VPK leader incited the attack shrieking: "these people want to destroy our party. They have called Jorn Svensson (central committee member-ed.) an anti-communist and me a traitor and CIA agent. Are we going to accept this? can we permit these people to stay here?" Hardwick was then thrown against a coat rack and kicked down the stairs by the husband of Gunnal Baeckstroem, a VPK central committee member and head of the Gaeola VPK office.

END OF PRIORITY SECTION OF LATE IPS 03-05-76



COMBINED IPS
MARCH 6, 1976

NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

I. Priorities

HAIG THREATENS "PERCEIVABLE APPLICATION" OF U.S. MIGHT

March 6 (IPS) — Stating that the West's task in the coming period is "managing global Soviet power," NATO supreme commander General Alexander M. Haig went on to warn that events in the Third World could reach a point where "Western power must be applied and must be perceivably applied" in order to avert a larger conflict with the Soviets, in an interview on the Canadian Broadcasting Corporation's program "As It Happens."

Warning of a trend of Soviet arms build-up that he termed of "the utmost concern to the West," Haig also said that "to the degree we experience inadequate conventional military capabilities we then find ourselves lowering the so called nuclear threshold, which raises the risk of our reliance on nuclear weapons to defend our interests." Haig also spoke of a "dramatic increase" in Soviet nuclear capabilities, and claimed that in recent months the Soviet Air Force has become "increasingly offensive in character."

Haig's interview was reported in today's New York Times by the paper's military correspondent, Drew Middleton.

WEST GERMAN GENERAL PRESENTS SOVIET ATTACK PLANS

March 6, 1976 (IPS) — Former West German General and member of NATO's Military Command Steinhoff today published the first of a twelve part series on the war intentions of the Soviet Union with analysis of five projected Soviet war options at the present time.

General Steinhoff's analysis, published in Die Welt, concludes that two options for conventional war are most probable. In particular, he said, a limited conventional Soviet attack in Central Europe "is very enticing for the Russians" because "the President of the U.S.A. who must give the go-ahead for the use of nuclear weapons would delay (in his decision)."

Although General Steinhoff writes that three remaining Soviet nuclear options are "too risky," one of NATO's major problems in making countermoves is that it will "be hindered by the lengthy and wearisome processes of democratic administration."

Steinhoff concludes with a discussion of the fifth option of a Soviet limited nuclear attack. "Nuclear blackmail (of this sort) would only succeed if the will to resistance and the resoluteness of the capitalists to defend their form of life" were lost, he concludes.

Steinhoff is the general who was primarily responsible for the deployment of the Lockheed F-104 Starfighter into the West German Air Force. The West German F-104s crashed at such prolific rates and with such heavy loss of life that the resultant scandal is still a sore point in West German politics.

DIE WELT KREMLINOLOGIST ISSUES WARNING OF SOVIET OFFENSIVE

March 6, 1967 (IPS) — Writing on the Soviet Union's just concluded Party Congress Die Welt Sovietologist Carl-Gustav Strehem, said today that the "cautious pragmatists like Kosygin and Podgorny are practically silenced."

Strehem, editorialist and Soviet specialist for the prominent West German Atlanticist paper, further warns cryptically that "the dynamic group around (party leader) Brezhnev and (politburo member) Kirilenko,

allied with the military and the iron eaters like the exponents of the secret police around Andropov and Alijev however need more than an ideological foundation for their power dealings." Without specifying what that foundation might be, Strehem concludes that "this is a disappointment for all of those West European leftists and revisionists who had hoped for an ideological loosening in Moscow."

ARGENTINA'S FINANCE MINISTER UNVEILS IMF AUSTERITY PLAN

March 6 (IPS) — In a televised speech to the nation yesterday, Argentine Economic Minister Emilio Mondelli introduced his "Emergency Economic Plan" drafted with the assistance of an IMF delegation now in Argentina.

Mondelli's 180-day program includes a 90 per cent devaluation of the Argentine peso, a 12 percent wage increase to make up for a 42 percent increase in prices since January first, simultaneous 60-150 percent increases on all public services and major price hikes for basic consumer goods. Both prices and wages will be frozen after this increase for a period of 180 days.

Mondelli said that his economic Plan is necessary to prevent the government of Isabel Peron from being taken over by the military. He also added that this was the only way Argentina could pay its foreign debt over 3 billion dollars and obtain credit abroad.

