
Berlin Needs a Debt Moratorium

Felix Rohatyn or Lyndon LaRouche: Which way will Germany's catastrophically indebted capital city go?

Confronted with a staggering, unpayable debt of 62 billion euros, Berlin is heading for an election in September, in which the LaRouche movement is fielding 20 candidates for office (see accompanying interview with mayoral candidate Daniel Buchmann). One of the main issues in the campaign is whether the city has any future at all: whether the coming years will be characterized by even more brutal austerity, or by investment into recreating a production base that was destroyed in the past 15 years of deindustrialization.

The alternative posed to Berlin voters is either to be manipulated into a remake of the shrinkage that synarchist banker Felix Rohatyn imposed upon New York City during the 1970s, or to receive a chance for economic and social recovery under Lyndon and Helga LaRouche's proposal to turn Berlin into a pivot for Eurasian industrial-technological development.

The Rohatyn option was featured prominently (not by name) at the German Constitutional Court in Karlsruhe, on April 26. Berlin Mayor Klaus Wowereit and the head of his financial department, Thilo Sarrazin, presented their case for a Federal governmental bailout of Berlin, based on the "extreme budget situation" of the city. With only 40% of its annual fiscal budget of 21 billion euros covered by tax revenues, the city relies on other means to stay afloat, such as borrowing money, privatizing previously state-owned facilities, drastic budget cuts, and the like. The 62 billion euro debt, just like in any developing-sector country, has increased in spite of mas-

sive debt payments; it requires 2.5 billion euros annually in interest payments alone.

In order to "consolidate" the debt, the Wowereit-Sarrazin Administration argues, the city needs emergency support from the federal government in the range of 30 billion euros, over the next few years.

That is what this constitutional case is about—nominally. In reality, the case of Berlin is about something else: namely, why the established politicians who have run down the city in the past years, have been such cowards that they have constantly avoided addressing the real issues. Berlin's public debt has often been compared to that of Argentina, which is three times as high; but the per-capita debt of Berlin is three times as high as that of Argentina. The Argentines have revolted, however; the Berliners haven't. Instead, the city leaders have decided in favor of working for the creditor banks and not for the population.

That is why the situation there has worsened—and that worsening is deliberate. Since January 2002, when the Wowereit-Sarrazin Administration took power, Berlin has made extreme efforts to consolidate its budget (which is impossible), with Sarrazin telling critics that Berlin has to prove its "goodwill," or else a case before the Constitutional Court will be hopeless. Which implies that if the Court ruled in favor of Berlin's claim for extra government funding, Berlin would have to continue the austerity, to "honor" that ruling. This is the trap orchestrated for the creation of some-

thing like Rohatyn's Big MAC (Municipal Assistance Corporation): For every euro in extra funding that Berlin received, it would have to cut 2 euros or more, in return.

A Berlin MAC would organize the second phase of the deurbanization: privatizing the public bus service, selling off 240,000 apartments still owned by the municipal administration, selling off more real estate, investing (if at all) only in economic sectors that are said to have a "future"—namely, speculation, media, tourism, but not industrial jobs. With such an insane policy, the day would not be far off that Berlin would have more people employed in law firms, than in productive industry. (Today, the ratio is still 1:3.)

Actually, the April 26 constitutional action by Wowereit and Sarrazin is a hoax. Berlin would have been better off going to the Constitutional Court the way that the LaRouche movement told it to do, four years ago: namely, learning from Argentina, to make itself the spearhead of a broad movement for debt moratorium and defense of the common good. And because all of Germany's cities are in a similarly hopeless situation of debt management, Berlin should have made itself the leader of an all-German municipal revolt against the usurious debt burden, for reindustrialization, and gone to the Constitutional Court to find support for this.

During the campaign, the LaRouche movement will present voters with the image of a city some 20, 30, or 50 years into the future, a city completely different from the one they know now. It will be a Berlin which will be able to invest again, will have an increasing number of highly skilled productive jobs, a strong public services sector and public transportation system. A city with a future.