



NEW SOLIDARITY International Press Service

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Late Evening News

I. Priorities

SWEDISH BANKS ARRANGE DEBT MORATORIUM FOR NORTH KOREA

Feb. 26 (IPS)--An agreement for an orderly, two-year moratorium on debt has been arranged between the Swedish Export Credit Board, various Swedish Commercial banks and companies and the North Korean government. The agreement postpones North Korea's repayment of 45 million dollars in export credits from 1975 until 1977. The agreement, according to the Journal of Commerce today, has permitted resumption of deliveries to North Korea by Swedish firms under a five-year, 140 million dollar export arrangement with North Korea.

The debt moratorium agreement sets a precedent for industrial countries dealing with the international debt crisis.

BREZHNEV SPEECH SIGNALS SOVIET DEVELOPMENT PUSH

Feb. 26 (IPS)--Soviet Communist Party leader Leonid Brezhnev emphasized that the Soviet Union has a responsibility for taking on global development problems in his speech to the 25th Congress of the Soviet Communist Party now underway in Moscow. According to the text of the speech released in today's Neues Deutschland, Brezhnev stated that "we consider foreign economic relations an effective means of solving political and economic tasks," adding that "there are also other, broader aspects of foreign economic activity. Today, there are important and urgent global problems like energy, raw materials, the elimination of the most dangerous and widespread diseases, protection of nature, exploration of the ocean and space. These problems will have increasing influence on the life of every people and the entire system of international relations," he said. "Our country and the other socialist countries cannot afford to absent themselves from the solution of these problems, which concern the whole human race."

Brezhnev also told the Congress that it is the duty of every Soviet state organ to orient to these problems and that the CPSU Central Committee views "politics, economics, diplomacy, industrial production and trade" as a unified whole.

The Soviet leader's speech, which restates essential points he made in his Spring 1975 speeches on Soviet global responsibility, has been the signal for a renewed international development push by the Soviet Union toward the developing sector.

SOVIETS ANNOUNCE SUPPORT FOR SOUTHERN AFRICA LIBERATION FORCES

Feb. 26 (IPS)--Soviet Ambassador to Zambia Dimitri Belokolas pledged support for liberation movements in Namibia, Zimbabwe and Angola in a statement on the occasion of the 25th Congress of the Communist Party of the Soviet Union in Moscow, according to the Feb. 25 issue of the London Daily Telegraph. According to the Telegraph, Belokolas said that: "During the deep crisis that is affecting the capitalist world, the Soviet Union is becoming a more and more desirable partner in mutually advantageous cooperation, not only for capitalist countries, but also for countries of the third world.

"Life has proved the inability of capitalism to solve the problems facing peoples of developing countries, to overcome economic under-development, to gain economic independence and to raise the living standards of the masses."

The Feb. 25 London Times says observers in Lusaka, Zambia report that the Soviets have recently increased aid to the South West Africa People's Organization in Namibia and to "the Nkomo faction of the African National Council" in Zimbabwe.

CZECH PAPER BLASTS WORLD BANK,
CALLS FOR NEW FACILITY TO FINANCE LATIN AMERICAN TRADE

Feb. 26 (IPS)--Rude Pravo, the Czechoslovak Communist Party Daily, Feb. 24 attacked the World Bank and the Inter-American Development Bank as instruments of exploitation and suppression of the third world. The article, reprinted from the German Democratic Republic publication Horizont, recommended taking the Inter-American Development Bank out of U.S. control and making it a Latin American-controlled bank capable of dealing with other industrial capitalist countries like Japan and those of Western Europe.

PRAVDA PRAISES TURKEY'S DEMIREL

Feb. 26 (IPS)--The Soviet daily Pravda reaffirmed Soviet support for improved relations with NATO-allied Turkey, according to the Feb. 24 issue of the paper. An article by A. Filippov praised a speech by Turkish Prime Minister Suleyman Demirel last week before the Turkish Parliament in which Demirel stressed that despite the different socio-economic systems in Turkey and the Soviet Union, the differences "are no obstacle in the development of business links and friendly relations between the two countries." Soviet Prime Minister Alexei Kosygin visited Turkey late last year to arrange an unprecedented development investment package involving 700 million dollars in long-term, low-interest credits.

