



NEW SOLIDARITY International Press Service

Daily News and Press Summaries

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
FRIDAY, OCTOBER 17, 1975
IPS PRIORITIES

USLP PRESIDENTIAL STATEMENT ON NEW YORK CITY

OCT. 17 (IPS)--THE FOLLOWING STATEMENT WAS ISSUED TODAY BY
U.S. LABOR PARTY PRESIDENTIAL CANDIDATE LYNDON H. LAROUCHE, JR.:

"THIS AFTERNOON'S RESCUE OF NEW YORK CITY NOTEHOLDERS
AT THE ELEVENTH HOUR WILL NOT SIGNIFICANTLY BLUR THE REALITY
WHICH THE MERE THREAT OF DEFAULT IMPRESSED ON FINANCIAL AND
POLITICAL CIRCLES INTERNATIONALLY.

"ALL DOUBT IS NOW REMOVED AS TO WHETHER THE DOLLAR
CREDIT SYSTEM, ON WHICH MOST OF THE WORLD'S PRODUCTION AND
TRADE DEPEND, CAN AVOID A BREAKDOWN THAT WILL DWARF THE EVENTS
OF 1931 DURING THE IMMEDIATE PERIOD AHEAD. THE NEW YORK
CITY MUNICIPAL UNIONS, AGREEING TO POUR THEIR PENSION FUNDS DOWN
A DEBT SINKHOLE, HAVE ONLY LENGTHENED THE FUSE OF THE CITY'S
BANKRUPTCY. UNDER CURRENT CONDITIONS, NOT ONLY NEW YORK CITY, BUT
SEVERAL GOVERNMENTS IN THE INDUSTRIALIZED SECTOR, NOTABLY ITALY,
GREAT BRITAIN, AND DENMARK, AS WELL AS THE MAJORITY OF THIRD WORLD
COUNTRIES, WILL GO BANKRUPT DURING THE NEXT FEW WEEKS AND MONTHS.

"TODAY'S THREATENED DEFAULT OF NEW YORK CITY ALONE IMPOSED
"CRISIS OF CONFIDENCE" CONDITIONS ON INTERNATIONAL CREDIT MARKETS
WHICH WOULD HAVE BROUGHT WORLD TRADE TO A GRINDING HALT WITHIN
WEEKS, BY DESTROYING ALL CERTAINTY AS TO THE FUTURE VALUE OF THE
U.S. DOLLAR AND THE SOLVENCY OF TRADING AND BANKING INTERESTS.

"WHETHER SUCH A DEVELOPMENT HAS BEEN AVOIDED THIS WEEK IS
A SECONDARY QUESTION. THERE IS ONLY ONE WAY OUT OF THE CRISIS:
AN ORDERLY PROCESS OF DEBT MORATORIA AND THE CREATION OF NEW CREDIT-
ISSUING INSTITUTIONS TO MAINTAIN ESSENTIAL SERVICES, PRODUCTION,
AND TRADE INTERNATIONALLY.

"TODAY'S EVENTS EMPHASIZE THAT THE APPROACH EMBODIED IN THE U.S.
LABOR PARTY'S EMERGENCY BANKING ACT OF 1975 AND INTERNATIONAL
DEVELOPMENT BANK PROPOSAL IS THE ONLY ALTERNATIVE TO DISASTER.

MORE

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BRANDT "TABOO" WITH HELMUT SCHMIDT

OCT. 17 (IPS)--CONFIRMING RUMORS THAT WEST GERMANY'S SOCIAL DEMOCRATIC (SPD) CHANCELLOR HELMUT SCHMIDT, UNDER INTENSE PRESSURE TO BREAK HIS ALLIANCE WITH ROCKEFELLER, HAS DISTANCED HIMSELF FROM ROCKEFELLER ALLY WILLY BRANDT, THE SPD CHAIRMAN, AN ARTICLE IN THE DAILY DIE WELT TODAY REPORTS THAT "THE THEME OF WILLY BRANDT IS TABOO IN CHANCELLOR SCHMIDT'S OFFICE." DIE WELT ALSO REVEALS THAT BRANDT AND SCHMIDT NOW CORRESPOND SOLELY IN WRITING, TO GUARD AGAINST EITHER OF THEM DISTORTING THE OTHER'S VIEWS.

