

Schmidt Stance Against Blumenthal Gets Wide Backing...For Better Or Worse

While West German Chancellor Helmut Schmidt was meeting with U.S. Treasury Secretary W. Michael Blumenthal, the Chancellor was receiving unanimous support from virtually every leading domestic institution in his rejection of Blumenthal's demands to reflate the West German and Japanese economies. However, as the quotes below indicate, most of Schmidt's supporters are still laboring under the mistaken idea that the only alternative to reflation is Blumenthal's other plan for collapsing the U.S. dollar and strict "fiscal conservatism." The implications of the growing demand on the part of Schmidt's trade union base for a concerted push on nuclear development should be considered.

Frankfurter Allgemeine Zeitung, editorial, "Bonn must resist", Feb. 13:

...Blumenthal's visit to Bonn must be a welcome opportunity for Chancellor Schmidt to clear up the idea that President Carter and his advisors have that some more pace-making services for the Italian and French economies can stop Eurocommunism in Germany's partners. Whether both countries become communist or not will be decided by domestic politics. It would be nonsensical to make German foreign economic policy co-responsible.

The federal government must obviously continue to apply the brakes to this flood of American brainstorms, which is continuing to devise new demands on German economic policy that are not realistic....What is to be remembered above all is that the world conjuncture cannot simply be "made" by state stimulation. People cannot allow inflation to be incited. Domestic and international growth must be based on stability. Inflationary experiments around growth will only bring the world economy to new lows. The countries that are threatened by Eurocommunism suffer enough from it. Schmidt must remain steady and hard.

Statement by Armin Grunewald, press spokesman for Chancellor Schmidt, on Blumenthal's visit:

...There was general agreement on overall policy but differences on GATT, protectionism, and energy conservation. These issues were discussed between friends, not enemies....

Dr. Karl-Heinz Narjes, chairman of the West German Parliamentary Economic Committee, and a member of the opposition Christian Democratic Party, Feb. 13:

The Bonn opposition wants to state that we are fully behind Schmidt. The government is supported in its fight against the demands for inflation coming from inside and outside the country."

Otto Wolff von Amerongen, Chairman of the German Chamber of Commerce and Industry, (DIHT) in the Feb. 14 financial daily Handelsblatt:

Schmidt has the full support of industry in his fight over various demands for inflation.

Frankfurter Allgemeine Zeitung, Dr. Hans Roeper, chief economics correspondent, editorial, Feb. 14:

"....It is hard to understand just what Blumenthal wants, because West Germany and Japan are export-oriented economies, as opposed to the internally oriented U.S. economy....Blumenthal should consider that not only the BRD government, but the opposition, industry, and trade unions are against his policies.

Münchener Merkur (Munich), Feb. 14:

Eugen Loderer, chairman of the Metal Workers Union (IGM) is under pressure....by thousands of letters from workers demanding a campaign around energy."