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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
LATE EVENING NEWS ROUND-UP
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I. PRIORITIES

"SHOCKED" INVESTORS DUMP DOLLARS AS U.S. TRADE BALANCE FOR JANUARY SHOWS FIRST DEFICIT IN YEAR

NEW YORK, Feb. 27 (IPS)--The main prop for the U.S. dollar for the past 12 months--the continued U.S. balance of payments surplus as reflected by the U.S. Balance of Trade figures--was unceremoniously removed today with the announcement of the January data by the Commerce Department late this afternoon. The Department reported that the U.S. had incurred a surprising 796.8 million dollar swing in its Balance of Trade between December, when it registered a surplus, and January, when U.S. trade showed a net deficit of 72.6 million dollars.

Only heavy intervention by the U.S. Federal Reserve bank on behalf of the U.S. currency was able to stem the heavy dumping of dollars that developed in Western Europe minutes before the European markets shut down for the day.

The foreign exchange trading chief at the Bank of America stated that "The late announcement of the trade statistics and the intervention by the Fed held the dollar today. . . Monday will be another story....Anything can happen now....We live from day to day."

He also expressed concern that the U.S. would once again begin dumping excess dollars on the world markets after a pause of 12 billion dollar U.S. balance of trade surplus in 1975 was a major factor in absorbing surplus dollars and preventing the complete rout of the U.S. currency in the foreign exchange markets.

Ironically, major causes of the January deficit were the U.S. "upswing" hoax and U.S. efforts to force austerity and import reductions on Western Europe. U.S. imports of foreign autos increased sharply in January, by 171 million dollars, boosting unsold inventories of foreign cars in the U.S. by 100,000. More importantly, the Trade Balance reversal reflects a sharp drop in European imports of U.S. machinery, transportation equipment and autos.

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SWEDISH OFFICIAL STRESSES IMPORTANCE OF DEBT MORATORIUM

STOCKHOLM, Feb. 27 (IPS)--A high official in the Swedish government said in an exclusive interview yesterday that he considered the question of debt moratorium "very important."

The official went on to say that the question of debt moratorium is a central part of the ongoing North-South talks in Paris and that "the problem is that the U.S. opposes it."

"Italy has a delegation in Paris....That's pushing the debt question," the source added. "They have contact with Mancini (Italian socialist leader-ed.). I know him very well and I know that he's pushing the moratorium question."

Swedish government officials this week announced a two-year orderly debt moratorium arrangement with North Korea.

WALL STREET JOURNAL: AUTO UPSWING CLOGGING DEALERS' PARKING LOTS

Feb. 27 (IPS)--Sharp increases in U.S. automobile production scheduled for March are being scheduled solely to build up dealer inventories in hope that consumer buying will pick up later in the spring, today's Wall Street Journal reports. The Journal says that U.S. auto producers have scheduled production of 823,000 vehicles for March, up 22 per cent from February, and that this huge increase in production is intended to add 100,000 autos to dealer inventories. Inventories are slated to rise to 1.7 million autos on April 1, up from 1.4 million on Jan. 1.

The Journal noted that "Detroit's strategy, industry sources say, is to make sure there are enough cars on hand in dealerships to match the expected sales pickup that normally occurs in the spring."

ANALYSTS CAST DOUBT ON AUTO UPSWING

NEW YORK, Feb. 27 (IPS)--Auto industry analysts interviewed here over the past two days have cast doubt on whether the U.S. auto industry's hoped for "upswing" will ever materialize. The industry has scheduled production increases in March to place a large backlog of autos on dealer parking lots in hope of a sales upturn later in the spring.

One analyst at a New York bank said today that the marketing strategies on which the industry predictions are based--which include auto loans currently being extended on a 48-month maturity--were associated with what the industry called the "lunatic fringe" in the 1950s. Another analyst, questioned what would happen if this credit bubble burst, replied, "I know. There will be a huge inventory overhang. But I'm an optimist. No one can say how these things will go."

A source yesterday revealed that General Motors has not yet allocated any of its highly touted 2.6 billion dollar capital

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spending program for the year, an indication that the industry itself may be bracing for a downturn.

DURABLE GOODS "UPSWING"
BASED SOLELY ON DEFENSE COMMUNICATIONS ORDERS

NEW YORK, Feb. 27 (IPS)—Recently released Department of Commerce figures on new orders of durable goods which have been trumpeted in the press as evidence of the economic "recovery" show improvement entirely due to an increase in orders for defense communications equipment.

The figures indicate a 2.3 per cent rise in new orders of manufactured durable goods, or an overall increase of 989 million dollars to 43.82 billion dollars, supposedly reversing a four-month period of stagnation. But the breakdown of the figures shows that the largest single category to increase was in machinery, which rose 1.18 billion dollars to 13.24 billion dollars, and that within this category communications orders rose 75 per cent from 800 million dollars in December to 1.452 billion dollars in January.

The illusory nature of the recovery as reflected in the durable goods figures is confirmed by the fact that January orders for new machine tools dropped 9.6 per cent to 40.2 billion dollars and that manufacturers' backlog of unfilled orders declined 1.2 per cent, continuing a trend of several months.

BANKRUPT ARGENTINA SLATED FOR TREATMENT ACCORDED TO
WEST GERMANY AFTER WORLD WAR II, SAYS BRAZILIAN DAILY

Feb. 27 (IPS)—An article titled "Argentina Cannot Pay Its Debts" in the Brazilian daily Folhas De Sao Paulo yesterday revealed that "according to official sources, the (Argentine) Central Bank's technocrats are studying a drastic monetary reform, similar to the one carried out in West Germany after the Second World War and it would be implemented through a violent political hardline approach."

