



# NEW SOLIDARITY International Press Service

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P O. Box 1972, G.P.O.  
New York, New York 10001  
Editorial (212)279-5950  
Customer Service (212)564-8529

## I. Priorities

### **BUNDESBANK FOILS WALL STREET'S PLANS TO DESTROY EUROPEAN CURRENCIES**

March 29 (IPS) — The West German central bank, the Bundesbank, stymied Wall Street bankers' planned assault on the European currency snake arrangement today, according to authoritative sources at the International Monetary Fund, the State Department and the European-American Bank of New York who said that a Bundesbank threat to support the European currencies had caused Wall Street to postpone its attack.

Late last week foreign exchange department sources on Wall Street had threatened that should the European central bank governors and finance ministers fail to "realign" the snake over the weekend, the New York banks would, in the words of one trader "gang up on the Belgian franc and bust the snake." But even though the European Finance ministers postponed their scheduled meeting and no decision was taken on realigning the snake, the Wall Street assault failed to materialize, and international money markets were relatively calm today.

Foreign exchange sources at European-American explained: "We still are committed to breaking the snake although this time the Bundesbank let it be known that it would pick up every Belgian franc dumped on the market." Asked as to how long the New York banks can continue to absorb the estimated 10 million dollars in interest charges they are paying (per day) to bet on a devaluation of the weaker European currencies, he replied: "Not too long, I'm afraid."

### **STATE DEPARTMENT CONFIDENT SAFETY NET WILL GO THROUGH**

WASHINGTON, D.C., March 29 (IPS) — The office of Undersecretary of State

for Economic Affairs Charles Robinson admitted today that Secretary of State Henry Kissinger's "safety net" international bailout fund proposal has encountered difficulties in Europe, but said that the State Department is "confident" the proposal will be accepted. Acknowledging that the austerity conditions tied to the plan are exceptionally severe, a spokesman insisted, "but Europe will have to accept it." The spokesman added that the Department is also confident that the measure will pass Congress, noting, "it's just fine that it's getting no publicity."

### **SENATE RUSHES ACTION ON SAFETY NET**

WASHINGTON, D.C., March 29 (IPS) — The proposal for U.S. participation in the "safety net" international bailout fund is being rushed through the Senate, with a vote on the measure scheduled for tomorrow by the Senate Foreign Relations Committee, according to Congressional sources. The sources predicted that the safety net could reach the Senate floor within two weeks, and insisted that Congress would accept the proposal, on the basis that there is no other way to hold the international financial system together.

### **IMF SAYS SAFETY NET AUSTERITY "DIFFICULT TO ACCEPT" FOR EUROPE**

WASHINGTON, D.C., March 29 (IPS) — An official of the International Monetary Fund Secretariat who is knowledgeable on West German affairs admitted today that European nations will not readily be able to accept the stiff austerity conditions tied to Secretary of State Henry Kissinger's proposal for a "safety net" fund to prevent defaults by bankrupt European nations.

"The safety net concept requires that a country completely exhaust all its tranches (credit lines—ed.) with the

IMF and the European Community (Common Market—ed.) before applying," he said. "The conditions related to these are terribly strict, such that European governments would find the safety net politically difficult to accept."

### **DEM NATIONAL CTTEE ADVISOR SAYS U.S. MUST "TAKE A BEATING" TO GET SAFETY NET**

WASHINGTON, D.C., March 29 (IPS) — A member of the Democratic National Committee's Foreign Policy Advisory Task Force said today that the U.S. must "be prepared to take a beating for the protection" from debt defaults by European nations afforded by the proposed "safety net" bailout fund now in Congress. The advisor, a former official in the Kennedy Administration, said that the U.S. should expect "some postponement of European debt payments and, possibly, interest moratoria" before the Europeans will accept the austerity conditions tied to the proposal. Commenting on the capacity of the U.S. to win European acceptance for the safety net, the advisor, who worked on the proposal last year, said, "It's not easy."

