



NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

LATE EVENING NEWS WRAP-UP
FRIDAY, 5 MARCH 1976

I. PRIORITIES

POUND FALLS TO NEW LOW; RUN ON DOLLAR FOLLOWS

March 5 (IPS)—The British pound sterling fell to an historic low on the foreign exchange markets today. The 2-1/2 per cent drop against the dollar was also a record for a single day.

By the end of the trading day, heavy selling pressure against the U.S. dollar developed, threatening to create a general currency panic worse than that precipitated by the New York banks attack on the Italian lira three weeks ago. The dollar fell by a full one per cent against the stonger European currencies, while edging upward against the weaker currencies, including the French franc to finish the day with an overall marginal gain in its trade-weighted average. The trade against dollar, however, was several times the volume of that against the pound sterling, indicating that a general run against the U.S. currency had developed rather than a "technical readjustment" to the pound's weakness.

BANK OF ENGLAND COULD HAVE STOPPED RUN ON POUND

NEW YORK, March 5 (IPS)—Foreign exchange traders here said that the Bank of England could have halted the run on the British pound today if it wished. Traders indicated that trading in pounds was so light, that a relatively small absolute sale volume had triggered a staggering 2-1/2 per cent drop in the British currency's value. Under such circumstances, the traders said, the Bank of England could have easily supported its currency. Instead the traders reported that the English central bank had contributed to the run by selling off pounds yesterday through intermediary banks.

CHICAGO BANKER: BANK OF ENGLAND TRIGGERED CURRENCY WAR

CHICAGO, March 5 (IPS)—The bank of England has triggered "a small currency war" in order to force competitive devaluations of European currencies, an influential banking spokesman said here today. "Competitive devaluations are in the air," he reported

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indicating that the Old Lady's (the Bank of England) sale of sterling yesterday was interpreted by foreign exchange traders as signalling that the devaluation process was underway.

The spokesman said that the "air had been prepared" by statements made yesterday by Alan Holmes and Scott Pardee, the Chiefs of foreign exchange at the New York Federal Reserve Bank, that there was a "general threat of competitive devaluations" of European currencies and the European monetary snake (the arrangement by which currencies are allowed to float against each other and are supported at minimum parity levels through central bank interventions) would have to be "readjusted."

FED SPOKESMAN: DOLLAR WEAK ONLY BECAUSE IT IS "VEHICLE CURRENCY"

NEW YORK, March 5 (IPS)—The dollar is now extremely stable due to the strength of the U.S. recovery, spokesman for the Federal Reserve Bank here said in an interview this afternoon. The spokesman insisted that the dollar's weakness was only attributable to its use as a "vehicle currency." To sell pound for marks, for example, the Fed spokesman said, one first buys dollars and then sells them off for marks.

BRITISH BANKS STUFFED WITH EXCESS LIQUIDITY

NEW YORK, March 5 (IPS)—British banks are stuffed with excess liquidity as corporations increase their deposits rather than loan demands because they are collapsing production, trade and investment at record rates, bankers here said today. Rumors that a credit tightening in the U.S. will soon raise interest rates there have made commercial banks unwilling to buy the huge issues of British government paper on the market at current rates, the bankers report.

The Bank of England was forced today to further lower its Minimum Lending Rate 1/4 of a point, in an effort to make loans more attractive to corporations and to convince commercial banks to purchase British government paper at higher interest.

NEW YORK DEBT CRISIS ERUPTS AGAIN

NEW YORK, March 5 (IPS)—A renewed debt payments crisis by New York State agencies and municipalities has once again raised the spectre of a chain-reaction of defaults and debt moratoria here.

Next Friday, March 12, several state agencies must repay 470 million in short term notes. On March 16, Yonkers, which sank temporarily into default last month, has another 16.5 million dollars coming due. On March 9, the city of Buffalo will have no money in its treasury, and today the Albany Times quoted the controller of the city of Schenectady as saying, "I don't know from one week to the next if we can meet the payroll. We may be the fourth city in the state to go under."

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CAREY PROPOSES PENSION LOOTING, AUSTERITY TO MEET DEBT CRISIS

March 5 (IPS)—New York State Governor Hugh Carey yesterday submitted a patchwork plan to guarantee the 4 billion dollars in borrowing requirements of New York State and several state agencies this spring. Included in the 4 billion are funds which are intended to prevent default by several municipalities in the state. The bail-out plan involves purchases of bonds and notes by state pension funds, commercial and savings banks in and out of state, and insurance companies, and hinges on acceptance by the state legislature of Carey's brutal, "zero-growth" austerity budget, according to today's New York Times.