Mondelli's plan was reported by UPI and the New York Times today.

TITO CALLS FOR NEW INTERNATIONAL INSTITUTIONS AT THIRD WORLD MEETING

March 6 (IPS) — Yugoslav President Tito called for the immediate creation of new international institutions which would accelerate the pace of

development and "stabilize the world economy," at a meeting of 34 developing countries in Ljubljana, Yugoslavia, which began March 3. The meeting is discussing the public sector and state enterprises.

The Yugoslav head of State called for a coordinated effort between the advanced sector and the developing countries to create a New World Economic Order.

Tito's remarks were carried in the Yugoslav newspaper, Politika.

POLISH FINANCE OFFICIAL CALLS FOR "NEW FORMS OF FINANCE"

March 6, (IPS) — Polish Finance Ministry Official Kazimierz Zabielski yesterday called for "the creation of new forms of finance for the mobilization of funds for trade and industrial cooperation between the Eastern and Western Countries."

During a lecture in Vienna, Zabielski noted that because of the large volume of payment flow between East and West, the Communist countries "would not be indifferent towards the fate of the individual western currencies, their fluctuations and a change of the international monetary system."

Zabielski linked the possibilities for such "new forms of finance" to "large investment projects in the Comecon" for which "bilateral, regional or international banks with capital participation of Western as well as Eastern banking institutions should be created."

Excerpts from the lecture were carried by the Austrian daily, Die Presse.

SWEDISH FOREIGN MINISTER REAFFIRMS DETENTE, INDIA TIES

March 6 (IPS) — Swedish Foreign Minister Sven Andersson, meeting with Indian Foreign Minister Chavan, stated the ministers had discussed a broad Swedish-Indian agreement on technology and economic cooperation. According to the Stockholm liberal paper, Dagens Nyheter and Agence France Presse, Andersson further stated agreement that "detente is important and must be supported."

The Andersson remarks come as a major factional shakeup is occurring within the Swedish Foreign Ministry and Cabinet of Prime Minister Olof Palme around the issue of development and international debt moratorium. Kaj Bjoerk, currently Swedish Ambassador to China and formerly Special Advisor to Palme, is under sharp attack in the Liberal Swedish press. Expressen, largest circulation daily in Sweden, printed a copy of an internal memo written by Bjorek containing sharply anti-Soviet remarks. Commenting on Bjoerk's undiplomatic attitude, Expressen, in its editorial of March 4, remarks that fortunately, Bjoerk will never become Ambassador to Moscow. "There, Sweden must be represented by its best forces."

RHODESIAN MINISTER THANKS KISSINGER FOR WARNING TO CUBA

March 6 (IPS) — Rhodesian Foreign Minister and Defense Minister Pieter K. van der Byl yesterday expressed his "appreciation" for U.S. Secretary of State Henry Kissinger's warning to Cuba not to intervene in the conflict between the minority white government of Rhodesian Prime Minister Ian Smith and African revolutionaries. Van der Byl said that reports that Cuban troops and Soviet tanks have arrived in neighboring Mozambique for use against Rhodesia were "scaremongering," but charged that the Soviet Union was directing guerrilla opposition to his government with the aim of seizing all of Southern Africa.

Claiming that the West was unwilling to resist this takeover, Van der Byl added, "But I would like to take this opportunity of expressing my appreciation of what the American Secretary of State said. One could only be thankful that at least somebody in the Western world is beginning to realize the menace that threatens the West to the extent of being able to take a positive line on it."

Van der Byl was sharply critical of Great Britain, which has been pressing the Rhodesian government to grant representation to the nation's black majority. According to the New York Times, which reported his comments, van der Byl arrived in Johannesburg, South Africa following his statements in Salisbury, the Rhodesian capital, reportedly to meet with South African government officials.

PCF MASQUERADING AS GISCARDIAN CANDIDATE

March 6 (IPS) — Charles Pasqua, a National Delegate of France's Gaullist (UDR) Party, has charged that members of the French Communist Party are "posing as Giscardians" and running in upcoming cantonal elections as candidates of President Giscard d'Estaing's Independent Republican Party. His accusation was printed in yesterday's issue of Le Quotidien de Paris.