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RUDE PRAVO ATTACKS ANTI-COMMUNIST WITCHHUNT IN EGYPT

Feb. 26 (IPS)—Rude Pravo, the official Czechoslovakian Communist Party organ, today defended the Egyptian Communist Party, which has recently been scapegoated by Egypt's Sadat government for causing the nation's financial crisis by asking for high wages for Egyptian workers. In an unprecedented move, Rude Pravo quoted an article from the liberal Egyptian weekly Rose-al-Yousef: "The communists are not people with magic but people with a scientific worldview who seek better futures for Egyptians. To unload all Egypt's difficulties on the 1000 or so communists who have never had power and are not armed is a well-known way to direct attention from the real culprits. The seriousness of Egypt's current situation requires that the blame for it be correctly assigned."

BANK OF ITALY ANNOUNCES CREDIT RESTRICTIONS

Feb. 26 (IPS)—The Bank of Italy has announced the implementation of severe domestic credit restrictions which will remove 2 trillion lira of liquidity from the domestic economy and place it at the central bank's disposal, today's Journal of Commerce reports. In addition, the Journal reports that the West German central bank, the Bundesbank, has given a 500 million dollar re-extension of an earlier credit line, while the U.S. Federal Reserve Bank has agreed to provide 500 million dollars in "swap" funds (money used by central banks for currency support operations) to the Italian central bank. Foreign exchange traders had expressed the fear that without these additional funds, the Italian currency would quickly fall from its current rate of 800 to the dollar to 1000 to the dollar or less when the official Italian currency markets re-open next week.

The credit restrictions included: a cut-off of all government export subsidies; the raising of the discount rate from seven to eight per cent with a promise to raise it to nine per cent shortly; and a one-shot obligatory assessment of additional reserves on the banking system.

The measures, which could be implemented by the Italian central bank without additional government approval, "generally meet the Common Market regulations" for a proposed European Economic Community 1 billion dollar commercial loan guarantee to Italy, the Journal of Commerce noted.

LIRA GAINS STRENGTH WITH CENTRAL BANK SUPPORT

NEW YORK, Feb. 26 (IPS)—The Italian lira rose on foreign exchange markets today against European currencies and the U.S. dollar, regaining its level of last Monday--the day before the oil multinationals began dumping the Italian currency. The rise was attributed to support from the West German central bank, the Bundesbank, which had earlier announced the re-extend-

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sion of a 500 million dollar credit line to Italy.

FED COMMENTS ON ITALIAN SITUATION

WASHINGTON, Feb. 26 (IPS)—Sources at the Federal Reserve Bank here found the Italian financial situation "extremely unstable" despite the announcement yesterday by the Fed and the Bundesbank that 1 billion dollars in credit lines would be opened up to Italy and the likelihood that the proposed 1 billion dollar European Economic Community commercial loan guarantee would go through some time next week.

The total amount of credit to Italy is now 2 billion dollars, one Italian expert stated, and that could go very quickly. It is a political question, the expert continued, and it is hard to know whether it (the 2 billion dollars) will hold.

BALTIMORE SUN SEES CONNALLY, ROCKEFELLER AND HUMPHREY IN PRESIDENTIAL RACE

Feb. 26 (IPS)—Former Governor John Connally of Texas, Vice President Nelson Rockefeller and Senator Hubert Humphrey (D-Minn) will likely emerge as the nation's leading presidential contenders according to an editorial in today's Baltimore Sun. Connally "has asked Republican state chairmen to come see him the day after the March 9 voting in Florida" and Vice President Rockefeller "sounded much like a man preparing for another run," the Sun states, adding that President Ford and former California Governor Ronald Reagan "dare not assume their current duopoly ...will last indefinitely."

On the Democratic side according to the Sun, "if the primaries fail to produce a viable liberal candidate, there could be considerable sentiment on the Democratic left to nominate Senator Hubert Humphrey in a brokered convention."

