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IN THIS ISSUE:

<u>Currency Crisis</u>	1A
<u>International Markets Newsletter</u>	6 A
<u>U.S. Political Newsletter</u>	13A
<u>Domestic Markets Newsletter</u>	20A
<u>Special Reports:</u>	
<u>Rat Hordes, Plagues, Hunger --</u> <u>Wall St. Policy for Third World</u>	1B
<u>The Atlanticists Are Clinically Insane</u>	4B

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CURRENCY CRISIS

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Resistance To Austerity In Europe Triggers Run On Dollar

Feb. 15 (IPS) -- Mounting European resistance over the last week to Wall Street-ordered austerity policies has triggered the worst run on the U.S. dollar since the days leading up to Aug. 15, 1971, when the bankrupt U.S. currency was first officially devalued and severed from gold. The crisis, which reached panic proportions on the foreign exchange markets, has in turn produced governmental crisis in all of Western Europe and in Washington, where the U.S. government is paralyzed and unable to act.

In New York, where the major money center banks opened their foreign exchange trading several hours early, one source explained the situation: "Every French company, bank, private currency holder, the same for Sweden, Norway, Denmark, Spain, everywhere, is selling off francs or lira, their own currency, for dollars, then dumping the dollars for German marks or Swiss francs. The Arabs have sold heavily dollars for Deutschmarks ... Dresdner Bank in Frankfurt has 11 traders and they are all selling \$15 million a minute, I've seen a billion, no several billion dollars sold here. Chase, Citibank, Manufacturers Hanover, they're all selling dollars. This is insane."

Prof. Robert Triffin of Yale, one of the few bourgeois economists to foresee the Aug. 1971 crisis, commented this week "The situation is very serious. All the hopes of the International Monetary Fund for monetary stability have been thrown out the window. The post-war monetary system is a shambles. This is chaos."

The failure of the Wall Street financiers last week to force devaluations, import cutoffs, and Schachtian austerity on Western Europe, to ensure the continued flow of debt-service tribute to the U.S. dollar, abruptly knocked the political underpinnings out from under the overvalued currency.

Given the on-going collapse of real production in the U.S., the value of the dollar hinges entirely on the ability of the Atlanticist financial cabal and its political adjuncts to loot the productive output of Europe and the Third World and guarantee the value of 800 billion on outstanding dollar-denominated debt.

The center of resistance to austerity is Italy, the country first assaulted by a run against its currency, instigated by Atlanticist financiers, three weeks ago. In the face of the continuing naked attempts to crush this resistance — including the "yellow-alert" of U.S. troops throughout Western Europe Feb. 12 and the on-going boycott of oil shipments to Italy by the U.S. Seven Sisters oil multinationals — the pro-development forces in Italy are fighting the Atlanticist onslaught

with the program of the U.S. and European Labor Party program — debt moratorium and International Development Bank.

These pro-development forces — led by Christian Democratic Budget Minister Giulio Andreotti, Socialist Party leader Giacomo Mancini and industrialist Eugenio Cefis — have the strong union movement, which is slated for destruction under the Schachtian economic program proposed of Atlanticist puppet Premier Aldo Moro. The Mancini faction of the Italian Socialist Party this week successfully blocked attempts by the Atlanticist-controlled Italian Communist Party to provide Moro's new austerity government with trade union approval. Observers such as the Financial Times of London have given the new pro-austerity government only weeks to live.

This pro-development motion has already taken on substantial form. Negotiations are currently underway between the Cefis-controlled chemical giant, Montedison, and the Soviet leadership to open trade channels that would break the debt-stranglehold on the Italian economy. In response to Montedison proposals last weekend for huge Italian technology exports to the Soviet Union in return for fuel and raw materials, a high Soviet trade official called this week for a three-fold increase in Italian-Soviet trade.

Equally shattering to Atlanticist hopes, in the last week the Italian press put the Italian crisis in international perspective, calling for the implementation of the New World Economic Order, support for Italy from outside, expanded world agricultural production, and other proposals that would sweep away the bankrupt dollar empire.

Il Fiorino, the Italian financial daily, commented that it was legitimate to expect a lot more to emerge from the recent Manila Conference of the Group of 77 Third World nations (than the Charter calling for case-by-case negotiations on indebtedness -- ed.). In other words, Andreotti, Mancini, Cefis were giving a kick to their allies in the third world.

The strength of anti-austerity resistance in Italy has catalyzed resistance to the Atlanticist plans in the rest of Europe, primarily in France and West Germany. The awakened industrialist layers in France and West Germany, has forced even the two Atlanticist agents, French President Valery Giscard d'Estang and Helmut Schmidt to agree to "intensify intervention" on the foreign exchange markets to protect the franc from devaluation and the Deutschmark from an "up-valuation." In itself, the support arrangement worked out by Giscard and Schmidt at their Nice meeting at the end of the

week of chaotic currency movements, is only a holding action. Its significance lies in the fact that it reflects the flat rejection by French and West German industrialists and independent political forces of the so-called dollar-deutschmark axis. This currency axis, dreamed up by Atlanticist financiers to secure the hegemony of the dollar in Europe, would have created a fixed parity between the U.S. and West Germany currencies, allowing the "weaker" European currencies "to seek their own level."

In response to Atlanticist plans for a devaluation of the franc which would raise the price of imported consumer goods and the price of raw material imports to French industry, the Gaullists forced the Banque de France to commit itself to match every sale of French francs by speculators with a sale of dollars from the bank's currency reserves. Traders estimated that the Banque de France spent about \$2 billion, or more than one-third of its available reserves, in support operations from the time the attack on the franc began.

Gaullist politicians and industrial leaders meanwhile announced the formation of "Committees for the Defense of National Independence," targeting the Atlanticist government of Valéry Giscard and its prime minister, Jacques Chirac, for its support of the Tindemans plan which would integrate France into NATO coordinated austerity in Europe.

Triffin warned that the dollar-deutschmark scheme would never work because of German dependence on intra-European trade. He said it was his understanding from his contacts in Europe that, "The West Germans don't want to see Europe destroyed — they would rather let the dollar 'float' — that is, let the dollar seek its own level."

But the standpoint of the survival of the bankrupt dollar, Italy with \$14 billion in foreign debt, France with \$20 billion (of which \$10 billion is short-term) Spain with \$8 billion (\$6.5 billion short-term) and Britain with \$14 billion (\$5 billion short-term) all must devalue. This is the only basis on which the continued refinancing of these sectors will be profitable, principally because devaluation is the pillar of Wall Street's austerity policy. If any of these sectors refuse to accept devaluation-austerity, or West Germany chooses not to go along as is the case, what immediately surfaces is a crisis of the profitability of the dollar.

That is exactly what happened over the last week, sparked by the Italian resistance to the gutting of its economy.

An official of the Western German steel-exporting firm Mannesmann commented on the Atlanticist dilemma "Letting the French franc fall against the German mark would destroy any possibility of a West German economic recovery. We're glad the West German Federal Bank is backing the franc ... Nothing would be worse than changing the exchange rates." In an editorial on Feb. 11 the day the run dollar reached panic proportions, the German daily business paper Handelsblatt said bluntly, "We estimate the dollar is overvalued."

Chronology of the Currency Crisis

Feb. 9 the speculative run on the lira spilled over to the French franc. Traders in New York confirmed that the attack on the franc was initiated on Atlanticist orders by the West German central bank (the Bundesbank), which gave the go-ahead to Frankfurt foreign exchange traders to move against the French currency, while at the same time ordering them not to touch the lira — out of fear that a further

assault against the Italian currency would only propel the anti-austerity axis of Andreotti-Mancini-Cefis toward debt moratorium faster.

Money Manager, the widely respected financial weekly, had hinted at the attack over the weekend, saying that the franc was now weaker than the lira since the lira's sharp depreciation.

Also on Feb. 9 the Spanish peseta was officially devalued by 11 per cent, and the Belgian franc came under strong pressure. Sources in the New York banking community and at the State Department expressed the opinion that, in the words of one trader, "We've done enough for the lira for now."

By Feb. 11, the managed run scenario had backfired. Following the agreement of the Bundesbank and the Banque de France on Feb. 10 to conduct mutual support operations — to prevent the depreciation of the franc and appreciation of the mark — the run hit the dollar. The volume of dollars which passed through foreign exchange markets into West Germany, Holland, and Switzerland, was estimated by traders at several billions of dollars, reminiscent of the hot money flows under the old fixed parity system. On Feb. 11 the mark appreciated by 0.6 per cent against the dollar, despite at least \$10 million of Bundesbank intervention; the Swiss franc rose by 1 per cent against the dollar; the Franc also rose against the dollar, but only through approximately \$1 billion in dollar sales by the Banque de France over a 48-hour period; the devalued Spanish peseta remained stable — through \$60 million in intervention in 48 hours; the unsupported Swedish kroner fell by 1.4 per cent against the dollar; and the Danish bond market collapsed due to currency outflows.

These massive money flows tapered off on Feb. 12 only because the markets were closed in the U.S. for Lincoln's Birthday, slowing the plunge of the dollar.

Meanwhile on the same day international financial press reported West German resistance to upvaluation of the mark, signaling the failure of the "dollar-deutschmark axis." Handelsblatt's coverage of the currency crisis emphasized the Franco-German agreement to keep the European "snake" from disintegrating, and denied that any new parities would be established.

However, the currency crisis is far from over. Trading continued slower on Feb. 13, because many U.S. bankers took a long weekend, but the International Herald Tribune reported on Feb. 14 that all the speculators were waiting until Feb. 16 to test the Giscard-Schmidt agreement on central bank intervention. At the moment both Italy and France are on the verge of exhausting their currency reserves.

The only resolution to the currency crisis — as the Italians understand best — is a complete break with the dollar system and the beginnings of the New World Economic Order. On Feb. 13 there were indications that the Europeans are, in fact, mobilizing their gold reserves and establishing a European gold payments system to replace the dollar — a transition to the International Development Bank.

Professor Triffin confirmed that day that the European central banks are discussing a system to clear gold among themselves and "abandoning the dollar to the market." Triffin also stated that the West Germans seem committed to find some medium other than the dollar for international trade and payments.

On Feb. 9 Gordon Tether, the Financial Times columnist, called on the Bank for International Settlements, the central bank of European central banks, to establish a gold basis for European currencies. On Feb. 12 Tether called for general moratorium on the entire debt of the developing countries, noting that this idea was now making great progress in the advanced sector.

The Paralysis In Washington

With the run on the dollar already at August, 1971 proportions the eyes of the foreign exchange traders in the U.S. and Europe turned to Washington. Their hope, as expressed by several traders late in the week, was that the Treasury or the Fed would do something dramatic to avoid what all regarded as an otherwise inevitable crisis. "I know

they will do something," one trader stated, "like devalue the dollar of something dramatic. They are not about to let the whole thing fall."

But the U.S. government is at this moment gripped by total paralysis. Internal faction fights have rendered the government bureaucracy totally incapable of dealing with a crisis of enormous proportions. An IPS survey of departments including State, Treasury, and the White House found that many lacked knowledge of the crisis, as the Wall Street bankers were operating outside the normal government channels in carrying out their policy (see U.S. political newsletter). In other cases, all the relevant government officials could offer in the way of "policy" was pure bravado. "The dollar is strong," said one Treasury official.

A Grid Of Incompetence

The following is a grid of the response of elected and non-elected government officials and their staffs, financiers, and industrial leaders in the U.S. and Western Europe, to IPS and U.S. Labor Party questions concerning their policy towards Italy and the economic crisis. In each case, it was demanded that these individuals take responsibility for stopping the Wall Street ordered rape of Italy and to solve the economic crisis. It should be noted that a significant number of those contacted simply hung up the phone or otherwise avoided expression of their incompetence on these issues. Those responses are not reported here.

U.S. Senators

Frank Church (D-Idaho) — presidential candidate: “If they (the Italians) don’t get their debts paid, they’ll go bankrupt. . . and if they don’t pay their debts, they get no more credit.”

Office of John Pastore (D-RI) — aide: “So what if it’s Mussolini’s program. The Italians are constitutionally incapable of governing themselves. I know because I’m Italian.”

Office of Hubert Humphrey (D-Minn) — aide-Joint Economic Cttee.: “You sneaky devils. . .”

Henry “Scoop” Jackson (D-Wash) — presidential candidate: “I’ll let the Labor Party take care of Italy.”

Birch Bayh (D-Ind) — presidential candidate: “I don’t care what your candidate is doing in Italy. I’m here (Buffalo) to open my campaign office. . . I don’t seem to know what I feel about this situation.”

Office of Harrison Williams (D-NJ) — aide: “Yes, we know the New York banks caused the Italian crisis. But Senator Williams is in the district and I can’t do anything about it.”

Office of the Senate Foreign Relations Cttee. - Don Henderson — staff: “You claim the choice is between fascism and a debt moratorium. No one here sees those choices, there are other alternatives. . . I can’t name any right now. . .”

Representatives

Office of Donald Riegle (D-Mich) — aide: “Yes, we know the New York banks caused the Italian crisis. . . No, we won’t tell you what we’re going to do — if anything.”

Office of Lucien Nedzi (D-Mich) — aide: “Why should we talk to the Labor Party. We’re Democrats.”

Office of Robert Duncan (D-Ore) — aide: “I can’t see how this concerns Oregon.”

Office of Shirley Chisholm (D-NY) — aide: “So you’re telling me there are rats in Niger — we’ve got rats here.”

Mario Biaggi (D-NY): “(Slave labor?) Well, some kinds of jobs are necessary.”

Office of Chris Dodd (D-Conn) — aide: “That’s somebody else’s problem.”

Don Rostenkowski (D-Ill): “I’m in favor of a debt moratorium for Italy, but talk to Representative Anunzio, he can do something. . . I’m in favor of Humphrey-Hawkins (\$50 per week jobs legislation), too.”

John Siberling (D-Ohio): “Not only do I support the Humphrey-Hawkins legislation, but I’m a co-sponsor. . . We have to get these public works programs through. . . programs for youth coming out of school. . . When I was a kid the President had guts. . . Look you guys, I’m for capitalism and we want to put welfare people to work. . . Debt moratorium would destroy the banks, peoples’ savings, and the world economy. . . (Throw out the welfare bums?) That’s what we’re trying to do. . . The economy is getting better. I’ll never let this country go communist.

Office of Donald Bonker (D-Wash) — aide-Int’l. Relations Cttee.: “You said there would be nuclear war Jan. 31, and it didn’t happen.”

Non-Elected U.S. Government Officials

Seymour Miller, Director of Int’l. Monetary Affairs, U.S. Commerce Dept.: “All very interesting, but I’ve got to get back to work.”

Office of the Ass’t Secretary for Economic Affairs, U.S. Commerce Dept., Mr. Kromiez, Staff Economist: “I wouldn’t be interested in more material. My field is domestic economy. . .”

Government-Related Think-Tanks

Institute for International Policy — Foreign Policy Specialist: “How do you come up with a policy when the IMF can’t function anymore and the whole system has broken down? The Third World is waking up to their freedom just like the blacks in the South did. This is revolutionary. . . Policy? That’s the question of the year. Congress has no idea of the magnitude of the debt problem. The IMF? The whole thing is breaking down. . . ha ha ha ha ha. . .”

Newspaper Editors

Office of James Reston, Editor-Columnist, New York Times — Ass’t David Dunlap (Ghost-writer): “Debtors cannot declare a debt moratorium. Debtors can only declare a default. Only creditors can declare a moratorium. And

creditors can use force! . . . Anyway, you said there was going to be a nuclear war, and now it's mid-Feb. . . I think nuclear war is inevitable."

The Wall Street Journal — Lead Editorial, Feb. 10: "We don't need any new banking laws and regulations. . . With or without further 'reform' the banks will be as sound as a dollar. . ."

Finance and Industry — U.S.

Chase Manhattan Bank (New York) - Executive: "We will do everything possible to survive. What you propose (a debt moratorium and the IDB) is rational, but if we go with it, it will mean an end to our power. . . You don't expect us to give up our guns. Even if it means nuclear war, we prefer to go down with our sinking ship. You might say we're a corpse that refuses to be buried."

Lehman Brothers (New York) — Executive: "The consequences of doing what you propose are so horrible to us that we will go on doing what we are doing, despite all the dangers."

Continental Illinois National Bank (Chicago) — Executive: "I know about Italy. . . but I'm very busy."

Continental Illinois National Bank(Chicago) — Executive: "We can live with an Italian debt moratorium."

Continental Illinois National Bank (Chicago) — Foreign Exchange Dept.: "This is fundamentally not a dollar problem. It is a problem of the EEC currencies, of distortions within the float. We are looking for a revaluation of the Deutschmark and a devaluation of the French franc and the Belgian franc. . . They'll just have to. . ."

First National Bank (Chicago) — Foreign Exchange Dept.: "We don't know what the hell is going on. If we did, we would be out there making money instead of talking on the phone to you."

Professor Robert Triffin (Yale University) — Advisor to leading banks: "The situation is totally out of control. . . The IMF has collapsed. . . We must move to the SDR as reserve currency."

Finance and Industry — Europe

Commerzbank (West Germany) — Executive: "No Comment."

Gute Hoffnungschütte (West Germany's largest machine tool company) — official: "No one here can speak about this today."

AEG Telefunken (West Germany) — Executive: "Because we don't see any possibility of a Deutschmark revaluation, we don't see any need to comment."

Warburg-Brinkman, Wirtz and Co. (West Germany) — Herr Brinkman: "The U.S. stock markets are buoyant. . . It's terribly dangerous and highly unadvisable to talk about a crisis. . . It's nothing new. . . we've grown accustomed to dollar crises. . . There are all sorts of things happening in the U.S., things dug out of the dark; it's human nature. . . Your duty is to do everything you can to calm the markets. . ."

Dresdner Bank (West Germany) — Executive Kurt Richebächer: "Okay I agree Italy is the key case. . . We'll have other moratoria. . . Now what's the next step after moratoria? . . . You're always so black and white. . ."

Herr Lausen, State Finance Minister, Schleswig-Holstein (W. Germany): "Debt moratorium in Italy? I'd like to do that too. But what can I do?"

Swiss Banking Corporation — Executive Tulio Pelli: "This debt moratorium is absolutely new for me, even as a rumor it's very bad, I don't expect anything like that. . . Now I am on the board of Montedison International and I know Cefis (Italian pro-debt moratorium head of Montedison). . . There's nothing like what you say. . ."



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NEWSLETTER

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Dollar Axis for Europe Crumbles; Seek New Int'l Monetary System

Feb. 15 (IPS) — French President Valéry Giscard and West German Chancellor Helmut Schmidt ensured Friday that “all hell will break loose with the dollar next week,” in the words of European currency traders, by announcing their refusal at present to allow the French franc to fall in value against the West German deutschmark and the dollar. Giscard and Schmidt agreed at their French Riviera summit meeting in Nice to “intensify intervention” from both their central banks to maintain a stable mark-franc exchange rate.

Their decision signals near-general European abandonment of the “dollar-deutschmark axis” policy of Wall Street’s financiers and their NATO lieutenants, which first surfaced with the Jan. 21 attack on the Italian lira by investment and commercial banks led respectively by George Ball and David Rockefeller. The Wall Street policy was to collapse the lira, the Spanish peseta, the French franc, and then the rest of European currencies relative to the West German mark, while holding the mark’s exchange rate with the dollar frozen. The liquidity drained from the 30 per cent cuts in European workers’ living standards by this move would be used to continue international dollar debt payments like the combined \$35 billion in French and Italian foreign debt, to keep the dollar stable.

Horrified by the destruction of European trade these devaluations would force, European industrialists compelled Giscard and Schmidt, themselves virtual NATO figureheads, to resist their Atlanticist masters. Without the axis, the current high value of the dollar cannot be maintained. In place of the franc, billions of dollars will be dumped when the markets open, begging the creation of a new international monetary system.

In meetings with USLP Chairman Lyndon H. LaRouche in Rome, and in their press, significant factions of these European capitalists have adopted various aspects of the International Development Bank policy, which would coordinate an international debt moratorium and replace the dollar with billions of gold-backed transfer rouble credits from the Soviet Union and its Comecon allies to finance industrial expansion.

In the leading examples of such developments, C. Gordon Tether, columnist for the London Financial Times, and Italian press linked to the pro-IDB Cefis industrialist faction in Italy explicitly proposed an international moratorium;

and European central banks began negotiating a gold payments system to replace the dollar.

These initiatives must quickly expand into a full European-wide mobilization for the IDB if the world is to avoid a catastrophic complete collapse of production and trade around the March 31 deadline for international debt rollover. Unless IDB arrangements are essentially agreed on by March 31 and in operation by June 30, when debts for the next quarter come due, the ensuing collapse will plunge the world into an ecological holocaust from which it will not recover.

In his Feb. 12 column “Questioning the Validity of Debts,” Tether noted the “growing support for the proposition that developing countries should be allowed, as a general rule, to declare a moratorium on their external indebtedness.” He pointed out that “debt service is now absorbing as much as a quarter to a third of foreign currency earnings.” Tether predicted that moratorium “will be taken up...in those affluent world countries — and there are quite a few — that have developed large domestic indebtedness.” The columnist explained the growth of debt by noting that governments are scandalously “turning on the money printing press,” supplying money cheaply to the banks, which “lend it back to the State at high rates of interest...”

Friday’s *L’Europeo*, a magazine controlled by the Cefis forces in Italy, goes directly to the question of the implementation of debt moratorium. “Who will support us (Italy),” one article asks the world, “when we cannot pay our debts?” The present International Monetary Fund and its Wall Street masters are pointedly excluded from Italy’s roster of potential supporters.

Il Fiorino, the Cefis financial paper, on the same day invited the Third World to push more strongly for debt moratoria, commenting that “much more was expected from the Manila meeting” of the Group of 77 developing questions on the question of debt and reporting that issues left open at Manila will be resolved at the current session of the Paris Conference on International Economic Cooperation (the North-South Conference). In discussing moratorium, the Cefis faction has identified it as a first step to the establishment of an IDB to issue new trade credits.

The Golden Transition

In expectation of an immediate plunge of the dollar on the markets next week, as well as of the coming moratoria on

dollar debt, European Central Bank representatives at the Swiss headquarters of the Bank for International Settlements (BIS) are setting up a gold payments mechanism. Yale Professor Robert Triffin, economic consultant for Wall Street and the IMF, confirmed to IPS Friday that the West German decision to "let the dollar fall" means that a replacement medium for international trade payments is being sought. "Within the context of BIS agreements to support the price of gold by purchasing it on behalf of especially the Banque de France and other central banks," said Triffin, gold will be made such a replacement.

Economically, such a move will touch off a further run from the dollar into gold, crippling Wall Street's political power internationally. Limited to Europe, however, the new payments system could never coordinate international debt moratorium and support the vast expansion of new credits needed to expand European exports. Such a European golden snake is only useful as a transition to formal liaison with North America, the Comecon countries, and the Third World in an IDB arrangement.

Triffin noted that the Group of 19 leadership group of developing nations is pushing for the same kind of gold international payments system to replace the dollar at the Paris North-South Conference this week. The Group of 19 yesterday fully endorsed a Yugoslav proposal for Soviet participation in the talks.

"Who is Behind Our Troubles?"

Across Europe, a general hue and cry has gone up over the effects which even the attempt at a dollar-deutschmark axis has already had on European currencies, trade and industry. Much of it represents a real potential threat to the dollar and NATO domination of Europe.

In West Germany, Handelsblatt, financial paper of the pro-East-West trade industrialists, delivered a blast against the "Tindemans Plan" for integrating European arms production, which includes the idea of devaluations and austerity for the bottom half of a "two-tier Europe." "the psychological-political results would be disastrous," Han-

delsblatt stated, citing ominous "disturbances about this in Bonn." A high official of the giant Dresdner Bank, which led the mass sale of the dollar Feb. 12, told IPS "We cannot export austerity. We depend too much on the European Economic Community."

The Vice-President for West Germany of a major New York bank reported "No politician in an election year could justify revaluation of the deutschmark, which would hurt Germany's competitive export ability." He then quoted Reuters interviews with high West German banking sources: "It would seriously impair economic recovery...bring danger of high unemployment."

In Denmark, a leading Copenhagen banker told IPS this week that the Danish situation was rapidly approaching that in Italy and that in such circumstances, "debt moratorium is a possible solution." Meanwhile, the Danish press continued attacks on the Tindemans armament plan.

These developments gave added impetus to the recent call by Danish Foreign Minister K. B. Andersen for expanded trade with Eastern Europe. Andersen, who has broken with leading Atlanticists and openly attacked their Zero Growth insanity, recently returned from top level trade talks with Bulgaria.

A 30-man group of French Gaullists, the main impetus behind the BIS gold payments negotiations, issued a similar attack on the Tindemans Plan Feb. 11, and called for the formation of a Committee of National Independence, amid moves to dump the Giscard government. IPS interviews in Paris confirmed strong antipathy to the devaluation scenario, without, however, any overt commitment to the necessary over-all IDB approach.

In Switzerland, leading bankers are heavily backing the gold payments project, and indicated they are putting pressure on the government to formulate plans for an anticipated Italian debt moratorium and the resultant post-dollar international monetary system.

Third World Socialists Lead IDB Fight;

Group of 77 Split

Feb. 14 (IPS) — Leading Third World socialist countries and political factions have decided to establish themselves as a core leadership group, for the first time breaking with the false unity of the agent-ridden Group of 77 nonaligned countries which has functioned haltingly for two years as the Third World's policy-making body. Although not yet completely consolidated nor entirely self-conscious of their role, the group is effectively working to ensure that ongoing development talks are serious, competent forums for establishing the International Development Bank.

A call by Iraq this week to convene an Arab summit meeting to plan the region-wide agricultural development of the Middle East, together with a parallel decision by the Group of 77 — taken at the initiative of Yugoslavia — to invite the Soviet bloc to take part in North-South talks currently going on in Paris, indicate that this coalition of leading Third World forces is linking up with both the socialist bloc and the pro-development forces in the West in the battle to establish the IDB.

Having just returned from the Group of 77 talks in Manila, an Indian diplomat, veteran of two years of negotiations with little concrete results, readily agreed that such forums had reached their limit of usefulness, and discussed with ICLC representatives the potential for more direct action within the framework of a smaller group of developing countries committed to debt moratoria. "The Group of 77 as such does not exist anymore," he stated, describing how the Manila talks had almost broken down several times. At one point, he asked: "What do you want me to do about the Italian situation?"

For almost a year, the entire developing sector has been saturated with material on the IDB and debt moratoria by Labor Committee representatives, with several governments already adopting an official policy of support for the IDB. Now, the opportunities presented by the pro-IDB outlook taken up by Italy's development forces has forced key developing-sector countries to consider the immediate potential for creating a functioning IDB.

The chief element that has shaped the current political attitude in the Third World is the realization that further dependence on inconclusive, drawn-out negotiations such as the recently concluded Group of 77 meeting in Manila, where agent governments and backward forces combined to produce an essentially impotent final document, cannot have any results. Instead, Iraq, Yugoslavia, left Congress Party and Communist elements in India, and the Algerian leadership — among others — have broken with the "Third World family" idea and are waging an open political fight inter-

nationally and against domestic reactionaries to build the much-talked-about new world economic order now.

For the Third World as a whole, the chief tactical objective is to provide the back-up critical for Italy's pro-development Andreotti-Cefis-Mancini axis to survive Atlanticist blackmail. For example, Italy's oil supplies, sharply down as a result of a boycott by the Rockefeller family's Seven Sisters oil cartel, require that such countries as Iraq, Libya, Algeria, Nigeria, and even Iran establish direct relations with Italy for the supply of oil over the heads of the Rockefeller cartel. In Rome and elsewhere, ICLC representatives have already contacted governments of oil-producing countries to foster such an arrangement.

Iraq Leads the Arabs

According to Handelsblatt, a West German economic daily, the government of Iraq has called for the convening of an Arab League summit meeting to discuss agricultural development of the Middle East and North Africa. In the clearest example of a country taking the necessary individual initiative to organize for a development perspective, the Iraqis demanded that the Arab states meet at the level of heads of state, since "it is not sufficient to turn the problem over to experts, because they do not have sufficient power to put these ideas into force." Two Egyptian diplomats contacted by IPS quickly endorsed the call by Iraq, which has also apparently been accepted in principle by the Arab League council.

The Iraqi initiative opens up immediate possibilities for setting up the sort of oil-for-technology and capital arrangements between the Arab sector, Western Europe and the Soviet bloc that form the core of the IDB proposal. Together with moves by anti-Atlanticist forces in Western Europe to break with the U.S.-dominated International Monetary Fund and the inflated U.S. dollar, Iraq's moves in the Arab world create a ready market for European exports of tractors, fertilizer, and farm machinery. Such capital equipment can be supplied to the developing countries on the basis of long-term credits issued by the IDB or a similar, transitional institution aimed at development of the Fertile Crescent, the Nile Valley, and other areas once both Western Europe and the developing sector have dumped their debt to the Dollar Empire.

The key to the importance of the Iraqi agricultural development proposal is that Iraq is willing to make a political fight on the issue of development. In the rest of the Arab sector, certain allies of the reactionary bastion of Saudi Arabia will move to block the Iraq move; a Jordanian diplomat in effect has told IPS that Jordan sees the proposal as "useless." But forceful Iraqi organizing for the proposal,

plus outside support, will line up progressive Arab countries behind the idea, split key countries like Egypt and Syria, and isolate the agents.

Future Negotiations

The Iraqi move to organize the crucial Arab sector behind a pro-development perspective is only an example of the method by which the relatively few conscious pro-IDB forces in the Third World can line up their potential allies for support. As many Third World diplomats are beginning to realize, the already bleak future for the developing sector threatens to become unspeakably hideous in coming months unless the forced collapse of advanced-sector production is halted. As the Labor Committees have repeatedly pointed out, the situation requires immediate, unilateral action. Debt moratoria and development programs are not negotiable — they must be declared and implemented, with negotiations to follow.

West are in endless, unproductive talks around the new world economic order, the Yugoslav delegation proposed that the Group of 77 invite the socialist countries to participate in the North-South talks — a proposal which was immediately accepted by the whole group of developing countries. Despite reported strong opposition to the move from French President Giscard d'Estaing, there are signs from the Czechs that the Soviet bloc favors inclusion in the talks.

The sharply limited nature of the present trade and development talks under various forums — the Paris talks, the United Nations, the Group of 77 — was noted by the Indians this week. The Indian leftist daily *The Patriot*,

reporting on the Manila meeting of the Group of 77, noted that the members of the Group had different "economic and social systems," and thus demoralized by the frustration of seeking to negotiate with agent governments like Saudi Arabia, Brazil, et al. — claimed that the Group "would do well to set its sights on the possible and not waste time and energy in working out quixotic plans to change the present international economic order at one stroke." In sharp contrast, an editorial in the same newspaper attacked "unrepentant World Bank economists within the (government) bureaucracy," thus stating the correct target for pro-development forces in India.

In similar fashion, an ambassador from a major Arab oil producing country told an ICLC organizer that his government is "highly interested" in the IDB proposal, and said that he would recommend that his government consider moving against the Rockefeller-organized oil boycott of Italy.

Such motion, which is certain to escalate in coming days and weeks, essentially solves the problem which faces Third World countries in development negotiations. Without immediate action on debt and trade, the long, drawn-out talks will last well into 1977, during which period the otherwise unavoidable necessity of implementing austerity through import cuts and wage-gouging will weaken regime after regime in the Third World, leading to a series of right-wing coups d'etat. Henry Kissinger's botched effort in Nigeria yesterday, which left the president of that West African country dead, is merely the first in a bloody series unless the process is overturned.

Presidential Statement on the Monetary Crisis

Issued by U.S. Labor Party Presidential Candidate

Lyndon H. LaRouche, Jr.

ROME, Feb. 12, 1976.

Unless Western Europe agrees to accept an economic death-sentence within the next several days, the United States dollar and associated debt-structures will immediately enter the final stage of the monetary crisis that began ten years ago with the collapse of the British pound. The present run against the dollar on the foreign exchange markets, which the international banking community correctly perceives as an all-out panic, is the inevitable result of France's and West Germany's refusal to tolerate the devastation of the European economy through the imposition of a "two-tier Europe" scheme. By refusing to permit the forced devaluation of the French franc and other European currencies in the wake of the Atlanticist-forced collapse of the Italian lira and Spanish peseta, the French and German central banks have turned the entire illiquidity pressure in the international monetary system against the dollar.

The same New York banking circles who provoked the attack against the lira, and demanded a round of currency devaluations to prepare a general austerity program for Western Europe, are now aware that their tactic has backfired. The continuing attacks on the French franc, the lira, the peseta, and the Scandinavian currencies have become a feeder operation for the overwhelming assault against the dollar.

It is now a matter of public record that the preponderance of political and industrial forces in France, West Germany, Italy, and Switzerland has rejected as criminal folly the Atlanticist scheme for the reorganization of Europe: a firm "dollar-deutsche Mark" axis, the political role of West Germany as gendarme for European austerity, the use of the German currency as a buffer for the dollar, the grouping of the other European currencies around the mark after devaluations of 5 to 15 per cent. These are the Atlanticist financiers' terms for refinancing the \$60 billion external debt of the European nations in balance-of-payments deficit. But Western Europe's refusal to accept the round of austerity-devaluations places in jeopardy the structure of \$800 billion in illiquid dollar-denominated debts internationally, and therefore set forces in motion which will tear the international monetary system to shreds within a few weeks.

In this crisis situation, the defensive measures taken up to this point are miserably inadequate to ward off the destruction of the European economies. The currency defense arrangements created yesterday between the Banque de France and the Bundesbank have merely changed the course of the flow of international funds, not stopped it. Europe is still dependent on the dollar as a reserve and trading currency. To defend the Rambouillet and Jamaica agreements is to agree to the destruction of European trade and production. To resist the Atlanticists' terms will destroy the rule of the dollar.

In order to prevent the chaotic collapse of the international monetary system and devastating consequences for world trade, Europe must immediately put into effect provisional measures for trade financing and break with the dollar.

Nothing short of the founding of a new international monetary system designed to finance international trade and development will end the crisis. At the present stage of negotiations towards such a new system, most of the world political leadership excluding the Atlanticists and their agents and dupes is agreed on the International Development Bank format which I and my organization have circulated since April 1975. The International Development Bank proposal would immediately freeze the destructive aspects of the dollar system through immediate moratoria on debts to the Bretton Woods institutions and international banks incurred through balance-of-payments deficits, and create a new multilateral financing institution for trade and development.

This institution would be established by three-way arrangement among the advanced industrial capitalist countries, the Third World, and the Council for Mutual Economic Assistance countries, and create liquidity on the basis of treaty arrangements specifying flows of trade and development technology.

In the interim period during which negotiations are taking place towards the establishment of the International Development Bank, the political commitment of world trading partners towards such negotiations creates the basis for temporary and provisional arrangements to finance trade. Once debt moratoria are put into effect to forestall further looting of necessary production and trade by debt-service, bilateral and multilateral exchanges between world trading partners must be put into effect to maintain the continuity of trade in the absence of dollar trade-financing. The basis for the success of such interim arrangements is the application of the principles simultaneously under discussion towards the creation of a global International Development Bank.

The discussions I have held during the past week with political and industrial leaders in Italy have shown that a correlation of forces exists throughout Europe to put this program into immediate effect. The anti-austerity, pro-development faction in Italy is fully committed to the International Development Bank perspective, and preparing to form a government to replace the jerry-rigged Moro government.

In France, the most strategically-placed leaders of the Gaullist movement and the majority of French industry have indicated their total unwillingness to accept Atlanticist austerity, and are moving towards a commitment to the International Development Bank. Several leaders of the Swiss financial community supporting Italian efforts towards a debt moratorium. In the United States, representatives of Midwestern banks and industrial firms have told my organization that moves by Europe towards debt moratorium and the International Development Bank are acceptable to them.

The declaration of the Foreign Ministers of the Group of 77 last week at Manila show that the Third World is immediately prepared to satisfactorily conclude the necessary arrangements with Western Europe and other sectors. Finally, the

Soviet Union has responded to calls by Italian nationalized industries for extraordinary measures to expand Soviet-Italian trade in a positive fashion, including a call for the trebling of Soviet-Italian trade by Boris Borisov, Chairman of the All-Union Chamber of Commerce. This presents an opportunity to rid the world of the Atlanticist financier faction, which is at a nadir of confusion and demoralization. The Atlanticists' psychotic efforts to destroy

the basis for continued human existence on this planet on behalf of the illiquid structure of dollar debt has met a major reversal. The self-estimation of this faction has been summed up by one of its representatives as that of "a corpse that will not be buried — we prefer to go down with our sinking ship." From this standpoint, the Atlanticists themselves have thrown out the possibility of rational negotiations. We must end their rule before they end the human race.

Why The Dollar-Deutschemark Axis Couldn't Work

As is now apparent, the dollar-deutschemark currency axis proposed by the Atlanticists is politically unworkable. The plan, which would have looted Western Europe and the Third World through a series of forced currency devaluations and the imposition of Nazi levels of austerity, was economically unworkable from its inception.

