



# 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

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

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COMBINED ISSUE

## I. PRIORITIES

### CURRENCY MARKETS UNSTABLE AS OIL MULTIS TRIGGER RUN ON LIRA

Feb. 24 (IPS)—International currency markets were extremely unstable today as oil multinationals' dumping of the lira triggered a run on the Italian currency. The lira fell by 3 per cent against the deutschemark.

The franc fell today amid rumors that its devaluation is imminent. An article in the French daily Le Monde predicted that the newly released government figures showing a 13 per cent annual rate of inflation would spark a run on the franc. The West German financial daily Handelsblatt quoted an official of the West German Free Democratic Party as saying that there either will be a devaluation of the franc and other "weak" European currencies or the European "snake" (the arrangement by which European currencies float against each other with minimum parity floors maintained by central bank interventions) will be ruined. The West German right-wing daily Die Zeit reports today that "currency devaluations were still in the offing," and had "merely been postponed."

### NEW YORK BANKER: WE'RE SAFE--UNLESS ITALY AND BRITAIN GO FOR MORATORIUM

NEW YORK, Feb. 24 (IPS)—A United Kingdom territory loan officer for Manufacturers Hanover Bank said here today that the capitalist system would have no serious problems "if only developed countries such as Britain and Italy could be prevented from declaring debt moratoria." If default or moratoria by Western countries could not be prevented, the source said, a "nightmare scenario" would be triggered which would include the triggering of a wave of debt moratoria "throughout a string of unreliable banana republics."

The loan officer said that Third World demands for debt moratoria were not quite serious, indicating that he felt that they could be controlled by U.S. pressure tactics.

(more)

TIMETABLE FOR DOLLAR-DEUTSCHEMARK AXIS MOVED UP

Feb. 24 (IPS)—The foreign exchange department of a major New York bank said this afternoon that they expect a major readjustment of the European "currency snake in the near future." This readjustment, the source said, would occur along the lines of the Wall Street-backed proposal to establish a dollar-deutschemark axis--parity between those two currencies, with forced devaluations for weaker European currencies along with import cutbacks and harsh programs of domestic austerity.

According to the source, there will be a 10 per cent devaluation of the French franc and a 7 per cent devaluation of the Belgian franc and Danish kroner. Should political resistance continue to develop in France, so as to make a franc devaluation impossible, there would be a 10 per cent revaluation of the West German deutschmark, or alternatively, some combination of these, such as a 3 per cent deutschemark revaluation and a 7 per cent franc devaluation.

Although the timetable for this move is considered "inappropriate" on Wall Street (Morgan Guaranty recently reported it would take six months to implement such a scenario), the source indicated that "the timetable has recently been moved up into the immediate future."

SEN. BYRD: "WE WANT EVERY PENNY DEBT REPAYED"

WASHINGTON, Feb. 24 (IPS)—During major show-hearings on the debt question before the Senate Finance Subcommittee on International Finance, Sen. Harry Byrd (Indep-Va) yesterday railed at Paul Boeker, Department Assistant Secretary of State for International Finance and Development: "I want to have it confirmed that State will not renegotiate any debt without clearing it with Congress. ...We want every penny on the dollar." Sen. Byrd's staffers indicated that the Senator was enraged at the State Department for "blindly pushing policies responsible for massive unemployment in the U.S." The staffers indicated a favorable response to discussing the debt question further with representatives of the U.S. Labor Party.

CONGRESSIONAL AIDE CLAIMS CONGRESS IS BEING SWEEPED BY VIGILANTE MOOD AGAINST THIRD WORLD

Feb. 24 (IPS)—An aide to Sen. Alan Cranston (D-Cal) claimed today that Congress is being swept by a "wave of vigilanteism" toward the Third World. The aide termed Sen. Harry Byrd's demand yesterday before a Senate subcommittee that the "U.S. collect every penny in debt it is owed," as reflective of the mood of Congress. Cranston's aide added that a few "liberal" Senators, including Cranston, Humphrey (D-Minn), Clark (D-Iowa), McGovern (D-SD) and Abourezck (D-SD), support "debt rescheduling," a policy which is also being supported by leading New York banking houses for very selective Third World nations who are satrapies of the U.S. Congress, she stated, "had been relieved" when the

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State Department recently decided to use food aid as a weapon to threaten Third World nations who refuse to go along with U.S. policy. Outgoing United Nations Ambassador Daniel Moynihan, who along with Secretary of State Henry Kissinger is known for his belligerent attitude toward the Third World, "is a very popular hero among Congressmen," she claimed.

The aide referred to Senate Foreign Relations Committee staff members Norvelle Jones and Dick Moose as being "experts" on the issue of Third World debt and what to do about it. Both Moose and Jones have been identified by other sources as part of a State Department-controlled group of Congressional staff members who have been deployed recently to halt any sentiment which supports Third World debt moratoria. Among other tricks, they are known to circulate false information about the "mood of Congress" on the debt issue among Congressmen and their aides.

