



# NEW SOLIDARITY International Press Service

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**IPS Reports from March 21 to March 29**

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INTERNATIONAL MARKETS  
NEWSLETTER

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## Wall St. to Pull the Plug on Europe Monday

A canvass of foreign exchange departments at Wall Street's money center banks confirmed that they intend to pull the plug on European currencies when the forex markets open on Monday unless European central bankers "realign their joint float, the so-called European currency snake" on their own this weekend. As of this writing, the realignment or even a promise of realignment has not taken place.

Thus, the Rockefeller-run New York commercial banks have targeted this week to go for a final victory in their months-long currency war against Europe—an "Endsieg" maneuver of total desperation to prevent the dollar empire from crumbling into ruins around the March 31 international payments deadline. The Atlanticists have as their immediate goal the fascist reorganization of Western Europe under the "Safety Net" proposal, which various Wall Street agents are attempting to ram through Congress.

Should the Atlanticists succeed with either or both of these schemes, they will destroy what remains of the world economy — including the property titles and debt structures that they are trying so hard to protect.

But the success of their "Endsieg" is an open question. Europe will not simply submit to the bankers' demands as the West Germans' now open rebellion against Wall Street's marching orders to up value the deutschemark indicates. As will be covered in this newsletter, the Gaullists in France, the Andreotti faction of the Christian Democrats in Italy, are also resisting Wall Street's attempt to impose its political solution upon Europe. Meanwhile, a mass-strike wave is sweeping across Europe, with its immediate focus on Italy.

These developments have already made the Wall Street strategists extremely nervous about their chances of success. Summing up Wall Street's current quandary, the State Department's liaison to the OECD countries said in an interview late in the week, "The European factions are schizophrenic...we can deal with them. But the Soviet moves (for expanded trade) and labor trouble are a different ball game. That's why we have got to exert leadership in Europe....Our problem is that we don't know where the hell to lead them (the Europeans) to."

### The Lull Before the Storm

What the international financial press described as a "nervous calm" prevailing on the world's foreign exchanges this week was really a lull before the storm. The only activity the market saw was confined to the unwinding of some of the long positions (a long position is when one buys a particular currency, betting on it to appreciate in the near future) of multinational corporations, European and New York banks, speculators in deutschemarks and Swiss francs. Both

currencies had appreciated against the dollar during the last several weeks' turbulent activity on the markets. As it became clear over the week that the West Germans were not playing ball according to the rules and were not following Wall Street orders to revalue, the long position in these currencies became increasingly unattractive.

The selling off of deutschemarks and Swiss francs marginally — and temporarily — strengthened the dollar. The unwinding could not stabilize the situation for long, as the forex traders and the New York banks were acutely aware. The entire \$125-150 billion short term dollar sector waited for the materialization of the promised realignment of the currency snake as if its life depended on it — in point of fact, it did.

"For New York's seven largest banks alone," said a foreign exchange source at one of those banks, "we lose \$10 million every day in 'covering' costs on our short and long positions...for the whole system it could be as much as one billion goddamned dollars." The trading chief at another Wall Street bank translated this fact into the following tactic: "We can't take this shit any more. The damn Germans don't want to upvalue....If European central bankers and finance ministers don't get their asses together and 'realign' the snake (it was widely rumored in European and New York banking circles that such a meeting was scheduled for this weekend) then the seven of us will gang up on the Belgian franc and bust the damn thing (the snake)." The chief OECD (Organization for Economic Cooperation and Development) liaison at the State Department further confirmed this: "it's entirely plausible for the (New York) banks to do so (bust the snake) under the present circumstances."

The Wall Street-directed assault on European currencies had been launched to create a dollar-deutschemark-yen axis that would force the West German and Japanese central banks to absorb the dollar debt overhang and play debt collector for the New York banks. Though Wall Street has succeeded in enforcing drastic de facto currency devaluations and cuts in the standard of living in every European country except West Germany, the glut of illiquid dollars has grown. The dollar is no longer a reserve currency or real means of international payment. It is the equivalent of a gambling chip being used to "cover bets" on the international money markets. As most bankers realize, there is no longer anything even resembling an international monetary system.

This week, for instance, the mass of dollars from the short-term pool worldwide flowed into currency speculation, the New York Stock Exchange, refinancing of uncollectable

bailout loans, and other such soft "investments." Despite this, short-term interest rates in the dollar sector continued to collapse. The bankers' last hope to absorb the dollar glut — Federal Reserve chairman Arthur Burns' continued issuance of billions in U.S. Treasury notes — has failed to soak up enough greenbacks to make a real difference. Meanwhile, the so-called "weaker" European currencies (after weeks of speculation this distinction is becoming meaningless) appreciated vis-a-vis the U.S. dollar as speculators paid premium prices to either buy them or borrow them to "cover" their positions every night. Euro-franc interest rates skyrocketed to between 1600 and 2000 per cent per annum.

European "resistance" to the Wall Street-directed devastation of their currencies, trade, production, and living standards, has created an uncontrollable crisis situation which threatened to lead to a general breakdown some time around March 31 when France, Italy, Britain, Denmark, Belgium and others settle their massive trade imbalances.

#### **The Safety Net**

When New York banks "leaked" their plans to pull the plug on Europe, and even the traditionally pro-Atlanticist West German press began demanding a new international monetary order, State Department Under Secretary Charles Robinson's office announced plans to immediately railroad the \$25 billion "Safety Net" proposal through. The "Safety Net" concept is essentially a plan to set up mini-International Monetary Fund for the OECD countries, which include Western Europe, Japan, Canada, New Zealand, Australia, and the United States.

The OECD "Safety Net" will create a common pool of member government guarantees (based on their quotas) on an overall private market borrowing limit of \$25 billion for medium term (not to exceed a maturity of 7 years) bailout loans to member countries at "onerous" conditions. The "Net" scheme, not unlike New York City's "Big MAC," will allow fascist reorganization of European economies so that eventually New York banks can collect at least a partial amount of their now-uncollectable outstanding credits to Europe. The plan will also allow Wall Street to dictate exactly the level of wages, total energy consumption, amount of domestic credit and what productive sectors are to be

triaged in a country receiving so-called bailout loans.

In baring this hyperinflationary tactical maneuver to a journalist, a Robinson aide admitted that the move was aimed at preventing a collapse of the dollar empire around the March 31 international payments deadline. The threat of a link-up between Western European industrialists and the Soviet and Third World blocs to create a new monetary system left the State Department with little choice, the aide said.

If the reception of the Senate Foreign Relations Committee to the testimony yesterday on the "Safety Net" by U.S. Treasury Secretary William Simon (see special report) is any indication, then its eventual passage by Congress is guaranteed. As if following the script, State Undersecretary Charles Robinson's aide had told the journalist the day before, Simon used the threatened monetary blowout to urge Congress immediately to implement the Safety Net.

Brandishing the U.S.' "quota and voting share of 27.8 per cent" which will provide it "the ability to set very stringent conditions" on recipients of the OECD Safety Net, Simon lied that the U.S.'s share will only take the form of 'guarantees on money raised on the private capital markets.' If the inability to successfully market the recent EEC (European Economic Community) \$300 million Eurobond issue to bail out Italy and Ireland is any indication of investor reluctance to tie up their dollars for any other than very short-term loans, then the U.S. will indeed have to print and dish out cash — i.e. dollars — for the medium-term loans proposed under the Safety Net. The hyperinflationary consequences of the Fed's printing \$6.4 billion — the U.S. "official" quota — during the worst depressionary collapse in capitalist history — are obvious.

Senator Jacob Javits (R-NY) made it quite clear at the hearings that what was at stake with the Safety Net was not production and incomes of near-bankrupt European countries, but the protection of the entire \$800 billion debt overhang. "The genius of our society is the power to command credit," said the Senator, adding "the opposition is deadly. I'm for anything that will give us that edge." Senator Clifford Case (D-NJ) was more explicit: "We may have to do these things to prevent the collapse of the capitalist system....I'll vote for this thing (the Safety Net) — but it will only postpone the disaster."

## Are Europe's Atlanticists Ready to Break with the U.S.?

March 27 (IPS) — Western European political factions allied to U.S. financial interests are considering a break with the Atlantic Alliance, on the grounds that it is impossible for them to rule Europe under conditions of monetary collapse and mass strikes.

British, Scandinavian, and West German Atlanticist circles are heatedly pushing for debt moratorium and other concessions to the Third World, warning that the Third World's \$200 billion debt overhang is destroying Europe's export markets.

West German industrialist circles normally subordinate to NATO began to negotiate a major expansion of economic ties to the Soviet sector this week, centering on Economics Minister Hans Friderichs' trip to Moscow on March 22. With \$12 billion of Eastern European import orders at stake, the West German industrial community, led by steel manufacturer Otto Wolf von Amerongen, is horrified at Washington's dangerous "show of force" posturing towards the Soviets.

More significantly, the West Germans have a closer view of the Soviets' "tripwire" position, namely, that the Atlanticists' current efforts to impose fascism throughout Western Europe are a provocation for nuclear war. A spokesman for the West German trade organization which Amerongen heads, the German Conference on Trade and Industry, this week denounced U.S. threats against Cuba. "Germany needs a reasonable political climate for trade with the East," the spokesman said. A West German banker with close ties to Britain added, "The U.S. made an idiot of itself with these threats to Cuba. It was purely to save face. France has been lost to the Gaullists. The British are behaving like Beggars towards the Russians."

At the same time, West Germany's business press is running a continuous editorial campaign for debt moratoria in the Third World and East-West trade for Western Europe. The leading financial daily Handelsblatt warns of the "inevitability of debt moratoria" throughout the Third World in an international banking supplement this week. Handelsblatt has taken a consistent editorial position in favor of moratoria on the grounds that the third World debt burden is the main obstacle to West German export industry. In a shift of editorial stance, the Atlanticist daily Frankfurter Allgemeine Zeitung warned that "the main problems of debt and transfers of resources have not been solved."

Swedish Atlanticists are also backing debt moratoria: Swedish banker Tore Browaldh indicated this week that he endorsed plans for a new international monetary institution to finance development now under discussion in Great Britain. London Times editor Peter Jay last month published "an offer the world cannot refuse," in the form of a watered-down version of the ICLC's International Development Bank program. Browaldh, who runs Scandinavia's second largest bank, also endorsed Third World debt moratoria.

### Driven by Desperation

These European groups have no clear program or outlook. Rather, they are driven to consider proposals such as the International Development Bank, already hegemonic in the Third World and converged upon by the Soviets, out of pure

desperation. Next to its coverage of the debt issue, Handelsblatt prints headlines on the mass strike developments among West German and Italian workers. Certain British financial circles have frankly admitted that if the Atlanticists' plans for a European "Big MAC" looting operation run into too much political resistance, they will have little choice but to support a new international monetary system. The rift in the post-war Anglo-American alliance to control Western Europe, in turn, has a tremendous influence on areas of British influence on the Continent, especially Scandinavia and West German industrial and financial circles.

This European Atlanticist grouping is sending desperate messages across the Atlantic to Harriman, Ball and Co., demanding an end to the American brass-knuckles approach to austerity, which threatens to topple them. Helmut Schmidt, West Germany's Atlanticist chancellor, has pressed the panic button on the issue of the European Big MAC, which West Germany would have to finance.

At the same time, West German industrialists report, Schmidt is trying to subvert the opening of closer economic ties between West Germany and the east. A turning point, industrialists say, was a series of meetings between Otto Wolf von Amerongen and top Soviet and East German leaders at East Germany's Leipzig Trade Fair earlier this month. Ironically, Amerongen is a former Nazi, a notorious U.S. agent, and a member of the International Advisory Board of David Rockefeller's Chase Manhattan Bank. But fear and confusion among European Atlanticists gives additional maneuvering room to the West German "smokestack barons," who are European-based and depend on trade with the Soviets. Despite George Ball's public boast this week, "Amerongen is a good friend of mine and he'll be no trouble," the ball is momentarily in the court of the pro-trade industrialists. At least a half-dozen of the leading industrial firms in West Germany are committed in principle to the International Development Bank.

West Germany is caught in a vicious political battle between capitalist circles who want to appease the U.S. at any cost, and the industrial group, which recognizes that the U.S. plans for European fascism would destroy them. The latter faction has prevented the Schmidt government from revaluing the West German currency to paper over Europe's \$40 billion debt. Advisors to the Schmidt government are attacking the so-called "safety net" as a hyperinflationary disaster.

### Hinges on France

But the European situation as a whole hinges on France. The industrialists' newspaper Handelsblatt opens its columns this week to French banker Jacques Denizet, who wrote that Western Europe and the Soviet Union have a common interest against the United States on the gold issue. Western Europe could use gold as part of a program to dump the dollar and create economic links with the Soviet sector. In an editorial Friday, Handelsblatt repudiated the Atlanticist lie that the pro-development Gaullist party can be contained. Warning of a social explosion in France, the newspaper recalled that the Gaullists came out on top last time this happened in 1968.

## U.S. Lures Third World in Commodity Swindle

March 27 (IPS) — Two meetings between the advanced sector and developing nations on the new world economic order ended last week with a dangerous setback for the world's pro-development forces.

Caught between the impotence of their own strategy and the deceptive tactics of the representatives of international finance, Third World negotiators relented on their demands for immediate debt moratorium, pursuing instead a pitiful "Integrated Commodities Programme" designed to raise raw material prices through the use of buffer stocks and a commodities fund.

As an economic for Third World development, the commodities "indexing" plan is a profoundly incompetent alternative to the enactment of debt moratorium and the International Development Bank (IDB) credit institution put forward by the Labor Committees. Through a combination of lack of moral strength and commitment, and plain stupidity, the Third World has fallen for the Atlanticists' stalling tactics and their plan to resolve Third World debt problems on a case-by-case basis with Argentina as the model.

### Soft Cop Swindle

At both the Geneva Trade Board meeting of the United Nations Conference on Trade and Development (UNCTAD) and the second round of the North-South "Four Commissions" conference, Third World leaders capitulated to a soft Atlanticist campaign waged by the Departments of State and Treasury, and agents in the ranks of the Third World. There was little that was original in the new version of U.S. negotiating tactics.

Like previous operations staged at the United Nations Special Session last September, the Manila meeting of the Group of 77, and earlier UNCTAD and North-South conferences, the financial meetings started with the U.S. delegation introducing mountains of computer printouts purportedly showing that no financial crisis exists. The majority of delegates' time was allocated to reading and immediately rejecting each of these documents.

The commodities negotiations, however, took place in a different environment, shaped by the new "soft-cop" policies from State Department Undersecretary Robinson's office, and a well-coordinated international press campaign. Robinson's people in the U.S. and Europe let it be known that they were seriously considering UNCTAD's "Integrated Commodities Programme," as well as debt relief to some of the most seriously affected nations provided the Third World as a whole does not otherwise press "unreasonable demands."

A series of bourgeois press articles, running concurrently with the two commodities meetings, informed the world that the Third World payments crisis would have to be dealt with through some kind of increase in their primary income through higher commodities prices if the major creditors are not to suffer the consequences of a generalized debt moratorium and its "catastrophic" consequences.

### What is UNCTAD's Integrated Commodities Program?

The basic flaw in the negotiating strategy of the Third World is that it allows for their defeat by such a thinly veiled ruse as the present Atlanticist commodity swindle.

The commodities program, proposed in the past in various forms by "friends" of the Third World Zbigniew Brzezinski of the Trilateral Commission, C. F. Bergston of the Brookings Institute and on a commodity-by-commodity basis by Henry Kissinger, is a fraud. By itself — outside the framework of comprehensive dollar debt moratorium and the IDB — this program would merely hasten the collapse of world trade!

The 1976 shortfall of the balance of payments for the non-oil producing developing nations — subtracting all official aid, International Monetary Fund and World Bank assistance, Euromarket loans, normal capital flows, direct investment and export earnings — is estimated to be over \$30 billion. Without any allowances for Third World growth and development, a 38 per cent hike in raw material export prices would be needed to cover the shortfall. Importing 66 per cent of the total Third World exports, Western Europe and Japan would have to absorb over \$20 billion in higher costs, doubling their present \$422 billion deficit. A sheer impossibility, the advanced sector would have to reduce imports and slow their rate of economic growth: for every 1 per cent drop of advanced sector rate of growth, the developing nations lose 12 per cent of their earning income, for every price rise which follows, income will spiral downward until there is nothing left of the world economy.

### The Real Swindle

Such facts notwithstanding, no Third World development conference has formulated a strategy to surgically remove the cause of starvation and disease in their countries. In fact, last week, UNCTAD Secretary General Gamani Corea announced that he was dropping the only vital part of the commodities plan in an effort to make the "Integrated Program" acceptable. In a speech at the London counterpart of the Council on Foreign Relations, Corea said he would be willing to consider negotiations on only some of the major commodities. If the London Financial Times is to be believed, discussion of an integrated commodities approach which would be necessary within an IDB framework has now been reduced to Kissinger's "commodity-by-commodity" negotiations.

U.S. Treasury officials, whose approval is necessary for the plan, have confirmed the true nature of last week's commodities discussions. With 12 countries on the brink of default and an additional 30 facing a payments crisis in the next few months, the Atlanticists are merely buying time to enforce police state regimes worldwide. Then the Atlanticists will be amenable to serious negotiations with Third World countries on a case by case basis. The now-silent pro-development leaders in the Third World would be well advised to consider the implications of not pushing for debt

moratorium and IDB in the paradigmatic example of Italy.

#### **Capitulation Under Pressure**

Following the Atlanticists' onslaught against the Italian lira Jan. 21, Italy's tri-partite pro-development faction led by Giulio Andreotti of the Christian Democrats, Giacomo Mancini of the Italian Socialist Party, and industrialist Eugenio Cefis had the forces and international working class support necessary to break with the Dollar Empire for debt moratorium and the IDB. Instead, they cried: "A move like that would split the party. If we call for a moratorium on the debt, the Wall Street Atlanticists will smash us.....Maybe if we accept a Euromarket loan, we will gain that added measure of time."

At their respective party congresses, however, Mancini and Andreotti capitulated to Atlanticist agent pressure in the

party to maintain the integrity of Wall Street's paper debt. With no opposition and the party ranks demoralized, Fiat magnate and Atlanticist Gianni Agnelli is taking the increased momentum to push a streamlined Italian banking system as befits a Schachtian economy. Over 1,000 banks are now under investigation, with a parallel operation against the major bank of the largest state industrial sector, linked to Cefis.

Following their meeting with the IMF earlier this week, former anti-Atlanticist Andreotti, Treasury head Colombo and Central Bank head Baffi met to enforce the conditions imposed by the IMF, cancelling cost of living clauses from trade union contracts. LaMalfa's plan for an emergency government of "national unity" to include the fascist leadership of the Communist Party is now imminent.

## How the U.S. Looks at Third World Leaders

*WASHINGTON; D.C. March 28 (IPS) The following are excerpts from an interview with a U.S. government official who was willing to give a frank exposition of the Treasury Department's attitude and tactics toward the Third World — provided that his name be withheld. Mr. T., as he is here called freely discussed the tactics used by his Department on Third World negotiators which have so far proved successful.*

*We regret that at this time we are not only publishing these excerpts but have to agree with the pervasive appreciation of the stupidity and gutlessness of the Third World negotiators. However, should these leaders and negotiators continue on their present course they are ensuring disaster not only for themselves, but for us as well.*

**IPS:** Over the last few weeks, simultaneous with the UNCTAD meeting in Geneva, there have been a series of articles in the international press pointing to a commodities agreement as a solution of the payments crisis facing the Third World. Do you see that as a likely outcome of the Nairobi (UNCTAD conference in May) or the Paris meetings?

**Mr. T.:** Let me give you an idea of what goes on in these meetings. The Third World comes in with a "maximalist laundry list" which has something for each one of them. Since all of these demands are definitely unacceptable, we spend the rest of the time discussing what the consequence will be if one commodity is accepted and not another, how much the nations that are importing those same commodities will actually be hurt if the plan goes through and so forth ... Do you know for example, what we did in Geneva? The meeting was supposed to end Friday and at 2:30 in the morning on Saturday, we tabled our proposal and then went

to sleep; Let them stay up all night and study it ...

**IPS:** What about Nairobi?

**Mr. T.:** Well, we'll probably go there and tell them give us a list of all the commodities you want and we will take them and study them for a while. I suppose in six months or a year we will have to report to someone about it. That's what will happen.

**IPS:** But Undersecretary of State Charles Robinson's office is letting us, as well as a number of representatives of the Third World, believe that they are willing to go along with some commodities program as well as debt relief for a limited number of countries...

**Mr. T.:** I know what is being cooked up in that office. But any proposal that originates there has to go past a lot of tomahawks in this town. They know it will never get passed. So long as these people (Third World leaders) negotiate from the standpoint that one side gains what the other side loses and the net increase is zero, all we have to do is to turn the same argument on them and let them quarrel about it. If you remember the same thing happened in Kingston (Jamaica, January meeting of the International Monetary Fund) with the compensatory fund. It did not get passed because India who has mostly official debt, rejected it since this plan would diminish any aid she might hope to receive...

You know what I am tempted to suggest to the Secretary for the Nairobi UNCTAD Conference? We should go in there and tell them (the Third World): OK for the 35 most seriously affected amongst you (not the now-established most seriously affected countries) we will grant all the concessions that you want. Then we could go home for a year or so while they quarrel trying to decide who the 35 are.

Of course there might not be a world when we come back... but then again you can't win them all, can you...





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DOMESTIC MARKETS NEWSLETTER

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## Bankers Prepare Military Coup for New York City to Set Example for U.S.

March 26 (IPS) — Developments in the last 48 hours, blacked out in every bourgeois newspaper, establish as indisputable fact that the Wall Street banking community is making preparations for the establishment of an outright bank dictatorship over New York City, by legal means if possible and by military means if necessary. The short-term objective is to impose fascist financial reorganization over New York City, transform it into a Brazilian hell-hole, and make it an object lesson for every other American city and municipality on the brink of bankruptcy.

Congress passed the Municipal Bankruptcy Act March 25, a bill which puts bankrupt cities under Federal Court dictatorship with complete powers to tear up labor contracts, scrap services, and to decree whatever amounts of austerity required to salvage roughly \$220 billion of municipal debt. By the admission of a legislative aide to Congressman Don Edwards, (D-Cal), the bill's co-sponsor, its immediate purpose is to deal with the New York City financial and political crisis: the threat of default on over \$1 billion in Treasury debt by June 30, and union resistance to austerity conditions highlighted by the threatened strike of the Transit Workers Union.

Simultaneously, New York City officials with direct links to both Felix Rohatyn and the Department of Defense, disclosed to IPS contingency plans for a coordinated military-police rule over New York City with "war options" of National Guard occupation. On April 5 a team from the Department of Defense, and the Defense Civil Preparedness Administration will be in New York to review recommendation for a military command and control reorganization of the City's administrative function. According to this same source the chaos and confusion of a threatened transit strike will serve the pretext for such reorganization and war plans; "The strike will provide living proof of what we've said ... it will be a complete disaster because the city is completely unprepared."

Taken together these two developments lead to only one conclusion; that the New York banking community has determined that the level of austerity required to support the dollar debt structure is not possible without recourse to fascist police state rule.

### No Butter

The current New York City fiscal and political crisis provides the backdrop to this determination. By New York City's own estimates it will be in default on over \$1 billion by June 30

at the latest. During the April-June period its revenues are projected at \$3.9 billion and of this over \$1 billion constitutes questionable state aid; meanwhile, its payroll and general operating expenses are projected at \$2.5 billion and debt service at \$2.2 billion. The city will default massively on either payroll or debt service.

This financial crisis comes after 40,000 layoffs and more than \$1 billion in service cutbacks: debt service in the second quarter is almost 90 per cent of locally raised revenues. This is the result of previous year's bloodletting austerity measures. Service cutbacks and layoffs have aggravated the city's current account deficit by roughly three times its original projection. Welfare costs have skyrocketed and the tax base along with general economic activity has collapsed. Meanwhile, \$12 billion in debt was financed and refinanced at loan shark rates of interest.

These debt service payments cannot be met without wholesale shutdown of services. As one city official indicated that this is precisely what the City plans to do: "We will pay back our loans to the Treasury on June 30 if it means not paying policemen, firemen, teachers, and everyone else on the payroll."

Big MAC Chairman Felix Rohatyn disagrees with this approach, but only because it does not go far enough to ensure ultimate collection of debt. What is required beyond layoffs and service cutbacks Rohatyn claims is the destruction of the trade-union structure and the driving down of wage levels of those still employed.

### Bankers Rule

The Municipal Bankruptcy Act provides the legal mechanisms for a "Constitutional" fascist take over precisely along the same lines accomplished by Adolph Hitler. With the Federal Court system fully committed to the enforcement of police state rule, as the latest Supreme Court decisions leave little doubt, the Act itself provides Rohatyn and company with the veneer of legality to sidestep elected government and themselves dictate economic policy. Much like the Humphrey-Hawkins bill it is cast into a populist mold to sucker liberal congressmen and trade unionists.

The Act itself works in the following insidious way. A city like New York files a bankruptcy petition with a Federal District Court declaring that it cannot meet its debts as they mature. In return for a stay against creditor claims — a moratorium on debt payments — the city hands itself over lock, stock, and barrel to the Federal Court.

The bill should in no way be mistaken for debt moratoria

legislation as proposed by the U.S. Labor Party. While it supposedly provides cities with relief from creditors during a period of reorganization, its creditors extend to all holders of contracts, including unions!

First, the city can only raise money on court-approved terms. Since all cities and municipalities experience time lags between expenditures and income and therefore require credit simply to function on a day to day basis, the court has de facto control over all economic decisions. Secondly, the city must file a plan for financial reorganization which requires the consent of two-thirds of the creditors, and which therefore requires a balanced-budget and debt repayment schedule satisfactory to both the courts and the creditors. Third, the court has the authority to retain complete jurisdiction over the city for as long as it de-

termines is necessary to the "successful execution" of the financial plan.

The explicit purpose of such bankruptcy proceedings is to bring all the creditors together under one roof — bankers, unions, agree upon a satisfactory debt repayment schedule. For unions whose pension funds have already been invested in city debt, they will be told if they want to be repaid they will have to accept all the conditions of a balanced budget — layoffs, speed-up, and complete destruction of all union rights.

This is a direct replication of the financial reorganization schemes of Hitler's finance minister Hjalmar Schacht in 1934-37 period; a short-term moratorium on debt which was paid back out of the sweat and blood of a broken labor force.

# Gov't Begins Elimination of Jobless Benefits

Hundreds of thousands of the world's most skilled workers will be summarily dropped from unemployment benefits in the next few weeks through a fraudulent "downward revision" of the government's official unemployment rate. In Ohio, the nation's most concentrated industrial state, benefits for 50,000 workers — one-fifth of the State's entire unemployed — will be terminated by April 3, according to a spokesman for the Ohio Unemployment Service. Several hundred thousand more workers from 17 other states, including Delaware, Indiana and North Carolina, will also be condemned to the swelling ranks of "useless eaters" by the end of this month.

This is the opening phase of a deliberate, silent liquidation of millions of workers and their families, whose limits are defined only by working class resistance. Official statistics reveal that an additional six million workers whose benefits will have either been terminated or exhausted will join this human scrapheap of 20 million workers. Only a handful of these will be the privileged recipients of a degrading and below-subsistence welfare check of \$230 a month.

This decision to liquidate millions of workers was completely deliberate. Asked whether the eligibility period for jobless benefits should be extended because millions of skilled workers will run out of benefits this year, Federal Reserve Chairman Arthur Burns remarked "I think we've gone too far in that direction," and insisted that such extensions would be "adding to unemployment." Burns' policy, like that of his fascist collaborator, Hubert Humphrey, is to make workers so desperate and hungry that they will accept a slave labor job and turn themselves into a scab force against the still-employed.

### The Great Statistical Fraud

The elimination of unemployment insurance for hundreds of thousands of workers on Federal Supplemental Benefits (FSB) in 18 states is the product of statistical fraud popularly known as the "Economic Recovery of 1976." On Jan. 1, 1976, the Federal government decided that only states whose unemployment rate exceeded five per cent would qualify for FSB — the last 26 weeks of benefits. Until that time, as long as the national unemployment remained above 5 per cent, states automatically qualified for such assistance. In January the national unemployment rate, even after the most fraudulent downward revisions, stood at 7.6 per cent.

But fraudulent downward revisions dropped the unemployment rates of 18 states below the five per cent level, and thereby terminated FSB. In Ohio, the most obvious case, the January unemployment rate conveniently "fell" to 4.99 per cent, and 50,000 workers were phased out of the program. In Indiana, at least 7,500 were also disqualified for FSB. The "downward revision" in just about all of these states was a pure fraud manufactured by a few obvious accounting tricks. Through the use of "seasonal adjustment," the Labor Department created out of thin air 1.7 million non-existent

employed workers. Then, by writing out of the workforce discouraged workers as well as those who exhausted their benefits, it banished another two million unemployed workers into non-existence. It then used these fictitious employment and unemployment figures to calculate the official unemployment rate. In Ohio in 1975 for example, roughly 46,000 workers exhausted unemployment benefits and still had no job. These workers are not counted among Ohio's unemployed. In addition, one-third of Ohio's total unemployed — 80,000 — are not covered by unemployed insurance and therefore also are not counted among Ohio's unemployed, according to the Ohio Employment Service. Auto, steel and rubber, the bulk of Ohio's industry, are plagued by unemployment rates above 15 per cent. It is a total lie that Ohio's unemployment rate stands at 4.9 per cent.

The hoax is the same in the South, whose economy remains depressed but whose unemployment levels in such states as North Carolina and Louisiana have magically dropped below the 5 per cent level. Between April and December, 1975, more than 1.2 million southern workers used up their benefits but remained jobless, according to a report from the Southern Regional Council. The same source expects the number to rise to 1.6 million by the end of this month. Unemployment among the black population goes as high as 26 per cent. In the South as well as in rural states like Colorado, Iowa, Kansas, Nebraska, Wyoming and Wisconsin — where unemployment rates have fallen below 5 per cent — there are millions of unemployed migrant agricultural workers who are not covered by unemployment benefits and who therefore do not show up as unemployed.

### Self-Liquidating Process

This entire process is literally self-liquidating. As workers exhaust their unemployment benefits or get thrown off FSB, they leave what the government statisticians consider the workforce. Through this fraudulent self-feeding reduction of the unemployment rates, almost every state will soon have an unemployment rate below 5 per cent. Of the 11.6 million unemployed workers now covered by benefits 40 per cent have already exhausted regular benefits; 4 million are collecting extended benefits which will run out by late summer at the latest; 2.8 million are on FSB which will be dropped long before then.

Only a few of these workers will be "lucky" enough to get on welfare. In Ohio where the State's welfare fund is already bankrupt, the Ohio Department of Public Welfare has stated bluntly that the 50,000 workers will have little chance getting on welfare. If they did get on, says one top official, "we would have to lower the benefits paid to each welfare recipient."

The situation is the same with food stamps, the only other form of government assistance for which an able-bodied unemployed person is eligible. In North Carolina, of 13,000 households that get foodstamps, some 2,600 will be cut off due to eligibility tightening as part of a nationwide operation.



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## Atlanticists Push for Fascist Austerity As Factions Fight Over Kissinger Confrontation Policy

WASHINGTON, DC, March 27 (IPS) — The U.S. Atlanticists moved into the U.S. Congress late last week with an eleventh hour austerity package designed to create the necessary mechanisms for a global "Big MAC" arrangement, with the critical March 31 international debt payments period now only days away. And while Wall Street's sages concurred on the immediate goal of Schachtian police states in the U.S. and Western Europe, a faction fight broke out in Atlanticist circles over Secretary of State Henry Kissinger's insane crusade on behalf of the Rockefeller interests to confront the Soviet Union in the Third World.

On March 23, Senator Kennedy (D-Mass) keynoted a broad institutional assault against Kissinger which included the New York and Chicago Councils on Foreign Relations, subdivisions of the U.S. State Department, significant sections of the Congress, and the Democratic National Platform Committee. This anti-Kissinger movement, initiated by 86-year-old Democratic Party power broker Averell Harriman and Wall Street banker George Ball, represents their factional attempt to redefine Atlanticist vital interests as focused around the Atlantic alliance, thus halting the risk of war with the Warsaw Pact over contested points in the Third World. On this basis, the Ball-Harriman clique hopes to sneak through the rest of the year by wielding the senile wizardry of old Soviet-manipulator Harriman. The 86 year old patrician will be sent out to personally convince the Soviets that fascism in Western Europe is no threat to the Soviets.

The criminal stupidity of this policy is its pathological delusion that either the Warsaw Pact, or the working classes and anti-Atlanticist forces of the U.S. and Western Europe will accept the provocative imposition of Schachtian police states. The Soviets have already warned the Atlanticists against making the assumption that they will passively accept a fascist Europe. The head of the USSR's U.S.-Canada Institute, Georgii Arbatov, warned on Soviet television this week that the present foreign policy of the Ford Administration is "if you want peace, to prepare for war." "Wholehearted preparation for war can make war inevitable," Arbatov said.

Thus, while the debate between the Harriman-Ball forces and Kissinger bears a formal resemblance to the fight over Kissinger-Rockefeller Hilex 75 nuclear confrontation policy in December-January, this month's battle is a caricature of that fight: the Harriman-Ball policy of militarization of Western Europe is now the Soviet's tripwire.

Nevertheless Treasury Secretary William Simon trotted out before a paralysed U.S. Congress March 26 to issue an hysterical plea to the Senate Foreign Relations Committee for swift action on proposed legislation that would put

Western Europe under Wall Street receivership. The OECD "safety net" which Simon was urging would give Wall Street centralized control over internal policy decisions of European governments with respect to realizing what Simon called the most "stringent austerity." Simon's last minute push for a fascist looting mechanism for Europe followed by one day the quiet, final passage by Congress of the Rodino-Edwards Municipal Bankruptcy Act. The bill will make New York City and other municipalities explicit bankers' dictatorships when they default.

The passage of the fascist bankruptcy bill on March 25 makes the Atlanticists' immediate tactic explicit: with a massive run on European currencies scheduled by the New York banks to commence March 29, Wall Street will move to force both the Europeans and the U.S. Congress to accept Simon's safety net — a global Big MAC. New York City will emerge as the exemplary model of this planned bankers' dictatorship.

