

Report from Bonn by Rainer Apel

Christian economics rejects austerity

The Christian Democratic Labor Committees are taking on a fight with the government's budget-cutters.

Chancellor Helmut Kohl and his cabinet are running into opposition to their austerity policies from within their own political ranks: the Christian Democratic Labor Committees (CDA), which are a minority among the German labor unions, but control almost a third of the Bonn coalition's parliamentary majority. The CDA, at a 50th anniversary convention in Königswinter on April 17, stirred up the entire political landscape with its attacks on the direction of economic policy.

The CDA intervention was a welcome change from the otherwise generally sterile debate over labor policy. At a "labor and social policy roundtable" at the chancellor's office on April 23, nothing was achieved. Labor and government quarrels about the "fair" distribution of planned cuts in the federal budget among the German population, could not be bridged. On the one hand, the government wants to reduce FY 1997 spending by 50-60 billion deutschemarks (\$33-40 billion), at the expense of the social welfare and research funds; on the other hand, the ideological obsessions of the budget-cutters to reduce the role of the State as much as possible, makes any agreement impossible among social partners in a country that has always had a strong role for the State, as the centerpiece of the social welfare system.

Chancellor Kohl (Christian Democratic Union) and his cabinet are confident that, sooner or later, they will be able to break the labor movement's resistance, because the opposition Social Democrats, with which the labor

unions have traditionally been linked, are in a state of political disarray and pose no real challenge to the governing coalition in Bonn.

The CDA has not, in the past, been much better than the Social Democratic labor unionists. But it does respect the principles of Catholic social doctrine, which the vatican, and especially John Paul II, have emphasized; the rest of the labor movement prefers to be strictly anti-clerical.

Further, the CDA has links to the American labor movement which date from the postwar period and the AFL-CIO's support against communism. It also has links to the French Force Ouvrière (FO) labor union, which, in turn, has had ties with the AFL-CIO for decades. This is not to say that everything that has occurred along these communication lines in the past, has been good; but in the present situation, such ties can be important in combating British free-market liberalism and the budget-cutters. The momentum of U.S. labor under the new AFL-CIO leadership of John Sweeney has, indeed, not gone unnoticed in the press here (see *Labor in Focus*, p. 12).

At the CDA's recent convention, its national chairman, Rainer Eppelmann, said that the gulf between rich and poor was widening as a result of the government's policies, and that this was intolerable, from the standpoint of Christian values. Therefore, a Christian Democratic government should not have a budget and taxation policy that favored the rich, he said. He attacked the Free Democrats, the Christian Democratic Union's minor coalition partner, as the spearhead of

"escalated efforts to undermine the social market economy system and replace it with laissez-faire capitalism."

That attack earned Eppelmann and the CDA the outrage of the entire camp of free-market liberals, and a flood of angry commentaries in the press. Economic policy editor Jürgen Jeske of the *Frankfurter Allgemeine Zeitung*, a follower of Adam Smith, in a lead editorial on April 19, attacked the CDA's role as a catalyst for what he called a "grand coalition in defense of the social welfare State," that was sabotaging allegedly "overdue reforms."

And on April 20, Rainer Hank reserved a full page in the paper's weekend edition, for polemics against the "political romanticism" of organizations like the CDA (though he conceded that the government and the budget-cutters were running into big problems, given this depth of political resistance).

It was the same Eppelmann, who, at the CDA convention, warned "those who want to abolish the social welfare State" to recall what the leadership of France had experienced just a few months ago. He said that a "take-down, or even crushing, of the social system" would "endanger the social peace." How important this peace is, has been shown in the case of France, where the government tried to mobilize money for its budget through brutal cuts in social welfare programs. The nationwide strike that was provoked by that, at the end of last year, paralyzed the French economy for weeks and burdened it with a net loss of about to \$5.3 billion, as Eppelmann reminded the German elites. Chancellor Kohl should remember well, indeed, that during the French strike wave, he took all planned budget cuts off the agenda for the time being, to remove any trigger for French-style unrest in Germany.