It is premised on two interrelated horrors: the collapsing working class income by 20-30 per cent and the collapsing of purchasing power of the East bloc and Third World, thereby put in both Department I (the production of the means of production) and Department II (production of the means of consumption for the productive working class). What is left? Labor-intensive slave labor projects and arms production on the one hand, and the purely paper currency expansion (based on no production of real wealth) on the other. The latter will destroy what remains of the world monetary system in an explosion of Weimar-style inflation. The former will destroy the productive plant and the skilled work-force of the advanced sector, and sentence hundreds of millions to death in the Third World.

The insanity of the proposal is underlined by the Jan. 20 Money International newsletter of First National City Bank. According to the newsletter, there will be a massive boom in Europe based on the rapid expansion of the West German money supply, which they say would result in a 6 per cent rate of growth rather than a 4.4 per cent as projected by West German economists. Given the fact the 10 major trading countries (Western Europe, the U.S. and Japan) have on paper the largest proportion of trade with each other, this new arrangement (i.e. a dollar-deutschemark axis will form the basis for a holding action for Europe as a whole — a holding action until the "recovery" begins.

The newsletter then proceeds to provide paper calculations to prove that these plans will work. But beyond this book-keeping ruse, the dollar-deutschemark scheme falls apart, into a nightmare of Schachtian levels of austerity and the chaotic collapse of the world economy.

What is the Western European Economy?

The Western European economy is the world's most finely tuned trading machine. Its internal relations must be taken as a whole, and conceptualized as a feeder operation for its vast export product. Over the last year, some \$300 billion worth of product was exported. This breaks down roughly into \$150 billion exchanged between Western Europe and other trading partners, mainly the U.S., Japan, the East bloc and the Third World. The remaining \$150 billion was exchanged between European national sector economies — i.e. with Europe itself.

The exchange of goods and services between European national sector economies amounts to the majority of each country's exports. West Germany, for example, markets 50

per cent of its exports in Western Europe. What is being exchanged is the production of Department I, which is needed to maintain plant, equipment and nature, and the production of Department II, the goods and services, which are required to maintain the productive working class.

The destruction of this process is the entire premise of the "dollar-deutschemark" plan. By attempting to establish stable currency relations between only the U.S. and West Germany — at best — the Atlanticists are proposing to create a situation of endemic chaos among European currencies. With the currencies fluctuating wildly, trade will come to a virtual halt as no one will be able to tell the value of their goods from day to day.

The net profit of the European economy is realized in the form of \$150 billion in exports to the non-European sector. This net profit was prevented from collapsing over the last year principally by increased exports to the Third World and East bloc; exports to Japan and to the U.S. were off sharply. But under the "dollar-deutschemark axis" arrangements, credit which has been made available for trade to the East bloc and Third World will be cut off in order to support weaker currencies from falling through the floor.

But the dollar-deutschemark policy poses another devastating contradiction. While the Atlanticists propose that somehow exports (non-European trade) will be maintained, they are deliberately deciding not to pay the absolutely necessary constant capital and variable capital costs required to maintain the productive labor power of the European working class. The enforced reduction in the exchange of goods, services and technology implied by the plan will thus destroy the ability of the working class to produce for profit — i.e. export.

Essentially, the Tindemans plan for increased arms production would substitute exchange of weapons systems for the previous intra-European exchange of Department I and Department II production. Leaving aside the question of whether such exchanges will be possible under the chaotic currency situation described above, such a substitution would destroy the basis for continued production in Europe. As should be obvious, one cannot eat jet aircraft nor ride to work in a machine gun.

While capitalist bookkeepers would assign monetary value to arms production, their manipulations will guarantee a breakdown of the finely tuned trading machine. As was the case the last time such policies were employed — by I.G. Farben, the Krupps et al in Nazi Germany from 1937-41 — the skilled working class of Europe will be totally destroyed.

As a result of such production policies — the only ones possible under the dollar-deutschemark or similar schemes — all currencies including the Deutschemark and dollar will suffer Weimar style inflation, since no realizable wealth will have been produced.



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The Paralysis of the Government in Washington

by Criton Zoakos

Feb. 13 (IPS) — A massive political crisis is about to erupt in Washington as a result of the combined impact of three impasses in government functioning: a four-way factional deadlock in President Ford's White House, the resignation of the U.S. Congress to a state of virtually unshakable apathy towards the present world and domestic economic crisis, and the near detonation stage reached in the proceedings around Congressional intelligence investigations.

What most foreign governments as well as political analysts have so far failed to take into account in efforts to arrive at a competent estimation of political processes in the United States is the fact that policy formulation and implementation in this country has for a long period been conducted by a conspiratorial arrangement which has been assigning pre-choreographed roles to both Congress and the White House in order to maintain its own invisibility.

As a result of the ruling-class fight around the nuclear strategy issue (which also accounts for the "Halloween massacre" last fall), this invisible government arrangement has now broken down to four visible factions who are at war with each other. This state of affairs accounts for the miserable failure of the dollar-deutschmark axis tactic. As announced last week by the Wall Street Journal, the Money Manager and other financial mouthpieces, the West German-U.S. axis was supposed to enforce throughout Western Europe a one-shot 20-30 per cent reduction in living standards to prop up the world dollar-denominated debt structure.

Right now, the executive branch of the United States government is caught hopelessly in a deadlock among four groupings which disagree on nearly all but one issue, the need to urgently hush up the now explosive intelligence investigations. These four factions are the Averell Harriman-George Ball grouping of New York banking interests; the Rockefeller-Kissinger group; forces around former President Richard Nixon which have returned to Washington; and President Ford's tiny rapidly shrinking base of personal influence. Ford's base is sometimes associated with the Chicago industrialist factions which with the support they threw behind Defense Secretary Donald Rumsfeld last fall made possible the victory of the Harriman-Ball-Kennedy strategy of flexible response over the Schlesinger doctrine of "limited" nuclear war.

Ironically for Messrs. Harriman et al., their ability then to significantly diminish Rockefeller's political clout in both the White House and Republican circles generally has made the present Nixon comeback possible. Right now, significant forces in the Ford cabinet, including Secretary of the Treasury Simon as well as the Secretaries of Agriculture and Interior, are solidly in Richard Nixon's camp. This newly emerging camp also includes high officials in the White House, the Domestic Council, and the Council of Economic Advisors.

This Nixon comeback since the Halloween Massacre is now having the effect of paralyzing the Harriman-Ball strategy of retrenchment from the Third World and concentration of defenses in the Atlantic Community proper. Purely for reasons of personal pique, Nixon will continue to go to the limit exploiting memories of his old China policy in order to facilitate a domestic political comeback. Thus the present Nixon caper has had the effect of checkmating the foreign policy initiatives of the only group of financiers that could have replaced the temporarily defeated Rockefeller machine, the Harriman-Ball group.

Since the beginning of the New York bank's offensive against Italy and the rest of West Europe, they have been carrying out their policy relying only on those instruments of coercion available to them through their professional channels without the possibility of drawing on the full resources of the foreign policy-making apparatus of the executive.

Congress Forced to Drop Out Of Politics

Accompanying the hopeless policy paralysis in the ranks of the invisible government last week, there was a virtual overt resignation of the U.S. Congress from any and all issues of the real political universe. USLP spokesmen on Capitol Hill last week encountered an unprecedented climate of misinformation, bewilderment and unwillingness to face up to the critical situation both in the international markets, the domestic economy, and their political implications.

Since Feb. 9 the most fierce battle of financial warfare has been raging throughout Western Europe. However, not one single solitary Congressman or Congressional aide, especially in such relevant committees as Banking and Currency, International Relations, and so forth, even knew what was

going on in the international markets, or had concerned themselves with actual policy formulation. All efforts of USLP spokesmen and specialists to open up the issue met with universal reluctance to broach the subject.

The air of apprehension on Capitol Hill, as occasional political spokesmen more or less freely admitted, was directly due to the fact that no word has been coming down the pipeline from the behind-the-scenes spokesmen who usually mediate policy between the invisible government and Congress. There is a certain eerie climate of impotence and bewilderment, as a result, reminiscent of the state of mind that overtook the Kerensky cabinet in its last days.

Nonetheless, this climate of fear and indecision is not at all unrelated with the actual terror operations that the invisible government is presently carrying out to protect its control apparatus from the menacing inroads of primarily the Pike Committee. It is public knowledge that members of the Pike Committee are continuously subjected to personal threats. For the most part of the last two weeks, they have been completely inaccessible to the public.

The Lid About to be Taken Off the Invisible Government

The Pike Committee either already has, or is close to having, the complete picture of precisely how the invisible government has been controlling the United States population. This includes information on the total control of the country's mass media by intelligence agencies — a control that goes way beyond the miniscule, tame revelations so far made public concerning Walter Cronkite, John Chancellor, and the so-called list of 200 top CIA journalists. The Pike Committee findings have also penetrated through the actual role of the CIA in the Watergate hoax with leads that could easily establish conspiratorial collaboration between the Rockefeller family and the Kennedy family covert operations capabilities. Lastly, it is very likely, according to circumstantial evidence available to the ICLC, that the Pike Committee may have developed material that could lead to resolution of all ambiguities behind the assassination of President Kennedy and to revelation of CIA activities and infiltration in the Soviet Bloc of the "Schwarze Kapelle" type, i.e. CIA operations that are made to look like Soviet intelligence operations against the U.S. — as for example, a full investigation of the alleged defector Yuri Lysenko would probably reveal.

At this point, it becomes crystal clear what choices Congress is now facing which have unleashed an unprecedented wave of fear over Capitol Hill. The choice is the following: if the Pike Committee's findings are silenced by invocation of *raison d'etat*, the domestic operations aspect of the invisible government — including total control of the mass media and social engineering operations against Congress itself, such as those undertaken by the super-secretive Earlie Foundation — will be sanctified by Congress and will thus guarantee the immediate imposition of a fascist police state with the Congress' complicity.

The other choice is for Congress to put up a fight and make its findings public at which point the post World War II invisible government apparatus in this country will be destroyed. This latter option will force Congress to take up its presumed Constitutional responsibilities and without relying on the policy resources of the invisible government shape the

necessary policies to get the country out of its present grave crisis. This prospect inspires absolutely paralyzing terror among those members of Congress whose intellectual endowments range from the mediocre to the outright incompetent.

Nonetheless, as tens of thousands of citizens have been requesting from the intelligence community copies of the files maintained on their persons according to the provisions of the Freedom of Information Act, the awareness of a massive conspiracy that has been manipulating the country is rapidly taking concrete political shape. What is terrifying Messrs. Rockefeller, Kissinger, Kennedy, Church, Nixon, Harriman, Ball et al. is that the lid of approximately 30 years of secrecy is about to be taken off and a veritable social volcano is about to toss them out of power.

Catalytic Impact of the U.S. Labor Party

Many of the Labor Party's collaborators on the issue of economic development and other potential allies have tended to err on the unique catalytic impact of the Labor Party in coagulating this above process. A mere review of harassment statistics against our organization in especially recent weeks leaves no doubt that the number one objective of all combined fractions of the invisible government apparatus, most emphatically including Kennedy's muscle in the CIA, FBI, LEAA, the Mafia, and the agents in the trade-union and Social Democratic layers, is to contain the USLP's explosively growing influence in the broader strata of the working population. This battle is still being fought and has not been decided yet. If the USLP, with its limited material resources is finally defeated in this effort, there will be absolutely no chance for survival among any still fighting forces in Congress.

If, on the other hand, we are successful in our counter-punch operations against this massive harassment, certain now-seemingly surprising developments will follow. To understand such likely future developments one must now consider another battle that has already been fought between us and the combined forces of the so-called invisible government, a battle which we have already virtually won. This concerns the contest over actual economic program and scientific competence to analyze, predict, and treat actual economic processes. Indisputably, even according to testimonies and admissions of Congressional insiders, every Rockefeller-Kennedy et al controlled think tank has been discredited in the eyes of Congressional circles when their record has been compared against the record of analyses, predictions, and policy recommendations of the U.S. Labor Party.

What is preventing this acknowledged intellectual hegemony of our forces from being realized in the shape of actual policies or policy debate is the overwhelming climate of fear and intimidation that has now reached a new climax in the effort to silence and disband Congressional investigations into the gross illegalities of the so-called intelligence community. Breaking the operations of containment and harassment of the U.S. Labor Party is now in the direct interest of all those forces both in this country and abroad who are concerned with avoiding the descent of fascist dictatorship in this country and with the tasks of building a productive new world economic order that goes beyond the shambles of the Atlantic community.

Up The Ante On Italy Fight

Feb. 15 (IPS) — The U.S. Labor Party has generated 2,500 calls per day to Congressmen and parliamentarians in the U.S. and Canada over the past week to put a stop to Wall Street's continuing destruction of the Italian economy. Although large sections of the continental trade union bureaucracy are now moving behind the Labor Party's mobilization, elected officials have yet to take decisive action in support of an Italian debt moratorium and an immediate end to the bank-dictated oil embargo on Italy. In the coming week, an all-out mobilization of the U.S. and Canadian working class must raise hell with these public officials until those decisive steps are taken. The targets remain:

Congress and Parliament

- Completely in the dark about the Italian crisis until informed by their constituents, many Congressmen succumb to terror during the first words of U.S. Labor Party briefings. A significant and growing number however recognize the debt moratorium and the USLP's Emergency Employment Act as the only existing policy solutions to the depression crisis — but they have not yet moved. Briefed by the Labor Party at a New Jersey political meeting on Feb. 14, Rep. Ron Dellums (D-Calif) became the third U.S. Congressman to voice support of the debt moratorium. Rep. Dan Rostenkowski (D-Ill) of Chicago told Labor Party supporters this week that he was behind the debt moratorium but suggested calling on his colleague, Congressman Annunzio to get the job done.

State legislators and local officials

Under direct and increasing pressure from their constituents, state and local officials in greater numbers are joining the USLP in pushing Congress to stop the rape of Italy. One Massachusetts mayor informed the Labor Party that he will discuss the Italian situation with Sen. Edward Kennedy (D-Mass) in a Feb. 16 meeting. New York State Assemblyman Greco from Buffalo, a city with a substantial Italian-American community, is preparing a statement of support for Italy.

Trade union bureaucracy

The USLP is focusing the fight against U.S. austerity around the fight to save Italy. Five trade union bureaucrats have requested Labor Party educationals for their membership. Ray Johnson, UAW local 3 education director at Dodge Main in Detroit is organizing plant committeemen to a Labor Party educational in the local union hall. After returning from a trip to Italy with their colleagues, half a dozen members of the Toronto Canadian-Italian Trade Union Council joined with the Labor Party in circulating a telegram in support of Italy to Parliament and are mobilizing their membership behind the USLP campaign.

Other bureaucrats have responded to the challenge to move by asserting their adavance in opposition to the Atlanticists' dying austerity plan for the U.S., the Humphrey-Hawkins bill. But many labor hacks who desperately need classes are too stupid to ask for them. "What has Italy got to do with me?" asked one. "Italy's not in my union," said another. In the next week, the lesson must be rammed home.

The Schachtian Grab Bag

From conservative Chamber of Commerce Babbits to liberal Eastern financiers, U.S. capitalists are throwing up a grab-bag of Schachtian austerity plans for federally coordinated looting of working-class income.

With dissension among the various factions as to how to go about implementing a national fascist economic policy and with tremendous resistance from the U.S. Labor Party-organized working class, the proponents of such schemes lack the muscle to get them past the first stage, i.e. passage through Congress.

Meanwhile, on a city-by-city, industry-by-industry, plant-by-plant basis, corporate and banking chiefs are implementing their own, aggravated "cost-cutting" schemes against their workers — and their nearest capitalist competitors as well.

The U.S. Chamber of Commerce (USCC), the same trade association that spearheaded the witch-hunts and strike-breaking schemes that broke the back of the U.S. labor movement during the McCarthy years, led this week with a scheme to eliminate all income support programs. In a speech before the American Management Association, Carl Madden, chief economist of the USCC, spelled out a Third Reich policy of "full employment" based on the forced dumping of all unemployed workers and able-bodied welfare recipients onto the labor market. What Madden asked was that every worker be pushed into the over-crowded job market, by junking such income-support programs as welfare, food stamps and unemployment compensation. "Before long," the economist said, "we are going to have to look again into whether we should guarantee people a minimum cash income." President Ford's announcement this week that he will reduce by half the 18.9 million people now on food stamps coheres with the USCC scheme.

Madden also demanded that the minimum wage laws be struck from the books for teenagers to force them into make-work employment at below-subsistence wages. The Feb. 7 New York Times in a lead editorial seconded this scheme for "modifying minimum wage laws," which, according to the Times, will "avoid shutting low-skilled young people out of

jobs and man-power programs to improve their skills and access to jobs."

The enabling legislation for another scheme hailed by the New York Times managed to sneak through Congress two years ago. It revolves around Sen. Jacob Javits' (R-NY) Employee Retirement Income Security Act (ERISA) whose funding requirements for corporations "raise the prospect that the cost of compliance will cut into the pay raises of many people this year and next." Under ERISA, which was passed in 1974 and portions of which went into effect last month, the Times state hopefully, workers will have to accept lower wage increases as a trade-off for employers being forced to make additional contributions to pension funds. The Times speculated that someone — either the employers or employees — will be forced to contribute upwards of an additional 30 per cent. These funds, which have been underfunded by capitalists' own past looting practices, have continued to be looted by poor investment practices. Through corporate investment of pension monies, such diverted wages end up as a new pool of liquidity to maintain basic debt-structures — the original intention of the Javits bill.

A simultaneous assault is being conducted by large corporations on the hard-core unionized skilled workforce, through in-plant speed-up and wage looting. The whopping 49 per cent increases in fourth quarter corporate "profits" is mainly due to "higher worker productivity" and a "slower rise in labor costs," admits the Wall Street Journal. Referring to General Motors, where profits reached record levels, one Wall Street analyst confessed that "conditions in the auto industry must be hell."

GM Chairman Thomas Murphy, long known as a "go-it-alone" type among corporate layers, remains unsatisfied with current speedup levels. In the pages of the Detroit News this week he announced to hundreds of thousands of auto workers that "increased worker productivity" will be the main issue in upcoming contract negotiations. Under such conditions, workers will drop at the assembly lines like flies to maintain GM's equity.

Behind The Lockheed Scandal — Atlanticists' European Arms Drive

Feb. 10 (IPS) Sen. Frank Church (D-Idaho), this week used his chairmanship of the Multinationals subcommittee of the Senate Foreign Relations Committee to expose multi-million dollar payoffs by the bankrupt Lockheed Aerospace Corporation to the Rockefeller family's political networks in Western Europe and Japan. Carried out on behalf of the Harriman-Ball financier faction the intent of the Church exposure is to shake up European defense ministries which these old Rockefeller networks control or influence, clearing the decks for implementation of stepped-up arms production under the corporatist Tindemans plan in Europe and a similar arrangement in Japan.

In addition, the exposure of the dirty management dealings of Lockheed, a corporation whose continued existence is based on government bailout funds, is intended to create a climate of outrage in the U.S. that would find a suitable outlet in the various pieces of legislation calling for corporatist regulation of U.S. corporations. This regulation itself could also help in stifling opposition to transferring NATO armaments contracts to the Europeans under the Tindemans plan. Yesterday, Sen. Barry Goldwater (R-Ariz), representing the aerospace industry, attacked the Senate Foreign Relations Committee bill to restrict foreign arms sales for "conceding important market advantages" to the Europeans.

Rocky's Bilderberg Hit

So far, the Lockheed bribe scandal has tarred West German Neo-Nazi Franz Josef Strauss, Holland's Prince Bernhard, and several figures in the Japanese right wing. Bernhard, inspector general of the Dutch armed forces, is the founder and titular head of the Bilderberg Club, a grouping of industrialists, politicians and financiers that comprised the key deliberative policy body of the Rockefeller brothers' supranational government. Bernhard, a former Nazi SS officer still presides over Bilderberg functions which are attended by David Rockefeller, Gianni Agnelli of FIAT, Strauss and others. As a member of the Dutch Royal family which owns a controlling interest in the Royal Dutch Shell oil combine, Bernhard is a likely target for the press and Wall Street's congressional water boys eager to show their clout against Rockefeller and his "Seven Sisters" oil cartel.

Strauss, a long time Rockefeller ally, will soon find the scandal breaking around his head after Congress reconvenes

next week. It could hardly be avoided: the Bavarian Christian Social Union chieftan was the West German Defense Minister during the 1960s F-104 "Starfighter" scandal. At that time, Strauss personally insisted on magnifying the boondoggle by adding every possible extra feature to the original Lockheed model. In spite of Strauss' expensive embellishments, the Lockheed frame was so badly constructed that many pilots lost their lives in routine training flights.

In Japan, the revelations of bribes have already rocked both right wing forces and the government of Liberal Democratic Party Prime Minister Takeo Miki. While the complicated repercussions of the scandal for Japanese politics deserve a full treatment by themselves, it is clear that it will spur the development of a Tindemans-like domestic defense industry. Already the scandals have begun to have their desired effect. Yesterday, the Japanese government cancelled a \$1.3 billion contract with Lockheed.

Could Backfire

While the Modus Operandi currently being employed by Church and his associates — controlled leaks directed against selected targets— is identical to that which he successfully used to engineer the takeover of the CIA by Harriman-Ball forces, the thus far tightly controlled "scandal" has the potential to backfire.

Observers on Capitol Hill point out that even a cursory examination of Lockheed's 1960s contract to NATO countries for the infamous "Starfighter" will reveal shady dealings with such figures as Italian industrialist Gianni Agnelli whose FIAT Aeritalia was the sole Italian arms producer to participate in the Lockheed contracts. Such a scandal will destroy Agnelli's ability to be deployed against pro-development and pro-debt moratorium forces now consolidating in Italy.

The Church committee, meanwhile is doing everything possible to avoid going too far in exposing the "Strauss connection." Pentagon sources told IPS today that one witness asked in an executive session of Senate subcommittee hearings on Lockheed whether the committee "wanted to hear about" Lockheed's role in sending arms into Eastern Europe via "third parties" like Strauss. Sens. Church and Charles Percy (R-Ill.) responded: "That subject will never be raised at these hearings again."

Wall Street Strongarms

Chicago Capitalist Opposition

Feb. 14 (IPS) — The Wall Street financier network dispatched its personnel this week for a major armtwisting and terror operation against their potential opposition among the production-based trade-oriented bankers and industrialists in Chicago. The operation, immediately aimed at halting the tentative yet dangerous Chicago support for anti-austerity factions in Italy, is part of a larger attack by the Wall Street grouping which has already zeroed in on the aerospace sector via Lockheed and Boeing as a potential focus of opposition.

The coordinated attack included visits to Chicago this week by congressional hatchetmen Sens. Frank Church (D-Idaho) and William Proxmire (D-Wisc) and Washington Post publisher Katherine Graham for public speaking engagements and less public "talk." Simultaneously with their visits, Graham's Post began a major Watergating operation against the second largest Chicago bank, Continental Illinois.

Earlier in the week, IPS learned that Continental Illinois had been bucking the New York banks' Italian credit embargo and had pumped nearly \$150 million into Italy. Other Chicago spokesman indicated that Chicago was prepared to accept and support an Italian debt moratorium "if it comes to that."

By week's end however, the terror operation had forced a total reversal. A spokesman for Continental Bank told IPS yesterday that "(an Italian) debt moratoria is unthinkable... We'll just keep up the pressure for another two weeks and they (the Italian opposition) will collapse."

Church Carries The Cross

Continental's new position is identical to that of Senator Church, who arrived in Chicago in midweek for a closed-door meeting with the Chicago Sun Times, the Tribune, the Daily News, and the Chicago bureau of the Los Angeles Times. Church, who has led the factional attack on the aerospace industry through his chairmanship of the subcommittee on multinationals of the Senate International Relations Committee, also made an address to the Kennedy-linked Center for the Study of Democratic Institutions — marked by its blandness.

In private meetings, Church delivered a warning to the Chicago interests along the lines of a statement he made to U.S. Labor Party organizers "If they (the Italians) don't pay their debts, then they will go bankrupt. And if they don't pay their debts, then they will get no more credit."

The Continental scandal, timed to break while Church and Proxmire, who heads the Senate banking Committee, were in Chicago, was the backup needed to show that Church meant business. Testifying before the House Banking Committee Arthur Roth, the former chairman of the Franklin National

Bank, charged that Italian financier Michael Sindona, David Kennedy, the former chairman of Continental and the Treasury Secretary during Nixon's first term, and the current controller of the Currency James Smith have conspired to cover up their roles in the collapse of Franklin. (The bank collapsed in 1974, the largest bank collapse in U.S. history.) Roth, who was brought in at the last minute as a "special witness," said, "it (the alleged conspiracy) smells bad, it smells very bad." Committee Chairman Rep. Benjamin Rosenthal immediately dispatched investigators out to Chicago "to get to the bottom of what is going on." The investigators quickly zeroed in on Continental.

With Post publisher Graham in Chicago, the Washington paper featured the coverage of the scandal, two days after the testimony. Graham meanwhile told a Chicago Economics Club that the Post had every right to expose the banks on the U.S. Comptroller of the Currency's "problem list." These exposes had thus far been used as factional tools against the Rockefeller-family controlled banks by the Harriman-Ball faction. Now anyone is going to be fair game, Graham indicated.

To drive the point home, she reminded her Chicago audience that if her paper had exposed who was behind the Franklin National collapse when they first knew of the banks impending disaster, "maybe it could have been avoided."

Chicago Retreat

The message carried by Church, et al has apparently gotten through to Chicago. As of last week, the U.S. Labor Party had six permanent and at least a dozen "unofficial" liaisons with Chicago businessmen. This grouping regularly discusses the changing correlation of forces around the USLP's International Development Bank proposal with party spokesmen. Another larger grouping "hates talking with Communists," but nonetheless readily accepts regular phone briefings from the Labor Party. Yesterday, only three out of 40 attempted phone calls were either returned or put through.

Aside from extricating themselves from Atlanticist armtwisting, the Chicago industrialists have no fundamental interest in supporting Atlanticist policy. On the contrary, such policy would destroy their basis of existence — world trade — a point which several industrialists and bankers recognized immediately in connection with the proposal for a dollar deutschmark currency axis and the destruction of Italy. "Look, we would like to see a strong government in Italy, capable of implementing the necessary austerity programs," one financial spokesman told IPS, "but this doesn't look likely." "Rather than destroy the world economy," the source continued, "the idea of debt moratoria is something that we could live with."

Pike Committee Report Leaked To Set Stage for U.S. 'Secrets Act'

Feb. 14 (IPS) — The Harriman-Ball financier grouping this week orchestrated the leaking of portions of the final report of Rep. Otis Pike's House Select Committee on Intelligence to the CIA-linked New York Village Voice, in defiance of a House vote banning publication of the report. This move is an attempt to create the environment necessary to ram through an "official secrets act" which would impose police-state sanctions against any person found guilty of disseminating information on the intelligence community.

President Ford has already proposed "jail terms for officials who leak secrets," and knowledgeable Washington observers say that the result of the Intelligence Community revelations will be "less Congressional oversight and an official secrets act."

The Voice leak also accused Secretary of State Kissinger of lying, having a "passion for secrecy, and of trying to control dissemination and analysis of data," further discrediting the Secretary and continuing the isolation of the Rockefeller-Kissinger forces and their removal from control of the intelligence apparatus.

Despite this manipulation of the leaked CIA exposes, their use by the Harriman forces has also created a public climate which threatens to backfire. The mass of information on Intelligence Community control of U.S. politics and the media already publicized by Congressional inquiries and the U.S. Labor Party has created widespread public suspicion which threatens to tar all the invisible government factions now vying for control of the U.S. government. Furthermore, there are indications that the Pike Committee had begun unraveling the details of CIA involvement in Watergate, the Kennedy and King assassinations, and gestapo networks run by Kennedy and Rockefeller.

Push for Official Secrets Act

Kissinger responded to the leak as profiled, hysterically screaming that the leaks were Congress' fault and that they had subjected himself and the Ford Administration "to a new wave of McCarthyism." Threatening to resign, Kissinger assailed the Pike Committee as "totally irresponsible," and

insisted that Congress must be stopped from making leaks.

President Ford said through his press secretary that it was his "disposition" to believe the leak "came from Congress" and volunteered "all services and resources of the executive branch" including the FBI to find the source of the leak. Ford has proposed that the CIA Director be given control over all other intelligence agencies and that he be made a White House advisor on intelligence matters, removing any Congressional control.

Counterattacking, both Pike and fellow Committee member Rep. Giamo (D-Conn) charged that the CIA itself leaked the report. "It would be in their (CIA) advantage to leak it to that publication (the Village Voice)," Pike declared. "All the leaks make the Committee look bad." Giamo seconded: "Who gains from this? Remember, the CIA is very adept at covert actions."

The subsequent disclosure that Voice journalist and long-time CIA agent Nat Hentoff was involved in the leak, through an outfit called "Reporters Committee for Freedom of the Press," strongly supports the Congressmen's charges. The "Reporters Committee" also dishonestly disclosed the name of CBS correspondent Daniel Schorr as its source for the report, thereby setting up Schorr, who has been the source of several damaging exposes of illegal CIA activity.

As evidence of a terror operation aimed at ensuring the silence of Pike and members of his committee, Pike told an audience in Farmingdale, Long Island on Feb. 7 that four shots had been fired at his auto as he was driving to the meeting. The shaken Congressman related that he had pulled over immediately, and found no bullet holes in the car. "I thought, 'whew, they missed me'," Pike said, "but then I discovered I had a flat tire." Pike also said that a friend in the Riverdale, Long Island police department had warned him that people were out to get him.

Similarly, committee member Rep. Ron Dellums (D-Calif) told the Washington Post that "this has not been the most earthshaking investigation," but that for him it has been "frightening."



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WHAT RECOVERY?

This week's announcement by the Federal Reserve Board that industrial output rose in January by .7 per cent and the Labor Department report that the unemployment rate dropped from 8.3 to 7.8 per cent are being both naively and deliberately misrepresented as evidence of the strength of the so-called economic recovery. In its review of the latest industrial production figures the New York Times economics reporter Edwin Dale writes today that "the nation's economy continued its recovery from recession in January." President Ford speaking Feb. 6 before a audience of Northeastern Republicans from Northeastern states said that the employment figures were "very good economic news." The President then concluded that "virtually all of the jobs lost during the recession have now been recovered."

Such forecasts can best be likened to infamous remarks by Herbert Hoover about "prosperity being just around the corner." Be they aren't the blathering of some incompetent economist or the wishful thinking of some near bankrupt capitalist, the appearance in the media is politically motivated. By the time these misrepresentations have been finally conduited into major newspapers like the New York Times they have already passed through several check points at which a deliberate political decision was made to lie. Often the stories are commissioned to be written as lies.

President Ford and his incompetent advisors may sincerely believe that the hodge-podge of measures they call their economic policy is producing a "recovery." Even by their own standards however, they have tended to exaggerate all figures using them as the major substance of arguments for a reduction in federal contributions to income support programs and for reduced government spending generally. Ford has been careful in his public statements to stress that although this "recovery" has begun, it is extremely fragile, and would not stand excessive demands for wage increases during upcoming contract negotiations.

Internationally the talk of a U.S. recovery is being used to convince an export dependent Europe that the world's largest export market, the United States, is getting better. Atlanticist-linked Western European press have given prominent coverage to news of U.S. recovery. Such coverage is an attempt to prove to the disbelieving Europeans that there is little reason to consider breaking with the dollar empire.

THE RISE IN PRODUCTION
... AND THE COLLAPSE OF RETAIL SALES

While it is still too early to assess the accuracy of the January industrial production figures, the underlying trends in the economy since last September foreshadow a renewed, severe drop in industrial and mining output. Manufacturer's orders and shipments, capital spending, construction contracts, housing starts, retail sales, commercial and industrial loans, and state and local government spending are all contracting. The longer industrial production continues upward -- if those figures are accurate -- the greater the dimension of the production collapse when it finally occurs.

The .7 per cent rise in industrial production can be explained as a psychological effect of the talk of "recovery," rather than as evidence of the "recovery" itself. Every major statistical release by the Commerce Department, Federal Reserve Board, and Labor Department, should have otherwise convinced corporate managers to begin a sharp curtailment of production and operations. Instead they chose to believe the financial pages of major newspapers and thus producing for a non-existent market.

For example, according to the Commerce Department, retail sales dropped by .3 per cent in January providing which should have gone a long way towards puncturing the myth of the "consumer-led" recovery that has occupied so many inches in the Wall Street Journal and similar places. The significance of this January drop-off is not that it represents a new trend. In every month since July with the exception of December (the Christmas season), retail sales have been flat, and with adjustments for inflation, have actually declined. What is significant about the January figures is that they represent a lawful acceleration of this downward trend. January retail sales dropped prior to an adjustment for an inflation rate which official figures put at around 7 per cent. In addition, the decline was led by a fall off in automobile sales (-4.2 per cent). Auto sales, buoyed by an injection of consumer credit have been the main prop to retail sales since September.

As the figures indicate, the American worker and his family have already voted with their wallets on the veracity of the reports of the "recovery." While the bankers and the industrialists can lie to each other about how well things are going, the worker and his family know no such luxury. With the job market collapsing, taxes increasing and prices of necessary items of consumption continuing to increase, now that the Christmas season is over, they have chosen to buy only what they must.

In response to stagnation in retail sales over the summer months, retailers and wholesalers started in September to cut back orders from manufacturers. This trend accelerated through November and December.

The inevitable consequence of the order cutbacks began to show up in a drop in manufacturer's shipments in November and a slow-down of production in October and November. There is mystery to the reported increases in industrial production by .9 per cent and .7 per cent in December and January, respectively. There had been

an artificial inflation of the consumer durable sector due primarily to an easing of interest rates on 5 year auto loans and depletion of worker's savings. There had also been an increase in the consumer light goods industry -- due to Christmas season buying. Industrialist meanwhile looking for any sign that a recovery was indeed here, seized upon these figures. With the expectation that these short-lived trends would continue into the future, production schedules were stepped up.

The December inventory figures released by the Commerce Department yesterday tend to confirm that such psychology was in operation. Retail inventories dropped by \$758 million, reflecting Christmas sales. In expectation that such sales would reflect themselves in renewed orders from wholesalers and manufacturers to replenish inventories, the latter increased production. However, the retailers themselves did not take the December rise in retail sales all that seriously. They did not step up orders from wholesalers, the wholesalers proceeded to slash orders from manufacturers. Thus for the second straight month, new orders for manufacturers fell; this in turn reflected a rise in wholesale and manufacturing inventories by \$117 million dollars and \$115 million, respectively.

While and industry-by-industry breakdown for January industrial production is not yet available, it is likely that the sharpest increases came in the auto and auto related sectors such as steel, aluminum, rubber, and glass. In December, orders for transportation equipment including automobiles had risen by over 5 per cent (without this increase durable good orders for December would have fallen by a whopping 4.4 per cent). Significantly, these orders, mostly from car dealers, were made in anticipation of a continued rise in auto sales, as January auto sales, however, fell by 4.2 per cent. With industrial production in the light goods sector held up by Christmas sales and its expected continuation and the durable goods sector held up almost entirely by auto sales, the .3 per cent drop in retail sales in January shows what's in store for production.

Corporations, of course, have the option to continue their flight into fantasy and to produce for inventory rather than sales for a few more months -- at the expense of their own internal liquidity.

THE UNEMPLOYMENT HOAX

Economists, however, will insist that it is wrong to make such dismal forecasts on the basis of a one month's drop in retail sales.

The head of the President's Council of Economic Advisors told a Feb. 10 National Press Club breakfast that he is looking for "increased consumer demand" to give stimulus to the economy. Greenspan, among others, base such expectations on a rise in personal income; and they base that rise in personal income on the reported drop in unemployment rate. A major flaw, but by no means the only flaw, in this reasoning is the reliance of such "economists" on the Labor Department fraudulent unemployment statistics.

The unemployment rate for January merely illustrates a pattern that has unfolded since the early summer months: the drop in the rate can be explained entirely in terms of the contraction of the workforce. Figures released by the Labor Department on Feb. 6 show a drop in the unemployment rate from 8.3 per cent in December to 7.8 per cent in January. This drop is a complete fraud manufactured by several fairly obvious accounting tricks. First, through the use of a "seasonal adjustment," the Labor Department created 1.7 million non-existent employed workers. While the Labor Department reported that the actual number of employed workers fell from 85.5 million in December 1975 to 86.2 million in January, it then seasonally adjusted the January figure to 86.2 million -- the number it used to calculate the official unemployment rate.

Seasonal adjustment, however, is justified only to compensate for month to month factors, such as summer vacations, the Christmas layoffs and post-Christmas season, etc. It is totally meaningless and a pure falsification to apply the seasonal adjustment factor when employment is constantly falling under current depression conditions.

