



# NEW SOLIDARITY International Press Service

P.O. Box 1972, G.P.O.  
New York, New York 10001  
Editorial (212)279-5950  
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Single copy \$10      Yearly Subscription Rate \$350

Vol.III Issue 11

March 16, 1976

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IPS DAILY REPORTS FROM MARCH 8 THROUGH MARCH 15

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## INTERNATIONAL MARKETS NEWSLETTER

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## Dollar Crisis Out of Atlanticists' Control

March 13 (IPS) — The chaos this week on money and commodity markets following the continued precipitous collapse of the British pound sterling and the Wall Street organized attacks on the French franc has moved out of control of the Rockefeller-Harriman-Ball directed banks in New York City.

On Thursday and Friday, the Banque of France responded to the Wall Street-directed currency war by dumping dollars, flooding the international markets with an estimated \$1 billion, and thereby thwarted the attempt to force a franc devaluation.

Earlier in the week, the Atlanticists forced devaluation of the pound sterling had produced volatile cash flows out of all paper currencies and into the safety of commodities.

Only an absolutely unprecedented U.S. Treasury note rescue operation which absorbed some \$9.05 billion from the dollar-flooded markets conducted by the central banks of the U.S. and West Germany, prevented the dollar empire from going down this week for the count.

After a week of this economic warfare, the casualty list, measured by the vast sums spent by European central banks defending their currencies was the following:

The Bank of France has spent \$1.75 billion; since the beginning of the year the French have spent more than \$4 billion or almost half their entire currency reserves; the West Germans spent at least \$800 million; and the Bank of England spent more than \$750 million.

While its outlays on the currency markets were relatively light, last week's lifeboat operation by the U.S. Federal Reserve placed the U.S. central bank in a position identical to that of the Bank of England just prior to the renewed collapse of the pound two weeks ago. For the last year, while sterling had doggedly persisted, the Bank of England sold 5 billion in pound-denominated short term Treasury notes to provide opportunities for investment for the British currency. This rescue operation gave out at the mere threat of a rise in interest rates in the dollar sector. By using the U.S. Treasury as the sponge to soak up the dollars on the international markets, Fed chairman Arthur Burns has established that the basis for the value of the dollar, is a rise in the U.S. government deficits. While some immediate pressure has been taken off, the dollar is in its most volatile possible position in its history.

The developments on the currency markets resemble a game of chicken between the Atlanticists and their opposition.

### The Opposition and the Panic

Early in the week few people had expected the French franc to last another day without devaluation under the incredible Wall Street-directed selling pressure coming from U.S. multinationals and banks. Responses from leading New

York bankers ranged from, "it's amazing," to "it's the damn Gaullists denying economic reality and foolishly acting out their anti-American hostilities." The Gaullist barons have pressured the Banque into its \$4 billion reserve dumping operation.

The Gaullists resistance quickly led to some very interesting developments both politically and market-wise. By March 10, the pound, (which under the latest proposal of the dollar-deutschmark axis scenario was only supposed to devalue by 4 per cent) continued to fall as if in a bottomless pit, forcing unusually heavy intervention from the Bank of England. At the same time, the speculative move out of pounds and into copper, sugar, silver and other "safe" havens, was picked up in New York where speculators began arbitraging between dollar-denominated lower-priced commodities in New York and sterling-denominated higher-priced metals, grains, etc. in London.

Despite this inflow of funds into the sterling and out of the dollar, the pound dropped in value against the dollar by a record 4 cents March 10 and by the end of the week had slipped by a whopping 11 cents. The pressure was so great on the pound that the bankrupt Bank of England had to spend \$750 million of its \$1.1 billion in the just-acquired bailout loan from the International Monetary Fund (IMF) to prevent the British currency from dropping out of sight. There was talk about the pound hitting the \$1.80 to the pound level and with the forex market in a state of near panic.

A nervous Federal Reserve started buying up U.S. Treasury bills in single orders of as much as \$250 million worth in behalf of the West German central bank in a mad rush to absorb the rush of dollars out of European central bank coffers. In addition, the Fed's move was aimed at stopping U.S. short-term interest rates from tumbling further and thereby accentuating the unattractiveness of the dollar.

### A Change In Strategy

Unable to "break" the French, the pound dropping uncontrollably, and with volumes of sales contracts for such key commodities as copper, silver, and sugar having risen by between 200 to 400 per cent of their week-ago levels in London, by March 11 the Atlanticists decided to change their strategy in midstream. Forced by opposition to momentarily give up the aggressive strategy of forcing devaluations of West European currencies against the West German mark to force immediate 25 to 30 per cent cuts in the living standard of the European population, in coordination with their allies in West Germany, Wall Street moved to defend the dollar — at all costs.

The West Germans, according to reliable banking sources

here, made available Deutsch Mark credits to the Banque de France. This would enable the French central bank to defend the franc without having to dump dollars while giving them cash to buy up 2 to 3 billion in U.S. Treasury securities. The next day however, the Banque de France still dumped at least \$450 million along with between 1 billion to 3 billion in Deutschmarks.

The French resistance to Wall Street's brutal attempts at debt collection, a sign that Atlanticist power was waning, helped feed other resistance around the world. On March 11 thirty-six members of the left-wing Tribune group of the ruling British Labour Party joined with the Tories and voted down the IMF-dictated austerity package of Chancellor of the Exchequer Denis Healey.

The same day that the British parliament voted "no" to Atlanticist austerity — an authoritative Banque de France official said that there were negotiations in progress between the Swiss central banking authorities and the directors of the Banque de France to establish a floor price for gold. According to the official, the loyal West Germans are the major obstacle holding up such coordinated European central bank move to a gold-backed European snake. "The Germans don't want to displease the Americans," the Banque de France official declared.

This information shed additional light on the Bundesbank, the West German central bank, currency intervention role of last week. While the West Germans intervened on behalf of the French franc and the Danish kroner and extended them deutschmark loans for the protection of the European currency snake, the Bundesbank also bought between 2 to 3 billion in dollars that Arthur Burns was peddling last week. West Germany, 50 per cent of whose trade is with the Europeans (France is Germany's major trading partner absorbing 17 per cent of its exports) will be destroyed if the franc and other devaluations go ahead.

#### **Resistance Not Enough**

Yet the West Germans won't openly break with the dollar

in their own "self-interest." On the other hand, bold as they may be, the moves by the Gaullists, the Tribune group in Britain, and the Swiss, are hardly sufficient to forestall a chaotic collapse. The March 15 meeting of the central bankers and finance ministers of the European snake member countries will most probably vote some kind of a realignment of the snake, involving a de facto devaluation of the French franc and other weaker European currencies and permanently damaging the real economy of Europe as a whole in the process. At least, what is what the Wall Street bankers are hoping. March 15 is the day after county election runoffs and French President Giscard d'Estaing will consequently have more maneuvering room, the bankers said.

The West Germans may realize that Federal Reserve vice-chairman Henry Wallich, the man instrumental in working out the deutschmark central bank swap arrangements under which deutschmarks and not dollars will be used to fuel the currency war, and U.S. Treasury Secretary William Simon, have nothing to offer them but economic rout. They also agree to maintain the European snake. But such action can only postpone a full-scale dollar collapse for a few days.

The stupidity of Wall Street's opposition is exacerbating the crisis. Their attempts to avoid dealing with the debt overhang and need for a new international credit institution by negotiating to maintain the "status quo" or moving into commodities will merely recombine with the existing chaos to produce a self-feeding collapse.

As the Fed operation also shows, the Atlanticists are bluffing from a position of strategic weakness. At the point that the banking community is convinced that the situation is out of the Atlanticist's control, the worst panic in financial history will take place. It is entirely likely that the world's \$ 800 billion debt overhang will unravel into a collapse between now and the March-April payments deadline. For Wall Street based collectors of dollar denominated debt it is only a matter of time before their power is lost once and for all.

The upcoming week's developments may prove to be decisive in the history of the dollar empire.

# **Treasury's Simon Tours to Enforce Global "Big Mac", Austerity**

March 13 (IPS) — U.S. Treasury Secretary William Simon, currently on a two-week tour of key European and Third World capitals, is acting as the official enforcer for Wall Street's global "Big MAC" austerity debt collection program. Still holding out the promise of a "\$25 billion safety net" fund to bail out West European countries on the verge of default, a scheme which has yet to gain the approval of the U.S. Congress or any European Parliament, the former New York bond salesman is demanding immediate 25 to 30 per cent cuts in consumption for advanced sector workers and genocidal levels of austerity for the Third World.

Simon arrives in Britain next week; his itinerary, from Egypt to Brazil, encompasses the national sectors to be stripped on behalf of their creditors.

## **British Death Sentence**

Following the Bank of England's capitulation to Atlanticist demands for devaluation of the pound sterling last week, British workers have already taken a 25 per cent across-the-board decrease in their living standards, through a combination of price increases which will put most necessities out of reach of working class families.

Acting on the demand of its creditors, the British government raised the cost of electricity by 11 per cent, coal by 11 per cent, steel by 10 per cent, and rail by 12 per cent — costs which immediately multiply in the consumer sector. Under a new agreement with the European Economic Community (EEC), the British population immediately will pay 4 per cent more for protein food. London transportation fares have risen 25 per cent. The projected 10 per cent devaluation of the pound sterling will raise the cost of imported goods by 10 per cent. These notches on the British worker's belt worsen a situation in which potatoes, a staple in the British diet, have risen from 40 to 50 cents a pound this year.

Together the austerity measures constitute an immediate 25 per cent cut in consumption. Not since the Nazi occupation of Western Europe during World War II has an industrial working class faced this level of austerity, a death sentence for millions of British workers.

## **IMF Mass Murders: Egypt and Argentina**

In Egypt, his starting point, Simon railed at the government's sluggishness in "attracting private capital." The Treasury's terms are: a 50 per cent devaluation of the Egyptian currency, doubling the cost of imported goods; handing over direction of the Egyptian economy to the International Monetary Fund (IMF), the world's monetary policemen; and the removal of the government subsidy for necessities, including bread. The last measure will raise the price of bread 12 times over. IMF staff are currently divided over the political acceptability of a 1200 per cent increase in

the price of food staples. Egypt owes about \$10 billion to Western creditors.

Simon's formula for immediate mass starvation in Egypt is the International Monetary Fund prescription for 20-odd Third World countries with a collective debt of over \$40 billion. Wall Street decided on a total shutdown of short-term trade credits in December. Sector by sector, the IMF has introduced a concentration camp regimen to mop up the consequences.

While Simon's delegation arrived in Italy, the finance minister of Argentina, Emilio Mondelli, ignited civil war with the following measures: 90 per cent devaluation of the Argentine peso, doubling the cost of imports; doubling of the cost of fuel; doubling of the cost of most utilities; 30 to 90 per cent increases in basic food costs; and a six-month wage freeze. During the first two months of this year alone, the cost of living rose by 50 per cent.

Argentina has worried bankers as the weakest of the Third World debt dominoes. The country has no means whatsoever to repay \$1.1 billion which comes due April 1. Compared with the IMF's proposed 80 to 90 per cent cut in living standards by decree, the Nazi's treatment of occupied Europe was generous. To "stabilize" Argentina's debt position the IMF and the banks propose to murder its population within a period of months.

## **Italy: Containment of Consumption**

Italy's political situation is too explosive, bankers complained, for the U.S. Treasury Secretary to push through austerity Argentina-style during this week's visit. What Finance Minister Colombo, Bank of Italy chief Paolo Baffi, and Simon agreed to in meetings yesterday was "containment of consumption and an improvement of the balance of payments situation," that is, drastic cuts in essential imports, to "regain the credibility of the international markets."

To prevent Italy's immediate bankruptcy as fuel and food bills come due during the next three weeks, the Treasury has slapped together a loan package including \$8 million from the U.S. Treasury, a \$1 billion guaranteed loan through the EEC (not yet negotiated), and a \$500 million loan from Britain — which is in worse financial shape than Italy. Presumably, the Treasury reasons, where Britain is going, it won't need it any more.

To begin exports, Italy will have to increase production, which means importing raw materials since Italian corporation warehouses are empty. Simon's miserable loan package — even if Italy received cash this week — could not simultaneously finance Italy's debt service and balance of trade deficit for more than eight weeks. Apart from the Treasury's \$800 million, the loan itself is hypothetical. Simon

favors import controls in any case and the Treasury's dictates to Britain, which Simon will present in person next week, guarantee that Italy has nowhere to export to. The entire stupid charade is designed to cushion Italy through the March 31 payments deadline, and prevent an Italian debt moratorium from taking the rest of the dollar empire with it.

### Kissinger "Safety Net" Revived

While the debt collector Simon tours, Wall Street is attempting to ram Secretary of State Henry Kissinger's discredited "safety net" proposal through Congress in time to prevent a wave of debt defaults leading to a major blowout of the U.S. banking system. Under this scheme, the U.S. and West German governments will engage in hyper-inflationary paper-printing to the tune of \$25 billion to refinance the debts of Italy, Britain, Japan, France and other advanced sector debtors. As Assistant Treasury Secretary Gerald Parsky admitted yesterday at a Washington press gathering, the "safety net" is tied to austerity conditions even more severe than those which the European Economic Community (EEC) has demanded of Italy. The measure has languished in the Senate Foreign Relations Committee for months. Kissinger will meet with the committee in closed session next week in what may be a final effort to get the package moving.

Meanwhile, in Bonn this week, Simon is reported to have met little success in his efforts to persuade the Germans to play their assigned role in the "safety net" scheme, reflating their economy to generate funds for debt roll-over while acting as the policemen of Europe. Simon's argument was that the much-touted U.S. recovery would provide a market for West German exports even as their European trading partners are being forced, under the austerity conditions of the scheme, to cut back their imports. The West Germans, however, have long since given up hopes of a U.S. upswing. Many West German sources reported that they no longer believe U.S. government statistics on the "recovery" — a fact which must have caused the gaggle of economic advisors accompanying Simon to fret for their jobs. Simon appeared vis-

ibly rattled at his Mainz press conference when an IPS reporter exposed the U.S. recovery myth and termed the dollar as "bankrupt" "Bankruptcy! Bankruptcy!, Simon shrieked. "We have a hundred a day. Bankruptcy is just part of free enterprise."

### Quarantine

Appropriately, Simon ends his tour two weeks from now in Brazil, the testing ground for "containment of exports," as Simon described his plans. Despite a 30 per cent cut in imports during the past six months, Brazil will require double last year's refinancing of \$4 billion this year to remain solvent.

Like most foreign visitors, Simon's party will not venture outside of their hotel or ministerial offices, in terror of the epidemic diseases which have overtaken the 100 million victims of Brazil's austerity program.

### "It's not true, I tell you ..."

The following is a partial transcript of an exchange between U.S. Treasury Secretary William Simon and an IPS reporter at a press conference in Rome, on March 10:

**IPS:** Mr. Simon, did you discuss an Italian debt moratorium against the International Monetary fund with Italian Treasury Secretary Emilio Colombo?

**Simon:** We discussed the IMF...

**IPS:** Mr. Simon, the U.S. economy is bankrupt, the dollar is collapsing and next week is expected to blow up. How do you...

**Simon:** No, no ... this is incredible it's not true, I tell you not true... That's a real nice story ...

**IPS:** Mr. Simon, at the end of March it will be impossible to roll-over world debt and the IMF will collapse. Third World countries simply cannot...

**Simon:** Ah, ah, ah...I would like to see you at the end of March..Can I? I'll see you all at my next press conference.

## INTERNATIONAL MARKETS NEWSLETTER

### **Profile of French Opposition:**

# **Gaullists In Revolt Against Giscard Gov't, U. S.**

Only drastic policy changes can save the government of Atlanticist French President Valéry Giscard d'Estaing and Prime Minister Jacques Chirac. In less than a month, the Gaullist "barons" led by Michel Debré, Alexandre Sanguinetti and others have taken over much of their industrialist, banker and higher functionary base, derailed their drives for European militarization under NATO's "Tindemans Plan," and are now pushing to force through the repudiation of key elements of the government's Atlanticist austerity policy — and break with the dollar empire.

The extent of the government's disarray was underlined in the March 10 *Le Monde* by former minister Albin Chalandon, a titular member of the UDR Gaullist party, but in fact a spokesman for the policies of Giscard. Begging the U.S. government to let West Europeans create a gold-backed monetary zone to offset the pressures against the French franc and other currencies engineered by New York banks, Chalandon wrote: "It is in the long run extremely dangerous for the US to continue to make of the dollar the instrument of domination which, henceforth, cannot be backed by sufficient political and military means. Like any excess, this one will bring about a reaction — voices are already calling for one in France, and they are not all Communist — and this reaction can only mean a growing autarchy which will destroy what was remaining of unity in Europe, and draw each European nation closer to the autarchic East bloc."

Chalandon's fears are well founded. In an interview with the magazine *Le Nouvel Observateur* March 8, former UDR general secretary Alexandre Sanguinetti said that "the future of France is to be non-aligned" and confirmed the "esteem" the Gaullists have for the French Communist Party (PCF). Two days later, Giraut de Coursac, head of the Gaullist Institute for Foreign Affairs, charged that "NATO is a U.S. political office directed against member countries" and that "France's sovereignty is threatened by a minority paid by imperialism." Finally, General Binoche, former Commander of the French sector in Berlin, yesterday invited the French electorate to "oppose those who serve the German-American interests and betray the memory of General De Gaulle, though they boldly use his name," and to elect, at the second round of the nationwide county elections March 14, "the candidates who place the necessities of national independence above all other considerations."

This open call for the consolidation of a de facto Gaullist-Communist "national independence" axis is at the center of the barons' strategy to isolate and eventually discard Giscard in favor of an authentic Gaullist alternative. The result has so far been the dislocation of the unholy "presidential majority," and the beginning of an open rebellion by the Communist Party (PCF) rank and file against NATO agents like General Secretary Georges Marchais who comprise their leadership.

### **Breakdown of Coalition**

Following the dismal performance of the government coalition at the first round of the county elections March 7, the coldness which heretofore characterized the mutual relations of the majority parties — the Independent Republicans (IR), the Reformateurs and the UDR — degenerated into open warfare.

After Giscard's intimate, Interior Minister Michel Poniatowski, misrepresented the results and talked of the "prodigious growth" of the IR and the NATO-run opposition Socialist Party (SP), the UDR's official spokesman Lucien Neuwirth stated that his party would conduct its own poll to determine the extent to which the Interior Ministry had deflated the UDR's tally. This sharp rebuke has since been picked up by Sanguinetti and UDR General secretary André Bord, forcing the Gaullist Prime Minister Chirac to appoint two new "political controllers" to the UDR leadership — whose members he handpicked a year ago — to prevent it from openly attacking the government.

In various regions, county election candidates for each of the majority parties are violating national directives for "unity" and opposing each other in the March 14 run-off, at the risk of facilitating a victory by their SP-PCF "united left" opponents.

### **Division In PCF**

However, similar divisions are occurring within the PCF, despite national orders to the membership to systematically support and campaign for the first round's leading left contender, even if he happens to be a SP Atlanticist. In Lorraine and Normandy, two candidates who had refused to withdraw from the running had to be expelled from the party, while in the Haute-Loire department, the entire PCF federation is backing its candidate's decision to oppose the local socialist. The repeated breaches of party discipline are uniformly characterized by the press as "unprecedented."

The workers' growing rage at the continuing economic collapse as well as their lukewarm reception of PCF General Secretary Georges Marchais' drive for "democratic liberties" in the Soviet Union and for uncritical PCF support of the coporatist policies put forward by the Socialists, is the immediate cause of the party rank and file's restiveness.

### **Working Class Revolt**

Throughout France this week, a rash of rotating strikes protesting the government's refusal to negotiate new wage contracts for civil servants and nationalized industry employees broke out, involving between two and four million workers. On March 8, a nationwide teachers' work stoppage closed all primary and secondary schools, while strike participation in the postal and railroad sectors reached

unusual highs. In Paris, a 100,000 strong demonstration for higher wages and cost-of-living increases closed traffic down for several hours in the wealthy Louvre district. Forty thousand metal workers will reportedly stage a 24-hour strike near the city of Saint-Etienne next week — the largest figure ever in this area.

#### **Union of the Left**

While the government has promised to “seriously negotiate” with the civil servants’ unions, its real intentions were revealed in a statement issued today by Finance Minister Jean-Pierre Fourcade, who claims that four of the emergency employment and production programs featured in the nation’s VIIth quinquennial economic plan will have to be scrapped for lack of the necessary funds. The CGT trade-union confederation now predicts that there will be 1,000,000 unemployed under 25 years of age next fall.

In view of these perspectives and the government’s complete impotence, certain Atlanticist layers are openly admitting that a “union of the left (PCF-PSF)” government would be a lesser evil than the collapse of the Giscard-Chirac team or the alternative Communist-supported Gaullist “revival” which the barons are now preparing. Yesterday, the financial daily *Les Echos* called for early legislative elections — which would result in the left’s victory — and wrote in its editorial that “the Socialist Party and its leader Francois Mitterrand feel surely strong enough (...) to dictate their conditions to the Elysee (Giscard’s residence) and the PCF.” *Les Echos*’ motivation is simple: “There is an area where the situation would very quickly worsen, that of maintenance of order. Some hesitations are costly...”

Such a left alternative is precisely what Giscard requires to prevent his early demise under the conjugated blows of the Gaullists and the mass strike.



# British Parliament Rejects Atlanticist Spending Cuts

The British Parliament this week defeated the Labour government's proposed White Paper which demanded \$12 billion in 1977-79 spending cuts. The Paper had been trumpeted as the "turnaround" in Britain, and as a model for Europe, when Chancellor of the Exchequer Denis Healey brought it out a month ago.

"We're not pleased, to say the least," said an overseer of British loans at Chase Manhattan Bank. Describing the United States's most faithful and best-controlled European ally, he said, "they promised in 1974 that they would cut spending by so much, then overspent wildly in 1975. Then they turn around and try to cut by a little bit in 1976, and even that can't get through. I tell you, it's all pretty depressing."

The austerity plan was defeated by an ad hoc parliamentary coalition between left-wing dissidents in the ruling Labour party, the so-called Tribune Group, and rank-and-file MPs in the Conservative Party outside the immediate control of the Atlanticist leadership headed by Margaret Thatcher. This alliance administered the first serious defeat to the government of Prime Minister Harold Wilson, and has raised Britain's outrageous \$113 billion national debt as a political issue.

On the question of what to do about the debt, however, both sides of the alliance have waffled.

The Conservatives have denounced the growth of national debt while blaming it on government spending and demanding cutbacks in social-service programs. The Tribune group, a loose-knit faction whose 70 members make up about one quarter of the Labour Party representation in the 525-person House of Commons, are asking for a patchwork of increased tobacco taxes and cuts in defense spending to finance the budget. Their ambiguous stand implies that demands for maintenance of social services and the payment of national debt can both be satisfied.

Talk of debt moratorium, the only realistic solution to the British crisis, has been mostly confined to private discussions between the two groups and in official government circles.

Without a common program of debt moratorium the alliance between the Tribune and Tory backbenchers can't last long. But it has already created a potential for lessening Britain's dependence on the U.S. State Department, and opens the door to discussions and link up with anti-austerity industrial capitalist factions in France and Italy.

Consequently, spokesmen for Wall Street have greeted the defeat of the White Paper with fear and dismay. An economist at Manufacturer's Hanover Trust observed that Britain was "getting to be like Italy, with a currency crisis first, and now a feeling of government paralysis and low morale on top of it." The New York Times, which ran the Chancellor of the Exchequer's heroic beetle-browed visage on its front page and trumpeted the "new realism in Britain" when Healey first proposed his cuts, buried the new of the White Paper's defeat in a small item on page 16.

Later press coverage has emphasized the "irresponsible

action by a small group of left-wingers who abstained "on the White Paper vote, but who then voted for the Harold Wilson government the next day to prevent Wilson's forced resignation. Prime Minister Wilson and Chancellor of the Exchequer Healey have both deliberately lied that the left-wing abstainers, the Tribune group, were in an alliance with Tory leader Margaret Thatcher, who rivals Wilson and Healey in her devotion to the Atlantic alliance.

The truth is this: the Tribune group, backed by motion from anti-Thatcher conservatives, actually carried through a threat to split from the Labour government for the first time in the group's 25-year history. Their unusual determination did not come from their union base, since there are only preliminary signs that British unions are recovering from their last eight months of passivity. The Tribune's strength came from their alliance with a significant section of the Conservative Party, but not the Thatcher leadership.

While denouncing the non-existent alliance between the Tribune group and Mrs. Thatcher, to divert attention from their own de facto alliance with the Tory leader Wilson and Healey have begun a red-baiting campaign against both the Tribunes and the backbench Conservatives. A former Military Intelligence official made headlines two days in a row, first by charging that an unnamed "high Conservative official" from the non-Thatcher wing of the party was an agent of the Soviet secret service, then by threatening to name present prominent Labour Party members "who had never renounced the Communist affiliations of their youth."

The prospects are that the U.S.-trained government of careerist Harold Wilson and think-tank-item Denis Healey will stay in office in the immediate future, continuing their de facto alliance with Mrs. Thatcher. New York and London bankers surveyed this week, though shaken by the Labour Party cabinet's incompetence, pointed out that their only alternative, direct rule by the Conservatives, would risk an explosion of strikes by the unions. "You have a fundamental paradox in Britain at this point," said the Chase Manhattan officer. "Labour is in office, but just by the economic realities of the situation they have to carry out Conservative policies. And they have done it — freezing wages, allowing unemployment to grow to 5 per cent." Another banker with British accounts said, "Wilson has done a masterful public relations job on the unions. Masterful. Quite incredible."

Meanwhile Labour government's austerity demands on the British population continues to grow. This week alone meat and dairy prices rose 3.5 per cent following a new agricultural agreement with the Common Market; the nationalized rail, steel, coal, and electricity industries, and the Post Office, announced price increases of 10 to 20 per cent and the continuing devaluation of the pound sterling will add at least 6 per cent to all import prices.

The Bank of England topped it all off by demanding that the ceiling of 10 per cent on wage increases, which has prevailed since July 1975, be lowered to three per cent. A spokesman for Chase Manhattan, commenting on this ambitious call, could only say, "good luck!"



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DOMESTIC MARKETS NEWSLETTER

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## Inventory Buildup , Consumer Recovery Expoded As Fraud

March 9 (IPS) — A quarterly report on the balance sheets of U.S. non-financial corporations released this week by the Federal Trade Commission (FTC) unwittingly exposes that the so-called economic upturn is a product of paper swindles and statistical lies to keep from the American population the reality that the U.S. economy is about to enter the worst depression crisis in history.

As the fairytale of the government economists and statisticians goes, the great sell-off of inventories in the second and third quarters of 1975 was the springboard to "economic recovery;" warehouses were cleared of overstocked supplies, corporate liquidity improved and factory production was in high gear, set to take-off.

Nothing of the sort happened. What really occurred — as the FTC report reveals — was a mere reshuffling of unsaleable goods from one warehouse to another. Manufacturers passed off their piled-up inventories to wholesalers and retailers who could find no final buyers to pay the price. The only genuine liquidation was the liquidation sale of bankrupt W.T. Grant's — the largest retail failure in U.S. history.

How about the alleged improvement in corporate liquidity? If any such benefits befell manufacturers from this swindle transfer of unwanted goods, it was at the expense of a breakneck deterioration of the liquidity of wholesalers and retailers.

As the FTC report details the entirety of the stocks transferred from manufacturers to distributors in the late spring and summer were financed by one-month suppliers credit. When no buyers could afford to take these stocks off distributors' hands, they were left holding roughly \$7 billion in such one-month-maturity liabilities and could not liquidate them.

The result was a liquidity crunch on the order of September 1974 — right before the great industrial bust. By the FTC's own computations the two "acid tests" of corporate liquidity — the ratio of suppliers credit outstanding to final sales and of cash to current liabilities (of which half constituted suppliers credit) — deteriorated to the crisis levels of September 1974 when current payments could only be financed by rapid inventory liquidation and industrial shutdowns.

And this is precisely what happened in the first weeks of October, as fourth quarter manufacturing dropped 14 per cent. In short, the sell off of the inventories was a big fraud which produced not a recovery but the beginnings of an industrial depression.

### Economists Scratch Their Heads

Asked to consider the implications of his own findings, the Chief Economist of the Federal Trade Commission said, "I don't see how I could have missed this 'unusually' large rise in suppliers credit. Yes, the ratio of this outstanding credit to sales is right where it was before the collapse one year before. I see your point: September (1974) was just before the collapse."

admitted that this payments crisis had gone unnoticed by just about every business economist including himself, but asked in great puzzlement, "If this is true, which it seems to be, how could production have risen in the last quarter of 1975" as the Commerce Department reports. This same question was on the mind of scores of economists who were presented with the facts about the great inventory swindle.