The Atlanticists' fascist push is also forcing the issue in the paralyzed U.S. Congress, where the typical view that no significant legislation will be enacted until November 5 is now converging on the reality that the world economy is about to bust. The Simon "safety net" scheme and its companion piece, the increasingly discredited fascist Humphrey-Hawkins bill and the Rodino-Edwards Act, not only expose the Atlanticist explicit cravings for fascism — with or without a "human face" — but will also call the question on a reluctant Congress. The Atlanticists have helped make the choices for the legislators crystal clear: The U.S. Congress will be a battleground this week in which both the Atlanticist call for fascism and the working class demand for real debt moratorium legislation and adoption of the U.S. Labor Party's International Development Bank proposal will be on the table.

### Simon's Eleventh Hour Plea

Treasury Secretary Simon's eleventh hour testimony before the Senate Foreign Relations Committee was accompanied by extreme arm-twisting typified by an hysterical concurrent resolution initiated by Senator Edward Brooke (R-Mass) and cosigned by Senators Humphrey (D-Minn), Domenici (R-NM), Fong (R-Hawaii) and Case (R-NJ). The Brooke resolution warned that if the OECD "safety net" is not quickly passed, the Western European trouble spot, Italy, would go "Communist." Claiming that the existence of NATO is at stake, the resolution charged that without the "safety net," the Communist Party of Italy would enter the government and subvert it. Under this pressure, Case who had been fingered by the State Department as the swing vote in the committee, not only indicated he would vote for the safety net bill but signed the resolution.

Simon, accompanied by his top goons Gerald Parsky, Assistant Secretary for Monetary Affairs, and Charles Robinson, Undersecretary of State for Economic Affairs, warned of the imminent European financial crisis and the necessity for the most "stringent austerity." In the question period the depth of the crisis was opened up. Senator Symington (D-Mo) responded, "I began becoming suspicious about all these guarantees years ago." "As we know, the federal government is in worse shape than New York City." Case gave this reason for his support of the legislation, "I still want to sound a somewhat sour note . . . We may have to do these things to prevent the collapse of the capitalist system, but I don't like these things . . ."

#### **Congress Backs Off From Humphrey-Hawkins**

Counterbalancing the Wall Street lobbying push, Congress was beginning last week to be shaken out of its paralysis by a nationwide USLP assault on the corporatist Humphrey-Hawkins bill. Key congressional offices of such legislators as Tip O'Neill (D-Mass), majority leader of the House, and Abner Mikva (D-Ill), indicated that they had originally sponsored the bill but were now having second thoughts. On the Senate side, Senators Stevenson's (D-Ill) and Tunney's (D-Calif) offices reported that they were opposed to the bill. With key layers of the Democratic Party deserting, the sinking fascist ship, the office of Rep. Henry Reuss (D-Wisc), one of the official co-sponsors of the bill, said that the only lawmaker pushing the bill is Humphrey himself, and even Reuss was now backing off from it. (See special report on Labor Party mobilization against Humphrey-Hawkins)

The original gameplan around the Humphrey Hawkins bill, according to Congressional circles, was to push the bill through the House and Senate by mid to late spring and have President Ford veto the legislation during the period of the Democratic and Republican conventions for maximum political effect. AFL-CIO sources reported that they had already concluded a deal on the Senate side for speedy passage. However, by the time the already crippled bill is heard by Rep. Daniels' (D-NJ) subcommittee on April 6, the USLP mobilization has insured that there will be few Congressmen willing to openly join a crusade for the fascist legislation.

#### **Fight Over Confrontation With Soviets**

The faction fight in the Atlanticist ranks broke out under the extreme pressure of the March 31 roll-over deadline. Speaking in Dallas, March 22, Secretary of State Kissinger told the World Affairs Council that the U.S. intends to provoke military confrontations "on the regional level" to halt Soviet and Cuban "expansionism." "The U.S. will not accept further Cuban military intervention abroad" without retaliation, the Secretary declared. Administration spokesmen meanwhile "leaked" reports that high level discussions were taking place about action "contingencies" against Cuba. Kissinger himself refused to fule a possible U.S. invasion.

Speaking at Lehigh University in Pennsylvania on March 24, George Ball, the Lehman Brothers Wall Street strategist, outlined basic policy guidelines in opposition to the explicit Kissinger push toward walking the thermonuclear tightrope. Ball, responding to Kissinger's war threats Monday night in Dallas, called for the elimination of all proxy skirmishes such as Angola, and said that Western Europe is more important to the U.S. than the Third World, and that U.S. vital interests are restricted to Europe, Japan and Israel. Following Kennedy's remarks to the Senate, Ball claimed that the essential U.S. interests lay in strengthening the European Economic Community internally in order to stop the "anarchy in France and Italy." He also emphasized that the Italian and French Communist Parties have broken their

ties to "Moscow."

On this signal, a section of Harriman's desperate faction were activated to announce their support for a new era of containment" and to denounce Kissinger's adventurism and threats. Amidst an escalating barrage of press attacks on U.S. foreign policy calling for Kissinger's head, the April issue of Foreign Affairs, the mouthpiece of the New York Council on Foreign Relations, charged Kissinger with complete policy failures in Angola, Italy and the Middle East. On cue, Harriman-controlled stable Democrat presidential candidates Senator Frank Church and Jimmy Carter attacked Kissinger for irresponsible war provocations. On the congressional side, Senators McGovern (D-ND), and Clark (D-Iowa), and Representatives Bingham (D-NY) and Rangel (D-NY) all launched broadsides into Kissinger.

By the weekend the attacks expanded from Kissinger to his employer Vice-President Nelson Rockefeller. While Rockefeller was out of the country on a "world tour" Saturday's Washington Post carried reports from Woodward and Bernstein's new book on Nixon's last days in the White House. Woodward and Bernstein, the key press conduits in the CIA's watergating of Nixon assert that Kissinger had taped all his phone calls in the White House and deposited them with Rockefeller for "safekeeping." Tomorrow's edition of Newsday and the Chicago Sun Times publishes exposés of illegal Rockefeller use of the New York State Police gestapo apparatus during his tenure as governor.

Under this multi-faceted institutional attack Rockefeller-Kissinger forces maintained a slim grip on the National Security Council and high-level State Department policy positions, principally through their continued manipulation of President Ford. After losing the North Carolina primary to Rockefeller-puppet Ronald Reagan, Ford was primed by his new Rockefeller-linked campaign manager Stuart Spencer to deliver an anti-detente, anti-Cuba speech in San Francisco yesterday in which he reiterated Kissinger's threats about Cuba.

Harriman, however, is instigating a series of high-level policy meetings involving nearly all pro-Harriman personnel in the cabal this coming week which are aimed at finishing off the Kissinger confrontationist policy once and for all. Of significance, is a four day symposium sponsored by the Harriman-controlled American Assembly at Arden House in Harriman, N.Y. on "U.S.-Soviet relations" and trade with the Eastbloc. Attending will be Soviet and European specialists including think tanker Marshall Shulman, Trilateral Commission director and Soviet "expert" Zbigniew Brzezinski, Kissinger's second-in-command at the State Department Helmut Sonnenfeldt, and Harriman himself. Following these policy discussions, Averell will go on an organizing tour of Western Europe.

The so-called policy debate is taking place in an unreaaf world. The Soviets have already made it clear that the imposition of Schachtian policy state regimes in Western Europe will go past their tripwire, and trigger a nuclear first strike on the U.S. and Europe. The Ball-Harriman grouping contends that the Soviets can be tricked into accepting such conditions while NATO goes into a massive arms build-up. If that happens, by no later than 1977 they will be prepared to go to war to force the looting of the East Bloc for Wall Street. The "debate," in its most elementary form, is over whether to confront the Soviets now with an empty pistol or attempt to sneak fascism into the U.S. and Western Europe through this year and confront the Soviets with a half-loaded pistol in 1977. Therefore, both Atlanticist factions must be eliminated during the coming period of mass strikes in the U.S. and Europe if the human race is to avoid nuclear annihilation.



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**SPECIAL REPORT**

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## Humphrey-Hawkins: Enabling Code for Fascism

March 27 (IPS) — The “new” Full Employment and Balanced Growth Act (the Humphrey-Hawkins bill), which has gone through at least three tortured revisions since its birth two years ago, now includes every aspect of the Atlanticists’ fascist blueprint for the United States. Besides establishing policies for full employment at forced-work “public service” jobs and for the expansion of military production, the bill is the backdoor implementation of various legislative proposals such as corporatist economic planning and the reorganization and centralization of the banking industry (known as the FINE study) which had previously died because of public opposition.

Couched in the liberal rhetoric of achieving full employment in the shortest period of time, the bill instead represents a ruthless commitment to save the Atlanticists’ decayed monetary structure, at the expense of all else. As Sen. Hubert Humphrey himself said at a March 18 conference heralding the reintroduction of the bill, “(Federal Reserve Chairman) Arthur Burns says ‘My first job is to defend the banks,’ and I agree with Arthur; if the banks in the U.S. went kaput, that would end our system. I think Arthur Burns is a great man.’” The next day, Arthur Burns repeated his call for the replacement of unemployment insurance and welfare with \$50-a-week public service jobs.

“But,” says the self-deluded trade unionist or politician, “Humphrey-Hawkins doesn’t call for \$50-a-week jobs. In fact the bill even has a section which stipulates prevailing or minimum wage guidelines — whichever is higher.” True, Humphrey-Hawkins does not openly call for \$50-a-week jobs: much worse.

Humphrey-Hawkins, which is supported by the leadership of most of the trade union movement, would destroy every single gain organized labor has made over the last 100 years. Humphrey-Hawkins establishes a Full Employment Service which, by wiping out unemployment and welfare benefits, will create a non-union national labor pool of desperate unemployed workers who can be used as a scab force to break any strike and force unions to accept their contracts being ripped up. Workers in the ever-growing labor pool, under strict regimentation, will be constantly recycled at lower and lower wages into labor intensive jobs — until used up, thrown out and replaced by the next pool of unemployed. If Humphrey-Hawkins is enacted, it will not be long before the prevailing wage rate approaches Burns’ \$50 per week slave labor wage “recommendation.”

At the core of Humphrey-Hawkins is an absolutely bestial-

ized conception of human labor power. To the fascist authors of Humphrey-Hawkins, human labor power is mechanical energy — of the kind one gets from a steam engine or a draft horse. Throughout the bill, labor is treated as a quantifiable, fixed commodity, to be allocated or replaced as so many spare parts. One of the more vicious passages of the bill, Sec. 107(a) calls for “programs and policies in the Full Employment and Balanced Growth Plan for increasing the supply of goods, services, Labor and capital in structurally tight markets.” (Emphasis added.)

As any competent industrial capitalist understands, the real productivity of labor power depends upon the material and cultural level of workers, including both living and working conditions as well as training and education, which combine to permit labor that quality of thought necessary to work with new and advanced technologies — the explicit conceptual basis of the U.S. Labor Party’s Emergency Employment Act. Humphrey-Hawkins, by contrast, is committed to preserving \$800 billion of financiers’ paper IOU’s. If enacted it will halt potential capital investments in technology and destroy industries and human beings in labor-intensive efforts to service that debt.

### I. THE CORPORATE STATE

The Atlanticists’ defense of the monetary structure today necessitates the same kind of economic “reforms” that Hjalmar Schacht implemented during his term as Nazi Economic Czar. Central to this is national planning, total government control of credit, manpower and resource allocation, and the liquidation of “excess” or “non-competitive” sectors of the economy and populations.

#### A. Sec. 104 (a): National Planning

“...The President shall transmit to the Congress a proposed Full Employment and Balanced Growth Plan... (which) shall propose, in quantitative and qualitative terms, and for the number of years feasible, long-term national goals related to full employment, production, purchasing power, and other essential priority purposes...”

#### What it Means

“Balanced growth” and national economic planning once comprised a separate bill sponsored by Humphrey and Rockefeller’s pet Senator from New York, Jacob Javits, until the USLP exposed its Atlanticist supporters’ claims that national economic planning was “fascism with a human face.” The Initiatives Committee for National Economic Planning (ICNEP), the publishers of a document calling for “fascism with a human face,” are now gloating that the new

Humphrey-Hawkins will slip "national planning" in through the back door. (See accompanying interview with ICNEP Director Myron Sharpe.)

The Plan, which will be formulated by the President's Council of Economic Advisors and the Office of Management of the Budget, will be reviewed by an Advisory Committee before the President submits it to Congress. This 12-man body has an outright fascist structure, to consist of 12 appointed members from "business, labor and consumer interests."

Like the original ICNEP bill, Humphrey-Hawkins makes no mention of "enforcement" mechanisms. Also like the ICNEP bill, Humphrey-Hawkins' "secret" enforcement is located in the so-called Advisory Committee. According to Sec. 109: "The Advisory Committee is authorized to establish regional or industrial advisory sub-committees to furnish advice and assistance to it. Each Subcommittee shall consist of at least one member of the Advisory Committee and shall be broadly representative of the particular region or industry including business, labor and consumer interests." The Advisory Committee is thus designed to duplicate itself at many levels, permeating the society with corporatist structures for "self-enforcement" of the fascist plan.

The Plan will also subordinate all government spending, monetary, and employment policies to its corporatist goals. Through mandated (though not specifically legislated) credit and anti-trust reforms, private industry could potentially be forced under the heel of the Plan.

#### **B. Sec. 104 (e): Military Production and Energy Boondoggles: Goals of Humphrey-Hawkins**

"(1) development of energy, transportation, food, small business, and environmental improvement policies and programs for full employment and balanced economic growth, and required also to combat inflation by meeting full economic levels of demand.

"(2) the quality and quantity of health care, education, day care and housing **essential** to a full employment economy and **moving gradually toward adequacy** for all at costs within their means

"(3) Federal aid to state and local governments, especially for public investment and **unemployment related** costs

"(4) **National defense** and other needed international programs; and

"(5) such other priority policies and programs as the President deems necessary." (Emphasis added.)

#### **What It Means**

In compact form, this is the Atlanticists' horrifying blueprint for the U.S. economy — military production, back-breaking energy or railroad work-gang "public work" projects, genocidal cuts in social services and the creation of a virtual unemployment industry. (The latter will be dealt with at length in the second section of this report.)

The nature of the energy and transportation projects in section (1) require some clarification. Those projects must parallel exactly the "pyramidenbau" or useless "pyramid-building" slave-labor projects of Nazi Germany. While Humphrey-Hawkins itself is a broad guideline and does not specify how these "pyramids" will be built, Representatives John Conyers (D-Mich) and Richard Ottinger (D-NY) have already introduced specific companion legislation for specific energy and transportation projects. Repairing railroad beds and developing such alternative forms of energy as coal

gasification and solar power are all outmoded labor-intensive technologies, demanding huge pools of brute-force labor. As long as the authors of Humphrey-Hawkins hold to their commitment to prop up the existing debt structure, they must avoid revolutionary new technologies such as fusion power that would bankrupt existing paper titles.

#### **C. Sec. 106 (a) (3): Banking Reorganization**

"Monetary policy (is) designed to assure such rate of growth in the Nation's money supply, such interest rates, and such credit availability, including policies of **credit reform, allocation** and international capital flows as are conducive to achieving and maintaining full employment." (Emphasis added.)

#### **What It Means**

This is backdoor implementation of the notorious "FINE" plan for the Mussolini-style reorganization and centralization of the banking industry originally supported by Rep. Henry Reuss (D-Wisc) and which is currently dying an unlamented death in the House Banking Committee. Clothed into the radical verbiage of anti-banking regulations, the bill will instead be used to ensure other capitalists' submission to the Third Reich schemes of the Atlanticists. Using their central control of credit allocation, Wall Street can bludgeon other industries into acceptance of military production, useless energy projects, etc. and can destroy necessary productive industry.

#### **D. Sec. 107 (a) (d) (4): Control of Resources**

The Plan will make "provision for an export licensing mechanism for food and other critical materials when the national well-being is threatened...and the establishment of stockpile reserves of food and other critical materials in order to meet emergencies...and to maintain reasonable price stability..."

#### **What It Means**

The implication of food control through created food stockpiles to discipline the working-class is obvious. Beyond that, both the resource allocation and credit policies of Sec. 107 outlined above are exactly parallel to those policies in Nazi Germany which allowed Schacht and his corporate backers to control the economy. Schacht's worthless MEFO bills, based on military production, were first given "value" by liquidating and looting productive industries through the manipulation of credit and resources, and funneling the loot into the Krupp and Thyssen armaments works. Once these auto-cannibalistic policies had reached the limit of the available loot within Germany, the Nazis and their arms producer-controllers were forced to look for loot beyond their borders, necessitating World War II and the "final solution." The same economic policies today, geared to military production as Humphrey-Hawkins stipulates, must force World War III by 1977.

## **II. NAZI LABOR FRONT**

The third priority policy referenced above, in Sec. 104, the establishment of a public-service unemployment industry, is the backbone of the Wall Street domestic fascist policy, Humphrey-Hawkins establishes a Full Employment Office in the Department of Labor which creates a centrally-controlled manpower apparatus. Humphrey-Hawkins contains implicit manpower provisions which not even the Nazis were able to implement until 1935-36, several years into their rule.

The Nazi Employment Service Board (ESB) was actually created in 1922 under the Weimar Republic and was broad-

ened in 1927 to incorporate the state unemployment systems.

In 1934, under the Nazis, the same structure was expanded. The ESB was given the power to cut off all income maintenance if a worker refused particular employment. The ESB controlled the hiring and firing of all youth (under 25), and controlled all new apprenticeship programs. It wasn't until 1935-36, that these powers were fully centralized and it wasn't until 1938, that the ESB was given open worker conscription powers "to fill the holes" in various industries.

Humphrey-Hawkins TODAY creates a centralized Full Employment Office with sweeping powers that converge on and in several cases created a more comprehensive "ESB" system.

#### A. Sec. 206: The Full Employment Service

"There is established with the Department of Labor a Full Employment Office (FEO) ... employment opportunities shall be provided by the President through reservoirs of federally operated public employment projects and private non profit employment projects approved by the Secretary of Labor. The nature of such reservoirs of employment projects shall be determined in conjunction with the policies and programs of the Full Employment Office."

The FEO will make the "initial determination ... of the job-seekers' ability to be employed at certain types and duration of work so that he or she may be appropriately referred jobs, training, counseling, and other supportive services."

The FEO will establish "appropriate eligibility criteria to limit access to the programs authorized ... including but not limited to such criteria as household income, duration of employment and refusal to accept or hold a job which pays ... the prevailing wage, as determined by the Secretary of Labor ... or fair rates of compensation ... Compliance with the requirements ... relating to a person's eligibility for assistance may be satisfied by an affidavit ... if such a person knowingly provides false information in any such affidavit, he or she shall be ineligible for any assistance under this section of work so that he or she may be appropriately referred to jobs, training, counseling, and other supportive services."

##### What it Means

With centralized powers far greater than those of the Nazi's ESB in 1933, the FEO holds life-and-death control over public service job eligibility. Refusal to accept an offered job, perhaps in the Rocky Mountains, or on the Alaskan pipeline, can result in being dropped from the program. As was the case with the Nazi ESB, failure to comply with requirements can open a worker up for prosecution.

#### B. Sec. 205: Youth Employment Programs

"A comprehensive youth program (will be created) which (will) ... fully coordinate youth employment activities with other employment and manpower programs ... develop a smoother transition from school to work by fostering a more effective partnership between educational and employment institutions ... develop realistic methods for combining training with work, including APPRENTICESHIP and on-the-job training ... and provide job opportunities in a variety of tasks including conservation, public service activities, inner city clean-up and rehabilitation..."

##### What it Means

Youth are afforded special attention under Humphrey-Hawkins. The calls for apprenticeship and "work-study" provide Wall Street with the capability for cycling ever

younger and younger children into workers jobs at "apprentice" level wages. The Civilian Conservation Corps of the New Deal (which at the time was compared to Nazi programs) is nearly recreated at slave-level wages.

#### C. Sec. 207: Ending Welfare and Unemployment

"... adequate attention will be given to ... substituting work for income maintenance to the maximum extent feasible, taking account of the need for adequate income maintenance among those who cannot be brought within full employment policy."

##### What it Means

The ability to end unemployment and welfare benefits gives the Full Employment Office virtual conscription powers. This is approximately the situation today in Ohio and North Carolina, where falsification of unemployment figures has resulted in a cutoff of extended unemployment benefits for tens of thousands of workers. In Ohio, 50,000 workers who will be thrown off the unemployment roles on April 3 will probably not be able to get onto the state's welfare program because it is already near bankrupt. These workers are to be the cannon-fodder for Humphrey's "reservoirs of employment projects."

#### D. Sec. 420: Wage Guidelines

Persons are to be "paid equal wages for equal work," and "such policies create a net increase in employment through work that would not otherwise be done ... persons ... be paid wages not lower than whichever is highest of —

"(A) the minimum wage would be applicable under the Fair labor Standards Act of 1938..."

"(B) the State or local minimum wage for the most nearly comparable covered employment;

"(C) in the case of employers which are States, political subdivisions, local education agencies, public institutions of higher education, or other public agencies or institutions, the prevailing rates of pay ..."

##### What it Means

Arthur Burns, whom Hubert Humphrey thinks is "a great man," wants unemployment insurance ended immediately and its replacement by the kind of jobs nobody would want. Trade union bureaucrats and other fools who believe that section 402 will guard against Burns' demand need only look at the comparable language in the enacted Comprehensive Employment Training Act (CETA) of 1973. So as not to place individuals in work which "would otherwise be done," cities and states have simply changed the job classification titles of municipal jobs and placed CETA workers in the jobs of laid-off city employees at lower wages. In banker-run New York City, between 7000 and 10,000 CETA employees are now working in formerly-unionized municipal jobs at approximately two-thirds the rate of pay of the former municipal employees.

#### E. Sec. 107: Regimentation and Relocation

Policies will be established for

"(5) encouragement to labor and management to increase productivity within the national framework of full employment ... and

"(3) programs and policies in the Full Employment and Balanced Growth Plan for increasing the supply of goods, service, Labor and capital in structurally tight markets, with particular emphasis on energy and food ..."



#### **What it Means**

The first provision which goes hand-in-hand with the establishment of an Advisory Committee on Full Employment and Balanced Growth with regional and industrial subcommittees, provides the top-down framework enforcing brutalizing speedup and dehumanizing "co-participation" on industry-wide bases.

Section 3 reintroduces the hated labor relocation provisions, which the U.S. Labor Party smashed two years ago in the form of the National Employment Priorities Act. From the language of the bill, proposed "Project Independence" Rocky Mountain coal gasification projects where workers will claw low-grade coal out of the earth, might be one such "structurally tight" market.

#### **III. CONCLUSIONS**

"Federal tax policy (will be) consistent with expenditures levels ... necessary to balance the Federal budget or create a surplus under conditions of full production ... and to restrain excessive economic activity and inflation ..."

#### **What it Means**

In order to balance the budget or to create a surplus in the current depression, a tax policy as outlined above could only mean massively increased taxation of individuals and cor-

porations — straightforward looting of the population and of productive capital.

#### **B. Sec. 204 (2): The National "Big Mac"**

Funding for the reservoirs of employment and other programs will come from "capitalization through public stock (and) stock purchases by State governments, local governments, and businesses that benefit the program ..."

#### **What it Means**

The creation of further worthless paper to fund either energy boondoggles or military production, to be sopped up by the cities and industries will further increase the indebtedness of the cities and industries.

Since Congress is subject to the tugs and pulls of its working-class and industrial capitalist constituents it could not actually legislate this mammoth fascist structure into existence. The Humphrey-Hawkins bill provides a broad mandate for the President to prepare the specific annual programs which will implement the entire body of legislation. The only politicians, besides Rockefeller, who would dare to implement this fascist atrocity, is Humphrey, the darling of Wall Street, who has all but announced his intention to run for the Presidency.

**SPECIAL REPORT**  
**IPS INTERVIEW**

## **ICNEP Director: We'll Sneak Humphrey-Hawkins Through**

*NEW YORK, March 27 (IPS) — The following are excerpts from an interview with Myron Sharpe, executive coordinator of the Initiative Committee for National Economic Planning (ICNEP). The committee which includes among its members United Autoworkers President Leonard Woodcock distributed documents in British-published Challenge magazine calling for "fascism with a human face." Under Sharpe's direction ICNEP last year drafted the Humphrey-sponsored "Balanced Growth and National Planning Act," which was subsequently dropped. The provisions of that act have been reincorporated in the ominous fascist Humphrey-Hawkins bill (see accompanying report). The interview, which was conducted March 23, was made available to IPS by a student journalist.*

**Q:** In the winter of 1975, ICNEP's proposals for national economic planning were submitted to the Senate in the form of legislation sponsored by Senators Hubert Humphrey (D-Minn) and Jacob Javits (R-NY) How does the current Humphrey-Hawkins bill compare to the original ICNEP measure?

**Sharpe:** The current Humphrey-Hawkins bill is a merger of the Humphrey-Javits legislation and the earlier form of the Humphrey-sponsored full employment act. The new bill seeks to guarantee full employment with price stability. However, the bill does not call for a separate economic planning board as under Humphrey-Javits. The same purpose will be accomplished under an expanding, more broadly functioning Presidential Council of Economic Advisors. When the legislation is approved by Congress, the President and the Cabinet, the Congress is expected to grant the Council full planning powers under the bill.

**Q:** Does the Initiative Committee actively support the legislation?

**Sharpe:** ICNEP no longer officially supports any specific piece of legislation.

**Q:** But you must have discussed the bill and its provision with legislators and public officials?

**Sharpe:** Yes, we have gone over the bill in numerous discussions. We now work in an advisory capacity to both Senators Humphrey and Javits, as well as Sen. John Glenn (D-Ohio) and Rep. Richard Bowling (D-Mich.).

**Q:** How would you estimate support for the legislation?

**Sharpe:** As we see it, the AFL-CIO is fully behind it, the

Congressional Black Caucus is strong in support on the basis of its full employment provisions (of course they are encouraged by caucus member Hawkins.) A number of religious groups support the bill for humanitarian reasons. Now, the House leadership is sold in its support but the Senate is altogether more shaky; we're not yet certain what that line-up will be.

**Q:** With the type of national planning specified in the legislation won't its supporters meet with criticism as fascists from the left and socialists from the conservatives?

**Sharpe:** Planning per se will not be an issue in the campaign to get the legislation enacted. The focus of the campaign will be solid 'bread and butter' issues like full employment and stable prices. Workers will support the Humphrey-Hawkins bill on this basis. Workers can no more understand planning than they understand (late British economist John Maynard) Keynes, but they will support these issues which they can understand.

**Q:** What are the bread and butter issues for New York City?

**Sharpe:** The legislation will provide long-range financing of capital projects. It will put people back to work.

**Q:** Will these capital projects be similar to those proposed by Municipal Assistance Corporation Director Felix Rohatyn last week (Rohatyn last week proposed that ghetto areas of the city should be razed, black-topped and filled with new industrial parks)?

**Sharpe:** This is precisely the emphasis of the legislation. There will be no provision for debt-service financing; the approach will be stimulative. Employment opportunities for unemployed urban dwellers can be created outside of the city as well. Many urban unemployed would be happy to relocate if new jobs were available.

**Q:** How will the planning of specific projects get underway?

**Sharpe:** Individual cities, and groups like ICNEP, as well as the President and Congress can call for regional and national employment targets. Plans can then be laid for employment projects in cities and in rural areas, auxiliary to the Humphrey-Hawkins bill.

**Q:** How do you see the strategy for passage of the legislation in Congress?

**Sharpe:** The bill should make it through both the House and Senate in several months. Should Ford veto it, it will stand as a major issue for Senator Humphrey's own presidential campaign (should he mount one).

## SPECIAL REPORT

# Opposition to Humphrey-Hawkins in U.S. is Overwhelming

March 28 (IPS) — This weekend the U.S. Labor Party will put one million leaflets in the United States in circulation, targetting any congressman who supports Humphrey-Hawkins legislation as a Nuremberg criminal to be removed from office in the November, 1976 election. These leaflets will be distributed in 25 states, concentrating on key industrial areas such as the Detroit auto complex, Chicago Steel, the Ohio steel, electrical and machine tool concentrations on the east coast, with special attention to municipal workers and the unemployed.

Congressmen who consider themselves to be labor-based will be the first targets of the U.S. Labor Party's drive to destroy Humphrey-Hawkins, including Reps. Rostenkowski, Collins, Metcalfe, Russo, Conyers, Diggs, Brodhead, Ashley, Gradison, Jacobs, Carney, John and Philip Burton, Dellums, Adams, Pritchard, Hicks, Meeds, Sarasin, Daniels, Rodino, Patten, Drinan, O' Neill, Dodd, LaFalce, Hanley, Dent, Moorhead, Edgar, Green, Eilberg, Rooney, Duncan, Railsback, Sarbanes, Mitchell, Long, Abzug, Rangel, Badillo, and Chisolm. With an estimated 2500 calls a week to congressional district offices generated in two days, the circulation of the U.S. Labor Party mass leaflet will increase calls to targetted district congressional offices exponentially.

The mass of U.S. workers whom Congressmen tamely refer as "constituents" are enraged by what they call Humphrey's "chain gang" legislation. The Labor Party's mass leaflet identifies Humphrey's latest scheme as what UAW president Leonard Woodcock advocated last year as "Fascism with a Human Face." The U.S. Labor Party has learned that Woodcock's reported "unanimous" endorsement of the Humphrey Hawkins legislation at the UAW's Collective Bargaining Conference in Detroit last week came from a vote from which a full two-thirds of the delegates abstained. On the basis of one third who voted, Woodcock proclaimed the UAW endorsement "unanimous" and ordered petitions, rallies and other trappings to kick off the Nazi labor front organizing.

In Chicago, the reaction of leading industrialist spokesmen to the Labor Party's threat to capture the industrial working class of the Midwest by offering the only opposition to Humphrey-Hawkins has been more astute than that of most congressmen. Dr. Beryl Sprinkel, executive vice-president and top economist for Harris Bank and Trust called a highly unusual press conference to denounce the Humphrey Hawkins bill to more than twenty top midwest reporters as "The most potentially dangerous bill to come out of Congress in twenty years. . . . Passage of the bill . . . would be a reckless experimentation with national resources."

Sen Adlai Stevenson (D-Ill.) has made his opposition to Humphrey Hawkins known, while Rep. Abner Mikva's (D-Ill) district office is reporting Mikva's opposition to Humphrey Hawkins as "Mikva is for full employment, but not that kind of full employment." The opposition of Chicago industrialist-linked forces to Humphrey's slave labor bill can also be understood from the point of view that numbers of

midwest corporations are now investigating the immediate feasibility of fusion energy technology.

In Rep. Madden's Gary, Ind. Inland Steel district, 100 New Solidarity newspapers were sold yesterday in an unprecedented response to the Humphrey-Hawkins campaign. Radiating from the U.S. Labor Party's penetration at Inland steel, highly-placed Indiana Black Caucus officials are now seriously discussing the USLP debt moratorium and Emergency Employment Act (EEA) legislation as an alternative. In Rep. Clay's St. Louis district, one irritated worker reversing Humphrey's statement of last week: "There will be social revolution if Humphrey Hawkins is enacted. . . ." In Milwaukee, a USLP leaflet targetting Humphrey co-sponsor Rep. Reuss as a Nuremberg criminal together with Sen. Gaylord Nelson is generating hundreds of calls from skilled working class concentrations in Racine, Kenosha and Milwaukee itself.

In Rep. Ford's Detroit Dearborn Heights, Mich district, workers were so enraged to learn of Ford's support for Humphrey Hawkins that in a three-hour evening walking tour there on March 21, 502 copies of New Solidarity and 110 EEA copies were sold with 235 signatures gathered to put USLP presidential candidate Lyndon H. LaRouche on the ballot. Such neighborhood walking tours with USLP candidates will be duplicated across the United States in the coming weeks.

Union officials who mediate congressional labor support will also be put under intense pressure. Calls made yesterday to Buffalo area UAW officials showed that UAW region nearly unanimous in backing off any support of the Woodcock-endorsed Humphrey legislation. Nevertheless, the USLP will target "Good Germans" in the UAW and in Congress who oppose this Nazi labor front legislation but won't do anything to stop it. Yesterday, the USLP began the campaign against Good Germans with a leaflet targetting Jordan Sims, president of UAW 961 at Eldon Gear and Axle, who has simply refused to make his opposition to the bill active.

In Toledo, Rep. Ashley received 60 calls yesterday from workers enraged at statistical manipulations which will force 50,000 unemployed Ohio workers to scramble for welfare on April 3. New Solidarity sales hit four times normal levels at Toldeo Jeep, where workers hung out the windows to hear briefings on Humphrey Hawkins.

One hundred ten calls were placed to Washington congressmen yesterday largely by skilled Boeing workers from Renton, where 95 copies of New Solidarity were sold yesterday. Workers were eager to discuss Humphrey's latest trick, offering "I'm for Humphrey . . . I'm for getting him right off the ballot. You've got to stop him." At a Seattle Unemployment center, an employee was sent outside to plead with Labor Party organizers to stop selling New Solidarity because workers inside were enraged at the prospect of a cutoff of unemployment benefits and forced slave labor.

Despite the location of the advanced Boeing complex in his district with its highly-skilled laid off workers who refuse to

tolerate any approximation of WPA-type jobs, Rep. Joel Pritchard has not yet made up his mind on the Humphrey Hawkins bill according to his district office. Rep. Brock Adams' office reported more sensibly that they found "Sections of the bill frightening and extraordinary. . . it is difficult to imagine any congressmen supporting it." Two weeks ago, the Washington State Legislature's Financial Institutions Committee nearly passed the USLP's EEA, with old-line Democrats including Reps. Ceccarelli and Bagnariol and Republican Reps. Pardini and Blair voting for the EEA. With the now overwhelming working class support, it is anticipated that a second coalition of old-line Democrats, Republicans and industrialists will seize on the fascist Humphrey-Hawkins legislation as the weapon to destroy counterinsurgent Democrats such as Rep. Lloyd Meeds.

