

Fraud of Germany's Economic Recovery: Time To Grow Up

by Helga Zepp-LaRouche

This article was translated from German.

Wiesbaden, Germany, Sept. 19—If we are to believe *Bild-Zeitung* and Economics Minister Rainer Brüderle, then the entire world envies us because of the “New German Economic Miracle,” and we have “nearly full employment” in this country. In reality, however, the world financial system is on the verge of disintegration; the United States is collapsing; the Eurozone is breaking apart; and the combination of these developments will sweep away the mini-“recovery” in Germany, which is based solely on exports. If a genuine reorganization of the world financial system does not occur very soon, we face a political, economic, and social explosion.

The “upswing” euphoria, fed by calculated optimism, is being circulated to lull the people, by the same economic institutions, government politicians, and media that have been so dreadfully wrong in the past. While the media runs one public relations campaign after another, saying that the “crisis is over” (Metro CEO Eckhard Cordes in *Bild*), should we not recall that in reality, many sectors have had to dip into their reserves, and that nothing has changed at all in the system of high-risk speculation?

To be sure, GDP did grow by 3.7% in the second quarter compared to the crisis year of 2009, which immediately led the EU Commission to increase its growth

forecast for Germany for 2010 to 3.4%. But what does that really amount to, compared with the disaster in the southern member states of the Eurozone—Greece; “the next Greece,” Italy; Spain; Portugal—but also Ireland, where bankruptcies and unemployment are rising? The interest rate differentials on government bonds between Germany and the bankrupt states are continuously increasing, and debt refinancing is getting more and more expensive, and will soon no longer be possible for these countries.

The majority of German exports, 61.5%, in the first six months of this year, as in the past, went to EU countries, and the German trade surplus is expected to reach EU90 billion by the end of the year, which, in turn, increases these countries’ debt. Germany’s overall foreign trade surplus grew from EU43.6 billion in 1995 to EU195.3 billion in 2007. But what will the result be, if the other countries can no longer absorb the German export surpluses; if the U.S. consumer market collapses further because of the insolvency of the states, as is happening now; if the Chinese exports to the United States therefore decline, and China’s famous bubble pops; or if the heavily indebted southern EU states go bankrupt?

Appeal from Industry

Germany’s policy of neglecting its internal market and its wage levels, which was something like a dowry



EIRNS/James Rea

No recovery here: the remains of a factory in Berlin. The Association of German Industry is appealing to the politicians to address the crisis of the physical economy.

given to the euro, has not only tended to produce a declining standard of living, but, in many areas, the results are dramatic. The Association of German Industry (BDI) has now, along with 11 other organizations involved in infrastructure and transport, issued an urgent appeal to the politicians.

Germany's infrastructure is becoming obsolete; 1,500 km of federal expressway lanes and 3,500 km of other highways are classified as in urgent need of repair; highway congestion manifests itself in traffic jams—about 140,000 were reported in 2009—which put stress on both people and the economy. How many stressed-out people were stuck in those traffic jams, how much time was wasted, and what costs were incurred to the

national economy as a result? And don't these expressway lanes sound more and more like those of the G.D.R. [communist East Germany] in 1989? (*Rattata, rattata, rattata.*) Germany is living increasingly off its capital base, according to the appeal. And this is exactly the case.

Signs of the Times

The police, too, are living off their existing capital; for quite a while, many retiring officers have not been replaced, and another 25% of the officer corps will be leaving in the next few years. Even now, in rural areas, it takes an average of one and a half hours for a police car to arrive after an automobile crash involving a wild animal.¹ Violence against police officers has increased by 50%, and the creation of militia groups is being discussed. In Greece, where a foolish government subjected itself to the EU's debt brake policy, the number of robberies—ranging from street robberies to bank hold-ups to house break-ins—rose by over 60% in the past year. The only growth sector at present is private security firms—but this is very short-term, because the customers are going bankrupt and can no longer pay.

After the German taxpayers already coughed up more than EU100 billion to “save” the supposedly “systemically important” Hypo Real Estate Bank, now it seems that EU40 billion more needs to be financed, and it also turns out that 65% of HRE's shares belong to anonymous hedge funds, holding companies, and bank subsidiaries in the Cayman Islands! And meanwhile, the managers of the financial “industry” are “earning” exorbitant sums, raking in millions in severance pay because of their own self-inflicted failures, while those who have to put up with the biggest cuts are people who work an honest job, and those, like the police, who have to deal with the growing anger of the public against those responsible for the redistribution from the poor to the rich.