The answer is quite simple; the Commerce Department attributed the actual 14 per cent decline in manufacturing in the fourth quarter to so-called "seasonal factors," and made this appropriate and fraudulent "seasonal adjustment" to show a 10 per cent rise. While a dislexiac might have taken this Commerce Department inversion at face value, the FTC figures make inescapable what anyone with a little brains should have realized all along: the decision by retailers and wholesalers to slash orders and cancel shipments and manufacturers' decision to cut production were based not on seasonal whims but on a far-reaching liquidity crisis on the verge of critical mass.

### The Fraud of All Frauds

The fact that the Sept. 30 liquidity crisis produced an industrial contraction but did not lead to a full-blown industrial shutdown was due to still greater paper frauds. Since September, the liquidity crisis has been papered over by consumer credit extensions by retailers desperate to keep retail sales from falling through the floor. Retailers have stuffed consumers who could not pay up in cash with credit to help liquidate their own outstanding suppliers credit. To get the cash to meet the payments to suppliers, retailers have been issuing their own IOUs to other corporations — mostly their own major suppliers — and using the proceeds of the sales of the new IOUs to liquidate their old credit. While it might appear that this chain of paper shuffling can go on endlessly, there is one big problem: this gross pyramiding is escalating, while its base — the income of workers — is shrinking. As workers begin to default or cut back consumption to avoid bankruptcy, the links of the chain will break one after another and a full-scale payments and production crisis will erupt.

## Response By Business and Government Officials to The Fraud

Following are the reactions of leading government and business officials when they were informed that just-released Federal Trade Commission retail figures for the last quarter of 1975 show a sharp rise in outstanding suppliers credit, an indicator that the touted fall "consumer upswing" is a fraud, and that, instead, manufacturers unloaded unsaleable inventories on retailers who have found few buyers.

### Government officials:

Federal Trade Commission, chief economist:

"I don't see how I could have missed this unusually large rise in suppliers credit. Yes, the ratio of this outstanding credit to sales is right where it was before the collapse one year before. I see your point: September (1974) was just before the collapse."

\* John Creneans, director of the Bureau of Business Outlook, Dept. of Commerce:

"I can't make any sense of what you're saying... Which statistics do you mean... Oh..... (long silence)."

\* Bertrand Malkiel, member of the Council of Economic Advisors:

"Well, we'll just have to wait until a month comes along in which there are no seasonal factors. Then we'll know."

\* John Davis, special assistant to Council of Economic Advisors Chairman Alan Greenspan:

"Why those inventory figures are the most unreliable numbers we have."

### Banking and Finance:

\* Gordon McKinley, chief economist, McGraw Hill:

"It's hard to see how production could have continued to rise at the rate that it did. What you say makes absolute sense. These seasonal fluctuations make it nonsense to use seasonal adjustments."

\* George McKinney, chief economist, Irving Trust:

"I'm worried about the recovery turning into a boom. I'm already seeing bottlenecks."

\* James O'Leary, chief economist, U.S. Trust:

"What you've put together seems very good. Get it out. You'll do a service to the nation. I don't trust the seasonal adjustments."

\* Gary Schilling, chief economist, White Weld:

"I don't know what to say. Everything I've been led to believe about the economy seems wrong..."

\* Rupert Hambro, executive director, Hambros Bank:

"The capitalist structure creaks terribly, and sometimes holes in the road appear, and people appear and people drop in."

\* Allan Murray, senior economist, Citibank:

"This is astonishing. How could we have missed that drop in personal income? It's incredible that we were making an upswing projection on the basis of a strong December! You're right — it doesn't look strong at all."

# New Default Crisis Builds in New York City

After nine months of banker rule, New York City is closer to default than it has ever been. The Emergency Financial Control Board's mid-February report to Treasury Secretary Simon, which covered the period inclusive of December 1975 revealed that in calendar 1976 the city must meet \$3.144 billion in debt service payments — over 25 per cent of the fiscal 1976 budget! At any point this spring the MAC-EFCB operation of bleeding municipal services to meet the ever ballooning monthly debt service payments could give away — provoking the final collapse of a pyramid of \$12 billion in outstanding New York City debt.

This situation is being kept quiet by the Mutual Assistance Corporation (MAC), the EFCB, and the New York bankers they represent. Two weeks ago however when MAC Chairman Felix Rohaytn said he was considering offering holders of the \$1.1 billion notes in moratorium another chance to swap their notes — which are still costing the city over \$200 million in interest a year for long-term MAC bonds, he was thinking about averting an inevitable cash-flow crisis in the next few weeks.

How is it possible that New York City is paying more debt service and closer to default than before the creation of Big MAC? Felix Rohaytn and the other creators of MAC said it would solve the city's debt crisis by relieving the city of the pressure of continually having to roll over short-term debt at skyrocketing interest rates. MAC would use its own good credit rating to convert the city's short-term debt into long-term MAC bonds.

In the spring of 1975 the New York banks were forced to recognize that there was no possibility of the city making good on its more than \$6 billion in short-term obligations — under prevailing political conditions. The banks at that point decided that they could no longer refinance the city's burgeoning — and worthless — short-term debt with no hope of repayment. They created MAC, a dummy corporation whose real function was to secure value for the city's worthless debt. The idea was to use MAC's political clout to enforce drastic budget cuts and ensure that liquidity would be diverted from municipal services to debt service. One of the main selling points of MAC bonds was their first lien on revenues from the city sales tax and stock transfer tax. The stock transfer tax, specifically created to back up MAC bonds, has already been repealed as a result of lobbying interests.

Aside from this political purpose, MAC represented a pure accounting swindle. Some of the maturing short-term notes were actually paid back out of the proceeds of the sale of MAC bonds; as for the rest, banks holding maturing notes "purchased" MAC bonds and were paid back with their own money. In reality the banks merely swapped pieces of paper, while keeping the book value of old unpaid debt on their books and the worthless MAC paper as assets.

As a result of this swindle, MAC created \$2.3 billion more illiquid paper that had to be secured through escalating budget cuts. New York's debt continued to grow: at every

point the city edged close to default on maturing debt, more debt was issued at higher interest rates, adding to the pyramid of illiquid paper, as bankers demanded more austerity to provide the illusion that the MAC paper was worth something.

### Exponential Growth of Debt

Last June city politicians had the choice of declaring a moratorium — a full moratorium on interest and principal — on the city's huge debt, or submitting to Big MAC — the refinancing of an increasing mass of debt by cutting vital services to the bone.

The imposition of stringent austerity by Big MAC — in the context of a general depression of the world economy — led to an unprecedented contraction of city revenues. The contraction of revenues, together with the increase of costs associated with unemployment and the general rate of inflation, has led to an uncontrollable explosion of the city's revenue-expenditure gap — which in turn leads to the need for more austerity and more borrowing — and a larger deficit. In the course of this vicious cycle debt service costs zoom up, eating up more and more of the city's real income and exacerbating the fiscal crisis.

The city's own figures demonstrate the growth of debt service during MAC's nine month tenure. Over 1976 the city will pay:

- \* \$234.2 million in interest on notes "in moratorium;"
- \* \$1.33 billion in amortization of long-term debt;
- \* \$2296.3 million in repayment of interest and principal on notes floated by the state on behalf of the city;
- \* \$952.2 million in interest and "takeout" (repayment of principal) on MAC bonds.

The only thing that has kept the city from defaulting on these payments until now has been its line of credit from the Treasury. As of March 1 the city had borrowed \$1.19 billion from the Treasury in short-term "seasonal" loans. As the city's sales tax revenues have flowed directly into MAC's account, the Treasury loans have provided the city with cash to operate while cash revenue was diverted to debt service. Under the legislation passed by Congress last December, the city can borrow up to \$2.3 billion a year over the three year financial "reorganization," paying it back on June 30 each year. On March 1 it was the Treasury's determination that there was "reasonable" assurance that the city would be able to pay back the Treasury at the end of this fiscal year; however, it is inconceivable that this can be done given the city's galloping deficit — even with massive budget cut-backs. Political resistance to additional austerity is growing, as reflected in recent moves toward debt moratorium by city councilmen, state legislators and New York Congressmen. These representatives realize that further compliance with the banker's demands for more austerity will leave them without constituencies. The threat of politically enforced debt moratorium is making the bankers ever more nervous

about the "value" of their 12 billion in city paper. Rohaytn, presidential hopeful Senator Henry Jackson, and other Democratic party figures are hoping to get a drive going for a "Marshall Plan for the Cities" — a national Big MAC which would put the federal government and its clout behind the more that \$225 billion in outstanding state and municipal debt. As described by Rohaytn, such a scheme would necessarily involve "moratoria" on currently unpayable

debt, the federal guarantees that New York's MAC was unable to secure for its bonds from the Congress, and centrally coordinated austerity and slave labor projects.

But action on such a plan is a long way off. In the meantime, though no city or MAC official will comment on it, the city may enter a default crisis at any moment.

IPS will issue a more comprehensive report on the New York and other municipal crisis in next weeks edition.

## More Commerce Dept. Magic: 3.6 % Sales Drop Turned into a 1.6 % Rise

Retail sales continued their sharp decline in February, falling 3.6 per cent from their January level and almost 9 per cent below their September 1975 level, according to statistics release by the Commerce Department March 11. The reason for the drop is apparent to every working-class family trying to make ends meet on a steadily shrinking real income — workers simply don't have the money to buy.

But using the Commerce Department's "seasonally adjusted" figures instead of actual sales, the nation's press is presently claiming that sales actually rose by 1.6 per cent in February. This pure fraud is intended to justify more blarney about the non-existent "upswing" in the U.S. economy.

In reality, after adjusting for inflation, total retail sales in February were only slightly higher than February 1975, the most dismal month for retailers in the past 30 years. This slight improvement was totally due to a rise in auto sales, based on an unsustainable expansion of consumer installment credit. Non-durable retail sales actually declined from last year's February level.

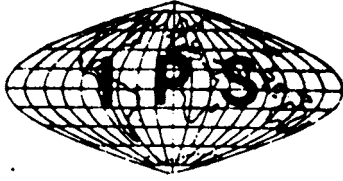
The weakness of nondurable sales indicates that the current contraction of industrial production must shortly accelerate into full-scale collapse. The last increase in nondurable goods production, from March to October 1975, simply wound up on retailers' shelves. Retailers were unable to unload most of these goods during last winter's traditional Christmas season sales period. Witnessing the further rapid falloff of sales this January and February, cautious retailers have been unwilling to increase their inventories. The resultant cutback of orders from retailers has resulted in a 22 per cent annual rate of decline in nondurable production since

October, with a corresponding drop off in shipments and inventories.

Recently, retailers have resorted to incredible credit and marketing gimmicks in an attempt to move the merchandise they already have on hand and prevent themselves from following the path of W.T. Grant, the recently bankrupted retail giant. Indicative of the situation is the fact that while the Federal Reserve Board reported that "retail store credit and merchandise-secured or 'personal' cash loans by financial institutions was extremely active" in January, exceeding anything since summer of 1974, the Commerce Department reported that even on a seasonally adjusted basis retail sales plummeted in the same month.

With continued erosion of workers' income, even these gimmicks will not be able to prevent the present sales decline from accelerating, at which point nondurable production will begin falling at 30 to 40 per cent annual rates. That this point is fast approaching is indicated by the rising inventory-to-sales ratio of manufacturing firms since October. Soon, these firms will decide to stop piling up seemingly "unsaleable" products by drastically cutting back production. This is what occurred in the Fall of 1974, leading to the first ratchet collapse of production.

The decline of retail sales and the resultant underutilization of industrial capacity has **already** led to a total collapse of the single most important sector of the world economy, the production of industrial equipment in the U.S. January production of equipment was almost 8 per cent below production in December 1974, the period of the sharpest decline of production in recent U.S. history.



# NEW SOLIDARITY International Press Service

U.S. POLITICAL NEWSLETTER

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

## Congress Begins to Fight CIA-FBI Takeover

March 12 (IPS) — Rep. Otis Pike (D-NY), chairman of the now-defunct House Intelligence Committee charged on March 9, that the CIA's chief counsel Mitchell Rogovin had issued a warning to Pike's staff director, "Pike will pay for this, you wait and see — we'll destroy him for this." Pike declared that the CIA was running a "domestic covert operation" to discredit him and Congress to cover up the findings of the House Intelligence Committee.

Pike's revelations came as Congress began to shake itself out of the tightly-controlled terror environment which has enveloped it. In the weeks following the leak of the Pike Committee report and the ensuing creation of an FBI-run House Ethics Committee investigation for the source of the leak, Congress had capitulated again and again to demands which would turn it into an impotent, rubber-stamp Parliament — a modern version of Hitler's Reichstag.

In an abrupt turnaround this week, numbers of Congressmen declared openly that they had been wrong in voting to classify the Pike report, or in voting to establish the Ethics Committee investigation. Other Congressmen attacked Attorney General Levi's "guidelines" for the FBI and the fascist criminal code revision formerly known as S.1. The press began to pick up on the same attacks.

Congress' sudden outburst against a self-imposed inquisition and further police state measures occurred amidst developing opposition to Wall Street policies on several fronts. Over the past ten days, liberal Senators and think-tankers have begun to hit at the dangers of Secretary of State Henry Kissinger's wildly provocative statements against the Cubans and the Soviet Union. Others have charged that CIA estimates of Soviet military spending are greatly exaggerated.

Pike, who had last week voted for the Ethic Committee appropriation, may have initially thought that the attack on him and his Committee would be pro-forma, something that would pass away. As it became obvious over the last several days that the Ethics Committee operation was part of a much broader attack on Congress that would likely claim him as one of its first victims, Pike decided to fight back - publicly.

### Enemy Escalates

In response to this weeks threatening developments, the Wall Street cabal has launched a counterattack of its own. The CIA and the FBI have made clear their intentions to escalate their attacks on Congress. Yesterday's Washington Post carries a front-page story, as well as a Jack Anderson column, which reports that Rep. Henry Helstoski (D-NJ) hired an underworld character (and government informer) to investigate and possibly murder a witness who had

testified against Helstoski's aide. Next to this allegation, the Washington Post reports that a double- and possibly triple-agent involved with the FBI and the KGB worked for conservative Democratic Senator James Eastland (Miss.) in the late sixties.

These stories are intended to keep the legislators in line by letting the Congressmen know that the FBI is committed to using its Congressional "sex and scandal" files to keep the legislators quiet. The just-appointed chief counsel for the House Ethics Committee investigation, David Bowers, was the FBI's Capitol Hill liason until his "retirement" three weeks ago, and no doubt has a file cabinet-full of "Wilbur Mills-type" stories at his disposal.

In a March 9 column entitled "CIA Coup in the House" in the New York Post, Mary McGrory goes to the heart of Congress' dilemma. "Always ready to abdicate the responsibility for seriously overseeing or reorganizing the CIA, Congress jumped at the chance to avoid the issue by opening up the House Ethics Committee investigation, and was manipulated by the CIA to go to war against itself, like some ignorant Third World country." McGrory's column followed by one day, a similar jab at Congress by conservative New York Times columnist William Safire. Safire counterposed Kissinger's mild reprimand of the State Department officials who leaked classified Mideast transcripts which made Kissinger look good, to Kissinger's outrage at the Pike Committee CIA report. Safire declared that "all the Congressmen.. who guiltily voted for a self-investigation by the House Ethics Committee, have just been slapped in the face with a large wet fish" with the Mideast leak.

Pike's speech on the House floor, coming after these press jibes, began to jolt Congressmen out of their stupor. After exposing the CIA threats against him and detailing the CIA and State Department-run "media event" which leaked the story that the Pike Committee had lost 232 classified documents, Pike reported that his staff had accounted for 200 of the 232 documents in several hours work.

Pike has since asked two moderate members of his former Committee — Reps. Teno Roncalio (R-Nev) and Lehman (R-Fla) — to read the still-classified Pike report, and to comment on it. The two Representatives reported yesterday on the House floor that there was absolutely nothing in the report which damages national security. Pike is now charging that the Administration leaked the report in an effort to discredit the House of Representatives.

More importantly, Congress has resumed steps aimed at attacking and investigating the intelligence community:

\*Rep. Bella Abzug (D-NY), whose subcommittee on In-

dividual Freedom has subpoenaed the National Security Agency for documents related to telex wiretaps, may get the backing of the full Government Operations Committee in a vote on Mar. 17.

\*Rep. Abner Mikva (D-Chi) in a guest editorial in the Mar. 9 Washington Post, attacked the gestapo criminal code revision, S-1 as a "monster which cannot be defanged." Senate Majority leader Mike Mansfield (D-Mon) has announced that he will kill the bill on the Senate side unless liberals back down from their demands for major revisions — Given the current climate, this is unlikely and the bill is close to death.

\*Rep. Herman Badillo (D-NY) and Robert Drinan (D-Mass) blasted Attorney General Levi's FBI guidelines, in a front-page article in the Mar. 9 New York Times. Badillo charged that "we are right where we were before they (the CIA-FBI investigations) started." Drinan called the guidelines "feeble and ineffectual."

Because of "public pressure," Levi has been forced to withdraw the guideline which enables the FBI to take "preventative action" against a group or individual which "will be prone to violence." Despite this public backdown, Levi will implement the rest of the guidelines which include broad powers of surveillance, infiltration and disruption of groups on Mar. 17 without Congressional approval.

Levi's actions pose the problem now facing Congress. Unless it moves to prohibit and dismantle the intelligence community, the police state operation against them and the population will not only continue, it will escalate.

#### **Nixon Fingers Kissinger On Wire-Taps, Chile Coup**

In a series of depositions proved to former State Department official Morton Halperin, and made public over the past several days, former President Richard Nixon has declared that Secretary Henry Kissinger was responsible for selecting wiretap targets, including Halperin. Nixon has further denied authorizing the CIA to aid in the 1971 Chilean coup

attempt and has implicitly fingered then-CIA Director Richard Helms and his then-National Security Advisor Henry Kissinger as the instigators of the attempt. On both counts, this contradicts Kissinger's testimony and depositions.

The New York Times provocatively covered Nixon's statements in major front-page articles which were counterposed to Kissinger's March 11 war-mongering speech before the Boston World Affairs Council.

On March 11, the New York Times lead article reported Nixon's disclaimer on choosing wiretap targets. Nixon admitted to authorizing the wire-tapping of potential security leaks, but claimed "I, of course did not select the names myself, because I did not know them. I told Dr. Kissinger that he should inform Mr Hoover (FBI Director) of any names that he considered to be prime suspects."

Kissinger has denied any detailed knowledge of the wire-taps or their authorizations.

The following day, the New York Times again carried front-page coverage of Nixon's depositions on U.S. intelligence involvement in Chile prior to and during the Allende government. Nixon, while testifying that he authorized covert aid to anti-Allende groups in the form of money and propaganda backing, denied any knowledge of a CIA mandate to support a coup against Allende. Kissinger had denied any involvement in the 1973 coup which murdered Allende, but admitted CIA attempts to foment a coup prior to Allende taking office in 1971. He has claimed that the President authorized such operations.

Halperin at a news conference in Washington on Wednesday, said that despite Kissinger's "differing memory" on the question of the wire taps, Kissinger "had political and moral responsibility" for ordering the taps.

Nixon's statements remain unsubstantiated. However, when examined in the light of the Senate and House Intelligence Committee's investigation (which Halperin played a key behind-the-scenes role in), Nixon's testimony is a potentially powerful club to be wielded against Kissinger.



## Dems Fracture as Debt Moratorium Gains Momentum

Last week, political forces in New York's Democratic Party launched a three-front assault around debt moratorium legislation. Under U.S. Labor Party guidance, debt moratorium legislation is on the verge of being introduced in the U.S. Congress, the New York State Legislature, and the New York City Council.

The most forceful debt moratorium call came from Rep. Herman Badillo (D-NY), a leading figure in New York City politics. Responding to heated opposition to austerity from his constituents and with a sense of moral outrage at the Auschwitz-like existence engulfing his South Bronx district, Badillo announced early last week that he was in favor of a three year moratorium on New York City debt, and that he would oppose any federal bailout of the city which included further cuts in the city's services. Under intense pressure from the Labor Party and Badillo's initiative, Rep. Bella Abzug (D-Manhattan) reported that she too would be in favor of a debt moratorium for the city. In Washington D.C., the office of Rep. Shirley Chisholm (D-Bkln) indicated that discussions on the Badillo call had commenced with Rep. Charles Rangel (D-Man).

Paralleling the debt moratorium activity in the New York City congressional delegation, open fights have broken out around the debt issue in the West Coast industrial areas of San Francisco and Washington State. In the Midwest, pressure is building towards the threshold point in Detroit and Illinois.

The case of Badillo typifies the dilemma confronting congressmen and state legislators throughout the country. Faced with the impending collapse of capitalist credit structures under the weight of the March 31 quarterly debt rollover deadline, Wall Street is demanding massive further gouging of already-rotted state and municipal services to divert government revenues into seeing their districts immediately transformed into what much of Badillo's gutted South Bronx district has already become: a bombed-out rubble which has been publicly compared to ruined German cities at the close of World War II. At the same time, their working class constituencies, heavily influenced by Labor Party debt moratorium propaganda and increasingly provided with immediate political direction from Labor Party cell networks in factories and neighborhoods, are in enraged rebellion against the cutbacks being demanded by the banks. Throughout the country, trade unions and ward structures have been polarized around the debt moratorium fight; in New York City, according to one pro-debt moratorium City Councilman, councilmen who have supported the "Big Mac" austerity rammed through over the past year are now unable to appear in person before meetings of their angry constituents.

With the imminent collapse of large portions of the United States municipal and state sectors as the March 30 deadline nears, neither the old line urban machines nor the "New Democratic Coalition"-type liberal organizations can avoid

this question: capitulate to bank-ordered terror and black-mail operations, enact morally repugnant and socially disastrous service cuts and "Big MAC" debt refinancing swindles and thus see the disintegration of their constituency-based machines; or follow the lead of the U.S. Labor Party's Emergency Employment Act and debt moratorium proposals.

### New York Emerges as a Focus of National Fight

In a March 7 WCBS interview, Badillo became the first New York Congressional figure to publicly support debt moratorium. The following day, Badillo at a hearing on proposed cuts in the City University budget in New York City, told a Labor Party representative that he backs "a complete moratorium on the entire city debt" in order to "maintain essential services." Badillo's statement was quickly followed up by State Assemblyman Seymour Posner (D-Bronx) who stated in Albany that "I'm for debt moratorium." Posner, chairman of the Assembly's Labor Committee, added that he would introduce a debt moratorium bill into the State Assembly. It was learned late last night that City Councilman Luis Olmedo, (D-Bkln) who last year introduced debt moratorium legislation into the Council in the midst of the fight over "Big MAC," would be introducing a similar proposal into the New York City Council.

Behind these initiatives, sections of the Democratic Party have moved into a position of resistance against Governor Carey's proposed zero-growth budget. In a closed session of the New York City Council last Tuesday, all of the city's five Borough Presidents resisted any further cuts in city services. The Black and Puerto Rican Caucus of the state legislature has indicated that they are reconsidering "debt moratorium," while a top leader of New York's New Democratic Coalition, an umbrella organization of the state's liberal democrats, stated that he "could not support default but welcomed Herman's debt moratorium proposal."

What is quickly emerging in New York is a cross section of old-line Democrats and NDC and minority caucuses, timidly announcing their preparations to launch a political fight around portions of the USLP program.

In response, the state's crazed Atlanticists — headed by Lazard Freres partner Felix Rohatyn and Governor Hugh Carey — have turned New York into a political war zone. The New York Daily News accused Badillo of 200 proof, special interest politics" in a raving lead editorial March 11, lying that the Congressman was threatening to bring down the city by calling for default. Carey called out the New York State police early the next morning to launch a search and seal operation against the State Legislature. The troopers, who compiled over one million political dossiers on New York citizens under the direction of former Governor Nelson Rockefeller, sealed off highway exits from Albany and dragged State Assemblymen back to the Capitol to ram

through a bill authorizing the State Insurance Fund to rollover \$30 million in obligations of the State Dormitory Authority, staving off a default that could have brought down the entire city and state financial house of cards. Assemblyman Joseph Ferris (D-Bkln) charged the next day that the Carey tactics were "reminiscent of Nazi Germany."

The terror atmosphere against sections of the Democratic machine was escalated throughout the week as State Assembly majority leader Albert Blumenthal (D-Man) was indicted on charges of accepting a bribe on charges brought after a nursing home operator, Bernard Bergman, pleaded guilty to issuing fraudulent medicaid billings, and turned state's evidence against Blumenthal on the promise of leniency.

State nursing home special prosecutor Charles Hynes, meanwhile was promising that Bergman would implicate other politicians, while the press carried reports that Blumenthal was being pressed to give testimony against Assembly Speaker Stanley Steingut (D-Bkln). Both Blumenthal and Steingut voted in favor of the latest financing swindle, and are attempting to quell a revolt by Democratic Assemblymen against Carey's "zero growth" austerity budget, which he is seeking to pass by the March 3 rollover deadline.

#### **Capitol Hill Reacts**

Congressional reaction to impending municipal and state debt disasters in New York and elsewhere was marked by moves on the part of two Congressmen to set up negotiations with the USLP on the introduction of debt moratorium legislation. Although the number of Congressmen capable of mustering the moral strength to buck FBI terror and blackmail and follow the pro-debt moratorium motion of constituents remains few, the intensification of the New York and other crises plus continuing pro-debt moratorium agitation in their home districts will decisively force the question in the immediate weeks ahead.

In a sign of the potential for rapid shifts on the issue among House Democrats following the announcement of the Badillo call, Rep. Don Frazier (D-Wisc), chairman of the Americans for Democratic Action (ADA) reacted by saying "I'm in favor of anything the New York group brings up, including debt moratoria." Echoing Frazier, Bernie Sorokin, chairman of the New Democratic Coalition stated: "On the face of it, would probably support debt moratorium. Herman Badillo is one of our respected co-chairmen."

In Connecticut, State Senator Wilbur Smith introduced debt moratorium legislation into the Connecticut State Legislature last Monday. Fearful of widespread support for

the proposal in the Democratic Party ranks where there is still opposition to Gov. Ella Grasso's austerity proposals, the Democratic Party immediately responded to Smith's moves by removing its endorsement of his re-election bid, forcing him into a primary if he wants to retain his seat.

#### **Debt Issue Fractures West Coast Dems**

Further fracturing of the Democrats around the debt issue occurred in San Francisco, where State Assemblyman Ken Meade, a former aide to Rep. Ron Dellums (D-Cal), announced his disaffiliation from the Democratic Party at a press conference last Tuesday. Meade attacked the "Era of Limits" economic program of Governor Edward "Jerry" Brown as an "abdication of responsibility" and reported that he is introducing the U.S. Labor Party's EEA into the State Legislature. The Washington offices of San Francisco Democratic Party ring-leader and liberal Congressman Phillip Burton (D-Cal) reported that they were following Meade's moves closely.

Dellums delivered his response to Meade's call in a speech before a large gathering of his constituents in Berkeley yesterday. Dellums interrupted his speech to state: "There are three members of the U.S. Labor Party here. I want to say that I fully agree with the U.S. Labor Party stand on debt moratorium. My friend, Ken Meade, introduced it into the California Assembly this week. I'm not an economist, but I'll be meeting with economists this week. If I can put it into the proper form I will introduce it to the House."

In Washington state, old-line Democrats and Republicans won a vote late Friday to keep the Emergency Employment Act alive in the Washington State Legislature after the bill was narrowly defeated in committee by a vote of 5 to 4.

While the debt moratorium has already openly splintered the Democrats and Republicans on the West Coast, pressure against austerity proposals is mounting in key Midwest states. In Detroit, the leadership of the powerful local 600 of the United Auto Workers has announced its complete opposition to any further service cuts, a major political blow to the city's pro-austerity mayor, Coleman Young. In a situation with similar explosive potential, the Democratic machine of Chicago Mayor Daley is backing its own candidate against Governor Walker in next week's Democratic primary, with the Daley forces explicitly attacking Walker's austerity budget.

The response of Atlanticist workhorse Sen. Hubert Humphrey (D-Minn) to these breakaway factions in the Democratic Party, when he was collared by Labor Party members in Washington, D.C. last week, was, "We have problems."

## And on the Mickey Mouse Front . . . . .

This week's installment in the prepackaged presidential primaries — Florida — proved to be another resounding flop. While the Atlanticists directed their ragtag band of candidates in a cacophony of diatribes against the evils of détente and Fidel Castro, Florida voters turned out in small numbers and with their minds on the state of the economy. And with the national press presenting column upon column analyzing the results, the majority of Americans looked for some other more interesting reading.

According to an NBC news poll, the majority of Florida voters were not interested in the red-scare hysteria but in the "health of the economy." On this vital issue, all the candidates, including "winners" Ford and Carter, had nothing to say.

This lack of substantive political discussion, to the extent that it is not due to the sheer incompetence of all the candidates, is part of a deliberate campaign strategy. According to a highly placed source close to one of the major candidates, the key thing is the "audience": "they (the candidates) have to say what people want to hear. It's like marketing a product — you say one thing to one group of people, something else to another group. It really doesn't matter to people if you contradict yourself, as long as the audience (the voters) think you are 'sincere'." Sources report that the President, for example, is more than willing "to say anything to anyone to get himself elected."

