



# NEW SOLIDARITY International Press Service

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LATE NEWS ROUND-UP  
JAN. 23, 1976 2100 HRS.

## I. PRIORITIES

### SPECULATORS DUMPING LIRA, FRANC, AND POUND

JAN. 23 (IPS)—THE ROCKEFELLER-PROVOKED ITALIAN LIRA CRISIS - WHICH HAS RESULTED IN THE SHUTDOWN OF THE ITALIAN FOREIGN EXCHANGE AND STOCK MARKETS- HAS PROVOKED A FULL-FLEDGED RUN ON THE FRENCH FRANC AND THE BRITISH POUND. ALL THREE COUNTRIES REGISTERED SHARPLY DETERIORATING TRADE DEFICITS IN THE LAST QUARTER OF 1975, AND EXPECT THEIR PAYMENTS BALANCE SITUATIONS TO WORSEN IN THE IMMEDIATE FUTURE.

BOTH THE BANK OF ENGLAND AND THE BANQUE DE FRANCE HAVE BEEN SUPPORTING THEIR CURRENCIES WITH HUNDREDS OF MILLIONS OF DOLLAR SALES FROM THEIR CENTRAL BANK RESERVES. THE BANQUE DE FRANCE, ACCORDING TO WEST GERMAN FOREIGN EXCHANGE TRADERS, ALONE HAS SOLD 1 BILLION DOLLARS, OR ONE SIXTH OF ITS TOTAL FOREIGN EXCHANGE RESERVES, OVER THE LAST THREE DAYS. IN ADDITION, THE NEW YORK FEDERAL RESERVE BANK HAS BEEN CALMING THE STATESIDE MARKETS DOWN WITH MASSIVE INTERVENTIONS ON THE BEHALF OF EUROPEAN CURRENCIES TO KEEP THE SITUATION FROM EXPLODING INTO A GENERALIZED PANIC.

INTERVIEWS WITH WALL STREET BANKERS AND THE INTERNATIONAL MONETARY FUND INDICATE THAT THE SITUATION IS UNCONTROLLABLE AND COULD LEAD TO A COLLAPSE OF ALL EUROPEAN CURRENCIES IN THE IMMEDIATE PERIOD AHEAD. RUMOURS OF A DEVALUATION OF THE FRENCH FRANC ARE WIDESPREAD, AND THERE HAS BEEN A MAJOR FLIGHT OF CAPITAL FROM THE COUNTRY IN ANTICIPATION OF DEVALUATION. MARKET SOURCES REPORT THAT SUCH A DEVALUATION, INTENDED TO IMPOSE VICIOUS AUSTERITY ON THE WORKING CLASS, WOULD FORCE WEST GERMANY AND JAPAN TO DEVALUE THEIR CURRENCIES AS WELL, IN ORDER TO MAINTAIN THEIR EXPORT COMPETITIVENESS.

### KISSINGER SABOTAGES SALT PACT

JAN. 23 (IPS)—SECRETARY OF STATE HENRY KISSINGER LEFT MOSCOW YESTERDAY WITHOUT AN AGREEMENT ON THE STRATEGIC ARMS LIMITATION PACT. WHILE UNNAMED STATE DEPARTMENT OFFICIALS INSISTED THAT IT WOULD BE "AN UNFAIR INFERENCE TO SAY THAT THE TALKS HAD FAILED OR DEAD-LOCKED," HELMUT SONNENFELT, A STATE DEPARTMENT SPOKESMAN SAID THAT "THERE ARE MORE FUNDAMENTAL ISSUES TO BE RESOLVED." WHILE TODAY'S BALTIMORE SUN RAN A STORY HEADLINED "KISSINGER FAILS TO GET SALT PACT," NUMEROUS PRESS HAVE GIVEN COVERAGE TO A CLAIM BY KISSINGER THAT HE

(MORE)

NEVER REALLY WENT TO MOSCOW TO SECURE AN AGREEMENT, BUT ONLY TO PRODUCE "MOTION" IN THE SALT TALKS. THE ONLY CONCRETE AGREEMENT REPORTED TO HAVE ARISEN OUT OF KISSINGER'S TRIP IS A U.S./SOVIET AGREEMENT ON THE DEFINITION OF "LIGHT" AND "HEAVY" MISSILES.

