

Report from Germany by Rainer Apel

Government shouts, "Don't panic!"

The upswing propaganda of the SPD-led government clashes with economic and social realities.

The government and those parts of the German elites who are backing it, are in a state of panic. To the outside world, however, the government pretends that, while the stock markets remain turbulent, the "fundamentals are okay." This is what three members of the cabinet said on April 17, when the Black Monday that had been feared on the Frankfurt stock exchange after the events of Friday, April 14, was averted. Chancellor Gerhard Schröder called for "no panic" twice that day, echoed by Finance Minister Hans Eichel and Economics Minister Werner Müller.

But, the government's "don't panic" line sounds like the whistling of the scared boy in the dark forest. The government, and particularly the Chancellor (who knows very little about real economics), are not at all at ease. For example, on Friday, when the markets crashed, Eichel went on national television, with remarks to the effect that because Germans have less invested in the stock market than Americans, they are less exposed to the crash. Pensioners are safer in Germany than in the United States, he said, because their retirement funds are secured by state-guaranteed pension insurance, unlike those of Americans who increasingly depend on private pension funds and their speculative market gains. Germans should be thankful to still have their system, rather than the Anglo-Saxon one, Eichel said.

But, until that Friday, Eichel and other officials had been campaigning in favor of shifting pensions away from the traditional state-backed system, toward one more like the private

funds in the United States. Well, the stock market crashes during April 10-15 did not make that proposal very popular, because it reminded Germans that losses on the markets can destroy their pensions in a few moments. Eichel, and the rest of the government, are still committed to turning the wage-earning citizen (and voter) into someone who makes more and more of his living from stocks—along the "stake-holding society" model of British Prime Minister Tony Blair. Public support for that scheme is hard to generate, particularly among the Social Democratic voter base, who remain skeptical of the "stake-holding" idea.

The skepticism among traditional SPD constituencies is high: The SPD leadership recently had difficulty talking the party's labor commission out of putting forward a resolution that called for a tax on speculative gains. With some armtwisting, the resolution was finally withdrawn at the end of March. As it turned out, the reason SPD leaders insisted the resolution be withdrawn, was that it would expose them as being on the "other side": Many, if not most of them, seem to be involved in stock market speculation. The affair was reported prominently, including in the major daily, the *Frankfurter Allgemeine Zeitung*, of April 15.

Schröder was also stirred up by the remarks of former Finance Minister and former SPD party chairman Oskar Lafontaine, who was interviewed in the April 16 *Welt am Sonntag*. Lafontaine asked: Who is governing, the government, or the financial markets? The position of the Schröder-Blair Paper "that politics today means to adapt

to the forces of the international financial markets, is wrong," Lafontaine said. "Globalization offers great opportunities for the life of human beings. . . . But it must not be allowed to come under the control of the irrational logic of financial markets that are oriented to short-term profits. There must be political regulation. The call for less government is often turned into a call for less democracy.

"Managers of the investment funds want annual revenues of 20%, 30%, or more. Whereas in former times, international capital transfer served to build homes and factories or to purchase machines, today we are faced with a worldwide gambling casino, in which investors seek gains in ever-shorter intervals."

This, and the trend toward ever-larger mergers, pose a threat to democracy, he insisted. "No state can let an enterprise that has reached a certain size, go bankrupt. The question, who is actually governing whom, must be posed more often than before. . . . The financial markets have taken power. . . . Irrespective of the interests of individual Wall Street firms, the financial markets have to be regulated, again. There must be controls on the short-term capital market, currency rates must be stabilized."

Lafontaine's statement reminded SPD leaders of the debate on steps needed against speculators. And, the need for a sound, just economic system is not dying down. It is being kept alive by the LaRouche movement. Years of black propaganda against the LaRouche movement as people "from outer space," became undone in a few minutes of trading. Lafontaine did not use the "L word," but many of his readers were reminded that there exists a call by Lyndon LaRouche for a New Bretton Woods system—which is now receiving more attention with every big drop in the markets.