



NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
LATE EVENING NEWS ROUND-UP
FEBRUARY 9, 1976 2100 HRS.

I. PRIORITIES

ATLANTICIST CURRENCY RESTRUCTURING HITS FRENCH FRANC

NEW YORK, FEB. 9 (IPS)--THE FRENCH FRANC CAME UNDER A "SHARP ATTACK" FROM CURRENCY SPECULATORS TODAY, AS THE WEST GERMAN MARK AND THE SWISS FRANC BOTH APPRECIATED BY .6 OF A PERCENTAGE POINT AGAINST THE FRENCH FRANC. TRADERS IN NEW YORK CONFIRMED THAT THE ATTACK ON THE FRANC WAS INITIATED BY THE ATLANTICIST-CONTROLLED WEST GERMAN FEDERAL BANK (BUNDESBANK), WHICH GAVE THE GO-AHEAD TO FRANKFURT-BASED TRADERS TO MOVE AGAINST THE FRANC, WHILE AT THE SAME TIME ORDERING THEM NOT TO TOUCH THE ITALIAN LIRA. SELL ORDERS FROM WEST GERMAN BANKS FILTERED THROUGH TO NEW YORK TRADERS AS WELL, AND MASSIVE INTERVENTION BY THE BANK OF FRANCE WAS UNABLE TO STOP THE FRANC'S FALL.

AT THE SAME TIME, THE SPANISH PESETA WAS OFFICIALLY DEVALUED BY 10 - 11 PER CENT, AND THE BELGIAN FRANC HAS COME UNDER STRONG PRESSURE FROM SELLING, A FACT WHICH HAS SURPRISED THE BELGIAN CENTRAL BANK, FROM SELLING, A FACT WHICH HAS SURPRISED THE BELGIAN CENTRAL BANK, DEVALUATION OF THE TURKISH LIRA, AND AN EFFECTIVE 12 - 13 PER CENT DEVALUATION OF THE ITALIAN LIRA.

BOTH LEADING NEW YORK BANKERS AND STATE DEPARTMENT SOURCES INDICATED LAST WEEK THAT IT WAS THEIR INTENTION TO USE THE BUNDESBANK TO FORCE A GENERAL DEVALUATION OF THE WESTERN EUROPEAN CURRENCIES, A PLAN WHICH WAS FULLY CONFIRMED BY TODAY'S EVENTS. COMMENTING ON THE STRENGTH OF THE SHATTERED ITALIAN LIRA AGAINST THE FRANC, SEVERAL SOURCES EXPRESSED THE OPINION TODAY THAT, IN THE WORDS OF ONE TRADER, "WE'VE DONE ENOUGH FOR THE LIRA FOR NOW," WHILE MONEY MANAGER SAID THAT THE FRANC WAS NOW WEAKER THAN THE LIRA SINCE THE LIRA'S DEPRECIATION AS A RESULT OF LAST MONTH'S MASSIVE ATTACKS.

ONE SOURCE INDICATED THAT THE SCANDINAVIAN CURRENCIES AND THE POUND STERLING ARE NEXT IN LINE FOR RESTRUCTURING TREATMENT.

BEC SLAPS TAX ON ITALIAN FARM EXPORTS

FEB. 9 (IPS)--THE COMMON MARKET AGRICULTURAL COMMISSION HAS DECIDED

(MORE)

TO SLAP A 6.2 PER CENT TAX ON ITALY'S AGRICULTURAL EXPORTS, IN ORDER TO BRING ITALIAN AGRICULTURAL PRICES - WHICH HAVE BEEN LOWERED BY THE FALL IN VALUE OF THE LIRA OVER THE PAST TWO WEEKS - BACK INTO LINE WITH THE PRICES SET BY THE EEC. ACCORDING TO THE JOURNAL OF COMMERCE, THE LIRA'S FALL HAS ACTUALLY GIVEN ITALIAN PRODUCTS A 7.9 PER CENT PRICE EDGE. BUT, THE JOURNAL OF COMMERCE SAYS, ITALIAN OPPOSITION TO THE MEASURE HAS FORCED THE COMMISSION TO GO SOFTLY

