

Report From Germany by Rainer Apel

Schröder Shoots Himself in the Foot

Fiscal austerity measures are undermining the Chancellor's public support at a crucial moment of history.

When Chancellor Gerhard Schröder returned from his April 11-12 meetings in St. Petersburg with Russian President Vladimir Putin and French President Jacques Chirac—the “Anti-War Three” in Europe—he was hit with unexpected turbulence on the domestic policy front. His stubborn refusal to abandon monetarist budget-cutting austerity raises the prospect of the Chancellor being out of a job by Summer—which would be welcomed result by those in Washington who want a “regime change” in Berlin, as well as by the German media that toe the Anglo-American line.

Schröder, a Social Democrat, has not been able to formulate an economic-social policy that would earn him majority support from the population. The unabated rise of unemployment, which stood at above 4.66 million at the end of March (out of a total population of 82 million), and the continuous public debate about new budget austerity measures, have led to a situation in which the Chancellor has 70-78% popular approval for his opposition to the war against Iraq—but only around 30% approval for his economic policy.

On March 14, Schröder, in an official address to the Bundestag (parliament), presented his “Agenda 2010” platform, of which 90% consists of a catalogue of new budget cuts, especially hitting jobs, pensions, health care, and social welfare. Proposing cuts in unemployment benefits to a level below welfare payments, for all those who have been without employ-

ment for more than a year, sounds insane to many voters, at a time when unemployment keeps increasing. The labor unions and numerous welfare organizations have responded with protests, but the Chancellor has so far stayed committed to his agenda, mocking the critics as “notorious rabble-rousers” who are not worthy of serious attention.

Not even in the national executive of his own Social Democratic Party (SPD), has Schröder been able to silence critics; and at the party base, there is widespread disgust with the Agenda 2010. The fact that in the Feb. 2 elections for state parliament in Hesse and Lower Saxony, this disgust translated into a giant abstention of SPD voters, which led to vote losses of 10-20% for the SPD in many districts, should have been the writing on the wall for Schröder.

But he is apparently not taking seriously the warnings coming from the labor unions, as well as from the party left wing, that they will use every means available, from protest actions to labor strikes, to block and change the Agenda 2010 before the Summer recess in July. Especially the announcement by party left-wingers that between mid-April and mid-June, they would collect signatures among SPD members for a party referendum to impose a freeze on the Agenda 2010, took Schröder by surprise, showing that he had underestimated his critics.

Immediately after his return from St. Petersburg, Schröder decided on a flight-forward move, announcing that

he would hold a special SPD convention to try to win over his critics. This convention, he said, would be a “test of governability for the SPD”; he expects 80-90% of party members to support his Agenda 2010, and added that any percentage below that implied a no-confidence vote, so that he could no longer govern.

This rash attempt to armtwist the party base has been read by many members, not as a sign of Schröder's strength, but rather of his weakness. Those who plan to collect the 70,000 signatures by mid-June that are required to hold an APD referendum (10% of the total party membership), have restated their firm intent to mobilize voters against the Agenda. It is, therefore, not very likely that Schröder will succeed in rallying those 80-90% of members behind his policy. It is more likely that a majority will vote against the Agenda. What would the Chancellor do, then? Would he step down, just like that? Or would he come up with some deal with his critics, that would permit him to stay in office?

The only way out of Schröder's political dilemma—and the only solution for Germany's economic crisis—is to scrap the Agenda 2010, and instead adopt a Eurasian economic development policy and support a New Bretton Woods global financial reorganization, modelled on Lyndon LaRouche's proposals. The LaRouche movement in Germany is mobilizing to create a political environment for this. An opening to the “other America”—represented by LaRouche and those who are following his leadership—will open a flank against the Washington war party, that will enable Germany to improve its international position and have more maneuvering room to deepen the Eurasian pro-peace alliance with France and Russia, India and China.