

## Schroeder wins, as Germany faces global economic crisis

by Rainer Apel

For Germany, the result of the national elections on Sept. 27 marks an abrupt change: The fact that incumbent Chancellor Helmut Kohl and his governing Christian Democrats were defeated by the opposition Social Democrats by a margin of almost 6%, means the end of a 16-year era of monetarism in Germany. The election of Gerhard Schroeder brings to an end four successive terms of Kohl (first elected in October 1982), which were characterized by deregulation, increasing austerity and build-down of social security, the advance of globalization and downsizing, and, most dramatically, the steep rise in national unemployment, to almost 5 million last winter.

The acceleration of this process since the autumn of 1996 produced a reaction among Kohl's longtime voter base, which can be described as "anything else, but no more Kohl." It has been visible in numerous opinion polls, which unmistakably indicated that two-thirds of the electorate thought that way, and this is what made Kohl and his Christian Democratic Union (CDU) lose the elections. For 16 years, after he replaced Social Democratic Party (SPD) Chancellor Helmut Schmidt through a no-confidence vote in September 1982, Kohl has always been able to defeat the various SPD challengers, for the simple reason that a majority of voters thought that, despite all his flaws, the opposition leaders would be worse. In a discussion with this author last autumn, a senior Christian Democrat frankly admitted, "We are still in power only because the people think the others are much worse."

Since autumn 1997, however, the world financial system has unravelled, and the discrepancy between the catastrophic financial and economic collapse, and the government's propaganda that "there is no crisis," has grown more and more apparent even to the most credulous voters. Since last autumn, or at least spring 1998, Kohl also lost the confidence of core sections of his own voter base. This is particularly the case

among retired citizens, who have to bear most of the increased costs of deregulated health care. Therefore, it comes as no surprise (except for the CDU campaign strategists), for example, that among retired women, Kohl's party lost 45% of its former vote. Nationwide, the CDU lost 6.4%, but in many districts, notably in Germany's deindustrialized and impoverished eastern states, the Chancellor's party lost 10, 15, and even 20%, which in those districts, cut the CDU vote by one-third to one-half, compared to the last elections in 1994, and led to a landslide victory of the Social Democrats. The voters had simply had it. Kohl drew the obvious conclusions from the election debacle, and announced his resignation as chairman of the CDU on the evening of Election Day.

The shock of the defeat also triggered the rapid decomposition of the cabinet. Already, by the afternoon of Sept. 27, before the final vote counts were in, Finance Minister Theo Waigel called Kohl to tell him he would resign as chairman of his own Christian Social Union—the autonomous Bavarian state section of the CDU. Waigel also informed the media on Sept. 28, that he would not attend the autumn sessions of the Group of Seven finance ministers, and of the International Monetary Fund (IMF), in Washington, beginning on Oct. 3. The impression that this Kohl-Waigel cabinet is going under more rapidly than the *Titanic*, was also underlined by the announcement by Schroeder on Sept. 29, that he would embark upon his first trip abroad as incoming Chancellor, the next day—to Paris, to meet with the French government.

### Refusal to face economic reality

There are many reasons given by the experts here for Kohl's defeat. However, even the media that interview or quote these experts omit the crucial fact that Kohl ran an election campaign based on virtual reality, which at no point,



*Incoming German Chancellor Gerhard Schröder, who is as unprepared to deal with the global financial collapse as was his predecessor, Helmut Kohl. His campaign slogan reads, "The new center."*

not even during the most dramatic ups and downs on the international stock markets, made even the slightest reference to the global reality of the economic depression. With some rare exceptions, the Social Democrats and Schröder took the same approach, and so did the other parties. The one exception in this election campaign, which addressed the global financial collapse bluntly, was the party of the LaRouche movement, the Civil Rights Movement Solidarity (BüSo), with its lead candidate, Helga Zepp-LaRouche. Only here, could voters get the latest updates on the global collapse, and about alternatives to that process. Many voters, particularly those who agreed with the BüSo, but voted for another party, maybe for Schröder, will recall this aspect of blunt truth in the election campaign, when the new Chancellor is forced to show his true colors in the next round of grave turbulence on the world financial markets.

The fact is, that Schröder is as unprepared for the job as his predecessor. He did have enough time to prepare himself—at least since the autumn of 1997, when the SPD nominated him for Chancellor candidate. And, there are currents inside the party that were open to debate on having strict anti-monetarist capital market regulations. By SPD standards, the Bavarian state section of the party presented a good programmatic outline in January 1998, which even contained aspects of a policy for a return to national banking. But, Schröder and his campaign staff turned that proposal down, opting for a pro-monetarist mix of this and that—which is the policy with which the Social Democrats went into the campaign in the late spring of 1998.