### **WEST GERMAN ATLANTICIST PRESS ORGAN BLASTS KISSINGER FOR NUCLEAR BRINKSMANSHIP**

March 29 (IPS) — Herbert von Borch, chief political writer for the West German Atlanticist daily Sudeutsche Zeitung, today wrote that "the limits of mere irritation were overstepped this past week when (U.S. Secretary of State) Kissinger threatened retaliation against Cuba." Borch stated that "the world has come closer to a severe

military crisis which was further exacerbated by the refusal of the Secretary of State to exclude the possibility of an invasion of the island of Cuba."

### **KISSINGER TELLS HOUSE COMMITTEE HE'LL UNVEIL PLAN FOR AFRICA**

WASHINGTON, D.C., March 29 (IPS) — Secretary of State Henry Kissinger told the House International Relations Committee today that he supported British Foreign Minister James Callaghan's efforts to set up a majority government in Rhodesia. In testimony before the Committee, Kissinger also revealed that he would unveil his own plan for Africa during his April tour of that continent.

The Secretary warned the Committee that if alleged Cuban "expansionism" in Africa is not stopped, Cuba will have a platform for intervening in the Western Hemisphere, particularly in Latin America countries.

### **RUMSFELD BACKS DOWN FROM KISSINGER MILITARY THREATS, URGES OTHER SANCTIONS AND INCREASED DEFENSE BUDGET**

March 29 (IPS) — Defense Secretary Rumsfeld yesterday backed away from the tough warnings to Cuba emanating from Secretary of State Kissinger and the White House under questioning from reporters on "Meet the Press" yesterday. Rumsfeld noted that Kissinger himself had "cooled it a bit" in testimony before the Senate Foreign Relations Committee and stated that the most appropriate response to Soviet and Cuban activities is to secure the passage of President Ford's defense budget. Rumsfeld added a warning that if Congress cuts the defense budget "too much," Ford will veto it.

### **IMF BLOCKS PROMISED LOAN TO ITALY UNTIL INCOMES POLICY IS IMPLEMENTED**

March 29 (IPS) — The International Monetary Fund has blocked its previously-pledged 530 million dollar

bailout loan to Italy until the political and financial situation in Italy "clears," according to West German financial daily Handelsblatt today.

The Italian press, attributed the loan's postponement to the lack of an incomes policy in Italy that would do away with cost-of-living increases.

### **ITALIAN CENTRAL BANKER DEMANDS CURBS ON COST OF LIVING INCREASES IN WAGES**

March 29 (IPS) — Italian Central Bank Governor Paolo Baffi said that Italy must take steps to curb wage increases stemming from the nation's cost-of-living escalator in response to newly released statistics showing that the Italian cost of living increased by 2.2 per cent during the month of February, or more than 25 per cent per annum. Baffi proposals included "purely and simply suspending the COL for one year, limiting ourselves to calculating it and paying the increase in non-negotiable and non-interest-bearing state bonds."

According to the March 27 La Repubblica, which reported Baffi's recommendations, the wage increases which would result from a 26 per cent annual inflation rate would amount to a total of 2 trillion lira.

### **FRENCH COMMUNISTS TELL SOVIETS BREAK WITH GAULLISTS OR NO BERLIN CONFERENCE**

March 29 (IPS) — The leadership of the French Communist Party (PCF) has issued a warning to the Soviets to either support their organizing in Europe, or abandon all prospects for the early convening of a European-wide Communist Party conference. According to Flora Lewis in yesterday's New York Times, the French party circulated a letter at the last preparatory meeting for the communist conference in Berlin, which criticized the Soviets for failing to exploit the "worsening crisis of capitalism" especially by not supporting the attempts of both the Italian and French Communist parties to enter their respective governments.

The PCF singled out recent invitations from the Soviet Union to the

official youth movement of the anti-atlantist Gaullist UDR party to visit the USSR, and an invitation to the youth movement of President Giscard's Independent Republican party to visit Rumania, as sanctioning "reactionary political organizations that defend the interests of big capital in our country."

