



# NEW SOLIDARITY International Press Service

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## DOLLAR COLLAPSE ACCELERATES; EUROPEAN MARKETS IN CHAOS

NEW YORK, march 18 (IPS) -- The dollar fell to an eight-month low against the deutschemark and Swiss franc, and a six month low against the Japanese yen today. The Bundesbank, the West German Central bank, and the Bank of Japan both intervened heavily to support the dollar which reached the astonishing rate of 39.83 cents per deutschemark and 33.50 cents per yen. The European foreign exchange markets, shattered by yesterday's onslaught against the dollar, left today's rates gyrating erratically and wildly, causing traders to shift their market positions three and four times during the course of the day. The lira which had fallen to an historic low of 890 per dollar yesterday was quoted heavily and erratically but, like most currencies in Europe, saw little trading. One forex trader here commented, lots of people want to sell lira but there are no buyers.

Overall volume on the markets was less than the last several days. Traders indicated that if the volume had been greater, either the dollar and lira decline would have been precipitous as central banks would have been committed to commit more of their dwindling reserves.

The relatively light volume was attributed to an uneasiness about the political situation in Europe, especially Italy and Britain. Volume may be light again tomorrow the traders hoped since the volatile Italian exchanges will be closed for a religious holiday.

## MORO GOVERNMENT DECLARES DEATH-SENTENCE FOR ITALIAN ECONOMY

March 18 (IPS) -- Following "emergency" consultations with the Italian Communist Party (PCI) leadership last night, the Moro government of Italy has announced further severe austerity necessary to meet the demands of Italy's U.S. bank creditors according to European press sources. Moro's move came amidst reports that the Bank of Italy had spent 250 million dollars in support operations for the lira yesterday, and an estimated total of 650 million dollars in the last two weeks, leaving the country with almost no reserves left to pay for food and fuel imports. Meanwhile, the one billion dollar Common Market loan bailout for Italy has been held up until at least May.

Last night, the Moro government raised the central bank lending rate from 8 per cent to 12 per cent, a measure explicitly designed to "curb consumption" by creating a credit shortage. As of March 12, import quotas have been in effect on such key commodities as meat, oil, paper and paper products. Treasury Minister Emilio Colombo is now demanding further regimentation of the banking system under his plan to force Italian banks to lend 30 per cent of their reserves to the bankrupt Bank of Italy. The only effect of this "solution" has been to create a run on Italian bank deposits.

STATE DEPARTMENT: "FREE MARKET FORCES" WILL FORCE WEST GERMANS INTO LINE WITH WALL STREET

WASHINGTON, D.C. March 18 (IPS) -- The chief liaison for European affairs at the U.S. State Department admitted in an interview today that West Germany was being reluctantly forced by Wall Street market manipulations into an upvaluation of the mark. The official indicated that the U.S. intended to keep a low profile in the currency chaos in Europe.

"The Germans don't like upvaluations," said the State Department official commenting on the current monetary chaos in Europe. "But when other currencies devalue due to free market pressures, their currency is automatically revalued."

"Everybody in Europe will just share the pool of international liquidity; some will get it, some won't," he said. He also said that the West Germans will have to extend credit to other West European nations -- a much-needed succor to Europe's U.S. creditors -- "because they (West Germans) like to export."

FRENCH ECONOMIST SAYS: MONETARY CRISIS WORST SINCE WWII

March 18 (IPS) -- Noted financial analyst Paul Fabra wrote in Le Monde today that "the present monetary crisis appears to be one of the worst -- if not the worst -- crisis which Europe has known since the war." Fabra also warned that the consequences of the devaluation of W. European currencies will be "a forceful return of inflation" which "will abort the economic upturn."

GREEK CENTRAL BANK HEAD SCORES U.S. MONETARY POLICY

March 18 (IPS) -- Xenophon Zolotas, governor of the Bank of Greece (the Greek central bank), attacked the United States for causing international monetary chaos during a press conference in Athens this week, according to the Greek press. "Chaos and anarchy dominate the international monetary issues, while the monetary system does not exist anymore,"

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Zolotas charged. "The U.S. covers its deficits with inflationary currency and pays the people with 'plain paper'."

Zolotas said the forced devaluation of the French franc this week will have a disastrous effect on the Greek currency, the drachma.

#### BANK OF ENGLAND'S I.M.F. LOAN IS GONE

March 18 (IPS) -- The Bank of England has been forced to expend the entire loan it received in December from the International Monetary Fund to support the pound against speculation. The Bank has now spent over 1 billion dollars in supporting the falling exchange rate of the pound sterling over the last week, according to yesterday's London Daily Telegraph.

#### SOVIETS ATTACK EUROPEAN "CURRENCY WAR" AS U.S. ATTEMPT TO PROP UP DOLLAR

March 18 (IPS)--The Soviet Government daily, Izvestia, yesterday broke precedent and openly attacked the U.S. dollar as the source and sole beneficiary of the current European crisis. The article was also summarized and distributed in several languages today by the Soviet mission to the United Nations in New York.

