
Cabinet Shakeup Is Not Enough

Labor Minister Müntefering resigned, but the Social Democrats need to abandon their budget-cutting axioms.

After the Oct. 26-28 convention of the Social Democratic Party (SPD) passed a resolution calling for more state support for the long-term unemployed, the resignation of Germany's Labor Minister, Franz Müntefering, on Nov. 13, was just a matter of time. A Social Democrat, he had defended the "Hartz IV" policy which has been in effect since 2004, according to which, citizens who have been unemployed for more than 12 months, receive only 345 euros (\$503) per month in state support. Before 2004, they received up to 67% of their last average income. The Hartz IV policy, motivated by brutal budget-balancing in line with the European Union's regulations, has led to the impoverishment of several million jobless Germans, and growing nationwide opposition. The SPD has become the target of most of the discontent.

Before the SPD convention, Müntefering had insisted—in opposition to the views of party chairman Kurt Beck—that Hartz IV, which his ministry was in charge of, be left untouched. Müntefering's resignation is seen as an attempt to defuse the mounting discontent among the party base with the SPD Cabinet ministers' performance in the coalition government with the Christian Democrats (CDU-CSU). The SPD's ministers for Finance and Transport, Peer Steinbrück and Wolfgang Tiefensee, respectively, are also faced with heavy opposition: Steinbrück because of his hardline budget-balancing views, and Tiefensee because of his plan to privatize the railways.

The only SPD Cabinet minister who still has significant support in his own party, is Foreign Minister Frank Walter Steinmeier, who is trying to continue the pro-Eurasia and anti-war orientation of his former boss, ex-Chancellor Gerhard Schröder, under the complicated conditions of a coalition run by Chancellor Angela Merkel (CDU). Steinmeier will take over Müntefering's post of vice chancellor.

Whether the government will survive until the next scheduled national elections in Autumn 2009, is uncertain, however, because if it does not act against the deepening world economic-financial depression and banking collapse, its popularity will soon sink to levels of the U.S. Bush-Cheney Administration. Consumer price inflation—especially for food products such as milk, which have seen a speculation-based surge of 40-60% since the outbreak of the banking crisis in July—is hitting the population especially hard.

The government can protect the country against the depression only if it scraps the Hartz IV and Maastricht policies, and passes "firewall" legislation to protect the real economy, and the production-oriented functions of the banks, from financial collapse. And that is what the administration, even after this reshuffle, will not do voluntarily. The new Labor Minister, Olaf Scholz, is close to party chairman Beck, but he is not a man likely to consider substantial changes in policy. A change will come only from mounting pressure of the SPD party base, and that is dependent on the extent to

which the Social Democrats adopt core concepts of the LaRouche movement, and its political party in Germany, the BüSo (Civil Rights Solidarity Movement).

Over the past few months, policy statements by Helga Zepp-LaRouche, the BüSo's national chairwoman, on the necessary changes in economics, finance, and other areas have been circulated as leaflets, receiving a positive response from the base of the SPD. This situation is similar to that during the first months of 2005, when after weeks of BüSo campaigning for profound policy changes, with the slogan "Produce, don't speculate!" the SPD launched a campaign against the "locust funds," the hedge and equity funds that were devouring industry and jobs.

But from the moment the SPD entered the Grand Coalition government with the Christian Democrats in November 2005, they dropped most of the "anti-locust" momentum and decided to "behave." The tragedy of the SPD is symptomized in the fact that in this degeneration process, Müntefering himself, the man who was the party chairman in April 2005 when the Social Democrats proclaimed the campaign against the locusts, has now ended up on the other side of the political struggle. The party's tragedy is also symptomized by the fact that chairman Beck is afraid to call for scrapping the government's fiscal austerity policy altogether, and instead campaigns for "improvements" of some aspects of labor and social policy only. This is the Fabian tradition of the Social Democracy, which it has suffered from ever since it adopted that orientation from the British Socialists in the late 19th Century: Never address the real source of economic-financial collapse; only call for charity to "compensate" for some of the disasters caused by the wrong-headed policies.