Moreover, an examination of the Department of Labor statistics themselves also show that the entire drop in the unemployment rate is directly attributable to the contraction of the workforce. For example, between September 1975 and January 1976, the Labor Department reduced the rolls of the unemployed by simply writing 700,000 workers out of existence. While the male population 20 years and over increased by 400,000 over that period, the Labor Department claims that the labor force for this group declined by 300,000. Where did these people go? They became "discouraged" and stopped looking for work the Labor Department claims and could thus be written out of the labor force.

Mere bureaucratic honesty would eliminate these two ruses, and bring the official unemployment rate up to 9.5 per cent.

However, there are concrete advantages to maintaining the fraudulently low unemployment figures. According to Federal legislation passed last year, state unemployment funds are compensated for extended benefits programs by the federal government according to the Labor Department unemployment figures on state unemployment. The low unemployment figures will therefore, quickly result in numbers of workers being removed from the unemployment rolls.

It is not surprising that with adjustments for inflation, personal disposable income actually fell during the second half of 1975. If consumer sales rise in the months ahead - which is unlikely -- it can only be at the expense of already depleted workers savings.

NO COMFORT IN SIGHT

Every other potential source of stimulus to the economy is in similar desperate straights. Capital spending is down 10 per cent in real terms. November figures for construction contract awards for industrial plants show a 25 per cent drop indicates that this will continue in the months ahead.

Efforts to play up the multi-billion dollar capital spending programs announced by General Motors and Ford Motor Company as signs of a general resurgence of capital spending are completely ridiculous. While their spending programs amount to record \$2.6 billion for GM and a near record \$1.6 billion dollars for Ford Motor Company, the spending is almost entirely for rationalization and re tooling and not for plant expansion. Under these circumstances the spin-off effects on the construction industry will be next to nothing.

GM and Ford's primary motivation in their action is to knock near bankrupt Chrysler out of the market, forcing it to effectively cease operations.

In addition, the plans which involve retooling for smaller cars, is itself based on the expectation of skyrocketing car sales such as the 20 million that GM Chairman Thomas Murphey predicts for this year alone. Such predictions, as the latest sales figures cited above show, are baseless. This is particularly true with respect to small car sales. As the New York Times reported Feb. 14 this week closed its Lordstown, Ohio "Vega" plant because of a 4 month stockpile of unsold small cars. According to the trade paper, Automotive news General Motors is not alone in having an oversupply of small cars; Ford has a 112 day supply of its Pinto; American Motors Pacer, a 147 day supply; the Mercury Bobcat, a 150 day supply and the Mercury Comet a 1-5 day supply Auto analysts consider 60 day supply normal.

Housing which has played a prominent role in previous recoveries is also in a state of collapse. Figures released on housing starts in November and December show whopping drops of 6.6 per cent and 3.3 per cent.

And finally, state and local spending which normally provides a significant demand for goods and services at the early stages of recovery play an entirely reverse role this year. All indications are that state and local governments will be forced to reduce spending and increase taxes to meet debt service, the inflated costs of goods and services, welfare costs, and to compensate for a short-fall in revenues. This is the result of previous expenditure cuts, a reflection of how a policy of budget cuts to cover deficits creates a self-feeding crisis.

Rat Hordes, Plagues, Hunger — Wall St. Policy for Third World

Feb. 10 (IPS) — George Ball of the New York Lehman Bros. banking house, stated before the Senate Foreign Relations Committee June 3 the Atlanticist policy towards the Third World: "Today we cannot totally ignore a body of respectable opinion which suggests that, in providing aid to countries already crowded in relation not only to space but to resources, we may be multiplying the misery for future generations... (this) poses.. distasteful questions... the idea expressed in the military term 'triage.'

"These are problems of shattering complexity.. by keeping these populations alive and failing to make rigorous population control a condition to our assistance we may be doing millions of unborn human beings a tragic disservice."

The Atlanticist final solution for the collection of \$140 billion in outstanding Third World debt is now in operation: The people of three West African nations are being overrun by plagues of millions of rats devouring harvests and spreading disease...the victims of an earthquake are dying at a rate of 2000 a day from starvation and thirst while the world watches...1.2 million citizens of the central African nation of Niger will starve to death without 200,000 tons of emergency grain supplies.

This is the reality that now confronts the leaders of the Third World. It is what lies behind the intense political battle for the formation of New World Economic Order particularly around the debt issue at the recent Manila conference of the Group of 77.

The alternative to the Atlanticist genocidal austerity plans for the Third World is development — a fact which has many of these leaders urgently studying the International Caucus of Labor Committees' proposal for the creation of the International Development Bank to facilitate triangular trade between the developing sector, the advanced sector and the Comecon nations. Such a move will immediately end Atlanticist hegemony over the world economy.

As can be seen from the following report, delays in taking these steps to implement such proposals will result in the unnecessary loss of millions of lives.

Triage In Bangladesh

Under the dictatorship of the Atlanticist-controlled International Monetary Fund-World Bank, Ball's demand for triage is being rammed down the devastated nation of Bangladesh in South Asia. The government of Bangladesh, following a visit from a top World Bank official and following the directives of a World Bank Appraisal Report, has declared that its "number one" priority is the achievement of zero population growth within two years. The World Bank calculated that the additional 3,600,000 babies every year mean an additional foodgrain requirement of 2.4 million tons per year. Their solution — under the rubric of achieving "self-sufficiency" — is to eliminate the current import of grain, currently running at approximately 2.8 million tons a year. This is the only way that a goal of ZPG within two years could be achieved — through mass starvation.

The IMF began this policy, along with the U.S. government Agency for International Development (AID), three months ago when they told the Bangladesh government that they would have to cut off food subsidies based on wheat imports and raise the price of rationed imported grain. The official

reason for this is that Bangladesh, only through a rare season of good weather, had a relatively abundant rice crop this year.

This is no isolated policy — an associate of George Ball's banking house told IPS that their policy for Egypt to meet its debt requirements is to eliminate the \$1.5 billion spent to similarly subsidize vital commodities, mainly wheat.

In Brazil, a nation ravaged by disease, the government issued a decree banning all imports of fruit, meat, and automobiles.

Conditions of enforced starvation are part of a deliberate policy of guaranteeing debt repayment through massive cuts in imports and expansion of commodity exports to provide foreign exchange for payment. This policy has led to the threat of starvation of almost one-fourth of the population of Niger. Niger farmers have switched from growing grain to growing peanuts — 60 per cent of Niger's exports — for export income. Foreign Minister Adamou of Niger, appealed today for 200,000 tons of emergency food supplies to avert the impending "tragic situation."

The inhabitants of Guatemala, where a large earthquake struck last week, are on the Atlanticist triage list with the virtual refusal of the U.S. to aid that country after the disaster. Mounting deaths, now at 16,000, are occurring from an almost total lack of portable water, food, and medical aid. The only functioning part of the country is the army, well-aided by the U.S., which has shot over 200 hungry victims scrounging for food.

The Rats And Disease Take Over

The most horrid evidence of the genocidal collapse in the Third World — the lack of even elementary conditions of sanitation, shelter, and disease control — is the submission of human existence to the ravages of rats and disease. In the West African countries of Senegal, Mali and Mauritania, per square meter, are crossing the countryside devouring crops and spreading plague in their path. In the urban capital crops and spreading plague in their path. In the urban capital of Argentina, Buenos Aires, the rat population has doubled since September 1974 to 16 per inhabitant and the government has been forced to take measures against the spread of bubonic plague.

In the symbol of capitalist 'miracles' of looting, Brazil, epidemics of encephalitis, and meningitis have broken out again. The favela slums of south Brazilian cities have been inundated with feces and disease from large-scale flooding, directly the result of the government's refusal to dredge the rivers.

The bankers' solution to these conditions of urban holocaust is a call to depopulate the cities, shipping people to the countryside to fend for themselves. This was proposed by a leading figure in the Mexican Federal Electricity Commission, Manuel Torres, who called for depopulation by "forcing city dwellers to suffer so that they have to move out to the provinces" and for reducing Mexico City's population from 12 million to 4 million. "The rest are excess," Torres declared and called for the government to "raise taxes, raise the cost of living... ration water and electricity and force them to suffer."

The fate of those forced to leave the city is demonstrated in

Brazil where Brazilian military dictator Geisel has "put a stop" to the exodus of starving peasants to the cities of Northeast Brazil. Rural laborers are kept on the land through fascist "labor fronts" which force "able-bodied men" to work on public works slave labor projects in return for small amounts of subsistence food. Those no longer "able-bodied" are put on triage lines; only the fittest receive food.

This is George Ball's "distasteful" solution for those already living and those he would rather see "unborn."

Case Study: Egypt

Egypt is faced with an unprecedented economic crisis and a staggering foreign debt, of which several billion dollars is in highly expensive short-term debt with interest rates running as high as 19 per cent. Vital imports — such as bread and oil — are hostage to creditors' demands, and New York and London financiers and their financial police, the International Monetary Fund (IMF), have set a plan to force a major devaluation of the Egyptian currency and its convertibility in tandem with a sweeping reorganization of the Cairo bureaucracy in a nationwide austerity drive. Key items of basic working-class consumption — meat, tea, sugar, soap, matches — already rationed, will be reduced in their availability.

In an interview with New Solidarity, a partner in George Ball's Lehman Brothers investment house was asked to describe what he saw as the cause of Egypt's present plight. "Well," said the gentleman, "I look at Egypt and I see the fact that Cairo shells out \$1.5 billion each fiscal year to support low commodity prices for Egypt's middle class and poor." Left unspoken was the hideous notion that even that minimal concession to maintain life in Egypt must go, freeing another \$1.5 billion for endless recycling in the world's bloated credit system.

An aide to Sen. Morgan of North Carolina, recently returned from Egypt was more blunt. He told a reporter, "The Senator feels that economic relief, in whatever form, whether loan guarantees or a leadership role for the IMF, are the aces in the hole to keep Sadat friendly. As long as we can help that aid effort, we can keep Sadat in line."

But the signs of resistance to austerity in Egypt have called into question the continued existence of the regime of President Anwar Sadat. The ferment in the working class is linked directly to strongly nationalist, pro-development layers that permeate the Egyptian military and civil service, whose social identity is emotionally identified with the regime of Sadat's predecessor, President Gamal Abdul Nasser. Nasserist layers in Egypt, while by no means politically united in all respects, are united in their unshakeable commitment to social progress. The decline and collapse of Sadat's Egypt, typified by the current policy of economic "openness" to Western capitalist investment, has sparked bitter criticism of the Sadat regime — and forced Sadat to begin looking over his shoulder at his opposition inside the army. Reflecting this fear, War Minister Mohammed Gamassi reminded an assembled group of officers last week to avoid being entangled in politics. "Our only work," he said bravely, "is to be professionals in the military and to defend the country."

The battle for Egypt has implications that go far beyond the banks of the Nile, however. Regionally, Egypt has been designated by the Atlanticists as the cornerstone of NATO policy in the Middle East by virtue of its large population and predominance in Arab affairs. While various Atlanticist factions squabble over policy toward Israel and the Fertile Crescent countries — Iraq, Syria, Lebanon — they are

agreed that the top priority must be to maintain Egypt firmly on the course set by Sadat's overt pro-Western tack after the death of Nasser in 1970. If Sadat and the Atlanticists cannot break the back of the Nasserists and the Egyptian working class in the coming weeks, then Egypt — with or without Sadat — will be forced to change course, and NATO's Middle East policy will be in a shambles.

In a larger sense, Egypt has become a test case. For George Ball of Lehman Brothers, for Averell Harriman, for the Rockefeller brothers, the Egyptian political crisis is one that must be resolved. Egypt is not just another debt-ridden Third World country; Egypt is the hub of the Arab sector and the Arab sector, in turn, is the leading edge of the political motion in the developing countries for a "new world economic order." Should Ball and Co. succeed in "stabilizing" Egypt through forcing acceptance of brutal austerity measures, then the developing sector as a whole — the Group of 77 — will have suffered a major psychological defeat.

The reason for this is not located in anything peculiar to the nature of Egypt's particular economic and political crisis, which in its internal features resembles that of any number of Third World countries. But Egypt, thanks to the heritage of Nasser, represents for the Third World generally the Idea of Progress. Whatever its faults, the Nasser era symbolized the intense drive in the developing sector for a better life. In a society like Egypt's, where the bestial stupor of countless centuries of dull peasant existence seemed about to be shaken off for the heady transition into a modernized economy, the feeling is not easily forgotten.

When asked about the possibility of Egypt's declaring a moratorium on its debt, a spokesman for the IMF said plainly, "In Ghana, in 1966, when (Ghanian President) Nkrumah didn't pay his debt, there was a coup."

A number of other sources in Washington and New York echoed Lehman Brothers and Morgan. Most NATO policymakers are counting on the Saudis to continue to bail out Egypt on a weekly or monthly basis, to "keep Sadat in line." But none predicted any serious development effort for Egypt, instead concentrating on simply maintaining the continuous roll-over of Cairo's multi-billion dollar debt. Imperialists without the ability to finance an imperialist policy, Ball's Atlanticists are crossing their fingers and hoping that Sadat's military police can contain the rising anger at the conspicuous lack of national development.

The Egyptian weekly *Rose al-Yousef*, often a forum for Sadat's pro-development opposition, last week printed a scathing attack on Sadat's policy of openness. The author, Ahmen Mujahid, a member of the People's Assembly, correctly noted the deliberate Western policy aimed at preventing development in Egypt, and cites the existence of \$350 million in credits from Eastern Europe that were ignored by Cairo — for political reasons. Then, Mujahid gets to the heart of the matter: the Aswan Dam, a monument to Soviet-Egyptian cooperation built in the days of Nasser and the symbol of Egypt's national development along with the Suez Canal. Mujahid notes that the dam's capacity is purposely being under-utilized while Sadat negotiates for nuclear reactors and other useless energy boondoggles. Mujahid asks the key question: "Who is interested in maintaining the Aswan Dam idle?"

The feeling behind that question, full of rage at Sadat's abandonment of the Nasser ideal, challenges both Sadat and his Western backers. Unless U.S. Policymakers opt for a development policy in the Middle East, Egypt will remain inherently unstable — and the volatile Middle East will remain a possible scene of thermonuclear confrontation between the U.S. and the USSR, whatever the passionate desire of Ball and Co. for "stability."

Case Study:

Guatemala and Brazil

Feb. 15 (IPS) — The President of the League of Societies of the Red Cross declared two days ago that the earthquake that hit Guatemala last week, killing 25,000 people and leaving over one million without homes or food, "far from putting a halt to the (economic) development (of the country), will provide the take-off point toward a better social and political situation."

With this statement, Red Cross President Juan Borroso announced his full cold-blooded endorsement of the policy of genocide now being carried out by the psychotic guardians of the Dollar Empire.

Borroso made his remarks from the disaster area in Guatemala where survivors are eating rats to stay alive. He objected to the view that the quake would mean increased misery for the already very backward and impoverished Central American country, according to Prensa Latina, the Cuban press agency.

When challenged by reporters on his remarks, Borroso made it clear that he was a fully conscious advocate of the policy of wholesale murder known as triage that was outlined to the U.S. Congress last year by Atlanticist policymaker George Ball. The quake, Borroso explained, did not affect commercial or industrial sectors, but rather "those sectors that were already distanced from social progress previous to the earthquake."

Let Them Die

The right-wing government of President Kjell Laugerud is cooperating with the Red Cross and U.S. agencies to ensure that large sections of Guatemala's peasant and Indian population are left to die of injuries and starvation. The Secretary of the Federation of Autonomous Unions of Guatemala has told reporters that food was not being distributed outside the cities. Laugerud has personally echoed Borroso's statements, characterizing the disaster as creating conditions for a "push for development."

British aid to the area has been rejected altogether by the government, allegedly because of disputes over territorial rights to the small region bordering Guatemala known as Belice. The government has also refused to allow Cuban medical teams into the country to set up field hospitals. The \$1 million in U.S. aid is paltry when compared to the previous relief efforts.

In Brazil, the so-called northeast drought polygon area has been without any appreciable rainfall for over five weeks, and thousands of persons are now starving to death for lack of water and food since the basic bean crop of the area was wiped out by the drought. The government has set up "triage lines" to distribute small amounts of food but has released no statistics on the numbers of dead.

Those survivors of the drought who are strong enough are now leaving the area in hordes and flooding toward the cities on the country's Northeast coast. Many are carrying diseases, and there is a danger of an outbreak of plague since large sections of the drought area are plague endemic. The government has set up emergency work fronts to try to keep

the men in the population from fleeing the area with promises that they will be paid in food for their slave labor. Surveillance points have been set up on all the transportation routes out of the drought area that lead toward the larger cities on the coast. The so-called migrants are stopped at these roadblocks and sent back to their home towns or impressed into the labor fronts.

The Political Problem

In an apparent about-face on their triage policy, Atlanticist financial institutions have pumped an enormous \$1 billion in credit into Brazil over the last two weeks while bourgeois newspapers, led by the New York Times, loudly proclaimed that the so-called Brazilian Economic Miracle has come to an end and a less dictatorial government is required. This major credit and propaganda effort, however, represents no change whatsoever in Atlanticist policy toward Brazil or the rest of the Third World. It is an immediately expedient political maneuver to head off the real and growing possibility that significant sections of Brazil's industrialists will break ranks and move toward moratoria on Brazil's \$23 billion foreign debt and an alliance with pro-development industrialists in Italy centered around Eugenio Cefis.

The loans, extended at outrageously high interest rates, are very specifically targeted. The industrialists in the Sao Paulo area, who are increasingly unwilling to continue the destruction of the economy, represent the greatest political danger to the Atlanticists. They will get \$300 million for the work on the Sao Paulo subway system and will be the direct beneficiaries, through subcontracts, of \$324 million in credits extended for a hydroelectric dam project in the North.

But even within the standards of their own expedient amorality, the Sao Paulo industrialists are being taken in if they fall for the Atlanticist ploy. Temporary debt refinancing for selected political targets is the Atlanticists' complement to the general policy of mass murder throughout the Third World. To be convinced of that, the Sao Paulo industrialists need only look at the building holocaust that surrounds them in the industrialized state of Sao Paulo.

A mutant strain of encephalitis with a 20 per cent mortality rate has broken out in the state. The disease, carried by mosquitoes, attacks the nervous system and has no known treatment or vaccine. Doctors are warning of a "broad scale" epidemic as the disease, which was localized in one smaller city last year, is now spreading rapidly outward.

about by malnutrition, is killing increasing numbers of children. In one town of Osasco, outside the industrial center of Sao Paulo city, hospitals treated 1,637 cases in January alone; 54 children died. Sao Paulo, like the rest of the country, is suffering from an acute shortage of albumin which is a critical medicine in treating severe cases of dehydration.

There are continuing unofficial reports that much of what is classified in the state as dehydration, diarrhea, or gastroenteritis is in fact cholera although the government has flatly denied all such reports. The Director of the State Commission on Cholera has told the press that his agency is vigilant in checking for an outbreak of cholera, but had decided against launching a preventive education campaign in the general population. Such a campaign, he said, would distract the public's attention from the problems of meningitis, diarrhea, and dehydration.

The Atlanticists Are Clinically Insane

by Lyndon H. LaRouche Jr.

MILAN, Feb. 10 — Discussions with leading financial, industrial and political figures in Italy, France, Switzerland and West Germany have resulted in the Labor Committees' undertaking to publicize a summary policy statement, outlining the evidence indicting leading Atlanticist spokesmen as criminally insane.

At the moment the world faces the imminent chain reaction collapse of approximately \$800 billion worth of international and national financial structures directly or indirectly linked to the U.S. dollar. If no drastic alteration in existing institutions were instituted before March 31, 1976, the \$800 billion must inevitably collapse in chaos and panic. There are only two alternatives, either of which must be initiated before March 31, 1976 and in place by June 30, 1976 — otherwise a panic collapse is inevitable.

The general economic problem is this. At this moment, taking the developing sector and advanced capitalist sector as a unit, the current combined level of industrial and agricultural output are insufficient to regenerate both existing productive forces and population as a whole — in other words, the capitalist system is operating below the "breakdown level" overall. This means that the capitalist system as a whole is not generating a net profit: in other words, the rate of "absolute profit" is negative.

Therefore, under present conditions, any effort to roll over the currently-due portions of the approximately \$800 billion of financial structures can come out of only the costs of maintaining existing levels of production and consumption. An approximately 20-30 per cent slash in levels both of production and consumption would be required as a first time measure to save the financial structures. This approach is Schachtian economics, the type of economic cannibalism characteristic of the Nazi economy: such economic policies are furthermore the essential feature of fascism. That is, **the person who advocates Schachtian forms of austerity is a pure fascist.**

The short term result of an initial 20-30 per cent general austerity is an augmentation of the gross debt (through "refinancing"), such that six months to one year after initial austerity measures as much as a 40-50 per cent rate of further austerity would be required to continue support of financial structures...and so on and so forth. The consequence is therefore a spiralling collapse of production and consumption rates, accompanied by accelerating hyperinflationary tendencies.

The particularly hideous feature of the presently proposed Schachtian austerity, which makes its proponents far more criminal than the Nazis of 1933-1935, is that it is proposed to be applied on an almost global scale — in contrast to the limited scope of Nazi economic cannibalism. In view of the weakened conditions of large sections of the globe, both economically and in respect of nutrition, social services and living conditions, the consequence of Schachtian spiral downwards of consumption and production rates must be the emergence of waves of old and new types of human, animal and sylvatic epidemics, which must tend to become unstoppable by approximately 1980 — the end of human civilization quickly following. At the very least approximately one billion persons must die as a result of such deliberate economic measures of genocide.

The only alternative to such criminal measures is the immediate establishment of the IDB in at least the form of short term emergency measures pending permanent resolutions.

Any sane person, a category which presently includes conservative capitalist faction leaders in industry and political parties in Italy and elsewhere, will obviously choose financial debt moratoria and a new world economic order. Any leading person who opposes financial debt moratoria is obviously criminally insane.

Of course, one hears much of the "sanctity" of "saving." What miserable cant, what despicable driveling. The "savings" have already been looted, virtually wiped out by the use of such "savings" in developing the Atlanticist-dominated debt structures. Moreover, what is the moral worth of the person who proposes to destroy billions of human beings in a fascist policy of global austerity for the sake of his miserable (and, in fact, already dissipated) "savings." There are, of course, some persons who would hit their own children to defend their "savings."

The Nature of Atlanticist Madness

The Atlanticists' insanity is easily understood. The term, Atlanticist, identifies an interlocking "patriciate" of political and financial interests, groups and personalities who are the present heirs of the Anglo-American political-financial cabal that has ruled most of the world for a century. In the beginning — with roots going back to their British sponsorship of the U.S. "Monroe Doctrine" — it was British finance which dominated an arrangement in which the Morgans, the Rockefellers, and the National Civil Federation crowd were the junior partners. During the First World War, the U.S. side of the partnership, began to become dominant, becoming the major partner in fact during the 1943-46 period. The global power of the Atlanticists has been essentially rooted into international loans, a financial power whose political "invisible government" forces have generally ruled nations as virtual puppets of the imperial financier order.

The orderly bankruptcy of bankrupt financial structures such as the New York City banks, the IMF, the Eurodollar market, does not mean the collapse of capitalism. Indeed, without such bankruptcy proceedings, capitalism must soon collapse into either general thermonuclear war or ecological holocaust. It does mean the end of the rule of the world by the imperialist "invisible government," the end of world domination by the Atlanticists.

So, the Atlanticists represent a doomed ruling caste **within the ruling class.** They are prepared to destroy not only the human race, but **capitalism as well.** Why? The Atlanticist leaders — with whom we have had intensive discussion on this subject during the recent eight months — freely admit that their austerity programs lead quickly to global disaster, and admit that they have no other solutions. Yet, they persist in their desperate commitment to achieving the unthinkable; **they would rather destroy the world than live in a world in which they do not rule.**

Either we declare debt moratorium quickly and rid ourselves of these criminally insane Atlanticists, or none of us will live very long. This is a ruling class which has gone mad at the prospect of the end of its world domination.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
EARLY EVENING NEWS — 1500 HOURS EST
MONDAY, FEBRUARY 9, 1976

I. INTERNATIONAL.

SOVIETS COVER WILLS MANILA PROPOSAL.

FEB. 9 (IPS)—THE SOVIET COMMUNIST PARTY DAILY PRAVDA OF FEB. 7 FEATURED GUYANAN FOREIGN MINISTER FREDERIC WILLS' PROPOSAL FOR AN INTERNATIONAL CENTRAL BANK TO REPLACE THE INTERNATIONAL MONETARY FUND, IN ITS COVERAGE OF THE MINISTERIAL MEETING OF THE GROUP OF 77 NON-ALIGNED COUNTRIES IN MANILA, PHILIPPINES. WILLS' PROPOSAL WAS THE FOCUS OF "SPECIAL DISCUSSIONS" AT THE MEETING, ACCORDING TO PRAVDA, WITH MANY DELEGATIONS URGING DISSOLUTION OF THE INTERNATIONAL MONETARY FUND (IMF).

THE COMMENTARY DID NOT MAKE REFERENCE TO THE DISCUSSION OF DEBT MORATORIA IN MANILA.

SOVIET SCIENTISTS REPORT MAJOR FUSION RESEARCH BREAKTHROUGH.

FEB. 9 (IPS)—EXPERIMENTERS ON THE SOVIET TOKAMAK T-10 HAVE ACHIEVED A "BREAKTHROUGH" IN FUSION RESEARCH, ACCORDING TO A TASS REPORT IN SWEDEN'S SVENSKA DAGBLADET. THE TASS REPORT QUOTES DR. IGOR MOROCHOV, DEPUTY CHIEF OF THE STATE COMMITTEE ON ATOMIC ENERGY, SAYING THAT "ONE HAS NOW IN THE TOKAMAK T-10 FOR THE FIRST TIME A RECORDED NEUTRON FLOW SOME HUNDRED TIMES HIGHER THAN THE MAXIMUM LEVEL ACHIEVED IN EARLIER TOKAMAK EXPERIMENTS...IT LOOKS AS IF THE SOVIET RESEARCHERS ARE ON THEIR WAY TO REALIZE WHAT WILL HOPEFULLY BE THE LAST PURELY EXPERIMENTAL STAGE IN DEVELOPMENT OF FUSION POWER."

IPS ANALYSTS BELIEVE THAT THE REPORTED NEUTRON FLOW, A PRODUCT OF THE FUSION REACTION, MEANS THAT THE T-10 HAS ACHIEVED CONFINEMENT OF FUSION PLASMAS ON THE ORDER OF 1 SECOND OR MORE. THIS WOULD MEAN THAT BREAK-EVEN CONDITIONS FOR FUSION POWER IN TOKAMAKS ALMOST CERTAINLY CAN BE REACHED. FURTHER DETAILS WILL BE GIVEN IN A FORTH-COMING ANALYSIS.

CZECH PAPER: PCF NOT SOCIALIST

FEB. 9 (IPS) — THE CZECHOSLOVAK COMMUNIST PARTY DAILY RUDE PRAVO YESTERDAY IMPLIED THAT THE FRENCH COMMUNIST PARTY (PCF) LEADERSHIP HAS WRITTEN ITSELF OUT OF THE COMMUNIST MOVEMENT AT ITS JUST-CONCLUDED CONGRESS. IN A THINLY-VEILED REFERENCE TO THE PCF, RUDE PRAVO WROTE THAT "THOSE WHO DO NOT RECOGNIZE THE DICTATORSHIP OF THE PROLETARIAT, PROLETARIAN INTERNATIONALISM AND SOCIALIST INTERNATIONALISM, CAN HARDLY BE CONSIDERED SOCIALISTS."

AT THE PCF CONGRESS, PCF LEADER GEORGES MARCHAIS CALLED ON THE FRENCH PARTY TO STRIKE THE WORDS "DICTATORSHIP OF THE PROLETARIAT" FROM THE PARTY STATUTES.

EARLY IPS/02.09/2

GAULLISTS SCORE GISCARD'S THIRD WORLD POLICY

FEB. 9 (IPS) — FRENCH GAULIST AND FORMER PREMIER MESSMER HAS ISSUED A STATEMENT ON THE DECOLONIZATION OF THE FRENCH AFRICAN TERRITORY, DJIBOUTI, WHICH ATTACKS THE POLICY OF THE FRENCH GISCARD GOVERNMENT TO USE DJIBOUTI TO STIR UP TENSIONS BETWEEN ETHIOPIA AND SOMALIA. MESSMER CALLED FOR A NEGOTIATED AGREEMENT BETWEEN DJIBOUTI'S TWO NEIGHBORING COUNTRIES, SOMALIA AND ETHIOPIA, WHICH WOULD ENSURE NON-INTERVENTION IN "FAIR" ELECTIONS FOR A PRESIDENT.

PRESIDENT GISCARD'S POLICY, AS PRESENTLY BEING IMPLEMENTED, IS TO MAINTAIN A STRONG FRENCH TROOP PRESENCE IN DJIBOUTI TO ENSURE THE ELECTION OF PUPPET ALI AREF, WHILE STAGING CONFRONTATIONS WITH SOMALIA. ALI AREF HAS ONLY MINORITY BACKING AMONG DJIBOUTIANS, AND MUCH OF THE POPULATION FAVORS A GOVERNMENT WHICH WOULD MAINTAIN FRIENDLY RELATIONS WITH THE PRO-SOVIET SOMALI GOVERNMENT. MESSMER WAS EXPLICIT IN STATING THAT "ALI AREF IS NOT ACCEPTED BY THE WHOLE POPULATION TO LEAD DJIBOUTI TOWARDS INDEPENDENCE."

MESSMER'S STATEMENT, REPORTED IN THE FEB. 6 LE MONDE, FOLLOWS ONLY BY DAYS STATEMENTS FROM OTHER PROMINENT GAULLISTS ATTACKING GISCARD'S POLICY TOWARDS ALGERIA.

GROUP OF 77 ASKS BROADER ROLE FOR TRANSFER RUBLE

FEB. 9 (IPS) — THE MINISTERS' MEETING OF THE THIRD WORLD GROUP OF 77 IN MANILA, APPROVED A RESOLUTION CALLING FOR THE USE OF THE TRANSFER RUBLE TO FINANCE TRADE BETWEEN THE THIRD WORLD AND THE COMECON SECTOR.

AS REPORTED IN THE MEXICO CITY DAILY EXCELSIOR IN AN ARTICLE DATED FEB. 6, THE MINISTERS APPROVED A RESOLUTION CALLING ON THE SOCIALIST COUNTRIES OF EASTERN EUROPE TO "ADOPT POLICIES AND MEASURES WHICH ASSURE INCREASE AND THE DEMAND IN THE SUBSEQUENT IMPORTS OF PRODUCTS FROM THE DEVELOPING COUNTRIES." THE PROPOSAL URGES THE COMECON BLOC TO "NOT DEMAND EQUIVALENT PURCHASES ON THE PART OF THE DEVELOPING COUNTRIES SO THAT THEY CAN INCREASE THEIR EXPORTS," AND ASKS "IMPROVED...COMECON PAYMENT AGREEMENTS IN TRANSFERRABLE RUBLES...TO TAKE ACCOUNT OF THE TRADE NEEDS OF THE DEVELOPING COUNTRIES." BUT THE RESOLUTION GOES ON TO ASK "APPROPRIATE PAYMENT AGREEMENTS, WHICH COULD INCLUDE, IF SO DESIRED, PROVISIONS WHICH WOULD PERMIT THE CONVERTIBILITY OF THE SURPLUS ACCOUNTS OF THE DEVELOPING COUNTRIES INTO CONVERTIBLE (I.E., WESTERN - ED.) CURRENCIES."

WHILE THE PROPOSAL, TAKEN IN CONJUNCTION WITH RECENT MOVES BY ITALIAN INDUSTRIALISTS, COULD SERVE AS AN OPENING FOR THE SOVIETS TO PLAY A MORE ACTIVE ROLE IN THE FIGHT FOR A NEW WORLD ECONOMIC ORDER, ITS WORDING LEAVES OPEN AN ALTERNATE INTERPRETATION: AS A CALL FOR THE SOVIETS TO SUBSIDIZE THIRD WORLD EXPORTS, TO BE PAID FOR IN RUBLES, WHICH THIRD WORLD NATIONS COULD THEN CONVERT TO PAY THEIR DOLLAR-DENOMINATED DEBTS. UNLESS TAKEN IN THE CONTEXT OF DEBT MORATORIA AND CAPITAL DEVELOPMENT ARRANGEMENTS, THIS POINT, WHICH HAS PREVIOUSLY BEEN REJECTED BY THE SOVIETS, WOULD OPEN UP THE SOVIET SECTOR TO LOOTING BY WESTERN BANKING INTERESTS.

(MORE)

CPGB OFFICIALLY ENDORSES WHITE COMMUNISM

FEB. 9 (IPS) — THE COMMUNIST PARTY OF GREAT BRITAIN (CPGB) HAS FORMALLY REPUDIATED ITS ONE-TIME "SPECIAL RELATIONSHIP" TO THE SOVIET UNION, THE CPGB PUBLISHED A MAJOR POLICY DOCUMENT IN THE JANUARY ISSUE OF "MARXISM TODAY," ITS THEORETICAL JOURNAL, WHICH QUESTIONS THE VERY BASIS OF THE SOVIET ECONOMIC AND POLITICAL SYSTEM.

ENTITLED "SOCIALIST DEMOCRACY - SOME PROBLEMS," THE ARTICLE ATTESTS THAT IT IS NO LONGER ENOUGH MERELY TO CONDEMN THE STALINIST PERIOD, BUT THAT IT IS NECESSARY TO MAKE FUNDAMENTAL ATTACKS ON THE WAY THE SOVIET UNION IS GOVERNED TODAY. NOT ONLY DOES THE ARTICLE CRITICIZE ALLEGED SOVIET POLICY ON DISSIDENTS AND FREEDOM OF SPEECH, BUT IT ALSO SLAMS THE CENTRALIZED BUREAUCRACY OF THE SOVIET UNION, CONCLUDING: "IT IS DIFFICULT TO VISUALIZE THAT THE PRESENT SYSTEM CAN CONTINUE INDEFINITELY."

THE CPGB DOCUMENT, WRITTEN BY FORMER GENERAL-SECRETARY JOHN GOLLAN, IS QUOTED IN THIS WEEK'S ISSUE OF THE LONDON ECONOMIST UNDER THE HEADING, "BRITAIN'S COMMUNISTS SAY GOODBYE TO RUSSIA - AT LAST." THE ECONOMIST, WHICH HERALDS THE DOCUMENT AS A "FIRM, BUT BELATED ATTEMPT TO DISSOCIATE THE BRITISH COMMUNIST PARTY FROM THE SOVIET UNION," NOTES THAT IT MAY BE DIFFICULT FOR HARDLINERS IN THE PARTY TO SWALLOW, BUT "THE NEW PARTY LINE IS LIKELY TO HAVE AT LEAST A TWO-TO-ONE MAJORITY."

II. CONTINENTAL

SAN DIEGO COUNCIL ASKS INVESTIGATION OF FBI TERRORISM

FEB. 9 (IPS) — THE CITY COUNCIL OF SAN DIEGO, CALIFORNIA, ISSUED A RESOLUTION IN FEBRUARY "WHICH URGED THE SENATE SELECT COMMITTEE ON INTELLIGENCE TO EXPOSE THE FBI'S ACKNOWLEDGED ROLE IN SETTING UP THE SECRET ARMY ORGANIZATION, A RIGHT-WING TERRORIST GROUP. THE FBI SUPPLIED THE GROUP WITH MONEY AND WEAPONS TO ATTACK LEFT GROUPS.

ACCORDING TO THE NEW YORK TIMES, THE FBI ALSO INSTIGATED WARFARE BETWEEN TWO BLACK GROUPS, THE U.S. ORGANIZATION, HEADED BY RON KARENGA, AND THE BLACK PANTHERS, IN THE HOPES THAT THE TWO GROUPS WOULD DESTROY ONE ANOTHER. TWO PANTHERS WERE KILLED IN THE FIGHTING.

SAN DIEGO COUNCILMAN FLOYD MORROW, WHO INTRODUCED THE RESOLUTION, SAID HE HAD LEARNED THAT SAN DIEGO POLICE OFFICERS WERE USED AND PAID BY THE FBI TO SERVE AS INFORMERS AND PROMOTE VIOLENCE. HE SAID HE SUSPECTS THAT THE FBI HAS BEEN RESPONSIBLE FOR ANONYMOUS DEATH THREATS AGAINST BLACK COMMUNITY LEADERS AT A TIME WHEN THEY WERE TRYING TO PACIFY THE STRIFE BETWEEN THE PANTHERS AND THE U.S. ORGANIZATION.

