

Will New Government Re-Industrialize?

by Rainer Apel

The coming Grand Coalition government of Christian Democrats (CDU-CSU) and Social Democrats (SPD) will not take office before late November, because special conventions of the three coalition parties will first have to approve the program and the composition of the cabinet. Although important questions, such as economic policy orientation, have still not been conclusively discussed by the coalition parties, it is generally expected that by mid-November the party conventions will give their go-ahead for the coalition agreements, so that CDU party chairwoman Angela Merkel can be elected by the majority of the Federal parliament—in which the CDU, CSU, and SPD combined have more than two-thirds of the seats.

Merkel, who started out as a radical neo-con at the beginning of the election campaign in July, has since then turned into a moderate neo-con, which is acceptable to the Social Democrats and, even more important, to her own party's influential Christian workers' wing. It is from the latter current, that Merkel's neo-con positions of the campaign have come under the strongest attack, after her neo-con ambitions for a coalition with the radical neo-cons of the Free Democrats (FDP) were ruled out on election day. Finding no other partner for a coalition, Merkel was forced to secure her chancellorship with significant concessions to the SPD, which concessions were also the high price to be paid to get the SPD's candidate for Chancellor, incumbent German Chancellor Gerhard Schröder, to drop his own chancellorship ambitions on Oct. 10.

Merkel had to sacrifice her "flat tax" proposal, health sector cuts, and the abolishing of labor regulations. Her chancellorship is, therefore, a "contained" one; this is also shown by the fact that Merkel's Vice Chancellor (and Minister for Labor and Social Affairs) will be SPD chairman Franz Müntefering, who unleashed the public debate on against hedge funds and other "financial market locusts" in Germany, back in April.

Containment of Merkel will occur also on the foreign policy front. Schröder's "alter ego," the former chief of the Chancellor's Office, Frank-Walter Steinmeier, will become Foreign Minister. Steinmeier has been involved in most of the Eurasian aspects of Schröder's foreign policies over the past seven years, including the intensification of relations with Russia, India, and China, and the German "no" to the Iraq War of 2003.

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Yet neither the Social Democrats nor the coming Grand Coalition government have so far found convincing answers regarding what to do about the global financial crisis, and how to regain full employment. This will not be possible without a substantial issuing of new loans by the state, or at least with the state playing a crucial role, with investments in the range of definitely more than 100 billion euros a year. The only political force in Germany, so far, that has proposed a state-directed job-creating, public-sector investment program, is the Civil Rights Movement Solidarity (BüSo) party, chaired by Helga Zepp-LaRouche. The BüSo is calling for a program in the range of 200 billion euros per year. But a broader discussion on economic and investment policies has begun in the country, because a Grand Coalition would have a sufficient majority in parliament, to push through positive changes and to walk out of the monetarist and ecologist paradigms of the past 25-30 years of government.

Restoring job-creation and investment priorities over ecologism, will be a tough job, because of three decades of green ideologies penetrating the country's institutions. Now, however, the Greens—the ecologist party—no longer are in the government. It should be possible, therefore, for the CDU-CSU and SPD to dump the previous government's anti-nuclear technology stance, and to launch big public projects of infrastructure development, which was not possible in the era of Green Party government participation. Now five years into the new century, Germany should finally make a step to introduce 21st-Century technologies like a Transrapid maglev train network, the thermonuclear fusion reactor, or the CargoCap commodity transport tube system, for revolutionized urban-area logistics. Germany has to be reindustrialized.

Top Priority: New Jobs

The other challenge to German politics, in addition to ecologism, is to begin a debate on productive generation of credit. Especially among the labor unions, there is a strong interest in programs for the fight against mass unemployment. But the labor union proposals made so far do not emphasize the size that such programs must have, to generate any significant effect on the labor market. The metal workers union has proposed a program for job creation, with an emphasis on projects of municipal and regional public infrastructure, of 20 billion euros by the end of 2005, then increasing to 40 billion a year by 2009. That would trigger a re-employment effect of 800,000 jobs over the next four-year period. But to regain full employment, ten times as many jobs have to be created, since real unemployment in Germany is at 9-10 million. And, the proposal is only an indirect commitment to re-industrialization; it still lacks a clear endorsement of the creation of new jobs in industry. The metal workers' proposal is a step in the right direction, though, but larger steps must follow.