In San Francisco on March 22, three USLP organizers took over a 1,000 person Service Employees International Union meeting with a briefing on the threatened municipal layoffs and Humphrey Hawkins recycling. With open Teamster and International Longshoremen Workers Union (ILWU) support, the SEIU March 31 contract deadline may turn into a general strike demanding no layoffs or recycling from Rep. Phil and John Burton, Dellulms and avowed Humphrey-Hawkins supporter Rep. Don Edwards.

In Kannapolis, N.C., Congressman Hefner is attempting to postpone taking a position on Humphrey Hawkins, along with

Congressmen Neal and Preyor. Rank-and-file textile union pressure on the issue has already forced TWUA president Freeman to begate the USLP. Senator Morgan's district office, initially responding that Morgan would wait to hear the floor debate on the bill, changed its mind and called Washington for an immediate answer when informed that USLP polls in North Carolina found 90 per cent worker opposition.

Yesterday Rep. Long's Bethlehem Steel district in Baltimore, 50 New Solidarities and 23 EEAs were sold. Three USWA officials met at the distribution stated their opposition to Humphrey Hawkins because of its slave labor provisions.

In Boston, Rep. Moakley's Dorchester district is being mobilized by several municipal workers who bought multiple copies of New Solidarity on a walking tour on Monday, pledging to "Give Moakley 24 hours to denounce Humphrey Hawkins." In a similar South Philadelphia walking tour, 100 people agreed to call Congressman Barrett as 90 New Solidarity and 23 EEAs were sold in two hours. Brooklyn, N.Y. Radio station WNYC approached the Labor Party this week commenting that its analysis of the Humphrey-Hawkins legislation is entirely correct and is not attempting to set up a debate between the Labor Party and Brooklyn Humphrey-Hawkins supporter Rep. Shirley Chisholm.

## SPECIAL REPORT

# How Congress Lines Up on Humphrey-Hawkins Bill

The following is a partial picture of how Congress is lining up on the Humphrey-Hawkins bill. What is reported here are the "official" positions of congressmen and their offices.

### Co-Sponsors of the Bill

Senator Hubert Humphrey (D-Mich)  
Senator Harrison Williams (D-NJ)  
Representative Augustus Hawkins (D-Calif)  
Representative Charles Rangel (D-NY)  
Representative Martin Russo (D-Chicago)  
Representative Lloyd Meeds (D-Wash)  
Representative John Moss (D-Calif)

### Supporting the Bill

Senator Henry Jackson (D-Wash.)  
Senator Frank Church (D-Idaho)  
Representative Morris Udall (D-Ariz.)  
Representative Shirley Chisholm (D-NY)  
Representative Robert Drinan (D-NY)  
Representative Robert Edgar (D-Pa.)  
Representative John Burton (D-San Francisco)  
Representative Phil Burton (D-San Francisco)  
Representative Don Edwards (D-San Jose, Calif.)  
Representative William D. Ford (D-Mich)  
Representative Norman Mineta (D-San Jose)  
Representative Dan Rosentowski (D-Chicago)  
Representative Ralph Metcalfe (D-Chicago)  
Representative John Dent (D-Pa.)  
Representative Michael Harrington (D-Mass)  
Representative Parren Mitchell (D-Baltimore, Md.)

Representative Ronald Dellums (D-Oakland, Calif)  
Representative Phillip Burton (D-San Francisco)  
Representative Marvin Esch (R-Ann Arbor, Mich)  
Representative Henry Nowak (D-Buffalo)

### Against the Bill

Senator Adlai Stevenson (D-Ill.)  
Representative Abner Mikva (D-Evanston, Ill)  
Representative Brock Adams (D-Seattle)  
Representative Ronald Sarasin (R-Conn)  
Representative Yvonne Burke (D-Los Angeles)  
Representative Jim Martin (R-Charlotte, N.C.)  
Senator Russell Long (D-La)  
Senator James Abourezk (D-SD)  
Representative Stephen Neal (D-Winston Salem, NC)  
Representative Virginia Smith (R-Neb)  
Senator John Tunney (D-Calif)  
Representative Robert (Tip) O'Neill (D-Cambridge, Mass)  
Representative Edwin Eshleman (R-Lancaster, Pa.)

### Good Germans

Representative Floyd V. Hicks (D-Tacoma, Wash)  
Representative Stephen Solarz (D-Brooklyn, NY)  
Representative Richard Ottinger (D-NY)  
Representative Mario Biaggi (D-Bronx, NY)  
Representative Joseph Addabbo (D-Queens, NY)  
Representative Edward Boland (D-Springfield, Mass)  
Representative Cordiss Collins (D-Chicago)  
Representative Leo Ryan (D-San Francisco)  
Senator Robert Morgan (D-NC)  
Representative Joel Pritchard (R-Seattle)  
Representative Charles Mosher (R-Oberlin, Ohio)  
Representative Lawrence Preyer (D-Greensboro, N.C.)

## SPECIAL REPORT

# Testimony of Treasury Secretary William E. Simon Before the Senate Foreign Relations Committee

*March 27 (IPS) — The following are excerpts from official transcripts of Secretary of the Treasury William E. Simon's testimony yesterday before the Senate Foreign Relations Committee on the proposed legislation authorizing U.S. participation in an international "safety net" mechanism to provide emergency bailout loans to near bankrupt West European nations. (See International Markets Newsletter). Reports of the Secretary's testimony and the subsequent revealing exchanges between Mr. Simon and various Senators have thus far been blacked out of the U.S. and Western European press.*

...I will focus remarks today on two main questions of concern and whether the design adequately safeguards U.S. financial interests.

...Need...is more critical now than when first proposed ... but the prospects for its establishment are clouded by doubts abroad about our own interest and commitment ...

...Countries have succeeded thus far in avoiding resort to beggar-thy-neighbor and protectionist practices. But the challenge remains.

The support fund is a mutual insurance mechanism ... (protectionist practices) once started, such actions could quickly spread, with disastrous consequences ... It will provide assurance to an individual participant that if it cannot obtain needed funds elsewhere on reasonable terms — and on the condition that it accept energy and economic policy conditions designed to correct its problems — the needed financing will be available ...

...The market has done its job — and the total financing need within the OECD area was greatly, though temporarily, reduced last year by the world recession.

But adjustment has not proceeded rapidly enough or at an even pace within the OECD area.

While corrective action may now be underway, there may be a lag in the market's perception of that adjustment; and in these cases, adequate financing from existing sources may not be guaranteed. Recent exchange market disturbances provide a forceful illustration that a sense of complacency is not justified.

What is required is a judicious combination of internal adjustment, external adjustment, and financing. The provision of financing must be accompanied by energy and economic policies that get at the source of countries financial problems.

### *(Principal Features of the Financial Support Fund)*

...It is an insurance mechanism. Countries must demonstrate that they have made the fullest appropriate use of alternative sources of financing. They must accept energy and economic policy conditions ... which will be set by finance ministers in the other participating countries.

Second, the U.S. will have a major voice, in many cases a decisive voice ... All decisions will require a two-thirds majority with a quota and voting share of 27.8 per cent. The U.S., along with one or two other countries, will be able to prevent loan proposals it does not favor. Loans above a country's quota and less than twice its quota will require a 90 per cent vote, and loans of larger amounts will require a unanimous vote ...

Third, the fund rests fundamentally on the sharing of risk ... the burdens of financing and risk will not fall to countries in a strong position at the time financing is needed.

Fourth, the support fund is not a foreign aid gimmick, or a soft loan facility ... Maturities will be medium-term, not beyond seven years. Interest charges will be based on market rates ...

Fifth, the support fund is designed to meet a transitional problem, and it is temporary in character. Its lending operations will expire after two years — and if a need for extension were to arise, we would seek new congressional authorization.

Finally, countries' financial commitments will be made available on a standby and not a paid-in basis ... Furthermore, it is likely that the fund will operate by borrowing in world financial markets on the strength of guarantees issued by its members, although countries will have an option under some circumstances of providing direct loans to the fund. We intend to meet U.S. obligations through the issuance of guarantees. The proposed legislation thus provides authority for the issuance of guarantees and for appropriations to be sought in the highly unlikely event of default by a borrower from the fund.

... The prospect of the fund has, in itself, contributed greatly to an atmosphere of intensified economic and financial cooperation. That atmosphere has prompted countries to avoid damaging restrictive action in the face of unprecedented difficulties, ... also ... contributed to the satisfactory resolution of complex and difficult issues involved in amendment of the IMF articles of agreement, which will shortly be the subject of legislation.

Action to establish the fund has become urgent in two respects. First there has been ... evidence of financing difficulties on the part of some countries. Second, action on ratification by other OECD count countries is at an advanced stage. Twelve countries, with quotas amounting to about 43 per cent of total, have already either ratified the agreement or have completed their legislative procedures and are expected to ratify shortly. Most other are in advanced stages of their legislative processes. But all are now looking to the U.S. ... I urge your strong support in this effort.

### Q and A Exchange between the Senators and Simon

**Senator Clifford Case (R-NJ):** What are the fundamental causes of these problems?

**Simon:** Excesses in fiscal and monetary policies. These should be remedied. We should not just attack the result rather than the cause, as competitive devaluation would do.

**Case:** I just wonder if any kind of gadget like this between many nations can do the trick. I think anything that is big enough to handle the problem will be too big for us to deal with.

**Simon:** The safety net can provide a bridge for a period of adjustment. Adjustment will be sped up because of the stringent conditions.

**Case:** I don't expect to vote against it because I don't have an alternative, but I think its value must be mostly political. And there is a point beyond which it is not good to encourage Italy in her loose fiscal practices.

**Simon:** I don't believe in throwing money down the drain — that's why we have conditions.

**Senator Stuart Symington (D-Mo):** I began becoming suspicious about all these guarantees years ago. . . . As we know, the Federal government is in worse shape than New York City, but it can start the printing presses. A New York banker said this to me, and we all know what he means. And I disagree that southern Europe will go Communist without the safety net.

And West Germany is putting up less than half of what's asked from the U.S. But her reserves are the strongest. I think that giving guarantees are similar to spending money — especially things like the soft-loan window (which he likened this to for the advanced sector). Is there any guarantee that the U.S. contribution will not be another foreign aid bailout — this time for relief of developed countries?

**Simon:** The U.S. quota is 27.8 per cent. . . . And this fund is limited to a two-year life (we'll have to go back to Congress if we want an extension).

**Symington:** Why isn't the Common Market able to take care of itself?

**Simon:** This involved many non-Common Market nations. And there is aid granted within the Common Market. This is a supplement, and, unlike with bilateral, this has very strict economic and energy conditions to make nations adjust to the new economic conditions that exist in the world.

This fund has strict policy measures dictated by the Committee of Financial Ministers and they will be strict, I can assure you.

**Symington:** Page 9 of (Undersecretary of the Treasury Charles Robinson, who also testified) Robinson's speech worries me — "We must be prepared to stabilize . . . problems in any OECD country. . . ." We do not have a mandate to police the world. We have enough problems here. We are now going to a potential bailout of the industrialized nations.

I just don't see how we can go to the American taxpayer and ask them to support this.

**Senator Jacob Javits (R-NY):** Do the economic considerations alone justify the net?

**Simon:** Yes.

**Javits:** Is the mere fact that a nation could resort to this fund going to help them in their credit rating with other lenders?

**Simon:** Of course.

**Javits:** What is the actual risk (i.e. what is the history of defaults against U.S.-guaranteed loans)?

**Simon:** (Consults with aides) To my knowledge, none has ever done so.

**Javits:** What's happening in nations that are financially sick?

**Simon:** I'm confident that they are taking necessary measures, but the net makes these measures a priority — they must meet the conditions before they can ask for help from the net.

**Javits:** Even if we had to make good on this guarantee, the value of keeping nations like Italy as a going concern would well be worth even the whole \$6 billion, no?

**Simon:** I couldn't agree with you more. But it is inconceivable that the whole bailout fund would ever be risked. The U.S. has the ability to set the very stringent conditions. I don't think there is even a remote possibility that a country would default.

**Javits:** Once net is applied to for a loan, very strict measures go into effect. Robinson points out that IMF trust funds already do more than this for the underdeveloped nations.

**Senator Charles Percy (R-III):** What do countries do when they can't pay their debts?

**Simon:** They try to reschedule. I don't like this.

**Percy:** What would the effect on the U.S. be of several OECD defaults?

**Simon:** I can hardly conceive of this, but it would be disastrous.

**Percy:** Will the fund strengthen our bargaining position for instance in the Conference on Economic Cooperation that is going on?

**Deputy Assistant Secretary of State for International Finance and Development Paul H. Boeker:** Oh, cooperation and solidarity among developed nations is very important — maybe not directly to our effectiveness in the Conference . . . but certainly in dealing with the oil producers.

**Percy:** (stressing that he now approves the net in a "real spurt of self-interest") I shared with Senator Case at the beginning real misgivings but I want to say to Simon and the State Department that we have had more help in understanding this one concept than in anything I can remember. I agree the U.S. should participate in support of the Fund because of our interests, and it is essential to U.S. foreign economic policy.

OECD nations are the backbone of democracy. We must stick together, must prove that we can see crises in advance.

The health of the U.S. economy is dependent on the health of the world economy. In Illinois, we would be crippled without export markets, and 75 per cent of our trade is with the OECD. This is an insurance policy.

And again, isn't it great that the State Department and the Treasury are so united around one policy!

**Simon:** This mechanism acts, rather than reacting.

#### Concluding Remarks

**Case:** I still want to sound a somewhat sour note, though. Because of foreign policy considerations, I think I may vote for this thing. But I just question if these things, like the IMF, have been really good things, or did they just delay stopping loose practices. We may have to do these things to prevent the collapse of the capitalist system, but I don't like these things. I wonder if the Ex-Im Bank has been a good thing. I wonder if these things couldn't be more a cause of inflation, than just the tired old stories of too much government spending. But we are up against the gun in places like Italy. So I'll vote for this — even though this will just postpone disaster.

**Simon:** I agree with your feelings. But the IMF, Bretton Woods system were not failures — men were failures . . . giving up fixed rates — this meant money, jobs, political stability.

But here, we are not creating something permanent, and the measures required are particularly stringent.

**Case:** Do you really think that given the political situation in Italy, any government that could stay in power could meet the conditions?

**Simon:** I just returned from two and a half days of discussions in Italy. I absolutely believe that politically, this government (the Moro government) could stay in power and meet these stringent conditions because people understand what's necessary.

**Case:** I'm dubious, but I want this thing to succeed.

**Javits:** The genius of our society is the power to command credit. I believe that that power will keep us free. But the opposition is deadly. I'm for anything that will give us that edge.

**Senator John Sparkman (D-Ala):** I think the safety net thing is a very fine thing to undertake.

## SPECIAL REPORT

# The Battle for Italy: Debt Moratorium or Fascism

**March 27 (IPS)** — Following an emergency meeting March 17, the top authorities of the Italian central bank, the Banca d'Italia, and the Italian government's top financial officials announced a new austerity package that includes severe monetary restrictions, including a prohibition on the export of capital from Italy, and harsh tax increases as the most "swift and efficient" way of providing the central bank with enough cash to prevent Italy from defaulting on its foreign debts.

Their move came after the financial daily *Il Fiorino* revealed that the Banca d'Italia has defaulted on its debts to the Italian banking system by refusing to redeem paper it had sold to Italian commercial banks. *Il Fiorino* warned that the bank's action was threatening a run on the Italian banking system as a whole.

Behind the Banca d'Italia's de-facto bankruptcy lies the fact that it has virtually exhausted its cash reserves in an effort to stem the Wall Street-provoked run on the lira. The Wall Street financial attack has plunged the Italian currency to a low of around 840 to the dollar, a loss of value of some 30 per cent since Jan. 19, when the attack on the lira began. At the same time, banking sources state, the leading international credit institutions—acting on orders from the New York-based Atlanticist faction headed by Averell Harriman and the Rockefeller interests—have refused to supply the Banca d'Italia with any credit to replace its losses or to finance Italian imports. But Wall Street still expects full repayment of Italy's \$20 billion debt due between now and 1979.

The only other source of credit to the central bank, a promised \$1 billion Common Market loan guarantee presently being negotiated in Rome, will not be available until May at the earliest, if at all.

Cut off from outside refinancing, Italy's attempt to pay back its international debt, as proposed by the government of Premier Moro, will lawfully result in two equally disastrous economic alternatives: a cranking up of the government printing presses that will produce Weimar-type hyperinflation, or a drastic recessive policy aiming directly at slashing the population's living standards. In either case, the industrial apparatus of the country will be utterly destroyed.

The Italian *La Stampa* has already reported that as a result of the government's austerity package, FIAT's automobile production will decrease by 10 per cent, while sales are expected to fall 20 per cent.

Either economic alternative will lead in short order to imposition of a fascist police state in Italy to collect the Atlanticists' debt. The West German press has characterized the Moro austerity plan as a replay of Mussolini's fascism. The Italian crisis in its economic, social and political aspects, poses the **most immediate** threat of imposition of fascist police state austerity — in a major industrialized nation.

At the same time, the Atlanticists' assault on Italy which began over two years ago with the 1973 oil boycott hoax, has crystallized a pro-development opposition to the Atlanticist

looting policies within the institutionalized power structures which govern Italy. At the head of this faction are the Christian Democratic Budget Minister Giulio Andreotti, Eugenio Cefis, the head of the giant Montedison petrochemical complex, and Socialist Party faction leader Giacomo Mancini. This opposition coalition has developed immediately in response to an Atlanticist frontal assault on their (the opposition's) institutional bases of power — the trade unions, the public sector corporations and the government institutions and agencies which are the glue holding the Christian Democratic and other leading political parties together. On a more fundamental, principled level, this grouping recognizes that some productive solution to the economic crisis must be found, and that the Atlanticists' cannibalism of production to pay debt will only lead to social disaster.

Their forces, acting under the programmatic leadership of the International Caucus of Labor Committees International Development Bank program, are broadly in agreement with declaration of debt moratorium and the creation of a new international credit institution, the only possible programmatic alternative to Atlanticists' fascist policies. This pro-development faction commands enough forces and potential forces to force through adoption of this policy by the Italian government. But, for their own mistaken "tactical" reasons, they have not yet launched a full offensive around this program.

These forces have by no means retreated from their principles, only from the field of battle. But with the March 31 quarterly payments deadline fast approaching, and Atlanticist bankers determined to impose a fascist "dollar-deutschemark" austerity axis on Western Europe by that date through wholesale devaluations of European currencies, these forces have little time to move for an institutional solution to the Italian crisis by taking up an open fight for debt moratorium and the IDB. If they back down, the only means for stopping the return of fascism in Italy will rest with the revolutionary potential in Italy's working class. The developing mass strike wave in Italy and Western Europe will ultimately decide the question.

### History of the Atlanticist Assault on the Italian Economy

Wall Street's drive to plunder and progressively dismantle the Italian economy to prop up the dollar credit system has occurred in a series of "ratchet" steps: the Atlanticists demand austerity, a chunk of Italian industry is liquidated and the population's income is lowered to meet the demand; then a new call for austerity.

The ratchet steps began with the Rockefeller-orchestrated October, 1973 Arab-Israeli war. In the ensuing oil hoax the 400 per cent increase in the price of crude oil quadrupled Italy's balance of trade and payments deficit. To finance its 1974 deficit of nearly \$5 billion, Italy borrowed heavily in short and medium-term loans from the International Monetary



Fund, the European Economic Community, the U.S. Federal Reserve, the West German Bundesbank, and the Wall Street banking community, with the IMF acting as the policeman. The loans imposed stringent austerity conditions.

Then-Treasury Minister, Republican Ugo La Malfa, quietly undertook the negotiations for a one-year \$1.2 billion IMF loan in February 1974. The austerity measures attached to the loan — which became known in the midst of a nationwide strike wave — were strongly opposed by the Socialist Budget Minister, Antonio Giolitti. In March, La Malfa brought down the government, a move which terrorized the unions into accepting the IMF austerity conditions from fear of governmental chaos. La Malfa himself remained outside the reconstituted, pro-austerity Rumor cabinet, holding himself in reserve to triumphantly re-enter the government as Deputy Prime Minister under Aldo Moro in late 1974.

In the summer of 1974 the governor of the Banca d'Italia, Guido Carli, acting under explicit orders from David Rockefeller imposed a tight credit policy on both the public and private sectors to force a drastic cut in internal consumption in Italy, and further "improve" the Italian payments picture. By fall, Carli's credit policies resulted in the drastic collapse of Italian industrial output, which fell to 55 to 65 per cent capacity by early 1975, and Italy was still faced with exhaustion of its foreign exchange reserves. In September, 1974, Prime Minister Rumor met with West German Chancellor Helmut Schmidt at the Villa Serbelloni in Bellagio, and hocked Italy's gold reserves in return for a further \$1.5 billion loan from West Germany.

The next ratchet came in the summer of 1975, when Premier Aldo Moro delegated his Deputy Prime Minister, La Malfa, to develop a government economic program that would loot the liquidity-starved Italian economy for more cash. The banks were at that moment engaged in soaking up liquidity throughout Western Europe to compensate for the effects of the New York City debt crisis and several other major defaults associated with the June 30, 1975 second quarter repayments crisis.

At the point that portions of the La Malfa plan began to leak into the press in the fall 1975 (the full plan still has not been officially unveiled, due to the difficulty of assembling political support for all of its provisions), the Italian economy was already reeling from the austerity conditions imposed by the IMF in 1974, and exacerbated by the "early" repayment of the \$1.2 billion IMF loan in 1975. Worms ran out of the faucets in Palermo; in Sardinia water was withheld from farmers in order to provide for their animals and the cities; cholera made an ugly re-appearance in Naples; and unemployment in the south rose to well over 50 per cent. Meanwhile, food consumption sharply dropped as workers gave up meat and fruit for a diet of pasta — which had effectively doubled in price since 1973.

La Malfa's program, developed with the aid of Moro's personal economic adviser, Nino Andreatta, nonetheless demanded more loot from the Italian population. It included broad demands for: 1) drastic reduction of workers' wages through indexing wages to "productivity" — a plan already known to the Italian public as La Malfa's "incomes policy;" 2) heavy increased taxation through such hoaxes as "fiscalization of social burdens" to take unemployment and other social security taxes directly from workers; 3) the implementation of public works slave labor projects for

unemployed workers, students and women (the inclusion of women and students in the labor pool was proposed by economist Franco Modigliani of the Massachusetts Institute of Technology); 4) strict import restrictions; imposed by decree by the Banca D'Italia; 5) substantial cuts in public spending; and 6) a thorough reorganization of the State Holdings industrial sector, which includes such essential productive subsectors as energy (ENI, the Italian Hydrocarbons Corporation), chemical (Montedison, ANIC, etc.), metallurgy, construction, transportation, and textiles. This aspect of the Andreatta plan was specifically intended to weed out the austerity-resistant civil service sector which in many Italian towns provides the only source of family income; and in public industry to implement Brazil-style speedup by slashing the workforce and capital investment — "cutting off the dead limbs" as Italian Atlanticists term this suicidal policy.

The reorganization plans call for combining the present State Holding Ministry into a new "superministry" which would also include the present ministries of Finance and Treasury. The "superministry" would be charged with the complete reorganization of the state holdings, to eliminate "inefficiency," competition, etc.

In an October 23, 1975 interview with the Milan daily *Corriere della Sera*, Andreatta himself spelled out his slave labor proposals in detail. He called for the creation of 500,000 new positions for unemployed workers, at a wage rate two-thirds of the industrial minimum wage. The jobs should be funded, he said with 900 billion lira (at the time, approximately \$1.3 billion), government contributing 50 per cent, industry 30 per cent, and employed workers 20 per cent.

Andreatta also spelled out a nationwide program of public works projects for his slave laborers, to be administered through local corporatist bodies. The projects included "programs of forestation, maintenance of public opera, renewal of urban structures, construction of parks, assistance in the schools, assisting sick people in their homes (to alleviate overcrowding of hospitals — ed.), and reinforcement of the police."

Each of these ratchet austerity steps was sold to the Italian population by arguing that a cut in internal consumption, combined with increased productivity and increased exports would give Italy the needed liquidity to expand its industrial capital. Instead, by the end of 1975, Italy's foreign debt burden had mushroomed to fully \$20 billion in principal and interest due in cash between 1976 and 1979. Official Italian unemployment figures had risen to the highest in post war history, 2 million skilled and unskilled workers.

### The Political Fight Develops

Moro and La Malfa intended to consolidate the entire public sector apparatus — now largely controlled by people such as Eugenio Cefis — under the leadership of a "super ministry," to be managed by a "technocrat" of the calibre of NATO organizer Guido Carli, if not Carli himself. This sector was then to be cannibalized to further supply Italy's debt repayment needs at the expense of Italian workers and public sector capitalists. But such reorganization meant destroying the political base of the Christian Democrats, whose 30 years of control of the central government has been maintained through links with local power groups whose influence devolved largely from subsidies distributed through

governmental and regional agencies and the public sector corporations.

In order to break the "clientelar" interest groups' hold on the Christian Democracy, breaking the party's remaining resistance to austerity and opening up the public sector to unbridled Atlanticist looting, the party's pro-Atlanticist faction around Piero Bassetti took up the task of "reconstituting" the party. With the Christian Democrats having suffered a major setback in the nationwide administrative elections of June 15, 1975, the Atlanticists immediately pushed to give the party a populist and liberal-fascist facade. They installed a new interim party general secretary, Benigno Zaccagnini, a pediatrician and a political non-entity from the Communist-ruled Emilia Romagna region, who quickly revealed himself as a tool of Moro and Agnelli.

Late in 1975, the pro-development current of the Socialist Party, under the leading southern politician Giacomo Mancini, began a factional collaboration against the Atlanticist looting policy with the public sector-linked faction of the Christian Democracy and the pro-development industrialists headed by Eugenio Cefis of Montedison. The faction's initiatives were conditioned by the impact of the International Caucus of Labor Committees' call for international debt moratoria and the International Development Bank proposal which was widely circulating throughout Italian business and political circles, as well as working class layers.

Mancini also launched an organizing campaign in Italy's trade unions to break the control of the working class by the pro-austerity, NATO-controlled Communist Party union apparatus. The trade union leadership had accepted the essentials of the program on the prompting of Luciano Lama, the secretary-general of the Communist-dominated CGIL, the largest trade union confederation in the country. The Lama line was a policy of no wage increases to favor employment: the Communist union chief argued that employers who are not burdened with ever increasing wage demands will be willing to open new jobs to unemployed workers. The new jobs he had in mind were precisely the low-wage and labor-intensive public works envisaged by Moro, La Malfa and Andreatta, which were to be managed with the participation of the unions.

The Lama line quickly became the target which pro-working class Socialist Party cadres in the unions seized on to discredit the Communist-led agent union leaders. Their months-long successful attack culminated in February when the united secretariat of the three major union confederations, the CGIL, CISL, and UIL, was forced by rank-and-file opposition to reject the Lama plan and demand wage increases instead.

Mancini's faction also worked closely with the forces of Andreotti and Cefis to develop an alternative solution to the economic crisis based on increasing Italy's productive activity and its trade with the Soviet sector and the Third World.

Early in 1976 Montedison became the first major Western corporation to reach agreement on economic and technological cooperation with Cuba since the Cuban revolution in 1959. Montedison also made several deals with the Soviet Union, as well as agreements of mutual cooperation with the other East European countries. ENI, the Italian Hydrocarbons Corporation, sent top executives to Africa and Latin America to encourage these countries to

increase trade with Italy. They offered to take over the Angolan oil wells that had been abandoned by Gulf as part of the U.S. economic attack on the Angolan People's Republic.

A delegation to Mexico led by the vice president of the Christian Democratic Party Parliamentary fraction, Paolo Barbi, reached agreement to set up a joint Italo-Mexican enterprise to ship Mexican crude oil to Italy, last month. A subsidiary of ENI is engaged in a major Iranian project for the reconstruction of the city of Abadan, including the construction of housing, roads, and industrial facilities. The

This motion culminated when Defense Minister Arnaldo Forlani, a close ally of Andreotti in the Christian Democrats, proposed one week prior to the Socialist Party Congress in early March that a new government be headed by a Socialist Prime Minister. His proposal was accepted in principle by the centrist Socialist Party (PSI) leadership. The PSI emphasized that the coalition proposal was only workable if there were "deep changes" in the Christian Democratic Party to permit radically new economic policies.

The Cefis-Andreotti-Mancini pro-development alliance planned to consolidate their international activity through installation of a Christian Democratic-Socialist Party cabinet. On Jan. 7, the Socialists withdrew parliamentary support from the fragile Christian Democratic-Republican cabinet of Prime Minister Moro stating that they could not accept the government's austerity program.

From discussions with figures close to the pro-development group, U.S. Labor Party presidential candidate Lyndon LaRouche, Jr. reported early in February this year that the International Caucus of Labor Committees' International Development Bank and debt moratorium program had been broadly adopted as the program of the Italian pro-development forces.

### Atlanticists' Reaction

In response to the development forces' moves, which directly threatened not only their plan to force austerity on Italy but the existence of the entire world dollar empire, the Wall Street factions of Averell Harriman, George Ball, the Rockefellers and their Italian allies, FIAT head Gianni Agnelli, and others, decided to apply shock therapy to the Italians as a lesson to anyone else who might be heading towards dumping their dollar debt.

The Atlanticists responded immediately to the Jan. 7 government collapse with redoubled demands for austerity. On Jan. 21 they stepped up their attack by provoking a run on the Italian lira and placing an economic and financial blockade around the country. The blockade included a shut-off of oil shipments to Italy, and multinational oil company demands for increased prices to compensate for the lira's fall in value.

Within Italy, the chief Atlanticist operative, Gianni Agnelli, immediately recognized that his "political" deployment of paid agents and dupes in the Communist, Socialist, Christian Democratic, Republican, and other political parties and government institutions was too weak to stop his opponents. Instead he turned to his massive Fiat police apparatus, dating back to the Mussolini period, with its ties to the Italian military and secret service and to Italy's NATO terrorist countergangs. Using this machinery, Agnelli has launched a wave of outright terror — including murder of political opponents.

At the same time Agnelli activated his nationwide press and watergate apparatus — La Stampa, La Repubblica, L'Espresso, Panorama — and other major press organs in a massive scandal campaign that was aimed directly at Andreotti, Cefis and their allies.

Since the beginning of the year this campaign included disclosures of CIA financing of Italian political parties (including the "leak" that U.S. Secretary of State Henry Kissinger had approved the distribution of \$6 million among "anti-communist" parties last December). More far-reaching was Agnelli's use of the Lockheed scandal, which aimed at the discrediting of the entire republican structure of the Italian government. Agnelli's press slung allegations of Lockheed payoffs even at the President of the Republic, Giovanni Leone, backing up their smears with demands for the radical reorganization of the parliamentary system under the leadership of "able and non-partisan" technocrats.

His journalists also targeted Montedison and an allied enterprise, La Standa, for scandal charges that the two corporations had corrupted public officials. Under the ruse of the investigation of La Standa, police raided the offices of Montedison and La Standa in Milan and had them searched and sealed until further notice. Police armed with arrest warrants also broke into the Socialist Party Congress in Rome March 4 and publicly apprehended a socialist allegedly involved in the scandal.

In late February, Vito Scalia, a former leader of the CISL union confederation who was recently expelled from the leadership of that federation on charges of factionalism, was seriously injured in an auto accident which killed his secretary. The accident occurred just one week after Scalia exposed the fact that FIAT-owned La Stampa had fabricated slanderous allegations linking him to CIA funding. In an interview with Il Tempo, Scalia had also charged that Agnelli was involved in a "conspiracy" to subvert Italian political institutions.

#### Development Forces Counterattack

The development forces counterattacked in the Cefis press. The Agnelli-inspired scandals were exposed in a Cefis-linked weekly, L'Europeo, as part of a long-standing conspiracy by Agnelli to overthrow the Italian constitution. L'Europeo charged that Agnelli had attempted to blackmail President Leone in the Spring of 1974 into changing the constitution "just as we, the industrialists, want it." The magazine also charged that the special secret service agent who found out about Agnelli's plan was murdered before he could testify before a judge.

Simultaneously, L'Europeo revealed that Agnelli and his brother Umberto are under investigation in Turin for their involvement in coup plots dating back to 1964.

#### The Congresses

The institutionalized pro-development force in Italy, the coalition of Cefis, Andreotti and Mancini clearly had the opportunity of force adoption of their program at the just concluded national congresses of the Socialist Party and the Christian Democratic Party (see update) — but backed down.

Mancini entered the Socialist Party congress in Rome at the beginning of the month with a consolidated tactical alliance between himself and centrist party general

secretary Francesco De Martino which had put 65 per cent of the party under Mancini's de facto control. Reflecting this control, De Martino's keynote speech to the Congress rejected any hope of an economic upswing because of "unresolved contradictions" in the international monetary system which had thrown the "entire capitalist system" into an insoluble economic and political crisis. The speech, partially authored by Mancini's Seminar on International Policy, proceeded to outline some of the major parameters of the IDB proposal: Italy must find a "common international solution" to its financial crisis through collaboration with the rest of Europe and the Third World. This solution must be based on "a new model" economy which would occupy an "original" position "between capitalism and a planned economy."

The scores of Atlanticist agents who riddle the Socialist Party went into a full-scale deployment immediately following De Martino's speech — including such agents as party vice secretary Mosca who occupy positions of leadership in De Martino's own faction. They put pressure on Mancini directly and through his wishy-washy ally De Martino by threatening to split the party if Mancini persisted in fighting against austerity and for a debt moratorium and similar policies. To drive the point home, De Martino's faction was threatened with collapse when one of his top "lieutenants," Mosca, suddenly sided with the agent party "left" wing against De Martino on the issue of relations with the Atlanticist-controlled Communist Party (PCI). Mancini was faced with the choice of continuing to fight or retrenching.

While it is clear that Mancini, with the overwhelming majority of the party's working class base supporting his anti-austerity policies, would have come out the inevitable winner of any faction fight once the dust settled, he chose instead to retrench. Three days after his keynote, De Martino was demanding "prudence" on the issue of considering the collapse of the capitalist system as inevitable, arguing that such dangerous premises led to "the construction of facile illusions." On this basis, De Martino vehemently denied the "illusion" that the PSI was in any way prepared to formulate a transitional program for a planned economy.