CHURCH COMMITTEE HAS CIA LEGAL MEMO CHALLENGING LEGALITY OF COVERT OPS BETWEEN 1947 AND 1974

FEB. 9 (IPS) — THE SENATE SELECT COMMITTEE ON INTELLIGENCE HAS OBTAINED A MEMORANDUM, DRAWN UP BY A LEGAL STAFF FOR FORMER CIA DIRECTOR WILLIAM COLBY LAST SEPTEMBER, WHICH CHALLENGES THE LEGALITY OF THE COVERT OPERATIONS UNDERTAKEN BY THE CIA BETWEEN 1947 AND THE PASSAGE OF THE FOREIGN ASSISTANCE ACT OF 1974. ACCORDING TO THE NEW YORK TIMES, WHICH HAS OBTAINED A LEAKED COPY OF THE MEMORANDUM,

(MORE)

02.09 EARLY IPS/4

THE DOCUMENT DECLARES THAT "THERE WAS SERIOUS DOUBT THAT THE CIA HAD AUTHORITY TO ENGAGE IN COVERT OPERATIONS INVOLVING THE USE OF POLITICAL AND MILITARY FORCE, AGAINST, OR IN SUPPORT OF, A FOREIGN GOVERNMENT OR ITS LEADERS."

END OF EARLY IPS FOR FEB. 9, 1976.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
LATE EVENING NEWS ROUND-UP
FEBRUARY 9, 1976 2100 HRS.

I. PRIORITIES

ATLANTICIST CURRENCY RESTRUCTURING HITS FRENCH FRANC

NEW YORK, FEB. 9 (IPS)--THE FRENCH FRANC CAME UNDER A "SHARP ATTACK" FROM CURRENCY SPECULATORS TODAY, AS THE WEST GERMAN MARK AND THE SWISS FRANC BOTH APPRECIATED BY .6 OF A PERCENTAGE POINT AGAINST THE FRENCH FRANC. TRADERS IN NEW YORK CONFIRMED THAT THE ATTACK ON THE FRANC WAS INITIATED BY THE ATLANTICIST-CONTROLLED WEST GERMAN FEDERAL BANK (BUNDESBANK), WHICH GAVE THE GO-AHEAD TO FRANKFURT-BASED TRADERS TO MOVE AGAINST THE FRANC, WHILE AT THE SAME TIME ORDERING THEM NOT TO TOUCH THE ITALIAN LIRA. SELL ORDERS FROM WEST GERMAN BANKS FILTERED THROUGH TO NEW YORK TRADERS AS WELL, AND MASSIVE INTERVENTION BY THE BANK OF FRANCE WAS UNABLE TO STOP THE FRANC'S FALL.

AT THE SAME TIME, THE SPANISH PESETA WAS OFFICIALLY DEVALUED BY 10 - 11 PER CENT, AND THE BELGIAN FRANC HAS COME UNDER STRONG PRESSURE FROM SELLING, A FACT WHICH HAS SURPRISED THE BELGIAN CENTRAL BANK, FROM SELLING, A FACT WHICH HAS SURPRISED THE BELGIAN CENTRAL BANK, DEVALUATION OF THE TURKISH LIRA, AND AN EFFECTIVE 12 - 13 PER CENT DEVALUATION OF THE ITALIAN LIRA.

BOTH LEADING NEW YORK BANKERS AND STATE DEPARTMENT SOURCES INDICATED LAST WEEK THAT IT WAS THEIR INTENTION TO USE THE BUNDESBANK TO FORCE A GENERAL DEVALUATION OF THE WESTERN EUROPEAN CURRENCIES, A PLAN WHICH WAS FULLY CONFIRMED BY TODAY'S EVENTS. COMMENTING ON THE STRENGTH OF THE SHATTERED ITALIAN LIRA AGAINST THE FRANC, SEVERAL SOURCES EXPRESSED THE OPINION TODAY THAT, IN THE WORDS OF ONE TRADER, "WE'VE DONE ENOUGH FOR THE LIRA FOR NOW," WHILE MONEY MANAGER SAID THAT THE FRANC WAS NOW WEAKER THAN THE LIRA SINCE THE LIRA'S DEPRECIATION AS A RESULT OF LAST MONTH'S MASSIVE ATTACKS.

ONE SOURCE INDICATED THAT THE SCANDINAVIAN CURRENCIES AND THE POUND STERLING ARE NEXT IN LINE FOR RESTRUCTURING TREATMENT.

BEC SLAPS TAX ON ITALIAN FARM EXPORTS

FEB. 9 (IPS)--THE COMMON MARKET AGRICULTURAL COMMISSION HAS DECIDED

(MORE)

TO SLAP A 6.2 PER CENT TAX ON ITALY'S AGRICULTURAL EXPORTS, IN ORDER TO BRING ITALIAN AGRICULTURAL PRICES - WHICH HAVE BEEN LOWERED BY THE FALL IN VALUE OF THE LIRA OVER THE PAST TWO WEEKS - BACK INTO LINE WITH THE PRICES SET BY THE EEC. ACCORDING TO THE JOURNAL OF COMMERCE, THE LIRA'S FALL HAS ACTUALLY GIVEN ITALIAN PRODUCTS A 7.9 PER CENT PRICE EDGE. BUT, THE JOURNAL OF COMMERCE SAYS, ITALIAN OPPOSITION TO THE MEASURE HAS FORCED THE COMMISSION TO GO SOFTLY

MORO'S MINORITY GOVERNMENT STILL IN TROUBLE

ROME, FEB. 9 (IPS)--ITALIAN PRESIDENT GIOVANNI LEONE AGAIN URGED CARETAKER PREMIER ALDO MORO TODAY TO SPEED UP THE FORMATION OF A NEW GOVERNMENT SO THAT THE URGENT AND SERIOUS ECONOMIC TROUBLES OF THE COUNTRY CAN BEGIN TO BE SOLVED.

WITH MORO NOW ATTEMPTING TO FORM A GOVERNMENT CONSISTING SOLELY OF HIS DIVIDED CHRISTIAN DEMOCRACY (DC) - THE SO-CALLED "MONOCOLOR OF ABSTENTIONS" IN WHICH OTHER PARTIES PLEDGE NOT TO BRING DOWN THE GOVERNMENT BY A VOTE OF NO CONFIDENCE - THE MAJORITY OF ITALIAN COMMENTATORS ARE POINTING TO THE 'DIVISIONS, DIFFICULTIES AND PERPLEXITIES' THAT HIS EFFORTS ARE ENCOUNTERING. CITING THE OBJECTIONS OF THE MAJOR DC LEADERS, THE INFLUENTIAL DAILY CORRIERE DELLA SERA SUMMED IT UP: "FANFANI IS AGAINST A STRAIGHT DC GOVERNMENT...ANDREOTTI IS HOSTILE TO MORO. PICCOLI IS CONVINCED THAT THE CHRISTIAN DEMOCRACY IN FORMING THIS GOVERNMENT RISKS GETTING INTO A 'LARGE ADVENTURE'".

THE MEANING OF THE MONOCOLOR

MILAN, FEB. 9 (IPS)--CORRIERE DELLA SERA SAID TODAY THAT THE PROPOSED "NEW MONOCOLOR RISKS BEING CONDITIONED BY THE ITALIAN COMMUNIST PARTY EVEN MORE THAN THE PRECEDING GOVERNMENT." BUT, CORRIERE SAID, "THE ONLY ALTERNATIVE TO THE MONOCOLOR WOULD HAVE BEEN EARLY ELECTIONS, AND IT IS HARD TO SEE WHAT ADVANTAGES THE CHRISTIAN DEMOCRACY COULD HAVE GOTTEN OUT OF THAT."

ATLANTICISTS SHIFT TO NEW COALITION IN WEST GERMAN STATE OF LOWER SAXONY

FEB. 10--THE NEWLY ELECTED CHRISTIAN DEMOCRATIC GOVERNMENT IN THE WEST GERMAN STATE OF LOWER SAXONY, APPOINTED BY A STATE PARLIAMENTARY VOTE ON FEB. 7, FORMED A CABINET TODAY. CHRISTIAN DEMOCRATIC (CDU) MINISTER PRESIDENT ALBRECHT APPOINTED 5 CDU OFFICIALS TO MINISTERIAL POSTS, INTENTIONALLY LEAVING THE OFFICES OF STATE FINANCE AND ECONOMICS MINISTERS UNOCCUPIED.

WEST GERMAN RADIO REPORTS THAT ALBRECHT WILL NOW ENTER INTO NEGOTIATIONS WITH THE TWO OTHER PARTIES IN THE STATE, THE SOCIAL DEMOCRATS AND THE FREE DEMOCRATS, TO OFFER THEM THE POSTS. IN ANTICIPATION OF THE POSSIBILITY THAT THE FREE DEMOCRATS WILL ENTER INTO A COALITION WITH ALBRECHT'S GOVERNMENT, THE INDUSTRIALISTS DAILY HANDELSBLATT SAID TODAY THAT ALBRECHT'S MOVE SIGNALS "THE END OF THE ERA OF SOCIAL DEMOCRATIC - FREE DEMOCRATIC COALITION" WHICH HAS GOVERNED NATIONALLY AND IN SEVERAL STATES SINCE 1969.

(MORE)

THE LOWER SAXONY CHANGE IN GOVERNMENT IS THE FIRST STEP BY ATLANTICIST FORCES IN ALL WEST GERMAN PARTIES TO FORCE THE SOCIAL DEMOCRATS' MASS WORKING CLASS BASE INTO POLITICAL RETREAT BEFORE A MAJOR DRIVE TO IMPLEMENT AUSTERITY. A MASSIVE PROPAGANDA DRIVE BEING GENERATED BY THE ATLANTICIST WEST GERMAN PRESS NETWORK, WHICH STRESSES THAT THE LOWER SAXONY REALIGNMENT WILL EVENTUALLY TOPPLE SOCIAL DEMOCRATIC RULE NATIONALLY, IS INTENDED TO FORCE THE SPD'S WORKING CLASS MACHINE INTO A DEFENSIVE POSTURE OF MAINTAINING UNITY IN THE PARTY AT THE EXPENSE OF FIGHTING AUSTERITY.

AT A PRESS CONFERENCE IN LONDON YESTERDAY, SPD CHANCELLOR AND ATLANTICIST HELMUT SCHMIDT INSISTED THAT THE LOWER SAXONY SITUATION WILL NOT EFFECT THE FEDERAL FREE DEMOCRATIC - SPD COALITION. SCHMIDT WAS ECHOED AT THE PRESS CONFERENCE BY FDP CHAIRMAN AND FOREIGN MINISTER HANS DIETRICH GENSCHER.

FRENCH BOURGEOIS PRESS BLASTS GISCARD'S FOREIGN POLICY

FEB. 9 (IPS)--FRANCE'S LEADING BOURGEOIS PAPERS, LE MONDE AND LE FIGARO, JOINED FORCES FEB. 7 IN LAUNCHING MAJOR EDITORIAL ATTACKS ON ATLANTICIST PRESIDENT VALERY GISCARD D'ESTAING'S FOREIGN POLICY. REFLECTING INCREASING OPPOSITION, ESPECIALLY AMONG GAULLIST POLITICAL CIRCLES, TO GISCARD'S POLICIES, BOTH PAPERS ATTACKED THE FRENCH GOVERNMENT'S RECENT STAGED PROVOCATION AGAINST THE PRO-SOVIET GOVERNMENT OF SOMALIA OVER THE FRENCH TERRITORY OF DJIBOUTI.

LE MONDE COUNTERPOSED GISCARD'S FOREIGN POLICY IN ANGOLA, DJIBOUTI, AND THE WESTERN SAHARA TO THAT OF THE LATE PRESIDENT CHARLES DE GAULLE, WARNING THAT THE CURRENT ATLANTICIST DRIFT, USHERED INTO FRENCH FOREIGN POLICY BY GISCARD, MUST STOP IF FRANCE IS TO MAINTAIN WHAT REMAINING FRIENDLY RELATIONS IT HAS TO THE THIRD WORLD. LE FIGARO ACCUSED THE GISCARD GOVERNMENT OF BEARING FULL RESPONSIBILITY FOR THE EVENTS IN DJIBOUTI, WHERE 1 CHILD WAS KILLED AND 2 OTHERS SERIOUSLY WOUNDED WHEN FRENCH POLICE CHARGED A BUS WHICH SOMALIAN "LIBERATION COMMANDOES" WERE SAID TO HAVE KIDNAPPED.

FLINT NAACP CONSIDERS ACTION ON SOB DIRTY TRICKS

FLINT, MICH., FEB. 9 (IPS)--AT AN EXECUTIVE BOARD MEETING OF THE FLINT CHAPTER OF THE NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE (NAACP) HERE FEB. 7, U.S. LABOR PARTY SPOKESMAN RICHARD MCGRAW GAVE A 40 MINUTE PRESENTATION ON THE ILLEGAL CRIMINAL ACTIVITIES AND DIRTY TRICKS CARRIED OUT BY THE SPECIAL OPERATIONS BUREAU (SOB) OF THE FLINT POLICE DEPARTMENT. MCGRAW CALLED ON THE FLINT NAACP TO ENDORSE AN IMMEDIATE INVESTIGATION OF THE SOB AND TO COMMIT THE RESOURCES OF THE NAACP BOTH LOCALLY AND NATIONALLY TO A LEGAL AND POLITICAL BATTLE AGAINST FBI AND JUSTICE DEPARTMENT COVERT OPERATIONS.

MCGRAW DESCRIBED THE SOB AS THE SAME TYPE OF APPARATUS AS THAT WHICH WAS USED TO TERRORIZE THE CIVIL RIGHTS MOVEMENT AND WHICH LED TO THE ASSASSINATION OF MARTIN LUTHER KING. THE FLINT NAACP EXECUTIVE BOARD WILL VOTE ON THE U.S. LABOR PARTY RESOLUTIONS THIS WEEK.

II. AUSTERITY BULLETIN

JAVITS PENSION BILL USED TO LOOT WAGES

NEW YORK, FEB. 9 (IPS)—SENATOR JACOB JAVITS' (R-NY) EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) IS BEING USED AS A VEHICLE FOR MASSIVE LOOTING OF WORKERS' WAGES. ACCORDING TO A FRONT-PAGE ARTICLE IN TODAY'S NEW YORK TIMES, THE REQUIREMENTS OF THE BILL — WHICH COVERS 35 TO 40 MILLION WORKERS IN THE NATION'S 600,000 PRIVATE PENSION PLANS — "RAISE THE PROSPECT THAT THE COST OF COMPLIANCE WILL CUT INTO THE PAY RAISES OF MANY PEOPLE THIS YEAR AND NEXT."

"THERE'S NO QUESTION THAT DIRECT PAY SETTLEMENTS ARE LESS THIS YEAR, AND WILL BE NEXT YEAR, THAN THEY WOULD OTHERWISE BE IF IT WERE NOT FOR THE FACT THAT EXTRA MONEY HAS TO BE ADDED TO PENSION PLANS TO MEET THE REQUIREMENT OF THE LAW," PENSION CONSULTANT ROBERT TILOVE TOLD THE TIMES. TILOVE ESTIMATED THE COST OF THE INCREASED FUNDING AND VESTING STANDARDS UNDER ERISA WOULD REQUIRE 10 TO 30 PER CENT INCREASED CONTRIBUTIONS.

A SOURCE IN THE PENSION FUND DEPARTMENT OF BANKERS TRUST IN NEW YORK TOLD IPS TODAY THAT THE TIMES ARTICLE WAS "ADDRESSING ITSELF TO THE (UPCOMING LABOR) NEGOTIATIONS." THE SOURCE NOTED THAT UNDER ERISA, COMPANIES COULD GAIN FURTHER "COST D-SAVINGS" BY REDUCING PENSION BENEFITS BY A PERCENTAGE OF THE AMOUNT THEY PAY FOR SOCIAL SECURITY.

A SPOKESMAN FOR THE PENSION FIRM WHERE TILOVE IS EMPLOYED ADDED IN AN IPS INTERVIEW THAT PENSION BENEFITS WOULD ALSO BE REDUCED TO MEET THE ADDITIONAL FUNDING AND VESTING REQUIREMENT.

WHILE THE PENSION FUNDS PROVIDE CORPORATIONS WITH A LARGE POOL OF LIQUIDITY TO USE IN INVESTMENTS, THERE IS NO GUARANTEE THAT WORKERS WILL EVER SEE THE BENEFITS TOWARD WHICH THEY CONTRIBUTED, BECAUSE MOST PLANS RESERVE THE RIGHT TO LIQUIDATE WITHOUT NOTICE. WHILE ERISA OSTENSIBLY PROTECTS PENSIONERS "VESTED" RIGHTS, FOUR TIMES THE NUMBER OF PLANS THAT WAS PREDICTED WERE LIQUIDATED IN 1975 — THE FIRST YEAR OF THE ERISA — ILLION CAPITAL SPE THE RATIONALIZATION OF GM'S EXISTING PRODUCTION-LINE CAPACITY TO CONCENTRATE ON PRODUCTIVITY AND THE SMALL-CAR MARKET, ACCORDING TO TODAY'S NEW YORK TIMES. ALTHOUGH THE \$2.6 BILLION PLAN IS THE LARGEST DOLLAR AMOUNT IN GM'S HISTORY, NO NEW CAPACITY IS PLANNED, COMPANY OFFICIALS HAVE SAID.

IT IS AN OPEN SECRET THAT GM INTENDS TO USE IT RATIONALIZATION PLAN TO EFFECTIVELY MUSCLE LESS-PRODUCTIVE AND EFFICIENT FORD AND CHRYSLER OUT OF THE SMALL-CAR MARKET, THE ONLY MASS AUTO MARKET LEFT IN THE COUNTRY. NEITHER FORD NOR CHRYSLER WILL HAVE

(MORE)

ANYTHING NEAR THE SAME AMOUNT AS GM TO SPEND ON RETOOLING THIS YEAR, WITH NEAR-BANKRUPT CHRYSLER EXPECTED TO MUSTER ONLY \$400 MILLION OF ITS 1976 CAPITAL PROGRAM.

III. INTERNATIONAL

MARCHAIS CLAIMS LEFT PRIME MINISTER POSSIBLE UNDER GISCARD

FEB. 9 (IPS)—FRENCH COMMUNIST PARTY GENERAL SECRETARY GEORGES MARCHAIS ADMITTED YESTERDAY THAT HE WOULD ACCEPT THE PARTICIPATION OF THE UNION OF THE LEFT, INCLUDING THE PCF AND THE SOCIALIST PARTY, IN THE ATLANTICIST GOVERNMENT OF PRESIDENT VALERY GISCARD D'ESTAING. IN A RADIO INTERVIEW ON RADIO LUXEMBOURG, MARCHAIS CLAIMED THAT IN THE EVENT OF MAJOR LEFT VICTORIES IN THE UPCOMING LEGISLATIVE ELECTIONS, GISCARD WOULD BE FORCED TO APPOINT A LEFT PRIME MINISTER, WHOSE PRIMARY TASK WOULD BE TO IMPLEMENT THE UNION OF THE LEFT'S COMMON PROGRAM FOR GOVERNMENT. MARCHAIS' STATEMENT REPUDIATES ALL PREVIOUS PCF POLICY STATEMENTS, WHICH HAVE HERETOFORE CATEGORICALLY REJECTED PARTICIPATION WITH GISCARD, CITING THE COMMON PROGRAM AS A WEAPON AGAINST HIS AUSTERITY POLICIES.

MARCHAIS TIGHTENS GRIP OVER PCF LEADERSHIP

FEB. 9 (IPS)—REPORTS FROM THE 22ND NATIONAL CONGRESS OF THE FRENCH COMMUNIST PARTY (PCF) WHICH CONCLUDED YESTERDAY IN PARIS, REVEAL THAT SECRETARY GENERAL GEORGES MARCHAIS MADE SIGNIFICANT HEADWAY IN STRENGTHENING THE CONTROL OF HIS "RIGHT WING" FACTION OVER THE PARTY. INDICATIVE OF THIS CONFIRMED "COUP" OVER THE PARTY LEADERSHIP IS THE OUSTER OF KNOWN PRO-SOVIET AND PRO-GAULLIST PCF VETERANS, GERORGES COGNIOT, LEO FIGUERES AND PIERRE VILLON FROM THE CENTRAL COMMITTEE. PROMOTED TO THE POLITBURO WAS MARCHAIS' PERSONAL SECRETARY AND OUTSPOKEN DEFENDER OF THE SPANISH POLYCENTRIST PARTY OF SANTIAGO CARILLO, CHARLES FITERMAN.

IN A COMMENT ON THIS SHIFT —WHICH INCLUDED THE EXCLUSION OF 17 CENTRAL COMMITTEE MEMBERS AND THEIR REPLACEMENT BY 25 OTHERS — TODAY'S L'HUMANITE, PCF DAILY, REMARKED: "WHAT A STRIKING AND POWERFUL ANSWER TO THOSE WHO STILL BELIEVE IN DARK PLOTS OF DIVISION, WHEN DEVELOPED, EXPERIENCED, INCOMPARABLY DEVOTED, SHARPLY INTELLIGENT LEADERS ASKED NOT TO BE REELECTED TO LEAVE ROOM FOR THE NEW GENERATION.."

JAPAN TO SEND MAJOR TRADE DELEGATION TO CUBA

FEB. 9 (IPS)—A DELEGATION OF PRESIDENTS AND REPRESENTATIVES OF JAPAN'S MOST IMPORTANT INDUSTRIAL AND COMMERCIAL FIRM, HEAD-ED BY NIPPON STEEL PRESIDENT YOSHIRO INAYAMA, WILL SHORTLY VISIT CUBA TO PROMOTE EXPANDED TRADE TIES BETWEEN THE TWO COUNTRIES, ACCORDING TO PRENSA LATINA, THE CUBAN NEWS AGENCY TODAY. THE CUBAN AMBASSADOR TO JAPAN, MARIO GARCIA INCHAUSTEGUI, HOSTED A SEND-OFF RECEPTION FOR THE DELEGATION IN TOKYO.

(MORE)

IPS - LATE 2.9 P. 6

DISCUSSION OF CORPORATIST BANK, WITH UNION PARTICIPATION, FOR BRITAIN

FEB. 9 (IPS)--ATLANTICIST LONDON BANKERS ARE URGING THE IMPLEMENTATION OF A PLANNED CORPORATIST BANK WHICH "WOULD BRING TOGETHER IN ONE INSTITUTION THE MOST IMPORTANT PROVIDERS OF CAPITAL IN THE BRITISH ECONOMY."

ACCORDING TO THE LONDON SUNDAY TIMES, "THE BANK WOULD HAVE A PERMANENT, IDENTIFIABLE HEAD ABLE TO SPEAK FOR A BOARD REPRESENTING INSURANCE POLICY HOLDERS, PENSION FUND BENEFICIARIES, AND INVESTMENT TRUST SAVERS. TOGETHER WITH THE BANKS...IT COULD DEMAND A VOICE IN THE VITAL DEBATE ABOUT BRITAIN'S FUTURE," SAID THE SUNDAY TIMES.

LEN MURRAY, THE GENERAL SECRETARY OF THE TRADES UNION CONGRESS, IS ALSO REPORTED TO HAVE "GIVEN HIS BLESSING" TO THE SCHEME. THE CALL FOR THE CORPORATIST BANKS FOLLOWS LABOUR PARTY PRIME MINISTER HAROLD WILSON'S PROMISE TO THE OVERSEAS BANKERS' CLUB LAST WEEK TO FORCE "A REVERSAL OF THE 30-YEAR PROCESS UNDER WHICH AN INADEQUATE AND RELATIVELY DECLINING INDUSTRIAL POWER BASE WAS BEING CALLED ON TO SUPPORT AND PAY FOR A GROWING SUPERSTRUCTURE OF CONSUMPTION, PUBLIC AND PRIVATE."

JORDAN AND ISRAEL MOVE TO SET UP WEST BANK PALESTINIAN STATE UNDER JORDANIAN CONTROL

FEB. 9 (IPS)--KING HUSSEIN OF JORDAN IS MOVING TO REASSERT HIS AUTHORITY OVER THE ISRAELI-OCCUPIED WEST BANK AS HIS PART OF AN AGREEMENT WITH ISRAEL TO CONTROL THE VOLATILE PALESTINIAN SITUATION, ACCORDING TO WESTERN PRESS SOURCES. HUSSEIN POSTPONED UPCOMING WEST BANK ELECTIONS LAST WEEK, A MOVE WHICH HAS THE EFFECT OF EXTENDING THE LEGAL STATUS OF THE WEST BANK AS PART OF HIS KINGDOM AND REPUDIATING THE RESOLUTION OF THE RABAT ARAB SUMMIT CONFERENCE WHICH DESIGNATED THE PLO AS THE SOLE REPRESENTATIVE OF THE PALESTINIANS.

THE MOVE IS SEEN AS A SIGNAL THAT HUSSEIN IS WILLING TO RESUME HIS ROLE AS NEGOTIATOR ON BEHALF OF THE WEST BANK POPULATION, REPORT THE LONDON TIMES. HE WOULD THEN BE ABLE TO MAKE AGREEMENTS WITH THE ISRAELIS FOR POLICING THE WEST BANK POPULATION. BOTH JORDAN AND ISRAEL ARE CONSIDERING PROPOSALS TO GIVE JORDAN A "FUNCTIONAL ROLE" IN THE DAY-TO-DAY AFFAIRS OF THE WEST BANK, THE TIMES SAID. CITING ANALYSTS, THE PAPER ADDED THAT EXCHANGES HAD TAKEN PLACE THROUGH "VARIOUS CHANNELS" ON IDEAS TO THIS EFFECT DISCUSSED WHILE ISRAELI PRIME MINISTER YITZHAK RABIN WAS IN THE U.S. THE SAME ARTICLE CITED OTHER ISRAELI OFFICIALS WHO TERMED THE MOVES BY HUSSEIN "A WELCOME DEVELOPMENT."

WASHINGTON POST SAYS EGYPTIAN ECONOMY CRUMBLING

FEB. 9 (IPS)--DESPITE EGYPTIAN PRESIDENT D-SADAT'S WILLINGNESS TO COOPERATE WITH WESTERN BANKS THROUGH HIS "OPEN DOOR POLICY," EGYPT IS ILL-EQUIPPED TO BECOME A MID-EAST BUSINESS AND POLITICAL CENTER ACCORDING TO THOMAS LIPPMAN IN YESTERDAY'S WASHINGTON POST. DESCRIBING CAIRO AS AN "URBAN TIME BOMB," INTO WHICH 2,000 UNEMPLOYED PEASANTS MIGRATE EACH DAY, LIPPMAN STATES THAT POLITICAL RESTRICTION MAY NOT BE ENOUGH TO CONTAIN PRESENT LEVELS OF UNREST.

(MORE)

LATE - IPS 2.9 P. 7

THE POST AT THE SAME TIME REPORTED THAT THE FORD ADMINISTRATION IS MOVING FULL STEAM AHEAD WITH A "GUNS NOT BUTTER" POLICY FOR AID TO THE EGYPTIANS. THE ADMINISTRATION, SAID THE POST, IS CONDUCTING A NUMBER OF "INTER-AGENCY" DISCUSSIONS, INCLUDING WITH VARIOUS CONGRESSMEN, TO DETERMINE WAYS TO BREAKING THE RESTRICTION OF ARMS SALES TO EGYPT.

EGYPT IS CURRENTLY STRAPPED WITH AN \$11 BILLION FOREIGN DEBT, WITH LITTLE HOPE OF REFINANCING.

END OF LATE IPS 02.09.1976



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10 FEBRUARY 1976
TUESDAY

I. SPECIAL REPORT

PANIC HITS INTERNATIONAL CURRENCY MARKETS

WORLD MONETARY SYSTEM MOVES CLOSER TO THE EDGE

FEB. 10 (IPS)—THE WORLD MONETARY SYSTEM MOVED CLOSER TO A TOTAL CHAOTIC COLLAPSE TODAY AS BILLIONS OF DOLLARS SHIFTED OUT OF THE WORTHLESS U.S. CURRENCY, THE FRENCH FRANC, THE ITALIAN LIRA AND OTHER WEAK CURRENCIES AND INTO THE RELATIVELY "STRONGER" DEUTSCHMARK, THE GOLD-BACKED SWISS FRANC AND THE DUTCH GUILDER. IN WHAT FOREX (FOREIGN EXCHANGE) TRADERS TERMED ONE OF THE WORST SELLING DAYS IN THEIR MEMORIES, ONLY THE HEAVIEST SUPPORT OPERATIONS ON RECORD BY U.S. AND EUROPEAN CENTRAL BANKS PREVENTED THE SITUATION FROM IMMEDIATELY DEVELOPING INTO A FULL-SCALE PANIC.

WITH "SWAP" FUNDS (THE FUNDS USED BY THE CENTRAL BANKS FOR SUCH SUPPORT OPERATIONS) RUNNING DANGEROUSLY LOW, THE MONETARY SYSTEM WILL BE UNABLE TO SURVIVE EVEN A FEW MORE DAYS LIKE TODAY.

ONE TRADER AT A MAJOR NEW YORK BANK, COMMENTING ON THE CRIMINAL STUPIDITY OF THE WALL STREET BANKERS WHO TRIGGERED THE CRISIS BY FORCING THE DEVALUATION OF THE LIRA, SAID THAT THE SPILLOVER EFFECT OF THE 13 PER CENT LIRA DEVALUATION, WHICH HAS TAKEN PLACE OVER A PERIOD OF LESS THAN TEN DAYS, NOW IMMEDIATELY THREATENS TO DESTROY ALL EXISTING CURRENCIES. REFLECTING ON THE HECTIC TRADING DAY, WHICH SAW A YEAR-FULL SCALE RUN ON THE DOLLAR DEVELOP, THE TRADER DECLARED: "THE WHOLE SYSTEM IS ABOUT TO BUST OPEN."

THE BANQUE DE FRANCE, WHICH HAS SPENT \$1 BILLION OF ITS TOTAL OF \$7 BILLION OF BORROWED FOREIGN CURRENCY RESERVES OVER THE LAST TEN DAYS, ALONE SOLD \$350 MILLION DOLLARS TODAY IN SUPPORT OF CURRENCY, ACCORDING TO A REUTERS WIRE REPORT. TO CONTAIN THE SPECULATIVE MOVEMENT OF FUNDS OUT OF EVERY MAJOR CURRENCY EXCEPT THE DEUTSCHMARK, JAPANESE YEN, DUTCH GUILDER AND SWISS FRANC, WHICH ATTAINED CRISIS DIMENSIONS BY LATE AFTERNOON, THE BANK OF ENGLAND SPENT AN UNDISCLOSED AMOUNT OF ITS RESERVES TO PROTECT THE POUND. MEANWHILE THE NEW YORK FEDERAL RESERVE BANK DUMPED ANOTHER UNDISCLOSED AMOUNT OF DEUTSCHMARKS TO PREVENT THE RUN ON THE DOLLAR FROM GETTING OUT OF HAND. THE BUNDESBANK (WEST GERMAN CENTRAL BANK) REPORTEDLY BOUGHT MASSIVE AMOUNTS OF DOLLARS AND SMALLER

(MORE)

AMOUNTS OF DANISH KRONERS IN ORDER TO PROTECT THE DEUTSCHMARK FROM GOING THROUGH THE ROOF. DESPITE THESE INTERVENTIONS, THE DOLLAR PLUMMETED NEARLY A FULL ONE-THIRD OF 1 PER CENT AGAINST THE MARK.

BANKERS FUMBLE

WITH THE CURRENCY MARKETS IN A STATE OF PANIC, NEW YORK BANKERS STARTED FUMBLING ABOUT LOOKING FOR A "SOLUTION".

A SPOKESMAN AT NEW YORK'S CITIBANK TODAY PROPOSED THAT THE EUROPEAN SNAKE (THE AGREEMENT BY WHICH THE EUROPEAN CURRENCIES ARE ALLOWED TO FLOAT AGAINST EACH OTHER AND ARE MAINTAINED AT MINIMUM PARITY LEVELS BY CENTRAL BANK "SWAP" INTERVENTIONS) HAVE AN 8 PER CENT FLOATATION RANGE—WITH THE FRENCH FRANC AT THE LOW END AND THE GERMAN MARK AT THE HIGH END. THE PRESENT RANGE BETWEEN THE WEAKEST AND THE STRONGEST CURRENCIES IN THE SNAKE, WHICH INCLUDES WEST GERMANY, FRANCE, THE BENELUX AND SCANDINAVIAN COUNTRIES, IS 2.25 PER CENT. THIS COULD BE ACCOMPLISHED, THE SPOKESMAN STATED, THROUGH A 4 PER CENT UPVALUATION AND A 4 PER CENT DEVALUATION OF THE FRENCH FRANC. UNLESS THIS IS DONE, THE CITIBANK SOURCE SAID, THE SYSTEM IS GOING TO BE VERY UNSTABLE.

HOWEVER, THIS PROPOSAL, LIKE ONE LAST WEEK FROM SIMILAR WALL STREET SOURCES FOR A DOLLAR-DEUTSCHMARK AXIS WHICH WOULD PROTECT THOSE TWO CURRENCIES AND LET EVERYTHING ELSE FALL APART, IS POLITICALLY UNWORKABLE. BUNDESBANK SOURCES HAD REPORTED STRONG OPPOSITION TO THE DOLLAR-DEUTSCHMARK AXIS SINCE THE PLAN WOULD DESTROY WHAT REMAINS OF THE WEST GERMAN ECONOMY WHILE MARSHALLING PRECIOUS BUNDESBANK RESERVES TO SECURE THE DEBT OWED TO THE WALL STREET BANKERS. IF THE NEW "FLOATATION" SCHEME IS PUSHED IT WILL PROVOKE A MAJOR GOVERNMENT CRISIS IN BOTH FRANCE AND WEST GERMANY.

ACCORDING TO EUROPEAN PRESS REPORTS ON THE MEETING NOW TAKING PLACE BETWEEN FRENCH PRESIDENT GISCARD D'ESTAING AND WEST GERMAN CHANCELLOR HELMUT SCHMIDT IN NICE, FRANCE, GISCARD WILL BE DRIVEN OUT OF OFFICE BY HIS GAULLIST OPPOSITION IF HE MOVES TO DEVALUE THE FRANC. SIMILARLY, SCHMIDT'S ALREADY TENUOUS GOVERNMENT COALITION WOULD FALL APART IF HE WERE TO PROPOSE TO UPVALUE THE MARK — A MOVE WHICH WOULD DESTROY THE "PROFITABILITY" OF BRD EXPORTS AND ELIMINATE THE 13 PER CENT OF WEST GERMANY'S EXPORTS THAT ARE CURRENTLY ABSORBED BY FRANCE.

A SPOKESMAN FOR U.S. UNDERSECRETARY OF STATE CHARLES ROBINSON SAID TODAY THAT SUCH PLANS AS A DOLLAR-DEUTSCHMARK AXIS WHICH ARE NOW BEING PROPOSED BY THE WALL STREET INVESTMENT BANKERS LINKED TO GEORGE BALL AND AVERELL HARRIMAN WILL NOT SOLVE THE CURRENT CRISIS. "INSTEAD," HE STATED, "...IT WILL DESTROY THE INTERNATIONAL CURRENCY AND CREDIT SYSTEM....MEASURES MUST BE TAKEN IN THE NEXT FEW DAYS AND HOURS TO STABILIZE THE MARKETS." THE AIDE REQUESTED THAT A COPY OF THE U.S. LABOR PARTY'S PROPOSAL FOR AN INTERNATIONAL DEVELOPMENT BANK (IDB) BE SENT TO HIM WITHOUT DELAY.

(MORE)

II. OTHER PRIORITY ITEMS

MORO ANNOUNCES FORMATION OF NEW ITALIAN GOVERNMENT

ROME, FEB. 10 (IPS)--CARETAKER ITALIAN PREMIER ALDO MORO ANNOUNCED YESTERDAY THAT HE WILL PRESENT PRESIDENT LEONE WITH THE "LIST OF MINISTERS OF HIS NEW CABINET," IN ANOTHER ATTEMPT TO RESOLVE THE 40-DAY-LONG POLITICAL CRISIS. THERE IS A GENERAL CONSENSUS HERE THAT SHOULD MORO'S GOVERNMENT ACTUALLY BE FORMED, IT WILL BE THE MOST FEEBLE GOVERNMENT IN ITALY'S POST-WAR HISTORY. OBSERVERS ALSO FEEL IT IS UNLIKELY THAT SUCH A GOVERNMENT WILL BE ABLE TO CARRY THROUGH THE AUSTERITY MEASURES INDICATED BY MORO'S ECONOMIC PROGRAM. MORO HAS THE SUPPORT OF ONLY A SMALL MINORITY, ABOUT 30 PER CENT OF THE CHRISTIAN DEMOCRACY -- HIS FACTION AND THE CHRISTIAN DEMOCRACY LEFT-WING FACTIONS -- AND A FORMAL MAJORITY IN PARLIAMENT OF 20 DEPUTIES AND 10 IN THE SENATE.

CZECH PAPER ATTACKS WATERGATING OF NASSERITES IN EGYPT;
ARREST OF TOP PRO-NASSER JOURNALIST REPORTED

FEB. 10 (IPS)--THE CZECHOSLOVAK COMMUNIST PARTY NEWSPAPER, RUDE PRAVO, TODAY COMMENTS THAT THE PURPOSE OF A RECENTLY PUBLISHED BOOK IN EGYPT WHICH CLAIMS THAT FORMER EGYPTIAN PRESIDENT NASSER WAS CORRUPT, IS TO CREATE AN "EGYPTIAN WATERGATE".