According to the Times, the PCF is now threatening to pull out of the Berlin negotiations if the Soviets do not break off such initiatives and support the PCF's so-called militant campaign against capitalism.

### **EGYPTIAN AUSTERITY MEASURES "MOVING TOO SLOW," BANKER COMPLAINS**

NEW YORK, March 29 (IPS) — The Egyptian government is "trying to stir things up" and implement austerity reforms recommended by the International Monetary Fund, but they are "moving too slow, not fast enough," a loan officer for a leading New York bank insisted today. According to the banker, Egyptian President "Sadat himself would love to get matters moving faster, but such moves are not politically appealing."

Informed about recent riots against austerity in a city north of Cairo, the officer commented, "I wouldn't be very concerned with that. It's a local problem."

### **SADAT ADVOCATES POST WORLD WAR TWO U.S. OCCUPATION FORCE TACTICS FOR EGYPT**

March 29 (IPS) — Egyptian President Anwar Sadat predicted five more lean years for Egypt due to the economic crisis that he has tried to overcome with stringent austerity measures, according to an AP release in the U.S. press yesterday. Stating, "I say that we have five more years of sweat and toil to improve our economy," Sadat referred to what he called Germany's rapid rise after World War Two, when U.S. occupation forces consciously starved the German population into submission. "Let us rebuild our state like Germany — in five years as they did," Sadat said.

Sadat also acknowledged that Egypt's balance of payments deficit is 8

billion dollars, twice the amount previously admitted.

## **WORKERS RIOT IN EGYPT**

March 29 (IPS) — 17,000 textile workers in the northern Egyptian town of Damietta have rioted and clashed with police over the last four days according to yesterday's Baltimore Sun and Washington Post. The workers were protesting the withholding of an annual incentive payment from a state-owned company which reportedly made no profit in 1975. Police used riot sticks and tear gas to restore order.

In a speech two days ago Egyptian President Anwar Sadat warned workers that they must stop relying on the state to supply their needs and must rely instead on their own resources. He singled out leftists as "hostile elements that are exploiting our sad economic plight," and added that "From this day attempts at sabotage and chaos will be met with the utmost severity."

## **WEST GERMAN ECONOMICS MINISTER MOVES TO KEEP POLITICAL, ECONOMIC LINES OPEN TO THE SOVIET UNION**

March 29 (IPS) — West German Free Democratic Party Economics Minister Hans Friderichs stated during a press conference in Moscow yesterday that he hopes West German trade with the Soviet Union will double from 10 billion to 20 billion Deutschemarks by 1980. Federal Minister Friederichs is currently leading a delegation of West German government and industrial representatives visiting the Soviet Union, for the opening of a trade fair. According to West German press sources, Friderichs commented that "the question comes up whether a quantitative expansion of trade would lead to qualitatively new relations" with the Soviet Union.

## **SWISS PAPER SAYS COMECON WILL MAKE NEW CONCESSIONS TO WEST**

March 29 (IPS)— The Swiss capitalist daily Neue Zurichser Zeitung today argues that the socialist economic

organization, Comecon, will be forced by its high foreign debt to make concessions to the West in terms for expanding East-West trade. According to the Zeitung, the Comecon's recent proposal for expanded economic cooperation to the European Common Market (EEC) is unacceptable because its proposals for bloc to bloc cooperation effectively dismantle the EEC's external barriers designed to protect its member states. The Swiss paper suggests that unless the Comecon makes further concessions, it will be forced to adopt import restrictions on needed high technology goods from the West to correct its balance of payments imbalance.

