



NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

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COMBINED ISSUE

I. PRIORITIES

SPECIAL REPORT: EUROPEAN MONEY CRISIS USED TO PUSH AUSTERITY

BANKERS INSIST AUSTERITY GOVERNMENT CAN CONTROL ITALY'S CURRENCY CRISIS

NEW YORK, JAN. 21 (IPS)—LEADING INTERNATIONAL SOURCES EXPRESSED CONFIDENCE TODAY THAT THE RECENT MASSIVE SELLING OF THE ITALIAN LIRA AND THE FLIGHT OF "SCARED" MONEY FROM ITALY COULD BE BROUGHT UNDER CONTROL IF A STRONG, PRO-AUSTERITY GOVERNMENT STEPS IN QUICKLY TO TAKE CHARGE OF ITALY'S TANGLED POLITICAL AND MONETARY AFFAIRS.

THE ITALIAN PAPER REPUBBLICA, OWNED BY ROCKEFELLER-AGENT GIANNI AGNELLI, CLAIMED THAT THE LIRA DUMPING WAS INITIATED BY THE UNITED STATES "AS AN ADVICE TO ITALIAN POLITICS AGAINST A POWER SHIFT IN THE ANTICIPATED ELECTIONS OR NEW 'UNPLEASANT MAJORITIES' IN THE GOVERNMENT."

IN THE U.S., NEW YORK FOREIGN EXCHANGE TRADERS WHO WERE CAUGHT BY SURPRISE BY THE SUDDEN CLOSING OF THE MARKETS WERE TOLD BY THE FEDERAL RESERVE THAT THERE WAS NOTHING TO WORRY ABOUT, AND NUMEROUS HIGH BANKING SOURCES TOLD IPS THAT THE CRISIS WAS NOT A FINANCIAL BUT A POLITICAL ONE. "ONLY A POLITICAL-MILITARY SOLUTION CAN WORK" COMMENTED ONE CHIEF BANK ECONOMIST, WHILE THE CHIEF OF INTERNATIONAL OPERATIONS OF A TOP NEW YORK BANK EXPRESSED THE HOPE THAT THE RECENT EVENTS WOULD LEAD TO THE "FORMATION OF A STRONG GOVERNMENT IN ITALY, STRONG ENOUGH TO IMPOSE THE NECESSARY AUSTERITY."

NO FOREIGN FUNDS AVAILABLE TO AID ITALY IN FISCAL CRISIS

WIESBADEN, W. GERMANY, JAN. 21 (IPS)—WEST GERMAN FINANCE MINISTER AND ROCKEFELLER-AGENT HANS APEL ANNOUNCED TODAY THAT WEST GERMANY HAD DECIDED AGAINST ANY ATTEMPT TO BAIL OUT ITALY, WHICH HAS NEARLY EXHAUSTED ITS FOREIGN RESERVES IN AN ATTEMPT TO SUPPORT THE LIRA AGAINST MASSIVE SELLING. APEL MADE THE ANNOUNCEMENT FOLLOWING AN EMERGENCY WEST GERMAN CABINET MEETING ON THE ITALIAN SITUATION.

(MORE)

IN SUPPORT OF APEL'S DECISION, SEVERAL WEST GERMAN BANKERS NOTED THAT ITALY STILL HAS NOT FULLY REPAID ITS \$1.9 BILLION 1974 LOAN FROM WEST GERMANY.