ACCORDING TO RUDE PRAVO, THE "REAL MEN BEHIND THE SCENES OF THIS STEPPED-UP PROVOCATION AGAINST NASSERITES IS EGYPT'S OWN BOURGEOISIE." THE BOURGEOISIE IS PUSHING THE CAMPAIGN FOR THE SIMPLE REASON THAT "MONEY WAS SENT FROM SAUDI ARABIA TO THE FOREIGN TRADE BANK OF EGYPT AND WAS THEN TRANSFERED INTO THE STATE BUDGET," RUDE PRAVO REPORTS.

SIMULTANEOUSLY, THE KUWAITI NEWSPAPER EL-KABAS REPORTS TODAY THAT MOHAMMED HUSSEINAN HEYKAL, FORMER EDITOR OF THE SEMI-OFFICIAL EGYPTIAN PAPER AL AHRAM, AND NASSER'S CLOSE LIFE-LONG ASSOCIATE, HAS BEEN ARRESTED IN EGYPT. SUPPRESSED BY EGYPTIAN PRESIDENT SADAT FOR THE PAST FEW YEARS, HEYKAL HAS CONTINUED TO BE THE MOST PROMINENT REPRESENTATIVE OF THE "NASSERITE" PHILOSOPHY ASSOCIATED WITH A PRO-SOVIET NON-ALIGNED FOREIGN POLICY STANCE FOR EGYPT IN TANDEM WITH A COMMITMENT TO NATIONAL DEVELOPMENT. BOTH POLICIES ARE UNDER STEPPED-UP ASSAULT BY THE PRO-AUSTERITY REGIME OF PRO-WEST LACKEY SADAT.

A RELIABLE EGYPTIAN SOURCE IN THE U.S., WHO WAS IN DIRECT TELEPHONE CONTACT WITH HEYKAL THIS AFTERNOON, TOLD AN IPS CORRESPONDENT TODAY THAT HEYKAL HAS NOT YET BEEN ARRESTED, INDICATING THAT THE KUWAITI OIL INTERESTS BEHIND THE ORIGINAL REPORT ARE SEEKING TO PRESURE SADAT INTO STEPPING UP HIS ANTI-NASSER CAMPAIGN.

NEW YORK TIMES BLAMES NASSERITES FOR EGYPT'S ECONOMIC CRISIS

FEB. 10 (IPS)--THE NEW YORK TIMES TODAY BLAMES EGYPT'S "FAT CATS" FOR THE SEVERE ECONOMIC ILLS OF THE COUNTRY. THE "FAT CATS," THE TIMES CONCLUDES, "ARE FAIRLY TYPICAL UPPER-LEVEL NASSER-STYLE BUREAUCRATS....MANY OF THEM GOT THEIR POSITION UNDER NASSER."

(MORE)

THE ARTICLE NEGLECTS TO MENTION THE NEW YORK BANKING SYNDICATES' RESPONSIBILITY FOR EGYPT'S GARGANTUAN DEBT-SERVICE AND RESULTING AUSTERITY.

SENATOR PASTORE'S OFFICE APPROVES FASCISM FOR ITALY

FEB. 10 (IPS)—A SPOKESMAN FOR SENATOR JOHN PASTORE'S (D-RI) WASHINGTON OFFICE SAID YESTERDAY THAT NOTHING SHOULD BE DONE TO PREVENT NEW YORK BANKERS AND THE INTERNATIONAL MONETARY FUND FROM IMPOSING A FASCIST AUSTERITY GOVERNMENT ON ITALY.

"ITALIANS ARE CONSTITUTIONALLY INCAPABLE OF GOVERNING THEMSELVES," THE AIDE SAID. "I KNOW, I'M AN ITALIAN. THEY ARE ANARCHISTS WHO SOMEHOW MUDDLE THROUGH DESPITE THE FASCISTS AND COMMUNISTS."

COMMENTING ON THE FACT THAT PRESENT PUBLIC WORKS PLANS BEFORE CONGRESS ARE IDENTICAL TO THE FASCIST PROGRAMS OF MUSSOLINI AND HITLER, THE AIDE RETORTED: "SO WHAT! JUST BECAUSE MUSSOLINI PUSHED PUBLIC WORKS AND HITLER TOO, DOESN'T MEAN IT'S FASCIST."

WORLD ECONOMY COLLAPSES, CONGRESS RUNS FOR COVER

FEB. 10 (IPS)—WHILE THE WORLD ECONOMIC SYSTEM TOOK ANOTHER STAGGERING STEP TOWARDS TOTAL COLLAPSE TODAY, U.S. CONGRESSMEN AND THEIR AIDES CRIMINALLY ABDICATED ALL RESPONSIBILITY FOR THE SITUATION AND RAN FOR THEIR RABBIT-HOLES.

*REP. MARIO BIAGGI (D-NY) AND CHRIS DODD (D-CONN) CANCELLED MEETINGS TODAY WITH U.S. LABOR PARTY NATIONAL EXECUTIVE COMMITTEE MEMBER NIKOS SYVRIOTIS. THEIR AIDES TOLD MR. SYVRIOTIS THAT ITALY WAS "SOMEBODY ELSE'S PROBLEM."

*SEN. HARRISON WILLIAMS' (D-NJ) AIDE TOLD THE USLP THAT "YES, WE KNOW THE NEW YORK BANKS CAUSED THE ITALIAN CRISIS. BUT SENATOR WILLIAMS IS IN THE DISTRICT AND I CAN'T DO ANYTHING ABOUT IT."

*REP. DON RIEGLE'S (D-MICH) AIDE REPORTED THAT "EVERYONE" KNEW ABOUT THE NEW YORK BANK ROLE IN ITALY, BUT NO ONE WOULD DO ANYTHING ABOUT IT, INCLUDING RIEGLE.

*REP. MARIN RUSSO'S (D-ILL) AIDE TOLD THE USLP "I'M NOT REALLY INTERESTED IN THE ITALIAN SITUATION, GOOD-BYE." HE ADDED, "IF WORKERS WANT TO CALL US, THEY CAN, BUT WE WON'T TALK TO YOU."

*REP. ADDABBO'S (D-NY) AIDE REPORTED THAT THE OFFICE HAD RECEIVED CALLS FROM THE DISTRICT ON ITALY, BUT THAT ADDABBO WAS TOO BUSY TO MEET THIS WEEK.

*DON HENDERSON, A STAFFER FOR THE SENATE FOREIGN RELATIONS COMMITTEE, SAID, "YOU CLAIM THE CHOICE IS BETWEEN FASCISM AND A DEBT MORATORIUM. NO ONE HERE SEES THOSE CHOICES, THERE ARE OTHER ALTERNATIVES..." MR. HENDERSON COULD NOT SUGGEST ANY OTHER ALTERNATIVES.

(MORE)

FLINT AFFIDAVIT SPECIFIES SOB AGENT LENNY BROWN
AS SOURCE OF BOMB AND DEATH THREATS

FLINT, MICH., FEB. 10 (IPS)—DEMANDS THAT THE MICHIGAN BELL TELEPHONE COMPANY TAPE AND TRACE HARASSING PHONE CALLS TO THE U.S. LABOR PARTY HERE HAVE NETTED A MAJOR BREAK IN THE LABOR PARTY'S CONTINUING INVESTIGATION INTO THE SPECIAL OPERATIONS BUREAU OF THE FLINT POLICE DEPARTMENT.

AS A RESULT OF INFORMATION FROM THE TELEPHONE TRACE, THE FLINT LABOR PARTY IS NOW IN POSSESSION OF AN AFFIDAVIT IDENTIFYING LENNY BROWN, A FLINT POLICE DEPARTMENT SPECIAL OPERATIONS BUREAU AGENT, AS THE SOURCE OF SEVERAL BOMB AND DEATH THREATS CALLED INTO THE FLINT LABOR PARTY OFFICE IN THE PAST WEEKS. THE AFFIDAVIT ALSO LINKS BROWN TO A LOCAL GAS STATION OWNER WHO WORKS WITH BROWN IN A DRUG-RUNNING OPERATION. THE SAME GAS STATION OWNER HAS, ACCORDING TO ONE SOURCE, TURNED OVER HIS TRUCK TO BROWN TO AID BROWN IN HIS DIRTY TRICK ACTIVITIES FOR THE FBI-LINKED SOB. THE AFFIDAVIT CONFIRMS THAT ALL OF BROWN'S EXPENSES WHILE USING THIS TRUCK ARE PAID DIRECTLY BY THE U.S. TREASURY DEPARTMENT'S ALCOHOL, TOBACCO, AND FIREARMS BUREAU.

BRAZILIAN STATE RECEIVES LOAN SHARK TREATMENT BY NY BANKS

FEB. 10 (IPS)—THE GOVERNMENT OF THE BRAZILIAN STATE OF SAO PAULO HAS BEEN GRANTED A 5-YEAR \$300 MILLION EURO CURRENCY LOAN AT EXORBITANT INTEREST RATES BY A CONSORTIUM OF BANKS LED BY MANUFACTURERS HANOVER TRUST AND FIRST NATIONAL CITY BANK, THIS WEEK'S ISSUE OF MONEY MANAGER, THE WIDELY READ WALL STREET WEEKLY, REPORTS.

THE RATES ARE REPORTED TO BE A FULL 2.73 PER CENT ABOVE THE LONDON INTERBANK LENDING RATE WHEN COMMISSION IS INCLUDED. FINANCIAL SOURCES CONSIDER RATES IN EXCESS OF 1 PER CENT ABOVE THE LENDING RATE TO BE "LOAN SHARKING." ONE WALL STREET SOURCE TOLD IPS THAT ANYONE WHO IS WILLING TO PAY MORE THAN 1 PER CENT "HAS NO BUSINESS BORROWING ANYTHING."

THE LOAN IS NOT ONLY UNUSUALLY EXPENSIVE BUT IT IS UNUSUALLY LARGE WHICH IS IN PART A REFLECTION THE STATE'S HUGE DEBT PROBLEMS. ON THE BASIS OF MONEY MANAGER'S REPORT, THE BULK OF THE FUNDS WILL GO FOR LABOR INTENSIVE RAIL AND HIGHWAY PROJECTS.

NO MENTION WAS MADE OF HOW THE LOAN WOULD BE REPAID; SAO PAULO, BRAZIL'S LARGEST INDUSTRIAL STATE, HAS ALREADY BEEN HIT BY OUTBREAKS OF KILLING EPIDEMICS, INCLUDING PLAGUE, BROUGHT ABOUT BY THE SEVERE DEPLETION OF THE WORKFORCE AND THE COLLAPSE OF HEALTH AND SANITARY CONDITIONS DUE TO MUNICIPAL BUDGET CUTBACKS.

IN ADDITION, TO MEET THE KIND OF CONDITIONS PLACED ON SUCH LOANS BY THE ATLANTICIST FINANCIERS, BRAZIL HAS ALREADY CUT OFF ALMOST ALL IMPORTS. IN OCTOBER 1975, BRAZIL INSTITUTED A 100 PER CENT DEPOSIT ON MAJOR CATEGORIES OF IMPORTS FOR A PERIOD OF ONE YEAR. THIS HAS FORCED IMPORTERS TO TAKE ACTUAL LOSSES OF 30 PER CENT ON IMPORTED CAPITAL GOODS DUE TO INFLATION AND MONETARY FLUCTUATION.



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EARLY EVENING NEWS — 1500 HOURS EST
WEDNESDAY, FEBRUARY 11, 1976

I. PRIORITIES.

ITALIAN UNIONS REJECT MORO AUSTERITY PROGRAM.

FEB. 11 (IPS)—AT A MEETING OF THE STEERING COMMITTEE OF ITALY'S THREE MAJOR TRADE UNION FEDERATIONS FEB. 8, ANTI-AUSTERITY FORCES PUSHED THROUGH A "MANDATE" TO THE FEDERATIONS' LEADERS DIRECTING THEM TO "STATE THE UNIONS' OPPOSITION TO (ITALIAN PREMIER ALDO) MORO'S (AUSTERITY) PROGRAM."

THE REASON FOR THE MANDATE, AN EXTRAORDINARY STEP BY THE BODY, WAS EXPLAINED BY THE SECRETARY OF THE TEXTILE WORKERS UNION, MASUCCI, WHO STATED THAT "IT IS NECESSARY TO AVOID GIVING THE IMPRESSION THAT THE UNIONS WANT TO 'THINK ABOUT' THESE THINGS, WHEN IN FACT THEY REJECT THEM."

THE DECISION WAS A BLOW TO MORO AND HIS CHIEF ECONOMICS ADVISOR, NINO ANDREATTA, WHO HAD COUNTED ON SUPPORT FOR THEIR FASCIST AUSTERITY PROGRAM FROM THE LEADERS OF THE THREE FEDERATIONS — LUCIANO LAMA OF THE COMMUNIST-CONTROLLED CGIL, STORTI OF CSIL, AND VANNI OF UIL — TO SABOTAGE WORKER RESISTANCE TO THE PROGRAM.

BUT AT THE FIRST DAY OF THE STEERING COMMITTEE MEETING, FEB. 7, LEADERS OF THE METAL, CHEMICAL, AND TEXTILE WORKERS FORCED THE TOP LEADERSHIP TO ABANDON THEIR PLANS TO GIVE MORO THEIR SUPPORT AT A MEETING WITH THE PREMIER SCHEDULED FOR FEB. 9. ON THE FOLLOWING DAY, WITH WIDE SUPPORT FROM CHRISTIAN DEMOCRATS AND SOME COMMUNISTS, THE SOCIALIST PARTY FORCES AT THE MEETING RAMMED THROUGH THE ANTI-AUSTERITY "MANDATE."

RABIN GOV'T. SURVIVES NO CONFIDENCE VOTE

FEB. 11 (IPS) -- ISRAELI PRIME MINISTER YITZHAK RABIN SURVIVED A VOTE OF NO CONFIDENCE FEB. 9 IN THE ISRAELI PARLIAMENT BY 63 TO 35, WITH 12 ABSTENTIONS. THE VOTE HAD BEEN PROPOSED BY THE RIGHT-WING LIKUD PARTY BLOC IN THE PARLIAMENT IN AN EFFORT TO UNSEAT RABIN. THE PRIME MINISTER'S ALLIANCE WITH U.S. ANTI-ROCKEFELLER FACTIONS TO "STABILIZE" THE MIDDLE EAST VIA A POLICY OF NO CONFRONTATION WITH THE SOVIETS WAS VIEWED WITH ALARM NOT ONLY BY THE LIKUD OPPOSITION, BUT BY WARHAWKS WITHIN RABIN'S OWN PARTY, MAPAI, INCLUDING DEFENSE MINISTER SHIMON PERES AND FORMER DEFENSE MINISTER MOSHE DAYAN.

THE BITTER RABIN-PERES FACTION FIGHT WAS TOUCHED OFF LAST WEEK BY CRITICISMS BY RABIN AND HIS AIDES DIRECTED AT PERES FOR THE LATTER'S "MISREPRESENTATION" OF ISRAEL'S DEFENSE NEEDS TO THE U.S. GOVERNMENT. RABIN WAS IN THE U.S. AT THE TIME FOR MEETINGS WITH PRESIDENT FORD.

(MORE)

2.11 EARLY IPS/4

LABOUR PARTY "DISSIDENTS", RIGHT-WING COLLUDE IN ISRAEL AGAINST RABIN

FEB. 11 (IPS) -- THE FAILURE OF A NO-CONFIDENCE VOTE AGAINST ISRAELI PRIME MINISTER YITZHAK RABIN EARLIER THIS WEEK MEANS "ONLY A POST-PONEMENT OF THE GOVERNMENT CRISIS," WEST GERMANY'S FRANKFURTER ALLGEMEINE ZEITUNG REPORTS TODAY. AT A "SECRET MEETING," REPRESENTATIVES OF RABIN'S OWN LABOUR PARTY MET WITH MEMBERS OF THE RIGHT-WING LIKUD AND NATIONAL RELIGIOUS PARTIES TO NEGOTIATE ON MAKING CURRENT DEFENSE MINISTER SHIMON PERES, TOP ISRAELI WARHAWK, THE NEXT PRIME MINISTER, THE PAPER REPORTS.

CITING COMMENTARY IN LEADING ISRAELI NEWSPAPERS, THE ZEITUNG CLAIMS THAT "RABIN WILL NOT HAVE AN EASY TASK IN HOLDING THE LABOUR PARTY TOGETHER AND PREVENTING A SPLIT." ONE REPRESENTATIVE OF THE LABOUR PARTY IS QUOTED AS SAYING: "I DIDN'T VOTE AGAINST THE GOVERNMENT" IN THE NO-CONFIDENCE MOTION BROUGHT BY THE RIGHT-WING BECAUSE "I WAS UP TO NOW A MEMBER OF THE LABOUR PARTY."

WORLD BANK ANNOUNCES POLICY FOR BANGLADESH: ZERO GROWTH IN TWO YEARS

FEB. 11 (IPS) -- THE BANGLADESH MINISTRY OF FAMILY PLANNING HAS LAUNCHED A MAJOR DRIVE TO REDUCE THE ANNUAL GROWTH IN THE COUNTRY FROM THE PRESENT 2.8 PER CENT TO ZERO IN TWO YEARS, ACCORDING TO THE BANGLADESH NEWS SERVICE. THIS STRATEGY WAS ADOPTED UNDER THE DIRECTIONS OF A RECENT WORLD BANK APPRAISAL REPORT WHICH INDICATES THAT THE PRESENT BIRTH RATE OF 3,600,000 BABIES PER YEAR CAUSES AN ADDITIONAL FOOD REQUIREMENT OF 2.4 MILLION TONS A YEAR -- REQUIREMENTS THAT THE BANKS SAYS, CAN BE DONE AWAY WITH. ECONOMISTS FROM THE WORLD BANK WHO VISITED BANGLADESH LAST MONTH "ADVISED" THE GOVERNMENT TO SEND OUT 4,500 FAMILY PLANNING OFFICIALS TO IMPLEMENT THE ZERO GROWTH POLICY IN THE RURAL AREAS. ONLY TWO MONTHS AGO, THE SAME WORLD BANK OFFICIALS COERCED THE BANGLADESH GOVERNMENT INTO RAISING THE PRICE OF FOOD RATIONS BY CUTTING BACK ON THE GOVERNMENT SUBSIDIES TO MAINTAIN LOWER PRICES.

PERU WILL PRESS KISSINGER ON THIRD WORLD DEBT MORATORIUM, REPORTS FINANCIAL TIMES

FEB. 11 (IPS) -- "THE QUESTION OF THE DEVELOPING COUNTRIES DECLARING A MORATORIUM ON THEIR FOREIGN DEBTS IS EXPECTED TO BE AMONG THE MAJOR ITEMS WHICH WILL BE DISCUSSED BY THE PERUVIAN AUTHORITIES DURING THE VISIT TO LIMA THIS MONTH OF U.S. SECRETARY OF STATE DR. HENRY KISSINGER," WRITES HUGH O'SHAUGHNESSY IN YESTERDAY'S FINANCIAL TIMES OF LONDON. HE ALSO NOTES THAT "THE MORATORIUM SUGGESTION WAS MADE BY GENERAL MIGUEL ANGEL DE LA FLOR, THE PERUVIAN FOREIGN MINISTER AT LAST MONTH'S MEETING OF UNCTAD IN MANILA. IT HAS BEEN TAKEN UP BY SELA, THE LATIN AMERICAN ECONOMIC SYSTEM, AT ITS RECENT MEETING IN CARACAS."

PERU, ALONG WITH ALGERIA, AND THE ASIAN GROUP, LED THE FIGHT FOR A MORATORIUM ON ALL THIRD WORLD DEBT, AND THE CANCELLING OF DEBT FOR THE HARDEST-HIT COUNTRIES AT THE MANILA MINISTERIAL MEETING OF THE GROUP OF 77 NON-ALIGNED COUNTRIES.



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LATE EVENING NEWS

FEBRUARY 11, 1976

I. AUSTERITY BULLETIN

MASSIVE ATTACK ON THE DOLLAR

FEB. 11 (IPS)—THE COLLAPSE OF THE SECONDARY EUROPEAN CURRENCIES TRANSFORMED ITSELF INTO A GENERAL RUN AGAINST THE DOLLAR TODAY AS SEVERAL BILLIONS OF DOLLARS EXCHANGED HANDS ON THE INTERNATIONAL MONEY MARKETS TODAY. THE DEUTSCHMARK ROSE BY .6 PER CENT AGAINST THE DOLLAR, THE SWISS FRANC BY 1 PER CENT, AND EVEN THE EMBATTLED FRENCH FRANC ROSE AGAINST THE DOLLAR.

IN NEW YORK, WHERE THE MAJOR MONEY CENTER BANKS OPENED THEIR FOREIGN EXCHANGE TRADING HOURS, ONE SOURCE EXPLAINED THE SITUATION: "EVERY FRENCH COMPANY, BANK, PRIVATE CURRENCY HOLDER, THE SAME FOR SWEDEN, NORWAY, DENMARK, SPAIN, EVERYWHERE, IS SELLING OFF FRANCS OR LIRA, THEIR OWN CURRENCY, FOR DOLLARS, THEN DUMPING THE DOLLARS FOR GERMAN MARKS OR SWISS FRANCS. THE ARABS HAVE SOLD HEAVILY DOLLARS FOR DEUTSCHMARKS...DRESDNER BANK IN FRANKFURT HAS 11 TRADERS AND THEY ARE ALL SELLING \$15 MILLION A MINUTE, I'VE SEEN A BILLION, NO SEVERAL BILLION DOLLARS SOLD HERE. CHASE, CITIBANK, MANUFACTURERS HANOVER, THEY'RE ALL SELLING DOLLARS. THIS IS INSANE."

ANOTHER NEW YORK TRADER STATED THAT FEDERAL RESERVE BUDGET SUPPORT FOR THE DOLLAR WAS HOPELESS. "THE FED? THE FED IS PISSING IN THE WIND," HE SAID. "DRESDNER BANK AND CITIBANK IN FRANKFURT ALONE COULD WIPE OUT THE BUNDESBANK AND THE BANK OF FRANCE IN A WEEK. NOT EVEN THE FED COULD STOP THEM."

A LEADING MIDWEST BANKER CONTINUED TO HOPE THAT THERE COULD BE A GENERAL RESTRUCTURING OF THE EUROPEAN CURRENCY VALUES TO EASE THE PRESSURE. "WE ARE LOOKING FOR A REVALUATION OF THE DEUTSCHMARK AND A DEVALUATION OF THE FRENCH AND BELGIAN FRANC," HE SAID. AS FOR WEST GERMAN OPPOSITION TO REVALUATION OF THE DEUTSCHMARK WHICH WOULD DESTROY WEST GERMAN EXPORTS AND CAUSE MASSIVE INFLATION: "EACH TIME THEIR CURRENCY IS REVALUED THEY SCREAM THEY CAN'T LIVE WITH IT. THEY'LL JUST HAVE TO."

FRENCH, WEST GERMAN CENTRAL BANKS CONCLUDE AGREEMENT AGAINST CURRENCY RESTRUCTURING; RUMORS OF DOLLAR DEVALUATION CIRCULATE

NEW YORK, FEB. 11 (IPS)—THE CENTRAL BANKS OF FRANCE AND WEST GERMANY — THE BUNDESBANK AND THE BANQUE DE FRANCE — HAVE CONCLUDED A "MUTUAL AID MEASURE" TO PREVENT A DEVALUING OF EUROPEAN CURRENCIES, ESPECIALLY THE FRENCH FRANC, AGAINST THE DEUTSCHMARK, ACCORDING TO FRENCH RADIO REPORTS TODAY. AT THE SAME TIME THE TOP SECRET, PRESS-EXCLUDED BANK FOR INTERNATIONAL SETTLEMENTS MEETING OF EUROPEAN CENTRAL BANKS WHICH ENDED TODAY IN BASLE,

SWITZERLAND, BANK OF ITALY GOVERNOR BAFFI PRESENTED A PROPOSAL FOR THE DEFENSE OF THE LIRA, ACCORDING TO THE ITALIAN DAILY LA STAMPA, DID NOT PRESENT DETAILS BUT ADDED THAT BAFFI WILL CONSULT PERSONALLY WITH THE BUNDESBANK AND THE BANK OF ENGLAND ON HIS PLANS. WITH THESE MOVES AWAY FROM ATLANTICIST-ORDERED CURRENCY RESTRUCTURING, A TOP NEW YORK EXCHANGE TRADER CONFIRMED THAT THERE ARE WIDESPREAD RUMORS THAT THE BASLE MEETING WOULD DECIDE AGAINST THE DOLLAR AND THAT THERE WOULD BE A SIGNIFICANT DOLLAR DEVALUATION AGAINST THE EUROPEAN CURRENCIES AS EARLY AS THIS WEEKEND.

II. PRIORITIES

"ACTION COMMITTEE FOR NATIONAL INDEPENDENCE" FORMED IN FRANCE AGAINST GISCARD

FEB. 11 (IPS)—A GROUP OF PROMINENT GAULLIST POLITICIANS AND MILITARY FIGURES HAVE ISSUED AN APPEAL FOR THE FORMATION OF AN "ACTION COMMITTEE FOR NATIONAL INDEPENDENCE" WITH FRENCH COMMUNIST PARTY (PCF) COLLABORATION TO SPEARHEAD A BROAD-BASED COALITION TO TAKE POWER OUT OF THE HANDS OF ATLANTICIST PRESIDENT GISCARD D'ESTAING AND HIS NOMINALLY GAULLIST PRIME MINISTER JACQUES CHIRAC. THE CALL, REPRINTED IN TODAY'S PCF DAILY L'HUMANITE, CALLS ON POLITICAL FIGURES TO "OVERCOME PRESENT POLITICAL BARRIERS" IN VIEW OF THE "SERIOUS THREAT" POSED TO FRENCH NATIONAL INDEPENDENCE BY THE GISCARD-BACKED PROPOSAL FOR THE ELECTION OF A "SUPRANATIONAL" EUROPEAN PARLIAMENT "ACCORDING TO THE WISHES OF BELGIAN PRIME MINISTER TINDEMANS.

TODAY'S RIGHT-WING DAILY FRANCE SOIR WARNS GISCARD THAT THE GAULLISTS ARE DISILLUSIONED WITH HIS PROMISES OF AN "ADVANCED LIBERAL SOCIETY" AND ARE "MOVING TOWARDS THE COMMUNISTS."

THE SIGNERS OF THE CALL REPRESENT ELEMENTS FROM WIDESPREAD LAYERS: MILITARY FIGURES SUCH AS GENERALS GALLOIS AND BINOCHÉ; REPRESENTATIVES OF THE PRESS INCLUDING THE DIRECTOR OF THE GAULLIST REVIEW "L'APPEL"; PARLIAMENTARY FIGURES JEAN CHARBONNEL, PIERRE GODEFROY AND OTHERS; LEFT-WING CATHOLIC CLAUDE BOURDET WHO WAS ALSO THE FOUNDING MEMBER OF THE NATIONAL COUNCIL OF THE RESISTANCE AGAINST THE NAZIS, AND MICHEL LANGUIGNON, NATIONAL SECRETARY OF THE PCF-CONTROLLED MOVEMENT FOR PEACE.

IN A PARALLEL MOVE, CHARBONNEL HAS ALSO ANNOUNCED THE CREATION OF A COMMITTEE CALLED "CORREZE FUTURE" TO STOP THE "ROTTING" OF THE UDR (GAULLIST) PARTY IN THE CORREZE REGION, ACCORDING TO TODAY'S FRENCH PRESS. THIS IS A STRAIGHT-FORWARD MOVE AGAINST PRIME MINISTER CHIRAC, WHOSE REGIONAL BASE OF POWER IS THE CORREZE REGION, WHERE CHARBONNEL HAS BEEN ELECTED A DEPUTY TO THE NATIONAL ASSEMBLY. CHARBONNEL STATED THAT HE INTENDS TO EXTEND THIS FORMATION FROM A REGIONAL TO A NATIONAL LEVEL.

GAULLIST LEADERS SCORE GISCARD'S VERSION OF THE TINDEMANS PLAN

FEB. 11 (IPS)—IN THREE SEPERATE STATEMENTS RELEASED TODAY, GAULLIST LEADERS ETIENNE BURIN DES ROZIERIS, FORMER PREMIER PIERRE MESSMER, AND GASTON PALEWSKI SUCCESSIVELY ATTACKED FRENCH PRESIDENT GISCARD'S PROPOSAL FOR THE ELECTION OF A "SUPRANATIONAL" EUROPEAN PARLIAMENT. BURIN DES ROZIERIS, FORMER GENERAL SECRETARY TO THE PRESIDENCY UNDER DE GAULLE, STATED IN A SPEECH BEFORE THE

(MORE)

CHARLES DE GAULLE INSTITUTE THAT THROUGH THE EUROPEAN PARLIAMENT "FRANCE IS BEING INVITED TO FALL INTO LINE WITH ITS (EUROPEAN) PARTNERS BEHIND THE UNITED STATES." BURIN DES ROZIER'S STATEMENT WAS REPORTED IN THE FRENCH COMMUNIST PARTY DAILY L'HUMANITE.

ALSO REPORTED IN L'HUMANITE TODAY WAS A STATEMENT BY PIERRE MESSMER WHO WARNED THAT UNDER THE PROVISION TO ELECT THE EUROPEAN PARLIAMENT THROUGH DIRECT UNIVERSAL SUFFRAGE, SMALLER ATLANTICIST COUNTRIES WOULD EFFECTIVELY BE ABLE TO IMPOSE THEIR VIEWS IN DEFENSE AND FOREIGN POLICY MATTERS ON FRANCE. MESSMER CALLED FOR BILATERAL NEGOTIATIONS BETWEEN MEMBER STATES TO BROADEN THE POWERS OF THE EEC (COMMON MARKET) RATHER THAN PROCEED VIA SUPRANATIONAL INSTITUTIONS.

IN A SPECIAL ARTICLE IN THE DAILY LE MONDE, GASTON PALEWSKI A FORMER MINISTER IN DE GAULLE'S GOVERNMENT, ALSO CRITICIZED THE EUROPEAN PARLIAMENT PROJECT. THE EXECUTIVE COMMITTEE OF THE UDR WILL MEET TOMORROW MORNING TO DISCUSS THE EUROPEAN PARLIAMENT PROPOSAL AND FOREIGN POLICY ISSUES.

MORO "MONO-COLOR" NOT FORMED YET

ROME, FEB. 11 (IPS)--DESPITE WIDESPREAD INTERNATIONAL REPORTS THAT ITALIAN PRO-AUSTERITY PRIME MINISTER ALDO MORO HAS FINALLY SUCCEEDED IN FORMING HIS MINORITY, CHRISTIAN DEMOCRATIC PARTY-ONLY "MONO-COLOR" GOVERNMENT, LATE RADIO REPORTS HERE STATED THAT "MORO WAS NOT ABLE TO PRESENT HIS LIST OF MINISTERS TO PRESIDENT LEONE TODAY." MORO'S CONTINUING JUSTIFICATION IN FINDING CHRISTIAN DEMOCRATIC LEADERS TO FILL THE POSTS OF THE OUTGOING REPUBLICAN PARTY MINISTERS UNDERSCORES THE SHARP DIVISIONS IN THAT PARTY OVER MORO'S U.S. BANK-DIRECTED FASCIST AUSTERITY POLICIES.

SOVIET TRADE OFFICIAL: USSR-ITALY TRADE CAN BE INCREASED THREE-FOLD

FEB. 11 (IPS)--TRADE BETWEEN THE SOVIET UNION AND ITALY COULD IMMEDIATELY BE INCREASED THREE-FOLD, WITH THE CONTRIBUTION OF SMALL- AND MEDIUM SIZED INDUSTRIES, BORIS BORISOV, HEAD OF THE SOVIET ALL-UNION CHAMBER OF COMMERCE, TOLD A CONFERENCE IN MILAN ORGANIZED BY THE SOVIET-ITALIAN CHAMBER OF COMMERCE, YESTERDAY. ACCORDING TO TODAY'S IL FIORINO, BORISOV OUTLINED THE SEVEN-FOLD INCREASE IN SOVIET TRADE WITH ITALY SINCE 1960, AND STATED THAT 1975-76 REPRESENTS A THIRD STAGE OF DEVELOPMENT OF TRADE BETWEEN THE TWO COUNTRIES.

NEUES DEUTSCHLAND: "THERE IS EITHER A DICTATORSHIP OF THE PROLETARIAT OR A DICTATORSHIP OF THE BOURGEOISIE"

FEB. 11 (IPS)--WRITING IN NEUES DEUTSCHLAND, THE GERMAN DEMOCRATIC REPUBLIC DAILY TODAY, DR. HERBERT WOLFGAMM STATED THAT "THERE IS EITHER A DICTATORSHIP FOR THE PROLETARIAT OR A DICTATORSHIP OF THE BOURGEOISIE." LEAVING NO DOUBT THAT HE HAD IN MIND THE RECENT DECISION OF THE FRENCH COMMUNIST PARTY TO ELIMINATE THE CONCEPT OF THE DICTATORSHIP OF THE PROLETARIAT FROM ITS PARTY STATUTES, WOLFGAMM STRESSED THE NECESSITY OF THE DICTATORSHIP FOR THE PROLETARIAT IN SOCIALIST CONSTRUCTION AND CITED MARX'S CRITIQUE OF THE GOTHA PROGRAMME AND ROSA LUXEMBURG'S 1918 PROGRAM FOR THE COMMUNIST PARTY OF GERMANY, BOTH SCATHING ATTACKS ON BETRAYALS AND ROTTEN THEORETICAL COMPROMISES BY THE SOCIALIST MOVEMENT.

(MORE)

CZECH PAPER SEES SWAMP IN PCF

FEB. 11 (IPS)—THE CZECHOSLOVAK COMMUNIST PAPER RUDE PRAVO, FEB. 9, SAID THAT THE FRENCH COMMUNIST PARTY'S DECISION TO STRIKE THE CONCEPT OF THE "DICTATORSHIP OF THE PROLETARIAT" FROM ITS PROGRAM WAS RELATED TO THE ABSENCE OF EXPERIENCED COMMUNIST CADRE AT THE PARTY CONGRESS WHICH MADE THE DECISION. OF THE 522 DELEGATES TO THE PCF'S JUST-ENDED CONGRESS, WROTE RUDE PRAVO, "283 HAD NEVER TO DATE ATTENDED A SINGLE PARTY EDUCATIONAL COURSE. THE AVERAGE AGE OF THE DELEGATES WAS THIRTY-TWO AND A HALF, AND 6 PER CENT HAD BEEN IN THE PARTY LESS THAN A YEAR."

ORGANIZATION OF AFRICAN UNITY ADMITS PEOPLE'S REPUBLIC OF ANGOLA;
MPLA GAINS IN FIGHTING

FEB. 11 (IPS)—THE ORGANIZATION OF AFRICAN UNITY (OAU) HAS ADMITTED THE PEOPLE'S REPUBLIC OF ANGOLA TO MEMBERSHIP, OAU SECRETARY GENERAL WILLIAM ETEKI MBOUMOUA SAID AT OAU HEADQUARTERS IN ADDIS ABABA, ETHIOPIA TODAY ACCORDING TO EAST GERMAN RADIO REPORTS. UGANDA YESTERDAY BECAME THE TWENTY-SIXTH OF THE FORTY-SIX MEMBER NATIONS TO RECOGNIZE THE PEOPLE'S REPUBLIC OF ANGOLA, ACCORDING TO THE RADIO REPORT, AND OAU MEMBERSHIP IS AUTOMATIC ONCE A MAJORITY OF OAU MEMBER NATIONS HAVE EXTENDED DIPLOMATIC RECOGNITION.

IN THE FIGHTING IN ANGOLA, THE ARMED FORCES OF THE PEOPLE'S REPUBLIC HAVE RETAKEN THE COASTAL TWIN CITIES OF LOBITO AND BENGUELA, AND ACCORDING TO WCBS RADIO IN NEW YORK TONIGHT, THE FNLA/UNITA FALL-BACK CAPITAL OF SILVA PORTO HAS JUST FALLEN, GIVING THE PEOPLE'S REPUBLIC UNDISPUTED CONTROL OVER THE ENTIRE BENGUELA RAILROAD.

NIGERIAN DEFENSE MINISTER I.D. BISALA SAID FROM IBADAN ON THE STATE RADIO THAT NIGERIA WOULD NOT HESITATE TO SEND HER TROOPS TO ANGOLA IF SOUTH AFRICA CONTINUED HER PRESENCE IN ANGOLA, ACCORDING TO THE LONDON DAILY TELEGRAPH FEB. 10. THE TELEGRAPH REPORTED RENEWED SPECULATION IN THE NIGERIAN CAPITAL OF LAGOS THAT NIGERIA WILL SEND TROOPS, AFTER GUINEA'S FOREIGN MINISTER, LANSANA BEAVOGUI, ARRIVED FEB. 9 WITH A MESSAGE FOR THE NIGERIAN CHIEF OF STATE, GEN. MURTALA MOHAMMED. BEAVOGUI SAID THAT GUINEA HAD ALREADY SENT TROOPS TO ANGOLA.

