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EUROPE'S ECONOMY IS SHATTERED

Aug. 13 (IPS) — Capitalists are now declaring war on industrial production, a policy by which they hope to maintain the book value of billions of dollars worth of outstanding debt without the benefit of a hyperinflationary transfusion. To understand the full social and political implication of their war cry, it is enough to review the current state of the Western European economy. The most intense concentration of industrial capacity and skilled labor power outside of Japan has already been stripped to the bone as a direct result of the collapse of world trade to date. That is an accomplished fact.

Across the continent workers are foregoing their summer vacations, for fear that they will return to locked factories. Rockefeller's current policy is a guarantee that that will be the case.

With productive output collapsing at a rate of 30 to 50 per cent, the nightmare of Brazil is creeping north from Southern Italy where epidemic diseases are already ravaging the workforce, 50 per cent of whom are condemned to housing which has been officially declared "decrepit." Today that nightmare of economic holocaust has extended itself even to the European industrial heartland in West Germany's Ruhr valley, where a process of mass lumpenization of the highly skilled workforce is well under way.

If Europe does not renounce the death grip of dollar debt, within the next three to six months, there will be no European economic sector to speak of. Locked factories will be the least of it.

Europe's Sick Men

In Britain and Italy, Europe's acknowledged Banana Republics, the destruction is visibly most advanced. In Italy it is feared that a majority — if not all — of the remaining textile plants will not reopen in September. The government has declared a state of emergency in this already hard hit sector, now producing at 50 per cent capacity. Fully one third of the nearly 1 million-strong textile workforce faces immediate unemployment. Pirelli, Italy's rubber giant, has to date laid off 10,000 of its 34,000 production workforce. In auto, Alfa Romeo has declared its response to the "September question" — the company's 18,000-man workforce has been notified that they are on indefinite "extended vacations." Total industrial output during the first six months of 1975 fell 13 per cent from comparable 1974 levels.

The effect of this level of collapse on living standards is compounded by unrelenting double-digit inflation. During the first quarter of 1975 the cost of living for Italians was fully 20 per cent higher than in the early 1974 heyday of inflationary looting. The Interministerial Commission on Prices has approved an 11.8 per cent increase in fertilizer prices as well as increases for gas and oil used domestically, the price of which is expected to double.

In Britain, where unemployment recently broke the 1 million mark, inflation is running at an official 26 per cent. With the props giving way beneath the debt-burdened nationalized sector, Undersecretary for Employment Frazer's announcement that the unemployement fund will last another three months is wildly optimistic. Already the Wilson government has publicly withdrawn all promises of job security for the steel and other nationalized industries. The giant British Steel Corporation has, meanwhile, eliminated all overtime payments — a de facto 30 per cent gouging of steelworkers' wages.

No one expects the inflation to subside. Current "projections" estimate that by October the cost of food will jump another 15 per cent, that on top of last year's rise of 23 per cent. Rents are expected to go up by 15 per cent in the same time.

The burial of the European economy is strikingly demonstrated in a brief look at bankruptcy statistics in the French sector. There bankruptcies have increased by 21.8 per cent during the first six months of the year, compared to 1974. In the month of June alone, 7,804 businesses closed their doors — more than three times the comparable figure for 1974. Significantly, the industrial sector has been hardest hit with a 39.2 per cent rise in bankruptcies led by the transportation, communications, construction, and public works industries.

West German Devastation

Those vital statistics in the broadest outline what is in store for the fall. The badly battered French steel industry has already slashed production by 20 per cent from 1974. With orders chopped up 40 per cent and stockpiles of inventories littering the continent, export prices have collapsed by upwards of 30 per cent. Again, current reports anticipating a 35 per cent decline in production by fall must be judged highly optimistic.

But it is in the pivotal West German sector that the seal is now being set on the hideous process of extinguishing European economic potential. There the continent's most highly skilled workforce is being brutally cannibalized, forced once again to live through the horrors of 1929-1937. The case of Dortmund, a heavy industry hub in the Ruhr, is exemplary. Twenty per cent of all families in Dortmund are presently subsisting at starvation levels, on family incomes of $90 or less. In a move to preserve the federal unemployment fund, the West German government has slashed 300,000 unemployed workers from the rolls; steps have been taken to force those remaining to accept jobs at 30 per cent less than their previous pay.

Even as the recycling apparatus is assembled unemployment continues to rise. Despite the streamlining of the unemployment rolls, the month of July shows 33,000 new unemployed for an official total of 1,035,000 jobless. The IFO-Institute, a capitalist economic think tank, however, speaks more frankly. IFO reports that 1.3 million are presently unemployed in West Germany, and has recently revised its projections upward. Previously asserting that unemployment would reach 1.5 million by early 1976, IFO predicts that that figure will be reached by fall — a 50 per cent increase in unemployment in a mere several months!

Its industrial machine overwhelmingly dependent on exports, West Germany reflects the worldwide economic collapse with devastating precision. Today all West German industry has an average of 2.7 months worth of orders on their books. In the first half of the year exports plunged by 13 per cent compared to 1974. The giant steel industry is operating at 60 per cent capacity with warehouses stuffed with unsold inventories. Production has already plummeted by 30 per cent in some areas. Twenty-five per cent of heavy-industry-allied construction industry's workforce is idle. Significantly the chemical industry, one of the last holdouts against the depression tailspin, has begun to give way: BASF, the West German chemical kingpin, is now producing at 50 per cent capacity.

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