Folhas reported that "the Buenos Aires press reported yesterday that the Argentine Central Bank will not be able to meet its debt payments this month totalling 33.8 million dollars." It said that "the largest creditor of the Argentines this month is the Chase Manhattan Bank, which is to receive 31.3 million."

The paper further reported that Economics Minister Emilio Mondelli "continued meetings yesterday (Feb. 25) with the Latin American department chief of the International Monetary Fund, Jack Gunther, in an attempt to obtain 179 million dollars in financing in order to pay its most pressing commitments. Mondelli also met with the vice president of Chase Manhattan with whom he is negotiating the postponement of the debt."

ARGENTINA TO DECLARE DEBT MORATORIUM

BOSTON, Feb. 27 (IPS)—A leading East Coast banker knowledgeable in Argentine affairs said here today that a declaration of a mor-

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atorium on Argentina's huge foreign debt is virtually a fact and may come as soon as March 1, the next business day. "They have little choice," the source said, admitting that Argentina had been rolling over its debt for months with diminishing prospects of repayment.

The banker further stated that his bank and most other foreign banks have frozen all their credit lines to Argentina until the Economics Minister has announced a resolution to the present financial crisis.

Although the International Monetary Fund has an emergency delegation in Buenos Aires at the moment to discuss the Argentines' request for a loan to meet current obligations of nearly 200 million dollars, sources acknowledge that there is little likelihood of the loan being granted in view of the chaos and instability wracking Argentina. However, the Brazilian daily Folhas de Sao Paulo reports that a drastic austerity and rescheduling plan is presently being worked out in the Economics Ministry.

BRAZILIAN WEEKLY CHARGES KISSINGER LATIN TRIP AIMED AT COLLECTING DEBTS

Feb. 27 (IPS)—The latest issue of the Brazilian liberal weekly *Opinio* charges that the real reason for U.S. Secretary of State Henry Kissinger's six-nation Latin American tour was to ensure payment of Latin America's massive debt.

"This debt," *Opinio* points out, "has already surpassed the existing economic possibilities of the Continent." The weekly adds that "the economic crisis of the capitalist world led the rich countries to increase their rate of exploiting the surplus value of the poor countries which today are more indebted and in less of a position to pay their debts."

Opinio explains that the purpose of Kissinger's trip is to confront those countries which desire to "break totally with U.S. dependency" and which are promoting the Latin American Economic System, an inter-American economic development organization that "does not have much sympathies in Washington."

ITALIAN SOCIALIST PARTY REJECTS MAO SLAVE LABOR PLAN, CALLS FOR HIGH TECHNOLOGY

Feb. 27 (IPS)—*Avanti*, the organ of the Italian Socialist Party, today describes as "useless and harmful" Prime Minister Aldo Moro's project to send 50,000 youth and intellectuals to work in half-paid part-time public works jobs in the south of Italy. "In the best of the cases," says *Avanti*, "such intellectuals will be facing a services network inadequate to receive them.... One has to ask through which means will they be able to operate since the old structures will not be sufficient.... They will increase their culture with a bitter experience due to the emptiness of the objectives."

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Presenting an alternative, Avanti states: "The problem is to see if a public intervention can be organized which could be useful for the population by enriching its culture. This could lead to less employment but can represent the first step toward maintaining the cultural level of our human resources...leading very soon to an economic reconversion which must occur soon at a high technological level in order to really preserve employment and the intellectuals."

U.S. AGENTS IN THAI MILITARY THREATEN COUP

Feb. 27 (IPS)—The commander-in-chief of Thailand's army, General Boonchai, called a unilateral military alert without clearance from Defense Minister Pramarn Adirekson Feb. 24, a move which was widely suspected of being preparatory to a coup d'etat. Boonchai, who is said to be very close to the U.S., denied that any coup attempt was intended and said that it was "just an exercise to test the preparedness of the military," according to the Washington Post yesterday. However, the Daily World reported yesterday that Prime Minister Kukrit Pramoj and Foreign Minister Chatichai Choonhaven cancelled a one-day stopover in Singapore after attending the Summit of the Association of South East Asian Nations.

The Far Eastern Economic Review reports that Boonchai recently warned that there might be a military coup before the elections scheduled for April 4 and that there might be violence on March 20, the day that the government has set as the deadline for the removal of all U.S. military personnel from the country. The U.S. is resisting the demand, according to the Far Eastern Economic Review.

NEW YORK TIMES ENDORSES PREVENTIVE DETENTION

Feb. 27 (IPS)—The lead editorial of the New York Times today fully supports U.S. Attorney General Edward Levi's proposed guidelines for the FBI which sanction preventive detention. "It is not only appropriate but obligatory for law enforcement agencies, including the FBI, to act when they have strong and credible reasons to believe that a crime is going to be committed and that timely action can prevent it," the Times said. The Times suggested that "when and what kind of prevention was appropriate" be decided by Congress.

ABZUG, 12 CONGRESSMEN DEFEND SCHORR, FREEDOM OF PRESS

Feb. 27 (IPS)—Rep. Bella Abzug (D-NY) has drafted a letter which has been signed by 12 other Representatives in defense of suspended CBS reporter Daniel Schorr. The letter states that the Congressmen "are deeply disturbed by the CBS suspension of Daniel Schorr and by the vote of the House of Representatives" to investigate him. The letter warns that such action has a chilling effect on other reporters and, by endangering freedom of the press, will strengthen the forces of secrecy in the country. The letter ends with a call for the public disclosure of the report of Rep. Otis Pike's House Select Committee on Intelligence and for full protection of freedom of the press.

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Signers of the letter include Representatives Herman Badillo (D-NY), Shirley Chisholm (D-NY), John Conyers (D-Mich), Ronald Dellums (D-Cal), Michael Harrington (D-Mass), Augustus Hawkins

END OF PRIORITIES