LIBYAN GOVERNMENT SCORES GISCARD POLICY TOWARD MIDDLE EAST

FEB. 11 (IPS)—LIBYAN PRESIDENT MUAMMAR QADDAFI ATTACKED FRENCH PRESIDENT GISCARD'S POLICY OF MASSIVE ARMS SALES IN THE MIDDLE EAST, IN AN INTERVIEW PUBLISHED IN TODAY'S PARIS DAILY LE MONDE. QADDAFI IS IN PARIS FOR A MEETING WITH GISCARD.

QADDAFI PRAISED THE LATE PRESIDENT CHARLES DE GAULLE'S POLICY OF EMBARGO ON SALES OF ARMS TO MIDDLE EAST COUNTRIES IN CONFLICT AND NOTED THAT, UNLIKE GISCARD, DE GAULLE HAD MORE CONSIDERATION FOR "PEOPLE'S RIGHTS THAN PROFITS."

THE LIBYAN GOVERNMENT RECENTLY SIGNED AN AGREEMENT WITH ALGERIA FOR JOINT DEFENSE IN CASE OF MOROCCAN AGGRESSION, WHILE FRANCE HAS BEEN SELLING ARMS TO MOROCCO IN THE MIDST OF AN EXTREME TENSION BETWEEN ALGERIA AND MOROCCO OVER THE FORMER SPANISH SAHARA.

(MORE)

HEAD OF WEST GERMAN DRESDNER BANK PUSHES STRAIGHT SLAVE LABOR FOR WEST GERMAN WORKERS

FEB. 11 (IPS)—LUDWIG POUILLAIN, HEAD OF THE DRESDNER BANK IN WEST GERMANY, HAS DEMANDED THAT "FOREIGN WORKERS" IN WEST GERMANY BE DEPORTED TO THEIR HOME COUNTRIES TO CREATE JOBS FOR GERMAN WORKERS, ACCORDING TO THE BUSINESS DAILY HANDELSBLATT. THE FOREIGN WORKERS, WHO ENTER WEST GERMANY UNDER NAZI-ERA LEGISLATION, WORK UNDER CONDITIONS HITHER TO CONSIDERED UNFIT FOR WEST GERMAN WORKERS.

HANDELSBLATT COMMENTED ON THE SCHEME BY SAYING THAT SUCH EXTREME STEPS MAY NOT BE IMMEDIATELY NECESSARY, BUT THAT THERE "MAY BE LONG TERM MASS UNEMPLOYMENT...AND THE NUMBER OF WORKERS WHO NO LONGER QUALIFY FOR UNEMPLOYMENT BENEFITS WILL RISE." UNDER THESE CIRCUMSTANCES, SAYS THE PAPER, "GERMAN WORKERS WOULD BE WILLING TO DO THE JOBS OF FOREIGN WORKERS."

IRAQ CALLS FOR SUMMIT TO SOLVE FOOD CRISIS IN ARAB WORLD

FEB. 11 (IPS)—IRAQ HAS CALLED FOR AN ECONOMIC SUMMIT TO ESTABLISH COORDINATED REGION-WIDE EXPANSION OF AGRICULTURAL PRODUCTION IN THE ARAB WORLD, ACCORDING TO THE FEB. 9 WEST GERMAN BUSINESS DAILY HANDELSBLATT. HANDELSBLATT REPORTS THAT THIS CALL COMES AMIDST NUMEROUS WARNINGS FROM ARAB COUNTRIES SUCH AS EGYPT, KUWAIT, AND IRAQ THAT THERE HAS BEEN A DRASTIC JUMP IN FOOD IMPORT REQUIREMENTS FOR THE ARAB WORLD.

THE ARTICLE CITES EGYPTIAN AGRONOMIST MUSTAFA AL GABALI WHO REPORTS THAT THERE ARE 16 MILLION HECTARES OF USABLE AGRICULTURAL LAND IN THE MIDEAST, AND ONLY 40 PER CENT OF IT IS USED, AND ASSERTS THAT THE POTENTIAL EXISTS FOR THE MIDEAST TO BECOME A NET EXPORTER OF FOOD.

THE IRAQ PROPOSAL OBSERVES THAT IT IS NOT SUFFICIENT TO TURN THE PROBLEM OVER TO EXPERTS BECAUSE THEY DO NOT HAVE SUFFICIENT POWER TO PUT THESE IDEAS INTO FORCE, AND STATES THAT DECISIONS OF THIS NATURE SHOULD BE TAKEN ON THE LEVEL OF THE HEAD OF STATE. THE COUNCIL OF THE ARAB LEAGUE HAS ACCEPTED THAT IRAQI INITIATIVE FOR A SUMMIT ON REGION-WIDE AGRICULTURAL DEVELOPMENT, ACCORDING TO THE ARTICLE.

EGYPTIAN FOREIGN MINISTER THREATENS NEW WAR AS DIVERSION FROM DEBT CRISIS

FEB. 11 (IPS)—IN AN INTERVIEW LAST NIGHT ON YUGOSLAV TELEVISION, PRO-WESTERN EGYPTIAN FOREIGN MINISTER ISMAIL FAHMI, THREATENED THAT "WE WILL NOT PERMIT THE SITUATION IN BETWEEN WAR AND PEACE TO CONTINUE, SINCE OUR ECONOMY CANNOT STAND WAR MOBILIZATION CONTINUOUSLY." TO RESOLVE THIS UNCERTAINTY, FAHMI DECLARED THAT EGYPT MIGHT ATTEMPT TO "CONQUER THE SINAI MILITARILY," ACCORDING TO THE CLOSELY STATE DEPARTMENT-CONNECTED WEST GERMAN NEWSPAPER SUDDEUTSCHE ZEITUNG.

FAHMI'S WAR THREAT COMES AMID GROWING OPPOSITION IN EGYPT TO THE SADAT GOVERNMENT'S AUSTERITY PLAN TO BE RELEASED FOR

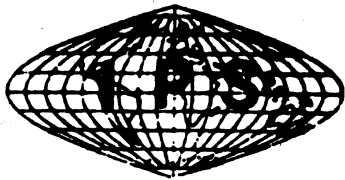
(MORE)

"APPROVAL" TO THE INTERNATIONAL MONETARY FUND WITHIN A FEW DAYS. EGYPTIAN PARLIAMENTARIANS IN A NATIONAL ASSEMBLY DEBATE EARLIER THIS WEEK DEMANDED THAT MONEY FLOWING INTO DEFENSE AND ADMINISTRATIVE GOVERNMENT TASKS TO BE CHANNELLED INTO THE ECONOMY, ACCORDING TO ASSOCIATED PRESS.

DROUGHT THREATENS TWENTY-FIVE PER CENT OF NIGER'S POPULATION WITH STARVATION

FEB. 11 (IPS)--IN AN APPEAL TO THE WORLD FOR HELP, NIGER'S FOREIGN MINISTER MOUMOUNI ADAMOU SAID YESTERDAY THAT 1.2 MILLION OF NIGER'S PEOPLE WILL DIE OF STARVATION IF 200,000 TONS OF FOOD ARE NOT RECEIVED BY MAY. ADAMOU ALSO APPEALED FOR \$2.7 MILLION TO FINANCE A PROGRAM TO FIGHT HORDES OF RATS, BIRDS AND INSECTS WHICH HAVE INFESTED THE NATION IN THE WAKE OF A NEW DROUGHT. NIGER IS LOCATED IN THE SAHEL REGION OF AFRICA.

END OF PRIORITIES OF LATE IPS FOR 2-11-76



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS) PRESS STATEMENT

STOP THE RAPE OF ITALY--ENACT THE IDB

FEB. 12 (IPS)--THE FOLLOWING STATEMENT WAS ISSUED TODAY BY WAYNE EVANS, U.S. LABOR PARTY VICE PRESIDENTIAL CANDIDATE, ON BEHALF OF THE USLP 1976 ELECTORAL SLATE.

"U.S. LABOR PARTY PRESIDENTIAL CANDIDATE LYNDON LAROCHE, MY RUNNING MATE, IS NOW IN ITALY CONFERRING WITH KEY POLITICAL LEADERS WHO ARE ORIENTED TO DEBT MORATORIUM-INTERNATIONAL DEVELOPMENT BANK SOLUTION TO THE GRAVE CRISIS GRIPPING THAT COUNTRY. HE HAS ASKED THAT I ALERT THE U.S. POPULATION WITH AN URGENT APPEAL TO STOP THE RAPE OF ITALY BY ATLANTICIST FINANCIERS. HE REPORTED THE SITUATION IN THE FOLLOWING TERMS.

"THE ITALIAN ECONOMY, THE WEAKEST LINK OF THE BANKRUPT DOLLAR EMPIRE, HAS COLLAPSED. THE PRESENT MONOCOLOR GOVERNMENT OF ALDO MORO LACKS THE POLITICAL SUPPORT TO GOVERN AND WILL SURVIVE AT BEST FOR MERELY A FEW WEEKS. EITHER A PRO-DEVELOPMENT GOVERNMENT WILL QUICKLY ASSUME POWER, DECLARING A DEBT MORATORIUM AND MOVE TOWARD THE FORMATION OF AN INTERNATIONAL DEVELOPMENT BANK, OR THE ITALIAN WORKING CLASS WILL BE DESTROYED IN AN ORGY OF SCHACHTIAN LOOTING.

"THE WALL STREET BANKS DESTABILIZED THE ITALIAN LIRA AND PROVOKED THE CURRENT CRISIS TO FORCE THE ESTABLISHMENT OF A MUSOLINI-STYLE AUSTERITY GOVERNMENT. THIS NAZI GOVERNMENT WOULD ENSURE THE COLLECTION OF DEBT BY SYSTEMATICALLY REDUCING THE LIVING STANDARDS OF ITALY TO THE LEVEL OF THE WORST FOURTH WORLD HELLHOLES LIKE BRAZIL AND CHILE. ALREADY, THE WALL STREET-INSTIGATED 15 PERCENT DEVALUATION OF THE LIRA HAS DRAS- TICALLY CURBED THE IMPORT OF FOOD AND OTHER COMMODITIES.

"TREASURY MINISTER EMILIO COLUMBO HAS DEMANDED AN IMPORT CURB ON 'LUXURIES' LIKE MEAT. THE BANK OF ITALY HAS CALLED FOR TIGHT WAGE CONTROLS AND ELIMINATING ESSENTIAL MUNICIPAL SERVICES LIKE SANITATION. FIAT BOSS GIANNI AGNELLI HAS PROPOSED THAT YOUTH BE SHIPPED OFF TO SLAVE LABOR JOBS IN THE SOUTH OF ITALY.

"IN ITALY, FORCES GROUPED AROUND SOCIALIST PARTY LEADER MANCINI, CHRISTIAN DEMOCRATIC LEADER GIULIO ANDREOTTI, AND INDUSTRIALIST EUGENIO CEFIS, FAVOR THE DEBT MORATORIUM-INTERNATIONAL DEVELOPMENT BANK SOLUTION BUT FEAR INTERNATIONAL RETALIATION FROM THE ATLANTICIST FORCES. ALREADY OIL SHIPMENTS HAVE BEEN DELAYED, WITH THREATS OF TOTAL ECONOMIC WARFARE SHOULD ITALY DECLARE A DEBT MORATORIUM.

"THE UNITED STATES WORKING CLASS HAS THE RESPONSIBILITY TO

MOBILIZE NOW TO ENSURE THE POLITICAL SUPPORT FOR THE FORMATION OF A PRO-DEVELOPMENT GOVERNMENT. THE ITALIAN WORKING CLASS MUST BE SAVED FROM RAPE, PLUNDER AND DESTRUCTION. NO AUSTERITY WILL BE TOLERATED IN ITALY.

"THE 'BATTLE FOR ITALY' IS KEY TO SAVING THE WORLD FROM GENOCIDE AND DESTRUCTION. ONCE THE WALL STREET BANKS BROUGHT DOWN THE LIAR, THE WORLD MONETARY SYSTEM DEGENERATED INTO UNCONTROLLABLE CHAOS WHICH THREATENS TOTAL ECONOMIC COLLAPSE AT ANY MOMENT. THE AUSTERITY POLICIES PROPOSED FOR ITALY ARE IDENTICAL TO THOSE SLATED FOR THE U.S. UNDER THE FASCIST HUMPHREY-HAWKINS LEGISLATION AND NATIONAL ECONOMIC PLANNING SCHEMES. A WORKING CLASS VICTORY IN THE BATTLE FOR ITALY WOULD BE A DEATH BLOW TO U.S. AUSTERITY SCHEMES.

U.S. WORKERS MOBILIZE TO DEFEND ITALY

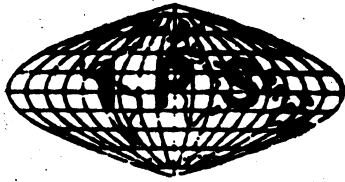
"THE UNITED STATES WORKING CLASS HAS JOINED RANKS WITH THE LABOR PARTY MOBILIZATION AGAINST THE 'RAPE OF ITALY.' OVER 3200 WORKERS ARE KNOWN TO HAVE CALLED CONGRESSMEN TO DEMAND THAT THEY ACT TO PASS THE EMERGENCY EMPLOYMENT ACT, STOP THE ECONOMIC WAR AGAINST ITALY, AND SUPPORT THE PRO-DEVELOPMENT FORCES IN ITALY. LABOR PARTY FIELD CAMPAIGN MANAGERS ESTIMATE THAT MOST TARGETED CONGRESSMEN HAVE RECEIVED UP TO 150 CALLS FROM THEIR CONSTITUENTS. WORLD WAR II VETERANS AND ITALIAN-AMERICANS HAVE REACTED MOST STRONGLY, WHILE MANY YOUNGER WORKERS STATE: 'MY FATHER FOUGHT AGAINST MUSSOLINI AND I'VE GOT TO DO THE SAME.'

"OVER 98 TRADE UNION CAUCUSES ARE MOBILIZED TO CIRCULATE A TELEGRAM TO CONGRESS, 'THE BATTLE FOR ITALY,' THROUGH MIDWEST PLANTS. THIS TELEGRAM HAS BEEN ENDORSED BY UNION OFFICIALS STANLEY GLASS, PRESIDENT IAM LODGE 82; ROBERT MCFARLIN, VICE PRESIDENT UAW LOCAL 893 (RAWSONVILLE); RAY JOHNSON, EDUCATION DIRECTOR UAW LOCAL 3 (DODGE MAIN).

"INDICATIVE OF THE ATTITUDE OF CONGRESSIONAL OFFICES WAS THAT OF MR. IANATTI, AN AIDE TO SENATOR JOHN PASTORE (D-R.I.), WHO DECLARED, 'SO WHAT IF IT'S MUSSOLINI'S PROGRAM IN ITALY. ITALIANS ARE CONSTITUTIONALLY UNABLE TO GOVERN THEMSELVES. I KNOW; I'M ITALIAN.' THE IMPLICATION OF THE CONGRESSIONAL REACTION IS THAT CONGRESSMEN, RATHER THAN ITALIANS, ARE INCAPABLE OF GOVERNING THEMSELVES.

"CONTRIBUTING TO THE CRIMINAL, OSTRICH-LIKE POSTURE OF THE U.S. CONGRESS HAS BEEN A TIGHTLY CONTROLLED PRESS BLACK-OUT OF ALL SIGNIFICANT FINANCIAL DEVELOPMENTS IN THE U.S. PRESS. LED BY THE HARRIMAN-BALL-CONTROLLED EASTERN ESTABLISHMENT PRESS, THE MEDIA HAS UNIFORMLY REFUSED TO COVER THE MOST SERIOUS MONETARY PANIC AND RUN ON THE DOLLAR IN POST-WAR HISTORY!

"THE U.S. LABOR PARTY HEREBY PUTS THE PRESS AND U.S. CONGRESS ON NOTICE: THE U.S. WORKING CLASS WILL NOT TOLERATE AUSTERITY FOR THE ITALIAN OR U.S. WORKING CLASS. THE INTERNATIONAL DEVELOPMENT BANK AND EMERGENCY EMPLOYMENT ACT MUST BE IMPLEMENTED UNDER THE DIRECT GUIDANCE OF THE USLP—OR WE CAN EXPECT TOTAL SUBJECTION OF HUMAN CIVILIZATION UNDER NAZI RULE IN A MATTER OF MONTHS."



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NEWS BULLETIN NO. 27

FBI/LEAA JAILS USLP CANDIDATE FOR U.S. SENATE

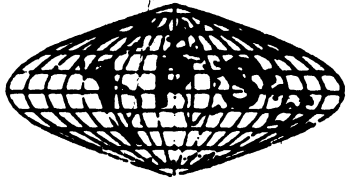
RICHMOND, VA., FEB. 12 (IPS)--IN KANGAROO COURT PROCEEDINGS HERE THIS MORNING, ALAN OGDEN, U.S. LABOR PARTY CANDIDATE FOR UNITED STATES SENATOR FROM VIRGINIA, WAS SENTENCED TO 30 DAYS IN JAIL AND A \$500 FINE ON CHARGES OF TRESPASSING AT A PUBLIC MEETING AND RESISTING ARREST. JUDGE TUCKER OF RICHMOND CIRCUIT COURT DIVISION ONE SET BAIL FOR OGDEN AT \$2,000, RAISING IT FROM THE ORIGINAL \$100 SET AT THE TIME OF THE ARREST, AND ORDERED HIM IMMEDIATELY THROWN IN JAIL. AS OF TONIGHT, OGDEN HAS STILL NOT BEEN FREED.

THE INCARCERATION OF OGDEN--WHO HAS RECEIVED TENS OF THOUSANDS OF VOTES IN PREVIOUS ELECTORAL RACES HERE--IS PART OF A NATION-WIDE CAMPAIGN COORDINATED BY THE FBI TO HARASS AND DISRUPT USLP ELECTION RACES. OGDEN HAS BEEN THE SUBJECT OF MORE THAN 30 ARRESTS IN THE PAST YEAR.

THE LABOR PARTY IS PRESENTLY ON FULL MOBILIZATION THROUGHOUT MARYLAND, VIRGINIA AND THE DISTRICT OF COLUMBIA TO SECURE OGDEN'S IMMEDIATE RELEASE AND TO RAISE MONEY FOR BAIL. USLP MEMBERS AND SUPPORTERS NATIONALLY ARE CONTACTING CONGRESSMEN, PRESS AND CIVIL LIBERTARIANS TO HAVE THEM CALL JUDGE TUCKER (804-780-4534) AND DEMAND THAT HE IMMEDIATELY HOLD A BAIL REDUCTION HEARING AND RELEASE OGDEN.

AT THE SAME TIME, THE USLP WILL GO INTO A COURT HEARING ON ANOTHER TRESPASSING CHARGE AGAINST OGDEN TOMORROW AND DEMAND THAT THE HEARING BE MOVED INTO FEDERAL COURT BECAUSE OF PREJUDICE IN THE STATE COURT. THE USLP IS ALSO MOVING FOR AN IMMEDIATE BAIL REDUCTION HEARING AND EXPECTS TO HAVE FILED A WRIT OF HABEAS CORPUS IN STATE SUPREME COURT BY TOMORROW AFTERNOON.

THE CHARGES ON WHICH OGDEN WAS JAILED TODAY STEMMED FROM A TRESPASS ARREST ORCHESTRATED BY THE RICHMOND LEAA APPARATUS DURING AN LEAA-SPONSORED MEETING LAST FALL. THE OPEN PUBLIC MEETING, CALLED TO PROMOTE VARIOUS LEAA "COMMUNITY CONTROL" PROJECTS, WAS PREDOMINANTLY FILLED WITH LEAA OPERATIVES IN THE POLICE DEPARTMENT. AFTER OGDEN SPOKE AT THE MEETING, AS IT WAS NEARING ITS END, POLICE USHERED EVERYONE OUT OF THE MEETING, ISOLATED AND ASSAULTED OGDEN, AND THEN ARRESTED HIM.



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EARLY EVENING NEWS
THURSDAY, FEBRUARY 12, 1976

I. INTERNATIONAL

ECONOMIST CALLS FOR LOOTING VIA SDR'S; SAYS: "THIS IS CHAOS"

NEW HAVEN, CONN., FEB. 12 (IPS) -- YALE ECONOMIST, ROBERT TRIFFIN, PREDICTED YESTERDAY THAT WEST GERMANY WOULD REFUSE TO REVALUE THE DEUTSCHEMARK TO EASE CURRENCY SPECULATION AGAINST THE U.S. DOLLAR, AND CALLED FOR EXPANDED USE OF IMF SPECIAL DRAWING RIGHTS (PAPER GOLD) AS A RESERVE ASSET THROUGH WHICH ATLANTICIST FINANCIERS COULD LOOT WESTERN EUROPE. SPEAKING OF THE PRESENT RUN ON THE DOLLAR, TRIFFIN STATED: "THE SITUATION IS VERY SERIOUS, ALL THE HOPES OF THE IMF HAVE BEEN THROWN OUT THE WINDOW. BRETTON WOODS IS A SHAMBLES AND NOTHING IS IN SIGHT TO REPLACE IT. THIS IS CHAOS. WITHOUT A MOVE TO REPLACE THE DOLLAR AS AN INTERNATIONAL RESERVE CURRENCY WITH THE SDR AND CONTROL ALL LIQUIDITY FLOWS THROUGH THE IMF, THESE DEVALUATIONS AND RUNS ON OTHER CURRENCIES WILL ALWAYS TRANSLATE INTO PRESSURE ON THE DOLLAR."

DEBUNKING EXPECTATIONS OF A WEST GERMAN REVALUATION, TRIFFIN ADDED: "THE GERMANS DON'T WANT TO SEE THE EEC (COMMON MARKET) DESTROYED. THEY WOULD RATHER LET THE DOLLAR FLOAT (I.E., FALL IN VALUE IN THE OPEN MARKET - ED.). I FEEL VERY BAD, BUT THIS IS THE CASE."

TRIFFIN SAID THAT HE WOULD URGE A SPECIAL MEETING OF THE HEADS OF STAFF OF THE IMF AND WORLD BANK IN WASHINGTON, D.C. TODAY TO PUSH FOR AN SDR SYSTEM. HIS PROPOSAL, HE SAID, INVOLVES "PAYMENTS OF DEFICITS THROUGH ASSETS RATHER THAN FURTHER BORROWING." ASKED TO SPECIFY WHAT ASSETS HE HAD IN MIND, TRIFFIN STATED: "SOME OF THIS COULD BE DONE THROUGH IMF SDR LOANS, BUT THE CONDITIONS UNDER AN SDR INTERNATIONAL SYSTEM WILL BE TIGHTLY CONTROLLED. THEN THERE COULD BE DEVALUATIONS AS AUSTERITY MEASURES...YES, LIKE ITALY."

WEST GERMAN CHRISTIAN DEMOCRAT ASKS "MOST DRASTIC AUSTERITY MEASURES EVER"

FEB. 12 (IPS) -- THE CHAIRMAN OF THE WEST GERMAN CHRISTIAN DEMOCRATIC UNION IN THE RHINELAND, KOEPLER, TODAY ANNOUNCED WHAT ONE CDU SPOKESMAN DESCRIBED AS "THE MOST DRASTIC AUSTERITY MEASURES WHICH HAVE EVER BEEN PROPOSED." KOEPLER, JUST RETURNED FROM A TRIP TO ITALY, HAS PROPOSED BUDGET CUTS OF AT LEAST 500 MILLION DM IN HIS NEW PLAN, THE FULL DETAILS OF WHICH ARE NOT YET AVAILABLE. "ONLY PAINFUL OPERATIONS CAN CLEAR UP OUR FINANCES OVER THE MIDDLE TERM," KOEPLER HAS STATED. THE WEST GERMAN DAILY, DIE WELT, LINKED TO THE NEO-NAZI CHAIRMAN OF THE BAVARIAN CSU, FRANZ JOSEF STRAUSS, COMMENTED THAT KOEPLER HAD INDEED SHOWN THAT HE IS PREPARED TO "PLAY THE SURGEON."

"THE STORY OF A.:" FASCIST FISCAL PORNOGRAPHY IN ITALY

FEB. 12 (IPS)--IN AN EDITORIAL FEB. 10 ENTITLED "THE STORY OF A.: THE PORNOGRAPHY OF FISCAL HORRORS," THE MILAN INDUSTRIAL DAILY IL FIORINO, LINKED TO THE PRO-DEVELOPMENT CEFIS INDUSTRIALIST INTERESTS, ATTACKED THE FASCIST AUSTERITY PROGRAM OF GOVERNMENT ECONOMIST NINO ANDREATTA. "THERE IS FEAR AND PANIC THROUGH ITALIAN INDUSTRIES, AND ANDREATTA IS RESPONSIBLE," THE PAPER STATED. CONTINUING ITS ATTACK ON THE UNPOPULAR MEASURES TODAY, IL FIORINO TERMED "THE EXTRAORDINARY TAX PROPOSALS SPANNED BY PROF. ANDREATTA" AN "EGREGIOUS EXAMPLE OF LEGALIZED FISCAL ABORTION."

SYRIAN AGENT BACKS ISRAELI-JORDANIAN PLAN FOR WEST BANK

FEB. 11 (IPS)--ZUHAIR MOHSIN, THE SYRIAN INTELLIGENCE OFFICER WHO HEADS THE SAIQA WING OF THE PALESTINIAN LIBERATION ORGANIZATION, HAS OPENLY ENDORSED THIS WEEK'S MOVES BY JORDANIAN KING HUSSEIN TO REESTABLISH JORDANIAN SOVEREIGNTY OVER THE ISRAELI-OCCUPIED WEST BANK. THE PLO EXECUTIVE COMMITTEE HAS BEEN CALLED INTO SPECIAL SESSION TO PLAN A STRATEGY TO COUNTER HUSSEIN'S MOVES, SINCE THE WEST BANK WAS PROMISED TO THE PLO AT THE 1974 ARAB SUMMIT IN RABAT, MOROCCO.

MOHSIN, ACCORDING TO THE FEB. 8 JERUSALEM POST "LASHED OUT AT HIS (PLO) COLLEAGUES" FOR THEIR OPPOSITION TO HUSSEIN'S MOVES.

THE STATEMENTS BY MOHSIN REPRESENT A VIRTUAL ENDORSEMENT OF A PLATFORM PRESENTED THIS WEEK BY FORMER ISRAELI DEFENSE MINISTER MOSHE DAYAN, ISRAEL'S LEADING HAWK, IN AN INTERVIEW IN THE JERUSALEM POST. DAYAN REJECTED CHARGES THAT ISRAEL'S POLICY AIMED AT RETAINING CONTROL OF THE WEST BANK WAS IN ERROR, SAYING THAT KING HUSSEIN "IS COOPERATING WITH ISRAELI POLICY, THOUGH WE HAVE NOT GIVEN HIM JERICHO, THE JORDAN VALLEY OR ANYTHING ELSE."

HUSSEIN'S MOVES TO SECURE THE WEST BANK IN "COOPERATION" WITH ISRAEL--WHICH HAVE PROVOKED AN OUTRAGED RESPONSE FROM THE PLO AND OTHER ARAB QUARTERS, INCLUDING THE KUWAITI PRESS--ARE PART OF A PLAN ROUGHLY WORKED OUT IN WASHINGTON TO CREATE A STABLE MIDDLE EAST BY UNDERCUTTING THE PLO, NOW UNDER TREMENDOUS SYRIAN AND RIGHT-WING LEBANESE PRESSURE IN LEBANON FOLLOWING THE ENFORCED END TO THE CIVIL WAR THERE.

EAST GERMAN PRESS HAILS INDIA FOREIGN POLICY MOVES

FEB. 12 (IPS)--NEUES DEUTSCHLAND, THE NEWSPAPER OF THE GERMAN DEMOCRATIC REPUBLIC, YESTERDAY PRAISED THE INDIAN GOVERNMENT FOR DISREGARDING PRESSURE FROM IMPERIALISTS AND RECOGNIZED THE PEOPLE'S REPUBLIC OF ANGOLA. AT THE SAME TIME, A GDR RADIO BROADCAST YESTERDAY REPORTED THAT THE INDIAN ECONOMIC MINISTRY HAS PUBLISHED A REPORT DRAFTED FOR THE NEXT MEETING OF THE UNITED NATIONS COUNCIL OF TRADE AND COOPERATION (UNCTAD) IN NAIROBI WHICH STATES THAT INDIA'S COOPERATION AND ECONOMIC INTEGRATION WITH THE SOCIALIST COUNTRIES HAS REACHED A NEW LEVEL, AND THAT FURTHER PROGRESS IS REQUIRED.

(MORE)

GREEK CP SUPPORTS DICTATORSHIP OF THE PROLETARIAT

FEB. 12 (IPS) -- THE DEPUTY GENERAL SECRETARY OF THE GREEK COMMUNIST PARTY (KKE) NIKOS KALOUDIS, WHO HEADED THE PARTY'S DELEGATION TO THE JUST-CONCLUDED 22ND CONGRESS OF THE COMMUNIST PARTY OF FRANCE, SAID IN AN INTERVIEW WITH THE GREEK PAPER, ELEUTHEROTYPIA, FEB. 10, THAT "GREEK REALITY DOES NOT ALLOW US TO REJECT THE DICTATORSHIP OF THE PROLETARIAT; IT IS NECESSARY TO GO THROUGH THIS STAGE, WHICH, HOWEVER, WOULD BE PROVISIONAL."

THE KKE PAPER RIZOAPASTIS, IN A SMALL ARTICLE FEB. 10, CARRIES AN OBJECTIVE REPORT OF THE PCF CONGRESS WHICH MENTIONS THE PCF'S REJECTION OF THE TERM "THE DICTATORSHIP OF THE PROLETARIAT" WITHOUT COMMENT. IN THE SAME ISSUE, RIZOSPASTIS PRINTED A SHORT ACCOUNT FROM PRAVDA OF A NEUES DEUTSCHLAND COMMENTARY WHICH STRESSED THAT "THE DICTATORSHIP OF THE PROLETARIAT IS THE ONLY FORM OF POWER FOR THE WORKING CLASS."

TURKISH FOREIGN MINISTER CANCELS KISSINGER MEETINGS

FEB. 12 (IPS) -- TURKISH FOREIGN MINISTER, I.S. CAGLAYANGIL, SUDDENLY AND UNEXPECTEDLY CANCELLED A TRIP TO WASHINGTON THAT WAS TO HAVE BEGUN YESTERDAY. CAGLAYANGIL WAS TO HAVE MET WITH U.S. SECRETARY OF STATE HENRY KISSINGER, WHO IS PRESSURING TURKEY TO REOPEN 26 U.S. BASES IN TURKEY AND TO ALLOW THE U.S. TO RESUME TURKEY-BASED INTELLIGENCE GATHERING OPERATIONS IN THE SOVIET UNION. THE BASES WERE CLOSED LAST SUMMER IN RETALIATION OVER THE U.S. CONGRESSIONAL DECISION TO CUT OFF MILITARY AID TO TURKEY.

INCREASED ANTI-NATO FERMENT IN TURKEY HAS MADE IT DIFFICULT FOR CAGLAYANGIL TO GO ALONG WITH KISSINGER'S DEMANDS FOR CONCESSIONS BY ANKARA ON THE CYPRUS ISSUE AND HIS REFUSAL TO PAY RENT TO TURKEY FOR THE BASES. TODAY'S NEW YORK TIMES NOTES THAT "IT WOULD HAVE BEEN DIFFICULT FOR FOREIGN MINISTER CAGLAYANGIL TO RETURN TO TURKEY WITH AN AGREEMENT THAT LACKED SUBSTANTIAL PAYMENT BY THE UNITED STATES, PARTICULARLY WITH A MAJOR POLITICAL BATTLE SHAPING UP IN ANKARA LATER THIS MONTH." THE POLITICAL BATTLE INVOLVES THE NEW TURKISH BUDGET, WHICH WILL BE DEBATED IN THE TURKISH PARLIAMENT AT THE END OF THIS MONTH. THE BUDGET CALLS FOR EXTENSIVE AUSTERITY MEASURES, AS WELL AS A 66% HIKE IN MILITARY EXPENDITURES.

JAPAN CANCELS LOCKHEED ORDER

FEB. 12 (IPS) -- THE JAPANESE GOVERNMENT ANNOUNCED YESTERDAY THAT IT IS CANCELLING ITS \$1.3 BILLION ORDER FOR THE LOCKHEED CORPORATION'S P-3C ANTI-SUBMARINE RECONNAISSANCE PLANE AND SERIOUSLY RECONSIDERING ITS PLANS FOR THE \$1 TO \$2 BILLION PURCHASE OF NEW AMERICAN FIGHTERS DUE TO THE RECENT LOCKHEED SCANDAL IN JAPAN, REPORTS YESTERDAY'S NEW YORK TIMES.

INSTEAD, A PUSH FOR THE ESTABLISHMENT OF "INDEPENDENT" JAPANESE MILITARY PRODUCTION ALONG THE LINES OF THE TIMDEMANS PLAN FOR EUROPE, WAS OUTLINED BY UNNAMED "JAPANESE OFFICIALS", WHO TOLD THE TIMES THAT "THE TARNISHED IMAGE OF THE AMERICAN AIRCRAFT COMPANIES HAD STIMULATED JAPANESE ARMS PRODUCERS TO RENEW DEMANDS THAT THEIR GOVERNMENT ORDER MORE FROM THEM AND ALLOW THEM TO EXPORT TO THE WORLD MARKET." IN ORDER FOR JAPAN TO DEVELOP THE MOST SOPHISTICATED ARMS TECHNOLOGY ON ITS OWN, THESE SOURCES SAY THAT JAPAN "WILL HAVE TO

(MORE)

2.12 EARLY IPS/4

GO HEAVILY INTO ARMS EXPORTS."

WEST BERLIN CP ATTACKS PRO-IRAQI GROUPS IN LEBANON

FEB. 12 (IPS) -- IN A NEWS REPORT IN DIE WAHRHEIT, JOURNAL OF THE AGENT-RIDDEN WEST BERLIN COMMUNIST PARTY, WRITER KLAUS HOFFMAN ATTACKS THE PRO-IRAQ "REJECTION FRONT" OF LEFT-WING ARAB GROUPS AS IDENTICAL TO THE EXTREME RIGHT-WING CHRISTIAN FASCIST FALANGISTS IN LEBANON. BLASTING THE FALANGISTS, HOFFMAN CLAIMS THAT "THE EXTREMIST PALESTINIAN GROUPS...WHO CATEGORICALLY DENY ANY SOLUTION OF THE MIDEAST CONFLICT," FIRED ON MEMBERS OF THE PALESTINE LIBERATION ORGANIZATION WHO WERE DISMANTLING BARRICADES IN LEBANON AS PART OF THE RECENT SYRIAN-IMPOSED "CEASEFIRE." IGNORING THE NOTORIOUS MURDERS OF PRO-IRAQI LEFTISTS IN BEIRUT BY SYRIAN-BACKED SECURITY FORCES, HOFFMAN CONCLUDES, "THANKS TO THE CAREFUL RESPONSE OF THE LEBANESE SECURITY FORCES AND THE PALESTINE LIBERATION ARMY, THIS PROVOCATION WAS PREVENTED FROM TURNING INTO A NEW OUTBREAK OF FIGHTING."

HOFFMAN'S PIECE FOLLOWS BY ONE DAY A STRONG AFFIRMATION BY IRAQI PRESIDENT BAKR OF IRAQI SUPPORT FOR THE SO-CALLED "REJECTION FRONT," WHOSE PRO-SOCIALIST CADRE OPPOSE U.S. EFFORTS TO STAGE-MANAGE THE EXTERMINATION OF THE LEBANESE LEFT WING SYRIAN FORCES.

HOFFMAN'S ARTICLE REPEATEDLY PRAISES THE SYRIAN ROLE IN LEBANON.

SWEDISH SOCIAL DEMOCRATS ISSUE BOOKLET ON ELC

STOCKHOLM, FEB. 12 (IPS) -- A GLOSSY, MULTI-COLOR PAMPHLET TITLED "MOLES IN SOCIALIST CLOTHING: A REPORT ON THE ELC IN SWEDEN", HAS BEEN CIRCULATING TO TRADE UNION AND SOCIAL DEMOCRATIC PARTY OFFICIALS THROUGHOUT SWEDEN ON DIRECT ORDERS OF PARTY LEADER AND PRIME MINISTER OLOF PALME. THE PAMPHLET WAS WRITTEN BY HAAKAN HERMANSSON, A REPORTER FOR THE MALMOE-BASED SOCIAL DEMOCRATIC PAPER, ARBETET, WHO HAS IN THE PAST WRITTEN NUMEROUS SLANDER ATTACKS ON THE EUROPEAN LABOUR COMMITTEES, CALLING THEM "CHILDREN OF GOD" AND CIA-FUNDED.