It is, therefore, necessary to distinguish actual administration policy statements from this "presidential chatter" by carefully gridding Ford's remarks against collateral evidence.

The Florida primary offers a dim preview of what the presidential caravan can expect when it staggers into the state of Illinois next week. Illinois is a Labor Party state. There, widespread penetration of the International Development Bank and debt moratoria proposals is combined with the state budget collapse and the precipitous decline of industrial production. Two weeks after Illinois, the traveling road show will play the New York primary, another state where the political field is already shaped by Labor Party organizing around debt moratoria.

The presidential pretenders who geared their Florida campaign to the 4 per cent of the electorate who are gusanos (Cuban exiles) know that they have to unearth their politics and croon a different tune for the Illinois and New York electorates.

### Ford's Goose Cooking In Florida Sun

In a speech March 9 before the veterans of Foreign Wars in Washington, Ford basked in what he called "a warm and comforting ray of Florida sunshine" after his victory over glamor boy Ronald Reagan. Exhibiting signs of too many

rays, in another speech yesterday Ford waxed about the hallucinatory upswing in the U.S. economy.

Despite Ford's prayers that the bottom stays attached to the economy until Nov. 5, his magician-style public performances — selling a hardline "détente is dead" to gusanos in Miami and then resurrecting détente for a Peoria, Ill., audience — are bound to end in a bust. With the world economy set for a blowout at any minute, by the time his campaign hits Illinois, Ford may have already cooked his own goose.

The Florida losers, Ronald Reagan and George Wallace, flew out of the state before the primary returns were in. Although both were touted by the press as easy winners, in earlier polls, the voters snubbed them.

Wallace got only 31 per cent of the Democratic vote compared with 42 per cent in the 1972 primaries, and he wound up 4 per cent behind the bouffant-haired peanut farmer from Georgia, Jimmy Carter. The Maoist candidate, Sen. Henry Jackson, finished a very scrutible third with 22 per cent of the vote.

Reagan, who broke his own "11th commandment" at the last minute by attacking Ford's defense policy, meanwhile was rejected for the third Republican primary in a row.

Jimmy Carter's "victory" in Florida however is less than meaningless. The non-descript populist still has not shown that he can win in a northern industrial state. His campaign, while trying to cover for their candidate's lack of popularity among workers have nonetheless already admitted "it would tax our limited resources" to mount a major campaign in the April 6 New York and Wisconsin primaries. Carter's campaign in Illinois next week, where Jackson and liberal Rep. Moe Udall are not running, has set modest sights aiming to capture a few stray delegates while conceding most of the vote — and delegates — to Sen. Adlai Stevenson's favorite-son candidacy. Stevenson in turn is merely a placeholder for Chicago's Democratic power broker, Mayor Richard Daley.

### Hubert, the Non-Candidate

Meanwhile, Sen. Hubert Humphrey, the man most "insiders" think will be the next Democratic candidate, has continued his non-candidacy. Humphrey, the leading Harriman-Rockefeller hatchetman in Congress, is trying to back into the nomination.

His strategy has been to stay as far away as possible from the travelling clown show — let the primaries tar everybody except good old' Hubert. With the convention deadlocked — a near certainty — everyone will look for a saviour — then and only then will Hubert enter on his white mule and offer himself as the only man who can unite all sections of the party. But there are several people (not to mention most of the electorate) who would rather not see Humphrey and his controllers get away with their little game. In a column

yesterday in the New York Times, former Nixon staffer William Safire posed some "questions that Humphrey must answer" as a candidate. These include a \$100,000 gift Humphrey took from Howard Hughes in 1968, the involvement of his closest aides in the milk fund and other illegal donations and bribes, and the charge that his closest aide when he was Vice-President sought to get special teams of FBI agents to spy on trouble-makers at the 1968 Democratic convention. So far, Humphrey's response to the charges has been to lose his memory and his tongue.

### **Reagan Falters**

On the Republican side, the Reagan camp is weighing their capabilities for keeping their soap salesman candidate in the race. According to a column yesterday by Evans and Novak, the question being debated by Reagan supporters is whether Reagan can preserve his candidacy long enough "to keep pushing Ford rightward." The point to be considered, the columnists report, is whether continued Reagan candidacy in the primaries "will produce a hard line in the administration's national security policies." Evans and Novak

say that while continuation of the campaign may cost them humiliating defeats, Reagan backers are at least attempting to salvage their candidate's influence in the Party and confirm his right to speak for Ford and the Party on national security issues.

For public consumption, Reagan announced his intention to stay in the race until the bitter end. He told skeptical reporters on March 10 that he is not at all convinced that if the convention is deadlocked, the New York state delegation headed by Nelson Rockefeller would throw its support to Ford. Despite his latest bluster about how wonderful it is to be in second place (in a two-man race), Reagan's defeats are beginning to show in the candidate. Last night in Illinois he made an ass of himself declaring that "Gerald Ford was a Communist," before correcting himself. "I've got Communists on my mind all the time," he said, "it was a natural slip."

As this goes to press, the Rockefeller-controlled Reagan candidacy was given a boost by a kickback-type scandal involving Ford campaign manager Howard "Bo" Callaway. Ford reacted quickly by having Callaway resign until the scandal, which dates back to Callaway's tenure as Secretary of the Army, is cleared up.

## Kissinger and Ford Play with Fire; US-USSR Prepare for War in 1977

President Ford and his foreign policy coach Henry Kissinger this week delivered hardline ultimatums to the Soviet leadership: peaceful coexistence "cannot survive any more Angolas." Their remarks climaxed a week of confrontationist sabre-rattling statements by Administration officials and renewed speculation in Washington that Ford and his advisors are considering a naval blockade of Cuba in retaliation for Cuban "armed adventurism" in Africa.

The first-stage implementation of Schachtian economic policies by the Atlanticist financiers is already forcing Wall Street towards the undertaking of military adventures to prop up their collapsing Dollar Empire. The headlong dash toward nuclear holocaust is backed up by Secretary of Defense Donald Rumsfeld's well-advertised military budget for 1977, which calls for massive arms production "in width." A full analysis of the budget (which will be included in the next IPS weekly) shows that it makes absolutely no sense except from a 1977 war perspective. Publicizing the fact, former Undersecretary of Defense Paul Nitze recently told a Senate committee that the U.S. must prepare a "war winning capability" for 1977.

Defense Department Research Director Dr. Malcom Currie had last week agreed that the U.S. no longer has a long term military strategy and had in fact embarked on an arms development program identical to that of Nazi Germany in the three years prior to the outbreak of the Second World War. He also conceded that Soviet technological breakthroughs could give them a strategic advantage in an actual war.

The Soviets, for their part, have repeatedly demonstrated their war readiness and reiterated their commitment to a policy of mutually assured destruction should the insane capitalists of the West provoke them too far. This was once again made explicit by the recent publication of an article by German Democratic Republic (DDR) Defense Minister Heniz Hoffman in the March issue of *Einheit*, the theoretical journal of the DDR's ruling party.

On Friday, Secretary of State Kissinger told the Boston World Affairs Council, "Moderation is a virtue only in those who are thought to have a choice." "In the age of thermonuclear weapons and strategic equality," he continued, "we face the necessity of a dual polity: on the one hand we are determined to prevent Soviet military power from being used for political expansion; we will firmly discourage and resist adventurist policies. But at the same time, we cannot accelerate every political dispute into a central crisis." Abandoning all "moderation," Kissinger lashed out at the USSR, his domestic critics, nonaligned nations and West European countries who are bolting from the Atlanticist orbit over the issue of austerity in a speech *New York Times* editor James Reston described as "diplomatic as a punch in the nose."

Kissinger then threatened the "industrial democracies" of the West with "Soviet expansionism" and worried that if Communists participated in the governments of France or Italy, "they would be tempted to orient their economies to a much greater extent toward the East" or "at best steer their countries' policies toward the positions of the non-aligned." Accusing the non-aligned developing nations of "extortion," "self-righteous rhetoric and adolescent posturing," the Secretary of State complained, "Nations which originally chose nonalignment to shield themselves from the pressure of global conditions have themselves formed a rigid, ideological confrontationist coalition of their own" which is challenging the U.S. in the international arena.

Domestically, Kissinger charged, the political climate is hardly any more sympathetic to the Atlanticists, as he demanded militarization and a show of "national unity. . . If one group of critics undermines arms control negotiations . . . while another group cuts away at our defense budgets and intelligence services and thwarts American resistance to Soviet adventurism . . . the result will be paralysis.

In an unequivocal confession of Wall Street's bankruptcy and commitment to "War by 1977," Kissinger had informed the Senate Government Operations Committee March 8: "We cannot rule out the use of nuclear weapons on a regional basis when our national interests are involved" — a restatement of the "flexible response" war fighting posture. In an interview in this week's *U.S. News and World Report*, the Secretary of State advocated an intensive military buildup for war, warning "Regional dangers require a substantial buildup on our part of those forces needed for such contingencies." In the same magazine, Defense Secretary Rumsfeld claimed that the Soviets were outspending the U.S. by 42 per cent on defense and advocated a crash military expansion program.

Ford backed up his insane Secretary of State. Speaking yesterday before the Chicago Council on Foreign Relations, the President maintained the "peace through strength" Cold War rhetoric he adopted for the Florida primaries and declared, the U.S. "must be prepared to meet challenges wherever and whenever they occur. . . One need only remember Pearl Harbor," he continued, "to know that weakness invites war." By continuing his electoral war mongering in the industrial states of the North, Ford is giving the psychotic Atlanticist financial factions of Nelson Rockefeller and Averell Harriman dangerous leeway to precipitate a nuclear holocaust.

In a campaign swing through Illinois, Ford told a Rockford audience the night before the U.S. would oppose Cuban and Soviet "adventurism" in Africa or Latin America. The same evening Rumsfeld advocated a crash arms production program to the Chicago Commonwealth Club.

### **A Warning**

But there can be no mistaking Warsaw Pact policy if pushed across the trip wire. In perhaps the strongest warning to the Atlanticists to date on this matter, East German Defense Minister Hoffman warned in a speech last month that the NATO powers are converging on a policy of fascism. He then announced that the Warsaw Pact is committed to fight a thermonuclear war to defend the existence of the Soviet bloc from U.S. or NATO incursions. "The socialist states could not and would not accept aggression by the U.S. or NATO without resistance," he said. "The Warsaw Pact would have to, and would, strike back rapidly and destructively. In spite of all the sorrow which would descend on the peoples, especially in the capitalist countries, in this last and decisive conflict between progress and reaction — this would

be a just war on our part." Hoffman, echoing Rosa Luxemburg, concluded that a lasting peace is impossible as long as capitalist looting continues.

"We do not share the opinion, which exists even among progressive people in the peace movement, that no just war is possible in the nuclear age, or that nuclear war is not a continuation of the politics of the struggling classes but is only nuclear inferno and destruction of the world.. .

"Neither do we agree with the Maoists or with those American scientists who say that a nuclear war will not have such a tremendous effect on the existence of mankind and the health of the next generation as is usually assumed."

From a position of strategic weakness, Kissinger and Ford are playing with fire.



**SPECIAL REPORT**

# NEW SOLIDARITY International Press Service

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## **Soviet 25th Party Congress: Economics the Keynote Issue**

by Lyndon H. LaRouche,  
U.S. Labor Party Presidential Candidate 1976

The most significant feature of the recent 25th Congress of the Communist Party of the Soviet Union was the accompanying emphasis on a shift toward a policy of increased international economic cooperation. By itself, party leader Leonid Brezhnev's opening address might have appeared to merely reaffirm a policy first prominently enunciated during spring 1975. Before the close of the conference, Soviet Premier Alexei Kosygin's address and other Comecon developments outside the conference proceedings removed any reasonable doubt that such a slight shift in policy was in process.

One of the significant corroborating developments was the publication of an article on the capitalist monetary crisis in *Trybuna Ludu* Feb. 3. The significance of that article is that it offered an analysis of the current capitalist depression approximately paralleling that of the Labor Committees. A March 3 public statement by a Polish official, Zabielski, speaking in Vienna, indicated that if the Comecon may not have adopted a policy along the lines of the International Development Bank, it is now moving more prominently in the direction of such forms of economic cooperation.

That feature of the 25th Congress deliberations was inevitably somewhat obscured from attention within the capitalist sector's press. The majority of the most influential capitalist sector journals and news services played down the issue of economic cooperation, in favor of both the "White Communism" topic and otherwise predominantly twisted reporting of the Congress to suit the purpose of the Atlanticists' arms build-up campaign.

Both of these latter issues are important as respectively prominent internal or contextual features of the Congress proceedings, but their significance is misdefined unless both are situated under the overriding topics of increased economic cooperation and discussion of the next period's economic planning within the Comecon sector as a whole.

### **The Growing War Danger**

There is no reason to doubt that the growing danger of early general thermonuclear war was and is a major consideration in the thinking of Soviet and other Comecon party and state officials. The still-hegemonic Atlanticist faction of the capitalist sector has openly advertised its view that 1977 represents the estimated last opportunity for a successful NATO thermonuclear confrontation with the Soviet Union,

and has launched a campaign for exactly that type of short-term arms build-up which would be of no practical use except for a thermonuclear confrontation occurring no later than 1977. This arms campaign is accompanied by hysterical anti-detente propaganda campaigns in the leading capitalist-sector press, under circumstances in which the Atlanticists are visibly in a more desperate mood than at any time during the post-war period to date.

There was no notable coverage of discussions of such a war danger within the 25th Congress proceedings. That omission is of no great relevance in itself. The Warsaw Pact has recently issued repeated affirmations of its now long-standing strategic military posture, to the effect that on this question there is no policy question to be discussed. The threat of a thermonuclear war before the end of 1977 is now clear to every well informed source in both the Comecon and capitalist sector. On the Warsaw Pact side such knowledge dictates corresponding military preparations without need for public airing of the details of such precautions.

Even so, the awareness of that threat must have been prominently in the minds of at least the principal Soviet and other Comecon spokesmen at the Congress. If that danger was not featured in the discussions themselves, the existence of such a threat inevitably strongly colored decisions on a variety of other topics, including the topic of increased economic cooperation. As the Soviet "open call" of last spring, several addresses by Brezhnev, and so forth have already made abundantly clear, our judgment on this point is by no means speculative. For almost a year now, Comecon leaders have repeatedly defined the opportunities for economic cooperation as the sole direct alternative to a growing danger of general warfare.

Extreme provocations by the Italian and French Communist Parties' representatives at and outside the 25th Congress proceedings brought the Soviet Party's fragile "fraternal relations" with the "White Communists" right up to the brink of a declaration of an open break from the Soviet side. The almost inevitable break with Berlinguer and Company was evaded in favor of a special meeting among Soviet officials and the leadership of the Italian party's delegation. Despite that barely credible effort to maintain the formal appearance of fraternal relations, the joint press statement issued from that meeting contained only less coolness than a common protocol between a Soviet and a Chilean delegation's meeting.

The party delegates' opinion of Brezhnev's tactical softness toward the Italian "White Communists" was expressed in the form of open booing of the subsequent address of the pathetic British spokesman for "White Communism," McLennan. McLennan's address was no more intrinsically offensive than that of the French party's Plissonier or the Italian party's Berlinguer earlier, but at least a significant proportion of the delegates were past saturation of their tolerance for such abuses of hospitality.

#### The ICLC Assessment

To the extent that the leadership of the International Caucus of Labor Committees views the Soviet Communist Party (CPSU) as a socialist party, we must be extremely dissatisfied with what the 25th Congress failed to discuss and resolve. The continued softness toward the "White Communist" scoundrels is the most quickly identified point in that connection. However, limiting our attention to the CPSU as the government party, we might rightly console ourselves with a somewhat more optimistic assessment of the net result.

Those of us heading the fight against a looming fascist threat within the capitalist sector must not base our efforts on presuming too much from the Comecon sector.

The mere fact that the Atlanticists' political intelligence agencies have succeeded in imposing top-down leadership and policy-making control over nearly every official communist party of the advanced capitalist sector ought to warn us that the CPSU leadership is not precisely a collection of peerless political geniuses in either understanding of the decisive political processes within the capitalist sector or knowledge of the essential methods for building viable political working-class organizations under modern capitalist-sector conditions. In fact, the rapid consolidation of "White Communist" hegemonies following the coup d'etat within the French Communist Party apparatus has considerably demoralized much of the CPSU leadership by such a profound and sudden wrecking of longstanding delusions concerning the "fraternal parties" of the capitalist sector.

We must be relatively content when the Comecon sector's policies and practices conform to that sector's specific strategic self-interest as a group of socialist states.

In addition to the shock effects of the recent "White Communist" developments, we must take into account the fact that the leadership of the Comecon knows that it is facing the high probability of general thermonuclear war before the end of 1977. Under such circumstances, the mere fact that they are able to rise above obsessive preoccupations with such imminent mass destruction within their own (as well as other) nations is a positive accomplishment of no minor or small importance.

The essential thing is that the Soviets are adhering to their long-standing policies toward the developing sector — however imperfect those policies may be — and have not only maintained but strengthened the policies enunciated in the "open call" of last spring, anything they accomplish above and beyond such minimal, essential contributions to the world situation we should receive as a pure bonus over and above anything we have the right to realistically expect.

#### Soviet Strategic Importance

Ironically, Soviet thermonuclear warfighting policy is currently an indispensable element in the defense of democratic institutions within the capitalist sector! This is indeed one of the more remarkable ironies of history to date.

Because of the nature of an actual general war in a thermonuclear context, the initial strategic strike, although not decisive in and of itself, substantially predetermines whether such a war can be won in any remotely meaningful sense of winning a general war involving thermonuclear and nuclear weaponry. Consequently, the Warsaw Pact is so stuck — with a necessary commitment to an initial full-scale strike against the principal concentrations of Atlanticists' strategic warfighting military and industrial potential.

The key problem of a strategy which includes initial "preventive" full strategic strike commitment is the danger of thus getting into a general war when war is not otherwise inevitable. The only approximate solution to that problem of judgement is a political "trip-wire" doctrine.

In short-hand terms, the "trip-wire" condition for launching a Soviet full-scale strategic strike against North America is the consolidation of police-state regimes in the USA and other key advanced capitalist sector nations. One condition that, somewhere between the present moment and late 1977, the Atlanticists prevent debt moratoria and impose Schachtian austerity regimes upon both the advanced capitalist nations and most of the developing nations, the consolidation of such Schachtian regimes and policies defines a point at which an Atlanticist commitment to general thermonuclear war against the Soviet Union is irreversible.

Key Atlanticist strategists have publicly emphasized that to be the fact, and the conditions under which the Warsaw Pact — in its own vital interests — must launch a preemptive full-scale thermonuclear strike against the USA.

To the extent that the Atlanticists retain a significant residue of their presently rapidly evaporating sanity, the fact that Schachtian consolidation in the capitalist sector is a "trip-wire" for the Warsaw Pact strategic preemptive action is the most important single deterrent in the way of immediate imposition of fascist political order on the capitalist sector and direct military action to crush opposition within the developing sector.

It is essential to recognize that such implicit Soviet protection of democratic institutions in the capitalist sector is by no means absolute. Today's Atlanticist are approaching (and in some instances have already reached) the state of insanity which the top Nazis developed only during the 1944-1945 period. They are approaching the point at which no deterrent will prevent them from launching a full commitment to immediate Schachtian regimes and crushing of all opponents, whatever risk this might incur.

If we in the capitalist sector do not institute debt moratoria and the beginnings of an IDB-type new world economic order during the first six months of 1976, the point will be reached at which no risk will deter the Atlanticists from fascist regimes, mass murder, and general war. The Warsaw Pact represents an ironical bastion of democratic institutions in the capitalist sector, but not a permanent protection. What we must do — dump the Atlanticist quickly at all costs — we must do ourselves.





**SPECIAL REPORTS**

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## **Excerpts From Speeches At Soviet Party Congress**

### **Economic Report Of Prime Minister Aleksei Kosygin**

Since the second half of 1974, the capitalist world has been in the grip of a deep economic crisis. This is an organic sickness of the capitalist system aggravated by prolonged militarization of the economy and increase in military expenditures, severe inflation, disorder of the financial-currency mechanism, subversion of confidence in capitalist currencies and, also the energy crisis, a structural crisis. In the capitalist countries there is high unemployment and the struggle of the workers for their rights is growing.

In this situation of an intensification of the internal contradiction of capitalism and the uncertainty which this has bred in the West, no one can say what awaits the capitalist economy in the long run. In any case, there is little optimism visible even in the majority of official prognoses. Typically, the present difficulties are making even representatives of bourgeois economic science think about the vices of the capi-

talist system as a whole and its inability to cope with the tasks of current developments, much less find an answer to the demands of social and economic progress which the last quarter of the 20th century places before the world.

The world of socialism gives an answer to the basic questions of social development ... Our 25th Congress and the preparations for Congresses of other fraternal parties demonstrate that the socialist community has clear prospects for development, based on the steady growth of economy ... We lay out our goals and creative plans, and our policy for many years to come — publically before the whole world, because all our plans correspond to the interests of the broad working masses and the interests of the cause of peace and social progress. Our problems of whatever scale will be decided in the interests of the entire society, and we are confident in the success of the great cause of communism ...

### **Excerpts From Brezhnev Speech**

The following are excerpts from the 5 hour address delivered by General Secretary of the Communist Party of the Soviet Union Leonid Brezhnev at the 25 Party Congress Feb. 24. Translated from the Feb. 25 Literaturnya Gazeta:

“Much depends on the policies of the ruling (Communist) parties, on their ability to safeguard unity, to fight against seclusiveness and national isolationism, to take into account their common international tasks, and to act jointly to carry out these tasks...

“We see in foreign economic relations an effective means of solving political and economic tasks. Through economic integration, the might and cohesion of the socialist community is strengthened. Cooperation with developing countries facilitates the reconstruction of their economies and their social life on progressive principles. Finally,

economic and scientific-technological ties with the capitalist state solidifies and broadens the material base for the policy of peaceful coexistence.

“One characteristic of our time is the growing use of the international division of labor to develop each country, regardless of its wealth and the economic level it has achieved...

“There are other, broader aspects of foreign economic activity. Today there are important and urgent global problems, such as raw materials and energy, the elimination of the most dangerous and widespread diseases, protection of the environment, exploration of the cosmos and use of the resources of the Pacific Ocean. These problems will have an increasing influence on the life of all people and on the entire system of international relations. Our country and the other socialist countries cannot stand aside from the solution to

these problems, which concern the entire human race...

"In foreign economic relations, politics and economics, diplomacy and commerce, industrial production and trade are interconnected in a single whole. Therefore they have to be approached in an integrated fashion, unifying the efforts of all state organs, all our political and economic interests. This is how the Central Committee of the Party formulates this important question.

"Communists of different countries follow one another's work with interest and understanding. Differing opinions may arise from time to time, different approaches to one question or another... But Marxist-Leninists approach such questions from the standpoint of internationalism, concern for strengthening the unity of the movement, and discuss problems that arise in the spirit of genuine comradeship, on the basis of equality and respect for the independence of each party. Of course, there can be no question of compromise on principles, of reconciliation with views and actions which contradict Communist ideology. That is final.

"The capitalist world is bursting with an economic crisis whose severity and depth, as bourgeois spokesmen admit, can be compared only with the crisis of the beginning of the 30's... Communists are far from predicting the 'automatic collapse' of capitalism. It has not a few reserves. However, events of the past few years confirm with renewed force that capitalism is not the society of the future. (Prolonged applause)

"Communists proceed in their struggle from the general lawfulness of revolutionary development and of the construction of socialism and communism... And it can be confidently stated that if concessions to opportunism may give some kind of temporary advantage, in the final analysis they can only harm the party.

"I would like particularly to stress the importance in our time of proletarian internationalism. It is one of the most important principles of Marxism-Leninism. Unfortunately, there are some who treat it in such a way that there is little

left of internationalism. One even finds people who openly propose to renounce internationalism. According to them, the internationalism which Marx and Lenin founded and defended has become antiquated. But in our opinion, to renounce proletarian internationalism would mean to deprive the Communist Parties and the workers' movement in general of a powerful and tested weapon. (Prolonged applause). This would be a good service to the class enemy, who, it must be said, is actively coordinating his anti-communist activity on an international scale. We Soviet Communists consider the defense of proletarian internationalism the sacred obligation of every Marxist-Leninist."

#### **RELATIONS WITH THE SOCIAL DEMOCRACIES**

"Contacts with socialist and social democratic parties have broadened... It goes without saying that there can be no question of ideological rapprochement of scientific communism with the reformism of the social democrats. Among social democrats there are not a few whose whole activity is premised on anti-communism and anti-Sovietism. There are even parties where people are punished for having contact with communists. We will fight against any such phenomena, since they only play into the hands of reaction...

"Detente does not and cannot abolish the class struggle. No one can expect that under conditions of detente the communists will reconcile themselves to capitalist exploitation or that the monopolists will become revolutionaries. Thus the strict observance of the principle of non-interference in the affairs of other states, respect for their independence and sovereignty — this is the indispensable condition for detente.

"We do not hide the fact that we see in detente the road to the creation of more favorable conditions of peaceful socialist and communist construction. This only goes to show that socialism and peace are inseparable."

## **Speech Of P. M. Masherov,**

### **First Secretary Of**

### **The Byelerussian Communist Party**

It is known that under conditions of detente, the whole motley hoard of anti-Soviets and anti-communists is trying to belittle or compromise the achievements of socialism ... Unfortunately there are some on the side of socialism who, under the pretext of defending their so-called 'originality' and national peculiarities, are essentially revising the principles of proletarian internationalism, expunging the revo-

lutionary essence of Marxism-Leninism, its class character. In this effort, any departure from the revolutionary teachings are passed off as innovations, while truly living Marxist-Leninist theory and its realization in the practice of socialism are qualified as conservatism and dogmatism ... Our party ... well knows the true worth of any attempt to 'modernize' marxism and stretch it to fit 'national measures ...'

## **Speech By A. P. Aleksandrov, President Of The Academy Of Sciences**

A great deal is being done for the successful development of science in our country. Our social system and educational system attract talented people to science, and as a rule excellent, creative conditions exist in our scientific institutions. Cooperations with scientific organizations of the other socialist countries and several Western countries has an enriching effect on all of our work. It really causes an increase in the productivity of scientific labor and speeds up the scientific-technological process ...

Development (of new sources of energy -Ed.) proceeds on a long-term basis — for example from the achievement of thermonuclear reactions in the laboratory, which we have

approached today, to commercial reactors will take about 15 years ... This state program has scientific, technical, political and economic aspects and must continually be corrected and refined. The Academy of Sciences has involved economists, geologists, energy specialists, atomic physicists and planners in resolving this problem ... The significance of such work for the national economy is extremely great ...

Work on quantum generators by Academicians A. M. Prokhorov and N. G. Basov (Soviet fusion researchers -Ed) has opened up new possibilities in a whole range of areas ... Lazer beams can drill holes, heal wounds. They are used for welding, for rare metals, aviation, etc. All of this is the result of 'basic science.'

## SPECIAL REPORT

# Southern Africa Nears Socialist Revolution

March 12 (IPS) — “The nightmare of United States diplomacy in southern Africa,” said reporter Henry Trewhitt in the Baltimore Sun last week, “is this: a horrifying war between the races that ends in Marxist domination while Washington, in effect, looks on helplessly.”

With the exception of the prediction of race war, this so-called nightmare is no dream — and it does not apply just to southern Africa. The effect of the socialist victory in Angola has been to remoralize progressive working-class and government leaders throughout the continent. Southern Africa is on the verge of a socialist revolution; Presidents Mobutu of Zaire and Kaunda of Zambia have already been forced to partially accommodate to the policies of the socialist countries around them, and because of their commitment to collecting Atlanticist debt by austerity programs are likely to be toppled by working-class opposition factions in their countries; the faithful geriatric reactionaries running Kenya, Senegal, and Ivory Coast are in very nearly the same position. An explicit left faction is being formed in the Organization of African Unity, after factional organizing was launched last month by President Sekou Toure of Guinea. Countries such as Nigeria are rejecting their former pro-Western role and publicly denouncing U.S. and European sabotage of their industrial development projects. And virtually every radical government on the continent is rejecting the Maoist model of slave-labor, pick-and-shovel “development” — so-called African socialism — in favor of capital-intensive investment, a tendency represented by improving relations with the Soviet bloc countries. The much-discussed Soviet intervention into Africa is actually characterized by increased economic cooperation, far more terrifying to the Atlanticists than their supplying rocket launchers to the area’s liberation movements.

### Counterrevolution

Imperialist policy makers and their propagandamongers are frantically casting about to try to formulate a policy to counter this motion. President Ford and Secretary of State Kissinger, together with certain Europeans, are hysterically focusing on the situation in white-ruled Rhodesia and trying to create a confrontation with Cuba and the Soviet Union over the question. Testifying before the House Committee on International Relations on March 4, Kissinger warned Cuba to act “with great circumspection” before aiding liberation movements elsewhere in Africa, especially Rhodesia, and threatened dire but unspecified consequences if they did. “Our actions cannot be deduced from what we did in Angola,” he intoned.

