

Who's out to stab Schmidt in the back, and what they say

January

A former top aide to the Senate Armed Services Committee, January 1982: "The CDU doesn't need a program because they are the opposition. It is Schmidt's job to rule and when he fouls up, he pays the price and the CDU gets the benefits. I'm almost tempted to make a comparison to Jimmy Carter and Ronald Reagan. There is no doubt in my mind that [CDU leader] Helmut Kohl would do fine. He would certainly take a tougher stance on issues than Schmidt's waffling.

"Our problem in getting Schmidt out is that since the State Department has the podium on foreign policy and since [White House aide] Dick Allen got kicked out, we don't have a spokesman for our viewpoint. Everybody talks quietly and no one except Fred Iklé says anything in public. The Department of Defense is strong on wanting Schmidt out, but they are quiet now in public."

Angelo Codevilla, intelligence committee staff aide to Sen. Malcolm Wallop (R-Wyo.), Jan. 28, 1982: We have to take Schmidt out, but I'm afraid there is not official and public help from the administration. Reagan is locked on a policy course of saving Schmidt and he won't listen to reason. The State Department is constrained and Haig doesn't have the guts to take care of this problem anyway. As long as Reagan is around, we will have to take care of this problem through private channels.

"There are a few factors on our side. The Lower Saxony and Hesse elections are coming up. Schmidt doesn't have to lose these elections, just do worse than people expected so that it appears that he is losing strength. The way to do that is to make the SPD look like a McGovernite coalition, to seem that Schmidt is making

deals with the left. The German people hate the left, so let's tar Schmidt with the left.

"Of course we are coordinating with other people in the United States who think the way we do, and we all have the same contacts in Europe. There isn't one person in the policy establishment that I talk to that doesn't want Schmidt out. There are other people in London who have reached the same conclusion. We must make Schmidt choose between NATO and the United States, and the Soviets. If we force that choice on our own terms, then Schmidt falls and the SPD splits. That will happen sometime this year, and we want to help the process along."

February

An official of the Washington, D.C. office of the German Marshall Fund, Feb. 1, 1982: "Schmidt has worked very hard at surviving, but he probably won't succeed. I think that he will get through the party congress in April, but that he will run into deep trouble in the late spring. The real tests will occur in the state elections—Hesse and Hamburg are key, with Lower Saxony less important because no one is expecting the SPD to do well there. If Schmidt loses Hamburg or Hesse, however, he is finished.

"It is the opinion of several people I know that two things will happen in the spring and summer in Germany: an upsurge of Italian-style terrorism, and great mass demonstrations of the Greens. The effect will be total chaos and Schmidt will be horribly compromised. What if the spinoff of terrorism in Germany was that people began to worry about doing business there? That would scare the Germans and they would blame Schmidt."

A Heritage Foundation analyst, Feb. 6, 1982: "There

is no way I can see that Schmidt can last through 1983. I don't like making bets, but I think it's pretty safe to say that he will be out by next year. There are two reasons. One is the Euromissile deployment, which will create all kinds of hell on the SPD left, starting in the spring, but picking up later in the year. Then there is the economy which is falling apart.

"I'm looking to the last round of state elections, the ones in Hamburg. They happen late, and I think the SPD will lose, unless the economy gets better. If that happens, the upper house will be deadlocked and Schmidt won't be able to govern. Then Genscher walks out of the coalition."

Irving Kristol, leader of the Committee for the Free World, Feb. 9, 1982: "Germany is a real mess and things will get worse before they get better. My friends who talk all the time to CDU and CSU officials say that Schmidt is much weaker than he appears. He is a great actor, that bastard, but he could still be toppled and we could still get a CDU-CSU government.

"The peace movement in Germany will be worse than anything we have seen, including the worst period during the Vietnam war in the United States. The Greens will be a permanent feature of politics in Germany, and there will be terrorism. . . . I don't think Schmidt can live out his term. You can always hope for such things. One way or the other, he won't make it through."

A foreign policy aide to a top-ranking Republican member of the Senate Foreign Relations Committee, Feb. 17, 1982: "One must remember that it is very difficult to dump a mid-term government in Germany. What is required is that the coalition break apart. For that to happen, the FDP would have to find an issue that the German public would accept as a legitimate basis for splitting. So it is not that easy to get rid of Schmidt. The best way is around the security issue, in the context of a major weakening of Schmidt. That would be the effect of a major defeat in Hesse or Hamburg—it would show that Schmidt is continuing on a downward trend and that you have a tired and old government which has lost the confidence of the people. If the Euromissile decision is bearing down on Schmidt, he might just decide that it is not worth it and pack it in. But what holds him back from doing that is his sure knowledge that without him the SPD is finished."