THE BOOKLET WARNS READERS THAT THE "ELC IS NO LEFT ORGANIZATION", AND THAT IT IS A "WELL-ORGANIZED GROUP...THAT USES COMMUNIST RHETORIC IN AN ENTIRELY DIFFERENT WAY THAN IS CUSTOMARY FROM OTHER LEFT GROUPS."

NORWEGIAN PRESS EXPOSES ROCKEFELLER AGENTS

FEB. 12 (IPS) -- A PROMINENT ARTICLE TITLED "NORWEGIANS IN ALLIANCE WITH ROCKEFELLER", PUBLISHED IN THE FEB. 10 ISSUE OF THE CONSERVATIVE OSLO DAGBLADET, REVEALS THREE PROMINENT NORWEGIAN FIGURES ARE MEMBERS OF THE ROCKEFELLER FAMILY'S SUPRA-NATIONAL TRILATERAL COMMISSION. THE ARTICLE, WHICH CALLS THE TRILATERAL "A PERMANENT ORGANIZATION OF THE ROCKEFELLER INTERESTS TO EXECUTE CONSTANT INFLUENCE OVER WORLD DEVELOPMENTS" NAMES OTTO GRIEG TIDEMAND, PROMINENT SHIP-OWNER; JOHN SANNES, HEAD OF THE CIA-CONNECTED INSTITUTE OF FOREIGN AFFAIRS; AND THORVALD STOLTENBERG, A GOVERNMENT OFFICIAL AS NORWEGIAN MEMBERS ALONG WITH SUCH FIGURES AS AGNELLI OF FIAT, DAVID ROCKEFELLER, H.O. VETTER, WEST GERMAN UNION OFFICIAL.

THE ARTICLE, WHOSE SOURCE IS GIVEN AS A "REPORT FROM A CANADIAN BROKERAGE FIRM WHICH DAGBLADET GOT HOLD OF IN A CONFIDENTIAL WAY," HAS DRAWN INDIGNANT STATEMENTS FROM THE THREE NORWEGIAN TRILATERAL

(MORE)

MEMBERS DENYING THAT THEY WORK FOR ROCKEFELLER. TINDEMAND AND STOL-
TENBERG SAY THEY WERE INVITED TO JOIN THE GROUP BY "A DUTCH PROFESSOR."

CONFISCATED "BRANDT" DOCUMENTATION STILL HELD BY WEST GERMAN
BORDER AUTHORITIES

WIESBADEN, BRD, FEB. 12 (IPS) -- AS OF THIS MORNING, WEST GERMAN BOR-
DER AUTHORITIES ARE STILL HOLDING A SHIPMENT OF THE EUROPEAN LABOR
COMMITTEES' GERMAN-LANGUAGE THEORETICAL JOURNAL THAT WAS PRINTED IN
ITALY AND SHIPPED TO WEST GERMANY. THE ISSUE CONTAINS EXTENSIVE
DOCUMENTATION OF WILLY BRANDT'S COLLABORATION WITH THE CIA. THE
CONFISCATION IS PART OF AN EXTENSIVE PATTERN OF HARASSMENT OF ELC
ORGANIZERS IN WEST GERMANY. OVER THE PAST SEVERAL DAYS, ORGANIZERS
HAVE BEEN THREATENED WITH BEING RUN OVER BY SPEEDING CARS,
WOMEN ORGANIZERS HAVE BEEN HARASSED AND MOLESTED, AND AN EXTENSIVE
NAGGING OPERATION AGAINST MEMBERS IN SEVERAL AREAS OF WEST GERMANY
IS UNDERWAY.

THE ELC HAS SENT AN OFFICIAL LEGAL COMPLAINT TO CUSTOMS OFFICIALS
IN FRANKFURT, AND TO THE OFFICES OF TWO STATE ATTORNEYS WHO ARE ALSO
RESPONSIBLE FOR TWO LEGAL SUITS AGAINST THE ELC, FILED ON ORDERS
FROM WILLY BRANDT, IN FRANKFURT AND WIESBADEN.

NO OFFICIAL EXPLANATION FOR THE CONFISCATION OF THE ELC PUBLICA-
TIONS HAS BEEN GIVEN BY THE STATE ATTORNEY'S OFFICE, BUT ONE
OFFICIAL IN FRANKFURT INDICATED THAT A "LAW FOR THE DEFENSE OF PUBLIC
ORDER" WOULD BE INVOKED. ANOTHER CUSTOMS OFFICIAL CLAIMED
THAT THE ELC PUBLICATIONS WERE "HOSTILE TO THE STATE" (STAATSFEINDLICHE
A TERM TAKEN DIRECTLY FROM NAZI LAW.

II. CONTINENTAL

DANIELS' PUBLIC WORKS JOBS PASSES WITHOUT SUFFICIENT MARGIN
TO OVERRIDE EXPECTED VETO

FEB. 12 (IPS) -- THE HOUSE ON FEB. 10, PASSED REP. DOMINIC DAN-
IELS' \$6 BILLION BILL TO EXTEND THE PUBLIC SERVICE JOBS PROGRAM
THROUGH NEXT YEAR AND NEARLY DOUBLE ITS SIZE TO CREATE 600,000 JOBS
IN STATE AND LOCAL GOVERNMENTS. ACCORDING TO YESTERDAY'S WASHINGTON
POST, THE BILL WAS SENT TO THE SENATE BY A VOTE OF 239 TO 154, A
MARGIN FAR LESS THAN WOULD BE NEEDED TO OVERRIDE THE EXPECTED
VOTE BY PRESIDENT FORD.

CORRECTIONS:

DUE TO TYPISTS' ERRORS, THE BEGINNING OF THE 2ND PARAGRAPH OF THE
LEAD ITEM IN THE FEB. 11 LATE IPS, "MASSIVE ATTACK ON THE DOLLAR," WAS
INCOHERENT. THE SENTENCE SHOULD READ: "IN NEW YORK, WHERE MAJOR
MONEY CENTER BANKS OPENED THEIR FOREIGN EXCHANGE TRADING ROOMS AT 3
A.M. THIS MORNING TO BE ON HAND FOR EUROPEAN TRADING HOURS, ONE
SOURCE EXPLAINED THE SITUATION:" ETC.

THE SECOND SENTENCE OF THE SECOND ITEM, "FRENCH, WEST GERMAN
CENTRAL BANKS, ETC.," SHOULD READ: "AT THE SAME TIME, AT THE TOP-
SECRET, PRESS-EXCLUDED BANK FOR INTERNATIONAL SETTLEMENTS MEETING OF
EUROPEAN CENTRAL BANKS WHICH ENDED TODAY IN BASLE, SWITZERLAND,
BANK OF ITALY GOVERNOR GBAFFI PRESENTED A PROPOSAL FOR THE DEFENSE
OF THE LIRA, ACCORDING TO THE ITALIAN DAILY, LA STAMPA. LA STAMPA
DID NOT PRESENT DETAILS," ETC.

THE SECOND SENTENCE IN THE ITEM, "MORO 'MONO-COLOR' NOT
FORMED YET", SHOULD READ: "MORO'S CONTINUING FRUSTRATION", ETC.

END OF CORRECTIONS.

END OF 2/12/76 EARLY IPS.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
LATE EVENING NEWS ROUND-UP
THURSDAY, FEBRUARY 12, 1976 2130 HOURS EST

I. PRIORITIES

PANIC CONTINUES ON CURRENCY MARKETS

FEB. 12 (IPS)—YESTERDAY'S PANIC CONTINUED ON THE EUROPEAN CURRENCY MARKETS TODAY. WITH THE FOREX MARKETS REPORTING HEAVY TRADING, INVESTORS AND SPECULATORS CONTINUED TO DUMP LARGE QUANTITIES OF U.S. DOLLARS. THE PANIC WOULD HAVE BEEN WORSE HAD U.S. FOREX MARKETS BEEN OPEN. THE MARKETS WERE CLOSED FOR LINCOLN'S BIRTHDAY.

MEANWHILE, THE BUNDESBANK MOVED FOR THE SECOND DAY IN A ROW TO SUPPORT THE FRENCH FRANC. YESTERDAY THE WEST GERMAN CENTRAL BANK HAD REACHED AN AGREEMENT WITH ITS FRENCH COUNTERPART, THE BANK OF FRANCE, TO MAINTAIN THE CURRENT VALUE OF THE FRANC THROUGH INTERVENTIONS ON THE MARKETS. THIS MOVE HAS BEEN INTERPRETED AS AN EXPLICIT REJECTION BY LEADING WEST GERMAN FINANCIAL AND INDUSTRIAL CIRCLES OF THE DOLLAR-DEUTSCHMARK SCHEME PROPOSED BY LEADING WALL STREET FINANCIERS. AS A RESULT OF THE INTERVENTION, THE FRANC ACTUALLY ROSE IN VALUE TODAY AGAINST THE DOLLAR.

THE BUNDESBANK ALSO INTERVENED TO SUPPORT THE DOLLAR TO PREVENT THE U.S. CURRENCY FROM FALLING TOO LOW IN RELATIONSHIP TO THE DEUTSCHMARK, WHICH WOULD INCREASE PRESSURE FOR A DEUTSCHMARK UPVALUATION. THE DOLLAR FELL TODAY MODERATELY AGAINST THE DEUTSCHMARK.

BRD FINANCIERS OPPOSE DOLLAR-DEUTSCHMARK AXIS

FEB. 12 (IPS)—THERE IS SIGNIFICANT RESISTANCE AMONG WEST GERMAN INDUSTRIALISTS AND FINANCIERS TO PROPOSALS BEING FIELDER BY THE WALL STREET FINANCIER NETWORK TO RESTRUCTURE THE WORLD MONETARY SYSTEM AROUND A "DOLLAR-DEUTSCHMARK AXIS." IN INTERVIEWS WITH IPS TODAY, SEVERAL LEADING BANKING AND INDUSTRIAL SPOKESMEN DENOUNCED THE PLAN, WHICH WOULD INVOLVE THE ESTABLISHMENT OF A PARITY BETWEEN THE DOLLAR AND MARK AND THE UPVALUATION OF THE WEST GERMAN CURRENCY, AS "UNNECESSARY" AND "UNWORKABLE."

"A DOLLAR-DEUTSCHMARK AXIS WOULD BE VERY BAD. THERE IS NO NECESSITY FOR IT," A LEADING WEST GERMAN BANKER SAID TODAY. "IT'S THE LAST THING TO DO. PROFITABILITY OF INVESTMENTS IN THE DOLLAR SECTOR IS NIL."

(MORE)

"TO DESTROY THE SNAKE (THE ARRANGEMENT BY WHICH EUROPEAN CURRENCIES ARE ALLOWED TO FLOAT AGAINST EACH OTHER AND ARE MAINTAINED AT MINIMUM PARITY LEVELS BY CENTRAL BANK INTERVENTION) WOULD DESTROY EUROPE, AND THE COMMON MARKET," SAID ANOTHER BANKER WITH EXTENSIVE CONNECTIONS TO ATLANTICIST BANKING CIRCLES. "NO, IT (THE DOLLAR-DEUTSCHMARK AXIS) IS NOT POSSIBLE."

BRD AND SWISS BANKING CIRCLES EXPRESS OPENNESS REGARDING ITALIAN DEBT MORATORIUM

FEB. 12 (IPS)--WITH CONTINUED CHAOS GRIPPING THE CURRENCY MARKETS, WEST GERMAN AND SWISS BANKING CIRCLES ARE EXPRESSING AN INCREASING OPENNESS TOWARD PROPOSALS FOR AN ITALIAN DEBT MORATORIUM "IN THE EVENT THAT ALL ELSE FAILS."

"THE DEBT MORATORIUM IS 'OK' IF THERE IS NO OTHER WAY," A LEADING WEST GERMAN FINANCE OFFICIAL IN A WEST GERMAN STATE TOLD IPS TODAY. THE OFFICIAL ALSO REACTED FAVORABLY TO A PROPOSAL PUT FORWARD EARLIER THIS WEEK BY SR. RATTI, THE HEAD OF THE FOREIGN TRADE DESK OF THE ITALIAN INDUSTRIAL GIANT MONTEDISON, PROPOSING ITALIAN INTEGRATION INTO COMECON.

A TOP EXECUTIVE OFFICER OF A SWISS BANK TOLD IPS REPORTERS TODAY THAT "THE WORLD MONETARY SYSTEM IS GOING UNDER....IT'S ALREADY DOWN. THE ITALIANS WILL PROBABLY GO WITH THE DEBT MORATORIUM." THE SWISS BANKER ALSO ACKNOWLEDGED HIS SUPPORT FOR TRANSITIONAL, GOLD-BACKED EUROPEAN CURRENCIES AND REMOVAL OF THE BANKRUPT U.S. DOLLAR FROM ITS CENTRAL ROLE IN CURRENCY MATTERS. "THE CENTRAL BANKERS MUST ACT (ON THIS)," HE DECLARED.

OPPOSITION IN FINANCIAL PRESS TO DEUTSCHMARK "UPVALUATION"

FEB. 12 (IPS)--WEST GERMAN RESISTANCE TO UPVALUATION OF THE DEUTSCHMARK WAS REPORTED TODAY BY THE INTERNATIONAL FINANCIAL PRESS. INFLOWS OF SPECULATIVE FUNDS INTO THE MARK, IN PART BROUGHT ON BY THE ATTEMPTS BY WALL STREET AND THE U.S. FEDERAL RESERVE TO COLLAPSE WEAKER EUROPEAN CURRENCIES, HAVE PUT PRESSURE ON THE BONN GOVERNMENT TO OFFICIALLY RAISE THE MARK'S VALUE. THE WALL STREET FINANCIER NETWORK SEEKS TO FORCE A MARK UPVALUATION AS PART OF ITS ATTEMPT TO ESTABLISH A DOLLAR-DEUTSCHMARK CURRENCY AXIS.

TWO ARTICLES IN THE JOURNAL OF COMMERCE CONCLUDE THAT WEST GERMAN SOCIAL DEMOCRATIC CHANCELLOR HELMUT SCHMIDT IS "CERTAIN TO RESIST FRENCH DEMANDS FOR REVLUATION," BECAUSE THIS WOULD INJURE THE ELECTORAL CHANCES OF HIS SOCIAL DEMOCRATIC PARTY.

BOTH THE NEW YORK TIMES AND THE WEST GERMAN HANDELSBLATT, THE LEADING PAPER OF WEST GERMAN INDUSTRIALISTS, EMPHASIZE THE FRANCO-GERMAN COOPERATION ANNOUNCED YESTERDAY TO KEEP THE EUROPEAN CURRENCY "SNAKE" FROM DISINTEGRATION, DENYING THAT ANY NEW PARTIES WILL BE ESTABLISHED.

EDITORIALLY, THE GAULLIST-CONNECTED INDUSTRIALISTS' WEEKLY, THE DEUTSCHE ZEITUNG, ASKED "WHAT WORLD AND WHAT PERIOD DO THE FANTASIZERS LIVE IN WHO ARE ONCE MORE CONSIDERING A REVALUATION

(MORE)

OF THE MARK?...NOW, OF ALL TIMES, THE STATE OF THE GERMAN ECONOMY AND ABOVE ALL THE EXPORT SITUATION SPEAK AGAINST A NEW REVALUATION." THE RIGHT-WING DAILY DIE WELT, REFLECTING THE SPLIT WITHIN BANKING AND INDUSTRIAL CIRCLES ON THE QUESTION, RUNS A MAJOR ARTICLE BY FORMER FINANCE MINISTER KARL SCHILLER, AN ATLANTICIST SPOKESMAN, SAYING REVALUATION IS LONG OVERDUE, WHILE EDITORIALIZING ON THE DANGERS OF JUST SUCH A MOVE AND TERMING IT "POLITICAL PRESSURE." LEADING WEST GERMAN BANKERS AND INDUSTRIALISTS ALSO PRIVATELY AFFIRM THAT A REVALUATION WOULD INJURE THE FOREIGN COMPETITIVENESS OF GERMAN EXPORT MANUFACTURERS, WHILE A COLLAPSE OF OTHER EUROPEAN CURRENCIES WOULD END MAJOR TRADING PARTNERS' ABILITY TO BUY SUCH EXPORTS.

CZECHOSLOVAKIA ANNOUNCES SUPPORT FOR
MANCINI-ANDREOTTI PRO-DEVELOPMENT ALLIANCE

FEB. 12 (IPS)--THE CZECHOSLOVAK DAILY RUDE PRAVO FEB. 10 EXPLICITLY SUPPORTED THE ALLIANCE OF THE ITALIAN SOCIALIST PARTY (PSI) AND THE ANTI-AUSTERITY WING OF THE CHRISTIAN DEMOCRATIC PARTY (DC) LED BY GIULIO ANDREOTTI. THE ARTICLE ALSO IDENTIFIED THE U.S. AS THE FORCE ATTEMPTING TO PREVENT THIS ALLIANCE FROM CONSOLIDATING.

THE RECENT ATTACK ON THE ITALIAN LIRA, WROTE RUDE PRAVO, WAS INTENDED "TO PRESSURE THE SOCIALISTS TO DROP THEIR POLITICAL AND ECONOMIC DEMANDS WHICH ARE A PARTIAL STAND IN THE INTERESTS OF THE WORKING CLASS IN A WORSENING SITUATION."

"NO LESS SUSPICION WAS CAUSED BY THE RECENT PUBLICATION OF CORRUPTION SCANDALS CONCERNING CIA FUNDS GIVEN TO ANTI-COMMUNISTS. ... (ONE OF THOSE NAMED), ANDREOTTI, IS FAVORED BY THE SOCIALISTS ... FOR HIS REALISM AND HIS SYMPATHY TO A CLEAR CHANGE IN GOVERNMENT POLICY.... THE CHOICE OF DISCREDITED NAMES LEADS EXPERTS ON THE SITUATION TO THE CONCLUSION THAT THERE IS AMERICAN INTERFERENCE IN THE GOVERNMENT CRISIS, WITH THE GOAL OF CONTAINING THE INFLUENCE OF THE LEFT ON THE FUTURE COMPOSITION OF THE GOVERNMENT AND ITS PROGRAM."

THE AGENT-LED ITALIAN COMMUNIST PARTY (PCI), WHICH HAS SPONSORED MAJOR PRO-AUSTERITY PROGRAMS FOR ITALY, IS MENTIONED ONLY BRIEFLY, AT THE END OF THE ARTICLE.

GAULLIST ATTACKS MONETARY ANARCHY

FEB. 12 (IPS)--IN THE FIRST DIRECT GAULLIST RESPONSE TO THE WAVE OF SPECULATION AGAINST EUROPEAN CURRENCIES SET OFF BY WALL STREET, GAULLIST LEADER GASTON PALENSKI, WRITING IN YESTERDAY'S FRENCH DAILY LE MONDE, ATTACKED THE "TOTAL ANARCHY" IN THE FINANCIAL MARKETS. "NEVER IN THE AREA OF TRADE HAVE THE EFFECTS OF THIS MONETARY ANARCHY BEEN MORE DETRIMENTAL," PALENSKI WROTE. "NEVER HAVE THE POLITICAL INCONVENIENCES OF THIS ANARCHY BEEN MORE OBVIOUS."

THE ARTICLE ALSO ATTACKED PLANS FOR EUROPEAN MILITARY AND POLITICAL INTEGRATION UNDER THE TINDEMANS PLAN.

(MORE)

DAYAN PUBLICLY ENDORSES ISRAEL NUCLEAR OPTION

FEB. 12 (IPS)--IN A PUBLIC STATEMENT ISSUED IN ISRAEL YESTERDAY, LEADING ISRAELI IMPERIALIST AGENT MOSHE DAYAN ADVOCATED THE DEVELOPMENT OF A NUCLEAR OPTION FOR ISRAEL. NOTING RECENT PROBLEMS IN GETTING WEAPONRY FROM THE U.S., DAYAN WARNED THAT "ISRAEL IS OBLIGATED TO DEVELOP ITS OPTION FOR NUCLEAR ARMS INDEPENDENTLY OF SUPPORT FROM THE U.S. OR UNDER U.S. SUPERVISION," ACCORDING TO ASSOCIATED PRESS.

DAYAN FURTHER THREATENED THAT IF THE U.S. "CONTINUES TO DENY US THE PERSHING MISSILE, WE WILL HAVE TO DEVELOP A SIMILAR KIND OF MISSILE" FOR ISRAEL. THIS ISRAELI-BUILT MISSILE, DAYAN STATED, WOULD NOT HAVE TO HAVE A NUCLEAR CAPACITY, "SINCE NUCLEAR BOMBS CAN BE DROPPED BY AIRPLANE."

THE DAYAN STATEMENTS COINCIDE WITH REPORTS CARRIED IN YESTERDAY'S FINANCIAL TIMES OF LONDON THAT SEVERAL MEMBERS OF THE "RAFI" WING OF THE HEGEMONIC LABOUR PARTY, LED BY DAYAN AND DEFENSE MINISTER SHIMON PERES, HAVE BEEN MEETING WITH TOP OFFICIALS OF THE LEADING RIGHT-WING EXTREMIST PARTIES TO "SOUND THEM OUT ON THE POSSIBILITIES OF FORMING AN ALTERNATIVE GOVERNMENT" TO BE LED BY PERES. THESE TALKS HAVE COME IN RESPONSE TO EFFORTS BY THE FORD ADMINISTRATION TO DOWNPLAY THE INFLUENCE OF THE ISRAELI HAWKS TO "STABILIZE" THE MIDEAST SHORT OF AN OVERT WAR THREAT.

USLP WINS VICTORY IN PENNSYLVANIA PETITIONING CASE

PHILADELPHIA, FEB. 12 (IPS)--A FEDERAL JUDGE HERE YESTERDAY ORDERED THE STATE OF PENNSYLVANIA TO EXTEND THE BALLOT PETITIONING PERIOD FOR THE U.S. LABOR PARTY'S PRESIDENTIAL SLATE OF LYNDON LAROCHE AND WAYNE EVANS UNTIL AUG. 21. IN ISSUING THE RULING, WHICH APPLIES AS WELL TO OTHER USLP CANDIDATES AND TO CANDIDATES OF THE CONSUMERS PARTY, THE JUDGE OVERTURNED ATTEMPTS BY STATE OFFICIALS TO SET A THREE-WEEK PETITION PERIOD FROM FEB. 21 TO MARCH 10.

ALTHOUGH STATE OFFICIALS HAD ESTABLISHED THE ABBREVIATED PETITIONING PERIOD IN OPEN DEFIANCE OF A 1975 RULING WON BY THEN-USLP CONGRESSIONAL CANDIDATE BERNARD SALERA, JUDGE NEWCOMER STOPPED SHORT OF GRANTING THE USLP'S REQUEST THAT THE STATE BE HELD IN CONTEMPT OF COURT AND FINED.

PENNSYLVANIA HAS BEEN NOTORIOUS FOR A 30-YEAR PERIOD IN ITS ATTEMPTS TO DENY BALLOT STATUS TO COMMUNISTS. IN THE SALERA CASE, THE USLP CONTENDED THAT THE STATE REQUIREMENT THAT MINOR PARTIES GATHER 30,000 SIGNATURES IN A THREE-WEEK PERIOD WAS DISCRIMINATORY. PENNSYLVANIA HAS APPEALED THAT RULING TO THE U.S. SUPREME COURT, BUT HAS BEEN DENIED A STAY OF JUDGMENT PENDING THE SUPREME COURT'S FINAL RULING.

END PRIORITIES IPS.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE
EARLY EVENING NEWS
FEBRUARY 13, 1976
I. PRIORITIES

TETHER: MORATORIUM SPREADS TO ADVANCED SECTOR

FEB. 13(IPS)--NOW THAT "QUESTIONING THE VALIDITY OF DEBTS" HAS BECOME THE CHIEF TOPIC OF DISCUSSION AMONG THIRD WORLD NATIONS, IT WOULD BE "HARDLY SURPRISING" IF THIS THEME WERE TO CATCH ON IN THE ADVANCED SECTOR, WRITES FINANCIAL TIMES COLUMNIST C. GORDON TETHER IN HIS FEB. 12 LOMBARD COLUMN.

TETHER STATES THAT THERE IS "GROWING SUPPORT FOR THE PROPOSITION THAT THE DEVELOPING COUNTRIES SHOULD BE ALLOWED AS A GENERAL RULE, TO DECLARE A MORATORIUM ON THEIR EXTERNAL INDEBTEDNESS WHICH WOULD LAST UNTIL THE WHOLE QUESTION OF ITS FUTURE HAD BEEN THRASHED OUT IN COLLABORATION WITH THE CREDITOR COUNTRIES." GIVEN GROWING MOTION TOWARD SUCH AN ARRANGEMENT, SAYS TETHER, SPECIFICALLY CITING PERUVIAN FOREIGN MINISTER DE LA FLOR'S CALL FOR A CANCELLATION OF THIRD WORLD DEBT AT THE RECENT MANILA MEETING OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, IT SEEMS "HIGHLY PROBABLE THAT THE THEME WILL BE TAKEN UP, THOUGH IN A SOMEWHAT DIFFERENT WAY IN THOSE AFFLUENT WORLD COUNTRIES--AND THERE ARE QUITE A FEW OF THEM-- THAT HAVE DEVELOPED LARGE DOMESTIC INDEBTEDNESS PROBLEMS."

CONTINENTAL ILLINOIS BUCKS ATLANTICIST ATTACK ON ITALY--FACES ARM-TWISTING OPERATION

CHICAGO, FEB. 13(IPS)--WELL INFORMED SOURCES HERE HAVE REVEALED THAT THE CONTINENTAL ILLINOIS BANK AND TRUST COMPANY, CHICAGO'S NUMBER TWO BANK, HAS BUCKED THE ATTACK ON THE ITALIAN ECONOMY BY NEW YORK-BASED ATLANTICIST FINANCIERS BY ISSUING \$100 TO \$150 MILLION IN CREDITS TO ITALIAN BORROWERS SINCE THE LIRA CRISIS BEGAN LAST MONTH. THE SOURCES ALSO INDICATE THAT CONTINENTAL FEELS THAT IT "CAN LIVE WITH" AN ITALIAN DEBT MORATORIUM.

THESE MOVES, WHICH REFLECT THE THINKING OF AN IMPORTANT CURRENT IN THE MIDWEST FINANCIAL AND INDUSTRIAL COMMUNITY, ARE BELIEVED TO HAVE PROMPTED THIS WEEK'S CONGRESSIONAL WATERGATING ATTACK BY ATLANTICIST STOOGE REP. BENJAMIN ROSENTHAL (D-NY) AGAINST FORMER TREASURY SECRETARY AND CONTINENTAL EXECUTIVE DAVID KENNEDY AND ITALIAN FINANCIER MICHELE SINDONA AROUND THE COLLAPSE OF THE FRANKLIN NATIONAL BANK IN 1974. AT THE SAME TIME, WASHINGTON POST PUBLISHER KATHARINE GRAHAM, ACCOMPANIED BY SENATOR FRANK CHURCH (D-ID) MADE AN APPEARANCE IN CHICAGO TWO DAYS AGO TO WARN BUSINESS LEADERS THAT HER PAPER MAY LAUNCH A FULL EXPOSE OF THE ALLEGED FRANKLIN SCANDAL. CHURCH TOLD REPORTERS: "IF THEY (THE ITALIANS) DON'T GET THEIR DEBTS PAID THEY'LL GO BANKRUPT. SO THEY BETTER PAY THEIR DEBTS. AND IF THEY DON'T PAY THEIR DEBTS," CHURCH THREATENED, "THEN THEY GET NO MORE CREDIT."

KISSINGER THREATENS TO RESIGN OVER PIKE

FEB. 13(IPS)—SECRETARY OF STATE HENRY KISSINGER SAID YESTERDAY THAT HE WOULD CONSIDER RESIGNING IF HE FELT THAT CONTINUING CHARGES ABOUT HIS MISUSE OF THE U.S. INTELLIGENCE COMMUNITY HAD DIMINISHED HIS CAPACITY TO CONDUCT FOREIGN POLICY. KISSINGER TOLD A WASHINGTON, D.C. PRESS CONFERENCE THAT LEAKED REPORTS OF U.S. INTELLIGENCE ACTIVITY ABROAD WERE SUBJECTING HIM AND THE REST OF THE FORD ADMINISTRATION "TO A NEW VERSION OF MCCARTHYISM." COMMENTING ON THE LEAKED REPORT OF HOUSE SELECT COMMITTEE ON INTELLIGENCE, EXCERPTS OF WHICH WERE PUBLISHED IN THIS WEEK'S VILLAGE VOICE, KISSINGER SAID THAT THE DOCUMENTS WERE USED IN SUCH A DISTORTED MANNER THAT EVEN WHEN INDIVIDUAL DOCUMENTS MIGHT BE CORRECT, THE TOTAL IMPACT IS "A MALICIOUS LIE." BRISTLING AT REPORTERS' QUESTIONS ABOUT HIS POSSIBLE RESIGNATION, HE SAID THAT QUITTING MIGHT BE UNWISE IN THAT IT WOULD REWARD THE "TOTALLY IRRESPONSIBLE BEHAVIOR OF THE PIKE COMMITTEE." (THE HOUSE SELECT COMMITTEE IS CHAIRED BY REP. OTIS PIKE (D-NY).) PUBLISHED PORTIONS OF THE PIKE COMMITTEE REPORT ACCUSED KISSINGER OF LYING, OF HAVING "A PASSION FOR SECRECY AND OF TRYING TO CONTROL DISSEMINATION AND ANALYSIS OF DATA."

FORD OFFERS FBI HELP TO PROBE INTELLIGENCE LEAKS

FEB. 13(IPS)—PRESIDENT FORD YESTERDAY VOLUNTEERED "ALL SERVICES AND RESOURCES OF THE EXECUTIVE BRANCH," INCLUDING THE FBI, TO AN INVESTIGATION INTO THE SOURCE OF THE LEAK OF THE SECRET REPORT TO THE VILLAGE VOICE. WHITE HOUSE PRESS SECRETARY RON NESSEN ANNOUNCED TODAY THAT FORD HAD MADE THE OFFER TO REP. CARL ALBERT (D-OKLA) THE SPEAKER OF THE HOUSE. YESTERDAY'S NEW YORK POST REPORTED THAT NESSEN SAID IT WAS FORD'S "DISPOSITION" TO BELIEVE THE VILLAGE VOICE LEAK AND OTHERS THAT STEMMED FROM THE WORK OF THE HOUSE COMMITTEE "CAME FROM CONGRESS." ATTRIBUTING SUCH LEAKS TO CONGRESS AND AN "EXECUTIVE INVESTIGATION" CREATES A CLIMATE FOR IMPLEMENTING SEN. FRANK CHURCH'S RECOMMENDATION FOR A BRITISH STYLE OFFICIAL SECRETS ACT, WHICH WOULD IMPOSE HEAVY SANCTIONS AGAINST CONGRESSMEN, AND CONGRESSIONAL STAFF AND PRESS FOR ALL LEAKS ON NATIONAL SECURITY MATTERS.

PIKE ACCUSES CIA OF PIKE COMMITTEE REPORT LEAK TO VILLAGE VOICE

FEB. 13(IPS)—REP. OTIS PIKE (D-NY) YESTERDAY ACCUSED THE CIA OF DELIBERATELY LEAKING A COPY OF THE HOUSE INTELLIGENCE COMMITTEE REPORT TO THE VILLAGE VOICE. ACCORDING TO THE NEW YORK TIMES, PIKE CHARGED THAT ONLY THE CIA STOOD TO BENEFIT FROM THE DISCLOSURE. FELLOW COMMITTEE MEMBER REP. GIAMO (D-CONN) CONCURRED IN PIKE'S ACCUSATION.

END PRIORITIES IPS.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE
FEBRUARY 13, 1976 2100EST

I. PRIORITIES

IL FIORINO WARNS ITALY FACES OIL BLACKMAIL

FEB. 13 (IPS)—ITALY'S OIL RESERVES ARE DOWN TO A FOUR TO TEN DAYS' SUPPLY, THE FINANCIAL DAILY IL FIORINO WARNED TODAY, AND THE NATION IS FACED WITH ENERGU BLACKMAIL BY THE MULTINATIONAL OIL COMPANIES. THE ARTICLE REPORTS RUMORS "ABOUT OIL TANKERS THAT WERE HALTED WAITING FOR THE (FINANCIAL AND GOVERNMENTAL) SITUATION TO REACH A CONCLUSION."

THE PAPER CONCLUDES: "ONE THING IS CERTAIN: THE OIL IS REACHING ITALY IN VERY SMALL QUANTITIES WHILE THE COMPANIES HAVE BEGUN THE FIGHT AGAINST THE GOVERNMENT...BY MARCH WE WILL BE LEFT WITH AN ALMOST NIL SUPPLY. THE FIGHT BETWEEN THE GOVERNMENT AND THE OIL COMPANIES WILL HAVE TO REACH A SOLUTION."

U.S. TROOPS PUT ON ALERT TO THREATEN W. EUROPE

FEB. 13 (IPS)—IN AN ATTEMPT TO INTIMIDATE WESTERN EUROPE AND PARTICULARLY ITALY INTO ACCEPTING U.S. BACKED AUSTERITY POLICIES, U.S. TROOPS IN EUROPE WERE PLACED "ON THE SECOND HIGHEST ALERT STATUS" FROM 0700 TO 1700 HOURS YESTERDAY. THE STORY WAS CARRIED BY THE ITALIAN PRESS AGENCY, ANSA, AND CONDUITED ALL MAJOR ITALIAN PRESS.

ANSA, WHICH IS LINKED TO ATLANTICIST AND FIAT OWNER GIANNI AGNELLI, CLAIMS THAT THE INFORMATION WAS RECEIVED FROM ITS BONN, WEST GERMANY OFFICE WHICH WAS IN DIRECT CONTACT WITH THE U.S. MILITARY COMMAND IN HEIDELBERG, WEST GERMANY. MILITARY PERSONNEL THERE DESCRIBED THE EVENT AS "A ROUTINE MANEUVER," ANSA REPORTS.

SPOKESMEN FOR THE DEPARTMENTS OF STATE AND DEFFENSE IN WASHINGTON, D.C. REFUSED TO CONFIRM OR DENY THE REPORT. HOWEVER, ONE SOURCE CONTACTED IN THE STATE DEPARTMENT, WHEN ASKED WHETHER THE TROOPS WERE LIKELY TO HAVE BEEN ALERTED IN RESPONSE TO WARSAW PACT PROVOCATIONS OR TO ENFORCE THE COLLECTION OF DEBT, REPLIED, "DEFINITELY, THE LATTER."

ITALIAN FINANCIAL DAILY CALLS FOR NEW WORLD ECONOMIC ORDER

FEB. 13 (IPS)—IN AN ARTICLE HEADLINED "A NEW ECONOMIC WORLD ORDER IS THE ONLY WAY OUT FOR THE FUTURE OF HUMANITY" WHICH APPEARED IN TODAY'S EDITION OF THE ITALIAN FINANCIAL DAILY IL FIORINO, PHILIPPE LE COROLLIER WRITES THAT "ONLY A TOTAL OVERTURNING OF THE INTERNATIONAL ECONOMIC ORDER AND THE ADOPTION OF NEW FORMS OF DEVELOPMENT COULD ALLOW THESE (DEVELOPING) COUNTRIES A REAL TAKEOFF." WITH THE WORLD FACING A CRISIS OF HUNGER, HE CONTINUES, "SLOWLY EVEN THE RICH COUNTRIES HAVE BEGUN TO ADMIT THE

NEED OF A NEW ECONOMIC WORLD ORDER." IN AN IMPLICIT CALL FOR THE U.S. TO JOIN IN THE EFFORT, HE COMMENTS POSITIVELY ON THE FACT THAT THE U.S. IS ENCOURAGING FARMERS TO PRODUCE INSTEAD OF PAYING THEM NOT TO PRODUCE.

CRITICIZING THE ROCKEFELLER-SPONSORED "GREEN REVOLUTION" FOR SERVING ONLY TO CREATE AN ARTIFICIAL MARKET FOR U.S. PRODUCTS, LE COROLLIER CONCLUDES BY QUOTING AN AGRONOMIST'S ESTIMATE "THAT THE WORLD CAN INCREASE ITS FOOD PRODUCTION FIVE-FOLD.... IT WOULD BE NECESSARY TO INVEST NEARLY \$30 BILLION FROM 1975 TO 1985 TO INCREASE THE FARMING LAND IN THE UNDERDEVELOPED COUNTRIES FROM 7.5 MILLION TO 9 MILLION SQUARE KILOMETERS, AND \$60 BILLION TO USE WATER RESOURCES MORE FULLY...IT IS TRUE THAT IT IS A MAJOR EFFORT, BUT IT IS SMALL IN RELATION TO THE LEVEL OF WORLD SPENDING FOR ARMAMENTS."