The Washington Post supported Ford and Kissinger in a March 10 editorial on the “deepening penetration into black Africa by Fidel Castro’s Cuba...” backed by the Soviets. Reporting that Ford is considering a naval blockade of Cuba, the Post added, “Whether Congress is coming to its senses or not, President Ford is determined to end Castro’s free run in Africa, whatever the opinion of his foreign allies, the Third World, American black leaders, or anyone else.”

The situation is now reaching a potentially dangerous pivot point. The socialist offensive in Africa has gone far enough to terrify the Atlanticists, possibly to the point of going through with Ford and Kissinger’s hysterical threats. But African leaders have yet to take exactly those final decisive steps that Kissinger and Company are most terrified of, the steps which will destroy them: declaration of debt moratoria and the formulation of a program demanding the industrial development of Africa.

### Socialist Forces Unify

Since the socialist victory in Angola, the liberation movements and governments of southern Africa have been acting virtually as a single organization. Angola’s Popular Movement (MPLA) government is providing a base for the South West Africa People’s Organization (SWAPO) of neighboring Namibia, enabling them to move out of the counter-insurgent-controlled environment of their former base in Zambia, while the governments of Mozambique and Tanzania provide protection for a purge in the Rhodesian liberation movements carried out by an emerging pro-Soviet and socialist leadership against Maoist and Fabian agents. Agents Ndabaningi Sithole, Abel Muzorewa, and Robert Mugabe have been expelled from the guerrilla camps in Mozambique, and informed observers report that “moderate” Joshua Nkomo, the great white hope, has been effectively politically captured by the pro-Soviet forces.

The political tightening up that both SWAPO and the Zimbabwe (Rhodesia) Revolutionary Council are undergoing are far more important than the increase of actual military activity which the press has concentrated on. This process accelerated at the recent Soviet Communist Party Congress, attended by high-ranking delegations representing the ruling parties of all the former Portuguese colonies in Africa, all of the legitimate liberation movements of southern Africa, the Sudanese Communist Party, and leaders of the ruling parties of the Congo, Guinea, Madagascar, Somalia and formerly pro-Maoist Tanzania. At that Congress, Soviet Ambassador to Zambia Belokolas set the tone for discussions with an offer of expanded Soviet cooperation in the development of Africa, which he contrasted with the present inability of the capitalist sector to offer anything.

### Attempt To Conciliate

Some capitalists in Europe and North America, horrified at the stupidity of Kissinger’s confrontation policy, are proposing a more conciliatory approach, hoping to buy enough time in Rhodesia for the installation of a “moderate” government, and at the same time trying to take the pressure off the governments of Zambia and Zaire. Last week, for example, the British Labour government proposed in Parliament giving financial aid to Mozambique, to “offset the effects” which that country suffered through the closing off of its border with Rhodesia. The Conservatives immediately demanded that the price on the aide package be a Mozambican pledge not to allow guerrilla activity from their soil. At a March 10 European Parliament meeting, British Con-

servative Derek Walker-Smith proposed that the European Economic Community make aid agreements with Angola conditional on the withdrawal of the Soviet and Cuban technicians now there, and that European countries keep a close watch on possible transfers of Cuban troops from Angola to Mozambique, according to the March 11 Financial Times.

In the United States, the Africa Bureau at the State Department, full of British sympathizers, is in an uproar over Kissinger's hard-line policy. Paralleling the British Labourites, the Africa Bureau has also proposed giving aid to Mozambique in an apparent fantasy return to the early 1960s when Jack Kennedy's winning smile and open pocketbook was enough to keep even the likes of Kwame Nkrumah, Ghana's "radical" Prime Minister, out of "Moscow's clutches."

The impotence of these conditional aid proposals was pointed out to the international socialist movement by the Minister of Defense and the President of the People's Republic of Angola in separate statements last week. Defense Minister Henrique Carreira branded imperialist aid proposals an attempt to "weaken our revolutionary spirit," and to infiltrate Angola's urban petty bourgeoisie. President Neto, in a statement in the March 10 East German magazine *Horizont*, added, "If the imperialist countries think they can destroy Angola by economic boycott, they are wrong. They forget the existence of the socialist countries and the lessons of Vietnam and Cuba. In their fight against the socialist camp... they tremble at the thought that Angola will be another country closed to their exploitation."

Whether a belligerent or conciliatory policy is followed, even the "liberal" imperialists are faced with the fact that in order to survive, they have to collect the Third World's debt. While the Anglo-American liberals are dreaming about buying off Angola and Mozambique, the International Monetary Fund is demanding murderous and politically near-impossible austerity policies in already pro-Wall Street Zambia and Zaire. Imports to both countries have dropped virtually to nothing, as have foreign exchange reserves due to the collapse in the price of copper (which accounts for the vast majority of foreign exchange revenues — 95 per cent in Zambia). Zambia's President Kenneth Kaunda has already been forced to raise basic food prices 100 per cent, and the IMF is demanding similar measures in Zaire, where a cholera epidemic is already raging. The so-called aid to these countries consists of a \$200 million IMF loan to Zaire, in return for still more murderous austerity measures, and continued rollover of Zaire's estimated \$6 billion debt. Similar measures are being arranged for Zambia. In both countries, the working-class-based opposition is becoming better organized and more powerful every day, and there is no policy to contain it. One banker interviewed recently was sure that Zairean President Mobutu's "charisma" would keep the population in line until "Zaire's economy starts to breathe again in 1978 or 1979." Another, less cuckoo, said, "I never had any confidence in Old Joe (Mobutu). The political future is going to be shaky... very shaky... very frightening..."

### **Beyond the South Nigeria**

Outside the political maelstrom of southern Africa the political wind is changing almost as swiftly, and, to the imperialists, in an equally amazing manner. The paradigm is the situation in Nigeria, where the British-trained career

military officers who run the government of this, the most populous (80 million people) and richest country in black Africa, are swiftly and bitterly rejecting their assigned role as Anglo-American satraps. This political left turn began with the recognition last November of the Popular Movement government of Angola by the new military government in Nigeria which came to power in a bloodless coup last summer. The left turn is largely a response to Atlanticist sabotage of Nigeria's attempts to use her enormous petroleum revenues, which began rising in 1973, for full-scale industrial development. Their sponsorship of the creation of ECOWAS, the Economic Community of West African States, represented a potentially formidable regional alliance to realize this development idea.

The latest round of sabotage against development came last year when enormous "irregularities" by Nigerian and European middlemen in the shipment of large orders of cement to Nigeria resulted in Nigeria's main harbors at Lagos being clogged with up to 300 ships at a time, each demanding \$4,000 per day in demurrage charges. The government's refusal to pay these illegitimate demurrage claims and to honor illegitimate letters of credit for cement shipments has provided a pretext for all but a few U.S. banks to cut off short-term trade credits to Nigeria, and for lawsuits by several European and American companies who count among their lawyers top Atlanticists George Ball and former Attorney General Clark Clifford.

In a direct assault on the Atlanticists, the Nigerian government recently allowed the Zairean Marxist movement headed by Antoine Gizenga to set up headquarters in Lagos for the avowed purpose of overthrowing CIA-favorite President Mobutu. This is perhaps the greatest irony among those which have left the Atlanticists stupefied, inasmuch as several of Nigeria's present leaders were members of the notorious United Nations peacekeeping force which was complicit in putting Mobutu in power in the first place and in assassinating pro-Soviet leader Patrice Lumumba at the same time.

The Nigerian government's firm resistance to Atlanticist assaults, their sponsorship of the formation of ECOWAS, and their leadership in the move to muster continental support for the Popular Movement government of Angola, all have designated Nigeria as perhaps the most important leader of black Africa — a role that the present government has publicly accepted. However, they have so far failed to take advantage of a radicalization process, similar to their own, that has occurred over the past year in most of the rest of West Africa. If Nigeria, supported by Guinea, Ghana and one or two other West African countries, called for a regional declaration of debt moratorium and the formulation of a common regional development program, they would be hard-pressed to find opponents. Only Senegal and Ivory Coast could be expected to temporarily organize against such a proposal, and both countries are run by doddering French puppets already on their last legs who face enormous internal unrest and could easily be isolated and pressured in the same way that Zambia and Zaire have been surrounded and neutralized by the Congo, Angola, Mozambique and Tanzania. In addition, Senegal and Ivory Coast would face pressure from the French Gaullists who are presently touring African countries to marshal support against their common Atlanticist enemies, Senegal's ruling Progressive Union party, furthermore, has already been forced to allow the Senegalese Communist Party and two other political opposition parties to organize within the country.

## SPECIAL REPORT

# The Threat of a World Flu Epidemic

MARCH 12 (IPS) — An influenza pandemic of immense proportions, capable of killing millions worldwide, is now virtually inevitable by September unless the expansion of food production and global preventive measures embodied in the ICLC's International Development Bank proposal are implemented now. At this moment, each day of delay in implementing the IDB means the death of 50,000 to 70,000 human beings from epidemics, and starvation ... **a human life for each second of delay.**

Public health officials in the United States have themselves concluded that some sort of influenza pandemic is unavoidable by the fall of this year on the basis of their studies of the swine flu variety that killed a soldier at the U.S. Army base at Fort Dix, N.J. two weeks ago. These officials have confirmed that the new strain is so dissimilar to existing viruses that practically no one is immune or resistant to it. Although it has been determined that the Fort Dix strain is at least as contagious as most other flu varieties, it has not yet been confirmed if the new virus possesses the "killer" virulence of the 1918 strain which it closely resembles.

That strain caused a pandemic which left 20 million dead in 1918-19.

In November 1975, the Labor Committees warned that the failure to implement international moratoria and the IDB in the 90 days ending March 1 would lead rapidly toward an irreversible ecological collapse. The outbreak of the "swine flu," and the "Victoria flu" which is now sweeping the advanced sector killing thousands, is evidence enough that the drastic fall in the world's living standards has done catastrophic damage to the human race.

### Debt Collection Equals Deaths

Wall Street's attempt to collect every penny of outstanding dollar denominated debt has already resulted in the continuous destruction of the capacity of the human race to resist the onslaught of infectious disease. Debt service has been looted from the account of variable capital — the absolutely necessary payments for wages, education, social services, hospital, etc. required to maintain and reproduce the productive working class. This looting can proceed for an extended period of time without producing an apparent change in society, i.e. things appear to be the same as they were. However for example, this primitive accumulation "creates" an enormous deficit of necessary payments to the account of variable capital. At a given point, this accumulated deficit begins to manifest itself in more apparent signs of social decay and in its latter stages in an increase in death rates. The rate of social disintegration tends to accelerate exponentially as the looting process proceeds. As the net deficit increases, each dollar looted from necessary variable capital expenses now has a more socially destructive effect than a dollar looted at some previous point in the process.

Understood within this overall context, the recent sharp rise in death rates from the Victoria flu pandemic in such areas as New York and Britain is a first approximation of the effects of accumulated deterioration of living standards, in the form of cuts in municipal services, nursing home care, decrease in the real value of social security payments, frozen wages, etc. In the past year, cuts in New York City's municipal services alone amounted to \$600 million, as a conservative estimate. Concurrently, as a result of this winter's Victoria flu, the City's overall death rate has increased by 20 percent, with most of the flu and flu related deaths among the elderly on social security, in nursing homes, or in chronic care hospitals.

When taken into consideration with other depression (budget cut) related debts, such increases in the death rate, provide the following approximation of the current state of social collapse: one life is now being lost for each \$15,000 in budget cuts. (Coincidentally this amount is roughly equivalent to the actual current dollar value of city services required to maintain an individual at the present level of labor productivity)

The momentary quality of such death-ratio expressions can not be overstressed. The death rate figures represent a quantitative momentary expression of the rate of collapse; it is the equivalent to examining the point on a curve that plots an exponentially increasing rate of acceleration. While it is obviously possible to project based on the previously mentioned kill ratio a death rate for 1976 — such a projection would not even be an accurate approximation. As that rate was being calculated the city and State, under directions of the banks, were already in the process of implementing further cutbacks, with more (numbering in the billions of dollars by their own estimates) on the way. These cuts will further accelerate the rate of increase in the death rate, for reasons previously stated, to holocaust proportions.

In addition, previous budget cuts and other means of debt collection looting have already destroyed the social infrastructure to such an extent that even if the debt service payments stopped immediately, it would still be impossible to restore the cuts in time to prevent a killing epidemic of flu next year. Each day of delay in declaring debt moratoria and restarting necessary production adds to the number who will die—again in an exponential process i.e., the cost of each day's delay in human lives increases exponentially, such that tomorrow's delay will murder more people than today's, and so on.

### The Swine Flu Threat

The U.S. Labor Party has issued the following short term measures for the mass production of a "swine flu" vaccine to minimize the possible deadly effects of the new strain and to allow for IDB development measures to be implemented:

The U.S. Congress must immediately appropriate \$250 million toward U.S. vaccine production in the form of a

guaranteed purchase of any unused vaccine produced an a guarantee of free vaccine for the general population by the pharmaceutical companies.

An additional \$250 million to the UN's World Health Organization to support vaccine production in other areas of the world, particularly in Western Europe and the Socialist sector.

An epidemiologist from the Center for Disease Control in Atlanta, Ga. who has been monitoring the new flu strain has confirmed that such an investment program is an immediate priority: "The data we have now strongly indicates that the swine flu will be next year's pandemic. Very likely, we won't get any more information on its virulence until it breaks out widely in September or October, and by then it will be too late to begin large-scale vaccine production." "That has begun now," he concluded, "and the pharmaceutical companies will only do it if they have government guarantees of purchase."

Since it was first discovered three weeks ago at Fort Dix Army Camp in N.J., evidence of the swine flu has now been found in over 250 men in the camp, with a 30 percent infectivity rate in the platoons of the four original cases, (one of whom died.) The strain is very likely the result of a recombination of flu viruses from human and swine varieties of the disease, and probably came from third world areas where humans and animals are forced to inhabit the same living space.

Epidemiologists investigating the Fort Dix outbreak insist that the disease must have originated outside Fort Dix, and was discovered there only because of US Army testing. According to a spokesman for Walter Reed Hospital, now investigating the current cases at Fort Dix, "There's no question that the new swine flu is transmissible from human to human. As for whether it exists outside of Fort Dix, you bet it does. By now it must be seeded to dozens of other bases, to say nothing of the population at large. The only reason it was picked up first by the military was because we test more frequently for it (than do civilian health services)."

A worried epidemiologist at the U.S. Public Health Service explained that sample testing of the population should be done to get an accurate reading of the present outbreak of flu, "but our federal funding is limited and shrinking, so all we can do is wait for samples to be sent to us from doctors. As you would expect from such a system, we end up with a spotty and inaccurate picture. It's the same with plague, encephalitis, and many other diseases."

Thus far, only several thousand samples from flu victims around the country have been tested, and except for several isolated cases, all outside of Fort Dix have been Victoria.

The Advisory Committee on Vaccinations for the U.S. Public Health Service met on March 10 to review the latest data gathered concerning the swine flu and to decide whether a recommendation on vaccine production for the next flu season is necessary. After hearing the evidence, the committee decided to adjourn without making a recommendation either way and to reconvene in several weeks, hopefully after "more conclusive data" are available. A leading spokesman for the Public Health Service confided after the meeting, however, that the general opinion of those involved in collecting and analysing the data is that the vaccine will

"most certainly be recommended. There's no way we can take a chance on this one. The evidence we have in no way eliminates the possibility that we are dealing with a 1918 type organism." Under such circumstances a two week delay on the grounds that no one will support an appropriation for vaccine until more evidence is found, is a suicidal posture!

In Jan. 1975, the Labor Committees predicted a probable flu pandemic for 1976 as the first stage of a holocaust. AS the working class population is increasingly starved and overworked — weakened by looting to pay Wall Street's dollar debt — resistance to all diseases drops drastically and the development of mutant strains of flu is ensured. The new viruses threatening millions are such mutants — due to Wall street's austerity policies.

The devastating effects of the current "Victoria flu" epidemic — far less fatal than the "swine" variety — confirm what damage Wall Street has been allowed to do to the human race. Deaths from "Victoria" have risen by nearly 70 per cent in the U.S. and Great Britain over the past week alone. In Britain 1300 died in the past seven days, and the overall death rate is 15 per cent above normal. Swedish hospitals are reported to be overwhelmed with patients, with many sleeping in hallways. Global death rates from the flu have not been reported, but may be reaching 10,000-20,000 a day, if global mortality even approaches that of Britain. In the U.S., more than 1200 have died and the disease is still on the increase throughout the Midwest.

### The Previous Epidemic

A look at the 1918 catastrophe gives ample explanation for the epidemiologists' fears. In 1918, as now, the world was devastated by the consequences of a capitalist breakdown crisis. From the 1913 depression through the chaos and grinding austerity of World War One, living standards had plummeted. Food consumption had dropped to famine levels in Asia and most of Europe. The potato crop, blighted by an earlier disease wave, had failed, spreading hunger through Germany and Eastern Europe. Imperialist blockade was ravaging the infant Soviet Republic. Under such conditions the population's resistance to disease was demolished. A similar process, on an even greater scale, is already taking place today.

The 1918 swine flu most likely began in Asia, but like its 1976 coterpart was first discovered at a U.S. Army post. The flu started in March, then as now at the end of the usual flu season, and spread rapidly into Europe via U.S. troops, from there into Asia, and then back into the U.S. civilian population. By July-August 1918, it had recrossed the Atlantic, hitting the East Coast ports and spreading within weeks through the civilian populations as far as California and Alaska. By October, 1918, the entire US was engulfed in a major epidemic with soaring death rates. Emergency tent hospitals were set up: Libraries and other public areas were closed; even barber shops were shut. The Army Sanitation Corps issued a general advisory to the population that "the universal practice of hand shaking should be stopped immediately." All police in Seattle and several other cities were required to wear face masks.

These precautions were to no avail. The New York City death rate soared to 800 per day; in Pennsylvania, 1000 died per day. By December there were 20 million dead worldwide.

one half million in the US! In New York State alone, 20,000 perished.

### Reason For Panic

There is ample reason for panic among epidemiologists. Such panic is manifesting itself in the denial of obvious realities. According to the head of the Center for Disease Control and Chairman of the Advisory Committee on Vaccinations, Dr. David Sencer, "The pharmaceutical industry would have no trouble making 200 million doses of swine flu vaccine before the season hits."

However, according to Dr. Maurice Hilleman, flu expert at Merck, Sharpe, and Dohme, a leading vaccine manufacturer, "There's no possible way we could make 200 million doses by flu season. So far, the virus doesn't grow well on chicken egg medium (the usual growing medium for flu viruses), and it might take months to get it to grow. Secondly, our total egg capacity for the entire industry is fairly fixed at a maximum of one half million eggs a day, and even if we get the virus to grow, we can't expect more than one or two doses per egg. Increasing the number of eggs requires large capital input, and that would take months." Flu experts at Park Davis and other pharmaceuticals confirmed Dr. Hilleman's statements.

An initial input of approximately \$20 million could eliminate certain critical bottlenecks, such as a shortage of

high speed continuous flow centrifuges. However, nothing short of an all-out crash program as outlined above could hope to put a real dent in the situation.

The experts at the pharmaceuticals also have significant "blind spots." An official at Merck, Sharpe, and Dohme said this week, "I'm not so sure we need a swine flu vaccine. After all, we have a good Victoria vaccine, and we know that Victoria can kill, so why not keep making it. When we get more data on the swine flu, then we can switch. Of course with a government guaranteed purchase we could go ahead and make both, with emphasis on the swine, but at this point it doesn't seem like it's necessary."

Of course, if they feel they can reap a profit, the pharmaceuticals will go along with a government mandate to produce vaccine. At this point they are not actively pushing for such mandate.

We repeat our warning of November: continued inaction on the continuing drops in production, consumption and services will increase the number of deaths and drastically decrease the world economy's ability to stop the holocaust process. Available estimates indicate that even with the immediate implementation of the IDB, existing disease momentum will result in the loss of at least 5 million people who could have been saved by earlier action. If the IDB is not functioning by early May of this year, an irreversible ecological holocaust is inevitable.





**COMBINED EDITION**  
**MARCH 8, 1976**

# NEW SOLIDARITY International Press Service

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## I. Priorities

### **HANDELSBLATT SEES THIRD WORLD DEBT MORATORIUM AS ONLY MEANS FOR TRADE**

March 8 (IPS) — The West German industrialists' daily Handelsblatt today called for a moratorium on private debt owed by underdeveloped countries and an accompanying expansion of exports by the advanced sector to industrial nations. Reversing the months' long editorial position of the paper that global debt moratorium against all Third World debt would destroy the "free market economy," journalist Eberhard Wissdorff wrote that reversing the collapse of world trade was now dependent on increasing "Third World purchasing power" through moratorium procedures.

### **BRD BANKER ENDORSES DEBT MORATORIUM**

BONN; W. Germany, March 8 (IPS) — A leading member of the West German Federal Bankers' Association said today concerning debt owed by the Third World that "yes, it is clear that it is necessary to write off these credits. We should do that in a planned way...The debt moratoria are to the advantage of everybody."

The banker was commenting on the proposal for international debt moratoria to stimulate expanded world trade which was presented today by Eberhard Wissdorff, a writer for the West German industrialists' daily Handelsblatt, and on a proposal for a new international credit institution to underwrite 25-year loans to the Third World and maintain living standards, which was issued by Peter Jay, the chief economics writer for the London Times last week.

### **IMF PLAN PROVOKES WORKERS' REBELLION IN ARGENTINA**

March 8 (IPS) — Auto workers throughout Argentina are walking off their jobs by the thousands today in protest against the just-announced "shock treatment" austerity program formulated by Economics Minister Emilio Modelli in conjunction with the International Monetary Fund, according to Prensa Latina today. While the leaders of the official Peronist national trade union confederation, the CGT, are presently meeting to determine their formal position on the Mondelli plan, Prensa Latina reports that "workers' reactions in different parts of the country this morning threaten to supercede whatever official decision of the CGT is taken, including putting the stability of the government into danger."

The Mondelli plan, which offers a 12 per cent wage increase to compensate for massive hikes in public utility rates, transportation, fuel and basic commodity prices ranging from 80 to 150 per cent, and a 42 per cent cost of living rise in the first 2 months of 1976, has already been approved by the President Isabel Perón and her cabinet and has been declared in effect.

Mondelli has attributed the "necessary severity" of his emergency plan to the country's foreign debt payments crisis, which verges on the brink of default. A mission of the Economics Ministry is presently in Washington, D.C. to negotiate an emergency loan with the IMF.

### **BADILLO ISSUES CALL FOR DEBT MORATORIUM ON CBS RADIO**

NEW YORK, March 8 (IPS) — Rep. Herman Badillo, (D-N.Y.) yesterday called for cutting debt service payments to New York banks before making any further cuts in necessary city services.

In a statement to WCBS radio here, Badillo said that cuts and hospital closing proposed by the City's Health and Hospital Corporation would wind up "costing people's lives." Saving money by closing hospitals because they are "underutilized" is absurd, the Congressman said. "Hospitals are underutilized because they are understaffed and underequipped because of previous cutbacks." There must be no more cutbacks in needed services he stated "if we are going to cut anything the first thing we must cut is the \$2 billion in debt service the city pays to bankers...Let's take out cuts from the banks' money, before we talk about cutting anything else."

### **BADILLO: CUT \$80 MILLION IN DEBT PAYMENTS TO SAVE SERVICES**

WASHINGTON, D.C., March 8 (IPS) — Aides to Congressman Herman Badillo this morning confirmed that Badillo is supporting a debt moratorium for New York City. As described by the aides, Badillo is calling for at least \$80 million now being paid to debt service to be paid to save hospitals, schools, and salaries.

The aides said Badillo is "opposed to a Federal bailout that would mean any more austerity for the city."

### **BADILLO REPEATS MORATORIUM CALL AT NYC HEARINGS; BACKS USLP PROGRAM**

NEW YORK, March 8 (IPS) — Congressman Herman Badillo (D-N.Y.) told representatives of the U.S. Labor Party outside a closed hearing on proposed cutbacks in the budget of the City University of New York here today that he is backing "a complete moratorium on the entire city debt" of New York City "in order to maintain essential services." The Bronx Congressman added: "I'm going to support your program."

Badillo repeated his moratorium call in his testimony at the hearing, held in Manhattan at John Jay College, after outlining the disastrous effects of further cuts in the New York City budget.

### **CUNY BOSS CUTS OFF BADILLO DEBT MORATORIUM TESTIMONY AT CLOSED HEARINGS**

NEW YORK, March 8 (IPS) — Alfred Giardino, the Chairman of the Board of Higher Education of New York City launched into a tirade against Congressman Herman Badillo, the first speaker at hearings held in Manhattan today on the City University of New York budget crisis, after Badillo concluded his remarks with a call for "a moratorium on all debt." The hearings are closed to the public.

Giardino immediately began shouting at Badillo, attacking his proposal as irresponsible in near incoherent terms. When Badillo attempted to respond and elaborate on his remarks, Giardino gavelled him out of order.

### **KENNEDY AID SAYS MANY CONGRESSMAN FAVOR THIRD WORLD DEBT MORATORIUM**

WASHINGTON, D.C., March 8 (IPS) — Robert Hunter, the foreign policy aide to Senator Edward Kennedy (D-Mass.), said today that "many people here in Congress think that debt moratorium is one of the more effective means for dealing with many Third World countries problems. They realize that these countries have to have time to rebuild their economies so that they can later meet their obligations."

Hunter discounted the recent statements of Sen. Harry Byrd (Ind-Va.) who has declared that the U.S. Congress wants every penny on the dollar of international debt paid. "Sen. Byrd does not speak for the majority of Congressmen," he said.

Hunter's statement contradicts claims by the U.S. State Department, which has recently maintained that the main stumbling block to U.S. support for debt moratorium has been the opposition of the Congress.

### **BRONX ASSEMBLYMAN BACKS DEBT MORATORIUM**

ALBANY, N.Y., March 8 (IPS) — Speaking to a student rally against budget cutbacks at the Albany campus

of the State University of New York today, Assemblyman Seymour Posner (D-Bronx) the chairman of the Assembly's Labor Committee, stated "I'm for a debt moratorium" after he was challenged by a spokesman for the U.S. Labor Party.

Posner also told the rally, "Yes, I'll introduce it" into the New York State Assembly, "just get the bill to my office."

### **ROHATYN: CITIES ARE "BLOWING UP"**

NEW YORK, March 8 (IPS) — Appearing on the Gabe Pressman talk show on New York's WNEW-TV last night, Felix Rohatyn, chairman of the Municipal Assistance Corporation ("Big MAC") and a partner in the Lazard Freres investment banking firm, warned that the cities of the northeast are "blowing up," elaborating that "this is not a containable situation."

Asked about a plan proposed by former Off Track Betting Corporation chief Howard Samuels to have the city default on its debt, Rohatyn practically choked and said "Well, that had been mentioned in the summer by (Treasury Secretary William) Simon and (President Gerald) Ford and it won't work." He commented that under his program, there have already been some debt reschedulings, but what is needed now is a positive program to get the economy going. His proposal for a "Marshall Plan" for the cities is such a program, Rohatyn said, comparing it to the Reconstruction Finance Corporation — the federal agency which bailed out bankrupt corporations during the last depression with taxpayers money. Rohatyn hinted that his plan would involve putting welfare recipients to work building industrial parks and other slave labor projects "if the unions cooperate."

Questioned about what had to be done in New York City now, he said either the city could shut down all its hospitals or make across the board cuts of a lesser severity.

### **ACLU LAWYER'S CENSORSHIP MOVE QUASHED BY BUFFALO JUDGE**

BUFFALO, March 8 (IPS) — Judge M. Marshall, of New York State's Superior Court quashed a motion made by ACLU Attorney David Jay to extend an extraordinary ban on a U.S. Labor Party

leaflet which attacks yet another ACLU Attorney, Leonard Klaif. The leaflet condemned Klaif for defending Nazis while allowing Labor Party organizers to be jailed on harassing police charges.

The Temporary Restraining Order requested by Jay was contested on behalf of the Labor Party by Kushro Ghandi, a Labor Party Regional Executive member who conducted a pro se defense. Ghandi cited 150 years of legal developments that prohibited prior restraint on criticism of public figures.

In his yet unpublished decision, Judge Marshall also cited the long history of First Amendment rights to the ACLU co-operating attorneys seeking the injunction.

A hearing on a permanent injunction is now set for some time later this month.

### **POUND SINKS FURTHER**

NEW YORK, March 8 (IPS) — The British pound sterling reached a new historic low of \$1.9280 in trading today, falling over 2 per cent against the dollar on European foreign exchange markets. Today's fall represents a 2-week drop by the pound of 5 per cent from its Feb. 27 level of \$2.0276. Sources at the U.S. Federal Reserve predicted that the pound will eventually fall to \$1.85, and were reported to be telling U.S. corporations to pay no attention to the pound's collapse.

