



NEW SOLIDARITY International Press Service

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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
AUSTERITY BULLETIN NO. 2
JANUARY 23, 1976

AUTO LAYOFFS CONTINUE

JAN. 23 (IPS)—ACCORDING TO TODAY'S WALL STREET JOURNAL, GENERAL MOTORS CORP. WILL TEMPORARILY LAY OFF 7,500 WORKERS AT ITS LORDS-TOWN, OHIO AND SOUTH GATE, CALIFORNIA PLANTS DURING FEBRUARY. YESTERDAY WHEN IT WAS REPORTED THAT CHRYSLER, FORD AND AMERICAN MOTORS WILL BE LAYING OFF 10,000 WORKERS DURING FEBRUARY, AUTO INDUSTRY ANALYSTS TOLD IPS THAT THERE WOULD BE NO LAYOFFS AT GM IN THE IMMEDIATE FUTURE.

ECONOMIC INDICATORS SHOW THAT ADDITIONAL AUTO LAYOFFS ARE INEVITABLE.

YESTERDAY THE COMMERCE DEPARTMENT'S WEEKLY FIGURES ON RETAIL SALES SHOWED THAT SALES OF DURABLE GOODS WERE DOWN 5.1 PER CENT. A COMMERCE DEPARTMENT SPOKESMAN SAID TODAY THAT THIS SALES DROP COULD PROBABLY BE ATTRIBUTED TO A SLACKENING OF AUTO SALES.

INDUSTRY SOURCES TOLD IPS TODAY THAT CHRYSLER CORP. IN PARTICULAR IS BEGINNING TO RUN UP DANGEROUSLY HIGH INVENTORY LEVELS. INVENTORIES OF CHRYSLER CARS ROSE FROM A 74 DAY SUPPLY IN NOV. TO 94 DAYS IN DEC, AND A 65 DAY STOCK IS CONSIDERED TO BE SUFFICIENT.

THE WORKING DOWN OF EXCESSIVE INVENTORIES WAS THE IMMEDIATE CAUSE OF THE FIRST COLLAPSE OF AUTO PRODUCTION IN THE FALL OF 1974. CURRENT AUTO INDUSTRY PRODUCTION SCHEDULES ARE BASED ON PLANS TO PRODUCE 300,000 MORE AUTOS THAN ANTICIPATED SALES IN THE FIRST QUARTER IN ORDER TO BUILD UP INVENTORIES FOR A SPRING AND SUMMER SALE WAVE! SUCH PRODUCTION LEVELS, GIVEN THE ACTUAL SALES SITUATION, WILL HAVE TO BE REDUCED DRASTICALLY IN THE FUTURE.

DURABLE GOODS ORDERS AND RETAIL SALES DECLINE

NEW YORK, JAN. 23 (IPS)—THE COMMERCE DEPARTMENT REPORTED YESTERDAY THAT TWO KEY ECONOMIC INDICATORS, DURABLE GOODS ORDERS AND RETAIL SALES, DECLINED DURING THE MOST RECENT PERIOD, CONFIRMING THAT THE SO-CALLED RECOVERY IS NON-EXISTENT.

ORDERS FOR DURABLE GOODS, WHICH INCLUDE KEY COMPONENTS OF THE ECONOMY LIKE MACHINERY, FELL 0.5 PER CENT IN DEC. EXCLUDING ORDERS FOR TRANSPORTATION EQUIPMENT, WHICH INCLUDES AUTOS, ORDERS FOR THE REST OF THE DURABLE GOODS SECTOR DROPPED 4.4 PER CENT. AS INDICATED BY THE RECENT ANNOUNCEMENT OF

17,500 AUTO LAYOFFS, THIS SECTOR IS NOW COLLAPSING.

HERBERT LIEBLING, CHIEF ECONOMIST FOR THE U.S. TREASURY DEPARTMENT AND A PROPHET OF RECOVERY, WAS QUOTED IN TODAY'S WALL STREET JOURNAL AS SAYING THAT THE NUMBERS "DON'T SEEM TO MAKE MUCH SENSE."

RETAIL SALES ALSO DECLINED, DROPPING TO 1.8 PER CENT DURING THE PAST WEEK. A RETAIL ANALYST IN NEW YORK TOLD IPS TODAY THAT DESPITE TALK OF STRONG RETAIL SALES DURING THE CHRISTMAS SEASON, RETAIL STORES ARE MAINTAINING A BARE-BONES INVENTORY POSITION. THE ANALYST EXPLAINED THAT RETAILERS "LOST THEIR SHIRTS" FINANCING THEIR INVENTORIES DURING LAST YEAR'S PHASE OF THE COLLAPSE.