BOSTON'S O'NEIL INTRODUCES BILL FOR MORATORIUM ON CITY DEBT

BOSTON, Feb. 26 (IPS)—Boston City Councilman Albert O'Neil this week reintroduced to the Public Services Committee of the Council a bill proposing a moratorium on the city's debt service and principal for a period of 18 months. The bill had been previously submitted to the Committee last year.

O'Neil's proposal came at the same time that Boston's municipal unions had been told by the First National Bank of Boston (FNB) that the city was facing imminent default on its obligations and that the unions had to purchase city bonds with their pension and other funds. The unions refused.

In a surprise move today, FNB bought 50 million dollars of an 85 million dollar bond offering by the city, despite its

earlier warning that the pension fund commitment by the unions was the prerequisite for any purchase by the bank.

DETROIT MAYOR WARNS OF IMPENDING MUNICIPAL BANKRUPTCIES

Feb. 26 (IPS)--Detroit Mayor Coleman Young warned today that his city would be bankrupt by July 1 if more federal and state funds were not forth coming. In remarks before Congressional Joint Economic Committee hearings in Washington, Young said that other cities, including Philadelphia, Boston and San Francisco, would soon follow Detroit into bankruptcy if the federal government didn't come up with bailout funds.

Describing the state of Detroit's financial crisis, Young said that the city faces a 44.3 million dollar deficit in the fiscal year ending June 30 that will grow to 103.3 million dollars next year. In an interview following the hearings, Young said that unless Detroit is able to get 50 million dollars "from somewhere," he will have to lay off 5000 more city workers, over and above the 4300 workers already dropped from the municipal payroll. Young's remarks were reported in today's Washington Post.

MASSIVE U.S. GOV'T DEPLOYMENT TO STOP DEBT MORATORIUM

Feb. 26 (IPS)--Faced with massive international pressure in favor of debt moratorium and a new international economic order, leading U.S. government officials have deployed internationally to ensure continued collection of debt.

Italy and Egypt, two nations where debt moratorium is a topic of high-level discussion, will be subject to the heaviest schedule of U.S. visits. A delegation of liberal congressmen who attended last fall's United Nations Special Session on Development, which will probably include Senators Jacob Javits (D-NY), Gale McGee (D-Wyo) and Dick Clark (D-Iowa) and Rep. Charles Diggs (D-Mich), will soon journey to Italy. In addition, a high-level delegation including Treasury Secretary William Simon, top presidential economic advisor William Seidman and other members of the State, Treasury, Agriculture, Interior and Commerce Departments will be in Italy on March 8-10 following a swing through Israel, Syria, Saudi Arabia, West Germany and Egypt. Egypt has also been targeted for a visit by State Department Deputy Secretary for Economic Affairs Charles Robinson, who is there now.

Also in North Africa is State Department Mideast specialist Alfred Atherton--an orchestrator of the Lebanese civil war--who is now devoting special attention to Algeria, a leader of the third world's fight for debt moratoria.

ABZUG COMMITTEE ASKS CONTEMPT ACTION AGAINST FBI AND NSA AGENTS

Feb. 26 (IPS)--By a 6 to 1 vote yesterday, Rep. Bella Abzug's

(D-NY) House Subcommittee on Government Information and Individual Rights recommended that contempt of Congress citations be brought against six special agents of the FBI, one former FBI agent and a National Security Agency employee who refused to comply with the subcommittee's subpoenas for information on government interception of telex communications. According to today's New York Times, their refusals were based on directives from Attorney General Edward Levi and Assistant Defense Secretary William Clements, acting under instructions from President Ford, to invoke the doctrine of "executive privilege."

Rep. John Moss warned the witnesses that their reliance on the Justice Department did not relieve them of personal liability. He went on to declare, "The real contempt here has been committed by the Attorney General of the United States and the President of the United States....The Attorney General is without any authority. It is the most outrageous assumption, the most arrogant display by the Attorney General I have ever seen. Some damn two-bit appointee of the President is not the law-making body of this country."

Rep. Abzug further warned that representatives of telegraph and telex companies, who have been summoned to testify next week, may attempt to invoke "executive privilege." She termed such action by private individuals unprecedented.