APEL'S ANNOUNCEMENT LEFT ITALY LITTLE RECOURSE EXCEPT MASSIVE DOMESTIC AUSTERITY TO MEET ITS FOREIGN PAYMENTS IMBALANCE. WEST GERMANY IS THE ONLY COMMON MARKET COUNTRY WITH A BALANCE OF PAYMENTS SURPLUS, AND HER REFUSAL TO AID ITALY MAKES AN EMERGENCY COMMON MARKET LOAN IMPROBABLE. AT THE SAME TIME, ITALY HAS DRAWN THE LAST \$250 MILLION OF ITS "SWAP" ARRANGEMENT WITH THE U.S. FEDERAL RESERVE, AND IS THE ONLY COUNTRY IN THE WORLD TO HAVE BORROWED OVER 200 PER CENT OF ITS QUOTA FROM THE IMF. UNDER THESE CIRCUMSTANCES, THE IMF WHOSE EXECUTIVE BOARD MET TO CONSIDER THE SITUATION THIS AFTERNOON, NORMALLY SETS STIFF AUSTERITY CONDITIONS AS A PRE-REQUISITE FOR ANY FURTHER LOANS.

EDDE FINGERS KISSINGER AS INSTIGATOR OF LEBANON PARTITION SCHEME

JAN. 21 (IPS)—RAYMOND EDDE, HEAD OF THE NATIONAL LEBANESE BLOC PARTY AND THE MAJOR OPPONENT OF U.S. SECRETARY OF STATE KISSINGER'S CONFRONTATION POLICIES IN THE MIDDLE EAST, ATTRIBUTED THE SCHEME FOR THE PARTITIONING OF LEBANON DIRECTLY TO KISSINGER IN AN INTERVIEW WITH AGENCE FRANCE PRESS TODAY. EDDE CHARGED THAT KISSINGER INTENDS TO GIVE THE BEKAA VALLEY, THE AKKAR REGION AND TRIPOLI BACK TO SYRIA, WHILE THE ISRAELIS WILL GET THEIR SHARE OF SOUTHERN LEBANON. EDDE FURTHER INSISTED THAT THE "DESTRUCTION AND THE DEVASTATION (IN LEBANON) COULD NOT BE EXPLAINED FROM THE INSIDE OF THE LEBANESE CONFLICT." THIS IS THE FIRST TIME THAT ANY MAJOR POLITICAL FIGURE APART FROM THE INTERNATIONAL CAUCUS OF THE LABOR COMMITTEES AND THE U.S. LABOR PARTY HAS PUBLICLY EXPOSED THE LEBANESE CIVIL WAR AS BEING PART OF KISSINGER'S OWN SCHEMES FOR THE MIDDLE EAST.

DEBRE CALLS FOR U.N. MEETING ON LEBANON

JAN. 12 (IPS)—FRENCH GAULLIST LEADER AND FORMER PRIME MINISTER MICHEL DEBRE HAS CALLED ON FRANCE TO DEMAND A U.N. SECURITY COUNCIL MEETING ON THE LEBANESE SITUATION OR MOVE IN THE DIRECTION OF A MEETING OF THE INTERESTED BIG SUPER POWERS, ACCORDING TO YESTERDAY'S LE MONDE. DEBRE FURTHER BLASTED "INDIFFERENTISM" TO THE CRISIS.

SIMULTANEOUS WITH THE DEBRE STATEMENT, SYRIAN PRESIDENT HAFEZ ASSAD HAS ANNOUNCED A TRIP TO PARIS NEXT MONTH, AN UNPRECEDENTED MOVE.

KISSINGER, BREZHNEV CLASH PUBLICLY ON ANGOLA

JAN. 21 (IPS)—SOVIET PARTY LEADER LEONID BREZHNEV TODAY REFUSED TO DISCUSS THE ANGOLA ISSUE AT A PRESS CONFERENCE IN MOSCOW TODAY, WHERE HE APPEARED WITH U.S. SECRETARY OF STATE HENRY KISSINGER AFTER THE FIRST ROUND OF THEIR BILATERAL TALKS.

(MORE)

"I AM NOT AN ANGOLAN," SAID BREZHNEV ACCORDING TO RADIO REPORTS IN THE U.S. AND EUROPE. KISSINGER TOLD THE PRESS THAT HE HAD DISCUSSED ANGOLA WITH THE SOVIET LEADERS DURING THE FIRST ROUND OF TALKS THIS MORNING.

