



NEW SOLIDARITY International Press Service

P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

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COMBINED ISSUE

I. PRIORITIES

SIMON CALLS FOR ITALIAN SACRIFICE

ROME, March 9 (IPS)--U.S. Secretary of the treasury William Simon meeting with leading Italian government financial spokesmen here, has called on Italy to adopt "a program of containment of domestic consumption and an increase in production to restabilize Italy's balance of payments situation."

According to the Italian daily Il Giornale, Simon reportedly told his Italian counterparts that their situation is analagous in "certain aspects to that of the U.S."

Citing the 15 per cent loss of value of the Italian currency, the lira, since January 20, the U.S. Treasury Secretary indicated that he thought it inopportune to engage other resources (to support) a currency which has demonstrated itself to be so difficult and burdensome to maintain."

Il Giornale reports that Italian Finance Minister Emilio Colombo declared himself "to be in agreement with a policy that would limit domestic consumption." He indicated his commitment to use fiscal, and credit policy and the trade union movement to translate the necessary cutbacks into practice."

NEW YORK, March 9 (IPS)--Leading banking sources here report that U.S. Secretary of the Treasury William Simon has demanded that the Italian government implement severe restrictions on domestic consumption as a condition of bailout loan agreements. The restrictions which were described as being along the lines of proposals by Bank of Italy head Baffi, will include import restrictions. The import restrictions will be left open to negotiation, the sources report.

According to the bankers here, Simon, who is currently in Italy for meetings with Italian government and financial officials, intends to put together a bailout package which, in addition to 500 million dollars in loans from the U.S. Federal Reserve and the West German Bundesbank, will include: an old 800 million dollar tranche (credit line) with the U.S. Treasury; the still to be

negotiated one billion dollar loan guarantee package from the European Economic Community (EEC); and a 500 million dollars from the United Kingdom -- a country which just recently itself received a bailout loan from the International Monetary Fund.

SIMON ITALIAN PLAN BASED ON MYTHICAL RECOVERY

CHICAGO, March 9 (IPS)--Sources at First National Bank of Chicago said today that U.S. Treasury Secretary William Simon's strategy for "saving Italy" is premised on the mythical recovery of the French and British national sector economies. If the French and British recover enough, the sources said reporting on Mr. Simon's reasoning, "then Italian exports to those countries can be raised enough to enable Italy to regain credibility in the market."

WASHINGTON, D.C., March 9 (IPS)--Spokesmen for the U.S. Treasury Department here admitted that Treasury Secretary William Simon's plan to save the bankrupt Italian economy was premised on the "economic recovery of Italy's markets."

"Well, maybe not France and Britain," a spokesman said reflecting on the possibility of a recovery by Italy's two key export markets. But we can certainly count on an upswing in the U.S. and West Germany."

Another Treasury spokesman admitted that Italian firms have no inventories and will have to import to restart production. "If they can't export," he said "they're through."

Italy's trade deficit is reported to have dropped from 800 million dollars in December to 500 million in January -- a drop which was entirely due to a virtual shutoff of all imports. The Treasury spokesmen however viewed such figures as a reason for "optimism about the future of the Italian economy."

COLLAPSE OF STERLING HALTS TEMPORARILY

March 9 (IPS)--Intervention in the foreign exchange markets today by the Bank of England temporarily halted the collapse of sterling which has fallen 5 per cent in value against the dollar since Friday. Trading slowed because foreign exchange traders are confused and frightened, and their confidence in the pound and dollar, the world reserve currencies, is shaken. Renewed pressure against the pound and the dollar is expected to resume within days.

SENATORIAL AIDE PREDICTS IMMINENT COUP IN EGYPT IF SADAT NOT GIVEN ARMS

March 9 (IPS)--Egypt's President Anwar Sadat "is just not going to last if we don't keep props under him," an aide to a prominent Senator just returned from the Mideast told an inquirer today. Asked if he was expecting a coup d'etat in Egypt, the aide responded, "sure, sure, there's a lot of discontent in the military. Sadat has real problems, economic and political. When Sadat burned

his bridges with the Soviets, he angered the military. And, in case you aren't familiar with Middle Eastern politics, let me say that the only people who make coups in the Mideast are the military."

The aide then insisted that Sadat "needs the C-130s," (the large-scale transport planes that the U.S. is offering to Egypt) and complained about the negative reaction of both the Israelis and the Jewish lobby to the announced sale of the planes. "The C-130 is designed to help Sadat. The Israelis are acting like their own worst enemies. Whoever would replace Sadat, and I couldn't tell you who it would be, would be a lot less moderate than Sadat, that much is definite," the aide concluded.

