

Report from Bonn by Rainer Apel

Wanted: a sound economic program

Germany may get a new Chancellor, but what it really needs is a new economic policy.

Since Gerhard Schroeder was nominated candidate for Chancellor by the executive committee of his Social Democratic Party (SPD), on March 2, the troubles of incumbent Chancellor Helmut Kohl of the Christian Democratic Union (CDU) have increased. The long-suppressed debate inside the CDU about Kohl's candidacy in the September national elections, has broken out into the open again, as Kohl's popularity among voters has sunk to 26%.

This debate has taken its most radicalized form in the Christian Social Union (CSU), the Bavarian state section of the CDU, where a number of leading members have openly demanded that Kohl be kept out of the state election campaign for Bavarian parliament (Sept. 13), so as not to make the CSU more unpopular.

The CSU executive, the chairman of which is Kohl's Finance Minister, Theo Waigel, had to intervene, declaring that Kohl was welcome to make public appearances in the Bavarian campaign.

There are other institutional tricks through which Kohl believes he can prevail over Schroeder, whose popularity is at 60% at this moment. A resolution in support of Kohl was published by the leading associations of German industry during the annual convention of the German Crafts Association in Munich on March 10. The resolution attacks Schroeder's platform, because it calls for the reversal of social welfare cuts that were imposed by the present government.

These same captains of industry, not too long ago, had endorsed Schroeder for his "modern" ideas, as

opposed to the "outmoded" views of Kohl. For the top managers, mostly free-market neo-liberals, Schroeder's "reformism" resembles the "new Labour" policy of British Prime Minister Tony Blair—a policy that the managers want also for Germany.

The industrialists' current swing back to Kohl indicates that they are worried that, in the heat of the election campaign, Kohl might feel compelled to make concessions on social issues, to counter Schroeder's populism. That, they fear, would reverse some of the social budget cuts imposed in 1996 and 1997.

But, given the voters' growing opposition to Kohl's policy, this industry endorsement will only accelerate his fall. The broad majority of voters wants a change of policy, which for most of them implies a change of government.

It has taken Kohl a long time to recognize this, but he is now sending out signs that he is looking for a face-saving retreat: He said in a television interview on Feb. 28, that a "Grand Coalition" of SPD and CDU would not be a catastrophe for the country, but that he himself would not serve such a coalition. Kohl said the same thing on March 8, adding that he had always said that Wolfgang Schäuble, the head of the CDU parliamentary group in Bonn, should be his successor. Schäuble is the main person that those people in the SPD are looking to, who want a Grand Coalition.

In the same interview, Kohl reaffirmed his intent to run as the CDU candidate. This presents the voter with the paradox that he is expected to vote for a candidate who says he is running

for re-election, but who will step down immediately after election day! As compared to Kohl's 26% popularity, Schäuble does have popularity of 43%, at least. From the CDU's point of view, it were better to have Schäuble as the candidate, but election day is too close now, to change horses without taking the risk of losing the rest of the voters' confidence, entirely. The SPD is hoping for a windfall profit from the CDU's paralysis.

All of these tactical maneuvers around the "personality" issue have prevented a serious debate about program, most notably on economics. Also the draft of the Schroeder campaign platform, which is more a grab-bag of populist appeals than a well-conceived policy alternative, poses questions, as to what an SPD-led government would do better than the present government.

Schroeder says he wants to reverse the social budget cuts of the Kohl era. But, he opposes any state intervention for a sound industrial policy that would increase production and employment, and increase tax revenues. SPD Chairman Oskar Lafontaine has just declared, once again, that the party respects the principle of the balanced budget. Nothing should be done, under a new government, that "would not be affordable, without new borrowings."

At the same time, the SPD is promising tax cuts for most people—yet offering to balance these with compensation to state coffers from a new "energy consumption tax." Schroeder wants to exempt energy-intensive sectors of industry, however; so, in the end, the new tax will be paid by the consumer. Moreover, the SPD platform shows a puzzling disinterest in the "Asian crisis" and decomposition of the global financial system. For a party that wants to form a new German government in the middle of a world depression, this is an intolerable omission.