#### UPDATE: THE DC CONGRESS

After a welter of subterranean maneuvers which would have shamed ancient Byzantium, the national congress of the Italian Christian Democracy (DC) closed today with the reelection of Atlanticist Benigno Zaccagnini to the post of party general secretary. Zaccagnini's reelection was a direct result of the capitulation at the congress of the anti-Atlanticists led by Giulio Andreotti, effecting a significant setback for Italy's pro-development faction.

Andreotti, according to his own testimony, had entered the congress confident that he would emerge hegemonic and see his candidate, Aldo Forlani, oust Zaccagnini. To accomplish this goal, Andreotti was banking on elaborate behind-the-scenes deals, including Forlani's capacity to pull behind him the faction of his protector, right-wing leader Amintore Fanfani, and certain sections of Zaccagnini's own left-wing base. At no point did Andreotti contemplate waging a faction fight around programmatic issues. He chose Forlani as his up-front candidate precisely for his appeal to both sides of the party.

Andreotti was playing in the enemy's political terrain, pitting his realpolitiking talents against those of the Italian Atlanticist machine, all of whose resources had been thoroughly mobilized to defeat him at the congress. The congress hall was stuffed with well-paid, \$40 per day provocateurs to ensure the disruption of any serious discussion. In addition, Italy's Communist trade union leadership lent Zaccagnini a contingent of workers to give the appearance of working class appeal. Most speakers were thus forced to address an audience which was variously shouting, engaging in continuous fist fights, and generally creating an atmosphere of rabble-rousing insanity which significantly hampered rational developments.

Andreotti's response was to resort to backroom deals and, according to some on the spot sources, even paying provocateurs double the money (\$80) to change their allegiances. This straight "muscle" approach ensured that the side who could muster the most in brute force would win out. Indeed that is what happened.

#### **A Pyrrhic Victory**

Andreotti's capitulation — brought about by a gutless adherence to an infantile and magical conception of politics — has meant a significant tactical defeat for the Italian anti-Atlanticist faction, albeit not yet a strategic defeat.

The Atlanticists, headed by FIAT magnate Gianni Agnelli, now have increased political leverage to dictate government and economic policy. Their increased hegemony within the DC provides them with added clout in dealings with the other components of the Italian pro-development faction — the Mancini wing of the Socialist Party (PSI) and the state sector industrialists led by Eugenio Cefis. However, Agnelli may soon discover that his is little more than a Pyrrhic victory.

Zaccagnini's victory may mean the collapse of the government in favor of the mooted "public safety" coalition with Communist (PCI) participation. Whether this government

change occurs immediately or not, what is now absolutely certain is that Agnelli will move to increase even further the austerity measures which have already decimated the Italian economy. Such a move will exacerbate — probably to the breaking point — the tension already existing within the municipal political machines.

Since the most recent spate of austerity which cut off virtually all funding to the municipalities, local mayors and budget commissioners have begun important organizing motion against the federal austerity policy. A very large portion of these local political machines are in fact known to be actively considering proposing debt moratoria at different levels as the sole alternative for freeing sufficient funds at the federal level to finance municipal social services.

In Naples, the Communist Mayor is threatening to personally lead an anti-government demonstration, while his budget commissioner is demanding that the city's debt service payments to the bank be frozen indefinitely. The Naples mayor is going directly against his party's Atlanticists policies. This "revolt" against PCI party leadership induced by the desperate financial situation of all Italian municipalities has even reached the model Communist city, Bologna, where PCI local leaders are requesting literature on debt moratoria in preparation for a meeting of mayors which will take place in Milan on April 9.

In Milan, city government officials have already presented debt moratoria to the city council and are consulting with European Labor Committee spokesmen in preparation for the April 9 meeting. Similar situations exist in the surrounding industrial towns of Nova Milano and Sesto San Giovanni. With most cities unable to raise the funds to pay their municipal workers this month's or in some cases even the last two to three months' wages, they are being left with little choice but to repudiate their debt and pressure the national government to do likewise.

**SPECIAL REPORT**  
**Exclusive IPS Translation**

# The Crisis is Open

by Michel Debre, *Le Figaro* March 23

## Introduction

Former French Prime Minister Michel Debré declared open war against the pro-NATO policies of French President Valéry Giscard d'Estaing this week, following a protracted 18-month period during which, as spiritual leader of the Gaullist movement, he has been the most consistent and severe critic of all aspects of the French government's actions. Debré's call for the formation of a government of "public safety" in March 23 *Le Figaro* concludes a long series of warnings to Giscard to begin reversing his lax monetary, economic, demographic and defense policies, and to re-orient the government's tasks in accordance with traditional Gaullist tenets.

Debré is a nominal member of the UDR Gaullist party's executive, but he has removed himself from all active participation in the party's deliberations because of his fundamental disagreement with the strategy of collaboration with Giscard practised by Gaullist Prime Minister Chirac, which, according to Debré, traps the UDR into supporting the President even when his policies sharply diverge from the Gaullists'. The UDR is the main component of Giscard's parliamentary majority.

While Debré is described by pro-Giscard press as "isolated," all sources agree that he is the most listened to and respected of all the Gaullist "barons," and that his call intersects considerable anti-Atlanticist ferment within the UDR and the UJP, the Gaullist youth group. Former UDR general secretary Alexandre Sanguinetti — a close ally of Debré's — described the intent of the Debré call in an interview with the Catholic magazine *Témoignage Chretien* last week: "Either the government implements the program of the UDR, or the regime will undergo a major crisis."

I want to speak of the government crisis. It is open in France. The fact that it is also open, and gravely so, in Italy, in Great Britain, without forgetting the U.S., is no consolation, and even less an encouragement to remain passive.

When production and employment curves improved in western democracies after the 1930's crisis, it was too late. The crisis had become political. The difficulties of the world worsened by unemployment and monetary disorders had created irreversible situations and too many democracies, that is to say too many democrats, had displayed their impotence.

History does not repeat itself and Professor Renouvin (famous French historian of the years between the First and Second World Wars — ed.) was right to say that the same causes do not produce the same effects. However, it is not because a Third World War using Europe as its theater does not appear probable not imminent that we must underestimate the consequences of the crisis. The effects are and will be

different, but of the same nature: violence, disorder, decadence, tyranny.

We will probably read better health bulletins in the coming months: Rising production, lower unemployment. On the condition, however, that monetary difficulties and price increases do not stall the upswing, notably insofar as France is concerned! Even if we resume our march forward on a surer footing, the economic crisis will have revealed, in a world which is still pitiless for the weak, the impotence of a great number of democrats, and first our own impotence, for which we are responsible.

In what concerns us, indeed, let us look things in the face.

Domestic reality is disastrous. It is marked by a constant hyperinflation whose economic, social, political consequences are visible and which do not experience any real slow-down. The coffers of numerous industrial firms and numerous agricultural businesses are in very bad shape. Distortions are worsening between the revenues of the categories of Frenchmen who profit from the increases and those who suffer from them. Confidence in the French currency is durably affected.

To this disastrous evil, other evils are added: Disorders which are not sanctioned; violence which is not punished. Only those who visit only Paris salons and their wordly branches in the mountains or at the shore ignore the profound disarray of public opinion, which understands neither the bonus given to disorder nor indulgence toward violations of the law and common crimes.

External reality is no less anguishing. One dismisses Atlanticism, that is to say submission to the United States. One dismisses neutralism, that is to say "Finlandization," to use a term in fashion.

In fact, these are words: The United States, for lack of frightening their adversaries, brutally imposes itself on its allies and our non-resistance encourages the advocates of the second formula, to which we risk being condemned, through a popular reflex, against our insufficient independence. As for Europe, let us be honest. It is becoming an alibi. In fact, Europe, such as its construction is presented to us, is not a foreign policy, but the abandonment of any foreign policy in favor of a sometimes ridiculous, always distressing non-being. In fact, one refuses to see the international competition which, pitilessly, is rampant within and without the western world. Blindness hides behind ideologies which themselves hide more and more poorly a weakness analogous to the laxity encountered in the face of domestic problems.

This refusal to become conscious of realities in France expresses a profound sickness, the sickness which undermines our democracy: the refusal to govern, the refusal of power.

Inside: incomes policy; balance public finances, the budgets of the State, of Social Security, of pension funds, of local governments; make efforts in industrial production, agricultural production and foreign trade, along with the necessary reconversions and redeployments, and also the necessary limitations of fiscal and social expenditures; youth training, orientation and selection on the double basis of merit and social promotion; civilian service coupled with

military service, extended to include young ladies so as to ensure economically and socially useful labor; these directives for action are known and correspond with common sense in a period of grave national difficulties. We must add to this, since several evils have come on top of those which flow from inflation and the economic situation, the recovery of the State in its essential functions — public order and justice.

The outside flows from the inside. A country sure of itself, placing the organization of labor above that of vacations, concerned with monetary stability, i.e. savings and investments, pre-occupied with social unity, i.e. with public equipment and participation, affirming in the facts the authority of the State, is assured to have the means of national independence and international solidarity, as one does not go without the other — something everybody ought to know.

This policy is in no way beyond our means. It is no way beyond the comprehension of the people. It demands a government inside and power outside. Democracy is not the absence of government, neither is the absence of power the compulsory lot of medium-sized nations.

In this respect, let me say to those who govern us that they are stubbornly clinging to a wrong analysis of the facts and to a deep misconception in action.

The Socialists and Communists only speak of liberty and liberties. It is a skillful tactic. We follow them on this terrain as if we were ashamed. One does not know what to invent to affirm the preeminence not only of individual rights, but also of individual desires, interests and passions, while denouncing social discipline, the laws of the State, the morality of the nation.

This is a considerable error.

What makes up the attractiveness of the Common Program, what notably makes the attractiveness of the Socialists in France, as that of the Communists in Italy, is the hope for a government capable of solving difficulties and reestablishing pride. In one word, one expects from the opposition an authority, an effectiveness and an independence which the majority seems incapable of affirming hereforth. Liberalism has donned the cloak of impotence. The more advanced it is proclaimed, the more impotent it appears. It is somewhat ridiculous in the freest country in the world to create a liberties commission, when we would need a commission for social effectiveness and for authority in democracy.

The crisis is open. Once again, a choice needs to be made: Either of a 'public safety' government, based on the authority of the State, financial rigor, social solidarity, national independence; or of a slide toward social desolation, economic weakening, foreign submission, without forgetting demographic ruin and, in the final analysis, at best, an overthrow of the majority at worst, a government which will rely on the street, if not one and the other solution together.

A few readers will write me. In advance I thank them. But these lines which call for action will leave indifferent a government which believes it can remain above the melee while dreaming. But we are in the melee and from now on, events will go fast.

## EXCERPTS FROM INTERVIEW WITH MICHEL DEBRÉ

On French Radio Station; RTL; Evening; March 23

**Debré:** The French political class, be it in the majority or in the opposition, is dreaming, immersed in unreality.

**Q:** Do you consider yourself in the majority or in the opposition.?

**Debré:** The question does not lie here. One cannot talk of a majority or of an opposition. What I wanted to do through my article is provoke a surge, a popular surge...The French are a politically mature people. They want to be governed...What I want is the creation of a public safety government, outside all electoral or political combinations, outside ideologies...A government of 'public safety' to implement:

- a monetary policy capable of strengthening our currency.
- a policy of social progress.
- a firm family policy.
- a firm national independence policy.

The French political class is deep in dreams...My goal is to wake it up, to explain to the majority that it is losing, not because of the left, but because of its own policy...It is possible to create this government. Don't talk to me of such and such political estate which intends to have another policy, etc...It is a matter of will. It is a serious formula. It is out of the question to deal with details at this point.

**Q:** Aren't you weakening President Giscard d'Estaing within one day of his national televised address? Aren't you siding with the opposition?

**Debré:** That is not the problem...It is necessary to urgently provoke this popular surge...On the economic plane, what I want is not a policy of rigor or austerity, it is a policy of social progress and expansion within the framework of a healthy economy. One cannot depend on more than one has. We must put an incomes policy into place. Look at West Germany and see if the policy adopted these last few years is called an austerity policy. German tourists have the most beautiful cars. It is a matter of putting into place an economic and financial policy based on this health of the economy. We do not want France to apply an Italian or British policy...It would be a disaster and France would no longer exist. France needs a new policy.

## INTERVIEW

# George Ball on the Gaullists

*New York, March 27 (IPS) — The following interview with George Ball, former Undersecretary of State in the Johnson Administration and currently a partner in the investment firm of Lazard Freres, was made available to the International Press Service by a French journalist. The interview with the leading Wall Street strategist Ball took place March 23 in New York.*

**Q:** What do you think of the call of leading Gaullist Michel Debré today for an anti-Atlanticist emergency government in France committed to a policy of economic development and the creation of a gold-based international monetary system?

**Ball:** I know Mr. Debré. I used to argue with him. You just have to listen and submit to him. I would not pay much attention to this. Debré, after all, is a doctrinaire, an extremist Gaullist with no serious following. This is just a news story.

**Q:** The recent cantonal (district—ed.) elections in France set off major dissension in the majority, and provoked Gaullist opposition to President Giscard's general policies. Do you think that the present Gaullist offensive against Atlanticist policy will consolidate further in the event of early legislative elections?

**Ball:** France is far from a crisis. Giscard has support. All the polls I have seen show that there would be a Mitterand (Socialist Party head—ed.)-Left success (at early elections),

## INTERVIEW

# Wall Street Economist: 'Gaullists Are No Threat'

*NEW YORK, March 27 (IPS)— What follows are excerpts from an interview with Mr. Viet, the chief international economist at Brown Brothers, Harriman, a leading Wall Street investment firm. The interview, conducted March 24 here, was made available to the International Press Service by a French journalist.*

**Q:** What do you think of the call of leading Gaullist Michel Debré for an anti-Atlanticist emergency government in France committed to a policy of economic development, the creation of a gold-backed international monetary system, and the severance of French dependence on the United States?

**Viet:** France has more to gain from trade relations with the United States than with the Soviet Union. France could not get much from the Soviet Union in terms of research for development, and it would certainly not get anything from the poor countries. It will get research for development programs from the U.S.

**Q:** Do you agree that Debré's call and the Gaullist opposition have made President Giscard's position very shaky?

**Viet:** Debré is a politician...Of course Giscard's position is very uncomfortable but (Gaullist takeover) is no serious consideration . . . There are more immediate problems causing Giscard's discomfort—creeping socialism, interest rates that are too high, inflation. . . The Gaullists are making

and a Left-Center government would not move for a gold standard. The Gaullists would not push for an election since it would just strengthen the Left. Over the past three years, there has been a shriveling up of the Gaullist position. The General (DeGaulle—ed.) used Debré, but since Debré has left Matignon (the Prime Ministership—ed.), he has been a lonely voice.

**Q:** Do you think the present situation in France at all resembles the period preceding DeGaulle's coup in 1958? Debré, you know, named his "public safety government", after DeGaulle's first post-coup government.

**Ball:** This is an entirely different situation than 1958. There is no Algeria this time.

**Q:** Do you think that Debré's call for an immediate anti-austerity policy and for severing French dependence on the United States represents a threat to the Atlanticist forces in Western Europe?

**Ball:** France is not a member of NATO anyway, and DeGaulle did not pull France out of the Atlantic Alliance. I would not take what Debré says seriously...He is a semi-comic figure.

**Q:** What do you think of the call of the World Federation of Trade Unionists for a new international monetary system?

**Ball:** Calls for a new international monetary system are just propaganda.

a lot of noise, but they have no viable alternative. . . Neither have the socialists.

**Q:** Do you think the Gaullists' opposition to Atlanticist policy represents a threat to the Atlantic Alliance and do you foresee any NATO reprisals?

**Viet:** No, no threat; at least I hope not . . . France has always been lukewarm to the Atlantic Alliance; she is not a member of NATO. Giscard's efforts to get closer to NATO will just be forgotten for the time being . . . No, NATO troops will not march in to capture Mr. Debré.

**Q:** What do you think of the West Germans' refusal to revalue the mark?

**Viet:** Revaluation of the mark is irrelevant . . . Now what you have is a clean float. The British, French, and to some extent, the Italian currencies have experienced some changes, but the mark was not undervalued. You just had speculative pressure to revalue it.

**Q:** What do you think of the calls for a new international monetary system from Debré as well as the World Federation of Trade Unions?

**Viet:** I dismiss them as irrelevant. There is a need for us to work out carefully more energy conservation, coordination of policy, reflation without inflation...(As for Third World debt,) these problems are very obnoxious and the Third World will have to take care of them by themselves.

## INTERVIEW

# 'West Germans Rebel? Impossible!'

*NEW YORK, March 27 (IPS) — What follows are excerpts from an interview with Richard Loewenthal, a member of the pro-NATO American Council on Germany currently teaching at Columbia University in New York City. Loewenthal, a collaborator of John J. McCloy former High Commissioner during the occupation is well-known as a vehemently anti-Communist right-wing ideologue of the West German Social Democratic Party (SPD), and a close associate of SPD Chairman Willy Brandt. The interview with Loewenthal took place March 24, the day after he addressed a luncheon session of the Council. Loewenthal's remarks were made available to IPS by an independent source:*

**Q:** I'm calling to discuss the luncheon meeting at which you spoke under the auspices of the American Council on Germany. I was told by the Council that you spoke on European unity.

**Loewenthal:** I spoke on Soviet strategy and Western European communism not on Western European unity. Who told you I spoke on Western European unity?

**Q:** The corporate secretary of the American Council on Germany. But what I want to discuss with you is the international payments crisis building toward the March 31 quar-

terly deadline. Wall Street is demanding that pro-U.S. West German industrialists upvalue the mark, and since the West Germans know an upvaluation would wipe out their export markets, they are resisting. The industrialists are additionally boxed in by brewing mass strike ferment around current contract negotiations in Italy and West Germany.

**Loewenthal:** Where do you get this? What is your source? This is impossible!

**Q:** The clear picture is that West Germany is resisting heavy Wall Street pressure to create a dollar-deutchemark axis to keep the rest of Western Europe under austerity control.

**Loewenthal:** West Germany will not revalue the mark, that is what is known.

**Q:** What is occurring is a crisis for hegemony. West Germans are resisting for the first time since World War II ...

**Loewenthal:** I would not use the term, "crisis for hegemony." West Germany is not resisting U.S. hegemony. There is opposition, and there may be differences on the currency level, but West Germany remains one of many Western European allies of the U.S. I just don't see how you are saying what you are saying. (Mr. Loewenthal then hung up.)



## SPECIAL REPORT

# The U.S. Labor Party Mobilization for Debt Moratorium

**NEW YORK, March 27 (IPS) —** The following report was prepared by the U.S. Labor Party's national operations staff here earlier this week.

Since the U.S. Labor Party began the mobilization on behalf of debt moratorium enactment this month, sales of *New Solidarity*, the newspaper of the USLP, have increased 20 per cent throughout the continent and will reach very near 45,000 this week. From well-tested surveys we know that direct contact with *New Solidarity* can be estimated at levels of ten times direct sales, or 450,000, and the multiplier effect of exposure to working-class families and work-places is now well over three million.

From this mass readership we have estimates of regular readers making calls to federal, state and local legislators on behalf of debt moratorium legislation of a rate of between 2,000 and 3,000 daily. Our estimates are based on field reports where from 50-70 per cent of the readership is pledging to make such calls. During the peak of our last continental mobilization in the December-early January period, when NATO was carrying out its Hilex-75 nuclear war threat, our national center was monitoring definite calls at 2,000 daily.

The U.S. Labor Party last week issued 25,000 copies of its Emergency Employment Act proposal to be distributed through its more than fifty branch offices in the U.S., and through the affiliated North American Labor Party offices in Canada. Sales to date of 3,968 copies of the EEA follow the sale of over 50,000 copies of the EEA and the proposal for the International Development Bank (IDB) in booklet form, and over 30,000 of the latter in *New Solidarity*. Never before in history have such levels of programmatic literature circulated throughout the North American working class.

Early field response from the mobilization shows the following critical patterns: wide-spread support for debt moratorium throughout the black and hispanic working classes with explicit action being taken by a number of caucuses, NAACP chapters, and neighborhood — and church-related groups and individuals; strong support among particularly municipal and construction sectors throughout the northeast; unprecedented levels of *New Solidarity* sales in textile mill-towns around Charlotte, North Carolina; massive sup-

port in steel and auto workers in the Midwest, especially among the recently unemployed; rapid spread of support in the Seattle-Everett industrial belt of primarily skilled aerospace workers; and similar support in the Bay area of San Francisco, including municipal workers.

In the Northwest the most effective combination of industrial workers, pro-development industrialists and municipal workers so far achieved has forced hearings on the EEA in the Washington state legislature. The bill failed to get committee endorsement by only 5-4 vote despite bi-partisan support including the Republican minority leader, the minority whip and the Democratic Committee chairman. A motion to table was also defeated so the legislation can now be brought to the floor through individual member action. A petition signed by 3,000 workers in Vancouver, British Columbia endorsed debt moratorium and calls for a debate between Labor Party representatives and the Canadian provincial finance minister. In the Bay area calls are being generated at a rate of over 100 daily to support the debt moratorium initiatives of Rep. Ron Dellums (D-Calif.) and Assemblyman Ken Meade (D-Oakland).

The result of this continental support is that in response to Rep. Badillo's (D-NY) public statement of March 8 on the need to draft debt moratorium legislation, and Rep. Dellums' similar statement of March 13, New Democratic Coalition Chairman Bernard Sorokin said, "On the face of it, we would probably support debt moratorium. Undoubtedly a number of our people are involved in your debt moratorium proposals in New York and California." Rep. Don Fraser (D-Minn), Chairman of the Americans for Democratic Action (ADA) stated that he "would be very sympathetic to anything New Yorkers come up with, including debt moratorium." Cong. Badillo has read into the Congressional Record the article by former Democratic gubernatorial candidate in New York Howard Samuels, in which he calls for debt moratorium and support for Badillo's bankruptcy legislation.

Rev. Ralph Abernathy of the Southern Christian Leadership Conference (SCLC) has told USLP representatives that he supports debt moratorium and would like to discuss joint work around it. Connecticut State Senator Wilber Smith (D-Hartford), who has introduced the debt moratorium proposal in Connecticut, is also chairman of the state NAACP.

## SPECIAL REPORT

### U.S. Labor Party Presidential Statement

# “KGB” Slander Against Labor Committees Leaked Into Washington Post

New York, March 22 (IPS) — Under the by-line of Sovietologist Harry Rositzke the March 21 issue of the Washington Post brings to the light of public print a KGB slander against the Labor Committees which has previously been circulating for some weeks around political and financial circles in Washington, New York, Chicago, Bonn, Paris, Rome and Copenhagen. Although Rositzke does not mention the Labor Committees by name, the allegations are identical to those circulated as high-level gossip, and his description of the alleged KGB operation uniquely conforms to the extent and focus of Labor Committee activities.

The relevant portions of the article state the following:

“In the last 10 years, however, the KGB’s foreign directorate has begun to perform an even more valuable service — to advance in secret the Soviet government’s open objectives on the official level. Its recruitment of ‘agents of influence’ in Europe and the United States gives Soviet foreign policy a muscle that cannot be matched by the West.”

“Today, in New York, Bonn, Paris, and Rome there are over 200 KGB officers assigned to each city (a hundred were thrown out of London several years ago). Many, if not most, of them are recruiting not spies but ‘friends.’ Their job is to develop personal contacts within the power elites of each nation: politicians of the center and right, non-communist labor leaders, bankers and industrialists, journalists and professors, government officials and legislators.

“These contacts range from secret to confidential to public. Some are on the Soviet payroll — the personal assistant to former West German Chancellor Willy Brandt, a key European negotiator on a truck-assembly plant project. Some have been bribed with business opportunities in East-West trade — a British merchant or an Italian banker. Others are close enough acquaintances for a KGB officer to invite to an informal lunch or dinner to talk about current affairs. In many capitals, as in Washington, KGB officers openly lobby among legislators on bills affecting Soviet trade.

“These agents of influence within the power groups of Western Society give Moscow a useful covert means for affecting the attitudes and decisions of other governments on matters of Soviet concern. The KGB officer under diplomatic cover, socially sophisticated, fluent in English, German, or French, can use his friends or agents to lobby for a European security conference, to press for favorable terms in trade or loan negotiations, to promote the investment of capital in a Soviet petrochemical project.

“These KGB officers, for the most part, break no laws. Neither spying nor subverting, they are beyond the purview of Western security services. The lessening of East-West tensions under X (detente — Ed.) not only makes their contact work easier — and their contacts more susceptible — but as Soviet political and economic interests in the West continue to increase under X, they will have more work to do.”

This slander was first put forth from Jeffrey Record of the Brookings Institute and Ray Cline of the Center for Strategic

and International Studies during late last April and early May. At that time, a shrieking Ray Cline (“I was on the CIA’s German Desk...I know they’re KGB”) attempted to circulate the concocted allegations into NATO and Munich, West Germany Military circles. This occurred in connection with the hysterical reaction by Cline and others to the exposure of the NATO MC 14-4 version of the notorious Schlesinger doctrine of the Rand Corporation. At about the same time, this same slander was employed in an effort to terrorize a number of U.S. Congressmen into dropping on-going discussions with the Labor Committees.

More recently, this slander activity has been escalated, intensifying pressures on U.S. legislators. At the same time, a concerted drive around this slander has been launched around the kanalarbeiter faction of the West German SPD, some French military and political circles, and into Third World diplomatic channels.

Those U.S. legislators, Europeans and Third World officials who have been subjected to such gossip campaigns will immediately recognize the Washington Post leak as essentially identical with the false reports smuggled into their attention.

#### **Background of the Washington Post Teaser**

The other notable feature of the Washington post slander is that the article in which this is included reflects the special factional position of the Averell Harriman-linked faction among U.S. Atlanticists. A summary of the policy divisions among the Atlanticists clarifies the significance of the use of the KGB slander at this present time.

The Anglo-American dominated Atlanticist faction of international politics and finance is presently divided into three principal currents. In the U.S.-based current there are two principal present factions, one linked to the Rockefeller brothers and their protege Henry Kissinger — the so-called utopians — and the other more emphatically linked to the top strata of the Democratic party around the unifying figure of Averell Harriman — the so-called traditionalists. The third Atlanticist faction is predominantly British-based with some Scandinavian and other allies.

In general none of these three factions have any positive policy. They are agreed however on four principal points of common short-term strategy: 1) strict debt collection enforcement throughout the advanced capitalist sector, 2) the forced imposition of the fascist economic austerity policies of Nazi Finance Minister Hjalmar Schacht upon the entire advanced capitalist sector 3) the imposition of temporary “governments of national unity” both to enforce initial short-term austerity measures and to prepare the way for ensuing Bruening-type police state regimes and, later, outrightly fascist regimes throughout the advanced capitalist sector, and 4) at least six months of delaying tactics against developing sector and other anti-austerity opponents, to give the Atlanticists sufficient time to consolidate their Schachtian policies and regimes in the advanced sector and to proceed toward crushing militarily and economically the duped opponents of the developing sector.

Within those points of agreement, there are important subsumed differentiations. The British faction most notably is prepared to make an exception of at least most of the developing sector. Those British Atlanticists more acutely perceptive of British national and allied interests are prepared to go to the point of general debt forgiveness for the developing sector and to foster a pro-development rather than Schachtian austerity or Brazilian outflows of capital goods from the advanced capitalist sector. In other words, this British-led faction follows the general line of the "first development decade" policy perspective.

The Rockefeller-utopian faction is committed to Schachtian ruthless austerity for the developing sector, to the crushing of developing sector opposition by fomented regional wars and direct military interventions, and to a final showdown thermonuclear confrontation with the Warsaw Pact at the first opportunity — at least before the end of 1977.

The Harriman faction is prepared to make a show of thermonuclear confrontation with Warsaw Pact before the end of 1977 too, but for the purpose of forcing the Soviet leadership to the table to agree to a new "Spheres of Influence" agreement superseding the Yalta and Potsdam arrangements. The Harriman faction is also inclined toward a modified version of the British policy toward the developing sector. This policy has been jointly and separately stated repeatedly by Harriman, Senator Ted Kennedy, and other notable spokesmen since mid-December, 1975.

The short-term strategy of the U.S.-based Atlanticist faction for Europe is the successive crushing of the national economies of Italy, France, Britain, Belgium, and Denmark with the aid of the duped top layers of the West German government and Bundesbank. The West Germans and the Bundesbank have the short-term function of buffering New York City-coordinated monetary warfare against other European nations so that the one-by-one attack on those nations does not—New York bankers hope—run out of hand into a general chain reaction collapse. Once the once powerful reserves of the Bundesbank have been depleted through such operations, West Germany will be plunged by the New York bankers into the same "Fourth World" Schachtian barrel as the rest of western Europe. Japan is currently being manipulated by the New York banks and their allies in much the same fashion as West Germany.

During this initial operation against Western Europe and Japan, the Atlanticists are conducting stalling tactics on the order of a "mutt and jeff" CIA-type operation against the developing sector. This includes covert operations to induce some of the developing sector nations to divert their efforts from real issues into support of a pathetically physiocratic "indexed basket of commodities" package demand of the type associated with C. Fred Bergsten.

Meanwhile through austerity pressures associated with debt rollover through CIA-type operations and the launching of regional war, the New York bankers aim to so weaken the developing sector forces as a whole that once Western Europe and Japan have been turned into militarised police states with Schachtian economic policies, New York can easily pick off remaining Third World opponents one by one.

It is in this context that the Harriman factions pushing of the KGB slander can be understood. Two leading points are most relevant. First, although the Harriman faction directly knows that the KGB slander is a complete falsehood, they consider this slander to be an efficient "psychological warfare"-type falsehood in their determined effort to contain the accelerating programmatic influence of the Labor Committees; Secondly, the Harriman faction rightly believes —

together with the Rockefeller-Kissinger faction — that the Labor Committees are **potentially** the greatest source of danger to the Atlanticist fascist schemes within the capitalist and developing sectors.

Rockefeller and Harriman are neither lying nor victims of paranoid delusions in imagining that the Labor Committees represent a major **potential** political danger to the success of their strategy. In fact, various leading spokesmen for various Atlanticist factions have repeatedly informed us, with much gloating, that the anti-austerity forces of both the advanced capitalist and developing sectors are bands of impotent posturers, who will make a temporary show of resistance, but will grovel into submission very quickly under real pressure from the Atlanticist forces.

This excessively contemptuous estimation of most Third World and advanced-sector anti-fascist forces is unfortunately based on the reality of political performance to date.

The Atlanticists regard the Labor Committees as the only political force with the combined qualifications of program, competence of analysis, and guts to transform an otherwise fragmented and frightened mass of developing-sector and advanced-capitalist-sector anti-austerity groups into an effective force capable of realizing its objective potential for giving the Atlanticists a crushing defeat.

At the same time, although the Atlanticists generally shrink in terror because of their estimation of the political-military strategic capabilities and the competence of the Warsaw Pact forces, the Atlanticists also regard the present majority of the CPSU leadership as essentially confused and politically incompetent respecting the situation inside the advanced capitalist sector and as also preponderantly disoriented concerning key points of political developments within the developing sector. **In fact, what delights and otherwise amuses the leading Atlanticists is the stupidity of the Comecon sector in not giving support to the political analysis and programs of the Labor Committees.**

What frightens the Rockefellers and Harrimans concerning the Labor Committees is both their awed respect for the competence of the Labor Committees analyses and programs, and the success of the Labor Committees in rapidly developing the U.S. Labor Party as a mass-based electoral party with a plurality as great as that of the Republican and Democratic parties in numerous regions of the USA itself.

Although the Atlanticists have so far kept the outright killing and major frame-ups against the Labor Committees to a relative minimum (to thus minimize the martyr factor), otherwise, the National Security Council and NATO Intelligence operations against the Labor Committees currently add up to the largest-scale and most intensive political containment operation in modern history.

Ambassadors, heads of state, leaders of major political parties, as well as other politicians, bankers, industrialists and ordinary workers have been directly subjected to massive combinations of physical threats and other reprisals in the related effort to contain Labor Committee contact activities and organizing campaigns. In the USA, in addition to an Atlanticist control of most of the major press and press services, the National Security Council and FBI have worked to contain press coverage of the Labor Committees and U.S. Labor Party even by direct threats against publishers, editors and reporters.

Despite this massive containment operation — of which the KGB slander is merely one part — the growth of the Labor Committees programmatic influence is currently accelerating within the USA and in other nations.

## SPECIAL REPORT

# USLP Presidential Candidate Larouche Declares He Will Pardon Patty Hearst

PARIS, March 22 (IPS) — U.S. Labor Party presidential candidate, Lyndon H. LaRouche, Jr., today denounced yesterday's conviction of kidnap victim Patty Hearst as a "monstrous travesty of justice," and committed himself to granting Miss Hearst a full presidential pardon as soon as he is inaugurated into the presidency next January.

Elaborating on the reasons for his decision, LaRouche stated: "There never was any doubt of the principal facts of the Patty Hearst case. She was kidnapped in the most violent manner at gunpoint, under the observation of a significant number of disinterested witnesses. The group which kidnapped her for ransom was led by a notorious police agent, Donald DeFreeze, and was partly composed of brainwashed graduates of the notorious Vaccaville behavior modification facility. Under the most aversive conditions, subjected to terror by a band of homicidal psychotics who had themselves been subjected to brainwashing, the captive Miss Hearst underwent a personality transformation of exactly the form any qualified specialist would immediately recognize as either circumstantially induced psychosis or deliberate brainwashing.

"In plain American speech," LaRouche emphasized, "the whole business of Miss Hearst's arrest and prosecution stinks from beginning to the end.

"I shall not pretend that I do not have some expert knowledge about the Hearst affair, nor am I surprised that a conviction was pushed through contrary to the never-refuted principal evidence in the case. If Miss Hearst's trial had been postponed to permit her to slowly recover from the effects of her torture before being subjected to trial, or if she had been given the vindication she deserved on the basis of the principal evidence, the result would have been a major embarrassment to a number of highly placed figures, including Henry Kissinger, Attorney General Edward Levi and others.