A RADIO MOSCOW BROADCAST BEAMED TO EUROPE THIS EVENING SAID THAT SOVIET FOREIGN MINISTER ANDREI GROMYKO TOLD THE PRESS THAT THE SOVIET UNION HAS STRICTLY ADHERED TO PREVIOUSLY SIGNED AGREEMENTS BETWEEN THE SOVIET UNION AND THE UNITED STATES.

REPORTS OF THE STRATEGIC ARMS LIMITATION ASPECTS OF THE MOSCOW TALKS ARE NOT YET AVAILABLE.

FORMER SECRETARY OF AIR FORCE SAYS:
SALT "100 TIMES MORE IMPORTANT" THAN ANGOLA

JAN. 21 (IPS)—COMMENTING ON U.S. SECRETARY OF STATE HENRY KISSINGER'S EFFORTS TO INTRODUCE THE ANGOLA ISSUE INTO ARMS LIMITATION NEGOTIATIONS IN MOSCOW, FORMER AIR FORCE SECRETARY TOWNSEND HOOPES SAID TODAY THAT "A SALT AGREEMENT IS 100 TIMES MORE IMPORTANT TO THE PRESIDENT THAN ANGOLA IS NOW." HOOPES, ALSO INDICATED THAT KISSINGER WOULD BE ACTING AGAINST THE PRESIDENT'S WISHES IN PUSHING THE ANGOLA ISSUE IN MOSCOW.

HOOPES ALSO STATED THAT IT WOULD "NOT BE UNREASONABLE, ALTHOUGH IT WOULD BE UNLIKELY" THAT KISSINGER WOULD BE ASKED TO RESIGN IF HE RETURNED FROM MOSCOW WITHOUT A SALT AGREEMENT.

U.S. ADMINISTRATION PUNTS ON EUROPEAN CURRENCY CRISIS

JAN. 21 (IPS)—THROUGHOUT THE EXECUTIVE BRANCH OF THE U.S. GOVERNMENT TODAY, THE REACTION TO THE CLOSING OF THE ITALIAN FOREIGN CURRENCY EXCHANGE AND THE COLLAPSE OF THE LIRA WAS ONE OF GENERAL IGNORANCE OR INCOMPETENCE.

+A SPOKESMAN FOR THE FEDERAL RESERVE INSISTED THE ITALIAN CRISIS WAS LOCALIZED AND SAID THAT THE STATE DEPARTMENT WAS HANDLING THE PROBLEM.

+A SPOKESMAN FOR THE STATE DEPARTMENT REFUSED TO COMMENT ON THE CRISIS, BUT TOLD IPS "IF YOU REPORT THAT A STATE DEPARTMENT SPOKESMAN SAID NO COMMENT, I'LL FRY YOU." ANOTHER STATE DEPARTMENT OFFICIAL, UPON BEING TOLD THAT THE FEDERAL RESERVE HAD DIRECTED CALLERS TO STATE, SAID, "CALL THE TREASURY."

+WITHIN THE TREASURY DEPARTMENT, UNDERSECRETARY FOR MONETARY AFFAIRS EDWARD YEO, WHEN ASKED ABOUT U.S. REACTION TO THE ITALIAN CRISIS SAID, THROUGH A SPOKESMAN, "NO COMMENT."

+A SPOKESMAN FOR THE COUNCIL ON ECONOMIC ADVISORS INSISTED THAT THE CRISIS WAS NOT SERIOUS AND THAT "RECOVERY WAS UNDERWAY" IN EUROPE AND THE U.S.

(MORE)

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A SOURCE CLOSE TO THE WHITE HOUSE REACTED WITH SERIOUS DISMAY TO THE ITALIAN DEVELOPMENTS AND SAID, "THAT MEANS WE CAN'T GO AROUND STICKING OUR FINGERS IN THE DIKE, WE NEED A WHOLE NEW STRUCTURE."