Angelo Codevilla, February 25, 1982: "There is no way to improve U.S. military posture and the NATO alliance without kicking around people like Helmut Schmidt who can't make up their minds what side they are on. You have to kick the hell out of people like Schmidt and get them out of the way, or you don't have an alliance. These people accept the rotten condition of NATO and then try to throw a nice new look at it—this

conventional nonsense—and convince themselves that everything is alright.

"I've been talking to people here, some of whom have talked to people in West Germany. Schmidt is out one way or the other within six months. Either we get him out or he becomes a lame duck. Everything is in place for this. Schmidt will do poorly at the SPD congress. He will pass his resolution on the Euromissiles that reneges on his initial agreement to deploy them. He has already compromised with the left and many people don't like that."

March

An official of the Washington, D.C.-based German Marshall Fund, March 15, 1982: "Schmidt doesn't like it, but the fact is that he could never rule without Willy Brandt, and everyone tells him this. Right now, Brandt is keeping the party from flying apart and making sure that Schmidt doesn't walk too far away from the left. There are really two SPDs—the old trade union-based group that Schmidt comes from and the university-based social-change action-faction people. When Schmidt goes the party will be transformed. It will move left and take a more aggressive position. I don't know how that would work exactly, but Brandt would take a role."

A U.S. official of the Konrad Adenauer Foundation, March 30, 1982: "Press stories about a split between the State Department and the Department of Defense on policy toward West Germany are lies. Both departments would welcome a change in government."

The official then recounted a discussion with Franz Joseph Strauss about Strauss's recent meeting in the United States with Secretary of State Alexander Haig. Strauss asked Haig point blank if the State Department supported the Schmidt government. Haig replied the he did not, although political reality demanded that the State Department not take overt actions against the Schmidt government. If and when Schmidt fell, Haig promised Strauss, the State Department would give a new government full support.

A leading U.S. defense analyst, late March 1982: "The significance of the scandal now breaking out in *Der Spiegel* magazine around the union-run construction company Neue Heimat is not easy to calculate. I can say that this scandal goes straight to the heart of the whole Social Democratic state and its institutions. I know what [Der Spiegel editor] Rudolf Augstein is up to. He is not after one figure, not even Schmidt. He is after the whole Social Democratic state: the trade unions and social institutions that were created in the 1950s and 1960s and which form the basis of the political power of Schmidt's faction of the SPD. Augstein is going for broke, to create chaos in the social institutions of Germany at the same time chaos breaks out in the economy. Then if Schmidt

goes, Social Democratic rule goes with him and the structure of politics in Germany changes forever.

“Augstein has powerful backing in this operation. He was just in the United States, you know, and I am sure he discussed it while he was here.”

April

A former official of the Carter administration, April 5, 1982: “Schmidt is much weaker now than ever before. He is being roped in by these election votes. He has become a lame duck who is trying to pretend he is not.

“The German public is demanding that he deal with issues at home and stop pretending to be some kind of global spokesman. The economy can bring him down, and it is. Schmidt has tried to be all things to all people, but his time is running out. He can’t please both the left SPD and his center base, but he refuses to push the left too far. His image is becoming one of a tragic figure who can’t control those around him.

“When Schmidt falls, he will go slowly with a great deal of agony. And if he falls, the SPD will undergo a transformation. It will move to the left and lose its center.”

A leading U.S. defense analyst, April 15, 1982: “Genscher and the FDP are playing games. He could move faster if he wanted, but he is politiking, and he has gotten some people so angry that they would love to find a way to take power without Genscher. But we are putting pressure on Genscher and he will move, in his own time. Old Willy Brandt can help speed that up, God bless him.

“I am very encouraged by what Al Haig told [Franz Josef] Strauss. It was important and it took a great deal of pressure to get Haig to say it. For all practical purposes Haig let it be known that he would welcome a CDU government in Germany. Strauss has been going around telling people this and it helps our efforts.