## **II. Continental**

### **O'NEILL CHALLENGES FORD OVER WARNINGS TO CUBA**

March 29 (IPS) — House Democratic leader Thomas (Tip) O'Neill (D.—Mass) charged that President Ford "either is threatening Cuba for partisan purposes or is leading this nation into a military showdown that he has neither explained nor justified" according to the Baltimore Sun yesterday. O'Neill warned that "Congress does not intend to allow Mr. Ford to push the American people into an adventure against Cuba," and called on Ford to publicly repudiate or explain statements by both his Secretary of State and the White House that decisive U.S. action will be taken against any further Cuban military ventures in Africa or elsewhere.

### **NEW YORK TIMES WORRIED ABOUT 1976 LABOR NEGOTIATIONS**

March 28 (IPS)— New York Times labor specialist Abe Raskin said yesterday that a strike or an expensive settlement when the Teamsters' nationwide master freight agreement expires at midnight Wednesday, March 31, "could upset the Ford Administration's hopes...of relative amity and no inflationary wage explosion" in the great number of national contracts coming up this year. In an article entitled "Big Labor Pacts, With Big Consequences, Coming Due" Raskin quotes Secretary of Labor W. J. Usery,

Jr. as concerned that what happens in the Teamsters' settlement will "set the mood for the whole year." Trucking is particularly important, Raskin notes, because there is little optimism about heading off a strike next month in the Big Five tire companies. Warning of a return to 1946 when "unions and employers were slugging it out after years of war-enforced economic restraint," Raskin points out that pressure for full cost-of-living escalators has moved to front rank in union demands in both trucking and rubber and that the teamster negotiations are complicated by the fact that Teamster President Frank Fitzsimmons, under attack from dissident members as a "sellout" and complicit in the disappearance of former Teamster President Jimmy Hoffa, faces re-election in June.

## **III. International**

### **SADAT FACES PRO-SOVIET COUP WITHOUT WESTERN ARMS AID, WARNS WEST GERMAN PAPER**

March 29 (IPS) — The West German daily Frankfurter Allgemeine Zeitung warned today that "Egypt must get modern arms; otherwise President Sadat will be overthrown by a (pro-Soviet) military revolt." Reporting on Sadat's arrival in West Germany today on the first leg of a five-nation tour in search of credit to meet Egypt's enormous foreign debt, the Allgemeine stated that "most Germans might not care if Sadat is overthrown by a pro-Soviet military dictatorship, but such a change would be of great danger to Europe."

### **FRANGIEH RESIGNATION FALLS THROUGH**

March 29 (IPS) — The Syrian attempt to trade Lebanese President Suleiman Frangieh's resignation for leftist leader Kamal Jumblatt's agreement to go along with a ceasefire imposed by Syrian troops was described as "a big failure" by today's New York Times. After a meeting in Damascus with Syrian president Hafez Assad on March 27, Jumblatt quickly returned to Lebanon, refusing to stay for a meeting yesterday arranged by Assad and at-

tended by Falangist representatives as well as Palestine Liberation Organization chief Yasser Arafat. Arafat would have attempted to exert moderating influence on Jumblatt, says today's Washington Post.

### **LEBANESE LEFT CONTINUES TO GAIN GROUND**

March 29 (IPS) — Lebanese leftists continue to gain strategic territory east of Beirut in areas of traditionally strong Christian Falangist according to West German State Radio yesterday. The Moslem leftists' objective is to link up with villages of Christian leftists who are presently surrounded by the Falange, and to gain full control of the Beirut-Damascus highway. Yesterday's New York Times reported that these gains will enable the left to take over enough Christian held territory to permanently prevent partition of the country along Moslem-Christian religious lines, the last remaining option of the Falange.

### **SADAT CALLS FOR PAN-ARAB INTERVENTION INTO LEBANON**

March 29 (IPS) — Following a meeting with the Egyptian Security Council March 27, Egyptian president Anwar Sadat demanded immediate Pan-Arab intervention into Lebanon as a result of Syria's inability to control the fighting, according to West German State radio.

