

Germany's Unions, SPD Need To Fight For a Lautenbach Plan, Not Budget Cuts

Helga Zepp-LaRouche issued an open letter addressed to German trade unions and the ruling Social Democratic Party (SPD), under the title, "No Regime Change in Berlin—The Lautenbach Plan Instead of Cutbacks!" It has been mass-circulated by the Civil Rights Movement Solidarity party (BüSo), of which she is the chairwoman, since late April.

Dear Members of the Social Democratic Party and the Trade Unions,

The government crisis which—because of the wishes of some on the SPD left and the potentially tragic weakness of Chancellor [Gerhard] Schröder—might take the form of a no-confidence vote at the June 1 party conference, requires some clear thinking. Because anyone who reacts emotionally at this time, without considering all the aspects of the highly complex situation in which we find ourselves, no matter how well meaning they might be, can still do the wrong thing.

First, the attempt by Sigrid Skarpelis-Sperk, Rüdiger Veit, and other SPD members, supported by a number of trade unions, to change those aspects of Schröder's so-called "Agenda 2010" [economic policy] which would bring unbearable hardship to part of the population, is, in principle, right. Cutbacks in the health-care sector, and in levels of income, which threaten to plunge their victims into poverty, and will destroy the very social system that ostensibly would be saved. They are profoundly unjust, and wrong from the standpoint of political economy. The problem, however, is that the proposals which are offered by Schröder's critics provide no solution, and furthermore, ignore the larger political context in which the Schröder government finds itself at this time.

The same war party in the Bush Administration which is waging a war in violation of human rights in Iraq, and has announced more wars against so-called "rogue states," is wildly determined to take action against the opponents of this war. Rumsfeld and Perle have blatantly demanded a regime change in Berlin. Cheney, Rumsfeld, Rice, Perle, and Powell have just announced "punitive measures" against the French government—including, among other things, considering excluding France from participation in international summits. We in Germany, therefore, have plenty of reason to act carefully when it comes to Chancellor Schröder. The show that

[opposition Christian Democratic Union chairwoman] Angela Merkel put on recently in Washington, should have underscored this dramatically.

Schröder, in his latest interview with *Der Spiegel* magazine, expressed the opinion that the political leadership on both sides of the Atlantic, was professional enough to recognize that the trans-Atlantic relationship stands on solid ground. Would that it were so. There is only one problem: There are two diametrically opposite traditions in America. The problem—not with America, but with this Administration—is that the members of the so-called war party—Cheney, Rumsfeld, Wolfowitz, et al.—adhere to a new imperial ideology, which consists of a combination of the ideas of Bertrand Russell and H.G. Wells for an Anglo-American world empire, with the philosophical fascism of Leo Strauss. Leo Strauss, who looks for guidance to Nietzsche, Carl Schmitt, and Heidegger, and is the mentor of practically all the members of the war party, espouses, among other things, the idea that it is fully legitimate, to employ a "noble lie" and a "religious deception," in order to obtain or keep absolute power. Once you familiarize yourself with the ideas of Leo Strauss, you have a much easier time understanding many of the utterances of the members of the Bush Administration.

Insofar as Schröder and [French President Jacques] Chirac, together with [Russian President Vladimir] Putin and the overwhelming majority of countries and peoples of the world, were against this war, and defended human rights, they were absolutely right, and acted in the interest of their nations. But Schröder's reaction to his left-wing critics in the party—to go for a confidence vote at the party conference in the hope that he might convince 80 or 90% of the participants that his Agenda 2010 is the right way—is wrong from the standpoint of political economy, unjust—and politically suicidal. What would happen next, if he did not get 80% approval?

What if he were to succeed and push it through? Then Germany would sink further into the depression, along with France, whose government is carrying out a similarly brutal austerity. You only have to study the process of the Müller government (1928-30), through the Brüning government (1930-32), von Papen, von Schleicher, to Hitler's seizure of power, to see how these things might turn out.



Youth organizers in Wiesbaden, Germany, on May 2, distribute Helga Zepp-LaRouche's open letter. "The Lautenbach Plan, Not Regime Change in Germany," reads the large banner, echoing Zepp-LaRouche's call for Chancellor Schröder and the Social Democrats not to tear themselves apart, but to solve the economic collapse.

The Gordian Knot in the Head

And now we are coming to the real Gordian knot of the situation. The Schröder government and the authors of Agenda 2010, are not agreed that the world economy is in a depression which shows parallels to the 1930s. They are of the opinion that it is merely a question of "conjunctural weaknesses" and "a worldwide slowdown in growth" which is related to "geopolitical insecurity," and that the conjuncture in the world and in Germany, after the "Iraq conflict" is over, will once again become positive.

Yet the fact is, that we are now in the end-phase of a collapse of the worldwide financial and economic system, which not only parallels the Great Depression of the 1930s, but is in many respects much more dramatic. Just think of the situation in Africa or in Latin America, for example.

But why is it that the governments of Schröder and Chirac, in spite of their position against the war, are politically and economically so wide of the mark? The unpleasant crux of the matter, is that Europe admittedly does not like the Straussian imperial policy of this U.S. Administration, but they themselves, in principle, represent the same neo-liberal free-market political economy of the tradition of von Hayek.

