



NEW SOLIDARITY International Press Service

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TUESDAY, MARCH 2, 1976
COMBINED EDITION

I. Priorities

TIMES WORRIES THAT PCI MAY JOIN GOVERNMENT

March 2 (IPS)—Today's New York Times features a lengthy and paunchy editorial on the Italian situation and what it terms the danger of Communist participation in the Italian government.

Entitled "Saving Italy...or Sinking It," the editorial begins by warning that "How to Defend the Lira while losing Italy" may prove the title of the drama opening in Rome now that a new government, backed by currency-support loans from its European and American allies, has re-opened the foreign exchange markets...the allies have rallied around because the Communist gains have put the future of the European Community and of the Atlantic alliance at risk along with the future of Italy."

The Times editors go on to blast the "central bankers and treasury officials involved, on both sides of the Atlantic" for narrowmindedly propping up the lira with short-term loans and austerity at the expense of the political situation. Unless medium- and long-term loans are provided to give Italy breathing space to "change the economic and political climate in the country," the editors fear, then the "handwringers" and "fatalists" in the West will "have only themselves to blame for a Communist accession to power that probably can still be avoided."

ECONOMIST MILLS OVER A PCI GOVERNMENT

March 2 (IPS)—The editors of the reputable London economist last weekend, in a lengthy feature article called, significantly, "Tap, Tap. Who's There? Only Us New-born Democrats," mull over the dangers of the Italian Communist Party entering the Italian government. "The party has a lot of fledgling democrats; it also has a lot of old apparatchiks," the Economist worries. "Try as he might to establish his independence, Signor (Enrico) Berlinguer (the PCI's agent leader) cannot afford to antagonize the pro-Soviet wing of his party," they add. The Economist also tabulates the PCI's excellent and extensive record of peddling fascist austerity.

They pinpoint the danger of the PCI trying to push the required austerity: "A tough Communist line on wages could lose the party support from unionists on the left, and would probably cause major dissent within the party, where workers are outnumbered 2-1 by 'intellectuals' on the central committee."

BANKERS REACT TO "PCI" DISCUSSIONS

NEW YORK, March 2 (IPS)--Reached for comment this afternoon, bankers and policy makers both here and in Washington expressed their differing opinions about bringing the agent-led Italian Communist Party (PCI) into the Italian government, and the prospects of handling a worsening Italian payments crisis.

"Some people say the PCI will just go and blow up the whole thing if you let them in, turn again to Moscow--but that's nonsense," insisted one investment banker. "Look at what (PCI leader) Berlinguer did in Moscow, there is an irretrievable trend in Europe that the Communists become just like the Social Democracies..." More specifically, he continued, "Even before 1914 the Fabians and Bernstein took opposition with the Marxist revolutionists, and while Bernstein was defeated in literary debate the practical developments have all gone in his direction."

"I think we could certainly adjust to a PCI government," said another, "but the question is whether they would leave the government without civil war."

Another, a prominent think-tanker, shared fears of the New York Times editors expressed in their paunchy editorial on the Italian situation: "It is always possible there might be a slip, that they wouldn't get money in time," he cautioned, insisting otherwise that "even" Italy would continue to be refinanced, "the CP would come in and everything would go to hell"

Another, in one breath expressing Wall Street's dilemma, said, "There must be austerity...however, austerity is in conflict with the policy to get them out of the recession."

ITALIAN PAYMENTS CRISIS WORSENS

March 2 (IPS)--Italy is spending its foreign currency reserves at such a rate that it will require an additional loan by the end of the week, the Journal of Commerce reported today. The Bank of Italy yesterday spent 100 million dollars in defending the lira following the reopening of the official exchange market in Rome. Italy has only 2 billion dollars in foreign currency reserves--assembled recently through loans from the West German Bundesbank, the International Monetary Fund, the Common Market and the U.S. Federal Reserve. The Journal also reports that there is a huge backlog of payments due for Italian imports of food and oil. The monthly import bill alone is at

least 750 million dollars.

YUGOSLAV MOVES A THREAT TO ATLANTICISTS

March 2 (IPS).—The West German daily Frankfurter Allgemeine Zeitung ran two articles today about the strengthening alliance of Yugoslavia with the other Eastern European Socialist countries, the members of the Council for Mutual Economic Assistance (Comecon).

The West German newspaper reported that public trials in Yugoslavia against what the Western press calls "pro-Soviet elements" actually are aiming at minor local officials, while the more "dangerous" pro-Soviet elements in the country are in high government positions! Confessing that the CIA's ideals of "socialism with a human face" in Yugoslavia are in trouble, the Frankfurt paper also reported widespread actions by Tito's government against economic criminals.