Reporting "diffences" over the budget among legislators, the Times alleged that "legislators and their staffs" were "striving to reach approval" of both the budget and a "complicated 2.6 billion dollar rescue package for the troubled state construction agencies... by the end of next week, when the agencies' 470 million dollars in borrowing obligations come due."

NY HOUSE OF CARDS NEAR COLLAPSE

NEW YORK, March 5 (IPS)—A trader at a leading municipal bond house here who was asked what would happen if Governor Hugh Carey's complex financial "rescue" plan to save New York State and several state agencies from default falls through, said today: "The state damn well better get its money. If it doesn't then the whole house of cards could come down...there would be a real domino effect."

TIMES WARNS NY LAWMAKERS TO APPROVE AUSTERITY

March 6 (IPS)—In its lead editorial today, the New York Times said that New York State and several state agencies are on the brink of default and warned that "members of the State Legislature who are attempting to rewrite Governor Carey's tough austerity budget are attempting to rewrite Governor Carey's tough austerity budget a debacle that could be far more damaging to their local communities — and to the state itself — than the relatively modest reductions that Mr. Carey has proposed."

"Unless the legislature moves quickly to adopt a balanced budget and other legislation needed to support complex financing arrangements," the Times continued, "the long and arduous effort of the Carey administration to save the state and its agencies could collapse."

Austerity "and other essential emergency legislation must be the first priority for every legislator," the Times concluded.

JUSTICE DEPT STALLS DISCLOSURE IN MCCARRAN ACT CASE; ADMITS MASSIVE FILES ON NCLC AND USLP

NEW YORK, March 5 (IPS)—Responding to a Freedom of Information Act request, the Justice Department today admitted the existence of massive files on the NCLC and USLP but continued to stall on producing the documents requested. In early January, the NCLC

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legal staff had requested from the Justice Department "all memoranda, documents and letters" used to classify the NCLC as a communist organization under the McCarren Act provisions of the U.S. immigration code.

After two months, the Justice Department has managed to locate "eleven file sections" on the NCLC and "two sections of files of the U.S. Labor Party." the documents were requested for use in the case of Polly Skinner Johnson, a Canadian citizen who has been refused residence status in the U.S. because of application of Section 212(a) 28(c) which applies to "the Communist party or other totalitarian organization."

On March 3, the Immigration and Naturalization Service made it known that NCLC National Executive Committee member Chris White will be subjected to an intensive investigation of his political beliefs and activities, doubtless in an effort to apply the same provisions to Mr. White.

The Justice Department response indicates that it will take 26 hours of attorney's time to search the files, which, with other costs, will total 208 dollars. The department refuses to begin the search until 52 dollars is deposited.

In denying the NCLC's request for a waiver of fees, the Justice Department stated that fees are waived "when the service to be performed will be of benefit to the public as opposed to the requester...the Department must consider such matters as the size of the public to be benefitted, the significance of the benefit, and usefulness of the material to be released, the likeelihood that tangible public good will be realized, and other similar factors. In this instance, waiver of the fees is not warranted."

The NCLC will pay the 52 dollars under protest, so as not to give the Justice Department further excuse to stall the disclosure, while appealing the denial of the waiver.

LABOR PARTY TO BRING BOSTON AGENT LITTLEWOOD TO COURT

March 5 (IPS)—The U.S. Labor Party in Boston yesterday obtained a court subpoena requiring U.S. Treasury Department "Red Dot Squad" agent George Littlewood to appear at a show cause hearing in Brookline Municipal Court. Littlewood has been summoned to appear on March 13 to show why he should not be tried for a rash of obscene letters, phone calls and at least two death threats to Jane White, a Labor Party member and reporter for the weekly Boston Ledger.

Agent Littlewood infiltrated the Labor Party in Boston last year and since the period of his exposure as an agent, has been observed pasting up obscene posters and writing similar graffiti throughout the Boston area. Numerous such posters referenced Mr. White.