The pound stabilized later in the day as the Bank of England, which had encouraged Friday's de facto devaluation of the pound by lowering the minimum lending rate when the run on the Sterling was developing, intervened at the \$1.9280 level.

While the dollar remained stable, the "spillover" effect of the pound's fall forced the Banque de France to support the French franc by selling dollars and deutschemarks, while the West German central bank was forced to buy Danish kroner to prevent a collapse of the European "snake."

Despite the dollar's stability today, banking sources in Europe said today they believe it is only a matter of time before the attack on the pound develops.

### **CZECHS SEE FORD AS CATALYST FOR WAR-MONGERING**

March 8 (IPS) — The Czechoslovak daily Rude Pravo commented March 5

that President Ford's recent statement that he will no longer use the word "detente" is coherent with the anti-Soviet warmongering of top NATO officials and West German neo-Nazi and former Defense Minister Franz Josef Strauss. Rude Pravo noted that the rightwing daily Die Welt had seized on Ford's remarks as "the most authoritative voice in the camp of those who warn against detente policy."

## **II. International**

### **BRD GOV'T. SAYS DEBT MORATORIUM ONLY ON "CASE BY CASE" BASIS**

BONN, W. Germany, March 8 (IPS)—Commenting on the proposal for sweeping international debt moratoria to make possible expanded world trade and industrial production which appeared in today's Handelsblatt, representatives of the West German Federal Finance Ministry said today that the present government of Chancellor Helmut Schmidt only supports grant debt moratoria on a "case by case" basis which would not upset U.S. dollar debt holdings globally.

### **WALL STREET BANKER ADMITS THAT EUROPEANS DISILLUSIONED WITH U.S. "UPSWING", MIGHT GO WITH EAST BLOC, THIRD WORLD**

NEW YORK, March 8 (IPS)—The chief economist of one of the largest banks on Wall Street, admitted that Europeans were thoroughly disillusioned with the prospects of a U.S. upswing which was supposed to have led to an export-based economic recovery in Europe.

Speaking of weekly arrivals of delegations of European bankers in New York, the banker said: "Now they're saying 'since you don't pull us out, we need the LDC's (less developed countries) and the East bloc to pull us out.'" Asked how New York bankers react to such threats he replied: "Europe will just have to go with more low growth. Look at Japan, they can't continue such growth."

### **OFFICIAL FRENCH LEFT GAINS IN CANTONAL ELECTIONS**

March 8 (IPS)—French Socialist and Communist parties made electoral gains in yesterday's first round of cantonal elections, taking 52-53 percent according to official statistics. Today's French bourgeois press unanimously agree that these gains, particularly the 26 percent vote cast for the Socialist, will become a major bargaining chip in the left parties' demand for participation in the government.

The parties of the Atlanticist coalition government of Valey Giscard d'Estaing are reported by French radio to have taken only 40 percent of the total votes, with the Gaullist UDR party, casting doubt on the actual number of votes won by Giscard's own Independent Republican party.

Total voter turnout for these local elections was a startlingly high 65 percent, indicating growing general concern for the political and economic direction of France.

### **UDR SUSPECTS PONIATOWSKI OF ELECTORAL FRAUD**

March 8 (IPS)—Following the first round of cantonal elections yesterday in France, Lucien Neuwirth, a spokesman for the Gaullist UDR party, has protested the official, government-calculated results, hinting that Interior Minister Michel Poniatowski is involved in possible vote fraud. According to French radio, Neuwirth stated "I am not satisfied with the results recorded by the Ministry of the Interior. As a result, the UDR is going to proceed with its own poll."

### **GENERAL STRIKE IN SPANISH BASQUE COUNTRY**

March 8 (IPS) — At least 250,000 workers went out on a general strike today in Spain's Basque provinces in protest over last week's police massacre of four workers in the town of Vitoria, according to a Prensa Latina dispatch.

In the Bilbao working-class suburb of Basauri, a young worker was machinegunned to death today by Civil Guards attempting to impede a demonstration from marching to the local jail. A northern-based trade union organization, meanwhile, has put out a communique calling on all Spanish

workers to express solidarity with Basque workers arrested in recent days, according to Agence France Presse.

### **SOVIET AMBASSADOR IN MEXICO ATTACKS WHITE COMMUNISTS**

March 8 (IPS)—The Soviet ambassador to Mexico, Nicolai Tarasov, declared last week that though "The USSR does not get involved in the definition of political line of (other) Communist parties...naturally there are general laws of the class struggle, discovered by Marxist-Leninist science...which must be held to by all Communist parties." Tarasov then explicitly named the theory of the dictatorship of the proletariat as one such general law, "shared not only by the CPSU but also by the immense majority of other Communist parties. This in itself eliminated the possibility of considering this problem as a problem between the PCF (French Communist Party which recently repudiated this concept) and the Communist Party of the Soviet Union."

According to the Mexican government daily El Nacional March 5, Tarasov held closely to the positions of Party Chairman Leonid Brezhnev at the recently concluded 25th CPSU congress in Moscow. Tarasov insisted that "detente can in no way suppress or change the laws of class struggle. We are convince that capitalism...is condemned to disappear." Tarasov further stated that the Congress "will have a direct importance for the countries of Latin America, given that the Congress declared that the Soviet Union supports the desire of the Latin American countries to strengthen their political sovereignty and their economic independence."

### **ANTI-SADAT UNREST ESCALATING IN EGYPTIAN ARMY**

March 8 (IPS)— "An explosive effect against the Sadat regime in Egypt is building up," the West German daily Die Welt reports today. "A certain discouragement in the officer corps" caused by Sadat's policies of austerity and support for the West, the paper says, has led many of these officers to ask "if Egypt would have been better to have remained in the Soviet camp," the paper continues.

According to Die Welt, the strength of the anti-Sadat ferment in the military is

"difficult to guess." But if Egypt does not soon receive arms grants from the West, the paper warns, an explosion could occur.

### **AN "ARAB MAR— SHALL PLAN" FOR EGYPT PUSHED BY IMF**

March 8 (IPS)—A scheme to put together an 11 billion dollars fund to retire Egypt's debt was revealed in yesterday's Financial Times which indicated that Egypt would have 20 years to repay the sum on terms dictated by the World Bank and the International Monetary Fund (IMF).

Today's Le Monde reports that the idea of creating such a fund came up during Egyptian president Sadat's recent fund-raising tour of the oil producing states. The fund, according to Le Monde, is being called "the Arab Marshall Plan," with sizeable contributions from the oil producing sector.

Johannes Witteveen head of the IMF is due to arrive in Cairo March 9 to be followed by the director of the World Food Bank, William McNamara; both will engage in efforts to negotiate the Egyptian bailout. Egyptian Prime Minister Mamdouh Salem is scheduled to leave shortly thereafter on another tour of the oil producing states in an attempt to raise more cash.

### **EGYPTIAN OFFICIALS REVEAL IMF TRIAGE PLANS FOR EGYPT**

WASHINGTON, D.C. March 8 (IPS)—The primary "basic change in the Egyptian economy" being demanded by the International Monetary Fund is "for ending subsidies for basic necessities like bread and oil," a leading Egyptian commercial attache in Washington told a reporter today. According to the attache, "if we do away with subsidies, bread will rise in price by 12 times!" The IMF has stipulated this condition in return for an Arab-financed slush fund to support Egypt, which would be administered by David Rockefeller personally, he said.

Such dictates may work economically, the attache said "but politically it's a different story. This is not an easy question; the majority of people are consuming these foodstuffs. It wouldn't be fair. Imagine a worker with a low income; you can't just do something like that, even the IMF." The Egyptian government is "arguing"

with the IMF on this point, and on the demand that the Egyptians devalue their currency, he declared.

### **SIMON PESSIMISTIC OVER EGYPT'S FISCAL PROGNOSIS**

March 8(IPS)—Following meetings with Egyptian President Anwar Sadat over the weekend in Cairo, U.S. Secretary of the Treasury William Simon expressed pessimism over Egypt's financial situation, saying that he saw "little hope" for immediate improvement, according to today's Washington Post. Simon noted that it would take "the equivalent of a private sector Marshall Plan" to provide the foreign capital investment that Egypt seeks, adding that "Egypt has yet to make the administrative and fiscal policy changes that would warrant such commitment from the foreign business community." Praising Sadat's break with the Soviet Union, Simon warned that Egypt must still send a "clear signal to the international business community that things have really changed" in Egypt, and hinted that Egypt should be prepared to accept "tough outside supervision of its fiscal policies."

### **AL FATAH AND PFLP UNITING AGAINST SYRIANS**

March 8(IPS)—Two left Palestinian groups, the mass-based Al Fatah under PLO leader Yassir Arafat, and the pro-Iraq Popular Front for the Liberation of Palestine (PFLP) are posing a "powerful challenge" to the Atlanticist-backed policing of Lebanon by Syria. According to yesterday's London Observer, "Al Fatah and the PFLP, long ideologically at odds, have been mending their fences in the face of the common enemy, Saiqa," the Syrian-controlled branch of the Palestinian movement. The Observer describes Al Fatah as "a formidable opponent" whose collaboration with the PFLP against Syria threatens NATO's "fragile Pax Syriana" in Lebanon.

### **TANZANIAN PRESI— DENT TELLS ATLANTICISTS TO STAY OUT OF RHODESIA**

March 8 (IPS)—Tanzanian President Julius Nyerere has told the British Foreign Office to keep out of the crisis in Rhodesia, and strongly hinted his

intention to defend the new socialist leadership of the Rhodesian liberation movements who recently expelled the former British-controlled agent leadership of the movement.

"I want the British to do nothing in Rhodesia..." Nyerere said in an interview published in today's London Observer, and made reference to a "third force" among the liberation movement.

Until the present the agent-controlled movement has consisted of the so-called moderate faction of the African National Council—led by Joshua Nkomo who is negotiating with white Prime Minister Ian Smith for a peaceful transfer to moderate black rule—and a so-called militant faction led by Bishop Abel Muzorewa which is threatening guerrilla war.

Nyerere's "third force" reference was to a new socialist-led faction called the Zimbabwe Revolutionary Council which has emerged under the protection of Nyerere and Mozambique President Samora Machel.

### **SWAPO SHIFTING TO SOVIETS WARNS NEW YORK TIMES**

March 8 (IPS) — The South West African People's Organization (SWAPO) in Namibia is "now considering a shift" to Soviet backing, the New York Times warned yesterday. SWAPO has previously relied for assistance on China and North Korea.

The Washington Post has quoted SWAPO leader Sam Nujoma as saying that the Soviet-backed People's Republic of Angola has promised SWAPO "all the necessary material assistance within the limits of its possibilities." Also, a SWAPO delegation is reported to have met with Cuban Premier Fidel Castro at the CPSU Congress in Moscow.

### **GANDHI HITS CHINESE SUBVERSION**

March 8 — Indian Prime Minister Indira Gandhi accused China of fomenting armed conflicts in several Asian countries in an interview with a Bombay weekly last week. While the Prime Minister did not speculate as to the political intentions of the Chinese government, she said that the Peking government is strongly committed to encouraging "anti-national elements in southern and Southeast Asia," specifically citing Burma and Thailand as examples. Mrs. Gandhi also said that some Indian tribes "are trained in

guerilla warfare in China and encouraged to pass through the border (into India)."

### **DAILY TELEGRAPH: CHINESE TROOPS LINE INDIAN BORDER**

March 8 (IPS) — China has built up its forces in Tibet to an estimated 250,000 troops, on the border with India, according to an article in the March 7 London Daily Telegraph. The reported troop levels, which would amount to at least ten of China's 200 divisions, are said to include road building and engineering corps. The article adds that "China is believed already to have set up long-distance missiles in western Sinkiang to protect her border with Russia. Indian diplomatic observers expect that advanced missile systems now under development in Peking will go to Tibet." The arriving troops are said to be staying in religious centers, forcibly expelling monks to make them available.

### **III. Continental**

#### **HUMPHREY HAWKINS INTRODUCTION DELAYED AGAIN**

WASHINGTON, D. C., March 8 (IPS) — Introduction of the compromise version of the Humphrey-Hawkins Full Employment Act has been delayed again, according to Congressional sources. Finally scheduled for introduction today after several postponements, the bill is now slated to see the light of day next Friday at a press conference, the sources say.

The bill will reportedly "mandate the President" to come up with proposals in areas amorously defined as credit reform, growth of the money supply, interest rate policy, credit allocation and availability, and the production of heavy industrial goods such as agricultural and transportation equipment.

### **DEMS HAVE SECOND THOUGHTS ABOUT SCOOP**

March 8 (IPS) — Fresh from his Massachusetts primary victory, Senator Henry Jackson (D-Wash.) is being targeted as a dangerous cold warrior and confrontationist. Writing for today's New York Times, Anthony Lewis scores Jackson for his hardline demagoguery about using food as a weapon against the Soviet Union and for having been quick to suggest the use of nuclear weapons when the North Koreans captured the spy ship Pueblo in 1968.

The Democratic Party-linked New York Post today reveals that Senator Jackson encouraged the Nixon Administration to use the FBI to spy on U.S. Congressmen who had contacts with Soviet Embassy personnel. In 1969, Jackson admits, he personally informed the White House of "stepped up Soviet intelligence activities on Capitol Hill." As a result of Jackson's recommendations, the Nixon Administration ordered the FBI to resume "special coverage" of Congressmen, which had been discontinued at the end of the Johnson Administration. Among other activities, the FBI began compiling digests of conversations of Congressional members recorded by electronic surveillance of the Soviet Embassy and other foreign intelligence targets.

#### **ROHATYN, CAREY, JACKSON AGREE ON MARSHALL PLAN FOR CITIES**

NEW YORK, March 8 (IPS) — A source close to Municipal Assistance Corporation Chairman Felix Rohatyn today said that Rohatyn, Senator Henry "Scoop" Jackson (D-Wash.), and New York Governor Hugh Carey agreed on the need to implement a "Marshall Plan" for the cities, particularly municipalities on the east coast. The proposal involves the federalization of

welfare, federal assistance in maintaining debt structures, and full employment "at the earliest possible date."

According to the source, Rohatyn is a candidate for Secretary of the Treasury in a "Scoop" Jackson administration, with Hugh Carey a probable Vice President.

### **SAFIRE SCORES KISSINGER LEAKS**

March 8 (IPS) — "All the Congressmen who trembled at Henry Kissinger's thunder a couple of weeks ago, and who guiltily voted for a self-investigation by the House Ethics Committee, have just been slapped in the face with a large, wet fish," wrote conservative columnist William Safire in today's New York Times. "They were bullied and stampeded into flagellating themselves over a leak of nonsecret criticism by a Secretary of State who, at the moment, was well aware of his own department's leakage of transcripts of secret conversations with foreign leaders," the columnist charged.

Six months ago, Safire charges, Kissinger secretly slipped top secret records of highly confidential Mid East negotiations with foreign chiefs of state to a Harvard fellow. These documents have now made their way into this month's Foreign Policy magazine. The secret transcripts showed Kissinger's step by step diplomacy in a favorable light. "Anyone who accepts the notion that these documents could have been leaked without the permission of Henry Kissinger is living in a dream world," Safire observed. "The irony is that the leak...broke into print just after Secretary Kissinger had exploded at Congress for leaking the Pike report that criticized him. Henry's blistering attack panicked the Congress into turning an ethics committee into a plumbers' committee to track down those responsible for leaking a non-secret criticism." Safire concluded, "Perhaps the Congress needed...this ultimate insult to steer it away from some terrible constitutional abuses."



# NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

TUESDAY, 9 MARCH 1976  
COMBINED ISSUE

## I. PRIORITIES

### SIMON CALLS FOR ITALIAN SACRIFICE

ROME, March 9 (IPS)--U.S. Secretary of the treasury William Simon meeting with leading Italian government financial spokesmen here, has called on Italy to adopt "a program of containment of domestic consumption and an increase in production to restabilize Italy's balance of payments situation."

According to the Italian daily Il Giornale, Simon reportedly told his Italian counterparts that their situation is analagous in "certain aspects to that of the U.S."

Citing the 15 per cent loss of value of the Italian currency, the lira, since January 20, the U.S. Treasury Secretary indicated that he thought it inopportune to engage other resources (to support) a currency which has demonstrated itself to be so difficult and burdensome to maintain."

Il Giornale reports that Italian Finance Minister Emilio Colombo declared himself "to be in agreement with a policy that would limit domestic consumption." He indicated his commitment to use fiscal, and credit policy and the trade union movement to translate the necessary cutbacks into practice."

NEW YORK, March 9 (IPS)--Leading banking sources here report that U.S. Secretary of the Treasury William Simon has demanded that the Italian government implement severe restrictions on domestic consumption as a condition of bailout loan agreements. The restrictions which were described as being along the lines of proposals by Bank of Italy head Baffi, will include import restrictions. The import restrictions will be left open to negotiation, the sources report.

According to the bankers here, Simon, who is currently in Italy for meetings with Italian government and financial officials, intends to put together a bailout package which, in addition to 500 million dollars in loans from the U.S. Federal Reserve and the West German Bundesbank, will include: an old 800 million dollar tranche (credit line) with the U.S. Treasury; the still to be

(MORE)

negotiated one billion dollar loan guarantee package from the European Economic Community (EEC); and a 500 million dollars from the United Kingdom -- a country which just recently itself received a bailout loan from the International Monetary Fund.

#### SIMON ITALIAN PLAN BASED ON MYTHICAL RECOVERY

CHICAGO, March 9 (IPS)--Sources at First National Bank of Chicago said today that U.S. Treasury Secretary William Simon's strategy for "saving Italy" is premised on the mythical recovery of the French and British national sector economies. If the French and British recover enough, the sources said reporting on Mr. Simon's reasoning, "then Italian exports to those countries can be raised enough to enable Italy to regain credibility in the market."

WASHINGTON, D.C., March 9 (IPS)--Spokesmen for the U.S. Treasury Department here admitted that Treasury Secretary William Simon's plan to save the bankrupt Italian economy was premised on the "economic recovery of Italy's markets."

"Well, maybe not France and Britain," a spokesman said reflecting on the possibility of a recovery by Italy's two key export markets. But we can certainly count on an upswing in the U.S. and West Germany."

Another Treasury spokesman admitted that Italian firms have no inventories and will have to import to restart production. "If they can't export," he said "they're through."

Italy's trade deficit is reported to have dropped from 800 million dollars in December to 500 million in January -- a drop which was entirely due to a virtual shutoff of all imports. The Treasury spokesmen however viewed such figures as a reason for "optimism about the future of the Italian economy."

#### COLLAPSE OF STERLING HALTS TEMPORARILY

March 9 (IPS)--Intervention in the foreign exchange markets today by the Bank of England temporarily halted the collapse of sterling which has fallen 5 per cent in value against the dollar since Friday. Trading slowed because foreign exchange traders are confused and frightened, and their confidence in the pound and dollar, the world reserve currencies, is shaken. Renewed pressure against the pound and the dollar is expected to resume within days.

#### SENATORIAL AIDE PREDICTS IMMINENT COUP IN EGYPT IF SADAT NOT GIVEN ARMS

March 9 (IPS)--Egypt's President Anwar Sadat "is just not going to last if we don't keep props under him," an aide to a prominent Senator just returned from the Mideast told an inquirer today. Asked if he was expecting a coup d'etat in Egypt, the aide responded, "sure, sure, there's a lot of discontent in the military. Sadat has real problems, economic and political. When Sadat burned

his bridges with the Soviets, he angered the military. And, in case you aren't familiar with Middle Eastern politics, let me say that the only people who make coups in the Mideast are the military."

The aide then insisted that Sadat "needs the C-130s," (the large-scale transport planes that the U.S. is offering to Egypt) and complained about the negative reaction of both the Israelis and the Jewish lobby to the announced sale of the planes. "The C-130 is designed to help Sadat. The Israelis are acting like their own worst enemies. Whoever would replace Sadat, and I couldn't tell you who it would be, would be a lot less moderate than Sadat, that much is definite," the aide concluded.

#### SADAT TO ANNOUNCE GOVERNMENT SHAKE-UP IN EGYPT

March 9 (IPS)—Egyptian President Anwar Sadat is expected to announce a shakeup in the Egyptian government March 15. Yesterday's London Times quotes Cairo sources as reporting "that the change was prompted by Mr. Sadat's determination to prepare the nation for important moves to remedy the country's ailing economy. The Times also reports that Sadat, who has been in constant negotiations with Wall Street bankers and the International Monetary Fund to work out an austerity program in return for credits to rollover Egypt's debt, will appoint leading "economic experts" to oversee fiscal spending.

#### MEADE MOVES TO MEMORIALIZE EEA; CALLS FOR CALIFORNIA DEBT MORATORIUM

SACRAMENTO, March 9 (IPS)—California State Assemblyman Ken Meade (D-Oakland) in a press conference here today announced that he will ask the Rules Committee of the California State Legislature to memorialize his resolution for an Emergency Employment Act on March 11. The Assemblyman, in a surprise move, confirmed that he will simultaneously introduce an act calling for statewide debt moratorium for California. Meade has worked closely with the U.S. Labor Party in drafting both pieces of legislation.

Assemblyman Meade began the press conference which was attended by major California media with a scathing attack on California's Democratic Governor Jerry Brown for his incompetent, genocidal policy formulation, "Era of Limits." During the question period he announced that he "is now an independent candidate who enjoys collaborating with this group (the USLP)." Asked by the press if he was joining the USLP Meade responded, "You could not exactly infer that from what I just said." Meade reiterated his intention to work hard at getting the resolution to memorialize the EEA and the debt moratorium legislation through the legislature.

(MORE)



**DETROIT CITY BUDGET TAKEOVER CONTINUES;  
YOUNG'S PLEDGE A HOAX**

DETROIT, March 9 (IPS)--Detroit Mayor Coleman Young's pledge that he would not comply with the Michigan Finance Commission's attempts to take control of the city's budget is a complete hoax, according to city government officials here.

Sources close to Detroit Budget Director Beckham, said that he has every intention of submitting weekly and monthly reports on cutbacks and layoffs to the MFC. Beckham is reported to have said that, "when the State sees us laying people off they'll know we're serious about cutting the deficit."

In an interview today, Deputy Director of the MFC Allen reported that Mayor Young had never contacted him about not complying with the agency and that he "fully expects a weekly report on cutbacks." The Counsel to the City corporation, Mr. Bailer, also report that Young had not asked him for any legal help to fight the MFC and indicated that no fight was being waged.

**INCREASE IN VIOLENCE IN LEBANON, SYRIA AND ISRAEL  
RAISES POSSIBILITY OF WAR**

March 9 (IPS)--Moslem Lebanese Army deserters took over a garrison near the Israeli border today, and Lebanese President Franjieh told an emergency cabinet meeting that "the takeover may touch off a chain of similar mutinies and plunge the army into an open Moslem-Christian confrontation," reports today's New York Post. Franjieh warned "the takeover may also provide Israel with the pretext it has long been seeking to invade and annex south Lebanon. This," he added, "would touch off a fifth Arab-Israeli war..."

The mutiny happened on the same day as the arrival in Beirut of Syrian Foreign Minister Abdul Halim Khaddam and Syrian Air Force Commander Maj. Gen. Naji Jamil in one more effort to arrest the dissention and consequent unraveling of Syrian control.

Clashes also took place today between Israeli soldiers and Arab guerrilla at the Syrian border on the Golan Heights according to the Israeli military today's Washington Post reports. In Israel itself there was serious rioting in Nablus in the Arab populated area of east Israel, adding to the crisis atmosphere, according to radio reports monitored in New York.

**WHITE HOUSE ADVISOR: "YOU MEAN THE ECONOMY  
WON'T MAKE IT THROUGH THE PRIMARIES!"**

WASHINGTON, D.C., March 9 (IPS)--A senior White House economic advisor today expressed shock about the imminence of a collapse of the world economy. "You mean we won't be able to get through the primaries!", he said after being briefed by a U.S. Labor Party spokesman.

The spokesman indicated that the Administration is counting on Congressional passage of legislation to create "international safety net" fund to bailout bankrupt Western European and selected Third World countries who would otherwise default on their debts. The White House is putting pressure to get the safety net legislation through the Senate Foreign Relations Committee, the advisor reported.



**Combined Edition**  
**March 10, 1976**

# NEW SOLIDARITY International Press Service

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## I. Priorities

### **POUND SINKS; FRANC UNDER HEAVY PRESSURE**

NEW YORK, March 10 (IPS) — The British pound sterling came under heavy attack on the international foreign exchange markets closing a new historic low of \$1.9130. Earlier, it had fallen to \$1.9080 after opening the day at \$1.94. The sterling slide was halted only due to about \$100 million of central bank interventions, according to European foreign exchange traders. The latter figure represents the highest volume of funds moving out of sterling since the pound's collapse began. (Last week, the sterling had fallen sharply, but on much thinner volume, traders reported.)

Meanwhile, the Bank of France and the Bundesbank, the West German central bank, sold deutschemarks against the French franc to prevent the collapse of that currency, which also came under extreme pressure on today's markets. Short-term French interest rates shot up 27 percent, as the multinational corporations borrowed to dump the French currency. French corporations sold the French franc forward (i.e., selling francs at prices today to avoid being caught with the devalued currency at a later date) to cover upcoming payments, while delaying receipt of payments in deutschemarks (i.e., speculating that the deutschemark will be revalued soon). European traders estimated that the total central bank intervention against the attack on the franc were about \$100 million. (The U.S. Federal Reserve board this afternoon however, estimated a somewhat lower amount of intervention.)

Forex traders reported that it is already prohibitive to hedge against the collapse of the dollar by dumping the U.S. currency for the gold-backed Swiss franc and deutschemark. Those currencies now show a full 10 percent premium on the 90 day forward rates against the dollar. Traders interpreted this spread to indicate that pressure for a run on the dollar was building.

### **CURRENCY SPECULATORS RUSHING INTO COMMODITIES**

NEW YORK, March 10 (IPS) — Speculators in currencies have been moving into the commodities markets because of the lack of stability on the currency markets according to brokers here. "These 'Specs' don't want to keep their money in currency overnight" said one broker. Commodity futures particularly hard hit by the rush out of paper currencies are sugar, cocoa, silver and copper. Erratic moves in the market have caused the London prices of these commodities to be higher than the New York price. The end result has been arbitrage (the buying of commodities on one market and selling them on a market where the price is higher) the brokers reported. They indicated this situation has the New York traders speculating that the dollar will go down in value as compared to other currencies particularly the pound sterling. Commodity traders, report that the volume of new sales contracts on metals has jumped up as much as 400 percent over last week, and said they were particularly worried about speculators in New York who were dumping dollars for metals in London.

### **IMF, FED: DOLLAR SAFE FOR AWHILE, BUT PANIC POSSIBLE**

NEW YORK, March 10 (IPS) — Spokesmen for the U.S. Federal Reserve and the International Monetary Fund today said that under "dramatically changed circumstances, their only policy at this moment was to stop a run on the dollar from developing over the next few days."

The Federal Reserve's chief of international currencies section, replying to a question on how the Federal Reserve expected to contain a panic run on the dollar from developing, responded that as long as the Europeans continued to sell Deutschemarks to protect their currencies under the plan dictated to the

Europeans by Federal Reserve vice chairman Henry Wallich, then the dollar was safe. But, he agreed, that a European central bankers' decision to move into gold would quickly change that. At the recently concluded meeting of European Central bankers held in Basle, Switzerland under the auspices of the Bank for International Settlements, the Swiss reportedly made a strong push for gold-backed currencies.

Leading monetary and market spokesmen at New York's Irving Trust, Manufacturers Hanover, and Chemical Banks echoed these sentiments, conceding that a flood of dollars has already started moving into London metals joining those transferring their funds out of the battered sterling and into "something safe." Said Morgan Guaranty's chief foreign exchange trader: "Its all politics. The French political resistance to a devaluation of the French franc has sent the markets haywire. There is uncertainty everywhere."

### **GAULLIST LEADER CALLS ON U.S. TO ACCEPT EURO- PEAN GOLD-BACKED CURRENCY**

March 10 (IPS) — Albin Chalandon, a pro-Atlanticist member of France's Gaullist UDR Party, warned in a lengthy article in yesterday's *Le Monde* that "in the long run it is extremely dangerous for the U.S. to continue to make the dollar the instrument of a domination which, henceforth, cannot be backed by sufficient political and military means. Like any excess," Chalandon continued, "this one will bring about a reaction — voices are already calling for one in France, and they are not all Communist — and this reaction can only be growing autarchy which will destroy what was remaining of unity in Europe, and will draw each European nation closer to the autarchic east bloc."

Chalandon states that "a change in the relation of forces between the U.S. and other countries can be obtained by

the constitution of monetary zones strong enough, and, consequently, credible enough to oppose to the dollar the existence of currencies susceptible of being payment and reserve instruments."