MORO'S MINORITY GOVERNMENT STILL IN TROUBLE

ROME, FEB. 9 (IPS)--ITALIAN PRESIDENT GIOVANNI LEONE AGAIN URGED CARETAKER PREMIER ALDO MORO TODAY TO SPEED UP THE FORMATION OF A NEW GOVERNMENT SO THAT THE URGENT AND SERIOUS ECONOMIC TROUBLES OF THE COUNTRY CAN BEGIN TO BE SOLVED.

WITH MORO NOW ATTEMPTING TO FORM A GOVERNMENT CONSISTING SOLELY OF HIS DIVIDED CHRISTIAN DEMOCRACY (DC) - THE SO-CALLED "MONOCOLOR OF ABSTENTIONS" IN WHICH OTHER PARTIES PLEDGE NOT TO BRING DOWN THE GOVERNMENT BY A VOTE OF NO CONFIDENCE - THE MAJORITY OF ITALIAN COMMENTATORS ARE POINTING TO THE 'DIVISIONS, DIFFICULTIES AND PERPLEXITIES' THAT HIS EFFORTS ARE ENCOUNTERING. CITING THE OBJECTIONS OF THE MAJOR DC LEADERS, THE INFLUENTIAL DAILY CORRIERE DELLA SERA SUMMED IT UP: "FANFANI IS AGAINST A STRAIGHT DC GOVERNMENT...ANDREOTTI IS HOSTILE TO MORO. PICCOLI IS CONVINCED THAT THE CHRISTIAN DEMOCRACY IN FORMING THIS GOVERNMENT RISKS GETTING INTO A 'LARGE ADVENTURE'".

THE MEANING OF THE MONOCOLOR

MILAN, FEB. 9 (IPS)--CORRIERE DELLA SERA SAID TODAY THAT THE PROPOSED "NEW MONOCOLOR RISKS BEING CONDITIONED BY THE ITALIAN COMMUNIST PARTY EVEN MORE THAN THE PRECEDING GOVERNMENT." BUT, CORRIERE SAID, "THE ONLY ALTERNATIVE TO THE MONOCOLOR WOULD HAVE BEEN EARLY ELECTIONS, AND IT IS HARD TO SEE WHAT ADVANTAGES THE CHRISTIAN DEMOCRACY COULD HAVE GOTTEN OUT OF THAT."

ATLANTICISTS SHIFT TO NEW COALITION IN WEST GERMAN STATE OF LOWER SAXONY

FEB. 10--THE NEWLY ELECTED CHRISTIAN DEMOCRATIC GOVERNMENT IN THE WEST GERMAN STATE OF LOWER SAXONY, APPOINTED BY A STATE PARLIAMENTARY VOTE ON FEB. 7, FORMED A CABINET TODAY. CHRISTIAN DEMOCRATIC (CDU) MINISTER PRESIDENT ALBRECHT APPOINTED 5 CDU OFFICIALS TO MINISTERIAL POSTS, INTENTIONALLY LEAVING THE OFFICES OF STATE FINANCE AND ECONOMICS MINISTERS UNOCCUPIED.

WEST GERMAN RADIO REPORTS THAT ALBRECHT WILL NOW ENTER INTO NEGOTIATIONS WITH THE TWO OTHER PARTIES IN THE STATE, THE SOCIAL DEMOCRATS AND THE FREE DEMOCRATS, TO OFFER THEM THE POSTS. IN ANTICIPATION OF THE POSSIBILITY THAT THE FREE DEMOCRATS WILL ENTER INTO A COALITION WITH ALBRECHT'S GOVERNMENT, THE INDUSTRIALISTS DAILY HANDELSBLATT SAID TODAY THAT ALBRECHT'S MOVE SIGNALS "THE END OF THE ERA OF SOCIAL DEMOCRATIC - FREE DEMOCRATIC COALITION" WHICH HAS GOVERNED NATIONALLY AND IN SEVERAL STATES SINCE 1969.

