

Austerity policy: the crux of the West German crisis

by Rainer Apel, Bonn Bureau Chief

With West German Chancellor Helmut Schmidt's announcement on Sept. 17 that his Social Democratic-Liberal coalition government has come to an end, and that new elections should pave the way for a new government legitimized by the voters to implement a "change in general policy," a new period of political uncertainties began. A new government, which will probably be a coalition between the opposition Christian Democrats (CDU-CSU) and the Free Democratic Party (FDP), led by CDU chairman Helmut Kohl, will not be formed after new elections, but by a deal to avoid new elections. The FDP fears new elections because they justifiably sense that many former liberal voters will not honor the FDP's desertion from the coalition. It is said in Bonn that Kohl offered Hans-Dietrich Genscher, the chairman of the FDP and West Germany Foreign Minister until Sept. 17, posts in a new coalition if he left the Schmidt government now. Kohl, as sources in Bonn are saying, would promise to postpone new elections in return for the FDP's deserting the coalition with Chancellor Schmidt.

Therefore, the CDU-CSU and FDP, which have more than the required absolute majority of votes for making Kohl successor to Schmidt, will pose a vote of no-confidence against Schmidt very soon. Insiders in Bonn are saying that this vote of no-confidence, which would install a CDU-led liberal-conservative government in Bonn, might occur immediately after the Hesse state elections on Sunday, Sept. 26, when the expected heavy losses for the SPD in that state will add to the demoralization of the Social Democrats throughout West Germany. Such a climate of general demoralization is said to

be auspicious for the harsh austerity policies planned by the CDU and FDP.

The economic question

The brains in such a conservative-liberal new government in Bonn will be the FDP, and the muscle the CDU-CSU. The program for the planned brutal austerity measures has already been presented by Count Lambsdorff, until Sept. 17 Minister of Economics in Schmidt's Bonn cabinet. The document he had presented two weeks earlier called for deep cuts in the social welfare budgets, in health care and for cutting unemployment benefits down from 68 to only 50 percent of the workers' most recent wage level. This would mean that many workers' living standards would be cut down to one half of what they and their families have been living on—and many workers are getting laid off these days. Unemployment rates have soared to a new record high of 2 million expected for October, and Count Lambsdorff's proposals, which most of the CDU's leading politicians consider to be on their own track, will reduce living standards for about 8 to 10 million West Germans, or between 12 and 15 percent of the population.

West German trade-union representatives have accurately termed this plan for brutal austerity a "declaration of war against labor," and a series of mass demonstrations scheduled for October, along with strikes during the traditional year-end wage-bargaining rounds, are expected to show how radicalized West German labor has become. Since the traditional labor party, the SPD, has failed to formulate a viable

program for fighting the depression, the labor mobilization against austerity might aggravate social tensions without offering a political alternative. Chancellor Schmidt termed the Lambsdorff plans a “farewell to the post-war social welfare state, and a step into the each-against-all society” when he gave his final address to the Bonn parliament on Sept. 17. There should, however, be no legend-building around the causes of Schmidt’s fall. Although a great deal of the destabilization of the Schmidt government was due to machinations from abroad, one must definitely state that the SPD itself and its Bonn Chancellor contributed to their own fall. On the one hand, the SPD had been forgetting about its obligations to labor, and has, under the direction of the U.S. East Coast establishment’s asset, party chairman Willy Brandt, adopted a course of collaboration with the radical anti-industry ecologists. On the other hand, Schmidt had rejected an offer by labor at the beginning of 1982 for a pact against austerity. Instead of allying with labor in defense of living standards, Schmidt preferred to resort to the bag of political tricks he called “pragmatism”—a policy which could not work, and did not work. Schmidt’s pragmatism forced him to defend the IMF and the rotten world financial order which was causing the high interest rates killing millions of jobs in the industrialized sector. The pragmatic Chancellor accepted the advice of the international bankers calling for an austerity policy as a means to reduce state budgetary deficits; what came out of that was a Schmidt version of austerity which was less brutal than the plan of Count Lambsdorff, but was rightly considered “austerity” by German labor nevertheless.

Combined with the pro-ecologist course of the SPD party leadership, the “social austerity” of Schmidt meant that the labor base of the SPD increasingly turned its back on the party, especially in the recent state elections which featured heavy losses for the SPD. SPD workers proved too weak to be able to change the party’s policy. In a statement issued by *EIR* founder Lyndon H. LaRouche from Wiesbaden, West Germany, on Sept. 17, the SPD was termed a “lost party,” and a call upon workers to join the European Labor Party instead was added. The ELP is, as Lyndon LaRouche said, the “party of the future.”

The European Labor Party factor

The ELP, though small in terms of membership, has helped to mobilize larger parts of the SPD’s labor base against austerity, and the ELP warned Schmidt of the consequences of his own stupid pragmatism. The national chairman of the ELP, Helga Zepp-LaRouche, in recent weeks issued five “Open Letters to the SPD and to the Labor Unions” calling for an end to the debate about social cuts. The “open letters,” which were massively distributed at factory gates, and met a good response from workers all over the country, called on labor to start a debate on the necessity of a New World Economic Order, which would include a low-interest-rate

system of the type just initiated by Mexico’s López Portillo for his own country.

In her second letter, Mrs. Zepp-LaRouche stated, that after his July trip to the United States, “Helmut Schmidt, in the happy belief that this time the U.S. administration did not intend to oust him, reacted pragmatically and told himself, ‘Why should I fight what I can’t change?’ and merely raised his usual protest against high interest rates, with no effect upon his hosts. And thus it became clear that the ‘politics of the possible’ cannot hold off collapse in a crisis as fundamental as the current one. ‘I can’t swim against the stream,’ said the lemming as he marched with his fellow lemmings off the cliff. . . .

“It was praiseworthy that Helmut Schmidt in San Francisco demanded lower interest rates, though it was ineffective; it was, however, totally false, when in the same speech he expressed the view that there is no sense in assisting economic development if at the same time population growth is not halted! Quite apart from the fact that it is impossible to achieve that goal by any means other than war, famine, and epidemics, that comment reflects a weakness in his grasp of economics. It may be humanly understandable that, as far as the United States is concerned, Helmut Schmidt grasps at any straw—but in this crisis, it is politically intolerable in a statesman.”

During the debate following the distribution of these “open letters,” many former SPD members quit their old party and joined the ELP, which has proven to be the only worker-oriented party willing and able to pick up the fight for the defense of living standards and industrial growth, which is a fight against austerity, even if the latter is presented in its Social Democratic form of “a juster share of the burden.”

A strong labor-based political opposition to such austerity is obviously required for West Germany now that the coming CDU/CSU/FDP coalition will launch a brutal assault on workers’ living standards. The Kohl-led conservative-liberal government will only be a transitional regime, since its incompetence in economics will lead to the same catastrophic results as in Britain, and most of West Germany will begin to oppose this post-Schmidt regime. What comes after, either an even more brutal “authoritarian regime” of the post-Weimar 1933 variety, or a labor/industry-based republican government committed to international peace, economic growth, and technology transfer to the Third World—all of this will be determined by the ELP’s mobilization of German labor.

The SPD has given itself away, and thus proven that the Social Democrats have not learned their lesson from history: gross political miscalculations and outright stupidities ruined the last SPD-led government of Weimar Germany in 1930. Looking at Bonn and at the state the SPD is in right now, one must state that the Social Democrats of September 1982 are in no position whatsoever to shape political developments in West Germany in favor of the national interest.