FOR THE FIRST TIME, DIE WELT ADDS, THIS YEAR SCHMIDT AND BRANDT DID NOT CONFER PRIVATELY BEFORE THE LATEST MEETING OF THE SPD PARTY PRESIDUM, OF WHICH BOTH ARE MEMBERS.

YESTERDAY'S SUEDEDEUTSCHE ZEITUNG REPORTS THAT SCHMIDT NOW SAYS HE RELIES ON FOUR PEOPLE FOR ALL OF HIS POLITICAL MOVES: HERBERT WEHNER (SPD PARLIAMENTARY FRACTION LEADER AND WEST GERMANY'S LEADING ADVOCATE OF EXPANDED PRODUCTION AND RISING LIVING STANDARDS), WOLFGANG MISCHNIK (CHAIRMAN OF THE FREE DEMOCRATIC PARTY, FDP, PARLIAMENTARY FRACTION AND ALLY OF WEHNER), HANS DIETRICH GENSCHER (FOREIGN MINISTER AND FDP CHAIRMAN), AND HIMSELF. SCHMIDT'S OMISSION OF HIS OLD MENTOR BRANDT FROM THE LIST WAS STRIKING.

IPS ANALYSIS: NYC

PERMANENT CRISIS AHEAD

NEW YORK, OCT. 17 (IPS)--THE NEAR DEFAULT BY NEW YORK CITY ON \$543 MILLION OF SHORT-TERM NOTES TODAY HAS IRREPARABLY SHAKEN CONFIDENCE IN THE ENTIRE U.S. BANKING SYSTEM. TODAY'S NEAR DEFAULT HAS HIGHLIGHTED THE HUGE PROPORTION OF ROTTEN DEBT SITTING IN BANK PORTFOLIOS, OF WHICH NEW YORK CITY SECURITIES ARE ONLY ONE COMPONENT.

DESPITE THE LAST MINUTE BAILOUT OF THE CITY AT 2:30 P.M., WHEN UFT PRESIDENT ALBERT SHANKER AGREED TO PURCHASE \$90 MILLION OF MUNICIPAL ASSISTANCE CORPORATION BONDS WITH FUNDS FROM THE TEACHERS' RETIREMENT SYSTEM, NEW POLITICAL AND FINANCIAL LEADERS WARNED THAT DEFAULT HAD BEEN AVERTED ONLY FOR THE DAY. THE MUNICIPAL BOND MARKET REACTED TO SHANKER'S ANNOUNCEMENT WITH "RESOUNDING SILENCE." ACCORDING TO A TRADER ON THE MUNICIPAL MARKET CAME TO A VIRTUAL STANDSTILL, AS TRADERS TUNED INTO THE RADIO FOR THE LATEST DEVELOPEMNTS.

TODAY'S NEW YORK CITY CASH NEEDS AND THE ENTIRE STATE RESCUE PACKAGE WHICH IS DESIGNED TO KEEP THE CITY ABOVE WATER THROUGH THE END OF NOVEMBER WERE SUDDENLY JEOPARDIZED LAST NIGHT WHEN THE TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM DECIDED AGAINST INVESTING ANYMORE OF THEIR FUNDS IN MAC BONDS. SHANKER REVERSED HIS FIRM OPPOSITION ONLY AFTER A PRIVATE MEETING WITH CAREY THIS AFTERNOON.

(MORE)

SHANKER COMMENTED THAT TODAY'S BAILOUT WAS "JUST PROLONGING THE AGONY A LITTLE BIT MORE." THE CITY FACES DEFAULT AGAIN IN EARLY DECEMBER WHEN THE PACKAGE, RUNS OUT OR ON NOV. 10 SHOULD THE PACKAGE FALL APART BEFORE THEN. IN RETURN FOR THE INVESTMENT, GOVERNOR CAREY REPORTEDLY PROMISED SHANKER THAT THIS WAS THE LAST INVESTMENT THE TEACHERS' PENSION FUNDS WOULD HAVE TO MAKE IN THE BANKRUPT CITY. BOTH HE AND CAREY DENIED THAT THEY HAD A DISCUSSION OF THE FURTHER CUTS IN EDUCATION ANNOUNCED BY BEAME ON WEDNESDAY.