(MORE)

THE LOWER SAXONY CHANGE IN GOVERNMENT IS THE FIRST STEP BY ATLANTICIST FORCES IN ALL WEST GERMAN PARTIES TO FORCE THE SOCIAL DEMOCRATS' MASS WORKING CLASS BASE INTO POLITICAL RETREAT BEFORE A MAJOR DRIVE TO IMPLEMENT AUSTERITY. A MASSIVE PROPAGANDA DRIVE BEING GENERATED BY THE ATLANTICIST WEST GERMAN PRESS NETWORK, WHICH STRESSES THAT THE LOWER SAXONY REALIGNMENT WILL EVENTUALLY TOPPLE SOCIAL DEMOCRATIC RULE NATIONALLY, IS INTENDED TO FORCE THE SPD'S WORKING CLASS MACHINE INTO A DEFENSIVE POSTURE OF MAINTAINING UNITY IN THE PARTY AT THE EXPENSE OF FIGHTING AUSTERITY.

AT A PRESS CONFERENCE IN LONDON YESTERDAY, SPD CHANCELLOR AND ATLANTICIST HELMUT SCHMIDT INSISTED THAT THE LOWER SAXONY SITUATION WILL NOT EFFECT THE FEDERAL FREE DEMOCRATIC - SPD COALITION. SCHMIDT WAS ECHOED AT THE PRESS CONFERENCE BY FDP CHAIRMAN AND FOREIGN MINISTER HANS DIETRICH GENSCHER.

FRENCH BOURGEOIS PRESS BLASTS GISCARD'S FOREIGN POLICY

FEB. 9 (IPS)--FRANCE'S LEADING BOURGEOIS PAPERS, LE MONDE AND LE FIGARO, JOINED FORCES FEB. 7 IN LAUNCHING MAJOR EDITORIAL ATTACKS ON ATLANTICIST PRESIDENT VALERY GISCARD D'ESTAING'S FOREIGN POLICY. REFLECTING INCREASING OPPOSITION, ESPECIALLY AMONG GAULLIST POLITICAL CIRCLES, TO GISCARD'S POLICIES, BOTH PAPERS ATTACKED THE FRENCH GOVERNMENT'S RECENT STAGED PROVOCATION AGAINST THE PRO-SOVIET GOVERNMENT OF SOMALIA OVER THE FRENCH TERRITORY OF DJIBOUTI.

LE MONDE COUNTERPOSED GISCARD'S FOREIGN POLICY IN ANGOLA, DJIBOUTI, AND THE WESTERN SAHARA TO THAT OF THE LATE PRESIDENT CHARLES DE GAULLE, WARNING THAT THE CURRENT ATLANTICIST DRIFT, USHERED INTO FRENCH FOREIGN POLICY BY GISCARD, MUST STOP IF FRANCE IS TO MAINTAIN WHAT REMAINING FRIENDLY RELATIONS IT HAS TO THE THIRD WORLD. LE FIGARO ACCUSED THE GISCARD GOVERNMENT OF BEARING FULL RESPONSIBILITY FOR THE EVENTS IN DJIBOUTI, WHERE 1 CHILD WAS KILLED AND 2 OTHERS SERIOUSLY WOUNDED WHEN FRENCH POLICE CHARGED A BUS WHICH SOMALIAN "LIBERATION COMMANDOES" WERE SAID TO HAVE KIDNAPPED.