### Criminals in High Places

"The chief point in the case is that the so-called Symbionese Liberation Army is merely another fruit of the same Atlanticists' political-intelligence dirty operations which also gave us the Italian Red Brigades, the Black September, the Japanese Red Army, the Weathermen, the Black Liberation Army, the Baader-Meinhof Gang, and the Jan. 1974 London Heathrow affair. We have corroborated direct information, including information received from the most highly placed governmental sources in several

countries, that all of these operations were either directly coordinated under Henry Kissinger's supervision or by NATO and related covert operations agencies politically allied with the same Rockefeller-associated faction for which Kissinger is the best-known protégé and errand boy.

"Any competent investigation of the National Security Council and Department of Justice connections to the Symbionese Liberation Army CIA-type operation would have inevitably uncovered the biggest and most hideous scandal yet exposed, which would bring down not only Kissinger and Levi, but heads of parties and governments' departments in a number of nations.

"For example," LaRouche continued, "we know that the Lebanese bloodbath launched during April, 1975 and continuing to this day, was the product of a scenario developed largely by the RAND Corp. Moreover, we have corroborated evidence showing that a significant part of the gun running into Lebanon, arming the Falange terrorists, was run directly out of the U.S. through the same drug and gun running networks which also supplied guns and explosives to the Symbionese Liberation Army, the Weathermen, and other terrorist groups controlled by Kissinger and such internal security agencies as the Treasury Department's Alcohol, Tobacco and Firearms Division, the Law Enforcement Assistance Administration, the FBI and some military intelligence facilities. This overall operation of international terrorism is, at the same time, a completely fragmented network of variously overlapping and competing operations and also centrally coordinated in an overall way at the top. The result is that exposing any significant one of these foul operations will lead directly to exposure of many others — with investigations leading quickly to Kissinger and other levels of overall coordination of criminal domestic and international operations.

"It is no secret," LaRouche concluded, "that the Hearst family is not exactly a supporter of my political party. However, as a presidential candidate, I am legally and morally responsible to ensure justice for all our citizens and to have compassion for the personal injury and suffering endured by citizens who may incidentally be among my opponents. I acknowledge that a large part of the legal profession including many self-styled civil libertarian legal groups and individual attorneys have abandoned what used to be generally accepted principles of justice. I have not. Therefore, it shall be among my first acts after inauguration as president to grant full pardon to Patty Hearst."

## SPECIAL REPORT

# Democratic Party's Energy Policy: Glass Pyramids, Bankers' Socialism

March 23 (IPS) — Strange, isn't it, that all the gladiators in the Democratic primary arena are in complete agreement on the controversial question of energy policy. But this fact is far less surprising than the mind-boggling stupidity of the policy they have agreed on.

"Radical populist" Harris, "moderate" Carter, "liberal" Udall, "conservatives" Jackson and Wallace all agree that we must conserve energy by eliminating waste and substituting muscle power for machine power, thus creating jobs into the bargain. They all ignore "impractical" fusion and demand cutbacks in dangerous fission. They all agree that in the short term we must increase coal production, and over the long term shift to full reliance on solar energy.

Thus Udall: "The adoption of a strong energy conservation program is an absolute necessity ... coal constitutes one of the nation's most promising energy sources...the federal government must concentrate its efforts on renewable resources such as solar energy." With a down-home twang, Carter: "We must conserve energy drastically, make a major shift to coal, and substantially increase our use of solar energy." And soon down the line.

Where does this remarkable unanimity come from? From the scriptwriters, of course — all the candidates are briefed by the same handful of think-tankers, who in turn take their orders from the New York bankers. In the case of energy, the think-tank involved is Barry Commoner's Scientists Institute for Public Information. Commoner, frequently accompanied by fellow Institute board member and United Autoworkers union executive Irving Bluestone, has been traveling around briefing Democratic candidates, Congressmen, and key Democratic machine leaders on the correct energy line. Commoner's recent series of three articles on energy in the New Yorker magazine are now quoted as the bible of energy policy by practically every top Democrat, and one eager beaver entered the entire series into the Congressional record.

### Sci-Fi Horror

Let's examine what the world would look like if the proposals Commoner and his Democratic pitchmen make to replace gas and oil with solar energy were carried through. The fascist regimes and evisceration of living standards required to implement even the early stages of the Commoner plan would ensure that the world would end in either thermonuclear war or a holocaust of disease and ecological collapse in a few short years: the "Year 2000" world described here is only a science-fiction horror story.

The more minor part of Commoner's catastrophe would be the solar heating of individual homes by rooftop solar collectors. For the U.S. alone, the installation of such collectors on each of the 50 million existing one-or two-story homes would involve, very conservatively, a construction labor force of 2 million working for 25 years, to say nothing of those involved in making the materials involved, such as 2 million square feet of plate glass a year, equal to current total U.S. output. Since this labor force is comparable to the total number of skilled construction workers formerly

engaged in construction of housing, presumably new housing construction would have to wait 25 years, by which time the solar collectors would be about due for replacement!

This is nothing, however, compared with the core of the energy plans of Commoner and his Democratic friends, the production of electricity and synthetic fuel (hydrogen) from diffuse sunlight. They propose to cover large parts of the American desert, and on a world scale presumably the Sahara as well, with glass pyramids — titanic arrays of mirrors focusing sunlight up to elevated water boilers, which produce steam to generate electricity and to electrolyse water, producing hydrogen fuel.

The scale of waste here is staggering. A solar generator sufficient to produce merely the electric energy consumed by New York City (about 15,000 megawatts) would require a mirror-array covering more than 300 square miles, using Commoner's own figures. The area of New York City is only 360 square miles! (Now we know why Big MAC banker Felix Rohatyn wants to raze 80 per cent of the city.) If such a generator were to produce all of New York City's energy requirements, the area would have to be four times larger.

### Pyramid-Building

For the world as a whole, this means covering a total area of 125,000 square miles (at a minimum) with glass pyramids over the next 25 to 30 years.

A single 300 square mile generator (of which 400 would have to be built) would require at least 10 million tons of glass, plastic, and other materials. Just about as much weight as went into the original pyramids. This is 300 times more mass than the material required by the bulkiest possible fusion reactor for the same energy production. The energy involved in producing that much material would represent two years production for the generator itself. This means that with even a modest rate of energy growth and a 25 year life expectancy for energy collectors, at least 20 per cent of total energy supply will be going into the production of the solar collectors themselves!

In terms of labor, solar generators would require at least 15 to 20 times as much labor as comparable fusion generators, even taking into account the latter's greater complexity. On a global scale, this means the allocation of at least 8 to 10 million workers for the glass pyramid projects, equivalent to 50 to 60 per cent of the total U.S. industrial workforce. These then are the jobs to be provided the U.S. working class under "full employment" slave labor — building glass pyramids in the desert.

Such an incredible scheme makes sense from only one standpoint, that of the Harriman faction of financiers who pay Commoner and Bluestone in the first place. Far from advocating more productive technologies, like fusion power, which cheapen commodities and permit the rapid expansion of the economy as a whole, they want to turn technology back to preserve the historic value of their paper debt. Labor-intensive boondoggles, requiring little investment of capital relative to the quantities of slave labor, are a dream-come-true feeding-ground for these parasites. For the Nazis, it was

armaments and Autobahns; for Rockefeller's faction it was oil shale and coal gassification; the Harriman faction's recipe is glass pyramids.

### **Bankers Socialism**

But it won't do for the Democrats to go around saying, "I'm for labor-intensive schemes and glass pyramids because it's the only way to protect the bankers!" That doesn't win votes.

Here is where Commoner must earn his pay, by devising a "scientific" rationale that will convince, if not workers, at least Democratic Party hacks and their petty-bourgeois peers. Commoner begins by deriving the necessity of raising the return on capital from a mere "respectable" theoretical basis — the Second Law of Thermodynamics.

The Second Law asserts that randomness is everywhere increasing, and once energy is used, it is converted into random heat and irretrievably lost. The universe, says Commoner, is running down (a law the Democrats can understand upon self-reflection). Therefore, since energy loss is irreversible, we must at all costs conserve energy and everything that takes energy to make, especially capital plant and machinery. Therefore we must get the maximum "productivity" out of each precious drop of oil and each precious dollar of capital.

Having established this vital point for the bankers, Commoner must then demonstrate that it is in the interest of the working population to preserve the return on capital (in other words, debt service) by turning back technological advance. Quickly donning his overalls, Commoner steps into his role as

friend of the working man and proceeds to explain the present economic crisis as a result of capitalism's insatiable drive for technology, a view he modestly ascribes to...Karl Marx!

The wicked capitalists, preaches Commoner, have continually replaced primitive methods of production like wood chopping, which uses lots of labor and little capital and energy, with advanced methods like electric generation plants, which use little labor and lots of capital and energy. This creates mass unemployment, by destroying jobs, and leads to energy and capital shortages. This has driven the capitalists to gouge wages to fuel their insane race to invest more and more in high technology, leading to the tremendous technological advances and booming growth in modern plant and equipment since the current depression got underway five years ago.

Since he has identified himself as a Marxist, Commoner's proposed solution to the energy and economic crisis is, of course, socialism, a socialism which will cure the fundamental evil of capitalism — progress. Instead of freeing the development of productive forces from the fetters of capital, as the real Marx proposed, Commoner wants to free capital from the fetters of development. An immediate retreat to the coal-run 19th century is merely Commoner's minimum program; his maximum demand is to return to Ancient Egypt. The socialism of Commoner and his Democratic co-thinkers is the opposite of the socialism of Marx. It is more exactly called bankers' socialism, better known as fascism.



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CURRENCY SPECULATION THREATENS DOLLAR EMPIRE BUST;  
WALL STREET WAITS FOR DEUTSCHEMARK UPVALUATION

NEW YORK, March 22 (IPS)--International speculation in currencies by the U.S. dollar-based international banking system has brought the system days away from a chain-reaction bust, according to Wall Street traders.

A foreign exchange trader at one of New York's major banks explained today that "The New York banks are losing at least 10 million dollars per day in interest charges on currencies they are speculating against. If the damn Germans resist a revaluation of their D-mark (deutschemark) and keep supporting the weaker European currencies for one more week, then we've all had it. ...The whole thing will come down."

Warning that the speculators may not be able to "go the course," today's Journal of Commerce noted that "Those who are staking borrowed Belgian funds on a forthcoming devaluation of the Belgian franc, able to take such positions only with Belgian francs, now pay call money (annual) rates of 250 per cent. It is an operation which will pay only in case of quick decisions."

But speculation against the weaker European currencies ground to a halt today, traders explained, because speculators--notably the dollar-sector banking community--have already bought up every French franc, Belgian franc, and Danish kroner available to "cover" their positions.

The fear is beginning to grow, they indicated, that the West Germans, under pressure from West German industrialists, may not revalue after all, and that the illiquid dollar-sector banks will take a beating on these speculative efforts. Further complicating the dollar-sector banks' position, sources indicated, is that Europeans have flooded the markets with unwanted dollars to protect their own currencies. This is driving down dollar interest rates and further threatening dollar-based financial institutions' profit margins.

Holders of IOUs of these banks have already begun dumping this paper. One New York trader, who received a 10 million dollar sell order on a New York bank's IOUs at rock bottom prices today, said his reaction was, "My God, it's here!"

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### WEST GERMAN COMMERCIAL INTERESTS STRONGLY OPPOSE REVALUATION

WIESBADEN, W. Germany, March 22 (IPS)—West German industrialists' strong opposition to a revaluation of the West German mark was further confirmed today by Rolf Stoedter, Vice President of the International Chamber of Commerce (German Group). "It would be a great error to follow those countries who want to have the D-mark revalued," Stoedter commented. "Why shouldn't we follow our own interests?" He further described the pro-revaluation pressure from U.S. circles as "blackmail," in view of the disastrous inflation which would inevitably result from such a move. Stoedter is a member of the Overseas Club, whose members also include Chancellor Helmut Schmidt and other economic leaders.

### WEST GERMAN PRESS REJECTS REVALUATION

March 22 (IPS)—West Germany's leading Atlanticist daily newspaper, the Frankfurter Allgemeine Zeitung, today published a detailed critique of proposals for a revaluation of the West German deutschemark. For the first time in any West German journal, the Allgemeine admitted that the proposed revaluation, pushed fervently for several months by New York-based banking houses, would not only endanger West Germany's exports by raising foreign prices, but would severely undermine demand for industrial goods from domestic purchasers.

The Frankfurter Allgemeine Zeitung also warned of the "serious inflationary potential" which revaluation would entail. Such a development would also injure the weaker economies of Europe, for example the Italian and British, the Allgemeine states, by lowering the value of their currencies and making it absolutely impossible for them to meet their international payments requirements. The Allgemeine further admitted that the recently decided European Economic Community loan to Italy will do nothing to improve Italy's payments situation.

### HUMPHREY-HAWKINS BACKERS IN HOUSE STAY HIDDEN

WASHINGTON, D.C., March 22 (IPS)—Contrary to normal House practice on major legislation, only two Congressmen, Rep. Henry Reuss (D-Wisc) and Rep. August Hawkins (D-Cal) have signed on as official sponsors of the Humphrey-Hawkins slave labor bill in the House. A year ago, an earlier version of the Humphrey-Hawkins bill was introduced with around 100 sponsors. Backers of the bill are claiming similar House support this year.

### CHICAGO BANKER ATTACKS HUMPHREY-HAWKINS BILL

CHICAGO, March 22 (IPS)—Beryl Sprinkle, a spokesman for the Chicago banking community, attacked the Humphrey-Hawkins Full Employment Act today, calling it the "most potentially dangerous piece of legislation in 20 years." Mr. Sprinkle, Vice President of the Chicago-based Harris Bank and Trust, made the charges at a press conference attended by all the major news media including Reuters, NBC, ABC, and CBS.

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In his attack, which is being widely interpreted as a policy statement for the entire Chicago banking and industrial directorate, Mr. Sprinkle said the bill was "reckless and a threat to free enterprise."

WALL STREET BANKER ADMITS: WORKERS WILL NOT TOLERATE HUMPHREY-HAWKINS SLAVE-LABOR LEGISLATION

NEW YORK, March 22 (IPS)--U.S. workers will not tolerate the implementation of the slave-labor "full-employment" Humphrey-Hawkins bill now being readied for railroading through Congress, according to a source close to "Big MAC" chairman Felix Rohatyn.

"It's true that the danger of a social revolution will be far greater if the bill is implemented rather than the other way around," said the source, in a comment on the fact that Sen. Hubert Humphrey (D-Minn), the co-sponsor of the fascist legislation, threatened a "social revolution" if his bill were not passed immediately in a speech at a Full Employment Conference in Washington, D.C. last week. "I'm not even sure if the trade unions will go along with it," he added.

IL TEMPO REVEALS AGNELLI'S FIAT SPY NETWORK

March 22 (IPS)--The current issue of the Italian weekly Tempo Illustrato continued a series of revelations on the arraignment of top Atlanticist, FIAT owner Gianni Agnelli, for the funding of coup plots dating back to 1964. Tempo reports that it received a note from the Prosecuting Magistrate Violante, which "implicitly confirms" all the charges made against Gianni Agnelli but denies that Gianni or his brother Umberto have actually been arraigned on the charges. As a courtesy the Agnellis were not officially arraigned at the Rome Tribunal but were questioned in the privacy of their own homes, the weekly explains.

Tempo also details the funding and deployment of fascist goons and thugs to police the FIAT plants: "Another Turin magistrate, the relations between FIAT and the famous agent provocateur, Luigi Cavallo."

Tempo reprints a letter sent from the agent Cavallo to Agnelli. "Most gentle advocate," Cavallo writes, informing Agnelli that he has set up and furnished weapons to three fascist squads. A fourth squad is made of professionals to "carry out the more difficult tasks." Cavallo mentions that his squads were responsible for press attacks on pro-development political figures, including Mayor of Milan Aniasi and Italian Socialist Party leader Giacomo Mancini and for arm-twisting politicians into opposing the policies of public sector industrialist Eugenio Cefis.

Cavallo proudly announces in the letter to Agnelli: "We are in a position now to provoke a series of scandals, which will stall the investigations into the death of Rocca," the coup plotter who was found dead in the FIAT administrative offices late last year.

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MEXICAN DELEGATION DEBUNKS UPSWING TALK  
AT NORTH-SOUTH CONFERENCE

March 22 (IPS)--The Mexican delegation to the current North-South negotiations in Paris has challenged the "exaggerated optimism" of the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD--the industrialized capitalist nations' organization) in claiming that the world is on the road to economic recovery. According to the Mexico City daily Excelsior yesterday, the Mexican delegation told the talks: "The inflationary tendencies that are appearing throughout the world would advise a moderation of the optimism of certain forecasts." The Mexicans were particularly critical of the "experts of UNCTAD (United Nations Conference on Trade and Development)" who "consider 'credible' the possibility that the necessary compensatory financing, especially to the Third World," would make an upswing possible.

The elaborate statistical studies prepared by the IMF and the OECD on the world balance of payments situation and presented at the talks were also questioned by other Third World delegations, according to Excelsior. The oil-producing nations, in particular, rejected the extensive statistics presented by the International Energy Agency and called into question "the true value of statistics presented by the organization made up of the great oil-consuming nations."

100,000 MARCH FOR NEW WORLD ECONOMIC ORDER IN MEXICO

MEXICO CITY, March 22 (IPS)--Over 100,000 workers, students, and peasants rallied here two nights ago to show support for the New World Economic Order. The demonstration, led by the leftist Democratic Tendency of the electrical workers union (SUTERM) under the leadership of Rafael Galvan, marched behind banners reading "Against imperialism, impose the New World Economic Order" and "No to austerity." In the official declaration of the demonstration, the Democratic Tendency called for alliances with the progressive wing of the ruling Institutional Revolutionary Party (PRI) and with "other democratic forces" around a common program of support for the pro-development foreign policy of President Luis Echeverria. The declaration also demanded measures to defeat right-wing forces within the PRI and emphasized that at this time there are only two alternatives for popular forces: "fascism or revolution, bourgeois program or proletarian program."

The Mexican Labor Party distributed 25,000 leaflets entitled "Debt Moratorium and New World Economic Order: The Only Alternative for Workers" at the rally. The U.S. Labor Party and the Eu-

Throughout the demonstration, which took place at the Monument of the Revolution in a central area of the city, under intense police surveillance, members of the Communist Party of Mexico and other police-controlled countergang groups tried unsuccessfully to provoke disturbances with security forces.

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A demonstration called by right-wing trade union elements in the PRI for the same time as the Galvan rally which was held in another downtown plaza did not interfere with the Democratic Tendency assembly.

#### ARAB PRESS ATTACKS SADAT ANTI-SOVIET MOVES

March 22 (IPS)--Egyptian President Anwar Sadat's economic policies and his repudiation last week of the Egyptian-Soviet friendship treaty amount to a "call to all parasitic layers and a demand that the working class be shut up," Iraq's Al-Gumhurriyya newspaper charged yesterday. "Under these conditions," Al-Gumhurriyya charged, "no social peace can be secured. The main task of the Egyptian revolution since 1952 was social justice; Sadat is now destroying this. Nobody can ignore the laws of class struggle and the open door policy won't lead to a productive society but only serves for speculation and subversion of the social system."

The Al-Gumhurriyya attack is carried on today's German Democratic Republic radio, Stimme der DDR.

The German Democratic Republic's Neues Deutschland magazine and the Soviet press agency Tass also report today growing attacks on Sadat from the Syrian, Iraqi, Palestinian, and Libyan press, which accuse Sadat of open collaboration with imperialism and renouncing the Arab liberation struggle. The Tass report concludes: "The break of the Soviet-Egyptian treaty is a break with all the principles of struggle against imperialism, colonialism, and for freedom, independence, and social progress, that is, a break with Egypt's leading position in national liberation movements."

#### LAROCHE DECLARES: "I WILL PARDON PATTY HEARST"

PARIS, March 22 (IPS)--In an interview here today, U.S. Labor Party candidate for President Lyndon LaRouche declared that he would pardon Patricia Hearst as soon as he is inaugurated President next January.

"There never was any doubt of the facts of the case. She was kidnapped, in the most violent manner, at gunpoint. The group that kidnapped her was led by a notorious police agent, Donald DeFreeze, and was partly composed of brainwashed graduates of the Vacaville behavior modification facility," LaRouche stated.

"Under the most aversive conditions," LaRouche continued, "subjected to terror by a band of homicidal psychotics, who had themselves been subjected to brainwashing, the captive Miss Hearst underwent a personality change of exactly the form any qualified specialist would immediately recognize as either circumstantially induced psychosis or deliberate brainwashing."

LaRouche charged that Miss Hearst had been railroaded despite the evidence, to protect "Henry Kissinger, Attorney general Edward Levi," and other leading figures internationally who are invol-

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ved in international terrorist operations including the Italian Red Army, the Weathermen, the Black Liberation Army, the Baader-Meinhof and the January 1974 London Heathrow Airport affair. He stated that "any competent investigation of the National Security Council and Department of Justice connections to the Symbionese Liberation Army CIA-type operation would have inevitably uncovered the biggest and most hideous scandal yet exposed which would bring down not only Kissinger and Levi but heads of parties and government departments in a number of nations."

WASHINGTON STAR SAYS FORD ADMINISTRATION  
CONSIDERING MILITARY MEASURES AGAINST CUBA

March 22 (IPS)--The Washington Star reports today that "there are few doubts "among sources close to Ford Administration policy-making that "Cuba will be the theater of any response" the Administration makes against further involvement of Cuban troops in southern Africa. Measures being considered, according to the Star include, 1- a blockade similar to that of 1962 2- "conventional attacks" launched from the U.S. naval base at Guantanamo Bay to "extend the perimeter" of the U.S. base 3- direct invasion of the Island and 4- "limited air attacks" against the island, possibly linked with one or more of their "options."

The Star asserts that the Administration believes any direct U.S. involvement in Africa would incur "too high a political cost in an election year," and would isolate the United States from the rest of the continent. Although direct action against Cuba would involve a different continent, "from a purely military point of view," the Star notes, it would be easier to take such direct action than "cross the ocean to fight the Cubans in Africa."

As for possible Soviet response to a U.S. action against Cuba, the Star reports that Washington believes the Soviets "would only use words," in the same way "the United States did not interfere with (Soviet) operations in Hungary and Czechoslovakia."

FRENCH RAILWAY WORKERS CONTINUE STRIKE DESPITE LEADERSHIP'S ORDERS

Paris, March 22 (IPS)--Members of the autonomous union of Railway workers in France continued their strike over the weekend, defying explicit orders of the leaders of the CGT and CFDT trade union federations to restrict the strike action to a one-day affair last Friday. The CGT is the largest French trade union with close ties to the French Communist Party.

The railway workers strike action culminated in a major demonstration today in Paris supported by both the CGT and CFDT. However, following the autonomous workers' union action over the weekend, the national railway arrangement has cut off further contract negotiations with the workers.

FOOT ADVOCATES 'WAR SOCIALISM' IN BID FOR LABOUR PARTY LEADERSHIP

March 22 (IPS)--The British Employment Secretary Michael Foot has advocated what the Sunday telegraph called "war socialism" in his bid to be elected Prime Minister and head of the British Labour Party during elections to be held later this week.

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Speaking before a local Labour Party audience, Foot likened the collective determination of Britain's present 'social contract' policy -- under which the trade unions cooperate with the government in imposing austerity -- to war-time Britain when "overnight almost, Britain became a country suffused by what I would describe as a Socialist inspiration. The sense of common purpose for the whole community took command; the class barriers started to come down; the unrivalled skill and ingenuity of the British people so long stifled by the pre-Tory establishment, was unleashed." Foot concluded: "It was, over many fields and in many factories, industrial democracy in action. That is what we need again today."

According to the Sunday Telegraph, Foot, who is running a strong second behind Foreign Secretary James Callaghan, is also considering a deal with either Callaghan or third runner Jenkins, because only he (Foot) "can contain the left-wing extremism and hold the unions to a new phase of incomes restraint."

#### "MARCH OF THE POTS AND PANS" SIGN OF DOOM FOR ARGENTINE GOVERNMENT

March 22 (IPS)--Hundreds of women from the Argentine border province of Mendoza have begun the practice of "running through the streets banging on pots and pans" to demand an end to the "limitless rise of prices" under the government's new austerity program, according to AP reports yesterday.

The AP wire notes that identical demonstrations by Chilean housewives in Santiago immediately preceded the fall of the leftist regime under then President Salvador Allende in 1973.

#### FUSION ADVANCEMENT REPORTED AT OAK RIDGE LAB

March 22 (IPS)--In a press release dated March 9, the Energy Research and Development Administration (ERDA) announced that researchers working on the Oak Ridge National Lab (ORMAK) Tokamak had achieved the highest temperature tokamak plasma to date by utilizing the injection of high energy neutral beams.

The heating produced a stable high temperature plasma with a plasma beta of one and a half per cent, 300 per cent better than in any previous "conventional" tokamak plasma. Plasma beta is the measure of the efficiency with which the magnetic fields are utilized to confine hot plasmas -- a tokamak plasma beta of 4 per cent is the minimum needed for reactor regimes fusion plasmas.)

Based on the combination of this result with new calculations at Princeton and MIT on the feasibility of "beam-driven" thermonuclear tokamak reactors, such as the high density Alcator Tokamak, which would operate with already attained plasma conditions, Dr. Robert Hirsch, Assistant Administrator for ERDA Advanced Energy Systems testified before Congress March 17 that commercial fusion is possible to achieve in the 1980's.



# NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

COMBINED ISSUE  
TUESDAY, MARCH 23, 1976

## I. PRIORITIES.

### GAULLIST LEADER DEBRE DECLARES FRENCH CRISIS OUT IN OPEN; CALLS FOR NEW GOVERNMENT

March 23 (IPS)--Gaullist baron and former French Premier Michel Debre said today that the crisis in the French government is now out in the open and called for the formation of a new government of "public safety." In a statement in today's conservative French daily, *Le Figaro*, Debre describes the "disastrous domestic reality" brought about by the policies of the current French government of pro-Atlanticist President Giscard d'Estaing. Giscard's policies, Debre states, "have been marked by a constant hyperinflation whose economic, social and political consequences are visible and which does not experience any real slowdown." He terms the foreign policy of Giscard "no less anguishing" and says that both Giscard's "Atlanticism, that is, submission to the U.S.," and "neutralism" are unacceptable. The Gaullist leader then lays out a program for industrial growth, agricultural expansion and social cooperation.

"The crisis is open," he concludes. "Once again a choice need be made: either of a government of public safety, based on the authority of the State, financial rigor, social solidarity, national independence, or of a slide towards social desolation, economic weakening, foreign submission.... We are in a melee and, from now on, events will go fast."

Debre went on radio tonight to appeal for mass support for his proposal. "What I want is the formation of a government of 'public safety,' i.e., an emergency government which would implement the following program in the period ahead:

- a monetary policy capable of firming up our currency,
- a policy of social progress,
- a firm family policy,
- a firm policy of national independence."

Debre specified that he did not want an "austerity policy" but rather one of social progress and expansion. He called for an incomes policy like that under the late French President Charles de Gaulle whereby the unions would agree to wage limits in exchange for more jobs, through industrial expansion and guaranteed income.

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FRENCH INDUSTRIALIST ATTACKS U.S.,  
SAYS NEW MONETARY SYSTEM IS NEEDED

March 23 (IPS)—Acting as official spokesman for the French National Employers Association (CNPF), steel magnate Jacques Ferry today called current and past tariff negotiations dysfunctional, "without the establishment of a new and equitable monetary system." In an interview in today's French daily, Le Monde, Ferry said, "There is not much sense in negotiating new tariff reductions in a world which knows such monetary instability." At several points in the interview, the industrialist attacked the U.S. government's policies.

He described the negotiating attitude of the United States at the GATT trade talks on international trade now taking place in Geneva, as giving "the impression of wanting to bend the negotiation to purely American political considerations." Ferry warned against an "American drift" towards protectionism and defended expanding international trade as allowing "the remarkable expansion of Western economies during the 25 years following the war." Ferry stressed that the CNPF will continue to support efforts to "set up a monetary system sheltered from shakeups and imbalances."

WFTU CALLS FOR WORKING-CLASS SOLIDARITY  
IN FACE OF WORLD MONETARY CRISIS

March 23 (IPS)—The World Federation of Trade Unions (WFTU), the Soviet-linked international labor organization, today issued the following call for working-class solidarity in the face of the monetary crisis:

"The WFTU will soon publish a communique calling for international action and solidarity in face of the crisis of the capitalist monetary system.

"For the WFTU, the last period of the crisis signals a deepening of the crisis, the cause for which is to be looked for in the policy followed by the governments and the leaders of the multinational companies of the Western world.

"This new disturbance will lead to new price increases, aggravation of unemployment and new attempts to block wages in the capitalist countries. In the underdeveloped countries which are still in the orbit of imperialism, these perspectives are: increase of international prices, a diminution of export possibilities, growing indebtedness.

"For the WFTU, there is the necessity and possibility for struggles beyond national borders, an economic policy in its international context which must be destroyed.

"The WFTU calls for international action and solidarity for:  
--opposing the disastrous policy of the multinational companies,  
--fighting the devastating effects of the present international

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monetary system,

--imposing a profound democratization of international monetary institutions, to fight the hegemony of the United States;

--installing a fundamentally new monetary system on a world level...with the participation of the socialist countries and the underdeveloped countries."

The statement was published in today's L'Humanite, the newspaper of the French Communist Party.

#### BALL TERMS CALLS FOR NEW MONETARY SYSTEM "PROPAGANDA"

March 23 (IPS)--Leading Wall Street investment banker and Wall Street economic policy strategist George Ball said in an interview today that recent calls for a new international monetary system by such people as Gaullist leader and former French Premier Michel Debre were "just propaganda."

Asked by a French correspondent to comment on Gaullist leader and former Prime Minister Michel Debre's declaration of war today against the Atlanticist government of French President Giscard d'Estaing, Mr. Ball declared that "Debre after all is a doctrinaire, an extreme Gaullist who does not have any serious following." Although the Western press unanimously admits that Giscard's government is presently shaking under the weight of a growing anti-Atlanticist offensive from key Gaullist forces led by Debre, Mr. Ball denied there was "any crisis" in France, asserting that "Giscard still has support" while the "Gaullist position has been shrivelling up over the past three years." "Since he has left Matignon (i.e. the residence of the French Premier), Debre has been a lonely voice," Mr. Ball remarked. "I would not take what Debre says seriously. He is a semi-comic figure."

#### YOUNG GAULLISTS REVEAL PERSONAL FAILURES OF PRESIDENT GISCARD

PARIS, March 23 (IPS)--Bernard Loth, President of the Gaullist youth group in France, the Union of Youth for Progress, at a press conference here today exposed the three recent "personal failures" of pro-Atlanticist French President Giscard d'Estaing. Loth described Giscard's defeat in the recently concluded cantonal elections as revealing the French people's desire for "a great national design." Loth also listed as Giscard's failure the refusal of the Gaullists to vote for the Tindemans plan for European integration. Finally, Loth insisted that a return to a fixed exchange rate for the French franc "is indispensable," attacking the Giscard government floatation of the French currency.

Citing the "disappointment of the French electorate with their President, Loth described Giscard as "a weathercock" and urged the Gaullist UDR party to "accentuate even more its spirit of independence," tomorrow's edition of Le Monde reports.

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March 23 (IPS)--Referring to speeches denouncing the Atlantic Alliance recently made by French Prime Minister Jacques Chirac and Foreign Minister Jean Sauvagnargues, a lead New York Times editorial today warns the U.S. State Department that "no country enjoys being lectured to by outsiders on how to cope with its problems." Although "Communist sharing in national power carries risks" for Italy, France and NATO, the U.S. government's "steady stream of public warnings" weakens European Atlanticists, the Times editors write. "Politicians usually friendly to the U.S. take over from the Communists in denouncing it."

GROWING FEAR ON CURRENCY MARKETS THAT  
WEST GERMANS WILL NOT UPVALUE D-MARK

March 23 (IPS)--Traders on the international currency markets are fast giving up hopes that West Germany will upvalue its currency, the deutschemark, foreign exchange sources reported here. Both the deutschemark and the Swiss franc, whose value had soared on the markets when the dumping of U.S. dollars developed over the last two weeks, today depreciated by one per cent against the dollar as speculators began liquidating their over-stocked holdings of the two currencies.

Sources at the major money center banks interpreted the new trend on the money markets as a reflection of West German industrialists "giving West German Chancellor Helmut Schmidt notice" that they will not tolerate a further destruction of their export markets through an up-valuation.

LONDON'S FINANCIAL TIMES CONCEDES A MONETARY SYSTEM DOESN'T EXIST

March 23 (IPS)--In an op-ed column in the March 20 Financial Times of London, Anthony Harris wrote, "We do not now have a single system which can be said to be functioning or breaking down." Under conditions where there is no international monetary system in place, similar to the 1941-44 World War II period, Harris adds: "What has happened in the last fortnight is not a crisis, but a rather sudden adjustment." Implying that the currency devaluations were Wall Street engineered, he points out that the sterling has stabilized at exactly the level recommended by the Rockefeller-connected National Institute of Economic and Social Research and similarly the French franc at a parity-level against the deutschemark that prevailed before France joined the European currency "snake" last July. Harris, however, fails to take into account the massive dumping of dollars verging on a run on that currency over the past fortnight.

HANDELSBLATT PUSHES EAST-WEST TRADE ON EVE OF MOSCOW MACHINE TOOL FAIR

March 23 (IPS)--West Germany's leading industrialist daily Handelsblatt praised U.S. industrialist Brook McCormick, chairman of the Chicago-based International Harvester Corporation, today for creating a minor economic revival in the firm's orders and

profits through expanded trade with the East bloc. McCormick has been a leading figure in U.S. industrial circles pushing for rapid expansion of such trade.

The article appears days before Federal Economics Minister Hans Friderichs leaves for Moscow to attend a 9-day West German machine tools industrial exhibition there.