"Of course," he states, "it is no longer a matter of crucifying the nations on a cross of gold, but the U.S. must understand that the monetary and social health of the rest of the non-Communist world cannot depend on a displacement of a few dozens or hundreds of votes in Alabama or Wisconsin. By giving gold its place in a concerted stabilization, by giving it a fixed price (although adjustable in relation to price movements as they express themselves in national currencies), one would have at one's disposal an element of reference to define, create, distribute the means of payments among states, one would introduce the minimum of constraint to place each country face to face with its responsibilities."

### **GAULLIST BARONS TO BREAK WITH GISCARD ATLANTICISM**

March 10 (IPS) — In the aftermath of the first round of the French elections for Advisory Councils, former UDR General Secretary and anti-Atlanticist Gaullist Baron Alexandre Sanguinetti declared that the low turnout for the Gaullist Party in official returns is a major warning that the party should "change its ideas, behavior and style," according to the March 10 issue of the French Communist Party daily L'Humanite.

A new dominant faction in the UDR, led by the Gaullist Barons, shares Sanguinetti's views, according to the March 9 issue of the popular daily France-Soir, and think that the heads of the UDR's "defeated generals" have to fall. Although France-Soir sees that as an attack against UDR General Secretary Andre Bord, the sword is undoubtedly directly pointed towards pro-Atlanticist Gaullist Prime Minister Jacques Chirac.

### **PCF CANDIDATES BOLT ON ORDERS TO GIVE VOTE TO SOCIALISTS**

March 10 (IPS) — According to late night French radio reports, numbers of

candidates of the French Communist Party (PCF) who ran in Sunday's "cantonal" elections are defying the orders of the party's leadership to withdraw from the second round of elections next week in favor of Socialist Party candidates in areas where the socialists had a slight majority over the PCF.

This is the first time since the Union of the Left agreement between the Communists and Socialists was signed in 1972 that such dissidence by Communists against the mutual withdrawal policy has been expressed in this manner.

According to France-Inter, the PCF leadership has threatened to expell a candidate from the Meurthe et Moselle department for his defiance.

### **UDR LEADER PROTESTS PONIA'S FRAUDULENT VOTE COUNT**

March 10 (IPS) — Andre Bord, Secretary General of France's Gaullist UDR party, yesterday renewed Gaullist objections to the official vote count issued by the Interior Ministry following last Sunday's first round of voting in the French cantonal elections. French radio reports that Bord has contested the official 10 per cent of the vote given to the UDR, countering this with the UDR's own figure of 15.5 per cent. Bord's protest follows a statement two days ago by UDR spokesman Neuwirth, expressing his "dissatisfaction" with the Interior Ministry's count.

### **GAULLIST THINK TANK SCORES NATO**

March 10 (IPS) — The French Institute for Foreign Affairs, a Gaullist think-tank, released a press statement today scoring NATO as "a political office of the U.S., directed against its (NATO's) members." The release concluded that "France's national sovereignty is threatened by a minority paid by imperialism."

The President of the Institute, Girault de Coursac stated ten days ago that unless France "immediately" breaks all ties with NATO, Western Europe will be led, despite itself, towards the possibility of nuclear war and fascism.

The statement was carried by the Cuban press service, Prensa Latina.

### **POLISH PAPER HITS U.S. 'CREDIT BLACKMAIL' OF THIRD WORLD**

March 10 (IPS) — The March 8 Polish Communist Party daily Trybuna Ludu carried a feature analysis of the developing countries' position at the North-South economic talks, accusing the U.S. and its NATO allies of using "credit blackmail" against the Third World. U.S. State Department Secretary for African Affairs Schaufele was charged in the article with pursuing a "carrot and stick" policy. Tyrbuna Ludu contrasted the socialist countries' support of intra-third world development and their outright aid to the developing sector, to the U.S. blackmail.

### **KISSINGER WANTS OPEN NUCLEAR OPTION**

WASHINGTON, D.C., March 10 (IPS) — In testimony before the Senate Government Operations Committee yesterday, Secretary of State Henry Kissinger kept open the U.S. option to use nuclear weapons against non-nuclear attack. "We cannot rule out the use of nuclear weapons on a regional basis when our national interests are involved," Kissinger said. In remarks which recalled the NATO MC 14-3 doctrine of "flexible response," Kissinger said that the "disparity of conventional forces" forced the U.S. into this position. The Baltimore Sun, which reported Kissinger's statements on its front page, added that "Western Europe and South Korea are areas where the option is most likely against conventional attack."

### **CONGRESS ATTACKS CIA ATTEMPTS TO DISCREDIT IT**

March 10 (IPS) — Rep. Otis Pike (D-NY), chairman of the now-defunct House Select Committee on Intelligence, charged on the floor of the House yesterday, that the CIA Chief Counsel Mitchell Rogovin had warned Pike's staff director, "Pike will pay for this, you wait and see — we'll destroy him for this." Pike declared that the CIA was running a "domestic covert operation" to discredit him and Congress,

and to cover up the findings of his Committee. According to several press sources, Pike also charged that the State Department and the CIA had staged a "media event" by leaking the story that 232 classified documents given to his Committee had been lost. In several hours work yesterday, the Committee accounted for 200 of the 232 documents.

Pike's revelations had an immediate impact on the assembled members of the House. Numbers of members, including Rep. Wayne Hays (D-Ohio), John Burton (D-Calif), Stephen Neal (D-NC) and Elizabeth Holtzman (D-NY) — some of whom had voted for either classification of the Pike Committee report or for creation of the Ethics Committee investigation of the leak of the Pike Committee report — admitted that they had been wrong and were now ready to go with the Pike Committee report. Other Congressmen charged that a "witch-hunt atmosphere" had been created on the Hill.

### **LEVI TO DROP PREVENTATIVE ACTION GUIDELINE**

March 10 (IPS) — Attorney General Edward Levi will drop from his proposed guidelines for the FBI a policy of allowing the Bureau to take "preventative action" against individuals or groups "who will engage in violent activity" at some point in the future. According to yesterday's New York Times, Levi withdrew that specific guideline "because of public pressure." The Attorney General complained that the proposal "just never was understood by the press."

Nonetheless, Levi said he will introduce the rest of the FBI guidelines, which will de facto legalize the whole range of FBI COINTELPRO-type operations, on March 17 without Congressional approval.

### **CHICAGO SUN TIMES ATTACKS LEVI'S FBI GUIDELINES**

March 10 (IPS) — Today's Chicago Sun Times, in an editorial entitled "FBI Guidelines Dangerous," charges that Attorney General Levi's FBI guidelines would only serve to legalize all the past abuses of the FBI. The Sun Times

charges that for the past 18 months, the details of the FBI's subversion of the rights of the U.S. population have been exposed, and that Levi has turned around and is trying to enact these very abuses into law. The Sun Times calls on Congress to immediately enact legislation to prohibit the guidelines and to mandate new ones which would actually curb the FBI.

### **DESERTIONS FROM LEBANESE ARMY INCREASE**

March 10 (IPS) — The Syrian government is concerned that the rapid increase in deserters from the Lebanese army "might undermine its efforts" to stabilize Lebanon, today's New York Times reports.

According to Times reporter James Markham, there is "no reliable estimate" of how many men have deserted the army, but Lebanese leftists are estimating that as many as 1400 men have joined the "Lebanese Arab Army" forces of dissident Lieutenant Ahmed al-Khatib and have seized at least two garrisons in the country. Further, Markham adds, Khatib's forces are "known to receive support from Al Fatah," the largest Palestinian commando group in Lebanon, "and there have been unconfirmed reports that one of his partisans in northern Lebanon... has Iraqi backing."

### **SOVIET TOKAMAK REGISTERS SIGNIFICANT ADVANCE**

March 10 (IPS) — A report broadcast today on Voice of the German Democratic Republic radio indicates that research on the Soviet T-10 Tokamak has taken another step toward fusion energy breakeven conditions. While details are lacking at this point, it appears from the report that the T-10's plasma energy confinement time has been increased from a previous high of 60 milliseconds to 100 milliseconds (one-tenth of a second). This is the value which the U.S. Tokamak at Princeton, which is not yet operational, hopes ultimately to achieve.

U.S. Tokamak experts at Princeton and Columbia Universities, who had not yet heard of the Soviet results, in-

dicated that if the improved confinement was obtained under conditions of increased temperature this is a very significant achievement.

The German Democratic Republic broadcast emphasized that leading Soviet researchers, including President of the Soviet Academy of Sciences Alexandrov, view the way as open to the construction of the T-20 fusion reactor and are developing blueprints for its industrial application.

### **FLASH! HEALEY BUDGET DEFEATED**

March 10 (IPS) — The austerity budget of British Chancellor of the Exchequer Dennis Healey has just been defeated in British Parliament, WCBS radio reported this evening. The defeat of the ruling Labour Party-backed measure was due to the defection of 36 members of the Labour Party, who decided to vote against the bill. The leader of Britain's parliamentary opposition, Margaret Thatcher of the Conservative Party, called for the resignation of the Labour Party government and new elections. Prime Minister Wilson said the government had no intention of resigning. WCBS reports, suggesting that Wilson was confident that the 36 defecting Labour Party members would support the Party if it had to face a vote of confidence in Parliament.

## **II. INTERNATIONAL**

### **PCF CENTRAL COMMITTEE MEMBER CALLS FOR NEW WORLD ECONOMIC ORDER**

March 10 (IPS) — In the February issue of the French Communist Party's economic review "Economie et Politique," Central Committee member and leading party economist Philippe Herzog calls for a New Economic World Order as a "universal process" toward socialism, based on "vast international cooperation," and attacks "imperialist states' refusal to cancel part of the Third World debt" as a major obstacle for world development generally.

Herzog emphasizes that the working-class fight against "austerity" and "anti-growth" in the advanced sector and for development and independence in the Third World is one and the same

fight for progress. This is a still "misunderstood idea," he states, but one which must be turned into a "real force" through daily organizing.

Blasting "autarchy" schemes and "subsistence" (i.e. labor intensive) agriculture for the Third World, Herzog underscores the necessity for mechanization of agriculture and general industrialization in that sector based on increased trade exchanges between the advanced sector, the East bloc and the Third World. This requires a "world-scale coordination of national development plans" and the establishment of a "fundamentally new international monetary system with the participation of the Socialist countries," with "credit based on real cooperation and linked to planned exchanges," he states.

### **WORLD BANK DEMANDS INDIA SUBMIT STATE SECTOR FOR SUPERVISION**

NEW YORK, March 10 (IPS) — A World Bank delegation currently in India has demanded that India place its state sector (most of the country's basic industry) under the supervision of the World Bank committee, as a condition for any further World Bank credits, according to the Polish paper Trybuna Luda of March 6. Indian Prime Minister Indira Gandhi has adamantly refused the request.

At present, India receives most of its western foreign assistance under the aegis of the Aid-India Consortium, a body set up and chaired by the World Bank. According to an International Monetary Fund spokesman, 70 to 80 per cent of the aid provided by the consortium goes right back to Europe and the U.S. as debt service. The World Bank's threat to cut off aid would thus, if carried out, jeopardize India's debt repayment capacity.

The World Bank demand to exercise control over India's state sector follows by only one month similar requests by U.S. multinational spokesman Orville Freeman, who demanded in his visit there that the state sector be opened for private investment.

### **INDIA FINANCE MINISTER AIMS FOR 6% GROWTH RATE**

March 10 (IPS) — Indian Finance Minister C. Subramaniam two days ago

said that the Indian economy's day-to-day holding operation of the last two years is now over and that a major thrust toward renewed development will be launched on the basis of the nation's now-secure sources of fertilizer and power, and its low rate of inflation, according to yesterday's London Financial Times. Subramaniam predicted a 5.5 per cent rate of growth for the Gross National Product as a whole next year, based on a 4.5 per cent rate of growth of industry and a record food grain output of 114 million tons.

The Finance Minister cautioned that the excellent harvest this year should not lead to complacency, because it was based on extraordinary weather, and that slow industrial growth is holding back overall development. He said that industrial growth would have to double in order to attain the desired 6 per cent overall GNP growth. The thrust of his policies to achieve this is to increase the domestic savings rate, promote exports more vigorously, and increase the production and more equitable distribution of consumer goods.

### **ANGOLA'S NETO WARNS IMPERIALISTS AGAINST ECONOMIC SABOTAGE**

March 10 (IPS) — In a statement published in the German Democratic Republic magazine Horizont today Angolan President Agostinho Neto warned European and American imperialists against attempts to wreck Angola's development through economic sabotage.

"If the imperialist countries think they can destroy Angola by economic boycott," said Neto, "they are wrong. They forget the existence of the socialist countries, and the lessons from Vietnam and Cuba. In their fight against the socialist camp, where the exploitation of man by man has been ended, they tremble at the thought that Angola will be another country closed to their looting."

### **TIMES TELLS KISSINGER TO SHUT UP ABOUT CUBA AND AFRICA**

March 10 (IPS) — The New York Times yesterday warned Secretary of State Henry Kissinger against making threats over the Cuban presence in

Southern Africa unless he could carry them out, telling him that such threats will only weaken America's already low credibility in the area.

Sharing Kissinger's "concern over Cuban military adventures in Africa," the Times warned, however, that "it would be disastrous in any terms for the United States to intervene."

"There are heavy risks for United States credibility in making vague threats of retaliation against the Castro regime in a situation in which Washington's capacity to organize effective countermeasures is virtually nil. Such a course merely invites fresh humiliation," the Times concluded.

### **SYRIAN TROOPS ON WAR MANEUVERS**

March 10 (IPS) — Syrian armored troops staged "massive maneuvers" with live ammunition on March 7 to "intensify the alertness of Syria's combat forces," according to a Jordan state radio broadcast reported in the March 8 Jerusalem Post.

### **Assad Government Isolated**

March 10 (IPS) — Harvard University think tanker Nadav Safran, writing in the March 8 Jerusalem Post, reports that Syrian President Hafez Assad is in a very isolated political position in Syria. Safran describes his influence as "confined to a very small circle" of "his immediate entourage," and notes that beyond this the "dominant views . . . are still those fostered by the (Syrian) Ba'ath party stalwarts."

### **SOARES LONGS FOR SPINOLA'S RETURN**

March 10 (IPS) — In an interview to the French magazine *Nouvel Observateur*, Portuguese Socialist Party leader Mario Soares expressed his satisfaction about an eventual return of fascist general Antonio Spínola to Portugal and advised Portuguese Communist Party general secretary Alvaro Cunhal to follow Italian Communist Party leader Enrico Berlinguer:

Interviewer: "Do you desire the return of the general (Spinola)?"

"Yes," answered Soares, after agreeing that he would accept forming

a government with Spinola.

**Interviewer:** "In sum, you are demanding the communists to prove their attachment to democracy by demonstrating their capacity to assure social order?"

**Soares:** "Fundamentally, that is true. The PCP should remember of experience of its French brother party in 1945. Maurice Thorez said then to the workers, 'it is necessary to know how to end a strike'."

"You're advising Cunhal to re-read Thorez?" the interviewer questioned.

Soares' answered: "Better yet, to listen to Berlinguer."

### **FRENCH OIL COMPANY SEES SUSPENSION OF CRUDE SUPPLIES TO ITALY**

March 10 (IPS) — The French financial daily Les Echos reported March 4 that the Italian subsidiary of the French oil company CFP-Total is considering stopping all of its imports of crude oil to Italy "because the prices granted to the refining industry" are not good enough "in view of the depreciation of the lira." CFP-Total is controlled by the Atlanticist government of French President Giscard d'Estaing.

### **THAILAND ISSUES DEADLINE TO U.S. ON BASES AND TROOPS**

March 10 (IPS) — The Foreign Ministry of Thailand has told the United States that an agreement on "general principles" governing U.S. bases and troops in that country must be reached by March 20 or all but 240 U.S. military officials will be told to leave, reports today's New York Times. The Thai government is insisting upon including complete Thai sovereignty over all military installations in Thailand and ultimate authority over the U.S. troops themselves.

However, several hours before the government's deadline was issued, Prime Minister Kukrit and Foreign

Minister Choonhaven both issued statements emphasizing that the consultations with the United States are proceeding smoothly and denying reports that the United States had refused to negotiate with the Thai Foreign Ministry.

### **III. CONTINENTAL**

#### **MIKVA BLASTS S-1; MANSFIELD WARNS BILL MAY DIE**

March 10 (IPS) — Rep. Abner Mikva (D-Ill) condemned the proposed revision of the U.S. criminal code, S-1, as a bill which would obliterate basic constitutional rights in an Op-Ed in today's Washington Post. "Efforts to defang the S-1 monster should not obscure the fact that a monster without some of its fangs is still a monster," Mikva stated. Among other repressive features of the bill, Mikva notes that "S-1 so stretches the conspiracy laws that mere thought becomes a crime in certain situations. . . S-1 started as a monster and no amount of plastic surgery is going to change its character," he concluded.

Meanwhile, Senator Mike Mansfield (D-Mont), according to an article also in today's Washington Post, warned yesterday that S-1 will not be passed this year unless it is quickly rewritten and its sensitive provisions deleted. "I would hope the job can be done as soon as possible — this week, perhaps. If not, then I think we might well consider the issue dead," he said.

#### **U.S. BLOCKADE OF CUBA "UNDER CONSIDERATION" BY ADMINISTRATION**

March 10 (IPS) — The "predictable future course of Cuban intervention in black Africa has led Mr. Ford to the brink of a major new U.S. policy," according to columnists Rowland Evans and Robert Novak in today's Washington Post. "One possible

retaliation," according to the columnists, "would be a U.S. naval blockade of Cuba, known to be under consideration."

Regardless of the "difficulty of extending a blockade to the air — essential for success," and U.S. experts' "fear the Russians would contest an American blockade, as they could not in the Cuban missile crisis 13 years ago when U.S. power was supreme," the columnists claim that "President Ford is determined to end Castro's free run in Africa, whatever the opinion of his foreign allies, the Third World, American black leaders or anybody else."

#### **BROOKINGS SPECIALIST BACKS U.S. BLOCKADE OF CUBA**

WASHINGTON, D.C., March 10 (IPS) — Asked what he thought of proposals for a U.S. naval blockade of Cuba, Brookings Institution specialist Barry Blechman said today: "We could do it and we could get away with it."

#### **NY BANKER SAYS DEBT MORATORIUM INEVITABLE**

March 10 (IPS) — A prominent New York banker said today that "a debt moratorium will come anyway in one form or another, it's a dynamic process — you can't stop it. The burden of debt services is very heavy. . . You want to keep your borrower alive to get your money back."

The banker said he expected the United Nations Conference on Trade and Development (UNCTAD), the International Monetary Fund or the World Bank to come up with some form of debt moratorium that they would negotiate with the less developed countries for at the UNCTAD meeting in Nairobi, Kenya, later this year.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE  
COMBINED NEWS PRIORITIES  
THURSDAY, MARCH 11, 1976

## FRANCE DUMPS DOLLARS TO CHECK FALL OF FRANC

NEW YORK, March 11 (IPS)--The Banque de France dumped half a billion dollars on the currency markets to offset heavy speculation against the French franc which sent the French currency plunging below its .22 cents to the dollar "psychological floor" (the minimum point of the European currency "snake") for the first time. The French central bank's intervention stabilized the franc at around the .22 cents level.

Alluding to the fact that the Wall Street financial community has placed heavy pressure on the French to devalue the franc, money market sources attributed the heavy level of intervention by the French central bank as "France's politically-motivated decision not to bulge under pressure from abroad."

## NEW YORK BANKS SET NEW ASSAULT ON FRANC

NEW YORK, March 11 (IPS)--New York banks decided early this afternoon to re-enter the foreign exchange markets when they reopen tomorrow, to dump franc, sources reported. A spokesman for Irving Trust here expressed the hope that such a tactic would prevent "them (the Bank of France) from dumping 500 million dollars on us again." Other banking sources regarded this renewed New York attack on the franc as an "open bet;" Another source called the New York banks' gambit a "game of chicken" and indicated that if the Banque de France calls New York's bluff, the dollar collapse would begin.

In other trading developments, the Bundesbank, the West German central bank, meanwhile, spent approximately 100 million deutschemarks defending the franc today - against the deutschemark, not against the dollar.

In other trading, the British pound rose today under heavy intervention from the Bank of England and an undetermined amount of buying from New York. European sources attributed the pound's rise of 3 cents (against the dollar) to "interventions."

The Swiss franc and the deutschemark fell moderately against the dollar. Traders attributed this to the covering of long positions in these currencies in the context of general uncertainty.

### FED FEARS PRESSURE ON FRANC WILL SPARK RUN ON DOLLAR

NEW YORK, March 11 (IPS) — A highly authoritative source at the New York Federal Reserve Bank said today that if the Banque de France continues its sales of dollars to protect the French franc, fears of a run developing on the dollar "would be legitimate." The source said that this is because the sale of dollars by the French Central bank, which dumped 500 million dollars today alone, is tending to create a glut of unwanted dollars on the open market.

The source further stated that the fact that the Banque de France has been selling massive amounts of dollars despite the fact that its foreign exchange reserves are at a dangerously low level would indicate that perhaps the West German central bank has agreed to supply France with masses of unwanted dollars from West Germany's 22 billion dollars in foreign currency reserves. While refusing to comment officially on the significance of the possibility of such an agreement between France and West Germany, the official stated: "But it is entirely plausible that such an agreement does exist."

### BRITISH LABOUR GOVERNMENT SURVIVES "NO CONFIDENCE" VOTE

March 11 (IPS) — The British Labour Government survived a vote of "no confidence" in Parliament today by a narrow margin of 17 votes according to Reuters today, after its controversial austerity policies were defeated in the House of Commons March 10, following a bitter two day debate.

The exact breakdown of the vote was not reported, but it seems certain that left wing Labour Party members whose defection brought about the decisive defeat of Chancellor of the Exchequer Healey's Social service spending cuts were not willing to challenge the government's right to rule.

### PRESS BLACKS OUT DEFEAT OF HEALEY AUSTERITY PLAN

NEW YORK, March 11 (IPS) — Major European and U.S. news media have virtually blacked out the news that the proposed 1977 - 1979 austerity plan drafted by British Chancellor of the Exchequer Denis Healey was voted down in the British Parliament late last night.

The New York Times, which last month carried a glowing front-page article on Healey's plan for slashing social services by 6 billion dollars in order to guarantee payments on Britain's debt, buried the news of the government's defeat in a 3-inch wire service item on page 10. French, German and other continental newspapers carried no coverage of the story, while European radio delayed reporting the surprising defeat of Healey's debt-collection policies and the rumored resignation

(more)



of the Labour Government for as long as possible, to avoid causing disruption of the foreign exchange markets, where the pound has fallen to as low as nearly 1.90 dollars in recent days from a level of over 2.00 dollars.

#### GAULLIST LEADER CALLS FOR NON-ALIGNED FRANCE

March 11 (IPS)--Gaullist "Baron" Alexandre Sanguinetti, a member of the UDR (Gaullist) Party's Executive, declared in an interview published in the latest issue of the French weekly *La Nouvel Observateur* that "We (Gaullists) are concerned about the universe as a whole, not only with the European countries; the future of France is to be non-aligned." Sanguinetti, who made his statement in answer to a question concerning the Tindemans Plan for an integrated Europe under Atlanticist hegemony, also charged that under the Tindemans Plan, Europe was "not conceived differently than as an American market, or a U.S. protectorate," adding that "West Germany is not European but American."

He also declared that he accepts the Communists as "objective allies" and rejoices to "see them discover, quite late though, the virtues of Gaullism."

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#### GDR DEFENSE MINISTER SAYS WARSAW PACT WILL USE NUCLEAR ARMS AGAINST NATO AGGRESSION

March 11 (IPS) -- This month's issue of *Einheit*, the theoretical journal of the German Democratic Republic's ruling Socialist Unity Party, printed a speech by GDR Defence Minister Heinz Hoffman in which Hoffman affirmed that the Warsaw Pact forces will fight a general thermonuclear war in the event of aggression by U.S. and NATO forces against the socialist countries. General Hoffman's speech was given December 1, 1975, but appears in print for the first time now. Hoffman said:

"The socialist states could not and would not accept aggression by the U.S. or NATO without resistance. The Warsaw Pact would have to, and would, strike back rapidly and destructively. In spite of all the sorrow which would descend upon the peoples, especially in the capitalist countries, in this final and decisive conflict between capitalism and reaction -- this would be a just war on our part.

"We do not share the opinion, which exists even among progressive people in the peace movement, that no just war is possible in the nuclear age, or that nuclear war is not a continuation of the politics of the struggling classes but is only nuclear inferno...

"Neither do we agree with the Maoists or with those American scientists who say that a nuclear war will not have such a tremendous effect on the existence of mankind the health of the next generation as is usually assumed."

(more)

MILITARY TAKEOVER IN LEBANON.  
INTLPRESS NYK

March 11 (IPS)--The commander-in-chief of the Lebanese Army garrison of Beirut, General Abdel Aziz al-ahdab, announced on the Lebanese Television today that he has assumed power in the country and ordered Lebanese President Suleiman Frangieh and Prime Minister Rashid Karame to resign within the next 24 hours. He also called on Parliament to proceed for the elections of a new President within a week, WINS radio in New York reports today.

Ahdab asserted in his address that he supports the recent, Syria-backed truce between warring Moslems and Christians in Lebanon, as well as the further Syrian initiatives in Lebanese affairs. Ahdab's military takeover comes amid rapid desintegration of the Lebanese army, underscored by the occupation of several garrisons by military rebels led by lieutenant Ahmed al-Khatib in the southern regions of Lebanon, and by mounting tension in Muslim neighborhoods of Beirut in the wake of the killing of the commander-in-chief of the Northern army region of Lebanon, Abdel Maguid Shehab, by his own troops as he inspected an army check point.

LEBANESE PRIME MINISTER RESIGNS

March 11 (IPS)--Lebanese Prime Minister Rashid Karame resigned today along with his entire cabinet according to UPI today. Before his resignation, which he announce over state radio, Karame consulted at length with Lebanese president Suleiman Frangieh, and Defense Minister Camille Chamoun (both closely allied to the right-wing Christian Falange) at the home of Syrian-allied Palestine Liberation Organization leader Zuhair Mohsen.

Karame announced his resignation from Mohsen's home.

ISRAELI DEFENSE MINISTER THREATENS USE OF NUCLEAR ARMS.

March 11 (IPS)--Israeli Defense Minister Shimon Peres warned today that Israel might be forced to use its nuclear option in the event of escalation of tension in the middle east, echoing a similar statement recently made by former defense Minister Moshe Dayan. The peres statement, reported by WINS radio in New York, represents the first time a member of the Israeli cabinet has mooted using nuclear capability.

Simultaneously, WINS reports that Israeli warplanes conducted overflights over south Lebanon and that a number of Israeli settlers along the Lebanese border are requesting that the Israeli government beef up security on its northern border with Lebanon as a result of firing across the border by Lebanese army mutineers.

(more)

**ARGENTINE LABOR LEADER BLASTS MONDELLI DEBT REPAYMENT PLAN:**

March 11 (IPS)—Argentine labor leader Victorio Calabro, the governor of Buenos Aires province, told a mass rally of workers protesting the IMF-backed austerity proposals of Finance Minister Emilio Mondelli two days ago that workers must "fight united" to avoid a military coup. He charged that the Mondelli plan "would pay the debts and starve the workers to death."

Calabro's remarks were reported in the Buenos Aires daily La Opinion.

**GREEK LEFTISTS PROPOSE CLOSER TIES TO COMECON.**

March 11 (IPS)—PASOK, the leftist Greek party headed by Andreas Papandreu, issued a call this week for the formation of a Mediterranean Community to cooperate with the Comecon-allied Balkan countries. The call specified that such a Community would be premised on explicitly "non-capitalist" socialist principles. PASOK's call was coupled with a strong denunciation of Greece's recent integration into the European Economic Community (EEC).

Papandreu recently returned from a trip to Yugoslavia, where he met with top government officials.

**GREEK GOVERNMENT PAPER ADMITS PRESENCE OF STRONG PRO-COMECON FACTION.**

March 11 (IPS)—Kathimerini, the official Greek government daily, admitted in an editorial march 7 that there is "a political strata which favors Greece's entry into Comecon." The editorial defended the decision of Prime Minister Konstantine Karamanlis' government to seek closer ties with the EEC and, in an allusion to proposals advanced by the leftist PASOK party, stated that those Greeks who favor a Mediterranean or a Balkan community instead of EEC ties cannot prove the advantages of their claims. The editorial states that the pro-Comecon forces lack the popular support to make the political change which would be necessary for such integration.

**U.S. BANKS CUT OFF ONE BILLION DOLLARS IN CREDIT TO TURKEY.**

March 11 (IPS)—U.S. banks have cut off one billion dollars in promised credit to Turkey, according to the U.S. Greek language daily The National Herald. The cancellation of the credit reflects a decision on the part of U.S. banks not to roll over the one billion dollars in short term loans given to Turkey last year. The National Herald reports that the cutoff of credit is a "test" to see if Turkey will pay back those loans, 500 million dollars of which fall due in May.