IN THE MIST OF THE CRISIS TODAY, BOTH PRESIDENT FORD AND TREASURY SECRETARY SIMON REITERATED THAT THE ADMINISTRATION REMAINS FIRMLY OPPOSED TO EXTENDING FEDERAL AID TO THE CITY. BUT SPOKESMAN FOR THE BANKING INTERESTS OF VICE PRESIDENT NELSON ROCKEFELLER'S FAMILY, IN NEW YORK ARE ALREADY REDOUBLING THEIR EFFORTS TO FORCE A FEDERAL BAILOUT OF THE BANKS. ROCKEFELLER SPLIT WITH THE ADMINISTRATION IN A CALL FOR FEDERAL AID TO THE CITY WHICH HE ISSUED LAST SUNDAY. TODAY'S NEAR-DEFAULT IS EXPECTED TO COMPOUND THE CONFUSION AND FACTIONAL MANEUVERING IN WASHINGTON.

THREAT OF NYC DEFAULT PARALYZES FOREIGN MONEY MARKETS

NEW YORK, OCT. 17 (IPS)--THE NEAR DEFAULT BY NEW YORK CITY ON MORE THAN \$450 MILLION IN NOTES DUE TODAY VIRTUALLY SHUT DOWN INTERNATIONAL FOREIGN EXCHANGE MARKETS. FEARING THE WILDLY HYPERINFLATIONARY EFFECTS OF EITHER A FEDERAL BAILOUT OF THE CITY OR A DEFAULT FOLLOWED BY A FEDERAL RESERVE BAILOUT OF THE U.S. BANKING SYSTEM -- EITHER OF WHICH WOULD DESTROY THE INTERNATIONAL VALUE OF THE DOLLAR -- FOREIGN EXCHANGE TRADERS THROUGHOUT THE WORLD REFUSED TO SELL WEST EUROPEAN CURRENCIES IN EXCHANGE FOR DOLLARS.

IN AN UNPRECEDENTED MOVE, FOREIGN EXCHANGE TRADERS INCREASED THE SPREAD BETWEEN THEIR BUYING AND SELLING PRICES OF EUROPEAN CURRENCIES BY 100 PER CENT, A MOVE TATAMOUNT TO A COMPLETE HALT TO TRADING. AS A RESULT, HARDLY ANY FOREIGN EXCHANGE WAS TRADED ALL TODAY CAUSING CESSATION OF NEW INTERNATIONAL TRADE FINANCING.

BOND TRADERS AT CHICAGO BANKS FAVOR NYC DEBT MORATORIUM

CHICAGO, OCT. 17 (IPS)--LEADING BOND MARKET SOURCES HERE SAID TODAY THAT THEY LOOK FAVORABLY ON PROPOSALS FOR A DEBT MORATORIUM FOR NEW YORK CITY. A MARKET SOURCE AT CHICAGO'S LARGEST BANK, CONTINENTAL ILLINOIS, SAID IN AN INTERVIEW THAT "IF BY DEBT MORATORIUM YOU MEAN ORDERLY DEFAULT, WE ARE FOR IT." BOND TRADERS AT THE FIRST NATIONAL BANK OF CHICAGO COMMENTED THAT A DEBT MORATORIUM FOR NEW YORK IS "FINE WITH US", AND ADDED "WE DON'T HAVE ANY BIG MAC BONDS!"

