

## Report from Bonn by Rainer Apel

### Industrialists speak out

*The new German government's ecology tax plans have provoked public protests by the captains of industry.*

There is no precedent in the postwar history of Germany for the speed at which the new "Red-Green" government, which took office only six weeks ago, is creating enemies for itself among industrialists. The government's commitment to exit from nuclear technology, to introduce an ecology tax, and to cut tax rebates for companies, is provoking angry protests. An extra tax burden of 30 billion deutschemarks next year will discourage managers from investing, posing a threat to half a million jobs. The most productive sector of industry, the *Mittelstand* of small and medium-sized firms, which employ two-thirds of the national workforce and train 80% of apprentices, will be hit hardest by the new taxes.

These alarming facts being put on the table, and the pressure coming from all sectors of industry, have already caused internal party opposition to Social Democratic (SPD) Chancellor Gerhard Schröder (see last week's column). But now, industry itself is going public. A nationwide campaign of full-page newspaper ads has begun, initiated by 100 individual managers and leaders of 20 industrial and business associations, who signed an Open Letter to the Chancellor in the December issue of the business magazine *Impulse*. The signators represent corporations employing several million people. The initiative includes some big national associations: wholesale traders and exporters; construction firms; textile producers; department stores; furniture producers; and several organizations of the *Mittelstand* firms.

The association of the chemical industry, one of Germany's biggest, held

a press conference in Bonn on Nov. 30, voicing strong opposition to the government's tax plans.

This just shows what potential existed, in the late summer, for a vigorous election campaign on the part of the governing Christian Democrats (CDU) against the threat of a "Red-Green" coalition. But the CDU and its top candidate, then-Chancellor Helmut Kohl, were complacent, as were many of the industrial managers (at least, they took no public stand during the election campaign).

Like most voters, the managers thought a Grand Coalition of CDU and SPD would be the most likely result of the elections; the SPD had announced its commitment to govern with the Greens, but most voters did not take that seriously — until the "Red-Green" coalition took shape, a few days after Election Day on Sept. 27. The next delusion was that the Red-Green plans could be watered down, somehow. But the new government left no doubt that it wants to walk away from nuclear power and that it is committed to the ecology tax.

The new government has taken power, but the potential for a real change is still there. The question is, how to get this government out, as soon as possible. Allowing it to carry out its policy, would do irreparable damage to the industrial production capacities of Germany.

The signature-collecting campaign of the managers is useful, but limited, because it only addresses the tax issue. Important as the tax issue is, the vital issue that has to be addressed is the policy of the banks, the power position of which is being defended by

the Red-Greens on several fronts:

1. The new government is not making efforts to reduce the debt burden on its fiscal budget, by forcing the banks to either accept rescheduling, or face debt moratoria. Instead, the government has stated its commitment to pay the debt and balance the budget, by reducing state expenditures and reviewing some budget posts.

2. The new government is not planning to tax speculation, nor is it considering a two-tier credit policy, which would favor productive investments.

3. The new government is not trying to restore financial sovereignty by defending national priorities for investment, and budgeting policies over the supranational budgeting austerity guidelines of the European Commission and the European Monetary Union. Instead, the government has stated its firm commitment to strengthen the supranational institutions even more than former governments have done.

4. The new government does not want a New Bretton Woods system, but it has stated its commitment to grant the International Monetary Fund even more political power than it has now.

And because the new government is so monetarism-minded, the only way to get any revenues for the government to pay the debt, is to increase the consumer tax burden on the citizens — e.g., the ecology tax.

The industrial managers mobilizing against the government must also address that monetarism issue, to achieve a real and profound change of policy. Just replacing the Red-Green government by another one is not enough, because Germany also needs a new, anti-monetarist policy of the kind sketched above. This was in the interest of the nation before the elections, and it still is.