SENATOR CALLS FOR INVESTIGATION OF US 1975 TRADE SURPLUS STATISTICS

WASHINGTON, D.C., March 6 (IPS) — Senator Russell Long (D-La), chairman of the Senate Finance Committee, yesterday charged that Commerce Department figures which showed an \$11 billion dollar U.S. trade surplus in 1975 had been obtained by fraudulently distorting statistics. Long asked the International Trade Commission to conduct a thorough investigation of the Commerce figures.

The Senator, a prominent advocate of increased protectionist measures against foreign imports, is assumed to believe that the Commerce Dept. inflated the amount of the U.S. trade surplus — a key factor in maintaining the value of the dollar during 1975 — thus downplaying the impact of foreign imports on the U.S. economy.

CHARLOTTE OBSERVER: "UNEMPLOYMENT FIGURES ARE A FRAUD"

March 6 (IPS) — The Charlotte Observer has charged that official unemployment figures are a hoax in an editorial entitled "Out of Work: The South Is Hit Hardest." Citing a report by the Southern Regional Council (SRC), the Observer stresses that the real state of unemployment in the South is much worse than official figures describe. The report states that the official figures have been doctored in an attempt to justify reductions in Federal funds to reimburse southern states for unemployment payments.

The report states that unemployment and underemployment in the South is

about twice as high as official figures state, with actual underemployment ranging from 48 per cent for white males to 100 per cent for black males. Due to the manipulation of official figures by the U.S. Government, North Carolina is scheduled to lose Federal funds for extended benefits by April 1st, the editorial charges. It concludes warning the South's Congressmen, who "have done nothing to help the situation" that "all this should be remembered as elections approach."

CONGRESSIONAL BLACK CAUCUS LINING UP BEHIND HUMPHREY-HAWKINS

WASHINGTON, D.C., March 6 (IPS) — All but a few members of the Congressional Black Caucus will support a forthcoming compromise version of the Full Employment and Balanced National Growth Act or Humphrey-Hawkins Bill, an informed Capitol Hill source disclosed today. Black Caucus support for the legislation, which in its present form authorizes below minimum wage jobs in the public services, became known on March 4 when the Black Caucus met with House minority leader John Rhodes (R-Ariz.).

Rhodes, who is opposed to the bill, warned the Black Caucus members that the bill is hyper-inflationary. Rhodes contended that the public works legislation will further erode the already weakened international monetary system. But, according to the source, Rep. Augustus Hawkins (D.-Calif), spokesman for the Caucus and co-author of the bill along with Senator Hubert Humphrey (D.-Minn), pushed Rhodes' objections aside, stating that the International Monetary Fund would be healthier in an environment of economic growth even if it's hyper-inflationary.

The compromised version of the Humphrey-Hawkins bill — which is not expected to delete the below minimum wage provisions — will be disclosed on Monday, March 8.

CHINESE WALL POSTERS ATTACK MAO'S WIFE

March 6 — (IPS) Large wall posters have appeared in the Chinese city of Canton denouncing Chiang Ching, Communist Party Chairman Mao Tse-

tung's wife and a key leader of China's "radicals" who are trying to restore the policies of the 1960's "Cultural Revolution" according to reports by United Press International. The attacks on Chiang are a direct counterattack by moderate forces aligned with deputy premier Teng Hsiao-ping who has been the major target of radical criticism for allegedly being China's leading "capitalist roader." The Canton attack on Chiang significantly comes just after the radical-controlled Peoples Daily newspaper launched a major attack on Teng for disliking China's "revolutionary operas" which are under Chiang's direct supervision.

BRD PRESS REPORTS PROJECT WAR IN EUROPE

March 6 (IPS) — A Norwegian "Peace Research" Institute has released a study purportedly showing that "two million would die in the first 48 hours" of a war on West German territory. The study is extensively reported on page three of today's Frankfurter Rundschau.

II. International

LE MONDE ECONOMIST SKEPTICAL OF 'UPSWING'

March 6 (IPS) — Paul Fabra, the economic expert of the French daily Le Monde, expresses strong doubts about the U.S. economic "recovery" in an article March 4. After noting that the U.S. "conjuncturists" who presently all agree that "the upswing" is underway, have all regularly failed in their past predictions, Fabra points instead to the danger of a "grave relapse" of the recession.

Despite the "upswing," Fabra argues, banking credit has not been increasing, but rather is decreasing every week. Moreover, he states corporate financial structures are "very fragile;" banks are "still in a difficult situation;" and the 35 billion dollar deficit accumulated by the Third World over 1975, and financed for the major part by the New York banks represents "another factor which increases the vulnerability of the American banking system."

