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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

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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

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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."

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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.

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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.