FLINT NAACP CONSIDERS ACTION ON SOB DIRTY TRICKS

FLINT, MICH., FEB. 9 (IPS)--AT AN EXECUTIVE BOARD MEETING OF THE FLINT CHAPTER OF THE NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE (NAACP) HERE FEB. 7, U.S. LABOR PARTY SPOKESMAN RICHARD MCGRAW GAVE A 40 MINUTE PRESENTATION ON THE ILLEGAL CRIMINAL ACTIVITIES AND DIRTY TRICKS CARRIED OUT BY THE SPECIAL OPERATIONS BUREAU (SOB) OF THE FLINT POLICE DEPARTMENT. MCGRAW CALLED ON THE FLINT NAACP TO ENDORSE AN IMMEDIATE INVESTIGATION OF THE SOB AND TO COMMIT THE RESOURCES OF THE NAACP BOTH LOCALLY AND NATIONALLY TO A LEGAL AND POLITICAL BATTLE AGAINST FBI AND JUSTICE DEPARTMENT COVERT OPERATIONS.

MCGRAW DESCRIBED THE SOB AS THE SAME TYPE OF APPARATUS AS THAT WHICH WAS USED TO TERRORIZE THE CIVIL RIGHTS MOVEMENT AND WHICH LED TO THE ASSASSINATION OF MARTIN LUTHER KING. THE FLINT NAACP EXECUTIVE BOARD WILL VOTE ON THE U.S. LABOR PARTY RESOLUTIONS THIS WEEK.

II. AUSTERITY BULLETIN

JAVITS PENSION BILL USED TO LOOT WAGES

NEW YORK, FEB. 9 (IPS)—SENATOR JACOB JAVITS' (R-NY) EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) IS BEING USED AS A VEHICLE FOR MASSIVE LOOTING OF WORKERS' WAGES. ACCORDING TO A FRONT-PAGE ARTICLE IN TODAY'S NEW YORK TIMES, THE REQUIREMENTS OF THE BILL — WHICH COVERS 35 TO 40 MILLION WORKERS IN THE NATION'S 600,000 PRIVATE PENSION PLANS — "RAISE THE PROSPECT THAT THE COST OF COMPLIANCE WILL CUT INTO THE PAY RAISES OF MANY PEOPLE THIS YEAR AND NEXT."

"THERE'S NO QUESTION THAT DIRECT PAY SETTLEMENTS ARE LESS THIS YEAR, AND WILL BE NEXT YEAR, THAN THEY WOULD OTHERWISE BE IF IT WERE NOT FOR THE FACT THAT EXTRA MONEY HAS TO BE ADDED TO PENSION PLANS TO MEET THE REQUIREMENT OF THE LAW," PENSION CONSULTANT ROBERT TILOVE TOLD THE TIMES. TILOVE ESTIMATED THE COST OF THE INCREASED FUNDING AND VESTING STANDARDS UNDER ERISA WOULD REQUIRE 10 TO 30 PER CENT INCREASED CONTRIBUTIONS.

A SOURCE IN THE PENSION FUND DEPARTMENT OF BANKERS TRUST IN NEW YORK TOLD IPS TODAY THAT THE TIMES ARTICLE WAS "ADDRESSING ITSELF TO THE (UPCOMING LABOR) NEGOTIATIONS." THE SOURCE NOTED THAT UNDER ERISA, COMPANIES COULD GAIN FURTHER "COST D-SAVINGS" BY REDUCING PENSION BENEFITS BY A PERCENTAGE OF THE AMOUNT THEY PAY FOR SOCIAL SECURITY.

A SPOKESMAN FOR THE PENSION FIRM WHERE TILOVE IS EMPLOYED ADDED IN AN IPS INTERVIEW THAT PENSION BENEFITS WOULD ALSO BE REDUCED TO MEET THE ADDITIONAL FUNDING AND VESTING REQUIREMENT.