### **LONDON TIMES CALLS FOR SYRIAN MILITARY INTERVENTION—SECONDED BY ISRAELI WARHAWKS**

March 29 (IPS) — In view of the failure of the Syrian imposed cease-fire to contain Lebanon's leftist offensive, the March 27 London Times recommended full scale Syrian military intervention into Lebanon. The Times further reported that with the failure of diplomatic efforts to quell the fighting, Syria's president Assad on March 26 ordered a large-scale troop build-up on the Lebanese border.

Israeli warhawk and former Defense Minister Moshe Dayan has given Assad the Israeli go ahead with such an intervention. The Jerusalem Post reports that Dayan has publically stated that, unless Israel is attacked, whatever

happens in Lebanon is an "internal matter."

### **LONDON COURT SAYS DEFAULT ON NIGERIAN CEMENT DEBT LEGAL**

March 29 (IPS) — The Central Bank of Nigeria and the Nigerian government have been told they can legally default on payment for 20 million tons of cement which were ordered by a previous government according to a decision handed down by the Queen's Court in London last week, according to the London Times of March 27. The decision, an important legal landmark on Third World debt liabilities, could open the way for similar defaults internationally.

### **ARGENTINE COMMUNIST PARTY OFFERS "CRITICAL SUPPORT" TO MILITARY PUTCHESTS**

March 29 (IPS) — The Argentine Communist Party (PCA) issued a declaration March 27 offering its critical support to the new military regime which overthrew President Isabel Peron last week. The PCA declaration, reported by an Agence France Presse news dispatch, claims that if the military junta is truly a transitional government as it claims, "it represents a step forward and will break the barriers that separate the Armed Forces from the people." The declaration further affirmed that PCA's support for the announced intentions of the junta "to secure national sovereignty, economic independence, and social justice." The International Monetary Fund whose offers of service to the junta immediately following their takeover have been gratefully accepted, has also judged the coup "a positive development" for Argentina.

The dispatch also notes that "One day after assuming power, the military junta dissolved five important leftist organizations in Argentina...Observers suggest that it was no mere coincidence that the PCA...has been excluded from this ban."

### **MARCHAIS CALLS FOR LEFT GOVERNMENT IN 1978**

March 29 (IPS) — Speaking in Limoges this weekend, French Communist Party (PCF) General Secretary

Georges Marchais declared that should the Union of the Left parties — the Communists, Socialists, and Left Radicals — win a majority of votes in the 1978 legislative elections, President Giscard D'Estaing must choose a left Prime Minister. In preparation for their participation in the government, Marchais called for the left parties to step up their electoral campaigning for the 1977 municipal elections, so as to become the "gathering of all those who are subjected to the consequences of the policy of a State at the exclusive service of capitalism."

Marchais also said that in next year's municipal election, the Union of the Left parties may invite their electorate to support selected Gaullist personalities. Marchais specifically named Jean Charbonnel, the main factional opponent of Atlanticist Prime Minister Chirac in the Gaullist movement.

### **PCI PARLIAMENTARY LEADER CALLS FOR FOOD CONTROL**

March 29 (IPS) — In an interview with the Italian daily La Stampa March 27, the vice president of the Communist fraction in the Italian Chamber of Deputies, Sr. D'Alema, stated that "at this point it is necessary to reduce as much as possible the devaluation of the lira through severe control of food and raw materials imports."

### **GISCARD'S POPULARITY PLUMMETS AFTER TV SPEECH**

March 29 (IPS) — According to a poll published by the conservative French daily Le Figaro on March 27, President Giscard D'Estaing's popularity plummeted following his nationwide television speech March 24 in which he announced that he has named his Gaullist Prime Minister, Atlanticist Jacques Chirac, to take on the task of coordinating the parties of his parliamentary majority coalition. Fifty-four per cent of the French public thought that Giscard had not been convincing in this appearance, according to Le Figaro, while 27 per cent stated that they now trust him less than before. Furthermore, 46 per cent thought he made a "bad impression," and 54 per cent believe he does not have the ability to fight inflation and reduce unemployment.