(MORE)

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PORTUGUESE UNIONS REJECT AUSTERITY CALL

OCT. 17 (IPS)--IN RESPONSE TO PORTUGUESE PRIME MINISTER AZEVEDO'S MONDAY NIGHT CALL FOR NATIONWIDE AUSTERITY, THE SECRETARIAT OF INTERSINDICAL, PORTUGAL'S TWO MILLION MEMBER PRO-COMMUNIST TRADE UNION CONFEDERATION, HAS CALLED FOR FORMATION OF A GOVERNMENT "WHICH HAS THE CONFIDENCE OF THE WORKING MASSES." ALLUDING TO THE HEAVY REPRESENTATION IN AZEVEDO'S CABINET OF THE NATO ALLIED

SOCIALISTS AND POPULAR DEMOCRATS, THE STATEMENT ALSO CALLS FOR THE OUSTER OF "TRAITORS" TO DEMOCRACY IN THE CABINET, ACCORDING TO TODAY'S BALTIMORE SUN.

SWEDISH AMBASSADOR LEARNS OF PORTUGUESE WAY

OCT. 17 (IPS)--PORTUGUESE TEXTILE WORKERS HELD SWEDEN'S AMBASSADOR TO LISBON CAPTIVE FOR A 14 HOUR EDUCATIONAL ON THEIR OPPOSITION TO A THREATENED SHUTDOWN OF THEIR FACTORY, WHICH IS 50 PER CENT SWEDISH OWNED, TODAY'S WASHINGTON POST REPORTS. FOLLOWING THE EDUCATIONAL, THE AMBASSADOR SUBSEQUENTLY WENT TO THE HOSPITAL FOR X-RAYS FOR POSSIBLE BROKEN RIBS.

THE EDUCATIONAL OCCURRED WITHIN 72 HOURS OF SWEDISH PRIME MINISTER OLAF PALME'S UNPRECEDENTED PRESS ATTACKS ON THE EUROPEAN LABOR COMMITTEES, WIDELY KNOWN FOR THEIR DEFENSE OF THE PORTUGUESE WORKING CLASS.

ITALIAN NATO-LINKED JOURNAL JOINS SLANDER CAMPAIGN AGAINST ICLC

OCT. 17 (IPS)--THE OCTOBER 23 ISSUE OF THE ITALIAN NATO-LINKED WEEKLY JOURNAL, PANORAMA, HAS PUBLISHED THREE MAJOR ARTICLES, ON OF THEM AN EDITORIAL, ATTACKING THE INTERNATIONAL CAUCUS OF LABOR COMMITTEES (ICLC). THE ARTICLES, A PASTE-UP JOB WHICH ATTEMPTS TO RIDICULE AND SUCCESSFULLY BANALIZES THE ICLC'S POLITICAL AND ECONOMIC ANALYSIS, FOLLOWS CLOSELY UPON THE SLANDERS OF THE ICLC WHICH APPEARED IN THE SWEDISH DAILY AFTONBLADET EARLY THIS WEEK, AT THE INSTIGATION OF SWEDISH PREMIER OLOF PALME.

ONE ORIGINAL CLAIM BY PANORAMA IS THAT, WHILE IN ITALY THE ICLC IS PRO-SOVIET AND DEMANDS THAT THE ITALIAN COMMUNIST PARTY DISREGARD THE "NATIONAL ROAD TO SOCIALISM" FOUTED BY ITS AGENT LEADERS, IN THE U.S., THE ICLC IS ANTI-SOVIET AND CLAIMS THAT THE KGB (SOVIET STATE SECURITY) IS WORKING CLOSELY WITH THE CIA.

IL GLOBO SAYS MORATORIA IS SOLUTION TO INDEBTEDNESS; PCI DISAGREES

OCT. 17 (IPS)--SEVERAL TOP ITALIAN ECONIMISTS AND GOVERNMENTAL REPRESENTATIVES, INCLUDING MINISTER OF TREASURY COLOMBO, MET TO DISCUSS POSSIBLE SOLUTIONS TO THE PROBLEM OF CHRONIC INDEBTNESS OF ITALY'S PUBLIC AND PRIVATE ENTERPRISES, WHOSE DEBT AMOUNTS AT THE PRESENT TO APPROXIMATELY 50 TRILLION LIRE, ACCORDING TO YESTERDAY'S FINANCIAL DAILY IL GLOBO.

