account of the virtues and strengths of the West German economy. Early this week, the national newspapers mockingly quoted him as saying, "We will shortly be over the hill."

### Every Man for Himself

Ignoring Schmidt's Pollyanna routine, federal Interior Minister and FDPer Hans Maihofer supported Stoltenberg's demand, telling the press that if the Public Service Union were to win its skimpy 10 per cent wage demand, there would be layoffs of public employees. But the sedate chairman of the Federal Bank, Karl Klasen, in the midst of considering how to finance the government's 50 billion D-mark budgetary deficit, has announced in the financial journals, "There will be [an economic] upswing in the summer of 1975."

The industrialists' pessimism about their ability to force government implementation of a focused austerity policy is intensifying the political confrontation around the six upcoming state elections. Up until this week the FDP, a tiny party backed by a marginal group of "liberal" industrialists and professionals, was attempting to maneuver an experimental state-level coalition with the CDU, hoping to dump the blame for economic chaos into the lap of the working-class based SPD. But the CDU is too worried about its own collective neck to be concerned about the fate of the FDP.

Mourning the possibility of open conflict between the CDU and the government on social and economic policy, SPDer Heinz Kuehn, an elderly spokesman for compromise and social order, summed up the inevitable effects, "Circumstances could emerge in West Germany such as presently exist in Italy."

## JAPANESE INVENTORY SALE MAY SWAMP WORLD TRADE

Jan. 4 (IPS)--Japan is threatening to launch a gigantic going-out-of-business sale which could precipitate a complete deflationary collapse of the already disintegrating world economy--something Japan's Trilateral masters want very much to avoid.

Recent world trade statistics indicate the Japanese are already dumping steel on the U.S. market. Last summer, when Japan unloaded 200,000 tons of copper, copper prices were cut in half, billions of dollars invested in copper development projects were wiped out, and the profitability of the entire Chilean economy, heavily dependent on copper exports, was destroyed.

The consequences of the similar actions on an even larger scale which the Japanese are now contemplating would obviously be devastating. It is just this "beggar your neighbor" trade policy which totally wrecked world trade and destroyed capitalist investment possibilities in the 1930s, sending the economy into the depths of the Great Depression.

The immediate cause of the prospective Japanese going-out-of-business sale: in the past year, the Japanese have built up a whopping $60 billion worth of accumulated inventories. The Japanese must refinance a major portion of this inventory to prevent widespread bankruptcies.

In addition, the Japanese owe Rockefeller financiers some $20 billion borrowed to pay their oil bill--which quadrupled after Rockefeller's original Oil Hoax during the winter of 1973-74. The entire $80 billion--inventories and oil bill--is short-term debt which must be refinanced every 60-90 days.

From the standpoint of the individual capitalist--even from the standpoint of the Japanese economy as a whole--the only logical course of action if Japan cannot roll over this enormous debt by borrowing funds from Rockefeller-controlled banks is to sell off accumulated inventories at bargain basement prices--or default.

The Rockefeller forces are desperately anxious to avoid either action--the ensuing sharp deflationary collapse would ruin any form of their "development projects" strategy once and for all. Why invest in capital goods to build energy projects if the market for energy created by capitalist industry has been destroyed?

## Refinancing?

But lending the Japanese the money to refinance their debt and inventory accumulation is nevertheless "bad business" for the Rockefeller banks as capitalist financial institutions. The risk is not commensurate with the return.

When queried on how the tottering international banking system would refinance the Japanese debt, a spokesman from the Asian desk at David Rockefeller's Chase Manhattan Bank replied, "If I knew the answer, I wouldn't be sitting here....I could say the same [about the inventories] for U.S. Steel."

Ironically, the Rockefeller cabal itself has forced their Japanese errand boys into this corner. In order to borrow the money from Rockefeller to pay the bill for the original Oil Hoax, the Japanese were forced to maintain a "presentable" balance of trade--dollar income from exports exceeding outgo from imports.

Initially (beginning in February 1974) this was accomplished by "suppressing demand" in the consumer goods sector--raising prices, shutting down plants, slashing imports. Trilateral capitalists including the Japanese were not unduly alarmed, as they planned to recoup on their investments in this sector by shipping out plants and workers in heavy industry to slave-wage development projects. Meanwhile, in Japan as elsewhere, layoffs and rising prices sharply reduced workers' standard of living with little apparent resistance from the working class.

## Cutting Your Nose

But reducing workers' ability to buy automobiles, electrical appliances, clothing, etc., worldwide effectively acted to curtail Japanese exports in this sector--by December Japanese exports as a whole were down 10 per cent over the previous year, causing a doubling of normal inventory levels.

More important, the Rockefeller development projects stalled, and inventories began to pile up in the capital goods sector. Aluminum inventories have tripled, copper smelting has been slashed by 40 per cent--the list goes on and on. Industrial production in Japan has declined 14 per cent over last year.

Even with these huge production cuts, and the resulting lay-offs and consumer shortages, Japanese inventories have continued to mount at an annual rate of 50 per cent. And the interest on the current $60 billion inventory--computed at a special Rockefeller interest rate for poor credit risks--is $2 billion every three months.

Unwilling to trigger a collapse by launching the going-out-of-business sale to pay it off, Trilateral Commission liberals in the Japanese cabinet, acting through Prime Minister Miki, have recently begun to buck the "tight money" line of Rockefeller's Japanese hard cop, former Finance Minister Fukuda. Miki is demanding that Japanese printing presses produce the yen necessary to ease the debt crisis. But this policy, if pursued as anything more than a temporary, carefully controlled expedient, would result in six months or so in an inflationary explosion and an equally devastating collapse.

Moreover, even a temporary reflation will not prevent the major part of the debt from coming due again in another 60-90 days. The pressure for the inventory sell-off will continue.

# BANKRUPTCY THREATENS NORTH SEA OIL

Jan. 4 (IPS)--The increasingly hasty retreat of the international Rockefeller banks from further investment in the North Sea oil development projects threatened to turn into a full-scale rout this week with the narrowly-averted bankruptcy of Britain's Burmah Oil Company. The collapse of the North Sea projects will not only precipitate the final breakdown of the British economy but will also have repercussions on West German supplier industries.

The Burmah Oil Company, deeply involved in the development of the Ninian and Thistle off-shore oil tracts in the North Sea