WHILE THE PENSION FUNDS PROVIDE CORPORATIONS WITH A LARGE POOL OF LIQUIDITY TO USE IN INVESTMENTS, THERE IS NO GUARANTEE THAT WORKERS WILL EVER SEE THE BENEFITS TOWARD WHICH THEY CONTRIBUTED, BECAUSE MOST PLANS RESERVE THE RIGHT TO LIQUIDATE WITHOUT NOTICE. WHILE ERISA OSTENSIBLY PROTECTS PENSIONERS "VESTED" RIGHTS, FOUR TIMES THE NUMBER OF PLANS THAT WAS PREDICTED WERE LIQUIDATED IN 1975 — THE FIRST YEAR OF THE ERISA — ILLION CAPITAL SPE THE RATIONALIZATION OF GM'S EXISTING PRODUCTION-LINE CAPACITY TO CONCENTRATE ON PRODUCTIVITY AND THE SMALL-CAR MARKET, ACCORDING TO TODAY'S NEW YORK TIMES. ALTHOUGH THE \$2.6 BILLION PLAN IS THE LARGEST DOLLAR AMOUNT IN GM'S HISTORY, NO NEW CAPACITY IS PLANNED, COMPANY OFFICIALS HAVE SAID.

IT IS AN OPEN SECRET THAT GM INTENDS TO USE IT RATIONALIZATION PLAN TO EFFECTIVELY MUSCLE LESS-PRODUCTIVE AND EFFICIENT FORD AND CHRYSLER OUT OF THE SMALL-CAR MARKET, THE ONLY MASS AUTO MARKET LEFT IN THE COUNTRY. NEITHER FORD NOR CHRYSLER WILL HAVE

(MORE)

ANYTHING NEAR THE SAME AMOUNT AS GM TO SPEND ON RETOOLING THIS YEAR, WITH NEAR-BANKRUPT CHRYSLER EXPECTED TO MUSTER ONLY \$400 MILLION OF ITS 1976 CAPITAL PROGRAM.

III. INTERNATIONAL

MARCHAIS CLAIMS LEFT PRIME MINISTER POSSIBLE UNDER GISCARD

FEB. 9 (IPS)—FRENCH COMMUNIST PARTY GENERAL SECRETARY GEORGES MARCHAIS ADMITTED YESTERDAY THAT HE WOULD ACCEPT THE PARTICIPATION OF THE UNION OF THE LEFT, INCLUDING THE PCF AND THE SOCIALIST PARTY, IN THE ATLANTICIST GOVERNMENT OF PRESIDENT VALERY GISCARD D'ESTAING. IN A RADIO INTERVIEW ON RADIO LUXEMBOURG, MARCHAIS CLAIMED THAT IN THE EVENT OF MAJOR LEFT VICTORIES IN THE UPCOMING LEGISLATIVE ELECTIONS, GISCARD WOULD BE FORCED TO APPOINT A LEFT PRIME MINISTER, WHOSE PRIMARY TASK WOULD BE TO IMPLEMENT THE UNION OF THE LEFT'S COMMON PROGRAM FOR GOVERNMENT. MARCHAIS' STATEMENT REPUDIATES ALL PREVIOUS PCF POLICY STATEMENTS, WHICH HAVE HERETOFORE CATEGORICALLY REJECTED PARTICIPATION WITH GISCARD, CITING THE COMMON PROGRAM AS A WEAPON AGAINST HIS AUSTERITY POLICIES.

MARCHAIS TIGHTENS GRIP OVER PCF LEADERSHIP

FEB. 9 (IPS)—REPORTS FROM THE 22ND NATIONAL CONGRESS OF THE FRENCH COMMUNIST PARTY (PCF) WHICH CONCLUDED YESTERDAY IN PARIS, REVEAL THAT SECRETARY GENERAL GEORGES MARCHAIS MADE SIGNIFICANT HEADWAY IN STRENGTHENING THE CONTROL OF HIS "RIGHT WING" FACTION OVER THE PARTY. INDICATIVE OF THIS CONFIRMED "COUP" OVER THE PARTY LEADERSHIP IS THE OUSTER OF KNOWN PRO-SOVIET AND PRO-GAULLIST PCF VETERANS, GERORGES COGNIOT, LEO FIGUERES AND PIERRE VILLON FROM THE CENTRAL COMMITTEE. PROMOTED TO THE POLITBURO WAS MARCHAIS' PERSONAL SECRETARY AND OUTSPOKEN DEFENDER OF THE SPANISH POLYCENTRIST PARTY OF SANTIAGO CARILLO, CHARLES FITERMAN.