SADAT TO ANNOUNCE GOVERNMENT SHAKE-UP IN EGYPT

March 9 (IPS)—Egyptian President Anwar Sadat is expected to announce a shakeup in the Egyptian government March 15. Yesterday's London Times quotes Cairo sources as reporting "that the change was prompted by Mr. Sadat's determination to prepare the nation for important moves to remedy the country's ailing economy. The Times also reports that Sadat, who has been in constant negotiations with Wall Street bankers and the International Monetary Fund to work out an austerity program in return for credits to rollover Egypt's debt, will appoint leading "economic experts" to oversee fiscal spending.

MEADE MOVES TO MEMORIALIZE EEA; CALLS FOR CALIFORNIA DEBT MORATORIUM

SACRAMENTO, March 9 (IPS)—California State Assemblyman Ken Meade (D-Oakland) in a press conference here today announced that he will ask the Rules Committee of the California State Legislature to memorialize his resolution for an Emergency Employment Act on March 11. The Assemblyman, in a surprise move, confirmed that he will simultaneously introduce an act calling for statewide debt moratorium for California. Meade has worked closely with the U.S. Labor Party in drafting both pieces of legislation.

Assemblyman Meade began the press conference which was attended by major California media with a scathing attack on California's Democratic Governor Jerry Brown for his incompetent, genocidal policy formulation, "Era of Limits." During the question period he announced that he "is now an independent candidate who enjoys collaborating with this group (the USLP)." Asked by the press if he was joining the USLP Meade responded, "You could not exactly infer that from what I just said." Meade reiterated his intention to work hard at getting the resolution to memorialize the EEA and the debt moratorium legislation through the legislature.

(MORE)

**DETROIT CITY BUDGET TAKEOVER CONTINUES;
YOUNG'S PLEDGE A HOAX**

DETROIT, March 9 (IPS)--Detroit Mayor Coleman Young's pledge that he would not comply with the Michigan Finance Commission's attempts to take control of the city's budget is a complete hoax, according to city government officials here.

Sources close to Detroit Budget Director Beckham, said that he has every intention of submitting weekly and monthly reports on cutbacks and layoffs to the MFC. Beckham is reported to have said that, "when the State sees us laying people off they'll know we're serious about cutting the deficit."

In an interview today, Deputy Director of the MFC Allen reported that Mayor Young had never contacted him about not complying with the agency and that he "fully expects a weekly report on cutbacks." The Counsel to the City corporation, Mr. Bailer, also report that Young had not asked him for any legal help to fight the MFC and indicated that no fight was being waged.

**INCREASE IN VIOLENCE IN LEBANON, SYRIA AND ISRAEL
RAISES POSSIBILITY OF WAR**

March 9 (IPS)--Moslem Lebanese Army deserters took over a garrison near the Israeli border today, and Lebanese President Franjieh told an emergency cabinet meeting that "the takeover may touch off a chain of similar mutinies and plunge the army into an open Moslem-Christian confrontation," reports today's New York Post. Franjieh warned "the takeover may also provide Israel with the pretext it has long been seeking to invade and annex south Lebanon. This," he added, "would touch off a fifth Arab-Israeli war..."

The mutiny happened on the same day as the arrival in Beirut of Syrian Foreign Minister Abdul Halim Khaddam and Syrian Air Force Commander Maj. Gen. Naji Jamil in one more effort to arrest the dissention and consequent unraveling of Syrian control.

Clashes also took place today between Israeli soldiers and Arab guerrilla at the Syrian border on the Golan Heights according to the Israeli military today's Washington Post reports. In Israel itself there was serious rioting in Nablus in the Arab populated area of east Israel, adding to the crisis atmosphere, according to radio reports monitored in New York.

**WHITE HOUSE ADVISOR: "YOU MEAN THE ECONOMY
WON'T MAKE IT THROUGH THE PRIMARIES!"**

WASHINGTON, D.C., March 9 (IPS)--A senior White House economic advisor today expressed shock about the imminence of a collapse of the world economy. "You mean we won't be able to get through the primaries!", he said after being briefed by a U.S. Labor Party spokesman.

The spokesman indicated that the Administration is counting on Congressional passage of legislation to create "international safety net" fund to bailout bankrupt Western European and selected Third World countries who would otherwise default on their debts. The White House is putting pressure to get the safety net legislation through the Senate Foreign Relations Committee, the advisor reported.