STATE DEPARTMENT, ATLANTICIST CONGRESSMEN CONSIDERING POSSIBLE RETALIATION TO DEBT MORATORIA BY THIRD WORLD, EUROPE

Feb. 24 (IPS)—Sources close to the State Department Policy Planning Staff and the Senate Banking Subcommittee on International Finances report that Congress is now considering to "threaten" use of the "Johnson Debt Default Act of 1938" if developing or European nations declare debt moratoria on their external debts to U.S. citizens or financial institutions. The Johnson Act, which has never been used, states that any country which defaults on debts to the U.S. cannot receive loans from either any person or institution in this country. The Senate source reported that one subcommittee staff member, in discussing potential debt moratoria and ways to retaliate against it, declared, "And, of course, negotiations (such as the North-South talks between the advanced and developing sectors) on commodity prices would completely fall through."

GAULLIST: STICK TO OUR FOREIGN POLICY

Feb. 24 (IPS)—Adding fuel to the factional war raging in French ruling circles, today's Le Monde, the French daily, prints a statement by the Secretary of State to the Interior Ministry, Pierre Christian Taittinger, a member of the Gaullist-linked Research Group for National Defense, demanding that France carry out traditional Gaullist foreign policy of non-alignment with NATO.

"As our defense policy is an integral part of a general conception for our foreign policy, three elements condition it," the Gaullist Taittinger states. "The refusal of any bloc, the limitation of our engagements (alliances) and a diversified effort of international cooperation. As long as no changes occur in the determination of our European partners, it seems impossible for the security of our country to modify a policy conducted for 17 years (since the late Charles de Gaulle's 1958 ascension to power-ed.)."

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WEST GERMAN AUTO WORKERS' UNION BOSS  
"NEGOTIATING" WITH THE DEFENSE MINISTER AND GENERALS

Feb. 24 (IPS)—Eugen Loderer, chairman of the 1.8 million member I.G. Metall metal and auto workers' union in West Germany, met today with Social Democratic Defense Minister Georg Leber and the Inspectors General of the West German Army, according to the West German daily Frankfurter Rundschau. Loderer has just completed what press sources described as "top-level" discussions with the leader of Gesant Metall (the metal industries employers' association), Martin Schleyer, after regular wage negotiations for the industry had broken down. Loderer, a member of the Trilateral Commission and political associate of Social Democratic Party chairman and fellow Trilateral Commission member Willy Brandt, is also known to have instructed 200 I.G. Metall shop stewards under his sway to send letters to the Trade Union Federation in support of vastly expanded arms production to "secure jobs."

II. DEBT FRONT

WHITE HOUSE DOESN'T KNOW  
HOW IT WOULD RESPOND TO DEBT MORATORIUM

WASHINGTON, Feb. 24 (IPS)—A high White House economic advisor, when asked today how the Administration would respond to a debt moratorium declared by less developed countries, paused for 20 seconds and replied, "I really don't know."

WALL STREET ECONOMIST PREDICTS FRANC DEVALUATION

Feb. 24 (IPS)—A leading international economist at a Wall Street investment house today predicted a five to eight per cent devaluation of the French franc. In response to questions about the effect of such a devaluation on the French population, he stated, "You ask whether a devaluation will mean austerity for the French population and a cut in consumption. That is what a devaluation is for!"

SAFETY NET BOTTLED UP IN CONGRESS

WASHINGTON, Feb. 24 (IPS)—Congressional sources reported here today that legislation establishing a "safety net" arrangement to bail out European countries that are in danger of defaulting through the provision of loan guarantees to refinance their debt is now bottled up in the Senate Foreign Relations Committee. The source reported that the legislation, which is known to be supported by the State Department, is being held up by Senators Case (D-NJ) and Nelson (D-Wisc), who reportedly "just plain don't like it."

STATE DEPARTMENT "ORDERED" LAST WEEK'S  
NEW YORK TIMES ARTICLE ON DEBT

WASHINGTON, Feb. 24 (IPS)—High official sources reported yesterday that the State Department directly requested the article by

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New York Times economic reporter Edwin L. Dale, Jr. appearing in the Feb. 17 New York Times. Dale characterized the Treasury Department as the "hardliners" on the debt question and the State Department as recognizing the need for some form of selective debt rescheduling. He then asserted that the U.S. Congress would never accept.

A follow-up article by Dale in yesterday's Times characterized a House of Representatives Appropriations Subcommittee vote to decrease funds to the World Bank, whose dissolution has been demanded by Third World spokesmen, as an "isolationist response" to Third World demands.

#### MEXICAN GOVERNOR CALLS FOR MORATORIA ON STATE DEBT

Feb. 24 (IPS)—The governor of the northwest Mexican state of Sonora called for "debt moratoria" on Sonora state debt to "private construction companies and provisioners of the state."