IN A COMMENT ON THIS SHIFT —WHICH INCLUDED THE EXCLUSION OF 17 CENTRAL COMMITTEE MEMBERS AND THEIR REPLACEMENT BY 25 OTHERS — TODAY'S L'HUMANITE, PCF DAILY, REMARKED: "WHAT A STRIKING AND POWERFUL ANSWER TO THOSE WHO STILL BELIEVE IN DARK PLOTS OF DIVISION, WHEN DEVELOPED, EXPERIENCED, INCOMPARABLY DEVOTED, SHARPLY INTELLIGENT LEADERS ASKED NOT TO BE REELECTED TO LEAVE ROOM FOR THE NEW GENERATION.."

JAPAN TO SEND MAJOR TRADE DELEGATION TO CUBA

FEB. 9 (IPS)—A DELEGATION OF PRESIDENTS AND REPRESENTATIVES OF JAPAN'S MOST IMPORTANT INDUSTRIAL AND COMMERCIAL FIRM, HEAD-ED BY NIPPON STEEL PRESIDENT YOSHIRO INAYAMA, WILL SHORTLY VISIT CUBA TO PROMOTE EXPANDED TRADE TIES BETWEEN THE TWO COUNTRIES, ACCORDING TO PRENSA LATINA, THE CUBAN NEWS AGENCY TODAY. THE CUBAN AMBASSADOR TO JAPAN, MARIO GARCIA INCHAUSTEGUI, HOSTED A SEND-OFF RECEPTION FOR THE DELEGATION IN TOKYO.

(MORE)

IPS - LATE 2.9 P. 6

DISCUSSION OF CORPORATIST BANK, WITH UNION PARTICIPATION, FOR BRITAIN

FEB. 9 (IPS)--ATLANTICIST LONDON BANKERS ARE URGING THE IMPLEMENTATION OF A PLANNED CORPORATIST BANK WHICH "WOULD BRING TOGETHER IN ONE INSTITUTION THE MOST IMPORTANT PROVIDERS OF CAPITAL IN THE BRITISH ECONOMY."

ACCORDING TO THE LONDON SUNDAY TIMES, "THE BANK WOULD HAVE A PERMANENT, IDENTIFIABLE HEAD ABLE TO SPEAK FOR A BOARD REPRESENTING INSURANCE POLICY HOLDERS, PENSION FUND BENEFICIARIES, AND INVESTMENT TRUST SAVERS. TOGETHER WITH THE BANKS...IT COULD DEMAND A VOICE IN THE VITAL DEBATE ABOUT BRITAIN'S FUTURE," SAID THE SUNDAY TIMES.

LEN MURRAY, THE GENERAL SECRETARY OF THE TRADES UNION CONGRESS, IS ALSO REPORTED TO HAVE "GIVEN HIS BLESSING" TO THE SCHEME. THE CALL FOR THE CORPORATIST BANKS FOLLOWS LABOUR PARTY PRIME MINISTER HAROLD WILSON'S PROMISE TO THE OVERSEAS BANKERS' CLUB LAST WEEK TO FORCE "A REVERSAL OF THE 30-YEAR PROCESS UNDER WHICH AN INADEQUATE AND RELATIVELY DECLINING INDUSTRIAL POWER BASE WAS BEING CALLED ON TO SUPPORT AND PAY FOR A GROWING SUPERSTRUCTURE OF CONSUMPTION, PUBLIC AND PRIVATE."

