An unstable Germany means an unstable Europe

by Rainer Apel

What if the big financial crash occurs, and the government is not prepared? This is a critical question that must be posed in Germany, where the government, and the elites standing behind or tolerating this coalition of the Social Democrats and the Greens, apparently is not at all prepared. The “red-green” government’s energies are absorbed by the exhausting struggle to achieve a balanced budget, and by the need to carry on a massive propaganda campaign to keep up the pretense that it has not lost control of economic and financial events and the capability to govern.

After 10 months in power, this government has lost the confidence of most Germans. An opinion poll published by the FORSA Institute at the beginning of August, showed that, of those Germans who voted for the Social Democrats and their Chancellor candidate, Gerhard Schröder, last September, 41% would not vote for them again if national elections were held now. This translates into a loss of 10 million votes. Another opinion poll, published by the Allensbach Institute in mid-August, showed that 54% of Germans in the western states, and 57% of those in the eastern states, are convinced that time has run out for the red-green government.

No such poll has been done yet among the labor movement, but the percentage of unionists who oppose the government is certain to be even higher. The frustration with the government’s policy among union members has taken on such dimensions, particularly in the eastern states of Germany, that the labor bureaucracy is beginning to reflect that ferment. And, it takes the form of regional protests that even openly disregard the overall pro-government line of the national labor federation (DGB). So far, the DGB’s national executive has voiced protests against the government, but managed to do so in such a way that it has not been threatening. But, this is going to change — it simply has to, if the country and its labor movement are to remain governable.

Labor leaders attack the banks

An indicative development occurred on Aug. 4, when the chairmen of the regional DGB sections of the eastern states of Saxony and Saxe-Anhalt, Hanjo Lucassen and Jürgen Weissbach, respectively, took the unprecedented step of hold-
ing a joint press conference in Magdeburg, the state capital of Saxe-Anhalt. There, they issued a joint call for the government to finally show a commitment to “social justice,” and to stop proposing plans for new cuts in the labor, welfare, and pension budgets, while the banks get off scot-free. The joint statement is worth quoting, because it breaks the long-respected taboo in the German policy debate against making the role of the banks a political issue.

“The rich and the banks, who are making big profits off the state debt, must make their contribution” to the economy, they said. “The banks should drop their claim, for a period of two years, to one pfennig of each mark of interest cashed in from the public sector. This would yield about 10 billion marks per year, and it would hardly burden the balance-sheets of the banks. It could help to reduce public-sector debt, and funds could flow into infrastructure and venture capital.”

This 1% debt relief would be “only peanuts” for the banks, “but could provide substantial support for the public-sector budgets,” the labor leaders said. Their relatively modest “1%” proposal was so hot, that the national DGB executive instantly distanced itself from the initiative in a release sent to the wire services. But what the two labor leaders had said in Magdeburg, is what a broad majority of citizens and of union members think. And, the broad majority also think that Germany would be better off if the red-green coalition were replaced by a Grand Coalition of the Social Democrats and Christian Democrats. The national executive of the DGB will be forced to change its views.

A first indication of the pressure to change could be seen in an interview with DGB national chairman Dieter Schulte on Aug. 18, who called on the government to invite the Christian Democrats to a special summit on the pension issue. He said that problems like the security of pensions require the broadest possible alliance of social and political forces. A year ago, Schulte was among those who preferred the red-green option over the Grand Coalition. The situation has visibly changed, although the institutions, including the labor bureaucracy, are moving at only a snail’s pace.

**Scandals create more instability**

Changes have to occur quickly, however, because the instability of the country and its economy is increasing by the day. The monetarist powerbrokers around the City of London oppose those changes leading toward greater stability, and their co-thinkers in Germany are at work to make the situation even more unstable. For the last several weeks, especially since the end of July, a scandal-mongering campaign has been being waged in Germany, one that, interestingly enough, is almost exclusively focussing on cases of corruption or financial mismanagement in some of the leading institutions of the southern state of Bavaria. Among other institutions, this involves the Bavarian State Bank, the state-owned construction cooperative LWS, and the Munich-based HypoVereins-

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