In an interview a month ago, President Tito told Yugoslav media that many of these economic saboteurs were collaborating with Western banks against Yugoslav state interests.

LE MONDE AGENT COLUMNIST WORRIED BY PCF INSOLENCE

March 2 (IPS).—The Moscow correspondent for the French daily Le Monde, Jacques Amalric, reports today that French Communist Party (PCF) officials Gaston Plissonnier and Jean Kanapa, who gave a press conference detailing the divergences between the PCF and the Soviet Communist Party yesterday, "really displeased the Soviets, as it was the first time a Communist Party broke the secrecy usually surrounding inter-party relations."

Many foreign Communist Party delegations believe that the PCF leadership is now provoking the Soviets, Amalric writes. They also think that PCF General secretary Marchais was "rude" for refusing to attend the Soviet Party's 25th Congress and stating on French radio last week that "a meeting between myself and Mr. Brezhnev would have no purpose at this time."

"How far is Mr. Marchais going to go?" asks Amalric, "isn't he the prisoner of his tactic, which is to make a lot of spectacular gestures at the expense of in-depth thinking? By attacking the USSR too readily, isn't he going to reinforce the most conservative elements in Moscow?"

SENATE PASSES DEBT RESOLUTION

March 2 (IPS).—A rider attached to the Senate Security Assistance Bill passed last week requires the Executive branch to obtain "the approval of Congress" if it seeks to settle a foreign debt to the U.S. government in some other way than that outlined in the original loan agreement. The amendment was

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proposed by Sen. Harry Byrd (D-Va). The House will vote on its Security Assistance Bill tomorrow. According to a consultant to the House International Relations Committee, there is currently no such rider attached to the House version and there is no talk of such a rider being proposed from the floor. If an amendment is proposed and then passed, the House source continued, the Byrd amendment will go to a House-Senate conference committee.

HOUSE COMMITTEE REJECTS PRO-DEBT AMENDMENT

March 2 (IPS)—The House Appropriations Committee yesterday voted down an amendment to the House Appropriations Bill proposed by Rep. William Alexander (D-Ark) that would have "denied aid to any country more than 90 days delinquent in repayment of loans," according to today's Washington Post.

DIE WELT CP EXPERT:

NATIONAL COMMUNIST TROJAN HORSES DON'T WORK IN THE WEST

March 2 (IPS)—Carl Gustav-Stroehm, editorialist for the West German daily Die Welt, today analyzes the Eastern and Western versions of "national communism" from the standpoint of their strategic advantages for the West as "trojan horses" to weaken the Soviet Union. He concludes that under no circumstances can the West rely upon the White Communism of Italian Communist Party head Enrico Berlinguer or French Communist Party head Georges Marchais. "the difference between the "national communism" of Berlinguer and that of a Ceausescu in Rumania lies in the fact that objectively Berlinguer weakens the West and strengthens Moscow at the precise point where subjectively he would not want anything of the kind...once they (the communist party) take power everything looks different...neither Berlinguer nor Marchais nor Ceausescu will defend the West spiritually and materially." Following upon the 25th Soviet Communist Party Congress, Stroehm states, the defense of the West "is a task we must carry out ourselves."

WEST GERMAN ECONOMIST: "WE DON'T CALL IT AN UPSWING THIS TIME"

March 2 (IPS)—The chief economist of the West German Association of Savings Banks, Herr Klein-Zirbes, said today that "It's not an upswing anyhow. We don't call it an upswing because this time private consumption is the starter, and we hope that in six months, next fall, it will spread out to investments." Asked about the huge amount of underutilized capital and plants in West Germany, Herr Klein-Zirbes replied, "Look, it's not that we have 25 per cent underutilized capital, it's that we must write this all off."

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ANALYSTS "EXPLAIN" FUTURE AUTO UPSWING

NEW YORK, March 2 (IPS)—Financial analysts here yesterday offered the following fanciful explanations for their prognosis of a U.S. economic recovery based on increased auto sales:

According to the head of Townsend-Greenspan, a top New York consulting firm from which Council Of Economic Advisors head Alan Greenspan is on leave, "There has to be a recovery because the people haven't bought cars for two years and their old cars are falling apart, so they have to buy new ones. Everyone depends on cars because there isn't any mass transportation."

"People will buy new cars instead of used cars because they don't trust auto mechanics," a Wall Street analyst added.