JORDAN AND ISRAEL MOVE TO SET UP WEST BANK PALESTINIAN STATE UNDER JORDANIAN CONTROL

FEB. 9 (IPS)--KING HUSSEIN OF JORDAN IS MOVING TO REASSERT HIS AUTHORITY OVER THE ISRAELI-OCCUPIED WEST BANK AS HIS PART OF AN AGREEMENT WITH ISRAEL TO CONTROL THE VOLATILE PALESTINIAN SITUATION, ACCORDING TO WESTERN PRESS SOURCES. HUSSEIN POSTPONED UPCOMING WEST BANK ELECTIONS LAST WEEK, A MOVE WHICH HAS THE EFFECT OF EXTENDING THE LEGAL STATUS OF THE WEST BANK AS PART OF HIS KINGDOM AND REPUDIATING THE RESOLUTION OF THE RABAT ARAB SUMMIT CONFERENCE WHICH DESIGNATED THE PLO AS THE SOLE REPRESENTATIVE OF THE PALESTINIANS.

THE MOVE IS SEEN AS A SIGNAL THAT HUSSEIN IS WILLING TO RESUME HIS ROLE AS NEGOTIATOR ON BEHALF OF THE WEST BANK POPULATION, REPORT THE LONDON TIMES. HE WOULD THEN BE ABLE TO MAKE AGREEMENTS WITH THE ISRAELIS FOR POLICING THE WEST BANK POPULATION. BOTH JORDAN AND ISRAEL ARE CONSIDERING PROPOSALS TO GIVE JORDAN A "FUNCTIONAL ROLE" IN THE DAY-TO-DAY AFFAIRS OF THE WEST BANK, THE TIMES SAID. CITING ANALYSTS, THE PAPER ADDED THAT EXCHANGES HAD TAKEN PLACE THROUGH "VARIOUS CHANNELS" ON IDEAS TO THIS EFFECT DISCUSSED WHILE ISRAELI PRIME MINISTER YITZHAK RABIN WAS IN THE U.S. THE SAME ARTICLE CITED OTHER ISRAELI OFFICIALS WHO TERMED THE MOVES BY HUSSEIN "A WELCOME DEVELOPMENT."

WASHINGTON POST SAYS EGYPTIAN ECONOMY CRUMBLING

FEB. 9 (IPS)--DESPITE EGYPTIAN PRESIDENT D-SADAT'S WILLINGNESS TO COOPERATE WITH WESTERN BANKS THROUGH HIS "OPEN DOOR POLICY," EGYPT IS ILL-EQUIPPED TO BECOME A MID-EAST BUSINESS AND POLITICAL CENTER ACCORDING TO THOMAS LIPPMAN IN YESTERDAY'S WASHINGTON POST. DESCRIBING CAIRO AS AN "URBAN TIME BOMB," INTO WHICH 2,000 UNEMPLOYED PEASANTS MIGRATE EACH DAY, LIPPMAN STATES THAT POLITICAL RESTRICTION MAY NOT BE ENOUGH TO CONTAIN PRESENT LEVELS OF UNREST.

(MORE)

LATE - IPS 2.9 P. 7

THE POST AT THE SAME TIME REPORTED THAT THE FORD ADMINISTRATION IS MOVING FULL STEAM AHEAD WITH A "GUNS NOT BUTTER" POLICY FOR AID TO THE EGYPTIANS. THE ADMINISTRATION, SAID THE POST, IS CONDUCTING A NUMBER OF "INTER-AGENCY" DISCUSSIONS, INCLUDING WITH VARIOUS CONGRESSMEN, TO DETERMINE WAYS TO BREAKING THE RESTRICTION OF ARMS SALES TO EGYPT.

EGYPT IS CURRENTLY STRAPPED WITH AN \$11 BILLION FOREIGN DEBT, WITH LITTLE HOPE OF REFINANCING.

END OF LATE IPS 02.09.1976