“I have been speaking to some people around [Hamburg CDU leader] Leisler Kiep and they are saying that the Hamburg election could surprise Schmidt. We have not broken Schmidt yet psychologically; he is boxed in on policy questions, but not broken. But for Schmidt to lose in Hamburg would be like Reagan losing California. It would break him.”

May

A leading U.S. defense analyst, May 26, 1982: “[*New York Times* Bonn correspondent] John Vinocur is telling people that the FDP can’t wait to walk out on Schmidt until after the Hesse elections because it would look too opportunistic. Vinocur says they should move on July 7, by voting down the budget and forcing a government crisis. John talks to people in the U.S. embassy and they are telling him this. I know from other people that [U.S. Ambassador to Germany Arthur] Burns is fed up with

Schmidt. Schmidt won’t cut his budget and you know what Arthur thinks of people who won’t cut the budget. So he is talking to the FDP, putting the pressure on. Burns wants a new government, so does Haig, but you can’t make it look like U.S. interference, so it is low profile. Reagan would not like it.”

June

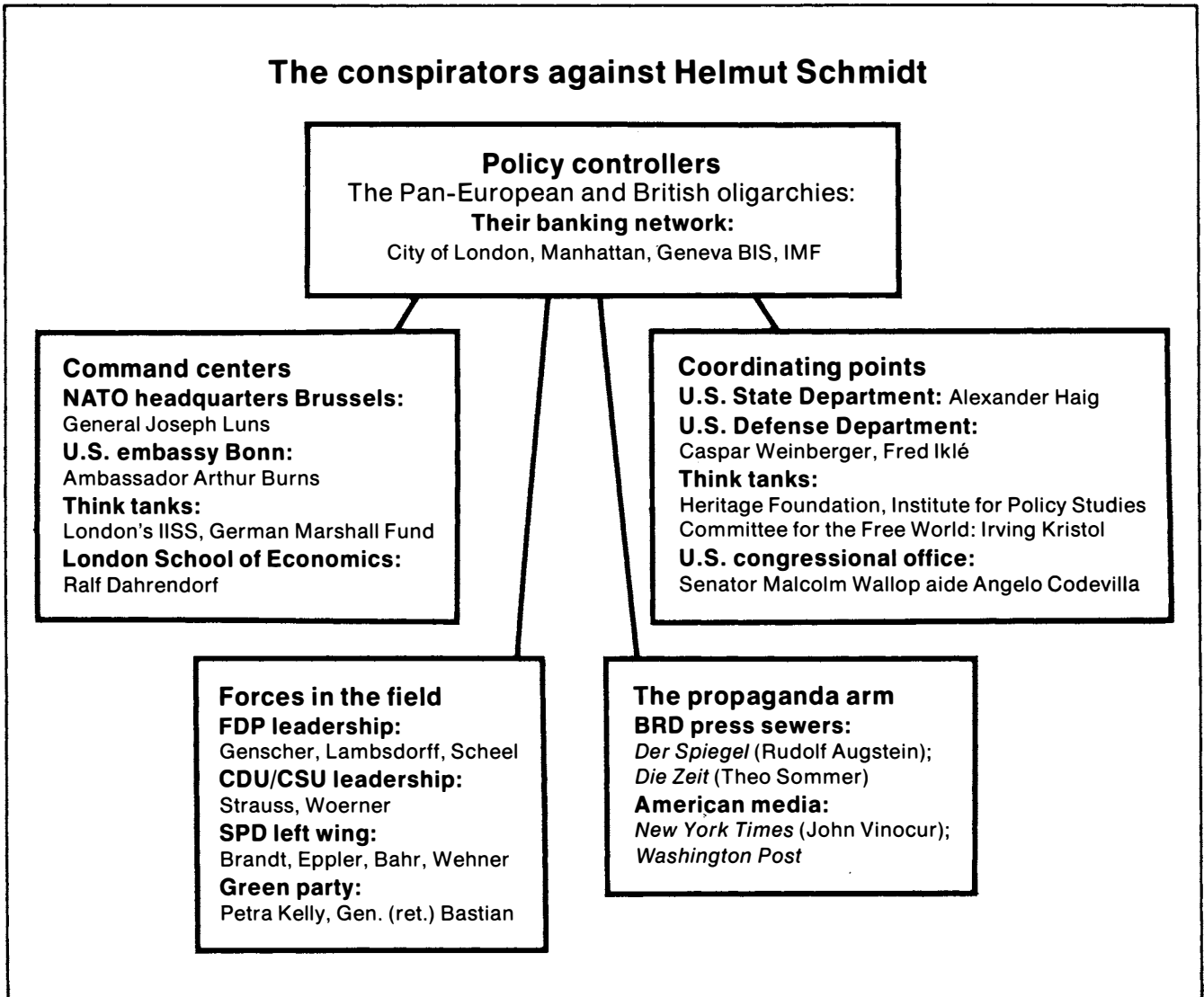
***The London Economist*, June 12, 1982; editorial entitled “Go on, Genscher: West Germany’s liberals have the power to end the Schmidt government’s misery. They should use it”:** “After last Sunday’s Hamburg election, Mr. Schmidt’s Social Democratic-Free Democrat coalition seems to be moving to its end. It is best that it should. . . . Since Mr. Schmidt is reluctant to step aside, the decision to end the coalition will probably have to be taken by the leader of the liberal Free Democrats, Mr. Hans-Dietrich Genscher. At Hamburg, the Free Democrats had their third-party clothes stolen by a motley group of protest-vote-catchers on the left. Mr. Genscher’s best chance of coming in from the naked cold is to put Mr. Schmidt’s coalition out of its misery and form a new government with the opposition Christian Democrats. . . . Mr. Genscher’s party risks a particularly unpleasant form of political death if it handcuffs itself to a Social Democratic corpse. . . .