The Boston Labor Party is holding a press conference today at their office to report on the role of Littlewood as an informer and in surveilling the Labor Party. The Labor party will connect

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Littlewood's activities with the recent U.S. General Accounting Office report admitting that the FBI spent 3.5 million dollars last year for such activity, and will charge Littlewood with a direct coordinating role in the escalating pattern of harassment against Labor Party members in the Boston area.

CIA CLAIMS SECRET DOCUMENTS MISSING

March 5 (IPS)—The CIA claims that 232 documents are missing from files at CIA headquarters where they were being stored at CIA Director George Bush's request, according to wire service reports. Rep. Otis Pike (D-NY), chairman of the House Intelligence Committee which used the documents during their investigation into the CIA, said yesterday that they probably had been destroyed, turned over the national archives, or returned to another agency. The Baltimore Sun reports that the papers included 189 that were classified Top Secret and covered sensitive subjects such as the CIA budget, the 1974 coup in Portugal and strategic arms limitation.

Responding to the CIA's insinuation that he was responsible for the missing documents, Mr. Pike is quoted in today's Washington Post as saying, "They're really out to get me."

PIKE DENIES HE'S TERRIFIED; VOTES FOR EXPANDED FBI INVESTIGATION OF HOUSE

March 5 (IPS)—Rep. Otis Pike (D-NY), said in an interview on March 3 that if the House Ethics Committee investigation of "leaks" from his Select Committee on Intelligence was aimed at terrorizing Congress, "it isn't working. I'm the one whose supposed to be terrified and I'm not terrified." Pike had just finished voting in favor of expanded subpoena powers for the Ethics Committee investigation being run by a just-retired FBI agent. Pike will almost certainly be a major target of the investigation.

Throughout the interview, Pike refused to take a stand on the Ethics Committee witch-hunt, except to mutter, "I'd like to know who leaked that report too." He also refused comment on Attorney General Edward Levi's proposed FBI guidelines which would legalize the domestic COINTELPRO harassment program.

MANCINI CHARGES AGNELLI CONSPIRACY AGAINST ITALIAN CONSTITUTION

ROME, March 5 (IPS)—Speaking to the national congress of the Italian Socialist Party yesterday, PSI pro-development faction leader Giacomo Mancini assailed moves by Prime Minister Aldo Moro to dismantle Italy's public sector industries as in violation of the Italian constitution. Linking Moro's moves to a series of "watergate"-style scandals against the state industries that have pursued in the press controlled Atlanticist FIAT chieftain Gianni Agnelli, and by referring to the "domination of large private industry." Mancini made it unmistakably clear that he included Agnelli in his accusation.

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"We reject the tendency which looks not to the reordering of the state industry, but rather wants to destroy it altogether, annul its role and its function in order to install in its place the absolute dominion of private industry," Mancini stated. "We must go firmly against these tendencies because, among other things, they go against the Constitution. If these tendencies were to win out," he added, "the state would no longer be the one defined by the Constitution."

Speaking in the presence of top representatives from Moro's Christian Democratic Party, Mancini further linked Agnelli and Moro by stating that Moro "was demanding consensus and non-hostility in order to make decisions which would have increased the power of large private industry, with everything that would follow from this on the political level."

SWEDISH CP LEADER ORDERS VIOLENT ATTACK ON ELP MEMBER

STOCKHOLM, March 5 (IPS)--At a public meeting of the Swedish Communist Party (VPK) last night in Sandviken, Sweden, former VPK chairman and major "white communist" NATO operative in Scandinavia C-H Hermansson ordered a physical assault against European Labor Party members, to cut off discussion of debt moratorium.

One ELP member, John Hardwick, had to be hospitalized with a leg and swollen foot after being attacked by goons acting on Hermansson's orders. Police have been notified and the ELP as well as Hardwick personally are pressing legal charges against Hermansson and others involved in the attack.

The attack occurred after Hardwick asked Hermansson about his stand on the urgent question of dollar debt moratorium to counteract the collapse of industry. After telling the audience, "there will be no discussion of debt moratorium," the VPK leader incited the attack shrieking: "these people want to destroy our party. They have called Jorn Svensson (central committee member-ed.) an anti-communist and me a traitor and CIA agent. Are we going to accept this? can we permit these people to stay here?" Hardwick was then thrown against a coat rack and kicked down the stairs by the husband of Gunnal Baeckstroem, a VPK central committee member and head of the Gaeola VPK office.

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