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As Schmidt Speaks

Atlanticists Impliment Schachtian Policies

May 15 (IPS) — Chancellor Helmut Schmidt's unabashed tribute to Adolf Hitler this May 11 in the Bundestag can hardly be taken lightly in view of the fact that the Atlanticists are already well on their way to create Schactian economic and political institutions. Moves afoot since at least January have laid the basis for the creation of international and national sector financial and economic institutions to implement the 1933-36 policies of Hitler's finance minister, Hjalmar Schacht. It goes without saying that the global nature of such measures this time accompanying depression conditions that dwarf those of the thirties will catapult the world into the 1936-45 horrors within a matter of months.

While recent clamoring, on both sides of the Atlantic for the disinvestment of European industry — relocation of West German industry to the cheap labor areas of the U.S. and Brazil, and the relocation of rationalized U.S. Northern industry to the predominantly non-unionized South might appear a bit far-fetched, the real message is clear: the New York banks and their political henchmen have turned to concentration camps and war in an effort to continue maintaining the facade of solvency for their financial institutions.

A Marshall Plan?

Just prior to his pro-Hitler speech, Helmut Schmidt, in an interview with the German weekly Der Spiegel, called for a new DM28 billion "Marshall Plan" for Europe to be financed by the West German central bank. A portion of this money would come from the sales of U.S. Treasury debt held by the Bundesbank. The rest would be cranked out of Bundesbank's printing presses.

The May 14 Handelsbatt, the leading West German financial daily, laid out Schmidt's fascist economic plans for Western Europe in it's lead editorial. Investment by West German firms would now take place abroad, said Handelsblatt, because of cheap labor, the strong Deutschemark and better access to raw materials. In order of importance, the areas of investment would be the U.S., France, Switzerland, and Brazil. Volkswagen, West Germany's leading auto producer, after having laid off 24,000 out of it's total workforce of 142,000 eighteen months ago and making it up with a 28 per cent increase in productivity, decided that the 6 per cent rise in labor costs per unit output on its West German operations was still unbearable. The company has decided to build it's newest plant in the cheap-labor United States. Otherwise, mergers and consolidations have already begun to rationalize the entirety of Europe's auto, shipbuilding, steel, and chemical industry.
and chemical industry.

Within the United States itself, plans are being chalked out to deindustrialize and triage the industrial North and reduction of U.S. industry to a scattered variety of individually profitable pockets located in the cheap-labor and predominately non-unionized Southeast and Southwest.

As for the monetary super-structure needed to support such an operation, (the so-called Dollar-Deutschmark axis) — a Wall Street-engineered currency realignment — has been underway since January of this year. The wrecking job on weaker European currencies, starting with Jan. 21 assault on the Italian lira has forced measures leading to the virtual shut-off of all Italian foreign trade.

Now, there is a concerted effort underway to usurp all traditional monetary-policymaking powers out of the hands of national central banks, leaving only the U.S. Federal Reserve and the West German Bundesbank, (the latter strictly as a junior partner),to control credit both within and without all European national economies.

Bundesbank President Herr Klasen this week outlined plans to restructure the West German central bank's monetary policy-making body, the Zentralbankrat. Under the proposal the board, which is currently composed of heads of the regional offices of the Bundesbank and its directors, would exclude civil service or political appointees. This measure, aimed at streamlining the domestic credit machinery under top-down Atlanticist control, follows the U.S. Fed-IMF-Bundesbank joint operation which has reduced the Italian central bank, Banca D'Italia, to an Atlanticist weapon to destroy the Italian economy. Similarly, the troublesome Bank of England has been watergated and Atlanticist plans are to attempt to have it superceeded by a Currency Commission. The role outlined for the Banque de France under the explicit-fascist Atlanticist President Valery Giscard d'Estaing's "Seventh Economic Plan," now before parliament, is that of overseer of the rationalization of French industry. In the U.S., the F.I.N.E. (Financial Institutions and the National Economy) proposal of Rep. Henry Reuss (D-Wisc) is aimed at similar top-down control of all domestic credit.

A central bank dicating all allocation of credit and printing money as need for the rationalization of industry, was the primary tool used by Hjalmar Schacht to centralize political control of the German economy. The Reichsbank used this control to eliminate all opposition to Schacht's policies and consolidate cartel control over various sectors. This time, the plans call for the U.S. Fed, IMF and the Bundesbank to play that role for the global economy, with national central banks merely implementing such policies domestically. Where central banks hesitate, as in the case of the Bank of England, they are to be replaced by new institutions subservient to the IMF, etc.