“Why the certain doom? Most governments go through a bad spell in mid-term. But the Social Democrats are unlikely to bounce back. They are war-weary, not from defending their policies against the opposition . . . but from fighting among themselves over what those policies should be. . . . By clinging to the Social Democrats, clinging to power, at best Mr. Genscher can offer West Germany two more years of lame duck government. At worst, he and Mr. Schmidt can hold on until the coalition collapses, exhausted, beneath them. . . .”

A Heritage Foundation analyst, June 14, 1982: “Schmidt can’t hang on forever. He is already a lame duck. But it is much bigger than this. Schmidt holds the rotten and decaying social fabric of the Federal Republic together. That fabric must be discarded and the only way to do that is to discard Schmidt. So when Schmidt goes, Germany plunges into the unknown. We shake up all the institutions when he falls and I think this is desirable. What we are headed for is the castration of the SPD. It will become something like the current British Labor Party, which resembles a left sect.”

“In the process, the SPD will lose its traditional base, and take on more of the left. Those left wingers who don’t go with the SPD will go to the Greens. This whole process is possible because of the Greens. They are the catalysts, not the FDP, because they were what was needed to shake things up. The old left will become an isolated minority. The FDP may fade away into irrelevancy, then part of it may go left, and part to the new

The conspirators against Helmut Schmidt



right, the new CDU-CSU.”

A leading U.S. defense analyst, June 20, 1982: “Genscher and Scheel gave the orders for the Hesse FDP to split its coalition with the SPD. Now, the decision has been made for a national split. The FDP will submit an austerity budget and make demands on the SPD. If Schmidt accepts their budget, he loses control of the SPD. If he doesn’t, the FDP votes his budget down and the coalition falls apart.

“The FDP is the bankers’ party. It always has been. And the bankers have decided that Schmidt must go. If you want a particular place, look to London. The handwriting was on the wall when the *Economist* went public with that editorial calling for the FDP to split from the SPD. Everyone knows that Genscher takes his orders from London. But the key person, really, in the FDP is [former party chairman] Walter Scheel. He is the bankers’ agent, they put him in. The bankers are dictating the

terms of the new FDP program. I am told that [German central bank chief] Karl Otto Poehl is telling them what to say. So is Arthur Burns. He is more than an ambassador, he is the bankers’ agent on the scene.

“*Die Zeit* commentator Theo Sommer has never been a friend of Schmidt. He plays a role and he takes the same kind of orders as the people in the FDP. When I was last in Germany, Sommer was reportedly already talking to people in London on the phone about the post-Schmidt government. He talks all the time to Ralf Dahrendorf at the London School of Economics.