#### WEST GERMAN INDUSTRIALISTS OPENLY STATE: MASS STRIKE MAJOR PROBLEM

March 23 (IPS)--The key issue in the present round of wage negotiations in the West German metal industries is whether or not the right to engage in wildcats is "legal," according to a front-page analysis in today's West German industrialist newspaper Handelsblatt. The paper also ran an editorial commentary on the current situation in Italy which predicted that the present industrial strike wave there "will be much more explosive" than that in 1969 because of the harsh austerity measures which have been imposed.

#### FINNISH UNIONS BREAK WITH GOVERNMENT AUSTERITY

March 23 (IPS)--The Finnish Food Producers Union and the Dockers will strike this Friday to protest ongoing wage negotiations being carried out within government austerity guidelines. The Finnish Communist Party is influential in both unions. The strike action was reported by today's Swedish Radio.

#### SUN COLUMNIST: KISSINGER SPEECH MARKS SHIFT IN STRATEGIC DOCTRINE

March 23 (IPS)--Baltimore Sun political columnist Henry Trehwitt today termed the speech by Secretary of State Henry Kissinger last night in Dallas as a major shift in U.S. strategic doctrine. Kissinger has abandoned the "Nixon Doctrine," which along with providing military aid to U.S. allies had relied on meeting a Warsaw Pact nuclear attack with a full nuclear strike, i.e., mutually assured destruction (MAD), Trehwitt writes.

#### KISSINGER THREATENS: U.S. WILL TAKE "RISKS" TO PROVE ITS STRENGTH

March 23 (IPS)--Speaking last night before the Dallas, Texas World Affairs Council, Secretary of State Henry Kissinger said that the U.S. must be prepared to demonstrate her strength to her allies by showing a "willingness to take risks."

"Other nations must not be led to doubt our strength or resolution," Kissinger told his audience, "for how others see us determines the risks they are prepared to run and the degree to which they are willing to place confidence in us."

The Secretary of State then proposed that the U.S. return to a strategic military doctrine similar to the 1960s "flexible response." "In a crisis," Kissinger said, according to a trans-

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script of the speech, "the President must have choices other than capitulation or resort to strategic weapons."

"Under the umbrella of nuclear equivalence, testing and probing at the local level becomes more likely," Kissinger stated. "Hence, over the next decade we must increase and modernize our forces -- air, land and sea -- for local defense -- our strategic capability for local and regional defense is essential to us and together with our allies, we must build up these forces."

Kissinger gave token support to majority black rule in Rhodesia, but added that U.S. "cooperation is not available to those who rely on Cuban troops," in a reference to black political organizations in Rhodesia. He then reiterated his warning: "The U.S. will not accept further Cuban military intervention abroad."

#### MILITARY ECONOMY COULD LEAD TO FASCISM IN WEST, LONDON PAPER CLAIMS

March 23 (IPS)--Defense correspondent for the London Observer, Andrew Wilson, warns in the March 21 issue that efforts by Western nations to maintain parity with the Soviets in conventional weapons could destroy Western democracy. "NATO is never going to match Soviet arms levels, or Soviet manpower, without becoming a massive military society based on an economy as wasteful as that of Russia itself," writes Wilson. "If it were so foolish as to attempt to do so it would find itself fighting not the Russians but its own people. It would, in short, have to become fascist."

#### TIMES SAYS ADMINISTRATION CONSIDERING RENEWED HEMISPHERIC BOYCOTT OF CUBA

March 23 (IPS)--The New York Times reports today that "Administration officials have suggested that if Cuban forces were introduced into the Rhodesian situation, action might be taken in this hemisphere (Latin America) to reimpose the hemispheric economic and diplomatic boycott of Cuba, which was lifted last year."

#### ROCKY THREATENS EUROPEANS ON ALLOWING COMMUNISTS TO JOIN GOVERNMENTS

March 23 (IPS)--Vice President Nelson Rockefeller charged today that the United States would have to review its relationships with any Western European government that included Communists, according to the New York Times. Speaking in Paris, Mr. Rockefeller denied that NATO Supreme Commander Gen. Alexander Haig's recent threats against Western Europeans on the consequences of their allowing Communists into their governments were equivalent to interfering in the internal affairs of those countries. Apparently alluding to heated protests by French leftists against the warnings as being interference in French affairs, Mr. Rockefeller added that French politicians are using Gen. Haig's statements for their own purposes.

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Vice President Rockefeller visited Paris as part of his world-wide tour which will include visits in Southeast Asia, Australia and a number of other countries.

#### ALGERIA, ANGOLA COOPERATE ON PETROLEUM PRODUCTION

March 23 (IPS)--A team from the Algerian national petroleum company, SONATRACH, has arrived in Angola for discussions with the Angolan government, according to today's Journal of Commerce.

The Algerian government has offered to make all its expertise available in starting an Angolan national oil company and in negotiations with Gulf Oil and other international oil companies, the Journal reports.

#### BANGLADESH LOOKING TO U.S. FOR ARMS

March 23 (IPS)--The government of Bangladesh is looking to the United States for arms supplies, the State Department confirmed yesterday. A State Department spokesman said that the Bangladesh government "has talked to us about Bangladesh's need for arms in general but there have been no specific requests." The spokesman claimed the U.S. had no intention of providing either grants or credits for arms purchases by Bangladesh but "we would consider granting licenses for commercial purchases of communications and transportation equipment." The spokesman refused to comment on the impact of such sales on relations between Bangladesh and India, whose alleged threat to Bangladesh was cited in the Washington Post yesterday as the motivation for arms purchases.

The State Department confirmed that Vice Marshal Tawab, the chief of the Bangladesh Air Force and a former NATO officer who played a leading role in the August murder and overthrow of the government of Mujibar Rahman, will come to the U.S. within the next 10 days.

#### LABOR LEADERS FLEE ARGENTINA WHILE PERONIST GOVERNMENT AGONIZES

March 23 (IPS)--In the midst of growing rumors of a military takeover within the next 72 hours, the Argentine daily La Nacion reports today that many top official labor leaders, including the head of the powerful CGT (General Confederation of Labor), Casildo Herreras, left the country over the weekend and are now in Uruguay.

Simultaneously, Prensa Latina, the Cuban press agency, reports today that other labor leaders are packing their belongings and running away with their families to unnamed locations within and outside the country. The situation in the national Parliament is also an "exodus," Prensa reports. Legislators are reportedly going there just to collect their personal belongings and then leave.

(MORE)

A FRIEND AT CHASE MANHATTAN?  
SADAT MAKES DAVID ROCKEFELLER EGYPT'S FINANCIAL ADVISOR

March 23 (IPS)--David Rockefeller has agreed to become an "informal" financial advisor to Egyptian President Anwar Sadat following the Egyptian President's request that Rockefeller make Egypt more attractive to investors. According to yesterday's Boston Globe, "Rockefeller told Sadat...that he wanted to study the Egyptian economy more closely" and that Egypt would have to accept financing conditions from the World Bank and the International Monetary Fund before getting funds from Chase Manhattan.

"David is taking a look at the long-term cure for the Egyptian economy," the Globe quotes William Simon, U.S. Treasury Secretary, as saying. According to Simon, Rockefeller's relationship to Egypt is a "normal relationship between banker and client." The Globe notes that Chase Manhattan is already the fiscal agent for Israel.

EGYPTIAN PAPER PUSHES AUSTERITY,  
DETAILS IMF CONDITIONS FOR COUNTRY

March 23 (IPS)--In a March 19 article entitled "The Meaning of Austerity," Egypt's semi-official Al Ahram newspaper comments that austerity "does not only mean limiting consumption but also means that the government has to control spending and to change the form of consumption for individuals." Among the examples of recommended austerity measures, Ahram suggests that the Egyptian family "start to get rid of the living room and its 'expensive' furniture."

On the same page, Ahram notes that the proposals laid down by the International Monetary Fund delegation that just left Egypt include a devaluation of the Egyptian currency, a "review" of the long-standing policy of granting subsidies for essential goods, and the assigning of "experts" from the IMF to "draw up special measures in financial policies and budget imbalances."

OPPOSITION TO ASSAD LEBANON POLICY GROWS IN SYRIA

March 23 (IPS)--The Syrian government's support for Lebanese fascist President Suleiman Franjeh is "puzzling to many Syrians" and is provoking a "growing debate" within the Syrian Baath Party, New York Times reporter Henry Tanner reports today from Damascus.

According to Tanner, "Syrian frustrations over Lebanon come through clearly in conversations," as it has become clear that Syria has no favorite Lebanese personality on whom it can rely for the implementation of its policies." This intersects with a developing collapse in Syria's relations with the Lebanon-based Palestinian guerrillas upon whom Syria "depends heavily...for carrying out its Lebanese policies," Tanner notes.

(MORE)

## HOUSE UNIT SLASHES FUNDS FOR PIKE LEAK INVESTIGATION

March 23 (IPS)--A House Administration subcommittee voted unanimously yesterday to cut the proposed 350,000 dollar appropriation for the House Ethics Committee investigation into the leak of the Pike Committee report down to 150,000 dollars. An amendment offered yesterday during the Accounts subcommittee deliberations by Rep. Augustus Hawkins (D-Cal), which also passed, requires that 75,000 dollars of the 150,000 dollar allotment go to pay legal fees of persons called to testify in the investigation. According to the New York Times, the Congressman who proposed that the budget be reduced to 150,000 dollars, Samuel Devine (R-Ohio), and the rest of the subcommittee members opposed the original funding as a "boondoggle."

## NEW YORK MAYOR BEAME GIVES NOTICE; CITY TO PULL OUT OF SOCIAL SECURITY

March 23 (IPS)--New York City Mayor Beame yesterday filed notice that the city intends to withdraw city workers from the Social Security system at the end of two years. The move would "save the city 200 million dollars annually," according to city officials and would leave 113,000 city workers with a diminished retirement income. Workers with less than 10 years of contributions to Social Security would lose all Social Security benefits.

Victor Gotbaum, chairman of the Municipal Labor Committee and head of AFSCME District Council 37, attacked the Mayor's proposal for having "defaulted morally. He's trying to deprive hundreds of thousands of city workers of their retirement benefits."

## UDALL SUPPORTS BADILLO, DELLUMS ON DEBT MORATORIUM

NEW YORK, March 23 (IPS)--Responding to questions after a speech at a public fund-raising event here, would-be Democratic Presidential candidate Rep. Morris Udall (D-Ariz) declared his support for the debt moratorium calls of Representatives Herman Badillo (D-NY) and Ron Dellums (D-Cal). "I support them. I support debt moratorium. I think it's more saleable," Udall said. "But Humphrey-Hawkins (the Full Employment and Balanced Growth Act of 1976) can make it through Congress. Debt moratorium won't."

END OF COMBINED IPS FOR TUESDAY, MARCH 23, 1976

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

WEDNESDAY, MARCH 24, 1976  
COMBINED ISSUE

## I. PRIORITIES

### KISSINGER REFUSES TO RULE OUT INVASION OF CUBA

March 24 (IPS)--U.S. Secretary of State Henry Kissinger refused to rule out a U.S. invasion of Cuba if that country uses its military power to support black liberation movements in Southern Africa. In an interview in Dallas reported in today's New York Times, Kissinger said he did not want to discuss "any specific measures... You should not draw any conclusion for or against."

### MILITARY ANALYSTS FEAR U.S. MILITARY OPTIONS AGAINST CUBA INVITE CONFRONTATION WITH SOVIETS

March 24 (IPS)--New York Times reporter Drew Middleton today reports that "qualified military sources in Washington" are warning that any of the military options under consideration by the Administration in reaction to Cuban moves in Africa would involve serious risk of confrontation with the Soviet Union. These sources, Middleton says, warn that "the Soviet Union and Cuba are now so closely linked politically, economically, and militarily, that any action by the United States could lead sooner or later to a Soviet-American confrontation." They have also noted that a naval blockade of Cuba "would be far more difficult to enforce and even more risky than that imposed by the Kennedy Administration."

These same sources, Middleton reports, are equally concerned over the effects upon the Third World and upon Europe if they see that Kissinger's warnings "are only words unlikely to be supported by deeds."

### PENTAGON REFUSES COMMENT ON KISSINGER MILITARY THREATS

WASHINGTON, D.C., March 24 (IPS)--A Pentagon spokesman said today that the Department of Defense had no comment on the threatening remarks of Secretary of State Henry Kissinger in his March 22 Dallas speech because "that is a State Department affair." When asked if the military policies presented by Kissinger had anything to do with the Pentagon, the spokesman repeated "we have nothing to do with State Department affairs."

(MORE)

REPORTERS CONFIRM KISSINGER CONTINGENCY PLANS  
FOR MILITARY MOVES AGAINST CUBA

WASHINGTON, D.C., March 24 (IPS)--Two leading diplomatic correspondents Henry Trehwitt of the Baltimore Sun and Jeremiah O'Leary of the Washington Star affirmed O'Leary's charge that the U.S. has drawn up contingency plans for military action against Cuba in interviews today. O'Leary originally stated in the March 22 Washington Star that the U.S. has a four-part contingency plan for direct military intervention against Cuba should Cuba conduct further military operations in support of liberation movements in Africa.

Both Trehwitt and O'Leary expressed alarm at these findings, although Trehwitt cautioned that the policy -- which originated with Secretary of State Henry Kissinger -- has no backing in Washington. Trehwitt said he believes that the policy is more bluff than reality, and is geared to fuel the rightward shift of the Ford electoral campaign.

O'Leary said that he has informed Senator Dick Clark (D-Iowa), chairman of the Subcommittee on Africa, of his findings, and that Clark is proceeding to investigate recent public threats by Kissinger against Cuba, as well as the military contingency plans.

CALLAGHAN TO SOVIETS: "RHODESIA IS BRITISH TERRITORY"

March 24 (IPS)--British Foreign Secretary James Callaghan has told Soviet Foreign Minister Andrei Gromyko that "Soviet or Cuban foreign intervention in Rhodesia, even indirect, would be construed as an attack against Britain itself," according to an unconfirmed report in today's Washington Post. The Post attributed the remarks to "sources in London."

"Mr. Callaghan left Mr. Gromyko in no doubt that Britain supports American resistance to any new Cuban ventures, "says the Baltimore Sun today, also quoting "sources."

An official at the British Information Services in New York said today that these remarks "may be taken as reflecting unattributable briefings by the British Foreign Office."

SOVIETS WILL NOT BE PROVOKED, SAYS LONDON TIMES

March 24 (IPS)--London Times Op-Ed writer Edmund Stevens yesterday applauded the new U.S. "tough-line" on detente and assured his readers that the Soviets would not be goaded into retaliation against the recent U.S. position since "they are still as eager as ever for access to American technology and relations with American business firms..."

Stevens contends that after their "narrow" victory in Angola, Soviet policy experts may now "feel they may have underestimated American reaction. Now that Angola is a closed chapter, the Kremlin is unlikely to push its luck any farther in that direction. It will probably urge restraint on its Cuban understudies..."



### KENNEDY ATTACKS KISSINGER

WASHINGTON, D.C., March 24 (IPS)--In a major foreign policy speech to the Senate yesterday, Senator Edward Kennedy (D-Mass) attacked Secretary of State Henry Kissinger's recent threats against Cuban and Soviet "expansionism" in Africa. Congress was right to prohibit U.S. intervention in Africa, Kennedy declared. "A danger lies in a distorted view of our interests," the Senator continued, defining those interests to be strictly limited to Europe, Japan and Israel. Rejecting Kissinger's mootings of regional confrontations, Kennedy recommended the U.S. return to the policy of the John Kennedy Administration: support of national liberation movements in the Third World.

The same day Rep. Charles Rangel (D-NY) announced he was "especially appalled" at Kissinger's consideration of a naval blockade, air strike or invasion of Cuba, "Such overreaction could not help but have disastrous repercussions throughout the world," Rangel charged, according to the Daily World.

### ASSISTANT SECRETARY OF STATE FOR AFRICA SAYS THREAT OF SOVIET-CUBAN "INTERVENTION" IN RHODESIA IS "NOT REAL"

WASHINGTON, D.C., March 24 (IPS)--Assistant U.S. Secretary of State for Africa William Schaufele said that the threat of Soviet or Cuban "intervention" in Rhodesia was "not real," according to a source close to the State Department who spoke with him on Monday, March 22. "This tends to indicate that a situation is being contrived," the source said. Having spoken to congressional and State Department representatives over the past week, the source added, "No one I spoke to in Washington was very comfortable with the Kissinger policy -- of course I didn't have much contact with the real right-wing."

### ATLANTICISTS LINKED PRESS DENOUNCES KISSINGER

March 24 (IPS)--New York Times columnist James Reston today attacked U.S. Secretary of State Henry Kissinger's hardline anti-Soviet speech delivered in Dallas, Texas March 22, and declared that if "the U.S. has finally decided to draw the line against Soviet and Cuban military intervention...then the American people, who would have to carry out the warnings, have a right to know what the Secretary has in mind." Describing Kissinger as "frustrated" and his warnings as "vague," Reston asked: "What do these stern statements mean?" While bemoaning "the Communist policy of intervening in these 'wars of liberation'," Reston asserts that "the problem now" is that Kissinger is trying to "ram his policy down the throats of an unwilling congress or public."

In similar commentary on the Dallas speech, Washington Post columnist David Broder refers sarcastically to Kissinger as "a shining star" while describing George Kennan's defense of detente as "more intelligent" than Administration policy. Chalmers Robert, another Post columnist, writes that the Secretary's "demand for more of the same old involvement everywhere" in the world "goes too far."

(MORE)

### SOVIET SCIENCE AHEAD, WRITES RED STAR, DISPLAYING MISSILES

March 24 (IPS)--The Soviet military daily Red Star March 21 featured unusual front-page photographs of a Soviet strategic missile installation and troops on duty at missile controls, under the caption "constant combat readiness." The pictures continue emphatic warnings from Soviet Generals Yepishev and Grechko that NATO arms buildup policies are headed for war.

An editorial run next to these pictures discussed the important contribution of Soviet science and technological advances to the entire Soviet economy as well as defense requirements. "The international authority of Soviet science is high," wrote Red Star, "It holds the advance positions in solving the problems of thermo-nuclear fusion, atomic energy, laser technology... and several other important areas."

### PERONIST GOVERNMENT REPLACED BY MILITARY JUNTA

March 24 (IPS)--Early this morning the official Argentine government of President Isabel Peron was replaced by a military junta formed by the three armed forces commanders and headed by right-wing army chief general Jorge R. Videla. An official Armed Forces declaration on the coup said that "In the face of a tremendous 'power vacuum' capable of leading the nation to desintegration and anarchy, the national government had shown its lack of capacity to govern..." The military document strongly stressed "the Peronist government's lack of strategy to confront the constant increase of all extremisms."

Simultaneously all municipalities were ordered to hand over power to military authorities by midnight yesterday, culminating this morning with the resignation of Victorio Calabro, the governor of Buenos Aires, the most important state in Argentina, Isabel Peron was arrested and is reported being held pending military investigation of corruption charges.

According to press sources, the military junta plans to arrest all top labor leaders and factory leaders and take direct control of the powerful General confederation of Labor (CGT), many of whose top leaders have already fled to Uruguay.

Last night's march of troops into the city of La Plata, capital of the State of Buenos Aires, was strongly resisted by the left-wing guerrillas. Ten guerrillas were reported killed by the security forces.

### LULL ON INTERNATIONAL CURRENCY MARKETS CAUSED BY U.S. FOREIGN POLICY THREATS

NEW YORK, March 24 (IPS)--Foreign exchange traders and money market analysts here explained today's lull in trading on the international currency markets as being the result of the recent sharp turn in U.S. foreign policy towards a confrontationalist posture vis-a-vis the Soviet Union and the Third World.

The foreign exchange trading chief at one of New York's biggest banks asserted: "Since Monday there's very little change in foreign exchange positions other than some movement out of Deutsche-marks as some folks get convinced that the West Germans will not officially upvalue their currency. ...As long as the United States shows that it is strong to its allies, we will live without a dollar crisis, I assure you." Asked if he were referring to Kissinger's sabre-rattling performance during a Dallas, Texas speech two days ago and today's Wall Street-directed military coup in Argentina, he responded: "I wouldn't go as far as all that, but you have to show you're strong every now and then."

STATE DEPT. SAYS EUROPEAN MONETARY CRISIS WILL  
PUSH SAFETY NET THROUGH CONGRESS

WASHINGTON, D.C., March 24 (IPS)—the State Department is betting that a European monetary crisis and accompanying austerity, mass strike, and political upheavals will push Secretary of State Henry Kissinger's "safety net" proposal through congress, a spokesman for Undersecretary of State Charles Robinson said today. The spokesman indicated that the "safety net," the 25 billion dollar "Big MAC" fund which, the Western capitalist nations would put together to ensure the international banks receive weaker Western nations' debt payments on time, is the only U.S. fiscal policy for the crisis.

"Germany is not willing to extend loans to Europe to the extent she is being asked," said the spokesman. "We are terribly concerned about the Italian crisis and the situation in France and Europe generally, and we've sent our plan to Congress and the Fed (Federal Reserve) and are waiting for an answer. Funds need to be put together on a multinational basis to solve the crisis, and so they would be realized (lent) through the International Monetary Fund."

When it was pointed out that the safety net plan — which would bail out the banks at U.S. taxpayers' expense — is currently extremely unpopular in Congress, the spokesman laughed, "With a monetary crisis in Europe, the chances of getting it through are a lot better because you're focusing public attention on something which at this point to Congress is not a very sexy idea," she said.

BANK ANALYST: BANKS PROFITS COME FROM CURRENCY SPECULATION

NEW YORK, March 24 (IPS)—Warren Marcus, the chief banking analyst of the New York brokerage firm of Salomon Bros., revealed today that most of today's bank profits are based on the international currency crisis. "The current currency crisis has created exactly the kind of environment in which the sophisticated lenders can demand higher interest rates," Marcus observed. The bank analyst conceded, however, that if the crisis turns into a full-scale collapse, then "that's another story" the banks' profits would turn into losses and they would be in "are in real trouble." Bankers, Marcus noted, do not like to think about this latter prospect, since "it interferes with sound bank lending practices."

NO POLITICAL OPPOSITION IN EUROPE, CLAIMS ATLANTICIST

march 24 (IPS)--No resistance to U.S. hegemony over Western Europe exists in the Federal Republic of Germany, a prominent Atlanticist expert on West Germany said today, but only "differences of opinion on the currency level." According to a Johns Hopkins researcher, the expert, Richard Loewenthal, addressed a gathering of the Council on Foreign Relations yesterday on the subject of "Soviet strategy and Western European Communism." Professor Loewenthal, a leading advisor of West German Social Democratic Party Chairman Willy Brandt, declined comment on the substance of his speech.

DER SPIEGEL: KILL THE "SNAKE" OR FACE STRIKES

March 24 (IPS)--A call for upvaluation of the deutschemark appears in the latest issue of Der Spiegel, the West German weekly magazine. An article headlines "Snakebite Persists" contends that the last revaluation of the mark did not injure competitive pricing of West German exports, since severe inflation drove up prices among major trading partners.

The pro-Atlanticist Spiegel warns that further West German central bank currency intake in support of the European "snake" could cause enough inflation to unleash wildcat strikes and high wage demands by West German workers. Der Spiegel advocates the dissolution of the snake or the readjustment of parities. Either move would officially upvalue the mark.

STATE OFFICIAL WARNS THAT HARDLINE ON ITALY  
COULD PROVOKE DEBT MORATORIUM

March 24 (IPS)--A high State Department official warned today in a background interview that Secretary of State Henry Kissinger's "hardline" on keeping the Italian Communist Party (PCI) out of the Italian government could provoke a debt moratorium in Italy. The official noted that the United States has very little "maneuvering room" in the Italian situation because of the tenuous financial circumstances of the country. "If we get tough on the PCI question it might imperil the financial situation -- the Italians could threaten moratorium," he said.

The official, who claimed to be having a hard time winning the top officialdom in the State Department to his position, added that the Italian trade unions would only accept an austerity program if the PCI were brought into the government, "but the PCI itself is wary -- they know the lessons of Chile, and they fear civil war."

FORMER FRENCH FOREIGN MINISTER JOBERT  
CALLS GISCARD'S FOREIGN POLICY A "CEMETERY"

March 24 (IPS)--Former French Foreign Minister and Gaullist leader Michel Jobert yesterday publically compared the foreign policy of French President Giscard d'Estaing's government to

(MORE)

"an abandoned cemetery where iris and violets sometimes come back in the spring." Reported in today's Le Monde, Jobert also warned against "a tendency to take refuge behind chimeras" rather than deal with current realities.

Jobert's statements were made at a special press conference with foreign press representatives in Paris -- the first such conference on foreign policy since Jobert resigned two years ago.

#### GAULLIST YOUTH LEADER CALLS FOR GAULLIST INTERNATIONAL

PARIS, March 24 (IPS)--A leading member of the official Gaullist youth movement, the UJP, said today that "the Third World cannot survive without some kind of Gaullist policy." He also proposed the creation of a "Gaullist international."

#### WALL STREET BANKER EXPRESSES CONCERN ON GAULLISTS

March 24 (IPS)--A leading executive of Kuhn Loeb and co., the Wall Street investment bank, said yesterday that "there are a lot of pressures on NATO, but also a lot of reasons for preserving it," commenting on French Gaullist leader Michel Debre's call for an anti-Atlanticist, anti-austerity emergency government in France. Speaking to a French correspondent, the executive claimed that "things have been going in the direction of a strengthening of NATO and the Atlanticist forces in the past six months," but admitted that "the Gaullists as a whole are reluctant to go for (French President) Giscard's policy." He also conceded that the Gaullists represent "a threat in that they are opposing the European Parliament issue" (i.e. the Tindemans Plan for a NATO-controlled integrated Europe--ed.).

#### INVESTMENT BANKERS SAYS GAULLISTS POSE NO THREAT

NEW YORK, March 24 (IPS)--A leading economist for Brown Brothers Harriman told a journalist today that recent statements by French Gaullist leader and former Foreign Minister Michel Debre attacking NATO and calling for a new world economic order pose no serious threat to the Atlantic Alliance. "The Gaullists are making a lot of noise but they have no viable alternative....," the banking source said, "France has always been lukewarm to the Atlantic Alliance, and not a member of NATO. Giscard's efforts to get closer to NATO will just be forgotten." The source termed Debre's economic proposals "irrelevant."

#### WEST GERMAN PRESS RESPONDS TO GAULLIST ANTI-ATLANTICIST DRIVE

March 24 (IPS)--In an editorial comment on the recent call by French Gaullist leader Michel Debre for a government of "public safety", the West German daily Frankfurter Rundschau said today, "The Italian Communist Party and the Gaullists like to describe in the darkest colors the danger of a Europe controlled by West Germany and 'Atlanticists'."

(MORE)

According to the Rundschau, there is a basic difference between a crisis in a Gaullist government and the present crisis of French President Giscard d'Estaing's government. The Gaullists have never lost their base of support, as has Giscard, the paper notes.

#### US CALL ISRAELI WEST BANK SETTLEMENTS ILLEGAL IN UN DEBATE

March 24 (IPS)--The United States Ambassador to the United Nations, William Scranton, yesterday strongly denounced Israeli settlements on the occupied West Bank territory, describing them as "illegal and as a violation of Israel's treaty obligations," today's New York Post reports. Scranton who spoke during a UN Security Council debate on the recent unrest in the West Bank, said the presence of Israeli settlements in the occupied Arab territories "is seen by my government as an obstacle to the success of the negotiations for a just and final peace between Israel and its neighbors." One Yugoslav diplomat called the speech which marked a sharp shift in U.S. policy as the "most significant American policy statement on the Middle East in five years," the Post reports.

The Post also quotes a "personal comment" made by Scranton during the debate that he would "greatly appreciate informal discussions with any one and preferably all of you" on the Mideast problem. This was "universally regarded as an overture to unofficial contacts with the Palestine Liberation Organization," which is participating in the UN debate.

Scranton reported that his remarks on the West Bank were "dictated to him" by the State Department, the Post states.

The Israeli ambassador Chaim Herzog refused comment on the U.S. ambassador's statements and reported only that his government will evaluate them "very seriously."

#### WASHINGTON POST FEATURE BLAMES ISRAEL FOR WEST BANK UNREST

March 24 (IPS)--Today's Washington Post runs a lengthy feature article that portrays the Israeli occupation as being responsible for the unrest and tensions in the West Bank territories. The Post quotes one Arab West Bank resident as saying, "We want to get rid of the occupation. All our demands will be met when the occupation ends."

The article is laid out next to the jump of a front-page article on U.S. Ambassador to the United Nations William Scranton's speech yesterday, during which he called Israeli settlements on the West Bank "illegal."

#### ISRAELI PAPER ATTACKS GOVERNMENT WEST BANK OCCUPATION POLICY

March 24 (IPS)--"It will be difficult to restore the normal relations between the military rule (of Israel) and the Arabs of the (West Bank) territories that prevailed until a few weeks ago," the Israeli newspaper Ha'aretz wrote March 22.

(MORE)

Ha'aretz insists that Israelis should not "delude" themselves, since the "Arabs do not want" the occupation to continue, and "even if Israel can deny accusations of harshness, she will find herself in a position of self-defense so long as she maintains that the problem of the West Bank is the least urgent of the political issues today."

PFLP ESCALATE ORGANIZING AGAINST SAIQA;  
CALLS FOR ITS EXPULSION FROM THE PLO

March 24 (IPS)--Geroge Habash, leader of the leftist Popular Front for the Liberation of Palestine demanded that the Syrian controlled as-Saiqa guerrilla organization be expelled from the umbrella Palestine Liberation Organization, according to today's Washington Post. Habash also urged Palestine Liberation Organization (PLO) leader Yasser Arafat to end "political and military unity" with Syria, an allusion to the loose alliance between the plo leadership and Syrian President Hafez Assad. According to today's New York Times, the PFLP has also pamphlet circulated in Western Beirut accused as-Saiqa and the Syrian government of siding with the fascist Falange party in Lebanon.

SUPREME COURT AGAIN CURBS CITIZENS RIGHTS  
AGAINST POLICE-STATE METHODS

WASHINGTON, March 24 (IPS)--The U.S. Supreme Court has eliminated yet another area of the rights of citizens to seek redress against police-state methods in a decision issued yesterday. The Court held that citizens may not use the Federal Courts to sue a state or local official, such as a police officer, who defames or libels someone, according to today's New York Times.

The ruling specifies that police can publicly identify an individual as a criminal, and that that person cannot use the Federal civil rights laws to sue the police for damage to his reputation. This decision, following other recent decisions giving prosecutors immunity from civil suits and denying the liability of police officials for the actions of their subordinates, is fast replicating in the U.S. the legal-judicial system of Nazi-Germany, when Nazi officials had a free hand to publicly slander and attack citizens who themselves had no rights of redress.

The new decision was attacked sharply by three judges who wrote in their dissent: "the potential of today's decision is FRIGHTENING FOR A FREE PEOPLE". THE DISSENT ACCUSED THE COURT'S majority of allowing "arbitrary and capricious official conduct branding an individual as a criminal" without due process.

END OF COMBINED IPS 03-24-76



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE  
COMBINED DAILY NEWS ROUND-UP  
MARCH 25, 1976

## FORD REAFFIRMS KISSINGER'S ANTI-CUBAN THREATS

March 25 (IPS)--President Ford yesterday threatened that the U.S. would take "action" if Cuba used troops abroad again as they did in Angola. Speaking to a select group of senators, the President backed up "national policy" statements made earlier in the week by Secretary of State Henry Kissinger in a speech in Dallas, today's Baltimore Sun reports. Senator Richard B. Stone (D-Fla.) who was present at the meeting, is quoted by the Sun as saying that Mr. Ford's remarks should alert Fidel Castro that "what they have to deal with is not Kissinger making speeches around the country but a sincere and well-considered and strongly held conviction of the President himself. ...what he is telling Castro is: do not use military troops overseas without thinking who will pay the penalty."

## STATE DEPARTMENT SAYS WE NEED A TOUGH LINE ON EUROPE

March 25 (IPS)--The chief State Department liaison with the OECD (Organization of Economic Cooperation and Development) admitted in an interview today that the Europeans were "getting out of line and hence we have to exert leadership....the problem is we don't know where to lead them to."

Denying that Secretary of State Henry Kissinger will resign before the Presidential elections, the State Department official added: "We need Kissinger's 'tough line' to keep the schizophrenic Europeans from making too much noise. We need Kissinger now that there is trouble brewing on the labor front there. We should oppose Communist entry into governments the best we can."

Asked as to how the U.S. planned to take care of the major international payments crisis between March 31- April 5, the official declared: "the 25 billion dollar safety net to bail out European countries will pass Congress very shortly. For the Third World we will give debt relief to ten or so countries." Calling the international currency crisis as "essentially a European problem," he endorsed the breakup of the European currency snake as a step in the right direction.



REAGAN TO "REDEFINE THE CONTEST" - BEEF UP HIS ATTACK ON DETENTE

March 25(IPS)--Would be Republican Presidential candidate Ronald Reagan will appear on television next week in an attempt to "redefine the contest" the New York Times reports today. His aides indicated that following his victory over President Ford this week in the North Carolina primary, Reagan will be retaking the initiative as an "anti-establishment" candidate with "the main focus being his anti-Kissinger, anti-detente stance..." Reagan campaign sources said that his television address will be a focussed attack on President Ford's foreign policy, and that the U.S. is lagging behind the Soviets militarily.

RAY CLINE CALLS FOR RETURN TO CONTAINMENT POLICY;  
CALLS KISSINGER THREATS COUNTER-PRODUCTIVE

March 25 (IPS)--Georgetown University think-tanker and an ex-CIA station chief in Europe, Ray Cline said in an interview today that U.S. foreign policy should be based on the conception of containment of the Soviet Union to delineated spheres of influence. Indicating that the Soviets respect the U.S. sphere of influence in Western Europe, Cline stated that the confrontationist policy vis-a-vis the Soviets as reflected in provocative statements by Secretary of State Kissinger in Dallas this week was "counterproductive." Kissinger's threats over Soviet involvement in Africa and tough talk has only succeeded in producing a backlash against the United States in Western Europe, Cline indicated. Instead, he proposed that "the model for Europe has to be something like the Marshall plan."

He declared that if necessary, the Socialists could "control" the Communists in a coalition in France and Communist participation in the government was essential for thoroughgoing economic measures in Italy even though there was always the danger of them building a veto power in their base.