This process of consolidation is well underway as is clear from developments this week. The Bundesbank, through the European Economic Community Monetary Fund and the

Bank for International Settlements (BIS) has paid out another $1 billion to Italy after the government imposed an unprecedented shut-off of trade credits. The Journal of Commerce quotes two former Italian finance ministers objecting to these loans as they are mere refinancing and have nothing to do with the productive economy. Sweden, meanwhile, has announced that it requires an additional $4.5 billion in foreign loans this year, which unquestionably will be tied to rationalization. The printing presses will continue churning in West Germany to finance "rationalization" credits to Western Europe; interest rates will continue to rise in the United States; West German funds will be sucked into the Treasury cash-box to finance the otherwise-unmanagable Treasury deficit. All this will continue adding to the "offshore" "Bermuda Triangle" pool of Eurodollar funds, which, in turn, will be used for selective lending to rationalizing industries. The Third World except for a few select client states will be omitted from loan consideration.

The demi-fuehrer Schmidt is merely a puppet of lower Manhattan. As one New York banker stated this week Schmidt the loyal servant "is pragmatic and he knows he depends on the Atlantic Alliance." Then indicating who pulls this puppets strings the banker said, Schmidt will do what ever the U.S. Treasury tells him." Another New York banker was more blunt,"Don't worry about the Germans....they are our minions in Western Europe."

The Schachtianization of European Industry

At the International Metalworkers Federation (IMF) conference in Munich last week, attended by social-fascist United Auto Workers' President Leonard Woodcock, the Wall Street investment banking firm, Lehman Brothers, presented a plan for drastic "rationalization" of the Western European auto industry. The study, which was authored by Paris-based Lehman Brothers-controlled research group known as Eurofinance, minces no words about the non-existence of the so-called "auto-led European economic recovery." To quote a Financial Times summary of the report: "Manufacturers still face a highly uncertain spell in which markets could oscillate widely, and in which there is unlikely to be any real growth."

Auto production in Western Europe, the study continues, will not regain 1973 levels until at least the mid-1980's. "Eurofinance" proceeds to make the following reccomendations: To eliminate "excess capacity," the number of European companies must be reduced to "no more than three closely-integrated or merged groups." State-subsidized companies like British Leyland, which are no longer financially viable, must be "restructured." Wall Street has thus called for a wholesale scrapping of "surplus" plant and equipment — a move which will throw millions of skilled and semi-skilled auto workers on the scrap-heap. Increased profits will be squeezed out despite reductions in overall production through hideous speed-up and the hellish working conditions indentical to those in Nazi Germany in 1936-39 period.

We Need a Bloodletting

Volkswagen, the government-owned company originally established under Hitler's orders has emerged as a prototype for Wall Street's plan. Toni Schmueker, the firm's productivity expert brought in just a year and a half ago, has announced that Volkswagen's breakeven point, the sale of production at which it is able to produce a profit — will be reduced this year from 70 per cent of capacity utilization to 60 per cent. This will be accomplished by increasing the number of units produced per worker from the present 10 to 15. "We need a bloodletting," commented Schmueker, who was productivity expert for the Rheinstahl armaments complex under the post-war U.S. occupation.

Volkswagen's latest annual report outlines Schmueker's "accomplishments" during the last 18 months, which allegedly brought the company from "the brink of bankruptcy" to "recovery" ...

* 24,000 layoffs out of total workforce of 142,000,
* a 28 per cent rise in worker productivity
* a 60 per cent drop in labor costs per unit output, and
* a substantial reduction of inventories through production cutbacks.

The Lehman Brothers' plan will ensure that the "VW model" is applied Europe-wide.

Half a Truth

What Wall Street isn't telling its European junior partners is that it is the U.S. giants — General Motors and Ford — who are likely to emerge with the biggest piece of the spoils should Lehman's "rationalization" scenario be carried out. One Wall Street analyst, when told of the plan to reduce the European auto industry to only three major firms, laughed and replied, "Right. General Motors, Ford, and Volkswagen." He then explained that GM and Ford had shown record profits on their European operations in the first quarter of 1976, accounting for a huge chunk of the "European" sales "upswing."

Cartelization In France

Echoing Hitler's reorganization of German industry, French industry is already being "merged" into large cartels, to enforce production cuts and layoffs and ensure debt repayment. In April, Big MAC chairman Felix Rohatyn's investment house, Lazard Freres, arranged the merger of two ailing near bankrupt French automakers, Peugot and Citroen.