And what does it mean when military conscription is abolished in Germany, more or less abruptly, with no outcry from the military or other responsibly minded

1. If your car hits a wild animal, such as a deer or wild boar, you are legally obliged to call the police, because you may have caused damage to the nearby property, or for an insurance claim for damage to your own car. The police prioritize life-threatening situations, so if few patrol cars are available—as is increasingly the case—you have to wait.—ed.



RadioBremen.de

Traffic congestion on the highway between Bremen and Hamburg. The nation's infrastructure is becoming antiquated, as in the United States and other countries.

persons, not even a protest over this significant social transformation, which will have dramatic consequences for Germany's defense capabilities, as well as enormous implications for the social services? Is there really no one who, in the tradition of Scharnhorst and Gneisenau and the fathers of the Bundeswehr, recognizes the importance of compulsory military service in support of the state, and is willing to defend it?

What Went Wrong?

One could continue with a long list of areas where things are really rough.

But more important than to give further examples, is to understand the dynamic that produced these various phenomena. And the most obvious, which hits you in the face, is that the principle of the common good has been almost completely abandoned in Germany. What rules is the brutal right of the strongest, the brutal dispossession of the poor to benefit the rich—in fact, after the systemic crisis of the past three years, there are many more millionaires and many more poor people. Is it any wonder that dissatisfaction is growing in large segments of the population?

Although there have certainly been problems before, the lost opportunity of 1989 is now taking its revenge. Instead of using the shining moment of German reunification to launch a 21st Century of peace—which would definitely have been possible, since the West, as

of no later than 1991, no longer had any significant opponents—Germany was forced into the European Monetary Union as the price for reunification. With the Maastricht Treaty, the forced introduction of the euro, and the Stability Pact in Germany—whose logic was as savage as it was incompetent—the principle of the common good was eliminated, and this has become the dynamic that is responsible for dismantling all these sectors.

As we have long documented, it was the intention of Margaret Thatcher, François Mitterrand, and George H.W. Bush to weaken the German economy and to subject Germany to the dictates of the EU bureaucracy, which, EU Commission President José Manuel Barroso never tires of boasting, is a “non-imperial empire.” If the EU is not imperial, then why were the citizens not permitted to vote even once, on whether they wanted to give up the D-mark, to give up the Constitution to a significant degree, or to allow their laws to be made in Brussels, laws which are almost always contrary to the interests of the member states?

Nietzsche's ‘Creative Destruction’

A key to understanding the true nature of the EU lies in the fact that the late Joseph Schumpeter is, to a certain extent, the official economist of the EU.² The “creative destruction” associated with Schumpeter, which is allegedly characteristic of the capitalist process, is actually the dynamic that lies behind the dismantling of industry, infrastructure, the police, army, health care, and many other sectors. The flat, mechanistic view of economic processes that is expressed in Schumpeter's business cycles was copied, to a great extent, from Werner Sombart, who in turn was significantly influenced by Nietzsche.

If one ignores the typical “spin” with which EU supporters package their policies, it comes down to the fact that ever since the 1992 Maastricht Treaty, as London *Daily Telegraph* columnist Ambrose Evans-Pritchard once said, the EU has represented essentially all the positions of the British Empire, precisely the cyclical world view that Friedrich Nietzsche describes his *Thus Spoke Zarathustra*: “And whoever wants to be a creator

2. See “Nietzsche, Sombart, Schumpeter, and Fascism: Why Obama Wears the Moustache,” *EIR*, Aug. 27, 2010, <http://tiny.cc/vuxfl>



EIRNS/James Rea

A neighborhood in Berlin. Germany neglected the common good, including the wage levels of its workers, as a kind of dowry to the euro.

in good and in evil, must first be an annihilator and break values.” In this Nietzschean undercurrent of the Maastricht-Lisbon-EU is to be found the reason that such a Europe is the exact opposite of a Europe of the Fatherlands, of sovereign nations, which is associated with high culture and the Classics.

Since the Maastricht Treaty, not only has the principle of the common good been abolished in Germany, but the citizens’ feeling of political impotence has increased, as expressed in the often-repeated sentence, “But there’s nothing you can do about it anyway.” And because the citizens feel that somehow they should not deal with the really important existential questions, such as the systemic crisis of the world financial system and how an economic system should look in the future, they pounce on all sorts of tertiary issues instead, such as repayment of the road improvement charges in Dresden or how the Stuttgart 21 railway station project is going.

Many citizens are still behaving like children playing with a doll house, where one is not supposed to deal with the big issues that adults take care of. It is high time that we become real citizens, helping to re-establish the principle of the common good in all aspects of life, and thus the sovereignty of Germany and of a pre-Maastricht Europe.