"Auto sales are going to rise because the home-building industry has collapsed," said a spokesman for Shields, Model, Roland. "No one is buying houses so they'll buy cars instead."

MEXICAN ECONOMIST DECLARES "END OF HONEYMOON"
BETWEEN FINANCIERS AND POOR COUNTRIES

March 2 (IPS)—Leading Mexican economist Miguel S. Wionczeck, writing in the major liberal daily Excelsior yesterday, states that "the foreign indebtedness explosion of the lot of poor countries continues accelerating constantly...the financial burden of its services is rapidly nearing the limits of the unmanageable." Based on this, Wionczeck declares that "the honeymoon between the international finance centers and the poor borrowers is coming to an end."

After calling for "a profound revision of the international financing practices to the underdeveloped side of our planet before it is too late for all of us," Wionczeck states that since "the international liquidity in private hands has diminished drastically since 1973...a policy of internal austerity (by the poor nations) in the context of a foreign economic crisis would have translated in violence in many countries."

"After a three-year international financial orgy," continues Wionczeck, "an increasing preoccupation for the solidity of the (lending countries') banking systems, overburdened with financial obligations from the underdeveloped countries comes to the surface."

The foreign financial situation of the underdeveloped countries will become tighter during 1976 and 1977 than in the last three years, the economist concluded. "However, something else can hardly be expected in a world in which at a time of a serious economic recession, the financing for the subsistence of the poor (countries) is progressively left up to the private banking system."

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II. International

KOSYGIN BACKS UP BREZHNEV SPEECH AT CPSU CONGRESS

March 2 (IPS)—In his address yesterday to the 25th Party Congress of the Soviet Communist Party, Soviet Premier Alexei Kosygin gave strong support to trade and development aims as outlined last week by Party Chairman Leonid Brezhnev.

Kosygin described the current capitalist crisis as being characterized by "continuing militarization of the economy, increasing inflation, collapse of the currency and financial mechanisms and a lack of faith in capitalist currencies."

He called for expansion of economic relations to the developed capitalist countries on the basis of detente and the Helsinki agreement. Referring to the problems faced by the Third World, the Soviet Premier said, "The Soviet Union is interested in forming cooperation with the developing countries as a lasting and mutually advantageous division of labor."

"Communists are not ascetics who want an artificial drop in human needs...The Soviet economy has reached a point where satisfying people's needs in high quality consumer goods is a condition of further progress," Kosygin said reporting on the state of the Soviet domestic economy. "We have everything we need for improvement including a scientific-technological base and the energy of our creativity."

Excerpts from the speech were carried in Neues Deutschland, newspaper of the ruling Socialist Unity Party of the German Democratic Republic.

SECOND INTERNATIONAL TO HOLD MEETING IN PORTUGAL MARCH 13 & 14

March 2 (IPS)—Leaders of the Second International will discuss "the leading problems of the current European situation as well as the course of the Portuguese democratic revolution" in the northern city of Porto on March 13 and 14, according to yesterday's Lisbon daily Diario de Noticias.

Among the participants are Olof Palme of Sweden, Francois Mitterand of France and Felipe Gonzalez of Spain. They are members of the "Committee for the Defense of Democracy in Portugal," whose president, Willy Brandt, will chair the meeting.

Mario Soares, head of the Portuguese Socialist Party, declared that "this meeting has nothing to do with any electoral strategy." Yesterday's London Times describes the meeting as a "move to muster international support for his party before the general elections," which will take place next month.

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ANSART EXPOSES PCF/ATLANTICIST GAME

March 2 (IPS)—French Communist Party (PCF) Politburo member and head of the PCF's Northern Federation, Gustave Ansart, in an interview in Le Nouvel Observateur, clumsily tried to cover the PCF's anxiousness to enter the French government, by reminding his interviewer that the PCF "did not hesitate to stand alone" in 1958 against the coup de force of General Charles De Gaulle.

As for the PCF's policy vis a vis European unification, Ansart said that although "we have some differences with our Italian comrades" on the question of a European parliament elected by universal suffrage, "at bottom, we militate for the same Europe as the PCI (Italian Communist Party)."

THAI SOLDIERS ATTACK CAMBODIA ON SAME DAY AS U.S. AIR RAID

March 2 (IPS)—Thai soldiers invaded Cambodia and shot a Cambodian patrol Feb. 25, the Soviet daily Pravda reports today. That same day three U.S. warplanes stationed in Thailand bombed the Cambodian town of Siem Reap, according to the Cambodian government.