Last December, the International Monetary fund urged a number of U.S. banks, including Morgan Guaranty and Citibank, to cancel credit to Turkey unless Turkey devalued the Turkish lira by 20 percent, according to the Turkish press. The National Herald links the present credit cutoff to Turkish resistance to devaluation and its rejection of IMF austerity proposals for Turkey.  
(more)

HUMPHREY UNDER FIRE FOR CORRUPTION CHARGES.

March 11 (IPS)--In his New York Times column today entitled "Drugstore Liberal," William Safire outlines a series of corruption charges that will come back to haunt Sen. Hubert Humphrey (D-Minn) when he becomes a presidential candidate. Safire warns Humphrey that, wholly apart from his domestic and foreign policy, his well-known "assets," -- "durability, consistency, good humor, experience, heart" -- pale before the following unanswered charges:

, he took 100,000 dollars in 1968 from millionaire Howard Hughes, according to Hughes' aide Robert Naheu. Humphrey's memory is not too good on this payoof, Safire notes.

, Humphrey's former press secretary copped a plea for aiding and abetting illegal corporate donations in 1972.

, Humphrey's closest aide when he was Vice-President sought to get a special team of FBI agents to spy on troublemakers at the 1968 Democratic Party convention.

, Humphrey tried to keep valuable state gifts, such as an 8-carat diamond given him by the President of Zaire, until the gift-keeping became controversial in 1974 and he turned the diamond over to the State Department.

, Humphrey's former campaign manager is on the way to jail on charges stemming from the Humphrey campaign's relation to the milk industry bribes.

, Humphrey nearly succeeded, if the Internal Revenue Service had not stopped him, in taking an illegal 200,000 dollar tax deduction by giving his vice-presidential papers to the Minnesota Historical Society.

NIXON SAYS KISSINGER CHOSE TARGETS FOR WIRETAPPING.

March 11 (IPS)--Former President Richard Nixon said in a sworn statement made public today that Secretary of State Henry Kissinger was responsible for choosing the names of 17 government officials and newsmen which were submitted by his administration to the FBI for wiretapping in 1969. According to the New York Times, Nixon's testimony contradicts sworn statements by Kissinger that Nixon was involved in the choice of targets. Nixon's testimony is contained in a 169-page deposition taken in his home in San Clemente, California, last January as evidence in a lawsuit filed by former National Security Council aide Morton H. Halperin, one of 17 government officials and newsmen whose home phones were wiretapped.

END IPS-COMBINED ISSUE FOR MARCH 11, 1976.



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## NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

LATE EVENING NEWS WRAP-UP  
FRIDAY, 12 MARCH 1976

### I. PRIORITY ITEMS

#### GAULLISTS, SWISS READY TO MOVE AGAINST DOLLAR.

NEW YORK, March 12 (IPS)—An authoritative spokesman of the Banque de France, the French central bank, confirmed today that the Banque had dumped between 265 and 500 million dollars of its dollar denominated reserves to counteract speculation against the French franc, and added that "The Gaullists and Swiss are ready to move against the dollar and are busy talking about establishing a floor price for gold. The only problem is the Germans won't move because they don't want to displease the Americans."

It was also confirmed today that the West German central bank, on orders from the U.S. Federal Reserve, has made a "swap" loan available to the French central bank so that the latter will sell West German deutschmarks instead of the dollar in support operations on behalf of the French franc.

Meanwhile, according to traders, multinational corporations, banks, and other investors have bet heavily on the French franc's devaluation next Monday, March 15, after the conclusion of the county election runoffs in that country. This is despite French Finance Minister Jean-Pierre Fourcade's public denial today that the Giscard government had any intentions of devaluing the French franc.

#### GAULLIST LEADER CALLS FOR DEVELOPMENT POLICY TO EASE CRISIS

March 12 (IPS)—Gaullist leader Lucien Neuwirth called today for a "temporary income policy" to remedy the economic crisis by producing rapid economic development. Neuwirth, writing in today's French daily Le Monde, said that his proposal was similar to the growth policy implemented in 1958-59 by the first government of President Charles de Gaulle's Fifth Republic, after then Prime Minister Michel Debre, who still functions as a leading anti-Atlanticist Gaullist spokesman.

Neuwirth, who earlier this week charged that Interior Minister Poniatowski might have manipulated the vote tallies in last Sunday's first round cantonal elections, was subsequently demoted from his function as the official spokesman of the Gaullist UDR party when Atlanticist Premier Chirac created a new public relations post in the party.

(MORE)

## GAULLIST GENERAL CALLS FOR GAULLIST, COMMUNIST VOTE AGAINST GISCARD

March 12 (IPS)—French General Binoche, former Commander of the French sector in Berlin and a leading anti-Atlanticist, has called on the French electorate to cast their votes, in next Sunday's second round of the nationwide county elections, "for the candidates who place the necessities of national independence above all other considerations," according to today's L'Humanite, the newspaper of the French Communist Party (PCF).

In a swipe at President Giscard's Independent Republicans, the center-right reformateurs group, and the Atlanticist Gaullist grouping centered around Prime Minister Chirac, General Binoche also urged voters to oppose the candidates "who, through the word "Europe" which they constantly mouth, serve the German-American interests and betray the memory of General de Gaulle, while boldly using his name as a reference."

## ITALIAN METALWORKERS LEADER HITS U.S. "ECONOMIC BLACKMAIL"

TURIN, March 12 (IPS)—Speaking before a worker demonstration today in Turin, the socialist national secretary of the metal workers union (FLM), Sr. Tridenti, rejected the imposition of austerity on the Italian working class, and linked the class struggle in Italy to that of the European working class. "We cannot allow the United States to impose economic blackmail on us," Tridenti stated.

Clearly referring to the Italian Communist Party he continued: "there are some political forces that are willing to accept this blackmail in order to enter the government. These are the same political forces present in the city councils. They are not directly on the stage, but they manipulate everything and give orders too."

"We cannot," he stated, "accept this (austerity) policy which damages the working class, not only in Italy but in Germany, France, Sweden..." Reminding workers that economic measures alone are not enough to stop austerity he concluded: "The contracts (alone) do not defend the working class, after the contract, there will be no upswing."

The headline for the leaflet distributed by the FLM at the demonstration read: "Colombo, Agnelli and their lackeys are attacking chemical workers contracts. The FLM will do more."

## FORD REITERATES HARD LINE TOWARD SOVIETS IN CHICAGO SPEECH

March 12 (IPS)—Speaking to the Chicago Council on Foreign Relations today on an Illinois campaign tour, President Ford reiterated his hardline confrontationist policy toward the Soviets and declared that the United States "must be prepared to meet challenges wherever and whenever they occur." the President added: "I am convinced that adequate spending for national defense is an insurance policy — an insurance policy for peace that we cannot afford to be without in today's world," according to the Chicago Daily News today. Ford also said that "one need only remember Pearl Harbor to know that weakness invites war."

According to WNWS radio in New York, Ford did not mention the word "detente" at all, instead referring several times to his alternate phrase, "peace through strength." WNWS also reports that Ford said that there may be no agreement on the second round of Strategic Arms Limitation Talks (SALT II) this year, because, he said he would not sign any agreement that would compromise the United States or world peace.

Last night in Rockford, Illinois, President Ford repeated his Florida statement that the U.S. would oppose further Cuban or

**KISSINGER ASSAILS SOVIETS, THIRD WORLD AND CRITICS  
BEFORE BOSTON WORLD AFFAIRS COUNCIL**

March 12 (IPS)—Warning that the world lives in "the shadow of nuclear catastrophe" Secretary of State Henry Kissinger yesterday told the Boston World Affairs Council, "Moderation is a virtue only in those who are thought to have a choice," and warned that peaceful coexistence with the USSR "cannot, specifically, survive any more Angolas."

"In the age of thermonuclear weapons and strategic equality," Kissinger reiterated his determination to pursue a carrot-and stick policy toward the Soviets: "We...face the necessity of a dual policy; on the one hand, we are determined to prevent Soviet military power from being used for political expansion, will firmly discourage and resist adventurist policies. But at the same time, we cannot escalate every political dispute into a central crisis... We have an obligation to work for a more positive future."

Kissinger lashed out at his domestic critics from the political left and right, demanding, "What do those who speak so glibly about one-way streets or pre-emptive concessions propose concretely that this country do? ...What level of confrontation do they seek? What threats would they make? What risks would they run?" Furthermore, he continued, "If one group of critics undermines arms control negotiations and cuts off the prospect of more constructive ties with the Soviet Union; while another group cuts away at our defense budgets and intelligence services and thwarts American resistance to Soviet adventurism... The result will be paralysis, no matter who wins in November."

Responding to European moves away from the Atlanticist orbit, Kissinger charged that if Communists participate in the government in Italy or France, "they would be tempted to orient their economies to a much greater extent toward the East. We would have to expect that West European governments in which Communists play a dominant role would at best, steer their countries' policies toward the positions of the nonaligned."

Accussing the nonaligned bloc of developing nations of "extortion" and "self-righteous rhetoric and adolescent posturing," the Secretary complained, "Nations which originally chose nonalignment to shield themselves from the pressures of global conditions have themselves formed a rigid, ideological, confrontational coalition of their own" which is challenging the U.S. in the international arena."

(MORE)

Throughout his speech, Kissinger avoided the use of the word "detente," according to the New York Times today.

#### NIXON POINTS FINGER AT KISSINGER, HELMS ON CHILE COUP PLOT

March 12 (IPS)—In a sworn deposition made public yesterday, former President Richard Nixon claimed that he had no knowledge of CIA attempts to instigate a coup in Chile prior to Salvador Allende's accession to the presidency in the fall of 1970. Nixon admitted to authorizing funding and aid for anti-Allende forces in Chile at that time, as well as giving the CIA authorization to promote Allende's defeat in the Chilean Senate vote to certify his election, but not for a coup.

These statements directly contradict the testimony of Secretary of State Henry Kissinger (in 1970, Nixon's National Security Advisor) and then CIA-director Richard Helms, who claim that Nixon ordered a direct role for the CIA in organizing a coup. Nixon's deposition was printed in today's New York Times.

#### FORD EXPANDS INTELLIGENCE ADVISORY BOARD

March 12 (IPS)—President Ford yesterday announced yesterday an expansion of the Foreign Intelligence Advisor Board (FIAB), from ten to seventeen members, along with a de facto consolidation of the FIAB with his just-created White House Intelligence Oversight Committee. Among the new members of the FIAB are the three members of the Oversight Committee — Robert Murphy, Leo Cherne and Stephen Ailes, and Cherne will become the chairman of the FIAB.

The other new appointees to the FIAB include former Texas Governor John Connally, former Defense Secretary Melvin Laird, retired Gen. Lyman Lemnitzer, former Rep. Leslie Arends (R-Ill) and Democratic Party lawyer Edward Bennett Williams.

These, generally right-wing, appointees join the existing members of the FIAB, including former Ambassador to Italy Clare Booth Luce, American Security Council Chairman Robert Galvin, and physicist Edward Teller.

#### LEBANESE PRESIDENT REFUSES TO RESIGN AS SITUATION REMAINS TENSE

WASHINGTON, D.C. March 12 (IPS)—Lebanese President Suleiman Franjeh is holed up in his Presidential palace surrounded by pro-government loyalist troops, and has refused to resign despite the announced seizure of power yesterday by Beirut General Abdel Aziz Ahdab, according to a recent British Broadcasting Corporation report.

While most army and air force units seem to have rallied behind Ahdab, Franjeh still retains the loyalty of several units, including those in his home town base of Zghorta in northern Lebanon, a Lebanese diplomatic source adds.

(MORE)



The situation in Lebanon is described as tense. According to Voice of the German Democratic Republic radio this morning, "streets in Beirut are being patrolled by armed security guards." The Baltimore Sun today reports that Ahdab has given orders to the army to "shoot on the spot anyone engaged in subversive activities," without defining what these activities are.

#### SYRIANS INTRODUCING LEBANESE EXILE NETWORK INTO LEBANON TO INCREASE CONTROL

WASHINGTON, D.C. March 12 (IPS)—Declaring that "Syria is behind" Abdel Aziz Ahdab, the Beirut general who announced yesterday that he had seized power in Lebanon, a Lebanese diplomat revealed today that Syria is trying to import an entire network of military officers and intelligence agents into Lebanon to consolidate Damascus' control in the country. This network is named the "Chehabists" after their original leader, Faud Chehab, who was a top U.S.-linked agent in the period following the U.S. Marine invasion of Lebanon in 1958.

According to the diplomatic source, the Chehabists are embittered by their forced withdrawal from Lebanon in 1970 following the accession to power of current President Franjeh. At that time the Chehabists fled into Syria.

Now, the source says, the Syrians hope to use Chehabist bitterness against Franjeh as a means of imposing order in Lebanon, with the Chehabists seen as the only "coherent, viable political machine" available.

The diplomat said that, up to this point, the right-wing Franjeh is resisting the Ahdab coup.

#### MAPAM THREATENING TO RESIGN FROM GOVERNMENT COALITION

March 12 (IPS)—The left-leaning Mapam Party has threatened to pull out of the current coalition government of Prime Minister Rabin in Israel in protest against the regime's handling of the West Bank issue, the West German newspaper, Sueddeutsche Zeitung, reports today. According to the Zeitung, Mapam is demanding government eviction of right-wing, Israeli religious settlers from the Kadoum area of the Israeli-occupied West Bank territory. Until now, under pressure from right-wingers like Israeli Defense Shimon Peres, Israeli Premier Yitzhak Rabin has refused to move against the settlers, whose presence in Kadoum has fueled the recent unrest in various West Bank municipalities.

A faction in Mapam had announced last week that it was supporting protest actions by Israeli Arabs against government expropriation of Arab-owned land in Galilee in northern Israel. The planned protest actions are being coordinated by the Israeli Communist Party.

(MORE)

## WEST BANK UNREST SPREADS

March 12 (IPS)--Arab mayors from four have resigned from their posts, in the Israeli-occupied West Bank, in what is regarded as the "most serious crisis on the occupied Jordanian West Bank since 1967," the Los Angeles Times reports today. According to the Times, the spreading unrest in the Israeli-occupied territory has jeopardized Israeli "self-rule" schemes actively pushed by both former Defense Minister Moshe Dayan and current Defense Minister Shimon Peres. In fact, the paper concludes, the threat of direct Israeli rule of the territory is growing and such rule would be "an admission of Israeli defeat."

According to wire service reports, fighting in the West Bank has escalated over the past 24 hours, with Israeli troops breaking up demonstrations by Arab students protesting the increased activity by right-wing Israeli religious groups in the West Bank area. According to the reports, individuals within the student ranks have exacerbated the confrontations by throwing stones and debris at the Israeli police forces.

## GREEK CP REPORTS SOVIET PUSH FOR REORGANIZATION OF WORLD ECONOMY

March 12 (IPS)--"The Soviet Union is committed to the reorganization of international economic relations on a just and equal basis which will allow for a broader and expanded cooperation among all peoples for the principle of the peaceful coexistence," wrote yesterday's Rizospastis, the newspaper of the pro-Moscow Greek Communist Party (KKE) in a long feature article on the Soviet-Third World offensive for a new world economic order. Rizospastis said that "the Soviet Union, meeting its internationalist tasks, is helping the developing countries in their fight against neo-colonialism and imperialism," and "for independence in international economic relations and social progress."

The article, which marks the first time that Rizospastis has reported the stepped-up Soviet push for closer economic ties with the Third World coincides with the recent return of KKE General Secretary Florakis from Moscow where he participated in the 25th Congress of the Communist Party of the Soviet Union. Rizospastis gives a detailed report on Soviet assistance to India and Iraq, and expanded Soviet relations with Asian, Latin American, and African countries.

## PRAVDA SAYS DEBT TO WEST IS CAUSE OF EGYPT'S CRISIS

March 12 (IPS)--The Soviet Communist daily Pravda of March 10 stated that Treasury Secretary William Simon visited Egypt to enforce a "Marshal Plan" on that country, which would mean "political, economic and military dependence on the U.S." Pravda also said that Egypt's economic crisis is largely due to the catastrophic increase of its foreign debt over the last two years.

Although Egypt owes several billion dollars to the Soviet Union for military aid, this debt was incurred before 1970, and the Soviets have been lenient on repayments.

### ISRAELI COMMUNIST PARTY AND PLO DELEGATIONS MEET IN MOSCOW

March 12 (IPS)--Meir Vilner, General Secretary of the Israel Communist Party, announced on a Jerusalem radio broadcast that an Israeli CP delegation met with a Palestine Liberation Organization delegation headed by Foreign Affairs Minister Farouk Kaddoumi while both delegations were in Moscow for the 25th Congress of the Soviet Communist Party, according to yesterday's French daily Le Monde.

Vilner said the talks were very encouraging: "The PLO representatives affirmed that they wanted to create a Palestinian State which would be the neighbor fo the Israeli state, and not replace it." Vilner emphasized that the "PLO does not want to establish its state in place of Israel, but beside Israel."

### GREEK, TURKISH, CYPRIOT CP'S ISSUE JOINT COMMUNIQUE ON CYPRUS

March 12 (IPS)--In a communique issued following joint meetings at the 25th Congress of the Soviet Communist Party and printed in Rizospastis, the newspaper of the Greek Communist Party, the top leaders of the Greek, Cypriot, and Turkish Communist Parties have condemned "American imperialists" for attempting to convert the island of Cyprus into a "nuclear arsenal." The communique, which dealt with Cyprus and the Aegean area in general, also blasted "Turkish reactionary leading circles" for preventing a resolution to the Cyprus problem within the terms agreed upon by the United Nations.

The three parties agreed on coordinated activities, with the objective of a just solution in Cyprus and the restoration of unity of the Cypriot population through strengthened ties between the Greek and Turkish Cypriot communities, and on developing friendly relations between the Greek and Turkish peoples. The statement is the first officially issued jointly by the three parties.

### ABERNATHY SUPPORTS DEBT MORATORIUM

YOUNGSTOWN, OHIO, March 12 (IPS)--The Reverend Ralph Abernathy, Director of the Southern Christian Leadership Council, said here last night that he supports debt moratorium and is considering doing joint work around this program with the U.S. Labor Party. Abernathy made his remarks at Youngstown State University (Ohio) during an open house sponsored by the school's Black Student Association.

### CAREY ORDERS STATE POLICE "DRAGNET"

March 12 (IPS)--New York Governor Hugh Carey and Assembly Speaker Stanley Steingut (D-Bkln) dispatched State Troopers last night to set up a "dragnet" round up of enough Assemblymen to pass a bill to prevent the State Dormitory Authority from defaulting on 30 billion dollars in notes today. The bill, finally passed by a vote of 77-3 at 2:00 A.M. this morning, and permits the State Insurance Fund to roll over the notes.

(MORE)

The bill failed on its first call because, according to the New York Times Assembly rules require an absolute majority of the entire Assembly to approve a bill, and opponents of the measure had demanded a roll call blocking Steingut's attempt to manufacture a quorum by recording "yea" votes from empty chairs.

"Minutes later," today's New York Post reports, "an ashen-faced Steingut ordered the doors to the underground legislative parking garage sealed, toll gates to the Thruway barred to legislators, and State Troopers set out to haul back assemblymen who managed to slip through the dragnet. 'We got them locked in,' gloated gubernatorial aide Alex Zetlin," according to the Post account, which credited Zetlin with directing the dragnet operations.

The Post also reported that "the one Assembly telephone operator left at the Capitol began calling motels, restaurants, and bars... thruway restaurants were alerted."

Also on hand to urge passage of the bailout was Assembly Majority Leader Albert Blumenthal, who flew into Albany to cast his "yea" after being indicted in New York on bribery charges by a special state anti-corruption prosecutor the day before.

Reporting that Steingut is on the verge of losing control of his Democratic majority in the Assembly, the Post said that a "Democratic revolt, fueled by anger at cuts in social services, threatens to force Steingut to rely on GOP votes to pass Carey's (austerity) budget in the Assembly next week." "We didn't have the votes," the Post quoted Steingut as having said "several times in a small voice" last night.

#### NY ASSEMBLYMAN CHARGES NAZI TACTICS IN BAILOUT VOTE LAST NIGHT

NEW YORK, March 12 (IPS)—New York State Assemblyman Joseph Ferris (D-Bkln) charged today that the tactics used by Governor Hugh Carey and Assembly Speaker Stanley Steingut to get votes to pass a bailout of the State Dormitory Authority last night were "reminiscent of Nazi Germany."

Today's New York Post said that Ferris, one of three assemblymen to oppose the bill, was shouted down by pro-austerity legislators and then gavelled out of order by Steingut when he took the floor to speak against the measure in last night's "riotous session."

Ferris confirmed today that the Legislature is being put under tremendous pressure to pass the governor's 2.6 billion re-financing package for the state agencies as well as his "zero-growth" austerity budget as soon as possible. "We don't know... except for very vague points ... what we're being asked to pass," Ferris said. He also said that he had voted against the use of the State Employee Retirement funds to bail out state agencies yesterday and was very concerned about the investment of pension funds in the faltering agencies. Ferris also charged that an endless number of bills are being sent to legislators' desks market "urgent," with no time allowed for discussion of what the bills would actually do.

(MORE)

### BUFFALO BOND RATING DROPPED

March 12 (IPS)--Hoody's investors' service has dropped its ratings of Buffalo, N.Y., municipal bonds from BAA to BA, while Standard and Poors, the nation's other major bond rating service, is refusing to rate Buffalo securities at all, according to the Buffalo Evening News. Buffalo narrowly escaped bankruptcy earlier this week.

### CITIBANK HEAD WARNS PRESS IT FACES CENSORSHIP

March 12 (IPS)--Accusing the U.S. press of "undermining faith in the future and the country's survival," Citibank chairman Walter Wriston told an audience at the University of Chicago last night that if the press does not discipline itself, then some outside force will have to discipline it.

Today's Chicago Sun Times reported the statement by Wriston, who heads the nation's second largest bank.

### HUMPHREY-CARTER TICKET PROBABLE DEMOCRAT CHOICE

March 12 (IPS)--New York Times columnist James Reston today announced that Senator Henry Jackson has little chance of winning the Democratic nomination for president and that a ticket headed by Senator Hubert Humphrey, with Jimmy Carter for vice president, is most likely to be chosen by the Democrats -- to pull together a "grand Roosevelt coalition." If Democrats "have to choose between Mr. Jackson, who divides the party on foreign policy and Humphrey, who has been Mr. Kissinger's most effective supporter in the Senate," Reston writes, "they might very very well go to a Humphrey-Carter ticket."

Reston's Times colleague Tom Wicker, in his column, agreed Jackson's chances for winning the nomination are slim.

### KISSINGER RIGHT-HAND MAN NAMED IN MIDEAST LEAK

March 12 (IPS)--Assistant Secretary of State for Near Eastern and South Asian Affairs Alfred Atherton, Jr. has been officially identified by the State Department as the person who leaked transcripts of top-secret negotiations carried on between Secretary of State Henry Kissinger and Mideast leaders last year, according to a New York Times story today. The leaked information formed the basis of the article on Kissinger's shuttle diplomacy in the current issue of Foreign Policy magazine. The Times noted that Atherton is extremely close to Kissinger, a fact which, the paper says, lends credibility to the belief that Kissinger personally authorized the leak. The Times added that "the rather mild disciplinary action of a reprimand" of Atherton indicates that "Mr. Kissinger was personally involved in the inquiry (of who leaked the data) and felt that Mr. Atherton's motivation was not malicious."

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NEW YORK BANKS "NOT PLEASED" AT BRITISH BUDGET DEFEAT

NEW YORK, March 12 (IPS)—"Well, we're not pleased about to say the least," said a loan officer at Chase Manhattan Bank today, commenting on the British Parliament's rejection of the 12 billion proposed spending cuts in the Wilson government's 1977-79 White Paper.

"The stupid White Paper business is this," the chase Manhattan off officer continued. "it's like a supermarket that doubles its prices one week, then cuts them by one eighth the next week and announces a big sale. The government projected a certain level of spending in 1974, wildly overspent in 1975, then tried to cut back a little in 1976, and they can't even get through. I tell you, it's all very depressing."

An economist at Manufacturers Hanover Trust observed, "after yesterday, it seems sort of like Italy. The problems of the currency fluctuations themselves could be sorted out, but now the danger is if a feeling of government paralysis appears on top of all this. I think that people here will get that feeling, if things are not straightened out in a week or so in Britain."

Two weeks ago both officers had been very optimistic about the prospects for a British recovery.

END OF LATE IPS 03-12-76



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)  
COMBINED EDITION  
MARCH 13, 1976

## I. PRIORITIES

### ECHEVERRIA AND TITO CALL FOR "PROGRAMMATIC COLLABORATION" TOWARD NEW WORLD ECONOMIC ORDER

March 13 (IPS) — Mexican President Luis Echeverria and Yugoslav President Josip Tito discussed "programmatic collaboration between the Third World and non-aligned countries" toward a New World Economic Order during their first official meeting in Mexico. The meeting was held a day after President Tito's arrival in that country March 10 for a 5-day visit. President Tito declared that moves toward the solution of the world's "gravest economic problems" were advancing with "distressing slowness," adding that it is necessary to change the world's economic relations "in a more radical way."

Echeverria declared that the commitment of Latin American countries to "opening the way for a new stage" in their relations with the advanced sector, a stage of "the design of instruments, the creation of institutions, of the establishment of priorities" in order to bring to reality the postulates of the Charter of Economic Rights and Duties of States. Stressing the importance of Latin American integration, Echeverria emphasized "the importance for the future of the Latin American region" of bettering "the conditions of our trade with the developed world, both in terms of raw materials and energy resources as well as in respect to manufactured products, technology and capital."

President Tito called on Mexico to take a greater participation in the non-aligned group of countries "even within its present observer-country status," adding that "the non-aligned countries assume an important part of the responsibility for overall development in the world." The non-aligned, continued Tito, "with their initiative and activity have become the force without whose participation...it is impossible to find lasting solutions to international problems."

Throughout his speech, President Tito stressed the importance of the resolutions taken last year at the Helsinki conference on Security and Cooperation which "created the conditions for the deepening and extension of the process of detente," and called for detente to "become the permanent characteristic of international relations," adding that "precisely this lead should be followed everywhere."

The speeches were reported in the major Mexico City press.

FRENCH CENTRAL BANK SPENDS 500 MILLION DOLLARS  
TO PREVENT FRANC DEVALUATION

March 13 (IPS) — Le Monde economist Paul Fabra reported today that the French central bank, the Banque de France, has spent 3.5 to 4.5 billion dollars since the beginning of the year to prevent a devaluation of the French franc. This amounts to 40 to 50 per cent of France's total foreign currency reserves, excluding gold.

Fabra also reported that in the past three days alone, over 500 million dollars "has been thrown into the battle to stop the Franc from uncoupling from the European snake."

Fabra added that Finance Minister Jean-Pierre Fourcade's mooting of a possible expansion of the European snake to include the British pound and the Italian lira "only feeds the rumor-mill" and invites speculators to renew their assaults on the French franc.

CHIEF OF FRENCH POLICE UNION  
ATTACKS GOVERNMENT POLICY

March 13 (IPS) — Roger Cousin, the head of the French special riot police (CRS) union, stated that the government official who negligently ordered the deployment of the CRS last week into a set-up riot situation among demonstrating winegrowers "must be sought out" as the person responsible for the deaths of a CRS commander and a winegrower in the resulting shoot-out. Cousin also attacked the government for "allowing situations to rot" and then mobilizing the police forces — a veiled attack on Interior Minister Poniatowski's practices over the past two years.

Cousin said that "we must ensure the maintenance of public order as long as the government remains legitimate," — the Gaullist doctrine of "legitimacy" first coined to justify General De Gaulle's Free French rebellion against the Vichy puppet government of France in World War II. His remarks were reported in the French daily Le Monde today.

GAULLISTS, PCF, AND LEFT LABOURITES  
ABSTAIN ON EURO PARLIAMENT VOTE

March 13 (IPS) — The representatives of the French Communist Party, the French Gaullists, and representatives of the left-wing Tribune faction of the British Labour Party abstained yesterday on a vote by the European Assembly in Strasbourg to ratify the Tindemans proposal to elect a European parliament by universal suffrage in 1978. The

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proposal, a leading component of Atlanticist plans for a fascist, integrated Europe, was supported by the Italian Communist Party and French Socialist Party and was approved by a wide majority. The vote was reported in yesterday's L'Humanite, newspaper of the French Communist Party.

WHO SAYS FLU OUTBREAK "EPIDEMIC"  
IN MORE THAN 121 U.S. CITIES

March 13 (IPS) — According to the latest weekly report of the World Health Organization, an arm of the United Nations, deaths from pneumonia and influenza last month "exceeded the epidemic threshold" in over 121 cities in the U.S. The report said that over 33 states had severe outbreaks of flu, with the Mid-Atlantic and New England regions being most affected. The findings were reported in today's Washington Post.