And the ideology of this free-market economy asserts that there is no systemic crisis, that there are absolutely foolproof stabilizing factors, which can prevent a repetition of the Depression, by using the close cooperation within the Group of Seven, the European Union, the IMF and the World Bank, etc. (Too bad the Bush Administration wants to cut France out of the G-7.)

The problem is, however, that the neo-liberal free-market system is itself responsible for the catastrophic situation in the real economy—in Germany as well as worldwide. Naturally

there are some domestic components to the crisis; but it is the result of some 35 years of paradigm shift, carried out step-wise, which has transformed Germany from a producer into a consumer society.

In the meantime, an asphyxiating undergrowth of laws, rulings, regulations, and requirements has changed the very idea of the origin of wealth: No longer is it investment in scientific and technological progress, and honest work, that bring social wealth; but supposedly, speculation on the stock exchanges, shareholder values, "money makes money." No more is there investment in excellence and top-of-the-line quality; but cheap production, and "just in time." No longer is the source of wealth the honest, middle-class entrepreneur, who through his long-term orientation creates income for himself and his family, and in the process also creates for the common good; now it is the profit shark, who supposedly serves the common good through the privatization of those sectors which actually *should* serve the common good, and cashes in at maximum profits. For lack of space, we can do no more here than just point out this transformation of values.

In the 1930s, the economist Dr. Wilhelm Lautenbach put forward a plan, named after him, at a conference of the Friedrich List Society, which is very relevant for solving the crisis today. The fundamental idea is the following: When there are simultaneously international monetary and financial crises and depression, the normal market economy mechanisms no longer hold, and, at the same time, purchasing power decreases and consumer confidence disappears. Cutbacks, especially in government spending, are absolutely the wrong thing to do, since they destroy further productive capacities, thus shrinking the tax base, and increasing the hole in the government budget for the next round, forcing even more cuts.

In these circumstances, only the government can jump-start the economy. The most pressing problem is mass unemployment: It is the greatest cost factor to be gotten rid of. For this, government credit lines for productive investments must be made available. They must, however, be tied exclusively to productive investments which create true capital value, in those areas in which you would normally invest if the economy were working properly—such as great infrastructure projects, advanced technology—which increase the productivity of the economy and the productive capacity of labor as a whole, etc.

Lautenbach argued that through direct and indirect stimulation of the economy, tax revenues would exceed the originally granted credits. Had the Lautenbach Plan of 1931 gone into effect, two years later the social conditions would no longer have existed which made the German catastrophe possible. For in principle, the same proposal was made at the time by the trade unions, by German Labor Federation economist Wladimir Woytinsky. In the United States, Franklin D. Roosevelt, on the basis of the same methods, successfully led the American economy out of the Depression.

The Way Out of the Crisis

The starting points for solving the crisis are there in the Agenda 2010—they only have to be massively strengthened. First, Germany and France together must pull the plug on the Maastricht Treaty Stability Pact. Secondly, credit must be made available from the Kreditanstalt für Wiederaufbau (KfW) for large-scale credit of about 15 billion euros today, and something like 200 billion per year in three or four years—if you take as a basic standpoint, that at least 5 million jobs have to be created, and that to create one new job in the construction sector costs about 12,500 euros.

The most obvious framework for this investment can be the Trans-European Network [transportation] program, which is the most urgently needed, given the European Union expansion to the east. The European Commission has just admitted that when it conceived the program in 1994, it was provided with grossly inadequate financial means. If this Trans-European Network were to be connected by so-called development corridors, with China, India, and other countries in Asia, then the Eurasian Land-Bridge could be effected rapidly. For Germany and France (and all of Europe), this development of an expanding export market, is the essential precondition for nursing back to health their economies and, with that, the social system.

This concept, building a Eurasian Land-Bridge as the engine for the recovery of the world economy, was originally put forward by my husband, Lyndon LaRouche, who is running for the Democratic nomination for President in the 2004 U.S. elections. It is no longer merely an idea, but is in fact today being implemented by China, India, South Korea, and the Association of Southeast Asian Nations (ASEAN).

The Chinese government long ago adopted the building of the Eurasian Land-Bridge and the development of corridors along this bridge, into their strategic long-term program for 2010. What then lies closer at hand, than integrating Agenda 2010 with the goals of this Chinese long-term program? There is no better way to create full productive employment at home, along with growing export markets and customers with a steadily rising standard of living.

There absolutely is a way out of the dilemma. What is necessary, is a broad discussion in all the institutions of society and the economy, about what we have to put into motion now, so that together Germany, France, and Europe will have a positive future. Our nations are not “limited partnerships,” and our population is not a collection of “I’m For Me, Ltd.” Charles de Gaulle was right, when he said that the French people are not a bunch of grass-eating cows; rather, they have a mission in the world. That is true for Germany, and for all of Europe.

It is precisely in this dangerous world situation, that the politics of Europe must read: “Peace Through Development!”

I look forward to your answer.

Yours,

Helga Zepp-LaRouche