SCHMIDT, GISCARD ANNOUNCE SUPPORT FOR FRANC

WIESBADEN, WEST GERMANY, FEB. 13 (IPS)—FOLLOWING THEIR MEETING ON THE FRENCH RIVIERA, WEST GERMAN CHANCELLOR HELMUT SCHMIDT AND FRENCH PRESIDENT VALERY GISCARD D'ESTAING HAVE DECLARED THAT THEIR COUNTRIES' CENTRAL BANKS WILL CONTINUE TO INTERVENE IN THE CURRENCY MARKETS TO KEEP THE FRENCH FRANC AND THE DEUTSCHMARK WITHIN THE PRESENT AGREED-UPON "SNAKE" LIMITS.

THEIR DECISION, REPORTED EARLY THIS AFTERNOON OVER GERMAN RADIO, IS A CONCLUSIVE REJECTION OF PRESSURES EMANATING FROM ATLANTICIST BANKING CIRCLES FOR A DEVALUATION OF THE FRANC AND/OR CORRESPONDING DEUTSCHMARK REVALUATION. IN THE PAST FEW DAYS, SUCH PRESSURES HAVE MET WITH OUTRAGED RESPONSES FROM KEY EUROPEAN BANKING CIRCLES BECAUSE OF THE COLLAPSE OF TRADE AND POLITICAL STRUCTURES WHICH WOULD ENSUE FROM SUCH A MOVE.

YUGOSLAVIA PUSHES SOVIET, EAST BLOC PARTICIPATION IN NORTH-SOUTH TALKS

NEW YORK, FEB. 13 (IPS)—THE YUGOSLAV DELEGATION AT THE NORTH-SOUTH TALKS ON THE NEW WORLD ECONOMIC ORDER IN PARIS HAS CALLED FOR THE PARTICIPATION OF THE SOVIET UNION AND ITS COMECON ECONOMIC PARTNERS IN THE NEGOTIATIONS BETWEEN THE ADVANCED SECTOR AND THE THIRD WORLD, ACCORDING TO AN INFORMED DIPLOMATIC SOURCE IN NEW YORK. SUPPORT FOR THE YUGOSLAV INITIATIVE WAS UNANIMOUS AMONG THE "GROUP OF 19," THE GROUP OF COUNTRIES REPRESENTING THE THIRD WORLD, THE SOURCE REPORTED.

THE IMMEDIATE ATLANTICIST REACTION TO THIS DEVELOPMENT, THE SOURCE STATED, CAME FROM FRENCH PRESIDENT GISCARD D'ESTAING, WHO SUGGESTED THAT THE SOVIETS SHOULD SIMPLY BE KEPT INFORMED ABOUT THE PROGRESS OF THE PARIS NEGOTIATIONS.

TRIFFIN CONFIRMS CENTRAL BANKS DISCUSSING PLANS FOR GOLD-BASED MONETARY SYSTEM

NEW YORK, FEB. 13 (IPS)—YALE ECONOMICS PROFESSOR ROBERT TRIF-

(MORE)

FIN CONFIRMED TODAY THAT THE EUROPEAN CENTRAL BANKS ARE DISCUSSING A SYSTEM TO CLEAR GOLD AMONG THEMSELVES AS A MEANS OF INTERNATIONAL PAYMENTS TO REPLACE THE BANKRUPT U.S. DOLLAR. HE ALSO CONFIRMED THAT THE GROUP OF 19 DEVELOPING NATIONS AT THE ONGOING MEETING OF THE PARIS CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION IS PUSHING FOR A SIMILAR PROPOSAL FOR A GOLD-BASED MONETARY SYSTEM.

PROF. TRIFFIN REPORTED THAT THE MEETING IN BASEL, SWITZERLAND OF CENTRAL BANKERS UNDER THE AUSPICES OF THE BANK FOR INTERNATIONAL SETTLEMENTS (BIS) WAS DISCUSSING PLANS TO "ABANDON THE DOLLAR TO THE MARKET" AND THEREBY FORCE A DEVALUATION WHILE TAKING STEPS TO SET UP A GOLD CLEARING SYSTEM. "THAT IS EXACTLY WHAT THEY ARE DISCUSSING," THE YALE PROFESSOR TOLD IPS. "THIS IS WITHIN THE CONTEXT OF THE BIS STRATEGY TO PREVENT THE COLLAPSE OF GOLD. THE BIS WILL BUY GOLD, BACKED UP ESPECIALLY BY THE BANQUE DE FRANCE COMMITMENT TO REPURCHASE THIS GOLD."

TRIFFIN ALSO STATED THAT THE WEST GERMANS SEEM COMMITTED TO FIND SOME MEDIUM OTHER THAN THE DOLLAR FOR INTERNATIONAL TRADE AND PAYMENTS. EARLIER IN THE WEEK HE HAD STATED THAT IT WAS HIS UNDERSTANDING FROM HIS CONTACTS IN EUROPE THAT "THE GERMANS WOULD RATHER SEE THE DOLLAR FLOAT THAN EUROPE DESTROYED."

TRIFFIN IS A KEY ECONOMIC ADVISOR TO ATLANTICIST-LINKED INVESTMENT BANKS. HE HAS PREVIOUSLY BACKED A PLAN TO USE THE INTERNATIONAL MONETARY FUND'S PAPER CURRENCY, THE SDR, AS A BASIS FOR A NEW MONETARY SYSTEM.

ITALIAN CHRISTIAN DEMOCRATIC PARTY LEADER EMPHASIZES TIES TO SOCIALISTS; MEETS WITH MEXICAN PRESIDENT ECHEVERRIA

MEXICO CITY, FEB. 13 (IPS)--THE VICE PRESIDENT AND DEPUTY OF THE ITALIAN CHRISTIAN DEMOCRATIC PARTY (DC) PAOLI BARBI, IN STATEMENTS HERE IMMEDIATELY PRIOR TO A MEETING WITH MEXICAN PRESIDENT LUIS ECHEVERRIA YESTERDAY, SAID THAT THE DC WAS ALWAYS READY TO UNITE WITH THE SOCIALIST COUNTRIES, ACCORDING TO THE PROGRESSIVE MEXICAN DAILY EL DIA YESTERDAY. BARBI ALSO STATED THAT: "THE CHRISTIAN DEMOCRATIC PARTY OF ITALY WOULD NOT HESITATE TO ALLY ITSELF WITH THE SOCIALISTS TO RESOLVE THE ECONOMIC AND POLITICAL CRISIS WHICH THE COUNTRY IS CURRENTLY PASSING THROUGH," BUT STRONGLY REJECTED ANY ALLIANCE BETWEEN THE DC AND THE COMMUNISTS IN ITALY.

BARBI MET WITH ECHEVERRIA YESTERDAY EVENING AT ECHEVERRIA'S OFFICIAL HOME, LOS PINOS. PRESENT AT THE TALKS WERE MEXICO'S PRO-DEVELOPMENT MINISTER OF NATURAL RESOURCES FRANCISCO JAVIER ALEJO, MINISTER OF THE PRESIDENCY, OVALLE, AND MEMBERS OF AN ITALIAN TRADE MISSION.

ITALIAN MAGAZINE CALLS ON NATION TO SEEK NEW ALLIES TO BACK UP DEBT MORATORIUM MOVE

FEB. 13 (IPS)--WRITING IN THE ITALIAN MAGAZINE L'EUROPEO, ALDO

(MORE)

SANTINI STATES THAT ATLANTICIST BLACKMAIL MAY FORCE ITALY TO DECLARE A DEBT MORATORIUM, AND WARNS THAT ITALY MUST SEEK NEW ALLIES TO PROTECT HER FROM THE RETALIATORY MOVES THAT WOULD RESULT. STATING THAT "ITALY HAS \$13 BILLION IN DEBTS ABROAD," SANTINI CONTINUES: "THE USA (TOGETHER WITH WEST GERMANY) DOES NOT HIDE THE FACT THAT IF OUR POLITICAL CRISIS SHOULD REACH A SOLUTION THAT DOES NOT SATISFY THEM, OR WORSE, THAT DISGUSTS THEM, THEN ITALY WOULD BE ABANDONED, WITH THIS RESULT: THAT WE MAY CHOOSE NOT TO PAY THE DEBTS. BUT," HE CONTINUES, "WE WOULD NEED OTHER AID."

ITALIANS MUST SOLVE THIS QUESTION, SANTINI SAYS, "OUTSIDE OF THE IMF, THE EEC (COMMON MARKET), THE FEDERAL RESERVE AND THE PAYERS FOR WASHINGTON, ARE THERE OTHER SUPPORTERS THAT CAN (AND WANT) TO KEEP A COLLAPSED, LAZY COUNTRY SUCH AS OURS ON ITS FEET?"

ITALIAN METALWORKERS BLAST MORO'S AUSTERITY

FEB. 13 (IPS)—THE ITALIAN METALWORKERS FEDERATION (FLM) WILL ISSUE A STATEMENT TODAY BLASTING PREMIER ALDO MORO'S AUSTERITY PROGRAM, THE ITALIAN SOCIALIST PARTY PAPER AVANTI SAID YESTERDAY. THE FLM, ONE OF ITALY'S LARGEST UNIONS, IS THE ONLY ONE WHICH IS COMPOSED OF ELEMENTS OF EACH OF ITALY'S THREE MAJOR UNION CONFEDERATIONS, THE CGIL, UIL AND CSIL.

AVANTI REPORTS THAT "THE DOCUMENT THAT WILL COME OUT TOMORROW WILL SAY 'NO' TO MORO'S PROPOSAL OF FREEZING INCREASES IN WAGES, TO HIS TX POLICIES (WHICH WILL TAX SOLVENT FIRMS TO SAVE OTHERS FROM BANKRUPTCY—ED.), WILL PASS SIMILAR JUDGEMENT ON HIS RECONVERSION (LABOR MOBILITY—ED.) POLICY, WHICH IS JUDGED TO BE LACKING IN 'FIRM GUIDELINES WHICH DEFINE WHO IS MOBILE,' AND WHICH IGNORES THE 'RELATIONSHIP BETWEEN MOBILITY AND PRODUCTIVE RECONVERSION'."

AVANTI SAYS THE STATEMENT WILL ALSO TERM THE PROGRAM FOR YOUTH SLAVE-LABOR EMPLOYMENT "ABSOLUTELY INADEQUATE."

AVANTI ADDS THAT THE FLM WILL BACK UP ITS STATEMENT WITH "STAGGERED STRIKES."

END OF LATE IPS PRIORITIES
FEBRUARY 13, 1976



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
EARLY EVENING NEWS — 1700 HOURS EST
SATURDAY, FEBRUARY 14, 1976

I. INTERNATIONAL

ATLANTICISTS TOUT PCF AS "GAULLIST" FORCE

FEB. 14 (IPS) -- THE PRO-ATLANTICIST WEST GERMAN DAILY FRANKFURTER ALGEMEINE ZEITUNG YESTERDAY CLAIMED THAT THE CIA-CONTROLLED GEORGES MARCHAIS LEADERSHIP OF THE FRENCH COMMUNIST PARTY IS ACTUALLY A NATIONALIST, PRO-GAULLIST FORCE. THE ZEITUNG SAYS THERE ARE TWO TENDENCIES IN THE PCF, "JACOBIN NATIONALISM" AND "PRO-SOVIET MARXISM-LENINISM," AND CLAIMS THAT, WITH MARCHAIS' VICTORY IN SECURING THE RENUNCIATION OF THE CONCEPT OF THE "DICTATORSHIP OF THE PROLETARIAT," THE FIRST TENDENCY HAS TRIUMPHED.

QUOTING MARCHAIS' STATEMENT THAT "EVERYTHING NATIONAL IS OUR CAUSE," THE ZEITUNG STATES: "THEREBY THE PARTY DIFFERENTIATES ITSELF HARDLY AT ALL FROM THE ORTHODOX GAULLISTS, TO WHOSE VOTERS IT IS EXTENDING ITS HAND."

RIOTS ERUPT IN SYRIAN CITY

FEB. 14 (IPS) -- BLOODY FIGHTING HAS BROKEN OUT IN THE FOURTH LARGEST CITY IN SYRIA, RAMAH, ACCORDING TO THE GERMAN DAILY DIE WELT TODAY. THE FIGHTING, BETWEEN CIVILIANS AND SYRIAN ARMY TROOPS, BEGAN AS A REACTION TO THE DISPERSION AND ARREST OF A NUMBER OF STUDENTS IN THE CITY ORDERED BY THE CHIEF OF THE SYRIAN SECRET SERVICE, MOHAMED GHORA.

MOHAMED GHORA HAS BEEN REPORTED TO HAVE BEEN KILLED IN THE COURSE OF THE RIOT, ACCORDING TO BOTH DIE WELT AND THE EGYPTIAN DAILY AL-AHRAM.

BRITAIN ON 'WARTIME FOOTING'; POLICE ON EXTRA ALERT

FEB. 14 (IPS) -- SECURITY FORCES THROUGHOUT BRITAIN AND NORTHERN IRELAND WERE PLACED ON FULL ALERT FOLLOWING THE SUICIDE BY STARVATION OF AN IMPRISONED MEMBER OF THE TERRORIST IRISH REPUBLICAN ARMY. ACCORDING TO THE DAILY EXPRESS, BRITAIN WAS BACK ON A "WARTIME FOOTING," WITH AUTHORITIES FEARING IRA REPRISALS FOR THE HUNGER STRIKER'S DEATH.

NEWSPAPER HEADLINES DESCRIBED THE COUNTRY AS "BACK IN THE FRONT LINE" AND "ON WATCH FOR THE AVENGERS" IN EXPECTATION OF A WAVE OF BOMBINGS IN ENGLAND IN REVENGE FOR THE TERRORIST'S DEATH.

(MORE)

02.14 EARLY IPS/2

"WARNINGS WERE SENT TO GOVERNMENT AND LOCAL AUTHORITY OFFICES THROUGHOUT THE COUNTRY TO REDOUBLE SECURITY. STRANGERS CARRYING SUSPICIOUS PACKAGES INTO PUBLIC BUILDINGS WERE STOPPED AND THEIR PARCELS SEARCHED," THE LONDON DAILY EXPRESS REPORTED. "SCOTLAND YARD URGED MOTORISTS TO LOOK UNDER THEIR CARS FOR POSSIBLE BOMBS."

ONE BOMB HAS ALREADY BEEN FOUND AND DEFUSED IN A CROWDED LONDON SUBWAY STATION.

BRITISH THINK-TANKERS DEMAND 30 PERCENT DEVALUATION OF BRITISH POUND

FEB. 14 (IPS) -- A GROUP OF ECONOMIC FORECASTERS IN LONDON HAS CALLED FOR A 30 PERCENT DEVALUATION OF THE POUND STERLING OVER THE NEXT FIVE YEARS AND A CONTINUATION OF THE DRASTIC FIVE PERCENT OFFICIAL RATE OF UNEMPLOYMENT "AS A CONSTRAINT ON INFLATION" OVER THE SAME PERIOD.

ONLY WHEN THE ANTICIPATED FLOW OF NORTH SEA OIL REACHES ITS HIGH POINT IN 1980 WILL BRITAIN'S BALANCE OF PAYMENTS RE-ENTER A SURPLUS, THE "ECONOMIC MODEL GROUP" FORECASTERS SAID. THE GROUP, AN ECONOMIC THINK-TANK WHICH ADVISES MULTINATIONAL COMPANIES AND BANKS, ADDED THAT BRITISH PEOPLE ARE BEING GIVEN ANOTHER CHANCE. THE QUESTION IS WHETHER THEY WILL USE IT."

CORRUPTION CHARGES EMBROIL SADAT'S SON-IN-LAW

FEB. 14 (IPS) -- EGYPTIAN PRIME MINISTER MAMDOUH SALEM HAS ORDERED CORRUPTION INVESTIGATION OF OSMAN ORMAN, THE MINISTER OF RECONSTRUCTION AND SON-IN-LAW OF EGYPTIAN PRESIDENT ANWAR SADAT, ACCORDING TO THE FEB. 12 SUEDEDEUTSCHE ZEITUNG. OSMAN IS BEING CHARGED WITH CORRUPTION CONCERNING A CEMENT DEAL WITH SAUDI ARABIA AND MISUSE OF PUBLIC FUNDS.

THE WATERGATING OF OSMAN MARKS THE FIRST TIME THAT A RELATIVE OF THE PRO-AUSTERITY SADAT, WHO HAS BASED HIS ECONOMIC PROGRAM ON ATTRACTING FOREIGN INVESTMENTS, HAS BEEN ATTACKED. ACCORDING TO THE FEB. 12 LONDON DAILY TELEGRAPH: "THE CHARGES HAVE BEEN DENOUNCED BY EGYPTIAN POLITICAL COMMENTATORS AS LEFTIST ATTEMPTS TO DISCREDIT PRESIDENT SADAT'S RULE AND TO MAGNIFY CORRUPTION IN EGYPT TO FRIGHTEN OFF FOREIGN INVESTORS."

II. CONTINENTAL

OGDEN STILL IN JAIL; USLP WINS PARTIAL VICTORY IN NEW RAILROAD ATTEMPT

RICHMOND, VA., FEB. 14 (IPS) -- A POLICE COURT JUDGE HERE YESTERDAY GRANTED ALAN OGDEN, U.S. LABOR PARTY CANDIDATE FOR UNITED STATES SENATOR FROM VIRGINIA, A TWO WEEK POSTPONEMENT OF A HEARING ON A TRESPASS CHARGE, BUT REFUSED TO GRANT A USLP MOTION ASKING THAT HE DISQUALIFY HIMSELF FROM HEARING THE CASE ON GROUNDS OF PREJUDICE.

(MORE)

02.14 EARLY IPS/3

AT THE PRESENT MOMENT, OGDEN REMAINS IN JAIL FOLLOWING HIS KANGAROO CONVICTION ON ANOTHER SET OF TRESPASS CHARGES BY THE CIRCUIT COURT JUDGE TUCKER TWO DAYS AGO. TUCKER RAILROADED THROUGH THE CONVICTION IN DEFIANCE OF THE FACT THAT UNDER VIRGINIA LAW THE CHARGE OF TRESPASSING CANNOT STAND BY ITSELF BUT MUST BE ATTACHED AS A COLLATERAL CHARGE. TUCKER SENTENCED OGDEN TO 30 DAYS IN JAIL AND A 500 DOLLAR FINE, AND SET BAIL AT 2000 DOLLARS, DESPITE THE FACT THAT THE CHARGE NORMALLY BRINGS A 25 DOLLAR FINE IN TRAFFIC COURT.

THE USLP IS IN THE PROCESS OF RAISING THE 2000 DOLLAR BAIL, AND HAS APPLIED FOR A BAIL REDUCTION HEARING. HOWEVER, A BAIL REDUCTION HEARING CANNOT BE HELD UNTIL NEXT TUESDAY AT THE EARLIEST.

THE USLP IS ALSO PREPARING TO FILE A TEMPORARY RESTRAINING ORDER TO STOP THE WAVE OF HARASSMENT AGAINST OGDEN, A WELL-KNOWN PARTY SPOKESMAN IN VIRGINIA. OGDEN'S ATTORNEY HAS BEEN TOLD PRIVATELY THAT "EVERYONE IN TOWN" IS OUT TO GET OGDEN.

JUDGE TUCKER (804/780-4534) HAS RECEIVED HUNDREDS OF PHONE CALLS FROM ANGRY WORKERS PROTESTING HIS FLAGRANTLY ILLEGAL ATTEMPT TO SABOTAGE THE USLP'S ELECTION RIGHTS. IN ADDITION, THE USLP WILL EXPOSE THE RICHMOND WITCHHUNT AGAINST THE USLP AT THE CONVENTION OF THE AMERICAN BAR ASSOCIATION IN PHILADELPHIA THIS WEEKEND.

END OF EARLY IPS 02.14.76



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE
LATE EVENING NEWS ROUND-UP
FEBRUARY 14, 1976 2300 HRS.

I. PRIORITIES

IL FIORINO REPEATS WARNING ON OIL BOYCOTT AGAINST ITALY

FEB. 14 (IPS)—THE ITALIAN FINANCIAL DAILY IL FIORINO WARNED TODAY THAT GOVERNMENT OFFICIALS MAY NOT BE SUFFICIENTLY ALERT TO THE THREAT OF AN ATLANTICIST OIL BOYCOTT AGAINST ITALY.

IL FIORINO REPORTS THAT THE GENERAL DIRECTOR OF THE ENERGY SUPPLY DIRECTED A "FIRM INVITATION" TO THE OIL MULTINATIONAL WHICH SUPPLY ITALY'S OIL TO RESPECT THE TERMS OF THEIR CONTRACTS WITH ITALIAN DISTRIBUTORS.

COMMENTING ON THE MINISTRY'S DIRECTIVE, IL FIORINO STATES THAT THERE IS A QUESTION WHETHER THE OIL COMPANIES ARE BLUFFING IN THEIR THREAT TO CUT ITALY'S IMPORTS, AND THAT THE MINISTRY IS THUS TELLING THEM TO DISCARD ANY IDEA OF IMPLEMENTING THEIR THREAT, OR WHETHER ITALY'S OIL SUPPLY IS IN FACT NEARLY EXHAUSTED, AND THE MINISTRY IS ATTEMPTING TO HAVE STOCKS REPLENISHED.

STATING THAT "IT APPEARS THE MINISTRY IS WORKING UNDER THE FIRST HYPOTHESIS," FIORINO GOES ON TO REITERATE PREVIOUS REPORTS THAT TANKERS BOUND FOR ITALY HAVE BEEN HALTED ON THE HIGH SEAS FOR AT LEAST A WEEK.

UNDERSCORING THE THREAT, ANOTHER ARTICLE IN FIORINO QUOTES AN OFFICIAL AT EXXON, ONE OF THE COMPANIES DEMANDING HIGHER PRICES FROM ITALY, AS STATING: "COMPANIES SUCH AS OURS HAVE INDISPENSIBLE LOGISTICAL SYSTEMS WHICH CANNOT BE DONE AWAY WITH IF ONE WANTS TO SHIP OIL TO THE WORLD MARKETS."

ITALIAN INDUSTRIAL UNIONS BLOCK WAGE-GOUGING EFFORT BY AGENTS

FEB. 14 (IPS)—ITALY'S INDUSTRIAL UNIONS, LED BY THE METALWORKERS FEDERATION (FLM), HAVE BLOCKED EFFORTS BY THE AGENT-DOMINATED LEADERSHIPS OF THE NATION'S THREE PARTY - CONTROLLED UNION CONFEDERATIONS, THE COMMUNIST CGIL, AND CATHOLIC CSIL, AND THE SOCIALIST-DOMINATED UIL, TO PROMOTE SEVERAL WAGE GOUGING SCHEMES, INCLUDING WAGE FREEZES, WAGE REDUCTIONS, AND WAGE INDEXING.

IN AN ARTICLE TITLED "THE STRUGGLE BETWEEN THE CONFEDERATIONS AND THE INDUSTRIAL UNIONS," THE FINANCIAL DAILY IL FIORINO REPORTED TODAY THAT "THE REPRESENTATIVES OF THE INDUSTRIAL UNION SECTORS

(MORE)

ENGAGED IN CONTRACT NEGOTIATIONS SAW A VICTORY IN THE FACT THAT THE FINAL DOCUMENT VOTED AT THE STEERING COMMITTEE (OF THE THREE CONFEDERATIONS HELD FEB. 12) DID NOT MAKE AN EXPLICIT REFERENCE TO THE VARIOUS PROPOSALS TO REDUCE WAGES, ETC., WHICH WERE CIRCULATED AND DISCUSSED."

REPORTING MAJOR CLASHES BETWEEN THE INDUSTRIAL UNIONS AND THE AGENT-DOMINATED CONFEDERATION LEADERS OVER "THE QUESTION OF THE CONTRACTS WHICH THE INDUSTRIAL UNIONS MUST REACH IN THIS PERIOD," FIORINO REPORTED THAT CSIL LEADER STORTI NARROWLY ESCAPED A MOTION OF CENSURE FOR HIS PROPOSAL TO ACCEPT A WAGE FREEZE IN RETURN FOR PROMISES OF MORE EMPLOYMENT. "THE MOTION DID NOT PASS," FIORINO EXPLAINED, "DUE TO A DECISIVE INTERVENTION FROM (COMMUNIST PARTY TRADE UNION LEADER LUCIANO) LAMA, WHO DID NOT HESITATE TO PUT ALL HIS WEIGHT, HIS AUTHORITY, AGAINST IT."

IN A SIMILAR ARTICLE, TITLED "UNCERTAINTIES AND DIFFICULTIES IN THE UNION SECTOR," CORRIERE DELLA SERA REPORTS THAT "THE INDUSTRIAL UNIONS ARE THE ONES THAT FEEL THE IMMEDIATE PRESSURE FROM THE BASE AND THEY ARE AFRAID THAT THE CONFEDERATIONS WILL BE NEGOTIATING AN INCOMES POLICY WITH THE GOVERNMENT (THAT OF CIA AGENT AND FORMER DEPUTY PREMIER UGO LA MALFA - ED.) WHICH THE INDUSTRIAL UNIONS ALREADY REJECT A PRIORI."

FIORINO ALSO REPORTS THAT THE METALWORKERS "HAVE COMMITTED AN ACT OF BELLIGERENCE IN THE PAST FEW DAYS BY PLANNING A MEETING OF THE FACTORY COUNCILS OF THE COMPANIES IN CRISIS TO BE HELD FEB. 23." FIORINO STATES THAT THE MEETING IS INTENDED TO GIVE MORE MILITANT TONE TO A SIMILAR MEETING PLANNED BY THE CONFEDERATIONS FOR FEB. 25.

GAULLIST CALLS FOR SEPERATE REPRESENTATION OF FRANCE AT NORTH-SOUTH CONFERENCE

FEB. 14 (IPS)—GAULLIST BARON MICHEL DEBRE YESTERDAY ISSUED A STATEMENT TO FRENCH FOREIGN AFFAIRS MINISTER JEAN SAUVAGNARGUES DEMANDING THAT FRANCE BE REPRESENTED IN ITS OWN RIGHT AT THE NORTH-SOUTH CONFERENCE TAKING PLACE IN PARIS. FRANCE IS CURRENTLY REPRESENTED AT THE TALKS BY THE EUROPEAN ECONOMIC COMMUNITY. ACCORDING TO TODAY'S FRENCH DAILY LE MONDE, DEBRE CHARGED THAT "IT SEEMS FROM EXPERIENCE THAT THE EUROPEAN ECONOMIC COMMUNITY SIMPLY ALIGNS ITSELF ON AMERICAN POLICY, NOTABLY CONCERNING ENERGY POLICY AND THE FLOOR PRICE OF OIL."

DEBRE STATED THAT THE CONFERENCE BETWEEN DEVELOPING AND DEVELOPED COUNTRIES WAS ONE OF "SUCH IMPORTANCE" THAT FRANCE COULD NOT AFFORD TO LET ITSELF BE MISREPRESENTED THERE.

FRENCH PAPERS WARN AGAINST 3RD WORLD DEBT MORATORIA

FEB. 14 (IPS)—TODAY'S LE FIGARO, A CONSERVATIVE FRENCH DAILY CARRIES TWO PROMIMENT ARTICLES WHICH WARN THIRD WORLD NATIONS AGAINST DECLARING DEBT MORATORIA.

IN AN ARTICLE ENTITLED "THE TRUTH ABOUT THE INDEBTEDNESS OF THE POOR COUNTRIES," JEAN PAUL VILLAIN TELLS THE THIRD WORLD THAT ALTHOUGH

(MORE)

DEBT SERVICE PAYMENTS PRESENTLY GORBLE UP ABOUT 18.4% OF THEIR RECEIPTS FROM EXPORTS , BY 1977 THAT PERCENTAGE SHOULD DECREASE SINCE THEY WILL EXPORT MORE. HE REPORTS THAT THE PRESENT INTERNATIONAL MONETARY INSTITUTIONS ARE AWARE OF THE THIRD WORLD'S PLIGHT, AND ARE ATTEMPTING TO MAKE THE REFINANCING DEBT "EASIER."

JEAN ULLMO, TAKES A HARDER LINE TELLING THE UNDERDEVELOPED SECTOR THAT THEY WILL BE THE VICTIMS OF SHORTAGES AND INTOLERABLE SUFFERING OF A MAGNITUDE IMPOSSIBLE TO ENVISAGE IF THEY DECLARED A DEBT MORATORIA. ULLMO THEN TRIES TO BLAME THE 1930'S FINANCIAL CRASH ON THE FACT THAT U.S. PRESIDENT HERBERT HOOVER GRANTED WESTERN EUROPE A MORATORIUM ON DEBT (REPARATIONS PAYMENTS) IN 1931.

CBS'S DANIEL SCHORR IN SETUP BY COUNTERGANG JOURNALISTS

FEB. 14 (IPS)—CBS INVESTIGATIVE REPORTER DANIEL SCHORR ADMITTED TODAY THAT HE WAS THE SOURCE FOR LEAKS OF A HOUSE PIKE COMMITTEE SECRET REPORT ON CIA ACTIVITIES, IN WHAT APPEARS TO BE A SITUATION SET UP BY COUNTERGANG JOURNALISTS TO WATERGATE SCHORR. THE VILLAGE VOICE PRINTED SELECTED PARTS OF THE SECRET DOCUMENT THIS WEEK.

SCHORR WAS ENGINEERED INTO HIS ADMISSION AFTER A WASHINGTON POST ARTICLE FEB. 12 REPORTED THAT SOURCES FROM THE REPORTERS' COMMITTEE FOR FREEDOM OF THE PRESS, A GROUP ASSOCIATED WITH CIA CONDUIT NAT HENTOFF OF THE VILLAGE VOICE, NAMED SCHORR AS THE SOURCE OF THE LEAK. THE POST SAID THAT SCHORR ARRANGED THE LEAK VIA FRED GRAHAM, A CBS COLLEAGUE AND A MEMBER OF THE REPORTERS' COMMITTEE, TO WHICH THE VOICE PLANNED TO DONATE A SUBSTANTIAL SUM.

INITIALLY THE PIKE COMMITTEE REPORT WAS EXPECTED TO BE MADE PUBLIC AND REPORTEDLY IT WAS CIRCULATING WIDELY ON CAPITOL HILL. SUBSEQUENTLY THE CIA CLASSIFIED THE REPORT, WHICH MEANS THAT SCHORR IS NOW THREATENED WITH PROSECUTION FOR ALLEGED INVOLVEMENT IN DISSEMINATION OF "OFFICIAL SECRETS." VARIOUS NEWS MEDIA CARRIED LEAKS OF THE INFORMATION, AND CONGRESSMAN OTIS PIKE (D-NY), CHAIRMAN OF THE HOUSE INTELLIGENCE COMMITTEE, NAMED THE CIA ITSELF AS THE LIKELY SOURCE OF LEAKS OF THE COMMITTEE'S REPORT.

SCHORR IN THE PAST HAD EXPOSED THE COVERUP BY THE ROCKEFELLER COMMISSION REPORT OF CIA ASSASSINATIONS, AND HE ARRANGED CBS COVERAGE OF FORMER CIA AGENT ROY FRANKHAUSER'S EXPOSURE OF CIA GUN AND DRUG-RUNNING AND COUNTERGANG ACTIVITIES.

SPLITS IN NATO: STATE DEPARTMENT ZEITUNG DOUBTS NATO ESTIMATES OF SOVIET DEFENSE BUDGET INCREASES

FEB. 14 (IPS)—THE MILITARY EDITOR OF THE STATE DEPARTMENT-CONNECTED WEST GERMAN DAILY, THE SUEDEUTSCHE ZEITUNG, CHRISTIAN POTYKA, TODAY ATTACKED NATO'S INFLATED ESTIMATES OF THE SOVIET DEFENSE BUDGET. "A COUPLE OF LEADING MILITARY MEN ARE ALSO ATTEMPTING TO UNDERMINE THE THESIS, THAT THE SOVIET UNION'S MILITARY POTENTIAL HAS CONTINUED TO GROW," POTYKA WROTE, "...FINNISH MAJOR HAGGLUND IS OF THE OPINION THAT SOVIET MILITARY EXPENDITURES...HAVE

(MORE)

BEEN FROZEN AROUND THE 1969 LEVEL OF 13 BILLION RUBLES." POTYKA SPECIFICALLY ATTACKS THE NATO-LINKED LONDON-BASED THINKTANK, THE INSTITUTE OF STRATEGIC STUDIES, FOR USING "MAGIC TRICKS" TO COMPUTE SOVIET SPENDING FIGURES. INFLATED FIGURES OF SOVIET MILITARY SPENDING HAVE BEEN USED AS JUSTIFICATION FOR INCREASED NATO ARMS PRODUCTION UNDER THE "INDEMAN'S PLAN."

————— END OF PRIORITIES OF LATE IPS 02.14.76 —————
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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

NEWS BULLETIN NO. 28

OIL EMBARGO IMPOSED ON ITALY

FEB. 14 (IPS)—ITALY NOW FACES ENERGY BLACKMAIL BY THE MULTINATIONAL OIL COMPANIES, IL FIORINO, THE FINANCIAL DAILY OF MILAN INDUSTRIALISTS, CHARGED YESTERDAY, AND THERE ARE RUMORS ABOUT "OIL TANKERS THAT WERE HALTED WAITING FOR THE (FINANCIAL AND GOVERNMENTAL) SITUATION TO REACH A CONCLUSION....BY MARCH, WE WILL BE LEFT WITH AN ALMOST NIL SUPPLY (OF OIL)." IL FIORINO SPECIFIED THAT ITALY'S OIL RESERVES ARE NOW DOWN TO FOUR TO TEN DAYS' SUPPLIES.

THE MULTINATIONAL OIL EMBARGO IS PART OF AN ESCALATING ON-SLAUGHTER BY WALL STREET-BASED BANKING INTERESTS TO IMPOSE UPON ITALY AN AUSTERITY GOVERNMENT WHOSE POLICIES WOULD RAPIDLY REDUCE THE COUNTRY TO THE STATUS OF A FOURTH WORLD NATION. PROMINENT FOREIGN EXCHANGE BANKERS IN THE UNITED STATES EXPRESSED THEIR CONFIDENCE YESTERDAY THAT THE RESISTANCE OF ITALIAN INDUSTRIAL AND POLITICAL CIRCLES TO THE AUSTERITY PACKAGE WOULD COLLAPSE WITHIN TWO WEEKS UNDER SUFFICIENT PRESSURE.

HOWEVER, POLITICAL RESISTANCE WITHIN ITALY TO WALL STREET'S DEMANDS—LED BY CHRISTIAN DEMOCRATIC BUDGET MINISTER GUILIO ANDREOTTI, PUBLIC-SECTOR INDUSTRIALIST EUGENIO CEFIS, AND GIACOMO MANCINI OF THE SOCIALIST PARTY—ARE STANDING FIRM IN THEIR COMMITMENT TO A DEBT MORATORIUM AGAINST THE INTERNATIONAL MONETARY FUND AND THE RAPID ESTABLISHMENT OF A NEW WORLD ECONOMIC ORDER AS THE SOLUTION TO THE ITALIAN ECONOMIC CRISIS. TODAY, THE ITALIAN GENERAL DIRECTOR OF ENERGY RESOURCES, ACTING UNDER MINISTER OF INDUSTRY DONAT CATTIN, WHO HAS OPPOSED ANDREOTTI, DEMANDED THAT THE OIL COMPANIES RESPECT THE TERMS OF THEIR CONTRACT AND SUPPLY OIL TO ITALIAN DISTRIBUTORS.

SPEAKING FROM MILAN, LYNDON LAROUCHE, PRESIDENTIAL CANDIDATE OF THE U.S. LABOR PARTY, CALLED FOR A MOBILIZATION OF THE INTERNATIONAL WORKING CLASS AND ALLIED FORCES TO HALT THE WALL STREET RAPE OF ITALY. THE DRIVE TO IMPOSE A FASCIST AUSTERITY REGIME IN ITALY IS THE LEADING FRONT IN THE ATLANTICISTS' STATED COMMITMENT TO COLLECT DOLLAR DEBT AT ANY COST BY BRINGING THE ECONOMIES OF WESTERN EUROPE TO THEIR KNEES AND ENFORCING MASS GENOCIDE ON THE POPULATIONS OF THE THIRD WORLD. THE MOBILIZATION OF WORKING-CLASS FORCES, LAROUCHE DECLARED, MUST INCLUDE THE THREAT OF NATIONALIZATION OF MULTINATIONAL OIL COMPANIES BY THE LEADERSHIP OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES TO STOP THE OIL EMBARGO AGAINST ITALY.

IN THE UNITED STATES, LAROCHE DECLARED, THE U.S. LABOR PARTY IS COORDINATING A CROSS-ATLANTIC MOBILIZATION TO INFORM BOTH WALL STREET AND ANTI-AUSTERITY FORCES IN ITALY THAT U.S. WORKERS WILL NOT PERMIT THE DESTRUCTION OF THE ITALIAN WORKING CLASS AS THE EXACTION FOR DOLLAR DEBT.