PSI-DC GOVERNMENT IN THE OFFING IN ITALY?

JAN. 23 (IPS)—FORMATION OF A COALITION GOVERNMENT IN ITALY BETWEEN THE CHRISTIAN DEMOCRACY (DC) AND THE SOCIALIST PARTY (PSI) APPEARS TO BE IN THE WORKS TODAY IN THE WAKE OF A MASSIVE OUTFLOW OF ITALIAN CENTRAL BANK RESERVES TO PROP UP THE LIRA WHICH REACHED ITS CLIMAX EARLIER THIS WEEK.

REPORTS OF A POSSIBLE DC-PSI GOVERNMENT CAME FOLLOWING INTENSE PRESSURE ON THE PSI — WHICH PRECIPITATED THE GOVERNMENT CRISIS BY WITHDRAWING ITS SUPPORT FROM PREMIER ALDO MORO OVER THE ISSUE OF AUSTERITY — TO COMPROMISE ON THE AUSTERITY ISSUE. ACCORDING TO LA STAMPA, COMMUNIST PARTY (PCI) GENERAL SECRETARY ENRICO BERLINGUER ADVISED HIS PSI COUNTERPART FRANCESCO DE MARTINO, ACCORDING TO TODAY'S LA STAMPA, THAT IF ONE PROVOKES A CRISIS, THERE CAN BE ONLY TWO ALTERNATIVES: EITHER FORCE EARLY ELECTIONS OR ENTER THE GOVERNMENT. SINCE BOTH THE PSI AND THE PCI ARE OPPOSED TO EARLY ELECTIONS, BERLINGUER REPORTEDLY SAID, THEN THE PSI HAD NO CHOICE BUT TO JOIN THE CABINET.

OTHER SPECULATION TODAY CENTERED ON THE POSSIBLE ROLE OF THE AGENT-LED PCI, ITALY'S SECOND LARGEST PARTY, IN A COALITION GOVERNMENT. A HIGHLY - PLACED IMF SOURCE INDICATED YESTERDAY THAT A "HISTORICAL COMPROMISE" GOVERNMENT WITH THE PCI AND THE DC MIGHT PROVIDE THE BETTER SOLUTION TO THE GOVERNMENT CRISIS. BUT OTHER OBSERVERS NOTE THAT THE PCI, WHICH HAS COVERTLY SUPPORTED THE AUSTERITY POLICIES OF THE PRO-ROCKEFELLER FACTION IN THE DC, MAY FIND IT MORE ADVANTAGEOUS TO CONTINUE AS A SILENT PARTNER IN IMPOSING AUSTERITY ON ITALY.

ATTACK ON LIRA 'MAY HAVE BEEN PROVOKED': LONDON TIMES

JAN. 23 (IPS)—"SUGGESTIONS HAVE BEEN MADE" THAT THE SPECULATION AGAINST THE ITALIAN LIRA WAS "PROVOKED AS A MEANS OF PREVENTING THE FORMATION OF A GOVERNMENT JUDGED TOO FAR TO THE LEFT," ACCORDING TO THE LONDON TIMES OF JAN. 22.

"WHATEVER THE TRUTH OF SUCH ASSERTIONS, THE SERIOUSNESS OF THE POLITICAL CRISIS IS NOW ACCENTUATED AS WELL AS THE NEED TO GIVE THE COUNTRY A GOVERNMENT OF SOME KIND IN THE SHORTEST POSSIBLE TIME," TIMES CORRESPONDENT PETER NICHOLS ADDS.