In remarks to the press reported in the Feb. 22 Mexican daily El Dia, Sonora Governor Alejandro Carrillo Marcor, installed as governor by Mexican President Luis Echeverria in October 1975, indicated the state had been bankrupted by his predecessor, Armando Biebrich. Biebrich is currently under contempt citation in the Sonora courts for failing to answer to charges of embezzlement.

Carrillo Marcor also reported the state does not have funds to pay back taxes it owes to the federal government, but did not indicate if he is also asking for a moratorium on this debt.

#### CHICAGO FED STATE DEPARTMENT LINE ON DEBT

CHICAGO, Feb. 24 (IPS)—A high financial source in Chicago said yesterday that the State Department "line" on the debt question being fed to the Chicago industrial and financial community was that the Department was now engaged in "delicate discussions" around the question of debt rescheduling. While forces in Chicago recognized the crucial need for new credit institutions, "no one in Chicago would openly discuss this issue" while "the delicate State department negotiations" were going on.

### III. OTHER NEWS

#### WALLACE FLOPS IN DORCHESTER

BOSTON, Feb. 24 (IPS)—Former Alabama Governor George Wallace delivered one of his now standard populist campaign diatribes against the "oppressors of the little people" but few people responded at a Dorchester Wallace for President rally last night. The largely working-class audience sat quietly with arms folded, unimpressed with Wallace's defensive boasts about his previous electoral feats. This meeting contradicts broadly circulated press accounts, especially by Mary McGory, exaggerating Wallace's popular support.

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U.S. Labor Party candidate for U.S. Senator from Massachusetts Graham Lowery said last night that the Labor Party would force populist Wallace to debate economic program and expose him as a charlatan before working-class voters. Lowery noted that a public challenge to debate issued by Labor Party presidential candidate Lyndon LaRouche, Jr. is now being mass distributed.

#### ROCKY STUMPS FOR FASCIST ARMS PRODUCTION

BOSTON, Feb. 24 (IPS)—Vice President Nelson Rockefeller proposed massive weapons programs and a renewed energy independence effort before the American Association for the Advancement of Science Conference here last night. "Scientists can be creative in developing weapons systems," he said, claiming that arms production was not wasteful but would effectively "employ our engineering capacity." Rockefeller cited "the Soviet expansionary pressure" as evidence of the need for a renewed arms build-up. The Vice President also proposed reviving his 100 billion dollar energy independence boondoggle centering on the development of coal resources.

The scientists in attendance did not applaud Rockefeller's proposal and many walked out before he concluded.

The speech was Rockefeller's fourth in the last four days on similar topics.

#### CHICAGO TRIBUNE FEARS "EMASCULATION" OF THE INTELLIGENCE COMMUNITY, ASKS CONGRESS TO PLUG UP ITS LEAKS

Feb. 24 (IPS)—The Chicago Tribune, whose correspondents have been raking President Ford over the coals for his intelligence reorganization plan, editorialized Feb. 22 that they feared that Ford's "reform" might become "emasculatation."

Wondering what the role of Congress will be in the oversight process, the Tribune editors write:

"A good illustration is the decision of the house to consider holding a CBS correspondent, Daniel Schorr, in contempt for the recent publication of the Intelligence Committee's report. We can't defend Mr. Schorr...but the duty to protect the secret information was not Mr. Schorr's; it belonged to the members and staff of the Intelligence Committee, it was they who violated their trust, it is they who should be identified and punished.... obviously Mr. Ford is right in wanting Congress to patch up its own leaks before it is made privy to any more secrets....Most members of the Congress, we're sure, can be trusted, the trouble is it only takes one leak to do the damage."

#### SCHORR EFFECTIVELY FIRED, AS PRESS ONLY TIMIDLY DEFENDS HIM

Feb. 24 (IPS)—CBS News suspended correspondent Daniel Schorr indefinitely yesterday pending the completion of a Congressional

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contempt investigation against Schorr for his acknowledged role in leaking the House Intelligence Committee report to the Village Voice. Today the Long Island newspaper Newsday reports CBS "sources" as saying that once the Congressional investigation of Schorr is completed, "the feeling (at CBS)...is that he will be let go."

The Reporters' Committee for Freedom of the Press, which acted as a go-between for Schorr and the Voice, today issued an extremely defensive statement denying responsibility for the publication of the Pike Committee Report while offering virtually no defense of Schorr.

Schorr received his first significant editorial support in yesterday's St. Louis Post-Dispatch. Entitled "Panic in the House," the editorial defends Schorr's actions as both a public service and a necessary defense of freedom of the press and attacks censorship of Schorr as "apparently motivated by Congressional timidity on the one hand and executive penchant for covering up embarrassments" on the other.

END OF COMBINED IPS FOR FEBRUARY 24, 1976

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