Izvestia states: "The West European press underlines the interest of the United States in weakening their trade rivals. The monetary disorder in Western Europe plays into the hands of Washington, which is striving, thanks to the Multinational monopolies, to lay on their 'allies' the consequences of the crisis and inflation, and at the same time strengthen the position of the dollar. In this connection, the French press criticizes sharply the 'inertness' of the U.S.A., which with Olympian calmness looks down on the 'monetary commotion' on the west European stock markets."

Izvestia defines the immediate strategy of the U.S. "international monopolies" as the revaluation of the West German Deutschmark and the Swiss franc, and the devaluation of the French franc, the Italian lira, the British pound sterling and the Belgian franc.

#### PRAVDA CHALLENGES WEST GERMAN PRO-DEVELOPMENT INDUSTRIALISTS TO LAUNCH POLITICAL FIGHT AGAINST ARMS PRODUCERS, PROMOTE EAST-WEST TRADE

March 18 (IPS) -- The Soviet Communist Party daily, Pravda, yesterday identified for the first time pro-development forces within the Confederation of West German Industrialists "not linked to armament production" as those who must lead a factional

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struggle against military interests, and organize within the Social Democracy for East-west trade.

In a commentary, V. Mikhailov writes that the pro-trade program adopted by the 25th Soviet Communist Party Congress last month is the main topic of discussion within West Germany. "against the will of a considerable part of the Social Democracy,

the Bundestag endorsed further allocations for the FRG Navy,"

Mikhailov writes "a clear capitulation to the military."  
"...there are no grounds to think that leading political quarters are unable to resist the pressure of the military-industrialist complex... Mikhailov pointed to the Social Democratic Party parliamentary fraction and industrialists not involved in arms production.

The Pravda commentary was also given prominent coverage last night on East German radio, Stimme Der DDR, and was distributed in several languages today by the Soviet U.N. mission in New York.

#### JOHN HOPKINS EXPERT PROPOSES NATIONAL AUTARCHIES IN EUROPE

BALTIMORE, March 18 (IPS)--David Calleo, a leading European "expert" at Johns Hopkins School of International Relations, said today that it may not be possible "to patch up the international monetary situation in which the various national governments have lost control" of a system that has "overemphasized interdependence." Calleo proposed that the present system be dismantled through a process of "retraction" on the part of governments to "economic autarchy."

While admitting that "extreme autarchy brings to mind fascism," he stated that his proposal "need not necessarily mean fascism, especially if greater state control was carried out by broad-based coalitions" such as the coalition including the Communist Party being considered in Italy. In this context, Calleo referenced the "beneficial results" of a turn toward national autarchies in the thirties of which he said German Nazism was only an aberrant case. Denying that "a drastic drop in world trade means a drop in the standard of living," he nevertheless said his plan would entail "severe financial discipline," but would not require police states.

#### CBS SPECIAL ADVERTISES ROY JENKINS FOR BRITISH PRIME MINISTER

March 18 (IPS) — a CBS television network special program on "The Second Battle of Britain" last night advertised Roy Jenkins, the right-wing brainwash expert and Home Secretary, as the best candidate to succeed Harold Wilson as prime minister.

The special contrasted a film of Wilson being ignored at a miners' union picnic to a speech by Jenkins in which he shouted down anarchist

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hecklers. The show had been prepared before Wilson's resignation, but was updated at the last minute to include the advertisement for Jenkins.

CBS correspondent Morely Safer concluded the show with the following support for military rule in Britain: "The country is standing on the edge of a precipice looking down. No more muddling through. The life has gone out. All Britain has left now is her law, her justice, and the other great gifts she gave to us."

#### PCF PRESS AGREES PCI SHOULD ENTER ITALIAN AUSTERITY GOVT

March 18 (IPS) -- Today's french Communist Party press, L'Humanite, cites Italian Communist Party secretary Renzo Trivelli supporting the entry of the PCI into the Italian government. L'Humanite quotes Trivelli to the effect that "the problem is to know whether the Italian Christian Democracy persists in refusing a broad entente of all democratic forces to get Italy out of the crisis."

#### SOVIETS ATTACK "ENEMIES OF MARXISM" IN COMMUNIST MOVEMENT

March 18 (IPS) -- The Soviet Communist Party's chief ideologist, Mikhail Suslov, attacked "white communist" NATO-agents in the Western Communist movement in the strongest terms used by the Soviets to date in a speech before the Soviet Academy of Sciences yesterday.

Suslov assailed "revisionists, nationalists and opportunists" in the Communist Parties, saying that "the enemies of Marxism wear a 'Marxian guise,' slandering real socialism, and try to wash out the revolutionary essence of Marxist-Leninist teaching and to substitute bourgeois liberalism for Marxism."

Suslov did not name the French and Italian Communist Parties, but targetted the "national communism" associated with them in his speech: "Everything the opportunists present as some kind of 'regional' or 'national' version of Marxism. This has nothing in common with revolutionary theory and harms the cause of the working class."