THE PAPER STATES THAT, GIVEN THE GRAVITY OF THE SITUATION, THE NECESSARY SOLUTION CAN NO LONGER CONSIST OF "FINANCIAL REORGANIZATION OF THE ENTERPRISES AND THE IMBALANCES BETWEEN RISK CAPITALS AND BANKING DEBT, BUT RATHER MUST PROPOSE A SORT OF REHEALING OR (DEBT) MORATORIA."

INDICATING THAT OPPOSITION TO THIS SOLUTION COMES FROM THE HIGHEST INDUSTRIAL AND POLITICAL LAYERS, IL GLOBO STATES THAT THE "SALVAGING OF ENTERPRISES DOES NOT INTEREST CONFINDUSTRIA (THE INDUSTRIALISTS' CONFEDERATION LED BY ROCKEFELLER-AGENT GIANNI AGNELLI) AND THE PCI (ITALIAN COMMUNIST PARTY) -- WHICH IN THE VOICE OF EUGENIO PEGGIO (PCI-AGENT ECONOMIST) -- HAS MORE THAN ONCE ADVISED AGAINST IT."

EUGENIO PEGGIO HIMSELF TOLD IPS YESTERDAY THAT "THE PCI IS A SERIOUS PARTY. WE MADE A COMMITMENT TO PAY BACK ALL (ITALIAN) DEBTS, AND THE PCI WANTS TO MAINTAIN THIS COMMITMENT AND THUS WILL SUPPORT NO MORATORIA AT ALL."

QUERIED ABOUT PROPOSALS ADVANCED BY MEXICAN PRESIDENT ECHEVERRIA FOR DEBT MORATORIA, THE ESTABLISHMENT OF AN INTERNATIONAL DEVELOPMENT BANK, AND EXPANDED TRADE WITH THE THIRD WORLD, SIGNOR PEGGIO STATED THAT "WE (THE PCI) WANT AN "OPEN ECONOMY" WHICH ALSO MEANS COOPERATION WITH THIRD WORLD COUNTRIES, THEREFORE IF THIRD WORLD COUNTRIES DECLARE A MORATORIA, THEY SABOTAGE THIS OPEN ECONOMY."

SALT REPORTED ON ROCKS

OCT. 17 (IPS)--PROSPECTS FOR A NEW STRATEGIC ARMS LIMITATION AGREEMENT (SALT) AND A U.S.-SOVIET SUMMIT IN WASHINGTON THIS YEAR "HAVE FALLEN TO NEAR ZERO," ACCORDING TO A REPORT BY DIPLOMATIC CORRESPONDENT HENRY L. TREWHITT WHICH APPEARS IN TODAY'S BALTIMORE SUN. THE ACCOUNT ASSERTS THAT "SOME OFFICIALS" IN THE U.S. "FEAR THE WHOLE PROCESS OF DETENTE COULD BE ENDANGERED." "DOMESTIC POLITICS" IN BOTH COUNTRIES, OFFICIALS REPORTEDLY SAID, "ARE EXPECTED TO COME INTO PLAY MORE VISIBLY" IN THE NEAR FUTURE, CALLING INTO QUESTION ESPECIALLY "THE FUTURE OF HENRY KISSINGER."

SOURCES CLOSE TO THE SECRETARY, WHO HAS COME UNDER INTENSE FIRE FROM A VARIETY OF POLITICAL FACTIONS IN THE U.S. RECENTLY,

ARE REPORTED TO BEG THAT EITHER KISSINGER OR PRESIDENT FORD "MIGHT DECIDE HE SHOULD STEP DOWN FOR THE FINAL YEAR OF THE PRESIDENT'S TERM."

THE TREWHITT ACCOUNT FOLLOWS A SIMILAR ONE APPEARING YESTERDAY IN THE NEW YORK TIMES BY CORRESPONDENT LESLIE H. GELB. BOTH ACCOUNTS TEND TO SUPPORT THE VIEWS OF POLITICAL OBSERVERS HERE THAT THE U.S.'S RAPIDLY SHIFTING DOMESTIC SITUATION HAS BECOME KEY ELEMENT IN INTERNATIONAL NEGOTIATIONS, INCLUDING THOSE BETWEEN THE UNITED STATES AND THE SOVIET UNION.