FORD TO IMPLEMENT '77 BUDGET IN '76

JAN. 23 (IPS)—THE WHITE HOUSE ANNOUNCED TODAY THAT PRESIDENT FORD HAS SENT TO CONGRESS PROPOSALS FOR 16 NEW BUDGET REVISIONS (CUTBACKS IN THE EXISTING BUDGET). IN ACTUAL DOLLAR AMOUNTS, THE REQUESTED CUTBACKS WOULD TOTAL \$92.4 MILLION, AND THE DEFERRALS TOTAL \$3.2 MILLION. MOST OF THE CUTS, IF APPROVED BY CONGRESS, NOTED BY OBSERVERS TO BE UNLIKELY, WILL COME FROM DEPARTMENT OF HEALTH, EDUCATION AND WELFARE FUNDS AND ALLOCATIONS TO THE DEPARTMENT OF AGRICULTURE. CAPITOL HILL SOURCES REMARKED THAT FORD IS TRYING TO IMPLEMENT 1977 AUSTERITY PROPOSALS IN THE CURRENT BUDGET.

THOUSANDS THROWN OFF UNEMPLOYMENT ROLLS IN STATISTICAL RUSE

JAN. 23 (IPS)—THOUSANDS OF WORKERS LAID OFF SEVERAL MONTHS AGO ARE BEING THROWN OFF THE UNEMPLOYMENT ROLLS AS PART OF A STATISTICAL FORMULA IN THE FEDERAL FUNDING OF UNEMPLOYMENT PROGRAMS.

AS OF NOV. 22, 1975, MORE THAN 188,000 WORKERS IN 20 STATES AND THE DISTRICT OF COLUMBIA WERE RECEIVING AN ADDITIONAL 26 WEEKS OF SUPPLEMENTAL BENEFITS UNDER A FEDERAL LAW ENACTED IN 1974. UNDER THE AVAILABILITY FORMULA IN THAT LAW, THE DISBURSEMENT OF THESE SUPPLEMENTAL FUNDS IS DETERMINED BY THE RATE OF UNEMPLOYMENT IN A GIVEN STATE. NOW, THESE STATES THROUGH THE FRAUDULENT MANIPULATION OF UNEMPLOYMENT STATISTICS ARE SHOWING LOWER UNEMPLOYMENT RATES AND THE FUNDING IS BEING CUT BACK.

FEDERAL OFFICIALS HAVE THUS FAR REFUSED TO REVEAL EXACTLY HOW MANY WORKERS WILL BE AFFECTED BY THIS SWINDLE.

FORETASTE OF NELSON ROCKEFELLER'S NEW FEDERALISM

JAN. 23 (IPS)—PRESIDENT GERALD FORD IS GETTING STRONG BACKING FROM VICE PRESIDENT NELSON ROCKEFELLER FOR ONE OF THE MAJOR POLICY PROPOSALS CONTAINED IN THE STATE OF THE UNION ADDRESS OF JAN. 19—THE NEED TO TAKE RESPONSIBILITY FOR THE DELIVERY OF SOCIAL SERVICES OUT OF THE HANDS OF BIG GOVERNMENT AND RETURNING IT TO

(MORE)

THE STATES. AS ANYONE WHO READS THE PAPERS REALIZES, THESE STATES ARE EITHER BANKRUPT OR NEAR BANKRUPTCY THEMSELVES AND ARE NOW BOWING OUT OF PICKING UP THE TAB FOR SUCH COSTS.

AN EXAMINATION OF THE PROBLEM OF WELFARE PAYMENTS REVEALS THAT THE BURDEN HAS ALREADY BEEN SHIFTED TO THE STATES AND VARIOUS MUNICIPAL SUBDIVISIONS.

A RESEARCHER AT THE NEW YORK STATE DEPARTMENT OF LABOR INDICATED TODAY THAT DURING JAN.-SEPT. '75, THE NUMBER OF NEW YORK STATE RESIDENTS ON AID TO DEPENDENT CHILDREN FEDERALLY-REIMBURSED RELIEF REMAINED STABLE, WHILE THE GENERAL ASSISTANCE ROLES--THOSE FUNDED EXCLUSIVELY BY STATES AND CITIES--INCREASED DRAMATICALLY. HE SAID THAT AT FIRST THIS TREND WAS PUZZLING, BECAUSE ONE WOULD EXPECT UNEMPLOYED WORKERS WITH EXHAUSTED UNEMPLOYMENT BENEFITS TO TURN UP ON ADC RELIEF. HIS EXPLANATION WAS THAT CASE WORKERS WERE PUTTING THESE WORKERS, WHO WERE ACTUALLY ELIGIBLE FOR THE FEDERALLY-FUNDED PROGRAM, ONTO GENERAL RELIEF BECAUSE THERE WAS "SO MUCH RED TAPE INVOLVED WITH GETTING THEM ON THE FEDERAL ROLES."