At the same time, France's two largest chemical producers, Rhone-Poulenc and Pechiney-Ugine-Kuhlmann formed an "association" to pool capacity, while Rhone-Poulenc laid off 9,000 workers, half its textiles workforce. With fertilizer sales down 50 per cent from the previous year, the two largest fertilizer manufacturers, Gardinier and Miniere et Chemique, formed a similar "association." France's Vichyite Giscard government is directly subsidizing the rationalization of both the steel and chemical industries through large loans. This cartelization process will accelerate — if President Giscard's "Seventh Plan" is not voted down by an increasingly enraged Gaullist opposition.

Ship-Building Triaged

Under the auspices of a recent OECD (Organization for Economic Cooperation and Development) agreement, Wall Street is forcing the dismantlement of an estimated 50 per cent of ship-building "over-capacity" created by the collapse of world trade. According to the Economist, Japan, Sweden, and West Germany, are already undertaking 30 per cent reductions, which will result in layoffs of 30,000, 7,500, and 10,000 workers respectively in each country. The Economist complains, however, that these drastic measures are still insufficient! During the first quarter of 1976, the order books of the world shipbuilding industry were reported to have dropped to the lowest level since September, 1970.

Wall Street's Nazis See Ray of Sunshine in USA

Handelsblat, the West German financial daily, in an editorial on Friday called for a new **Lebensraum** or living space policy for German capital. The editorial calls for West German industry to invest overseas, by opening plants to take advantage of cheap labor in the U.S., Brazil, France and Sweden. Such talk of exporting West German jobs does not sit well with workers — especially autoworkers. Over the too few years a significant portion of the Volkswagen workforce were either retired early or laid off, due to production cutbacks. Volkswagen recently concluded an arrangement to open a major new plant in the U.S. in hopes of regaining a larger portion of the "lucrative" American market by beating import costs and fees.

The U.S. Sunbelt

The area of the U.S. now coveted for industrial expansion is the South — both Southwest and Southeast. This week's Business Week sheds some light on why lower Manhattan views the Sunbelt as the "promised land." Business Week reports the following "credentials" for the Sunbelt:

* the workforce is about one half as unionized as the rest of the country and even less when compared to the Great Lakes' industrial belt to North East.

* the energy costs are lower because of the proximity of the sources — coal supplies, hydroelectric, etc. In some areas electricity costs only 35 per cent of what it costs in New England.

* finally the state and local tax rates are lower by as much as 4 per cent. (In some cases tax incentives are given companies for relocating enabling them to avoid paying taxes for several years, and reduced rates for years after that.)

The Business Week article continues heaping praise on the South for "the brilliant plentiful manpower" available, and the wonderful, easy life of the dilligent and loyal workers. Sales of quality consumer goods, the magazine reports, are rising faster here than anywhere in the nation. The average factory worker earns around $165 a week — or $30 less than his Northern counterpart. Wage levels in the numerous sweat-shops and light assembly plants are far lower.

Already Underway

The Business Week article concludes that northern businesses will soon begin shutting down to move to the cheaper labor sources in the South.

The movement of industry to the South has occured beginning at the end of World War II up to the present, peaking in the late 1960's. The kinds of industry which has moved have been diverse, but the most significant growth has been in "light" assembly plants. Old equipment is often just moved from the North to the South and put into a newly constructed factory shell. These are "the new assembly plants" of the South.

Some new capital equipment has been installed in new petrochemical and aerospace plants. Homegrown and recruited labor from the North have provided the workforce for these plants; in all cases wage levels are kept low.

This process has resulted in relative higher Southern employment levels. Population is also up in the South confirming the migration that people are moving to the South to get jobs — the exact reverse of 1930-55 trends.

A source in the Congressional Budget office indicated that this move southward to the Sunbelt is a long term trend. As industry moves South, he indicated wages will not only be cut in the Sunbelt but also back in the north as it attempts to compete for industry. Such moves will lower labor costs in places like New York City, the source concluded and "making it more attractive for industry to stay in New York."

West German Industrialists are well aware of this system of relocation of industry to areas of cheaper labor. This is the final outcome of the policies the Nazi economics minister Schacht — the concentration camps of Eastern Europe. Southerners crowing over the prospects of a renewed boom in the Sunbelt obviously haven't paid attention to the histroy of this century.