### **Listen to LaRouche**

It is true what all those hard-core neo-liberals and monetarists who have been terrified by the spectacular defeat of their favorite, the Kohl government, are now warning that the new government will mark a shift toward dirigism. Some measures that will hit the financial markets hard, will certainly be taken by the new government. But, the new government will not act so because of any coherent policy, but because of the emergency situation that is being created by the ongoing global collapse. Without a well-thought-out concept in hand, governments are being forced to act, and many will act in panic, because they have all disregarded the clear signs of the global crisis. The Schröder government will be forced to act, as the Kohl government, on the other hand, has refused to act, because it did not want to do anything at all. There is, therefore, only one way for Schröder and his government to prevail in the coming weeks and months: Listen to the well-founded proposals made by competent experts, notably Lyndon LaRouche.

If Schröder does what Kohl has done, namely, not to listen to LaRouche, he will be overtaken by the same events that brought down Kohl, and he will not be able to stay in office even a half-term. Unemployment will continue to rise, more banks and industrial firms will default, there will be more unrest in the population, and there will be labor strikes against his policy and his SPD-led government. Labor strikes may turn even more violent against Schröder than they have been against Kohl, because labor expects the Social Democrats to “deliver more” than the neo-liberal Christian Demo-

crats who have been voted out.

Against this dramatic background, it is almost irrelevant whether the new Schroeder government will be a coalition of the SPD with the ecologist Green party, or a Grand Coalition with the Christian Democrats. Neither of these two alternatives would last long, under the combined pressures of the outside economic reality and increasing domestic social tensions, and the internal faction fights inside the political parties. There is, for example, a strong current of labor/industry-minded Social Democrats who are fundamentally opposed to any coalition with the anti-industrialist Greens. And, there are Social Democrats who support such "red-green" coalitions on a municipal and regional level, but vehemently oppose them on the level of national government. Inconsequential as this latter current may consider this to be, it poses obstacles for Schroeder, should he opt for a coalition with the Greens, preliminary talks for which began on Oct. 2. A majority of the SPD may opt for the Greens, but they will have a continual war of attrition inside the party with the opposing currents. This alone can paralyze much of the government's work, as it is doing in those municipal and regional "red-green" coalitions that already exist.

### More factions

Inside the Greens, there are opposing factions as well: the radical ecologists and the pragmatic "realists," who do not disagree in principle, but in terms of timing, tactics, and priorities. For example, on nuclear energy policy, radicals demand an instant withdrawal from nuclear technology, while the "realists" would slow that down, in order not to provoke the ecology-minded Social Democrats, who want a slow exit. On defense and foreign policy, radicals want the abolition of the conscript Armed Forces and of the intelligence agencies, to be replaced by German contingents of Green Helmets for future United Nations task forces against pollution and global warming. The "realists" among the Greens see that as a longer-term perspective, and would keep the army draft for the time being. These and other questions, such as the legalization of drugs, which the Greens call for in general, have led to repeated, serious frictions inside the party, and they will continue to do so in the near future, especially if the Greens are a coalition partner in a new government.

Inside the Christian Democrats, there are factions as well: those who want to see a red-green coalition take power and run into paralysis during the coming global financial turbulence, so that a CDU come-back, possibly through a no-confidence vote against Schroeder, can be orchestrated; and, those who would prefer to enter a Grand Coalition with the SPD right away, for the sake of the nation.

The main problem with all these factions is that none of them are in correspondence with the world economic realities; usually, none of their moves is related to an appropriate assessment of any outside reality. The Grand Coalition current certainly comes closest to that requirement, but even there,

among the better politicians, there is profound unpreparedness for the type of challenges that are posed by a global meltdown process. Most of these Grand Coalition "realists" still cannot imagine a world without the IMF, even if it were a "reformed" Fund. All thinking about measures to cope with the crisis stops right where the IMF begins. At least, and in stark contrast to the nominal election results, there are visibly more Germans in favor of a Grand Coalition, than for a red-green government. A Grand Coalition would have broader support among the population, and could achieve more in cooperation with the population.

The LaRouche movement and its BüSo party organization in Germany, which did not get any of its candidates elected into the new Parliament this time, will continue to campaign for a New Bretton Woods system, based on the abolition of whatever monetarist structures remain after the global collapse of the system. The role of the BüSo is now even more important than ever before, because the frictions and conflicts that will emerge in the German political system over the near future, will call for a focus of principled, sound concepts for alternatives to the crisis. It is rather certain that the next national elections will not take place at the end of the scheduled, full four-year term, but much earlier than that. In the next elections, the number of voters who are deeply disappointed and disillusioned with government policies, will be much bigger.

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