

## Report from Bonn by Rainer Apel

### Elites dissent from 'new world order'

*The crisis in eastern Germany has rekindled discussion of the free market, debt, and development.*

**T**he strong engagement of France and Great Britain in the Gulf conflict is seen by some as a demonstrative act vis-à-vis a Germany that does not want to enter a situation where it can show a comparable engagement." This was said on Sept. 22, during the first phase of the Gulf crisis, by Horst Teltschik, Chancellor Helmut Kohl's former national security adviser.

These and other critical remarks Teltschik made on the role of the U.N. in the Gulf crisis, and on Bush's preferential approach to Gorbachov before the 1990 summit, are said to have contributed to his fall in December 1990, when he quit his job without giving any meaningful explanation. For some time, Teltschik had been seen as a big nuisance to German relations with the United States, Britain, and France.

Long after Teltschik's demise in Bonn, the question he raised on Sept. 22 remains: If Germany didn't want to enter the war, in what situation would it show a strong engagement?

One distinct factor of German preferences certainly is in the sphere of economic policy. Germany nominally subscribes to the Western free market economy, but has replaced the "free" with "social." In practice, this means a lot of state intervention to correct the market economy through a dense social welfare net, a well-functioning public health system, substantial unemployment benefits, and some low-interest credit facilities for the promotion of growth in select sectors of the economy.

German economics is traditional industrial policy disguised under a

market economy mantle, and the new government strategy for eastern Germany recovery contains even more aspects of state intervention, to the chagrin of the free market faction inside and outside Germany.

An important, but widely neglected initiative in this context was the Bonn government's decision to write off half of East Germany's debt when the German Monetary Union was created on July 1, 1990. At that time, there was consideration of writing off all of the debt, but there was fear that would have "bad repercussions on the world debt front." Indeed, it would have set a model for writing off the Third World debt as a whole, to have a new beginning for the world economy.

But the worsening economic situation in eastern Germany has forced the government to reconsider the plan of writing off the debt entirely. Economics Minister Jürgen Möllemann asked that the DM 110 billion old debt of the former state-sector industry of eastern Germany that is now managed by the Treuhand agency, be written off, to speed recovery.

This development has repercussions on the debate in Germany over Third World policy. Numerous press articles on the cholera disaster in Peru explicitly mention the International Monetary Fund debt collection policy behind it. The Berlin *Tagesspiegel* daily had a remarkable article April 7 on Peru, the IMF, the debt situation in many parts of the world, notably Ibero-America and Africa. The feature emphasized the fact that in 1987, Alfred Herrhausen, the Deutsche

Bank chairman who was killed by a terrorist bomb in late 1989, had called for a generous debt moratorium for the Third World.

Among the German bankers of 1991, the daily said, there were none that could match Herrhausen, but a person of his caliber would be needed now to dump the IMF approach and prevent Peru-style disasters from spreading through the Third World.

There are elements of such a German initiative in the developing sector, not from the bankers, but from the government. President Richard von Weizsäcker took a stand against the Bush new world order in addressing the German-Indian Chamber of Commerce in Bombay on March 5: "Under all circumstances, it is necessary to prevent the conflict in the Gulf region from mounting into long-term tension between the North and the South. On the contrary, the détente in East-West relations must be used to finally concentrate our potential on the encouragement of economic progress in the Southern Hemisphere."

He endorsed a leading Indian role in the Non-Aligned Movement, explaining, "Through an education policy that has been pursued seriously over a period of several decades, India has a reserve of a great number of highly qualified researchers and scientists. For good reason, it is proud of its technical colleges, the IITs, at which the leadership cadres of the future are trained. The cultural-scientific capability of a country will be an important export good of the future."

Weizsäcker's remarks in India mirror the German elites' thinking on the future world role of reunited Germany. The dominant view is that it shall be based not on military muscle, but on the German tradition of science, industrial development, a high level of education, and elements of state intervention.