NEW YORK TIMES CALLS FOR  
"TOUGH DISCIPLINE" IN BRITAIN

March 13 (IPS) — Complaining that a cornerstone of Atlanticist policy — the British Government's plans to cut public spending by billions of pounds in order to guarantee repayment of the country's debt — was rejected by the British Parliament this week, the New York Times lead editorial today, entitled "Sinking Pound... Rising Austerity," advocates the immediate re-instatement of the defeated proposals. The editorial called on Britain to combine the depreciation of the pound with "tough wage discipline and the austere budgetary policies to which Prime Minister Harold Wilson and Chancellor of the Exchequer Denis Healey have committed their Government."

If not, warned the Times, "a weary British public, facing worsening unemployment and inflation would be more likely to turn to the right than the left."

BRITISH ARMY MAY BE NEEDED, WARNS POLICE COMMISSIONER

March 13 (IPS) — A warning that British army troops might be needed to aid civil authorities for "certain limited purposes," was given yesterday by London Police Commissioner Sir Robert Mark, according to the March 12 London Times. "Latterly, there has emerged a need for contingency plans for military aid to deal with situations in which defensive armour, sophisticated weaponry and specialized training might minimize loss of life in dealing with armed and dangerous men inspired by political motives," Sir Mark explained.

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JAPANESE BANK EXPOSES EXPORT UPTURN BASED SOLELY ON INVENTORY BUILDUP OF CONSUMER GOODS IN U.S.

NEW YORK, March 13 (IPS) — Mitsubishi Bank, one of the largest banks in Japan, has just published a report demonstrating that the current increase in Japanese exports is primarily based on inventory buildup of consumer items in the United States whose actual sales are falling. The report calls into serious question the optimistic forecasts of rapidly rising exports by the Japanese government, according to the March 12 Financial Times of London. The Mitsubishi report says that most of January's export increase was in autos and televisions, the bulk of which went to the United States. But, the report says, this was to replenish inventories which had declined throughout 1975, and that sales of Japanese cars in the United States actually declined by 10 per cent in February this year compared with February 1975.

The report warns that unless the demand for Japanese heavy goods exports picks up, based on increasing capital investment in the U.S., the export boom could peter out, as a comparable one did during the 1958 recession. Japan's January exports in the crucial shipbuilding, steel and chemical industries were down 23.2 per cent, 31.7 per cent and 31.8 per cent respectively from January 1975.

The report also cites a rapidly falling rate of growth of Japanese exports to the Middle East, which were only 8 per cent above January 1975 (whereas exports to the Mideast in Jan-March 1975 had been 14 per cent above the same months in 1974), Japan's exports to Southeast Asia actually fell in January, and exports to communist countries dropped 15.9 per cent.

The Financial Times article points out that Mitsubishi's analysis sharply contradicts that of the Japanese government, whose Minister of International Trade and Industry, Komoto, said last week that the economy could be expected to be well on the way to recovery by early summer as the result of rising exports.

PAKISTAN SEEKS DEBT MORATORIUM

March 13 (IPS) — Pakistan is expected to seek a moratorium on the payment of all debt service charges on its foreign debt from the World Bank-led Aid Pakistan Consortium when the Consortium meets in May, according to the London Financial Times of March 12. The Financial Times reported that Pakistan is facing a "terrible" shortage of foreign exchange "which is holding back several projects of far reaching consequences both in the public and private sectors." The article says there are indications that Pakistan will unilaterally suspend payments on the debt in May if the moratorium is not granted, and points out that Pakistan did this once before, on May 1, 1971. Pakistan is asking that the moratorium last until the objectives

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of specific development loans are attained.

SWEDISH FOREIGN MINISTER CALLS FOR DEBT  
CANCELLATION FOR DEVELOPING COUNTRIES

March 13 (IPS) — At a press conference in New Delhi, Swedish Foreign Minister Sven Andersen called for the "abolition of all debts owed by the Third World" and indicated that Sweden is completely in favor of a new world economic order and will support those demands by Third World countries at the upcoming March 19 session of the Conference on International Economic Cooperation (North-South) in Paris. Andersen then indicated that he was in India holding meetings with top pro-development leaders in the Indian government. His remarks were covered in the March 6 issue of the Economic Times, India's major financial daily.

PATRIOT ATTACKS COMMONWEALTH DEBT CONFERENCE

March 13 (IPS) — The major left wing Indian daily, the Patriot, March 5, strongly attacked the final resolution of the Commonwealth Conference, which recognized the seriousness of the debt problem but proposed only the restructuring of the International Monetary Fund as a solution. The Patriot said that "it is a pure illusion to think that the IMF, as a 'restructured institution' can be made the basis for a new world economic order." Indicating that the demands being made by Third World nations are such that "the rich countries are in no mood to concede," the Patriot states, "The principle (of restructuring the IMF) is the same as the World Bank 'new look': to undermine and subvert developing countries' efforts to get a legitimate share of world prosperity. The latter (Third World) should reorient their internal economic policies to do without their (World Bank and IMF) 'aid' as long as they are not made truly instruments of development of all nations."

MIKI ACCEPTS FORD'S CONDITIONS ON LOCKHEED SCANDAL DISCLOSURES

March 13 (IPS) — The already highly unstable Japanese government of Prime Minister Takeo Miki received another jolt yesterday after receiving a "personal letter" from President Ford on the Lockheed scandal which stressed that the United States government would refuse to make public the names of any Japanese officials involved in accepting bribes from Lockheed until the end of investigations in the United States according to a report from UPI. A ruling Liberal Democratic Party source commented on the letter's effect: "The U.S. does not perceive that our judicial system is different. We are under heavy pressure to divulge the information which Mr. Ford has not turned over. This could have grave repercussions on our government."

Despite strong public pressure on the government to protest the U.S. decision and Miki's previous public support for

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full disclosure, Miki held an extraordinary session of the cabinet after receiving the letter and decided upon accepting the conditions outlined by Ford, a move immediately attacked by all of Japan's opposition parties.

NIGERIAN GOVERNMENT SEEKS GENERAL GOWON'S EXTRADITION FROM BRITAIN TO FACE COUP ATTEMPT CHARGES IN NIGERIA

March 13 (IPS) — The Nigerian government yesterday requested the extradition of former head of state General Yakubu Gowon from Britain to face charges in Nigeria of involvement in the attempted coup in Nigeria Feb. 13. At the same time Nigeria executed 30 people, including former Defense Minister General I.D. Bissalla, for their role in the coup. Brigadier Musa Yarduah, Nigeria's new Defense Minister, in an official statement on the coup plot, charged that General Gowon had invited Colonel Bukar Suka Dimka, the officer who led the coup attempt, to London while Colonel Dimka was on official business in Madrid, according to today's New York Times. In London, General Gowon reportedly told Colonel Dimka that "everything was ready" and that he would be briefed by Bisalla. General Bisalla and other military officers involved in the coup attempt were angry about the recent cuts in the military personnel and about "the alleged Communist influence in the government," the Times reports.

General Gowon was deposed from his position as Nigerian head of state in a popular bloodless coup on July 29, 1975 for refusing to implement much needed reforms including the reduction in the over-sized Nigerian army.

SYRIA MOVES TO CONSOLIDATE POLITICAL POWER IN SYRIA

March 13 (IPS) — In the wake of General Aziz Ahdab's coup in Lebanon, various right-wing interests are swinging their support to the general after some initial hesitation. This shift is isolating right-wing Christian President Suleiman Frangieh, and is designed to force him to resign according to Western press accounts today. The fascist Christian Falange Party has decided to lend its support to Ahdab, and right-wing former Interior Minister Camille Chamoun is considering abandoning Frangieh and doing the same. Saeb Salam, well-known rightist, Moslem leader, has reportedly stated of Frangieh: "He must resign."

At the same time, Syria is providing the muscle for the takeover by Ahdab. Both the pro-Syrian commando group, Saiqa, and the Syrian-controlled Palestinian Liberation Army, have endorsed the Ahdab takeover, according to today's Baltimore Sun. The Sun reports that a Saiqa spokesman stated openly that his thugs would go into action if any resistance to Ahdab surfaced, either from the extreme right or the left.

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## LEBANESE SOURCES SAY ISRAEL GAVE PRIOR OKAY TO AHDAB COUP

WASHINGTON, D.C., March 13 (IPS) — A Lebanese diplomatic source said yesterday that both Israel and Syria had had a hand into the coup d'état by General Aziz Ahdab. The source said that the coup was carried out after an Israeli signal to Syria that the Israelis would not intervene into the situation, giving Syrian dictator Hafez Assad the needed assurance to proceed with the Ahdab maneuver.

## PHILADELPHIA MAYOR RIZZO UNDER ATTACK; WAGE TAX INCREASE UNCERTAIN

March 13 (IPS) — Mayor Frank Rizzo has come under heated attack for his refusal to publicly disclose his 1976-77 budget. The March 11 Philadelphia Inquirer accused the Mayor of "closet summitry," and admonished the city council that "the need is to bring Mr. Rizzo out of the closet, not to join him in it."

The Inquirer also disclosed that Rizzo's plan to increase the wage tax on Philadelphia residents is probably against the State Constitution which states that "all taxes must be equal." According to the same article, the main Rizzo whip in the State Senate, Henry Cianfrani, has admitted that the Rizzo tax package does not have enough votes to pass when it comes up next week.

Rizzo showed signs of the strain at a March 11 ceremonial function when he had five members of the press expelled. Spotting the reporters for two local papers Rizzo yelled, "I want them out, I want them out." Commenting on the incident to the Inquirer, the editorial director of the two papers said, "Even his (Rizzo's) people seemed a little surprised...it was really wierd, he was leaning on his cane and screaming."

PORTUGUESE WORKERS TO DEMONSTRATE FOR AGRARIAN REFORM;  
INTERSINDICAL AND PCP CONGRESSES THIS WEEKEND

March 13 (IPS) — Portuguese Communist Party (PCP) controlled workers' and small and medium farmers' organizations of Portugal's Southern region of Alentejo are calling for demonstrations tomorrow to defend Portugal's agrarian reform measures. "It is necessary to defeat the reaction," reads the call, prominently covered by Lisbon's daily O Diario, which summons all workers, farmers, students and women to simultaneous demonstrations in the three main cities in the region to protest against the continuous attempts by right wing landowners to reverse the agrarian reforms in the area.

The PCP-led Intersindical, the Portuguese Trade Union Confederation, is co-sponsoring the demonstrations, and will hold a delegates' plenary today to deliberate over wages policy and collective bargaining contracts, which have been frozen by the government since the beginning of the year. The plenary's decisions will be based on discussions carried with the workers throughout the country about that subject.

Tomorrow, the PCP will hold its annual congress, which will discuss the party's strategy in the forthcoming national elections.

End of Priorities



# NEW SOLIDARITY International Press Service

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SUNDAY, MARCH 14, 1976 2100 HOURS EST  
COMBINED ISSUE

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## I. PRIORITIES.

### GAULLIST BARON SANGUINETTI CALLS FOR NEW MONETARY SYSTEM.

MARCH 14 (IPS)--Following today's county election run-offs in France, which confirmed last week's gains by the "united left" Socialist (SP) and Communist (PCF) Parties, Alexandre Sanguinetti, former general secretary of the Gaullist UDR party, thanked the PCF "for politicizing the elections." "In one sense, this will make us more intelligent perhaps," Sanguinetti said.

Directly addressing PCF politburo member Rene Piquet in a radio interview, Sanguinetti denied that the economic situation was the principal factor in the left's gains, arguing instead that "French society is not at all adjusted to the modern world." Acknowledging that unemployment is a serious problem, Sanguinetti stressed, however, that "the creation of a new international monetary system is the most urgent task...We must struggle for it...In fact, you, the left, have no policy at all in regard to this problem at this time; we are much more credible than you."

### JOBERT MAKES ATLANTICISM KEY ISSUE IN CANTONAL ELECTIONS.

March 14 (IPS)--The political party of former French Foreign Affairs Minister Michel Jobert is currently making the issue of "atlanticism" the uppermost political question in the concluding round of this weekend's local cantonal elections. Jobert's Union of Democrats has adopted the political tactic of withdrawing their candidate in cantons where confirmed anti-atlanticist Gaullist or left candidates are running, but keeping their candidates where no such firm anti-atlanticist candidate is already running.

According to yesterday's Le Monde, Jobert's party has been joined in this campaign by the left Gaullist Union of Young Progressives of Pierre Messmer and Rene Lacombe. The UJP is also known to have close ties to certain factions of the French Communist Party (PCF).

### BADILLO REITERATES CALL FOR DEBT MORATORIUM AND RESTORATION OF SERVICES.

March 14 (IPS)--On CBS-TV, Channel 2 in New York today, Congressman Herman Badillo (D.-Bronx) reiterated his call for total moratorium on all New York City debt and declared that the maintenance and restoration of services must have priority of city revenues. Badillo said, "I disagree with the Emergency Financial Control Board that any service should be cut in order to pay debt ser-

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vice. I support a total moratorium on all debt. The first priority is to maintain and restore services that have been destroyed to meet debt payments."

In a debate with Rep. Norman Long (R.-Nassau) Badillo outlined the "fraud of the Federal bailout" (of New York City) in the strongest terms -- "it is a farce to believe that the 'bailout' helped the city; to the contrary...the City is a disaster from this, having cut at least 25,000 jobs, and putting at least 500 million dollars not toward reducing the deficit, but all of it went to paying debt-service."

When Long said that debt moratorium would mean "New York City would be cut off from credit," Badillo replied: "Don't be ridiculous, the banks aren't giving New York any money now and they are not themselves able to do so! The Banks do not have the right to dictate the conditions of life to the rest of the population." In his conclusion, Badillo declared, "Debt moratorium is the only answer. Right now services have to be the first priority. If debt payments have to wait 50 to 75 years, so be it."

RON DELLUMS ENDORSES DEBT MORATORIUM  
BEFORE BERKELEY SWAMPERS.

BERKELEY, CALIF., March 14 (IPS)--Speaking before a large public audience at a church in Berkeley two nights ago, Congressman Ron Dellums (D.-Oakland) interrupted his own speech to make the following statement: "There are three members of the U.S. Labor Party here. I want to say that I fully agree with the U.S. Labor Party stand on debt moratorium. My friend, Ken Meade, introduced it into the California Assembly this week. I'm not an economist, but I'll be meeting with economists this week. If I can put it into the proper form I will introduce it to the House."

Dellums later referenced the Martin Luther King assassination, in what was clearly meant as a defense of himself, stating "Martin Luther King was allowed to exist as long as he didn't get involved in economic issues."

TIMES CORRESPONDENT REPORTS "EUROPEANS WORRIED  
ABOUT U.S. WILL".

March 14 (IPS)--New York Times Paris bureau chief Flora Lewis writes today that Europeans are increasingly concerned "about the willingness and ability of the United States to sustain a coherent foreign policy as leader of the West." Lewis quotes a high-ranking French government official as asserting "American superiority and urge to expand has receded because of Vietnam. The vacuum is being filled by increased Soviet expansionism." West German Foreign Minister Hans Dietrich Genscher, she reports, said on television recently that "the United States should make the limits of permissible (Soviet) behavior clear." West German Chancellor Helmut Schmidt is quoted as worrying about "the leadership crisis" of the West.

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Appearing in the Times along with the Lewis article is an excerpt from the transcript of discussions between British Fabian H.G. Wells and Soviet Communist Party Chairman Josef Stalin in 1934. The excerpted dialogue, in which Wells attempts to convince Stalin that U.S. President Franklin Roosevelt was a socialist, ends with Stalin emphasizing: "Capitalism is rotten to the core...the revolution, the replacement of one social regime with another, has always been a struggle, indeed a struggle to the death."

CIA'S COLBY DISCUSSES WHITE COMMUNIST STRATEGY  
IN WEST EUROPE.

March 14 (IPS)--In an interview with free-lance journalist Oriana Fallaci carried in the March 11 edition of the Colombian social-democratic magazine Nueva Frontera, former CIA director William Colby explained the "White Communist" strategy of the Italian Communist Party (PCI) and its counterparts in France and Spain.

In response to Fallaci's question on the difference between Portuguese Communist Party leader Alvaro Cunhal and PCI head Enrico Berlinguer, Colby said: "The Italian Communist Party is today the same as it was in the times of Gramsci and Togliatti; that is, a party that tries to build a bridge between the Soviet and the Western systems, seeking to have a foot in both camps. The PCI has always pretended to be very revolutionary in order to keep in step with the hard image of totalitarianism, and at the same time has always pretended to be very Italian to fill the vacuum in the rest of Italy."

However, Colby continued, despite Berlinguer's subservience to the West, "the question is not of having or not having confidence in individuals. The question is their political goals. Right now, with a Western Europe united and strong and protected by American interests, the political goal of the communists is to become a part of Western Europe. Tomorrow, if Western Europe has economic problems or if there is a change in leadership of the Soviet Union, their political goals could change and they could return to being more authoritarian or more loyal to the Soviets."

FORD ASKING FOR STEEL IMPORT CURBS.

March 14 (IPS)--President Ford will call upon Japan and several European countries this week to voluntarily restrict their exports of steel to the United States, according to today's Washington Post. Japan has already threatened retaliation to the move, perhaps through quotas on U.S.-produced aluminum if the U.S. imposes steel quotas, the Post reports.

Administration officials, the Post said, are conscious that the imposition of steel import quotas would cause domestic inflation. The protectionist International Trade Commission proposed such quotas in January, charging that U.S. domestic steel production was hurt by "unfair competition" from steel imported from abroad.

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UNITED KINGDOM BALANCE OF PAYMENTS PICTURE DETERIORATES.

March 14 (IPS)--A jump in Britain's balance of payments deficit from 100 million dollars to 250 million dollars between January and February was announced by the Department of Industry yesterday. The deterioration is a sharp reversal of the trend toward narrowing the gap between imports and exports which Britain has negotiated over the past few months.

Exports fell by 44 million dollars while imports rose by 100 million dollars to a new all-time record of 4 billion dollars, indicating there has been a total rundown in manufacturers' inventories. The Financial Times, which quotes the figures in a lead article, takes this to indicate that "the economy has not only reached the end of the recession in output but has turned around more sharply." Nevertheless, the trade balance is "by no means as good as the Government would like," the Financial Times says.

PCF VOTERS SPLIT ON SUPPORT TO SOCIALIST CANDIDATES.

PARIS, March 14 (IPS)--Lionel Jospin, national organizer for the French Socialist Party (SP), today praised the discipline of the French Communist party (PCF) electorate, whose votes in France's county election run-offs today often resulted in the victory of SP candidates over those of President Giscard d'Estaing's majority coalition.

But another Socialist Party spokesman complained that in some areas, such as the City of Chatellerault (Central France), massive abstentions by PCF voters allowed the victory of Gaullist or other majority candidates. "The policy of vote transfers did not go too well," he said.

END IPS COMBINED ISSUE FOR MARCH 14, 1976.



# NEW SOLIDARITY International Press Service

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COMBINED NEWS ROUND-UP  
MONDAY, MARCH 15, 1976 2100 HOURS EST

## I. PRIORITIES

### FRANC DEVALUED

March 15 (IPS)--The French government of President Giscard d'Estaing decided at a meeting of European finance ministers early today to withdraw the franc from the joint European currency float, or "snake," according to today's New York Times. The move, a de facto devaluation which had been demanded by Wall Street, was decided at a secret meeting held at midnight, only hours after nationwide cantonal elections in France in which Gaullists had made the pro-Atlanticist policies of Giscard a major issue.

### FRANC DROPS 5 PER CENT, THEN REBOUNDS

NEW YORK, March 15 (IPS)--The French franc plummeted sharply today from .2205 dollars to .2105 dollars, a 5 per cent drop, following France's announcement that the franc is leaving the European "snake," the group of currencies which floats jointly against the dollar. Foreign exchange traders at major New York banks concluded that the franc's subsequent rebound to .2155 dollars could not be explained in technical terms, but that international support was coming from official quarters. The Italian lira took the brunt of today's speculative pressure, falling from .001275 dollars to a close of .001205 dollars, or 832 lira per dollar. One foreign exchange trader at a major Italian bank commented, "The lira?...It's dying."

### EUROPE "EVEN MORE LIKE A TRUMMERFELD"

WIESBADEN, W. Germany, March 15 (IPS)--With market sources widely predicting today that the Wall Street-backed speculative attack on the French franc will now be turned against other European currencies, including the Belgian and Scandinavian, a highly placed West German bank official commented: "With these chain devaluations, Europe is going to look even more like an economic trummerfeld (rubblefield)." West Germany, the "junior Yankee," he added, referring to the enforcer role West Germany has played for the Atlanticists in the forced devaluation-austerity drive, "has opted out of political decision-making....It is terrible that 10 per cent of the OECD's (Organization for Economic Cooperation and Development--the organization of the industrialized nations) Gross National Product is foreign debts!"

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Leading West German and Swiss bankers emphasized today that the Bank of France's surrender to the Wall Street attack, the devaluation of the franc and its exit from the European currency "snake" have not changed the fundamental monetary and payments crisis one iota.

#### IL FIORINO ANNOUNCES BANK OF ITALY BANKRUPT

March 15 (IPS)--The Milan industrialists' daily, Il Fiorino, today revealed that the Italian central bank, the Banca D'Italia, is refusing to redeem the state debt instruments that it forced the Italian banking sector to absorb earlier as part of a Wall Street-dictated plan to contract credit within the nation's economy. Furthermore, Il Fiorino charged, the Bank of Italy has taken the move--tantamount to a declaration of bankruptcy--stealthily, without parliamentary approval or a public announcement.

Il Fiorino reports that the bank's move has alarmed businessmen within Italy, who are moving in panic to withdraw their deposits from the banking system from fear that their accounts may be frozen.

#### ANALYSTS UNEASY OVER BANKRUPTCY OF BANK OF ITALY

NEW YORK, March 15 (IPS)--Although many market analysts today were elated over France's decision to withdraw the franc from the European snake, a de facto decision to devalue which they hope will stave off dumping of the dollar, leading specialists agreed today that the dollar crisis remains basically "unmanageable." Especially worrisome, they noted, was the de facto declaration of bankruptcy of the Banca D'Italia.

A spokesman at a Wall Street investment banking house warned that "bankers in Italy are screaming and yelling as they realize they cannot rely on a central bank backing them up. This," he stated, "could lead to yet another round of flight of capital out of Italy. The dislocations that would cause on the markets will be unmanageable."

#### SIMON IN DIATRIBE AGAINST U.S. LABOR PARTY AT CHICAGO PRESS CONFERENCE

CHICAGO, March 15 (IPS)--At a press conference in Chicago today, Treasury Secretary William Simon launched into a diatribe against the U.S. Labor Party after a USLP spokesman told him that he should support a debt moratorium or resign from office for reasons of incompetence.

Asked by a reporter from the Chicago Tribune what his estimate was of the current franc crisis and its effect on the dollar, Simon assured him that "it's not serious, we're going to the root of the problem." Simon was promptly asked if that meant that he was supporting international debt moratoria. "We had one debt moratorium in New York City, and that's enough," Simon shot back. "Not one nation has defaulted during my tenure and I don't intend to allow any to default now."

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Simon bristled when he was asked if he meant that his policies are bankrupting the Third World: "Some parties are saying there's no economic recovery. Some parties are saying that disease and famine will follow the collapse. I think these parties are irresponsible and wrong."

At this point, the USLP representative told Simon that he should support debt moratorium or resign. "You'll be laughed out of town" talking about recovery in Chicago, the USLP spokesman added.

"Go back and take Economics I again," Simon shouted, announcing that he had to end the press conference to attend a luncheon with top Chicago business leaders. However, Simon was informed, the business leaders had cancelled the luncheon.

#### MARCHAIS BLASTS SOCIALIST "ALLIES" AS AMERICANS

March 15 (IPS)--Secretary General of the French Communist Party (PCF) Georges Marchais today attacked the electoral maneuvering of the PCF's "Union of the Left" allies in the French Socialist Party. Marchais labelled the Socialists "the American Party in France." Marchais' accusation stems from evidence that in numerous local communities the Socialists refused to transfer their votes to a stronger Communist candidate in the second round of cantonal elections yesterday, voting instead for right-wing candidates. This resulted in the PCF winning only 17 per cent of the vote--as opposed to an estimated 30 per cent for the Socialists, who had substantial Communist backing in the second round.

Marchais has come under intense pressure from the working-class membership of the PCF over the past two weeks for the party's electoral alliance with the Socialists. In several cantons, PCF members, backed up by local federations, defied Marchais' orders to vote for a stronger Socialist candidate in the second round.

#### FRENCH METALWORKERS WIN WAGE GAIN AS STRIKE FERMENT BUILDS

March 15 (IPS)--Metalworkers at the Dassault-Seclin aircraft plant in northern France have won a record-breaking 14.5 per cent wage increase, according to today's L'Humanite, newspaper of the French Communist Party. Dassault-Seclin is owned by Gaullist leader Michel Dassault.

This significant contract gain also comes at a time of increasing strike ferment in France, especially among metalworkers. Forty thousand metalworkers in the Loire region staged a one-day strike last week, preceding a national 24-hour strike which has been called for this Wednesday.

#### WEST GERMAN METALWORKERS HEATING UP FOR STRIKES

WIESBADEN, W. Germany, March 15 (IPS)--Growing membership pressure on the West German metalworkers union, IG Metall, has caused the union's national leadership to think twice about recommending national acceptance of the 4.5 per cent settlement precedent set

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in the North Baden-North Wuerttemberg negotiating district. In the Nordverbund shipbuilders' district and the Hessen district, where anger over the metal employers' 4 per cent offer runs highest, the district leaderships have already voted to declare the negotiations a failure, opening up the possibility of either non-binding arbitration or an immediate strike-enabling vote. The IG Metall executive committee is presently meeting to decide whether or not to accept these resolutions. Meanwhile, the Ruhr metal-workers' negotiation district is threatening a similar failure vote if the employers do not make a "reasonable" offer by Friday.

Militant worker sentiment is highest in the southern Hessen district. A meeting of shop stewards in the "red" city of Offenbach has called for an immediate strike-enabling vote, as has the factory council at the Opel plant in Ruesselsheim.

#### BRITISH TUC EXECUTIVE TO VOTE ON GOVERNMENT POLICY

March 15 (IPS)--The executive committee of the British Trades Union Congress (TUC) will vote this week on whether to convene a special TUC conference on the government's austerity policy. According to the Sunday Telegraph, a decision to convene such a conference--secretly backed, they say, by TUC General Secretary Len Murray--would mark the second in recent history. The first, held in 1973, immediately preceded the nationwide miners' strike which brought down the Tory government of Edward Heath.

Such a conference is being backed by several major unions, and miners' president Joe Gormley warned last week that his union's support for the government's program would not be as automatic as it was last year.

#### SADAT FORMALIZES BREAK WITH SOVIET UNION

March 15 (IPS)--Egyptian President Anwar Sadat last night asked the People's Assembly to terminate the Soviet-Egyptian Treaty of Friendship and Cooperation made in 1971, according to Western press coverage today.

Sadat also said that the economic situation facing Egypt has never been worse, according to today's L'Humanite, daily of the French Communist Party. His call for termination of the pact with the Soviets comes as an International Monetary Fund delegation is in Egypt. U.S. Treasury Secretary William Simon visited Egypt last week.

#### FRANGIEH IN DAMASCUS TO DISCUSS RESIGNATION WITH ASSAD

March 15 (IPS)--Lebanese President Suleiman Frangieh is presently in Damascus discussing his possible resignation with Syrian President Hafez Assad, according to CBS radio. CBS reports that Frangieh has publicly warned that he will not resign under duress.

Frangieh's hasty trip to Damascus follows an agreement reached over the last 24 hours between the self-appointed military governor of Lebanon, General Abdel Aziz Ahmed, and Lt. Ahmed Khatib,

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leader of the Syrian-backed Lebanese Arab Army, to combine their forces to attack the Lebanese president, who had been isolated in his mountain-top palace near Beirut.

**PRESS LIES ON BADILLO DEBT MORATORIUM CALL**

NEW YORK, March 15 (IPS)--Rep. Herman Badillo's call for debt moratorium in New York City is being deliberately misrepresented by the press and media in New York City as a proposal for municipal bankruptcy. Typical of press distortion of Badillo's public proposal for debt moratorium is a report on WINS radio today identifying the proposal as "bankruptcy" and then airing a tape recording of Badillo's remarks on CBS TV's "Public Hearing" news show yesterday in which Badillo clearly specifies his demand as a "debt moratorium" to assure restoration and expansion of gutted New York City services. Contacted by IPS, WINS refused to comment on this distortion.

A Cuban exile spokesman for the New York City Spanish daily, El Diario, lied to IPS that Badillo had in fact called for bankruptcy, not debt moratorium, on yesterday's CBS "Public Hearing" TV show. When informed of the difference, the spokesman stated: "Bankruptcy, debt moratorium...what's the difference what Badillo said, it's all the same." He also indicated that tomorrow's El Diario will carry the false report on Badillo's televised remarks and an editorial on Badillo. Last week the New York Daily News editorially misidentified the Badillo proposal as "bankruptcy" in an editorial attacking Badillo.

**End of Priorities, Combined IPS**