Today's Washington Post commented that Suslov "all but wrote dissidents out of the movement."

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### LEBANESE LEFT UNIFYING TO OUST FRANJIEH AND SYRIAN DOMINATION OF LEBANON

March 18 (IPS)—forces around Lebanese leftist Kamal Jumblatt and elements of the Lebanese Arab Army — formed from dissident Lebanese army units — are allying their forces in response to the continued Syrian occupation of Lebanon and Syrian president Assad's reluctance to press for the Christian Lebanese president, Suleiman Frangieh's resignation.

A spokesman from Jumblatt's Progressive Socialist Party is quoted in today's New York Times as warning, "This is wartime."

At the same time, Palestinian Liberation Organization leader Yassir Arafat and Jumblatt have publically expressed anger at continued Syrian presence in Lebanon. Jumblatt is calling for Syria to stand aside and let combined Muslim and leftwing forces oust Frangieh by force of arms.

Today's Christian Science Monitor indicates that if pro-Syrian forces are not able to prevent further fighting, there will be a renewed outbreak of civil war, the bloodiest yet because the divided Lebanese Army will join into rival militias.

### ISRAEL SENDS MORE TROOPS INTO WEST BANK TO CONTROL ARAB DEMONSTRATIONS

March 18 (IPS)—The Israeli government has ordered between one to two thousand armed troops into the occupied West Bank of the Jordan to suppress the worst wave of Arab demonstrations and strikes since Israel occupied the territory in 1967. For the second day in a row, Israeli soldiers have used tear gas to disperse crowds in Jerusalem where three Arabs were killed yesterday in clashes.

Israeli Defense Minister Shimon Peres has warned West Bank mayors that he plans to clamp down even harder on the estimated 600,000 West Bank Arabs and has demanded that the five city councils that have resigned in protest of increasing Israeli police state measures immediately withdraw their resignations. In response, the Mayor of Bethlehem, Elias Freij, stated: "People are fed up with the occupation. The tension is increasing like a hurricane that starts small and becomes devastating," according to today's New York Daily News.

### SYRIAN-CONTROLLED PALESTINIAN UNITS IN LEBANON BADLY SPLIT

WASHINGTON, D.C., March 18 (IPS)—Units of the Syrian-controlled As-Saiqa Palestinian guerrilla forces are developing major splits over the Syrian role in imposing NATO's dictated order in Lebanon, an informed Palestinian source reported today. According to the source, Saiqa units are becoming increasingly angry at their assigned role of stopping the leftist political and military offensive in Lebanon, a role which has included defending the American embassy in the past few days.

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Saiqa is closely connected to the Syrian wing of the Arab Ba'ath Party, a major base of support of the NATO-linked Hafez Assad regime in Damascus.

#### PLO PLANS PURGE OF SAIQA UNITS

WASHINGTON, D.C., March 18 (IPS)—The Palestinian Liberation Organization is planning a confrontation with the Syria-linked Saiqa units within its ranks, as part of a more general left turn planned by the PLO for its upcoming PLO National Assembly, according to a knowledgeable Palestinian source.

The latest issue of Falastin ath-Thawra, the PLO newspaper, hints at the forthcoming purge by stating that "the revolution will dismiss from its ranks all the opportunists who hope to change their stands and their programs in the hope of realizing cheap gains."

#### TIMES SLAPS KISSINGER, FORD FOR CANCELLING ENERGY, ECONOMIC AFFAIRS MEETINGS WITH SOVIETS

March 18 (IPS)—The New York Times in an editorial today attacked Secretary of State Henry Kissinger and President Gerald Ford for their cancellation last week of scheduled meetings with Soviet leaders on energy and economic affairs. Terming the cancellation "a pretty gesture" which will "only inhibit one element of the detente policy that is entirely desirable from the American (as well as the Russian) point of view," the Times, in an editorial entitled "Detente Politics," specifically singles out Kissinger for criticism: "As a 'rebuke' for Soviet actions in Angola, suspension of the scheduled meetings is so trivial as to be laughable." The editorial goes on to score the Administration for "specifically avoiding any action that might really have impact in Moscow, such as suspending current grain shipments", which would hurt the President's campaign in the farm belt.

#### FEDERAL EPIDEMIOLOGISTS CONTINUE TO STALL ON FLU VACCINE

March 18 (IPS)—"Federal officials are undecided about ordering the production of 200 million doses of vaccine to protect the nation against a possibly severe epidemic of influenza next fall," according to an article in today's New York Times entitled "U.S. is in Quandry on New Flu Vaccine." At last week's special meeting of the nationwide advisory committee on immunization practices, "some committee members favored a mass immunization program affecting nearly every American." Other members are more cautious about spending the required millions of dollars before "more data" are available.

The new flu strain under discussion is the "swine flu" recently discovered at Fort Dix, New Jersey, which has been related by lab tests to the flu responsible for the 1918 pandemic. The article states that "most Americans, never exposed to the new virus, would have no protection against it." The article appeared on page 71, buried in the Times' financial section.

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