MUCH OF THE RED TAPE IS OBVIOUSLY DESIGNED TO REDUCE THE SIZE OF THE FEDERAL WELFARE COMMITMENT. THE NEW HEW SECRETARY HAS MADE IT ONE OF HIS OBJECTIVES TO GET THE INELIGIBLES OFF THE ROLES. FORD'S PROPOSAL TO TIGHTEN UP FEDERAL CONTROL OVER "ELIGIBILITY" IS AIMED AT ACCELERATING THIS PROCESS WHICH WILL EVENTUALLY LEAVE HUNDREDS OF THOUSANDS OF UNEMPLOYED WORKERS WITHOUT ANY RELIEF WHATSOEVER.

ACCORDING TO THIS SAME RESEARCHER, MORE AND MORE UNEMPLOYED WORKERS IN NEW YORK STATE ARE TURNING UP ON WELFARE--THE STATE AND LOCALLY FUNDED PROGRAM. A STUDY HE DID FOLLOWING UP WHAT HAPPENED TO THE FIRST GROUP OF WORKERS WHO EXHAUSTED THEIR 65 WEEKS OF BENEFITS LAST JULY SHOWED THIS, AND HE HAD PLANNED TO UPDATE THE STUDY BUT TOO MANY PEOPLE HAD BEEN LAID OFF FROM HIS STAFF TO TAKE ON THE PROJECT, HE TOLD IPS.

GOVERNORS TO GRID THEIR AUSTERITY PLANS

JAN. 23 (IPS)--THE NATIONAL GOVERNORS CONFERENCE IS REPORTED TO BE GATHERING REPORTS ON THE NEW STATE AUSTERITY BUDGETS AS THEY COME OUT AND WILL PUT TOGETHER A COMPREHENSIVE REVIEW BY EARLY NEXT MONTH.

A RESEARCHER FOR THE GOVERNORS' GROUP SAID TODAY THAT PRELIMINARY INDICATIONS ARE THAT THE NORTHEASTERN AND NORTH CENTRAL STATES WILL FOLLOW A NEAR-IDENTICAL AUSTERITY ROUTE, SINGLING OUT WELFARE, EDUCATION AND HEALTH COSTS FOR THE AXE.

THE NEW YORK STATE BUDGET RELEASED BY GOV. HUGH CAREY THIS WEEK TARGETS THESE OUTLAYS. THE \$10.76 BILLION "NO GROWTH" BUDGET CALLS FOR CUTBACKS OF \$110 MILLION IN EDUCATION, \$132 MILLION IN WELFARE AND SEVERAL TENS OF MILLIONS IN HEALTH COSTS.

(MORE)

ITALIAN ECONOMY GRINDS TO A HALT FOLLOWING MARKET SHUTDOWN

NEW YORK, JAN. 23 (IPS)--REPORTS RECEIVED FROM EUROPE EARLIER TODAY INDICATE THAT ALL MAJOR ECONOMIC ACTIVITY IN ITALY HAS COME TO A VIRTUAL STANDSTILL FOLLOWING A NEW YORK BANKERS-INSPIRED DECISION BY THE POLITICAL LEADERSHIP OF THAT COUNTRY TO SHUT DOWN THE FOREIGN EXCHANGE AND STOCK MARKETS. ITALIAN FOREIGN TRADE HAS COME TO A HALT BECAUSE IT IS IMPOSSIBLE FOR IMPORTERS TO BUY FOREIGN CURRENCIES IN EXCHANGE FOR THE ITALIAN LIRA. IN ADDITION, INTERNAL ITALIAN CREDIT SPIGOTS HAVE BEEN TURNED OFF DUE TO THE UNCERTAINTY SURROUNDING THE LIRA'S FUTURE EXCHANGE VALUE VIS-A-VIS FOREIGN CURRENCIES.

PRESS OUTLETS IN THE COUNTRY CONTROLLED BY THE ANTI-ROCKEFELLER CEFIS-MANCINI FACTIONS OF THE CHRISTIAN DEMOCRATIC PARTY ARE BLAMING ROCKEFELLER-CONTROLLED NEW YORK BANKS AND THE U.S. COMPTROLLER OF THE CURRENCY FOR PROVOKING THE CRISIS BY LEAKING REPORTS ABOUT ITALY'S UNCREDITWORTHINESS AND BY SPECULATING AGAINST ITS CURRENCY.

SOURCES AT THE INTERNATIONAL MONETARY FUND IN WASHINGTON, D.C., WHERE A DELEGATION FROM THE BANK OF ITALY IS PRESENTLY DISCUSSING A SOLUTION TO THE CRISIS, HAVE REPORTED THAT A POSSIBLE DEBT RESCHEDULING OF ITALY'S SHORT-TERM DEBTS, BOTH PRIVATE BANK AND IMF-RELATED, IS BEING MOOTED.

END OF AUSTERITY BULLETIN FOR JAN. 23, 1976
