

The catastrophic results of this fumbling by the nearly psychotic European bourgeoisie is shown in the continuing collapse of the dollar today, despite heavy central bank support operations for the U.S. currency. The dollar today reached an all-time low in Switzerland and an 18-month low against the West German mark, with the short-term threat of a collapse of international banking and world trade.

Calling the dollar "waste paper," Italian central bank chief Guido Carli set the tone for today's non-meeting by attacking out-of-hand the standing U.S. proposal, from Simon and Kissinger, for a \$25 billion "safety net" for the industrialized countries. Carli claimed that the U.S. gimmick would take too long to set up, while Italy and other deficit countries need funds immediately; a high Italian monetary official stated today that Italy is financing its \$10 billion a year balance of payments deficit with month-to-month borrowings, and could go bankrupt if the flow of credit is cut off.

From the United States side, it was learned today that a touted U.S. compromise plan designed to achieve a quick accord with the Europeans has not even been circulated through the International Monetary Fund, the main forum for such discussions.

No Political Will

Interviewed today, a leading Trilateral Commission spokesman offered the following analysis: "The governments could come together on the Kissinger proposal in a couple of weeks--it doesn't take long to make a decision if the political will is there. Actions by private banks or by the Bank for International Settlements would have less chance to make an effect on the situation. But, frankly, the will isn't there."

The problem driving the Europeans and the U.S. Treasury up the wall is the same identified by Robert Roosa, leading Trilateral banker, two weeks ago: the Europeans are afraid of creating a "fixed group of oil-consuming countries" under Kissinger's thumb, for fear of providing a barn-sized target for the Soviets and the European Communist Parties.

Thus, the hysterical demands of the New York Times, for an emergency effort by the United States and West Germany to set matters straight, is just not coming off. Said an IMF official: "It will be a long time before any one of us gets a good night's sleep."

WEST GERMAN RULING PARTIES CRUMBLE AS CRISIS MOUNTS

WIESBADEN, West Germany, Jan. 7 (IPS)--The entire structure of post-war West German political life is rapidly crumbling in the face of imminent mass layoffs in the key auto industry and confusion

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in the ranks of the international and domestic bourgeoisie. While the ruling working class-based Social Democratic Party (SPD) is wallowing in indecision as to how to force austerity onto its own political base, its small coalition partner, the Free Democratic Party (FDP), is in danger of becoming extinct as a national party.

The international bourgeois press purposely has confused the real source of the crisis by overlaying it with an array of ruses. This week's Der Spiegel magazine featured a long interview with West German Chancellor Helmut Schmidt praising his alleged role as a new "world power." Through this haze, however, Schmidt's own admissions shine through: "I am not of the opinion that someone holding the office of Federal Chancellor would be difficult to replace."

Later, questioned on whether U.S. Secretary of State Henry Kissinger has been pressuring him to accept his proposals for military intervention against the Arab states, Schmidt commented: "I don't know of any pressure. Since I don't regard myself as chancellor of a world power, I will not philosophize about your question. That would be fatally dangerous."

The political credibility of the SPD has plummeted so much recently that the Canadian Press news agency, connected with Associated Press, is rumoring that "Schmidt might feel more at home" as a member of the right-wing opposition party, the Christian Democratic Party (CDU). According to this scenario, Schmidt would switch to the CDU and then run as Chancellor on that ticket in upcoming federal elections. Schmidt himself has encouraged such speculation by stating in the Der Spiegel interview that his election prospects would be more successful if he ran personally instead of as a member of the SPD.

FDP Fragmentation

The prospects for the Free Democratic Party are even worse.

The FDP is a small capitalist-supported party with a petit-bourgeois professional base whose function has always been to ally with either the SPD or the Christian Democratic opposition, neither of whom have been able since 1969 to achieve an absolute governing electoral majority. Over the past year, however, the FDP has been losing large numbers of its usual voters predominantly to right-wing forces.

Heavy FDP losses at the May 5 elections in the key industrial state of North Rhine-Westphalia would heighten the danger that the FDP would not reach the 5 per cent requirement in later national elections, disqualifying it as a national party. Such a situation means extreme instability in the present government.

There is a precedent for this: during the years before Hitler's seizure of power, Hjalmar Schacht's small Liberal Party

shrank to almost nothing as the population became polarized between the fascist and left-wing forces.

CETA SLAVE LABOR PROGRAM HITS SNAG

NEW YORK, N.Y., Jan. 7 (IPS)--Board members of the Comprehensive Employment and Training Act (CETA), the country's prime public service jobs program, are holding emergency closed-door meetings this month to try to clear away major obstacles to its full-scale implementation.

Rockefeller had intended to use the CETA apparatus to recycle the growing number of unemployed workers into jobs in both the public and private sectors at approximately half the union wages. But the program has run into major snags. First, there is insufficient funding to provide the number of jobs necessary to match skyrocketing unemployment. Second, despite the willingness of trade union leaders to play the role of kapos, American workers smell a rat. Though many have been unemployed for months, they are not voluntarily applying to become CETA slaves. At the same time, local political machines (as in Chicago) have balked at starting up the recycling machinery, opting instead to use CETA money to keep laid-off municipal workers on their jobs.

So far only 60,000 out of a projected 170,000 CETA-funded low-wage, public service slots have been filled since the program took effect six months ago.

Both coverage in the major press and statements made by CETA administrators this week reveal deep dismay over the program's lack of progress.

The Jan. 6 Wall Street Journal reported one problem which has cropped up in New York and Detroit, both major recipients of CETA funds. According to the financial newspaper, "Dennis Rome, a Detroit [CETA] administrator, declares: 'We can't hire federally funded people into some job title today and two weeks later lay off a bunch of regular employees with the same title who've been on the job two years. It's immoral.'"

Reflecting the confusion among top Labor Department officials, Esther Friedman, executive assistant to Assistant Secretary of Labor Kohlberg, publicly admitted "I can't figure out why the money hasn't been adequately spent on Title II [public service employment]; we've been trying to cajole them [the prime sponsors]; maybe it's fear."

Robert Hart, manpower expert for the CETA board in Columbus, Ohio, blamed the program's difficulties on administrative red tape. Hart stated that "people in city government feel up against