Fabra is a well-known advocate of a return to an international gold standard.

BRITISH CONSERVATIVES PUSH LEFT TOWARDS DEBT MORATORIUM

March 6 (IPS) — British Conservative member of Parliament Nicholas Davenport, writing in the current Feb. 28 issue of the right-wing weekly Spectator, complains that London Times columnist Peter Jay made the economic choices facing Britain too painfully explicit in a recent column. Jay, who called for a new central facility to grant 25 year credits to the Third World in his column March 5, had the previous week, described the current British economic situation as "a classic profile of national bankruptcy ... the slippery slope which leads ineluctably to the repudiation of debt and political collapse."

Now, Davenport retorts: "I wish he (Jay) had not used such alarmist words, Miss Joan Lestor, Mrs. Judith Hart and Eric Heffer (all leading members of the left-wing Tribune Group) might take him seriously and start calling for the repudiation of debt."

OECD PUSHES CANADIAN CORPORATIST SCHEME

March 6 (IPS) — Labor Ministers from 24 countries belonging to the Organization for Economic Cooperation and Development (OECD) concluded an unprecedented meeting in Paris yesterday which was called to "harmonize employment policies" in the capitalist sector. According to yesterday's issue of the French daily Le Monde, one of the major themes of the meeting was the "implementation of employment projects financed by local communities," on the model of the Canadian "Local Initiative Programs" (LIP), under which unemployed are encouraged to set up and run their own local slave labor projects.

Admittedly drawing its inspiration from the Canadian corporatist program, the French government has simultaneously announced the creation of "Committees for the Promotion of Employment" in each department, which will possibly examine "projects" submitted by local communities.

Senator Hubert Humphrey, a leading U.S. corporatist, introduced a proposal modelled on "LIP" for consideration by the Congressional Joint Economic Committee last week.



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

SUNDAY, 7 MARCH 1976
COMBINED ISSUE

I. PRIORITIES

RUN ON POUND OUT OF CONTROL; LONDON TIMES FEARS CURRENCY CHAOS

March 7 (IPS)--According to front-page articles in the leading British dailies yesterday, the collapse of the pound sterling to below the 2 dollar level on the foreign exchange markets, was encouraged by the Labour Government as part of its economic strategy to make British exports more competitive. The Daily Express bluntly called it "backdoor devaluation." According to the Daily Telegraph, the "trigger" was pressed by the Bank of England itself on Thursday when it sold 80 million pounds to replenish its reserves with dollars, but, in the general market confusion which ensued, "once it started, the run on the pound became too great for the Bank of England to resist even if it wanted to."

The Financial Times writes that the pound's sudden plummet "appears to have taken the authorities by surprise," while the London Times lead article makes known that "the great fear in the foreign exchange markets yesterday was that the turmoil over the pound could lead to a more general upset of the currency system."

CONSERVATIVES DEMAND EXPLANATION FOR POUND'S COLLAPSE

March 7 (IPS)--British Conservative Party spokesman on prices and consumer affairs, Norman Lamont, criticized the government's handling of the pound sterling's dramatic collapse in a speech quoted in yesterday's London Times. Lamont demanded an explanation of why British authorities were deliberately allowing a depreciation in the value of the pound in relation to other currencies. "Everything the authorities are doing seems designed to weaken the pound in the most dramatic way," Lamont charged. "Normally the bank does not comment on market operations. But the Chancellor of the Exchequer ought to make a statement about the government's policy toward the pound."

(MORE)

PHILADELPHIA BUDGET DIRECTOR THREATENS MASS LAYOFFS
TO PUSH 29 PER CENT STATE TAX INCREASE

March 7 (IPS)—Philadelphia Mayor Frank Rizzo's Budget Director, Lennox Moak, has warned the Pennsylvania State legislature that unless a 29 per cent tax increase is passed, 3,5000 city workers will have to be laid off, according to the Philadelphia area press this morning. Moak said that without the layoffs of state taxes, he must enact a 50 per cent city tax increase in July.

The Moak austerity program includes:

- 15 per cent layoff of city service workers, including 5 per cent in police and fire,
- garbage pick-ups cut from 2 days to 1 in areas that still have 2 days,
- shutting Philadelphia General Hospital earlier than planned,
- shutting off street lights in half of the city.

END OF PRIORITIES FOR SUNDAY, MARCH 7, 1976