“It hasn’t sunk into peoples’ heads yet what is going to happen to Germany. The FDP is going to pull the plug on the whole post-war era. Not only chancellors and parties will be shattered. The major institution in the country—the SPD—will be destroyed. The Schmidt faction will be destroyed and the base of the party will be wrecked. A new government will first and foremost be an austerity government and this will destroy the trade

union movement. The SPD will become a party of the extreme left, like the Labour Party in Britain. This is the plan of Brandt, Eppler, Bahr, and Wehner. They will purify the SPD. The CDU will become more domestically reactionary.

“People here like Fred Iklé and Secretary of Defense Weinberger welcome this change. Haig has given it his blessing.

“In the long run there is no way that Schmidt can survive. He is growing desperate, and has only two options other than taking the slow death of compromising with the FDP budget plan. First he could call new elections, but if he doesn’t change his profile, all private polls show a huge SPD loss. The other option he has is to call for a grand coalition. That would be clever because it would split the CDU leadership. But I don’t think it would go through. The most likely thing is a CDU-CSU-FDP government within the next three months or sooner.”

A Washington, D.C.-based official of the International Monetary Fund, June 21, 1982: “[A rise in U.S. interest rates] will cause problems for the West German federal budget, which must be voted on at a cabinet meeting set for July 7. That is the real issue. Herr Genscher, the Free Democratic leader, is calling for more sharp cuts in expenditures, on social entitlement programs, welfare, and on industrial subsidies, regional development projects, and so on. If the world economic situation clearly deteriorates, Germany will deteriorate economically, and this will support the demand by the FDP—which is supported by SPD Finance Minister Manfred Lahnstein—for more expenditure cuts in 1983.

“We cannot divulge our confidential advice to governments, but obviously if the world economy deteriorates further Germany will have disturbing budget deficits. It will further the demands of the SPD for austerity, as well as those by the Christian Democrats. In fact, I think the CDU may be in the government by the end of the year, if not sooner.

“Confidentially, it would require a miracle to stop Schmidt from falling now. I’m quite soon the government will be out soon unless a miracle happens, and I don’t see one. Schmidt’s problem is that he’s tied down to the SPD, which will not take the necessary austerity steps, given the reality of the world economy. If there are further cuts in entitlements in the 1983 budget, the trade unions will never go along. So the momentum is clearly against the SPD, which is locked in with the trade unions.

“This is just like the 1930s, in the sense that the world crisis will cause a major domestic economic crisis in Germany, foreign bankers will have no confidence in the deutschemark, and German leaders will be impotent in the face of world events. The situation in Germany is very, very serious, more serious than most people realize. Germany is headed for a very rough time indeed.”

The ‘Union’ Parties

Ready to enforce Brüning austerity

by Susan Welsh

If the conspiracy to oust Chancellor Helmut Schmidt succeeds and the Christian Democratic Union/Christian Social Union (CDU/CSU) is installed in a new West German government, disaster is in store for the Federal Republic. Not only would such a government be incapable of solving the country’s problems; its role would be to implement the “Brüning-style” austerity which Schmidt has wisely refused to. The trade unions would be destroyed as an effective force for maintaining living standards. The “peace movement” would polarize the country even more than it is already polarized, and terrorism will escalate. The country would truly become un governable.

The Christian Democratic Union is no longer the party which Konrad Adenauer created after the war as a party of Christian humanism and industrial progress. Adenauer, the first post-war Chancellor, forged the CDU in the course of a long struggle for German national identity, against the factions in the Anglo-American occupation forces which wanted to dismember and deindustrialize the country. Step by step, Adenauer pulled his devastated country out of the ruins of war and set it on the road to its post-war “economic miracle.”

Today it has lost this orientation to industrial progress, under the increasing influence of the Club of Rome and similar Malthusian operations. Instead of a party shaped by a coherent and generally progressive world view, it has become a hodge-podge of factions, a *Volks-partei* (people’s party). The European Labor Party (EAP) in West Germany has proposed that the CDU be renamed the *Ex-Christliche Völkische Union* (EVU—“Ex-Christian People’s Party”) for this reason.

Strauss: power behind the throne

If the CDU’s wishy-washy technocratic chairman, Helmut Kohl, becomes Chancellor, most analysts agree that the power behind the throne would be Franz Josef Strauss, the Bavarian “strongman” who heads the Christian Social Union (CSU). Strauss was the Union parties’ Chancellor candidate in the 1980 national election, and took the opposition parties down to their worst defeat in postwar history. Strauss’s factional ally Alfred Dregger is currently at the center of national attention as the CDU candidate for governor in the