GEORGE BALL RESPONDS TO KISSINGER'S ADVENTURISM  
AND CALLS FOR RETURN TO TRADITIONAL CONTAINMENT

March 25 (IPS)--In a speech last night at Lehigh University in Bethlehem PA., Wall Street investment banker and former Under Secretary of State George Ball called for a halt to all "proxy skirmishes" such as Angola and a return to a more traditional containment approach to controlling the Soviet Union in the Third World and Europe. He contrasted Secretary of State Henry Kissinger's "gross overplaying" of the Soviet-American strategic conflict to his own concern that the European Economic Community be strengthened to stop the "growing chaos and anarchy in Europe". Singling out both Italy and France as particular trouble spots Ball stated that the process of chaos must be prevented from worsening "to a point where Europe was ungovernable." For the present he indicated that there was a temporary need to accept "a few Communist ministers" in Europe, who

(more)

would be voted out again later. He placed great emphasis on the break of the Western Communist Parties from the Soviet Union. Ball emphasized Soviet "economic weakness" and diminished influence.

#### CONGRESSMAN BINGHAM CALLS KISSINGER SPEECH "DANGEROUS AND HARMFUL" TO U.S. INTERESTS.

March 25 (IPS)—Rep. Jonathan Bingham (D-NY) said today that Secretary of State Henry Kissinger's Dallas speech was "dangerous and harmful" to U.S. interests in Africa. In an interview, Rep. Bingham said "Kissinger's warnings to Cuba are dangerous and empty as long as he doesn't say what specifically he has in mind. It encourages Rhodesia to feel that maybe the U.S. will prevent Cuban troops from going into South Africa but unless we do things that are completely out of the question we can't do this. His statements are dangerous and harmful to our position in Southern Africa." Indicating that the U.S. has "substantial" interests in Africa, Bingham said that he feared that the failure of the U.S. to participate "more actively in peaceful change" in Southern Africa would only lead to greater Soviet influence.

#### CALLAGHAN STRESSES DETENTE IN TALK WITH GROMYKO

March 25 (IPS) -- At a luncheon yesterday for Soviet Foreign Minister and Politbureau member Andrei Gromyko, British Foreign Secretary James Callaghan suggested that Anglo-Soviet relations had passed from a "new phase" to "normality," the London Times reported. "Your government and mine are bound to have disagreements," Callaghan said. "But the important thing about normal relations is that they should permit us to engage in the cut and thrust of debate and still remain on friendly terms. Conversely we must be constantly alert to the need for a sense of restraint and responsibility if we are to ensure that crisis situations do not diminish the credibility of what we have achieved through detente in Europe."

Callaghan's remarks, stressing the British commitment to work along with the Soviet Union for the relaxation of world tensions, are strongly contrasted to reports published in yesterday's U.S. press that the British Foreign Secretary would underscore the recent warnings by Secretary of State Kissinger against Soviet intervention in Southern Africa.

#### INDIAN FOREIGN MINISTER CHAVAN ATTACKS KISSINGER CONFRONTATION POLICIES

March 25 (IPS)— Speaking before Parliament today, Indian Foreign Minister Y.B. Chavan strongly condemned U.S. Secretary of State Henry Kissinger's recent declaration that the non-aligned countries "want confrontation with the industrialized nations." To the contrary, Chavan stated, the unity and solidarity of the

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non-aligned group permits it to play a decisive role at all international forums. Chavan's statement was reported by the Cuban press agency, Prensa Latina.

#### NEW YORK BANKS WILL GANG UP ON BELGIAN FRANC TO BUST "SNAKE"

New York, March 25 (IPS)-- Foreign exchange traders at major banks here report that "if there is no realignment of the European currency snake (the arrangement by which the European currencies float against each and are maintained at "floor variances" by central bank intervention) by this weekend, we will bust the "snake" by ganging up on the Belgian franc." The sources doubted that a "voluntary readjustment" of the snake would occur by Monday. The traders report that the money center banks here are losing 10 million dollars a day for every day that the weaker currencies do not officially devalue.

#### FRENCH BANKER PROPOSES TREATY ON GOLD PRICES

March 25 (IPS)-- Jean Denizet, spokesman for the Banque de Paris et des Pays-Bas, one of the largest French private banks, called today for a compromise between the United States, the Soviet Union and other gold-producing countries on the stabilization of today's wildly-fluctuating international gold prices. Writing in the the West German industrialists' daily Handelsblatt, Denizet clearly implied that the aim of this move is to create the precondition for the use of gold as an interim solution to the present dollar-based payments system. "What is difficult to understand," he said, "is the fixation, in the psychological sense of the word, of American theoreticians and politicians on the myth of demonetizing gold...The international organization of currencies is not a theoretical study, it is a power struggle" with political consequences.

#### TETHER WARNS OF MORATORIUM THREAT; ADVISES ORDERLY SOLUTION

March 25 (IPS)-- Financial Times columnist C. Gordon Tether warned yesterday that there is a "growing threat of debt moratorium" among the developing countries. He advises the affluent countries to "show themselves prepared to listen to the arguments that are prompting this revolutionary proposal," or else there will be "very serious consequences indeed" for the international banking system.

Tether indicates that Third World countries are "deadly serious" about carrying out this threat and they will not drop it if the creditor countries refuse to go along. Financial pressure on the developing countries is so great, Tether writes, that they may seek to "lighten the burden in any way they can" up to and including "mass default in the nature of rough justice." In this case, even prior preparations by banking syndicates for the possibility of a single default would be to no avail, Tether warns.

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The sensible thing for the advanced countries, to do, advises Tether, is to "take the bull by the horns and offer to collaborate with the developing countries in finding a satisfactory solution to the debts problem--one that would provide them with adequate relief from their obligations without putting the international monetary structure in jeopardy."

#### HANDELSBLATT ARTICLE SUGGESTS CASE BY CASE DEBT MORATORIA

March 25 (IPS)-- An article in the International Banking section of today's Handelsblatt, West Germany's leading financial newspaper, says that "Critical phenomena can be recognized in real estate and shipbuilding. Roll over and moratorium are shaping up for the credits of the Third and Fourth World."

The article's author, Dr. E. Storch of the Deutsche Bank, West Germany's largest bank, suggest that "market problems can be overcome, and prevented in each case, by flexible proceedings"-- i.e., case-by-case debt moratoria.

#### JAPANESE PAPER REPORTS ON THIRD WORLD DEBT MORATORIUM DEMAND

March 24 (IPS)-- The March 20 Japanese daily Mainichi reports that at the Paris North-South Conference "Developing countries are expected to demand that their debts to industrial countries be shelved." The article also reported warnings from "international monetary sources" that such demands "may well trigger international financial uncertainty." The "sources" emphasized that 20 billion dollars in Third World debt is held by five major U.S. banks and warned, "either cancellation or a moratorium of payments on these loans could result in business failures." The paper adds that the U.S. banks are reconsidering whether to go ahead with additional 12 billion dollars in loans planned for this year. Mainic adds, "Japanese commercial banks, too, are hesitant to extend additional loans to developing countries, even more so than American banks. The report marks the first time any Japanese newspaper has reported the debt moratorium developments.

#### CZECHS COVER WEST EUROPE CURRENCY CHAOS

March 25 (IPS)-- The March 22 Czechoslovak paper Rude Pravo reviewed the Western monetary crisis in detail, concluding that the capitalists of Western Europe, unable to find a substitute for the dollar are just "hoping and praying." The Bank of Italy, noted the daily, "doesn't know how it's going to pay its debts."

#### TURKEY CONVINCED BROADER INTERNATIONAL TIES NECESSARY

March 25 (IPS)-- the march 21 Pravda, the official Soviet Communist Party newspaper, reports that as a result of increasing economic problems caused in part by large expenditures on mili-

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tary equipment, many layers of Turkish society are becoming convinced that the country does not need "closed military groupings" --a direct reference to NATO. These layers, Pravda reported, are turning towards broad international contacts, relations of friendship and business cooperation with all states, large and small.

Pravda noted that a recent issue of Haber, a Turkish newspaper published a discussion stressing the need for cooperation with the Soviet Union. Pravda added that Turkish relations with Bulgaria and Czechoslovakia have improved, while ties with the Soviet Union are also strengthening.

#### JOBERT BLASTS GISCARD'S ZERO GROWTH POLICY

March 25 (IPS) -- Independent Gaullist leader Michel Jobert yesterday attacked the "advanced liberalism" of French President Giscard D'Estaing as "a nice lullaby which has caused the sleeper to forget his daily difficulties." Echoing previous statements by Gaullist leader Michel Debre calling for a policy of social progress and expansion, Jobert targetted the "ferociously anti-family policy" of Giscard during his term as French Finance Minister in the 1960's, according to today's Le Monde.

According to Jobert, Giscard has engaged in a constant "nibbling away" of family allocations, in an effort of "reabsorbing the deficit" of the French Social Security administration.

#### U.S. PUSHES NEW MIDEAST SETTLEMENT PLAN MINUS SYRIA AND THE PALESTINIANS

March 25 (IPS)-- The Ford administration is about to launch "a new diplomatic initiative" in the Mideast which will include the anti-Soviet states of Egypt and Jordan leaving the "militant Syrians and Palestinians out of the picture," reports today's New York Post.

The plan, according to the Post, would involve "the return of a demilitarized West Bank to Jordan and the entire Sinai peninsula to Egypt." The Post indicates that the U.S.' intention to carry out this initiative is behind U.S. Ambassador to the United Nations William Scranton's recent "Security Council condemnation of Israeli West Bank settlements as illegal and an obstacle to peace."

#### U.S. PUSHING FOR ISRAEL-ARAB PRO-AMERICAN "SOUTHERN TIER" IN MEDEAST

March 25 (IPS)-- The recent Egyptian abrogation of a friendship treaty with the Soviet Union appears to be "part of a scenario approved, if not actually written, by the State Department to forge the southern tier of the Arab world into a solid, pro-American bloc, with Israel a part of it," the March 21 Jewish Week, a widely read American Jewish newspaper, reports.

Claiming to base his report on leaks from diplomats from Arab oil states along the Persian Gulf, Jewish Week correspondent

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Richard Yaffe indicates that Saudi Arabia will be the "primary financiers<sup>2</sup> of this bloc, which will be counterposed to a "northern tier" of Syria, Iraq, and Lebanon, all "under Soviet sway, economically and militarily."

In this scenario, Israel is seen by the conservative Arab states as a "necessary evil," the "sole power in the area which can hold the line against...Soviet encroachment on the south," Yaffe wrote.

#### SYRIAN OCCUPYING FORCES JUMP SHIP, JOIN LEBANESE LEFT

March 25 (IPS) -- Today's Baltimore Sun reports that many Saiqa guerillas "have left their command—in anger over the Syrian order to halt the movement of Lebanese Muslim troops backed by the main Palestinian guerilla movement of Yassir Arafat." According to on the scene observers, 50 to 100 members of Saiqa, the Syrian controlled guerilla movement in Lebanon, which have been assigned to guard fascist Lebanese President Franjieh's palace, have "openly aided Moslem gunmen" in attacking Christian strongholds.

The Syrian based Saiqa leadership has at the same time released a communique condemning the actions of Kamal Jumblatt, the leader of the progresseve Lebanese United Front, accusing him of "rekindling the fires of sedition and sabotaging the Syrian initiatives," the Sun reports. Saiqa warned that if an "escalation form the left comes from Aley (Jumblatt's headquarters), then there is nothing to prevent us from occupying Aley."

#### SADAT TRIP EXPECTED TO BE A FAILURE BY WEST GERMAN PRESS

March 25 (IPS) — On the eve of Egyptian President Anwar Sadat's scheduled one week trip to West Germany, that country's Suddeutsche Zeitung newspaper asks plaintively. "How can it be prevented that Sadat will come here with too high expectations? How can it be prevented that the visit will turn into a failure?"

In this context, the Zeitung notes that West Germany's own economic crises will surely prevent it from providing the levels of aid that Sadat will come asking for.

#### LEVI INTRODUCES BILL TO LEGALIZE WIRETAPS

March 25 (IPS) -- Attorney General Edward Levi unveiled proposed federal wiretap legislation March 23 which would allow the Attorney General to wiretap any citizen who is suspected of working for a foreign government or acting "pursuant to the direction of a foreign power" provided he applied for a warrant from any of seven designated federal judges within 24 hours after installing the tap. If the judge refuses to grant the warrant, the Attorney General can presumably appeal to the Supreme Court, or must notify the subject of the tap that he is being surveilled within 48 hours after installation of the tap.

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The aim of the bill, according to yesterday's Baltimore Sun, is to ensure that no federal wiretaps are installed without a warrant. The Sun stated that Levi said that "No American citizen is the target of a national security tap now," and that Sen. Edward Kennedy (D-Mass) and Rep. Peter Rodino (D-NJ) have agreed to introduce the bill.

In a press conference yesterday, the Sun quoted Kennedy as saying that he is not entirely satisfied with the bill yet and that he is especially concerned about a provision that leaves unrestricted the "Constitutional power of the President to order electronic surveillance for reasons of national security." Yesterday, Kennedy and Rodino introduced other legislation to limit the purposes for which American citizens and resident aliens can be tapped.

#### NEWS ANALYSIS:

#### REAGAN WINS IN NORTH CAROLINA TO FUEL WAR-MONGERING

March 25 (IPS)-- In a totally unexpected upset, Ronald Reagan defeated President Ford in the North Carolina primary March 23. Following a string of five primary defeats, especially in urban and industrial states, Reagan suddenly pulled his greatest votes in the heavily-populated cities in North Carolina. Reagan's "victory" is explained by the New York Times as a vote against detente and Ford's "pro-detente" Secretary of State Henry Kissinger. According to the Times' analysis, Ford won "only in the mountains, where anti-slavery Republicanism is more moderate."

U.S. voters may well wonder where the perception that Kissinger is pro-detente has come from. Monday night, the eve of the North Carolina primary, Kissinger made a widely publicized speech in which he refused to rule out blockade or attack against Cuba in the event of further Cuban military activities in South Africa. The speech, which commentators compared to the John Foster Dulles days, marked a consolidation of the Ford Administration's policy of cooling toward detente. Reagan's victory is expected to harden Ford's anti-detente line.

Reagan, following his unexpected victory, has announced that he has cancelled all campaign appearances for the next week in preparation of a major nationally-televised policy address, which will further propel Ford to the right.

Reagan's victory by a 52 to 46 percent vote margin, aided by large margins in Charlotte and Greensboro, is under close scrutiny by observers. The U.S. Labor Party has already extensively documented the Justice Department's fraud operation co-ordinated through the Mecklenburg (Charlotte) Board of Elections and the FBI-created "Red Hornet" countergang.

Reagan's first victory and Ford's first defeat came in the first race which was not run by Ford's original campaign manager, former Secretary of the Army Howard "Bo" Callaway. Ford's temporary manager, Stuart Spencer, a veteran of Nelson Rockefeller's Presidential campaigns, counseled a "low-key," non-political North Carolina campaign. In one North Carolina speech, Ford declared that homemaking was good for America.



# NEW SOLIDARITY International Press Service

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Press Release #43

## US SUPREME COURT AFFIRMS US LABOR PARTY LEGAL VICTORY IN PENNSYLVANIA

Washington, D.C., March 24-- The US Supreme Court has affirmed the ruling of a three judge federal panel in Pennsylvania striking down that state's restrictive petitioning requirements for third parties. US Labor Party attorneys who brought the case *Salera vs. Tucker*, were informed of the Court's decision today, ending litigation which began in August 1974. The US Labor Party was joined in the suit the Consumer's Party of Pennsylvania and Consumer Party leader Max Weiner.

The *Salera* case began in August 1974 when supporters of Congressman William Barret (D., Penn.) Pennsylvania's restrictive petitioning requirements incited attempt to throw US Labor Party candidate Bernard Salera off the ballot. Salera was running against Barret in a hotly contested race in the 1st Congressional district in South Philadelphia.

The Pennsylvania law cited by Barret required third parties to gather 30,000 qualifying signatures during a three week period seven months prior to the general election tying third party candidacies to the Democratic and Republican Parties primary races. While the US Labor Party's legal battle to secure Salera's place on the ballot was finally won on the State Supreme Court level a separate federal action was filed challenging the constitutionality of the petition gathering procedure.

David Heller, the US Labor Party's attorney in the case, successfully argued before a three judge panel headed by Federal Judge Newcomer that the petitioning period was too short and too remote from the general elections to guarantee the electoral rights of third parties. According to the argument now affirmed by the Supreme Court the restrictions proper to candidates of the Democratic and Republican Parties engaged in primary elections should not be applied to parties not participating in the primaries. The final ruling of the three judge panel reported in early August of 1975 voided the Pennsylvania statute and designed a petition gathering period up to August 21 for the US Labor Party and the Consumer's Party in election years. Pennsylvania appealed the ruling to the Supreme Court and subsequently asked for a stay of judgement until the Supreme Court issued a ruling in an attempt to force this year's US Labor Party's campaign to conform to the old statutes. The motion for stay was also denied by the Supreme Court.

In an interview today Heller located the significance of the Supreme Court ruling in its overturning of the most recent legal tactic of a State which has fought to keep Communists off the ballot. "The petition requirement was a sophistication on the simple jailing of Communist candidates which occurred in Pennsylvania in the 1940's." Mr Heller noted.



Mr Heller also said that the USLP is opposing a motion filed in federal court by the Communist Party USA to extend the Salera ruling to itself. (The ruling presently only applies to the USLP and the Consumers Party). The USLP is citing information concerning control of the CPUSA by the Federal Bureau of Investigation which was made public by the Senate Select Committee on Intelligence in its opposition to the CPUSA motion adding that "the CPUSA has not shown itself to be a legitimate party engaged in an electoral campaign." which began in August 1974. The US Labor Party was joined in the suit the Consumer's Party of Pennsylvania and Consumer Party leader Max Weiner.

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)  
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## NEW YORK BANKS SET ASSAULT ON EUROPEAN CURRENCY SNAKE FOR MONDAY.

NEW YORK, March 26 (IPS)--A canvass of foreign exchange departments of New York's major banks confirmed today that the banks intend, as one trader put it, "to gang up on the Belgian franc Monday and pull the plug on Europe" if a meeting of European central bankers scheduled for this weekend does not decide on a voluntary realignment of the European currency "snake" at a meeting this weekend. The Belgian franc is one of the weakest currencies in the "snake."

"Even the German banks have adjusted their foreign currency positions," said one foreign exchange trader, "expecting a devaluation of Europe's weak currencies this coming Monday."

The Wall Street banks are demanding that Europe officially devalue its currencies by between 30 to 40 per cent against the West German mark and the Swiss franc, combined with stringent austerity measures to guarantee debt payments by the weaker European debtor countries.

The crisis is being provoked to shock the U.S. Congress and Europeans into accepting the "safety net" proposal for an international "Big MAC" which would guarantee payment of Europe's debts through a combination of debt refinancing and fascist police state measures, along the lines of the New York City "Big MAC."

According to one Wall Street spokesman, the assault on Europe is being launched despite the threat that opposition to the austerity measures from French Gaullists, West German industrialists, and European workers may blow apart the dollar empire. "As you say, the March 31 payments crisis is here," he declared. "We have to act now or else it'll be too late...Labor trouble? So be it."

## SIMON CALLS FOR GLOBAL BIG MAC IN SENATE.

WASHINGTON, D.C., March 26 (IPS)--In testimony before the Senate Foreign Relations Committee today, Treasury Secretary William Simon urged the U.S. Congress to immediately pass a 30 billion dollar safety net to prevent especially European countries from defaulting on dollar-denominated debt. Simon said that the Safety net which would function as a global "Big MAC", would: (1) assure that financing is available in an emergency; (2) enable countries to abstain from self-defeating actions, e.g., trade wars; (3) would ensure a commitment from participating countries to

(more)

cooperate on economic and energy policies as a pre-condition to membership; (4) would ensure specific action by perspective borrowers to implement austerity domestically.

Simon assured the Committee that the U.S. would have a predominate voting bloc in the arrangement, ensuring its ability to veto any bailouts and dictate austerity terms to any borrower. In fact, Simon gloated, under the plan the U.S. would be in a position to dictate the internal policies for Italy, France or any other nation applying for credit, and thereby it would ensure that the U.S. had total control over the European community.

Senator Clifford Case (R-NJ) commented, "Although I'm dubious, maybe it's (the safety net) the best we can do. I just wonder if any type of gadget like this would do the trick." Simon replied, "The safety net provides the bridge to recovery...while speeding up the adjustment process through the imposition of stringent austerity." Case concluded, "I don't intend to vote against it, because I don't have an alternative."

Senator Jacob Javits (R-NY) pressed for adoption of the proposal, stating, "Isn't it true that keeping the Communist Party out of the Italian government is worth it?"

Senator Stuart Symington (D-Mo.) announced that he would oppose the proposal.

#### WASHINGTON POST ASKS COMBINATION OF BAILOUT AND AUSTERITY FOR EUROPE.

March 26 (IPS)--In a lead editorial entitled "And Now the French Franc", today's Washington Post claimed that the international monetary agreements at Rambouillet and Jamaica have broken down. With out large-scale financial assistance to Italy, the Post says, the currency markets will get completely out of hand, provoking a left shift in the "balance of world power."

According to the Post, "the sudden jolts and plunges" in the world currency markets, centered around the lira, pound and franc, are the result of "disparities among domestic inflation rates." While insisting that austerity is the only solution to this crisis, the Post warns that the necessary levels of austerity cannot be accomplished all at once without provoking a dangerous leftward political shift. "Italy is now becoming a classic illustration of the national condition in which trouble becomes circular, everything in turn making everything else worse," the Post explains. "The falling lira exacerbates inflation, because it makes all imported goods -- raw materials, foods, oil -- cost more. To meet the inflation the government desperately tries to impose a regime of austerity, meaning higher unemployment and higher taxes. Austerity accelerates the swing to the left, which incites further flights of capital, which drives the lira further down, and so on around again. In principle, the exchange rates are supposed to stabilize themselves at a new equilibrium level. "But,

according to the Post, this "principle" ignores the fact that "political paralysis and panic...is now visible in Italy."

The Post concludes with a call for large-scale, long-term bailout of Italy, principally by the United States, under conditions in which austerity is carried out over the long-term rather than all at once.

WASHINGTON POST EDITOR SPECIFIES WARTIME AUSTERITY FOR ITALY.

WASHINGTON, D.C., March 26 (IPS)—An editor of the Washington Post who helped draft the editorial in today's Post calling for a combination of bailout and austerity for Italy and other western European nations, today specified that the Post had in mind wartime levels of austerity. "Who knows what Italy can take," the editor said. "After all, we never thought they could get through the 1943-45 period and they did."

DIE WELT IDENTIFIES MITTERRAND AS FASCIST;  
ENDORSES HIM AS PRIME MINISTER OF FRANCE.

March 26 (IPS)—The West German Atlanticist daily Die Welt today exposed French Socialist party leader Francois Mitterrand as a fascist, and said this made him qualified to become Prime Minister of France.

Mitterrand's "career started as a follower of Petain's Vichy government, which is the French way of fascism," writes Die Welt. "After that, he was in the Resistance, a radical-conservative, and then a socialist, but at all times an anti-Marxist of the purest sort...His rise cannot be stopped, and he already overshadows his rival Giscard (President Giscard d'Estaing)...Mitterrand radiates an atmosphere of security."

Die Welt bases its support for Mitterrand on his consistent "faithfulness to the idea of Europe, along the lines of the Tindemans Plan," a proposal for a supranational, Atlanticist-dominated Europe. By contrast, Die Welt considers that President Giscard has been weakened by the anti-NATO resistance of the Gaullist UDR party, the main component of his "presidential majority."

WEST GERMAN ATLANTICISTS CONFIDENT GAULLISTS CAN BE BEATEN.

WIESBADEN, West Germany, March 26 (IPS)—Two leading West German Atlanticists expressed confidence today that French Gaullist resistance to Atlanticist looting policies in Europe could be broken. According to the press spokesman for the "Atlantic Bridge," the Gaullists "have only one possibility: continue to support Giscard (Atlanticist French President Giscard d'Estaing — ed.) or run the risk of Mitterrand (the French Socialist Party leader) emerging on the scene...Their only alternative is social chaos for France, and they, the Gaullists, would be to blame."

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A similar view was expressed by Georg Kliesing, a Christian Democratic parliamentarian who is involved in foreign policy making: "Giscard has a base...The majority of the Gaullists support him."

Both sources agreed that Socialist leader Mitterrand's star is on the rise, and that the Tindemans plan — a plan for a fascist, supranational Europe supported by Mitterrand and opposed by the Gaullists -- is still very much alive.

#### EURO-MARKETS CLOSED TO THIRD WORLD.

March 26 (IPS)--Lending to Third World countries on the Eurocurrency markets by commercial banks has virtually ceased for all but a select few political bail-out cases, according to figures on Euro-currency bank credits in Morgan Guaranty Trust's World Financial Markets of March, 1976.

The Morgan publication reveals that although gross lending to the Third World increased slightly in the first quarter of 1976 over the final quarter of 1975, the increase in loans to non-oil producing countries (from 2.01 billion dollars to 2.34 billion) was more than accounted for by a meteoric rise in lending to the Philippines, whose borrowing rose from 135 million dollars to 732 million. Most of the rest of the Third World lending went to the military dictatorships of Brazil, South Korea, as well as to pro-development Mexico. Mexico's foreign debt of 23 billion dollars is only slightly less than the 25 billion dollars of Brazil, the world debt record holder.

Similarly the bulk of developed country commercial bank loans, which registered an insignificant growth from 2.04 billion dollars in the fourth quarter to 2.25 billion in the first quarter, went to bailout operations for Italy and Britain under IMF austerity conditions. France, Spain, Greece, the U.S., and other major borrowers reduced loans substantially.

#### ARGENTINA TO OPT FOR TWO-YEAR DEBT "GRACE PERIOD" WITH IMF AUSTERITY.

March 26 (IPS)--According to the Argentine news daily, La Opinion, "local economic experts indicated that it would not be a discredit for the (new military) government if its leaders decide to ask for a postponement of its debt payments before (creditor) members of the Club of Paris, a recourse which Argentina has taken in the past to renegotiate its debt."

The paper says that experts are suggesting a "two year grace period while new economic plans are applied." While those "plans" are not detailed, La Opinion does indicate that the "recuperation of internal and external confidence" would be achieved through "a severe treatment that would pursue equilibrium of the balance of payments, of the budget deficit, and an increase in production and exports."

The International Monetary Fund has reportedly sent a message to the new Argentine government which reads in part: "The Argentine Republic will receive rapid collaboration on the part of the IMF if the governing military junta decides to utilize, to alleviate the economic problems of the country, the services of said organization..."

WEST GERMANS CALL FOR RAPID EAST/WEST TRADE EXPANSION.

March 26 (IPS)--An editorial in today's issue of the West German industrialists' daily Handelsblatt praises Finnish Prime Minister Sorsa's plan for a rapid expansion of East/West trade through the formation of a Nordic Trade Bank. Sorsa's original proposals, presented last year, have been knocked out of circulation until now by Swedish Prime Minister Olof Palme's attempt to convert the idea of a Nordic Trade Bank into a porkbarrel financing institution for the North Sea oil project.

ITALIAN SOCIALIST ASKS DEVELOPMENT TIES WITH OIL PRODUCERS.

March 26 (IPS)--Stefano Servadei, former Minister of Industry and current Italian Socialist party representative to the Chamber of Deputies' Industrial Commission, has presented a motion before Parliament proposing closer ties between Italy and the oil producing nations based on development, according to today's Avanti, the Socialist Party paper. Avanti also reported that Italy's oil supplies are running so low that some refineries are about to be closed.

Servadei is asking that "the Italian government establishes more committed relationship with the oil producing countries, paying for its supplies with plants, infrastructures and technology;" and that the government "takes into consideration an increased activity of Italian oil refineries, currently underutilized, coordinating and disciplining the petrochemical sector in order to avoid uncontrollable demand of dollars and precious currency," Avanti reports.

According to the daily La Repubblica, the Italian Foreign Trade Undersecretary is in Iraq where he will devote several days to "reactivate the work of the Italian/Iraq trade commission."

FORD HEATS UP ON CUBA; KISSINGER COOLS DOWN.

March 26 (IPS)--At a press conference in San Francisco today, President Ford announced that his administration was now considering contingency plans to retaliate against Cuba, in the event that Cuban troops are deployed into Rhodesia or Namibia, according to a UPI wire.

At the same time however, Secretary of State Henry Kissinger told the Senate Foreign Relations Committee that "There is not an emergency situation which would require a crisis action. I do not now contemplate any situation that would develop so rapidly

that we would not have sufficient time to consult Congress." According to a UPI wire, the Secretary attempted to calm the fears and cool the rhetoric which have flowed from the bombastic threats he made to Cuba in Dallas earlier this week.

Yesterday, Pentagon press secretary William Greener announced: "The Joint Chiefs of Staff are participating with the National Security Council in a review of possible actions that might be taken with regard to Cuba." Presidential press secretary Ron Nessen concurred: "There are a number of things under study." Reports of these statements were carried in today's New York Times, Washington Post, and Baltimore Sun in front-page stories.

#### LAROCHE SLATE FILES FOR BALLOT IN OHIO.

CLEVELAND, Ohio, March 26 (IPS)—Wayne Evans, U.S. Labor Party candidate for vice-president of the United States, filed more than 10,000 petitions for Ohio ballot status for the USLP presidential slate headed by Lyndon LaRouche in Columbus, Ohio yesterday. Seven USLP congressional candidates filed simultaneously in cities across the state.

#### INDIANAPOLIS NEWS HITS HUMPHREY-HAWKINS BILL.

March 26 (IPS)—The Indianapolis News blasted the Humphrey-Hawkins slave labor bill in a major editorial yesterday, saying that the bill would create "make-work" not "productive jobs," while placing the U.S. productive forces under a meaningless and grand bureaucracy. The News is a member of the Pullian press chain which has ties to interests in Chicago. The editorial concludes by saying "People should refuse such dictation."

#### STILL LITTLE SUPPORT FOR HUMPHREY-HAWKINS BILL.

WASHINGTON, D.C., March 26 (IPS)—The head of the United Steelworkers of America (USWA) legislative lobby in Washington, D.C. has instructed the union's legislative heads in different states to send out resolutions in support of the Humphrey-Hawkins full employment, slave labor bill. However, discussions with USWA officials in Pennsylvania, including the union's district head in Pittsburgh, the heart of the steel industry, revealed that he and most other officials in the state are still not aware of the provisions of the bill.

The office of Congressman Henry Reuss (D-Wisc) yesterday claimed to the Labor Party that Reuss, one of the two official sponsors of the Humphrey-Hawkins bill in the House, is no longer supporting the bill, although there is as yet no official confirmation of this. "No one is supporting the legislation this time around except Humphrey himself," Reuss' office claimed.

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WAYNE EVANS BLASTS MICHIGAN THREAT TO DEMOCRATIC ELECTIONS.

DETROIT, March 26 (IPS)—U.S. Labor Party vice presidential candidate Wayne Evans warned that "the current attempt to rig the Michigan ballot, through State Legislation requiring third parties into an unconstitutional runoff primary, is a direct attack on democratic elections in 1976" in a statement issued today.

Sources at the State House in Lansing have indicated that an attempt will be made to ram the legislation through the Michigan House early next week.

Evans stressed that "the CREEP apparatus (Wall Street election rigging operation -- ed.) is desperate to keep my campaign off the ballot to rob the USLP of almost certain victory in the November election."

The USLP plans to circulate the Evans statement in the Congress and throughout the country. The Michigan Labor Party is mobilizing mass pressure on the Michigan House election Committee, chaired by Rep. Alfred Sullivan, and circulating statements opposing the bill to elected and trade union officials. USLP attorneys are now preparing legal action to enjoin Michigan from implementing the bill should it pass.

SOUTH AFRICA TO COMPLETE WITHDRAWAL FROM ANGOLA.

March 26 (IPS)—South African Defense Minister Pieter Botha announced yesterday that all South African troops would be out of southern Angola, including the Cunene Dam project, by Saturday, March 27, according to the Washington Post today. The Angolan government had demanded total withdrawal of South African troops and refused direct contact with Pretoria -- the South African capital -- until the withdrawal was complete, according to the Post, citing "South African sources."

The withdrawal is intended to preempt a United Nations Security Council debate on south African aggression against Angola, which had been scheduled for today but has now been deferred, according to the Post.

According to the New York Times, Botha said that South Africa had Angolan guarantees to protect South African border interests.

FRANGIEH QUILTS PALACE IN FACE OF LEBANESE LEFTIST OFFENSIVE.

March 26 (IPS)—Lebanese President Suleiman Frangieh has fled from his besieged palace, but has set up headquarters in the city hall of Suk M'kayel, vowing that he "will not back down" in the face of growing demands for his resignation, according to U.S. press accounts today.

(more)



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Pierre Gemayel, leader of the fascist Falange Party and backer of Frangieh, responded to the rightist setback in a radio broadcast, saying, "Our economy is collapsing...The homeland is disintegrating before our eyes," but vowed not to give in: "I have taken it upon myself to fight to my last breath in defense of the homeland," according to today's New York Times,

Today's Washington Post reports that Frangieh's critics are suggesting that Frangieh had ordered the shelling of American residential areas of Beirut in order to provide the pretext for calling in the U.S. Sixth Fleet, as in the 1958 U.S. Marine landing in Lebanon.

SYRIAN MOOTING STEPPED-UP INTERVENTION IN LEBANON  
TO STEM PARTITION THREAT.

March 26 (IPS)--Syria is facing a major dilemma on "whether to march" in large numbers of troops into Lebanon, yesterday's Times of London reports from Beirut. According to Times reporter Paul Martin, Syria is "unable to control the leftist Muslim armies now on the advance" and has therefore "reached a dangerous precipice," mooting the possibility of drastic action.

Martin further strongly implied that the pretext Syria would use to step up its intervention would be the threat of imminent partition of Lebanon into separate Muslim and Christian camps. Significantly, units of the Syrian controlled Saiqa guerilla units for the first time ever yesterday strongly attacked nominal leftist leader Kamal Jumblatt and threatened military action against forces under his control. Saiqa warned that "we will fight those working for partition whether they belong to the isolationist (right wing Christians) or the nationalist ranks."

KREISKY SAYS PEACE POSSIBLE IN MIDEAST;  
ENORMOUS CHANGE IN ARAB POSITION.

March 26 (IPS)--After returning from a Socialist International organized trip to Kuwait, Jordan, Saudi Arabia, Abu Dhabi, and Iraq, Austrian Chancellor Bruno Kreisky told reporters in Vienna on Tuesday, that "there is an enormous change in the Arabs' position towards Israel. Today, the Arab world is prepared to recognize the state of Israel." Kreisky insisted that the "unconditional precondition for this is that the Israelis withdraw from the territory occupied in 1967...but today, no one is speaking any more of 1974 (i.e., the restoration of Arab Palestine — ed.), but only of U.N. Resolution 242 and the Israeli border of 1967." Kreisky's press conference was reported in the March 24 Frankfurter Allgemeine Zeitung.

MORE CUTS IN NEW YORK CITY.

NEW YORK, March 26 (IPS)--New York City Mayor Abraham Beame yesterday proposed a new round of city budget cuts which would eliminate

(more)

another 8,500 municipal jobs during fiscal year 1977, bringing the total reduction of the city workforce from its level a year ago to 20 per cent. Beame's proposed cuts include loss of more than 2,500 police and welfare jobs, a 9 million dollar cut in mental health programs, and the first step in the city's withdrawal of support for the City University.

A spokesman for the city's Health and Hospitals Corporation said today that the proposed mental health cuts would turn the city hospital system into "snakepit '76."

The cuts are predicated on the assumption that the city will receive still-pending Federal housing subsidies, that the state will assume court costs, that the city will win union approval for its proposed withdrawal from the Social Security system.

#### SAN FRANCISCO MAYOR ANNOUNCES ELIMINATION OF 1,400 CITY WORKERS.

SAN FRANCISCO, March 26 (IPS)—In public hearings before the Board of Supervisors Finance Committee on March 24, San Francisco mayor George Moscone proposed a 1976-77 budget which projects layoffs of 300-400 city workers in addition to 1,000 city positions eliminated through attrition. Moscone also called for increases in property taxes and budget cuts in most city departments of 4 to 5 per cent.

When U.S. Labor Party spokesmen at the hearings demanded that the format of the hearings be changed to counterpose Moscone's austerity budget to the U.S. Labor Party's proposed debt moratorium legislation, many in the audience voted in favor of this agenda proposal. A frantic Moscone responded by calling on members of the audience to punch the Labor Party spokesmen in the mouth.

#### SAN FRANCISCO UNIONS SETTLE FOR MEAGRE 6.3 MILLION DOLLAR INCREASE.

March 26 (IPS)—The San Francisco municipal workers' unions, including Service Employees International Union local 250 (Hospital Workers) and local 400 (Social Service Employees) voted March 23 to approve a contract which contains a small wage increase of 6.3 million dollars. Last year San Francisco workers won increases amounting to 21.1 million dollars.

The vote to approve the contract came as a surprise and narrowly averted a walkout by 16,000 San Francisco employees.

The major provisions of the contract relate to pay scales. San Francisco workers who now receive 6 to 9 percent below the prevailing statewide wage for the same job will get a 4 per cent raise; those receiving 10 to 15 percent below scale will get a 5 percent raise; a current wage at 15 per cent or more below scale will be raised 7 per cent.



# NEW SOLIDARITY International Press Service

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## I. Priorities

### NEW NSC SLANDER ATTACKS LAUNCHED AGAINST EUROPEAN LABOR COMMITTEE

STOCKHOLM, March 27 (IPS) — A new wave of National Security Council-directed slanders has been launched against the European Labor Committees with the appearance of a major slander attack today in the Malmö, Sweden, Social Democratic paper *Arbetet*. Implying that the ELC is connected with the CIA, the *Arbetet* piece states that the ELC gathers information on workers in factories in major Swedish cities and other data, feeds the information into a computer in Stockholm, and then transmits the data to New York City.

The article singles out ELC leader Clifford Gaddy as one of the "managers" of the "operation," identifying Gaddy as an "American," and accusing him of attempting to strangle one George Lennox, whom the article identifies as "a reporter who infiltrated the ELC." Lennox, who attempted to infiltrate the ELC recently, has been identified as a member of an intelligence network connected with the U.S. National Security Council and the British Army crack counterinsurgency units, the Special Air Services.

*Arbetet* portrays the ELC as a violent organization, and claims that the group plans to "act as provocateurs" in the current Swedish electoral campaign by disrupting every Social Democratic and Communist Party election meeting.

Sources at the Stockholm Social Democratic daily, *Aftonbladet*, said today that a similar slander article on the ELC is now in the hands of editors at that paper, but that the paper has not yet decided whether to publish it. The sources said that there was major controversy over the article at the paper.

### WEST GERMAN FOREIGN MINISTER PLEADS FOR EUROPE TO STICK TO ATLANTICISM

STUTT GART, W. Germany, March 27 (IPS) — West Germany's Democratic Party Foreign Minister Hans Dietrich Genscher claimed yesterday that "the European bloc will not be neutral...the most important constituent will be the Atlantic partnership (NATO—ed.)..." Speaking at a meeting here of the "Liberal International," a federation of 14 liberal European Parties, Genscher also demanded that the Tindemans Plan for militarization of Western European economies "should not be kept on paper; it should be realized immediately."

Following Genscher, FDP leader Martin Bangemann stated that he sees two dangerous currents in present European policy, one, corporatism, and "the other is the utopian belief in creating a better society. Now, at the end of the worst economic crisis man has ever seen," Bankemann warned "it is clear that the left currents have achieved a certain hegemony."

### SCHLESINGER SAYS LINE OF CONFRONTATION IS EUROPE

EASTON, Pennsylvania, March 27 (IPS) — Former Defense Secretary James Schlesinger said here yesterday that the real object of Secretary of State Henry Kissinger's warnings about Cuban involvement in Southern Africa is Europe. Speaking at Lehigh University, Schlesinger stated that "Kissinger is rhetorically drawing the line in Africa, but the real line has been drawn in Europe."

Referring to the immediate potential for a U.S.-Soviet confrontation, Schlesinger stated that "The Middle East (now) is like the Balkans before World War I." While the former Defense Secretary maintained that it is necessary to avert nuclear war, he touted the U.S. new weapons program, characterizing the cruise missile as

"the most exciting development in technology in ten years, which would greatly enhance our capacity to beat the Warsaw Pact."

### NEW YORK TIMES COLUMNIST HITS SON- NENFELDT "SPHERES OF INFLUENCE" PROPOSAL

March 27 (IPS) — New York Times columnist today assailed a proposal put forth by State Department counselor Helmut Sonnenfeldt to grant the Soviets an "organic" relationship over the nations of Eastern Europe provided they agree to keep hands off Western Europe.

"Are we pressing Eastern Communists toward Moscow while hoping that the Soviets will turn a blind eye if we try to stamp out western Communists?" asks Sulzberger. "Is this the kind of spheres of influence deal between the two superpowers that many Europeans have for long suspected?" Sulzberger also warns that Sonnenfeldt's proposal will upset U.S. relations with China.

Terming Sonnenfeldt a "mini-Metternich," Sulzberger asks if "maxi-Metternich" Secretary of State Henry Kissinger, Sonnenfeldt's boss, is "satisfied with Mr. Sonnenfeldt's triple talk on this vital subject?...Who's looney now, as they used to ask in New Jersey?"

### JERUSALEM POST: LEBANON IS FALLING TO LEFT

March 27 (IPS) — Yesterday's Jerusalem Post reports that leftist forces have "tightened their grip on Beirut and other areas of Lebanon, sparking off fears of a possible Marxist takeover." The article states that the Lebanese conflict is "no longer a Christian-Moslem conflict but a confrontation between radicals and conservatives."

The paper says that the leftist seizure

of Beirut "was similar in many aspects to the MPLA's takeover in Angola," and states that the "most puzzling phenomenon (of the takeover) was Syria's standing on the sidelines" while the left defied all Syrian warnings against "further military activity."

### **US PRESS PREDICTS SYRIAN CRACKDOWN ON LEBANESE LEFT**

March 26 (IPS) — The Washington Post said today that Syrian President Hafez Assad is not expected to "sit by idly" while he loses political ground to the resurgent leftist forces in Lebanon. "No matter how unpopular cracking down on the leader of the left, Kemal Jumblatt and the Palestinians could prove to be in the Arab world," the Post states, Assad is prepared to do so if that is necessary to preserve Syria's control over the situation.

At the same time, WINS radio in New York said this afternoon that Syria is considering a military intervention into Lebanon in case "an imminent leftist takeover" materializes, or if warring factions partition the country into two religious states.

The Post also reports that Jumblatt has arrived for talks in Damascus under strong Syrian pressure. The Post states that the meeting could turn "into an unfriendly confrontation"...since Jumblatt's refusal to go along with Syrian efforts to impose a settlement here has badly compromised Assad's image in the Arab world.

### **UNREST IN EGYPT**

March 27 (IPS) — Yesterday's Jerusalem Post reports that several hundred Egyptians staged a "peaceful demonstration in the centre of Cairo complaining of the high cost of living." The demonstrators urged the government to take effective measures to aid "low income categories," the Post reported.

### **ESCHEVERRIA URGES AMNESTY FOR STUDENTS LEADERS OF '68**

March 27 (IPS) — Mexican President Luis Echeverria two days ago sent a bill to the Mexican Congress which

would provide amnesty for some 250 students who have been brought to trial for their role in the student and police disturbances of 1968. It is expected that the law will pass through Congress without difficulty and become law within a month. Although many of the 250 have served partial sentences, all are currently out of prison pending review and appeal procedures. The request for amnesty was widely reported in the Mexican press yesterday.

On March 22, a circuit judge in Mexico City revived the 1968 cases for "final disposition," a move which was widely regarded as a right-wing effort to embarrass Echeverria and to incite ultra-left groups to mount renewed charges of government "repression."

### **SWEDISH ATLANTICIST BANKER CALLS THIRD WORLD DEBT MORATORIUM NECESSARY**

STOCKHOLM, March 26 (IPS) — Tore Browaldh, chairman of the Swedish Handelsbanken, board member of the Hudson Institute, came out last night at a public meeting in Stockholm calling for a third world debt moratorium. The third world countries "will not," Browaldh told the audience, "be able to pay their 130 billion dollars in debts and they should have a debt moratorium."

### **SENIOR HOUSE BANKING COMMITTEE MEMBER MAY SUPPORT DEBT MORATORIUM**

WASHINGTON, D.C., March 27 (IPS) — An aide to a senior Congressman on the House Banking Committee said yesterday that the Congressman was going through an "evolutionary process" toward supporting debt moratorium for the Third World. "If you want to interpret the Congressman's actions as anti-Kissinger economic policy, he wouldn't be too upset about that."

### **GROMYKO PROMISES TO BOOST ANGLO-SOVIET TRADE**

March 27 (IPS) — Soviet Foreign Minister Andrei Gromyko, who left London yesterday after a four day visit,

gave a "firm and unequivocal assurance" that the whole of the 2 billion dollar line of low-cost credit extended by Britain to the Soviets last April to boost Anglo-Soviet trade would be "taken up in the very near future." Talks are now proceeding in the aviation, oil exploration, chemical fertilizer, nuclear energy and engineering fields, reports yesterday's Financial Times.

Gromyko's visit to Britain included several meetings with Foreign Secretary James Callaghan as well as Prime Minister Wilson during which concrete proposals to insure stability in Africa as well as a British role in guaranteeing a peaceful Arab-Israeli settlement were discussed.

In a reference to U.S. Secretary of State Kissinger's recent warnings against Cuban or Soviet involvement in Africa, Gromyko stated at a press conference that "as for all these warnings and statements, I can only say, the less there are such warnings and statements, the better."

### **BRITAIN EYES NEW NORTHERN IRELAND SECURITY MEASURES**

March 27 (IPS) — The British Government yesterday announced its latest plans to protect the commercial shopping area of Belfast, Northern Ireland, against Irish Republican Army bombers. Starting next week, the center of the city will be turned into a traffic-free "fortress" surrounded by 10-foot high steel fences and elaborate security gates, described as "multichannel pedestrian search gates," according to yesterday's London Times.

The two mile square fenced-off "security precinct" as it is being called, will have 17 entrance gates where shoppers and pedestrians will be searched by a force of more than 300 newly-recruited "civilian searchers."

The London Times reveals that authorities on the British mainland, "mindful of the threat of a Provisional IRA campaign, have been closely watching security ideas pioneered in Belfast." The latest innovation, though presented as a plan to protect shoppers, "is known to have been introduced at the request of the (British) security authorities."

## **SWEDISH EDITOR ADMITS FAILURE OF EARLIER SMEARS AGAINST ELC**

STOCKHOLM, March 27 (IPS) — An editorial spokesman for Dagens Nyheter, a large Swedish Liberal daily, stated in an interview today that previous attempts by that paper and the Stockholm Social Democratic paper, Aftonbladet, to discredit the European Labor Committees as a "CIA-funded" organization had "failed totally." He added, in an interview with an ELC representative, "You are a really hard nut to crack. The worst one we had."

## **SENATOR NUNN ANNOUNCES WITCH—HUNT AGAINST TEAMSTERS**

March 27 (IPS) — Senator Sam Nunn (D-Ga) announced that the Senate Government Operations Committee will begin a massive investigation next week to smoke out alleged fraud and corruption in the International Brotherhood of Teamsters. The Teamsters are in the midst of nationwide contract negotiations to replace a contract which expires Wednesday, March 31. The investigation, which Nunn announced yesterday at a press conference, will be run on the same scale as the notorious McClellan hearings of the late 1950's which were used against Teamster leaders Dave Back and Jimmy Hoffa. According to NBC radio, Nunn will hire several hundred investigators, if necessary.

In an editorial today titled "Keep Rolling," the New York Times warned that if the 450,000 over-the-road truck drivers affected by the negotiations strike when their contract expires next Wednesday, it would have a "devastating effect on the economy's climb out of the recession. A nationwide cutoff in over-the-road truck movement would swiftly force many businesses to close and add a vast new army to the 7 million unemployed," the editorial states.

## **SCOOP: "DIG TUNNELS DEEP"**

March 27 (IPS) — Standing in the middle of an unfinished multimillion dollar storm sewer in South Ozone Park in the borough of Queens, New York City yesterday, Senator Henry M. "Scoop" Jackson (D-Wash), who is campaigning for the April 6 New York presidential primary, said that his first act as president would be to pass a 20 billion dollar public works appropriation to complete the sewer and other projects. "I am told that Queens alone needs about 70 million dollars, including 4.2 million dollars to complete this sewer, to build badly needed storm sewers throughout the borough," Jackson said, according to today's New York Daily News. "If I am nominated and elected, this public works bill will be my first priority."

Charging that President Ford was opposed to the proposal, Jackson also said that the unfinished sewer project was "a good example of the need for a government public works program to put people back to work."

According to the News, local residents on the scene related to the Senator how the unfinished sewer had flooded last fall, causing thousands of dollars of damage to homes. Jackson, "who listened sympathetically to the tales of woe," told the residents that a recent flash flood in his hometown of Everett, Washington, had cost the lives of 2,500 milk cows, costing farmers a total of 1,750,000 dollars. The News added that Jackson "posed for pictures while staring into the murky green stagnant waters which have accumulated in the unfinished sewer work halted last fall" (due to the city budget crisis — ed.).



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## I. Priorities

### BUNDESBANK FOILS WALL STREET'S PLANS TO DESTROY EUROPEAN CURRENCIES

March 29 (IPS) — The West German central bank, the Bundesbank, stymied Wall Street bankers' planned assault on the European currency snake arrangement today, according to authoritative sources at the International Monetary Fund, the State Department and the European-American Bank of New York who said that a Bundesbank threat to support the European currencies had caused Wall Street to postpone its attack.

Late last week foreign exchange department sources on Wall Street had threatened that should the European central bank governors and finance ministers fail to "realign" the snake over the weekend, the New York banks would, in the words of one trader "gang up on the Belgian franc and bust the snake." But even though the European Finance ministers postponed their scheduled meeting and no decision was taken on realigning the snake, the Wall Street assault failed to materialize, and international money markets were relatively calm today.

Foreign exchange sources at European-American explained: "We still are committed to breaking the snake although this time the Bundesbank let it be known that it would pick up every Belgian franc dumped on the market." Asked as to how long the New York banks can continue to absorb the estimated 10 million dollars in interest charges they are paying (per day) to bet on a devaluation of the weaker European currencies, he replied: "Not too long, I'm afraid."

### STATE DEPARTMENT CONFIDENT SAFETY NET WILL GO THROUGH

WASHINGTON, D.C., March 29 (IPS)  
— The office of Undersecretary of State

for Economic Affairs Charles Robinson admitted today that Secretary of State Henry Kissinger's "safety net" international bailout fund proposal has encountered difficulties in Europe, but said that the State Department is "confident" the proposal will be accepted. Acknowledging that the austerity conditions tied to the plan are exceptionally severe, a spokesman insisted, "but Europe will have to accept it." The spokesman added that the Department is also confident that the measure will pass Congress, noting, "it's just fine that it's getting no publicity."

### SENATE RUSHES ACTION ON SAFETY NET

WASHINGTON, D.C., March 29 (IPS)  
— The proposal for U.S. participation in the "safety net" international bailout fund is being rushed through the Senate, with a vote on the measure scheduled for tomorrow by the Senate Foreign Relations Committee, according to Congressional sources. The sources predicted that the safety net could reach the Senate floor within two weeks, and insisted that Congress would accept the proposal, on the basis that there is no other way to hold the international financial system together.

### IMF SAYS SAFETY NET AUSTERITY "DIFFICULT TO ACCEPT" FOR EUROPE

WASHINGTON, D.C., March 29 (IPS)  
— An official of the International Monetary Fund Secretariat who is knowledgeable on West German affairs admitted today that European nations will not readily be able to accept the stiff austerity conditions tied to Secretary of State Henry Kissinger's proposal for a "safety net" fund to prevent defaults by bankrupt European nations.

"The safety net concept requires that a country completely exhaust all its tranches (credit lines—ed.) with the

IMF and the European Community (Common Market—ed.) before applying," he said. "The conditions related to these are terribly strict, such that European governments would find the safety net politically difficult to accept."

### DEM NATIONAL CTTEE ADVISOR SAYS U.S. MUST "TAKE A BEATING" TO GET SAFETY NET

WASHINGTON, D.C., March 29 (IPS)  
— A member of the Democratic National Committee's Foreign Policy Advisory Task Force said today that the U.S. must "be prepared to take a beating for the protection" from debt defaults by European nations afforded by the proposed "safety net" bailout fund now in Congress. The advisor, a former official in the Kennedy Administration, said that the U.S. should expect "some postponement of European debt payments and, possibly, interest moratoria" before the Europeans will accept the austerity conditions tied to the proposal. Commenting on the capacity of the U.S. to win European acceptance for the safety net, the advisor, who worked on the proposal last year, said, "It's not easy."

### WEST GERMAN ATLANTICIST PRESS ORGAN BLASTS KISSINGER FOR NUCLEAR BRINKSMANSHIP

March 29 (IPS) — Herbert von Borch, chief political writer for the West German Atlanticist daily Sueddeutsche Zeitung, today wrote that "the limits of mere irritation were overstepped this past week when (U.S. Secretary of State) Kissinger threatened retaliation against Cuba." Borch stated that "the world has come closer to a severe

military crisis which was further exacerbated by the refusal of the Secretary of State to exclude the possibility of an invasion of the island of Cuba."

### **KISSINGER TELLS HOUSE COMMITTEE HE'LL UNVEIL PLAN FOR AFRICA**

WASHINGTON, D.C., March 29 (IPS) — Secretary of State Henry Kissinger told the House International Relations Committee today that he supported British Foreign Minister James Callaghan's efforts to set up a majority government in Rhodesia. In testimony before the Committee, Kissinger also revealed that he would unveil his own plan for Africa during his April tour of that continent.

The Secretary warned the Committee that if alleged Cuban "expansionism" in Africa is not stopped, Cuba will have a platform for intervening in the Western Hemisphere, particularly in Latin America countries.

### **RUMSFELD BACKS DOWN FROM KISSINGER MILITARY THREATS, URGES OTHER SANCTIONS AND INCREASED DEFENSE BUDGET**

March 29 (IPS) — Defense Secretary Rumsfeld yesterday backed away from the tough warnings to Cuba emanating from Secretary of State Kissinger and the White House under questioning from reporters on "Meet the Press" yesterday. Rumsfeld noted that Kissinger himself had "cooled it a bit" in testimony before the Senate Foreign Relations Committee and stated that the most appropriate response to Soviet and Cuban activities is to secure the passage of President Ford's defense budget. Rumsfeld added a warning that if Congress cuts the defense budget "too much," Ford will veto it.

### **IMF BLOCKS PROMISED LOAN TO ITALY UNTIL INCOMES POLICY IS IMPLEMENTED**

March 29 (IPS) — The International Monetary Fund has blocked its previously-pledged 530 million dollar

bailout loan to Italy until the political and financial situation in Italy "clears," according to West German financial daily Handelsblatt today.

The Italian press, attributed the loan's postponement to the lack of an incomes policy in Italy that would do away with cost-of-living increases.

### **ITALIAN CENTRAL BANKER DEMANDS CURBS ON COST OF LIVING INCREASES IN WAGES**

March 29 (IPS) — Italian Central Bank Governor Paolo Baffi said that Italy must take steps to curb wage increases stemming from the nation's cost-of-living escalator in response to newly released statistics showing that the Italian cost of living increased by 2.2 per cent during the month of February, or more than 25 per cent per annum. Baffi proposals included "purely and simply suspending the COL for one year, limiting ourselves to calculating it and paying the increase in non-negotiable and non-interest-bearing state bonds."

According to the March 27 La Repubblica, which reported Baffi's recommendations, the wage increases which would result from a 26 per cent annual inflation rate would amount to a total of 2 trillion lira.

### **FRENCH COMMUNISTS TELL SOVIETS BREAK WITH GAULLISTS OR NO BERLIN CONFERENCE**

March 29 (IPS) — The leadership of the French Communist Party (PCF) has issued a warning to the Soviets to either support their organizing in Europe, or abandon all prospects for the early convening of a European-wide Communist Party conference. According to Flora Lewis in yesterday's New York Times, the French party circulated a letter at the last preparatory meeting for the communist conference in Berlin, which criticized the Soviets for failing to exploit the "worsening crisis of capitalism" especially by not supporting the attempts of both the Italian and French Communist parties to enter their respective governments.

The PCF singled out recent invitations from the Soviet Union to the

official youth movement of the anti-atlantist Gaullist UDR party to visit the USSR, and an invitation to the youth movement of President Giscard's Independent Republican party to visit Rumania, as sanctioning "reactionary political organizations that defend the interests of big capital in our country."

According to the Times, the PCF is now threatening to pull out of the Berlin negotiations if the Soviets do not break off such initiatives and support the PCF's so-called militant campaign against capitalism.

### **EGYPTIAN AUSTERITY MEASURES "MOVING TOO SLOW," BANKER COMPLAINS**

NEW YORK, March 29 (IPS) — The Egyptian government is "trying to stir things up" and implement austerity reforms recommended by the International Monetary Fund, but they are "moving too slow, not fast enough," a loan officer for a leading New York bank insisted today. According to the banker, Egyptian President "Sadat himself would love to get matters moving faster, but such moves are not politically appealing."

Informed about recent riots against austerity in a city north of Cairo, the officer commented, "I wouldn't be very concerned with that. It's a local problem."

### **SADAT ADVOCATES POST WORLD WAR TWO U.S. OCCUPATION FORCE TACTICS FOR EGYPT**

March 29 (IPS) — Egyptian President Anwar Sadat predicted five more lean years for Egypt due to the economic crisis that he has tried to overcome with stringent austerity measures, according to an AP release in the U.S. press yesterday. Stating, "I say that we have five more years of sweat and toil to improve our economy," Sadat referred to what he called Germany's rapid rise after World War Two, when U.S. occupation forces consciously starved the German population into submission. "Let us rebuild our state like Germany — in five years as they did," Sadat said.

Sadat also acknowledged that Egypt's balance of payments deficit is 8

billion dollars, twice the amount previously admitted.

## **WORKERS RIOT IN EGYPT**

March 29 (IPS) — 17,000 textile workers in the northern Egyptian town of Damietta have rioted and clashed with police over the last four days according to yesterday's Baltimore Sun and Washington Post. The workers were protesting the withholding of an annual incentive payment from a state-owned company which reportedly made no profit in 1975. Police used riot sticks and tear gas to restore order.

In a speech two days ago Egyptian President Anwar Sadat warned workers that they must stop relying on the state to supply their needs and must rely instead on their own resources. He singled out leftists as "hostile elements that are exploiting our sad economic plight," and added that "From this day attempts at sabotage and chaos will be met with the utmost severity."

## **WEST GERMAN ECONOMICS MINISTER MOVES TO KEEP POLITICAL, ECONOMIC LINES OPEN TO THE SOVIET UNION**

March 29 (IPS) — West German Free Democratic Party Economics Minister Hans Friderichs stated during a press conference in Moscow yesterday that he hopes West German trade with the Soviet Union will double from 10 billion to 20 billion Deutschmarks by 1980. Federal Minister Friederichs is currently leading a delegation of West German government and industrial representatives visiting the Soviet Union, for the opening of a trade fair. According to West German press sources, Friderichs commented that "the question comes up whether a quantitative expansion of trade would lead to qualitatively new relations" with the Soviet Union.

## **SWISS PAPER SAYS COMECON WILL MAKE NEW CONCESSIONS TO WEST**

March 29 (IPS)— The Swiss capitalist daily Neue Zurichser Zeitung today argues that the socialist economic

organization, Comecon, will be forced by its high foreign debt to make concessions to the West in terms for expanding East-West trade. According to the Zeitung, the Comecon's recent proposal for expanded economic cooperation to the European Common Market (EEC) is unacceptable because its proposals for bloc to bloc cooperation effectively dismantle the EEC's external barriers designed to protect its member states. The Swiss paper suggests that unless the Comecon makes further concessions, it will be forced to adopt import restrictions on needed high technology goods from the West to correct its balance of payments imbalance.

## **II. Continental**

### **O'NEILL CHALLENGES FORD OVER WARNINGS TO CUBA**

March 29 (IPS) — House Democratic leader Thomas (Tip) O'Neill (D.—Mass) charged that President Ford "either is threatening Cuba for partisan purposes or is leading this nation into a military showdown that he has neither explained nor justified" according to the Baltimore Sun yesterday. O'Neill warned that "Congress does not intend to allow Mr. Ford to push the American people into an adventure against Cuba," and called on Ford to publicly repudiate or explain statements by both his Secretary of State and the White House that decisive U.S. action will be taken against any further Cuban military ventures in Africa or elsewhere.

### **NEW YORK TIMES WORRIED ABOUT 1976 LABOR NEGOTIATIONS**

March 28 (IPS)— New York Times labor specialist Abe Raskin said yesterday that a strike or an expensive settlement when the Teamsters' nationwide master freight agreement expires at midnight Wednesday, March 31, "could upset the Ford Administration's hopes...of relative amity and no inflationary wage explosion" in the great number of national contracts coming up this year. In an article entitled "Big Labor Pacts, With Big Consequences, Coming Due" Raskin quotes Secretary of Labor W. J. Usery,

Jr. as concerned that what happens in the Teamsters' settlement will "set the mood for the whole year." Trucking is particularly important, Raskin notes, because there is little optimism about heading off a strike next month in the Big Five tire companies. Warning of a return to 1946 when "unions and employers were slugging it out after years of war-enforced economic restraint," Raskin points out that pressure for full cost-of-living escalators has moved to front rank in union demands in both trucking and rubber and that the teamster negotiations are complicated by the fact that Teamster President Frank Fitzsimmons, under attack from dissident members as a "sellout" and complicit in the disappearance of former Teamster President Jimmy Hoffa, faces re-election in June.

## **III. International**

### **SADAT FACES PRO-SOVIET COUP WITHOUT WESTERN ARMS AID, WARNS WEST GERMAN PAPER**

March 29 (IPS) — The West German daily Frankfurter Allgemeine Zeitung warned today that "Egypt must get modern arms; otherwise President Sadat will be overthrown by a (pro-Soviet) military revolt." Reporting on Sadat's arrival in West Germany today on the first leg of a five-nation tour in search of credit to meet Egypt's enormous foreign debt, the Allgemeine stated that "most Germans might not care if Sadat is overthrown by a pro-Soviet military dictatorship, but such a change would be of great danger to Europe."

### **FRANGIEH RESIGNATION FALLS THROUGH**

March 29 (IPS) — The Syrian attempt to trade Lebanese President Suleiman Frangieh's resignation for leftist leader Kamal Jumblatt's agreement to go along with a ceasefire imposed by Syrian troops was described as "a big failure" by today's New York Times. After a meeting in Damascus with Syrian president Hafez Assad on March 27, Jumblatt quickly returned to Lebanon, refusing to stay for a meeting yesterday arranged by Assad and at-



tended by Falangist representatives as well as Palestine Liberation Organization chief Yasser Arafat. Arafat would have attempted to exert moderating influence on Jumblatt, says today's Washington Post.

### **LEBANESE LEFT CONTINUES TO GAIN GROUND**

March 29 (IPS) — Lebanese leftists continue to gain strategic territory east of Beirut in areas of traditionally strong Christian Falangist according to West German State Radio yesterday. The Moslem leftists' objective is to link up with villages of Christian leftists who are presently surrounded by the Falange, and to gain full control of the Beirut-Damascus highway. Yesterday's New York Times reported that these gains will enable the left to take over enough Christian held territory to permanently prevent partition of the country along Moslem-Christian religious lines, the last remaining option of the Falange.

### **SADAT CALLS FOR PAN-ARAB INTERVENTION INTO LEBANON**

March 29 (IPS) — Following a meeting with the Egyptian Security Council March 27, Egyptian president Anwar Sadat demanded immediate Pan-Arab intervention into Lebanon as a result of Syria's inability to control the fighting, according to West German State radio.

### **LONDON TIMES CALLS FOR SYRIAN MILITARY INTERVENTION—SECONDED BY ISRAELI WARHAWKS**

March 29 (IPS) — In view of the failure of the Syrian imposed cease-fire to contain Lebanon's leftist offensive, the March 27 London Times recommended full scale Syrian military intervention into Lebanon. The Times further reported that with the failure of diplomatic efforts to quell the fighting, Syria's president Assad on March 26 ordered a large-scale troop build-up on the Lebanese border.

Israeli warhawk and former Defense Minister Moshe Dayan has given Assad the Israeli go ahead with such an intervention. The Jerusalem Post reports that Dayan has publically stated that, unless Israel is attacked, whatever

happens in Lebanon is an "internal matter."

### **LONDON COURT SAYS DEFAULT ON NIGERIAN CEMENT DEBT LEGAL**

March 29 (IPS) — The Central Bank of Nigeria and the Nigerian government have been told they can legally default on payment for 20 million tons of cement which were ordered by a previous government according to a decision handed down by the Queen's Court in London last week, according to the London Times of March 27. The decision, an important legal landmark on Third World debt liabilities, could open the way for similar defaults internationally.

### **ARGENTINE COMMUNIST PARTY OFFERS "CRITICAL SUPPORT" TO MILITARY PUTCHESTS**

March 29 (IPS) — The Argentine Communist Party (PCA) issued a declaration March 27 offering its critical support to the new military regime which overthrew President Isabel Peron last week. The PCA declaration, reported by an Agence France Presse news dispatch, claims that if the military junta is truly a transitional government as it claims, "it represents a step forward and will break the barriers that separate the Armed Forces from the people." The declaration further affirmed that PCA's support for the announced intentions of the junta "to secure national sovereignty, economic independence, and social justice." The International Monetary Fund whose offers of service to the junta immediately following their takeover have been gratefully accepted, has also judged the coup "a positive development" for Argentina.

The dispatch also notes that "One day after assuming power, the military junta dissolved five important leftist organizations in Argentina...Observers suggest that it was no mere coincidence that the PCA...has been excluded from this ban."

### **MARCHAIS CALLS FOR LEFT GOVERNMENT IN 1978**

March 29 (IPS) — Speaking in Limoges this weekend, French Communist Party (PCF) General Secretary

Georges Marchais declared that should the Union of the Left parties — the Communists, Socialists, and Left Radicals — win a majority of votes in the 1978 legislative elections, President Giscard D'Estaing must choose a left Prime Minister. In preparation for their participation in the government, Marchais called for the left parties to step up their electoral campaigning for the 1977 municipal elections, so as to become the "gathering of all those who are subjected to the consequences of the policy of a State at the exclusive service of capitalism."

Marchais also said that in next year's municipal election, the Union of the Left parties may invite their electorate to support selected Gaullist personalities. Marchais specifically named Jean Charbonnel, the main factional opponent of Atlanticist Prime Minister Chirac in the Gaullist movement.

### **PCI PARLIAMENTARY LEADER CALLS FOR FOOD CONTROL**

March 29 (IPS) — In an interview with the Italian daily La Stampa March 27, the vice president of the Communist fraction in the Italian Chamber of Deputies, Sr. D'Alema, stated that "at this point it is necessary to reduce as much as possible the devaluation of the lira through severe control of food and raw materials imports."

### **GISCARD'S POPULARITY PLUMMETS AFTER TV SPEECH**

March 29 (IPS) — According to a poll published by the conservative French daily Le Figaro on March 27, President Giscard D'Estaing's popularity plummeted following his nationwide television speech March 24 in which he announced that he has named his Gaullist Prime Minister, Atlanticist Jacques Chirac, to take on the task of coordinating the parties of his parliamentary majority coalition. Fifty-four per cent of the French public thought that Giscard had not been convincing in this appearance, according to Le Figaro, while 27 per cent stated that they now trust him less than before. Furthermore, 46 per cent thought he made a "bad impression," and 54 per cent believe he does not have the ability to fight inflation and reduce unemployment.