

Social Dems Embrace Financial ‘Locusts’

by Rainer Apel

Almost exactly 18 months ago, the German Social Democratic Party (SPD) seemed to be back in touch with economic-financial reality, when their then-party chairman Franz Müntefering declared war on the hedge funds, or, as he put it, “locusts that are swarming out to eat our factories.” The SPD demanded legislation to protect industry from takeover by the locust funds, and bankers were getting rather nervous about this political campaign. The Social Dems, usually propitiatory to financial market players, had been influenced by a political campaign by the German LaRouche Movement, for government action against speculative capital operations. In July 2005, the SPD’s Chancellor Gerhard Schröder even stepped forward with an initiative for “more transparency of hedge fund operations,” at the G-8 Summit in Britain, but he met stonewalling by the U.S. President and the British Prime Minister. With a bit more commitment to a real industrial recovery, the Social Democrats would have won the September 2005 election; instead, they lost by a small margin to the Christian Democrats (CDU-CSU).

Out of Touch With Reality

Two developments after the election were crucial, in crushing this anti-speculation ferment among the Social Dems: 1) the formation of a Grand Coalition government with the CDU-CSU; 2) the overthrow of Müntefering at the party top, and his and his executive’s replacement by the “young SPD,” which is friendly toward the “markets,” resembling the supporters of synarchist banker Felix Rohatyn among the U.S. Democrats. Consequently, all efforts to revitalize the “anti-locust” ferment during 2006, were watered down by the new leadership. The SPD kept losing touch with reality, which is also visible in strange “assessments” by leading Social Democrats after the U.S. midterm elections, that U.S. Democrats around Al Gore and George Soros had won the vote on Nov. 7. Coincidence or not: Soros was just in Berlin, when the “young SPD” on Nov. 20 presented its draft for a party program.

The draft paper repudiates everything Müntefering had tried to accomplish, while parroting the line given out by Lazard Bank’s Germany boss John Kornblum (the former U.S. Ambassador to Germany) and his friends at the American Chamber of Commerce in Germany: namely, that equity

and other such funds bring 30 billion euros annually into Germany, thereby securing 800,000 jobs. The same argument was used last year, when the funds and their friends talked Chancellor Schröder out of moving against hedge funds effectively, so that only his rump initiative of calling for “more transparency” remained.

The new draft program pays some lip service to the need for regulation of financial markets, but also calls for Germany to become “more attractive to alternate investment forms like pension funds,” saying that “a productive financial site depends on an active private equity branch. Meanwhile, financial investors invest about 30 billion euros in Germany, annually. Firms financed with this capital, secure more than 800,000 jobs. The importance of private equity in the coming years will significantly increase for the *Mittelstand* [small and medium-sized productive enterprises], as well as for corporate takeovers. Because of that, we will bring about reasonable conditions for the German private equity branch. We will also improve the competitiveness of already regulated German hedge funds.”

The fact that the draft paper also calls for the “expansion of private-public-partnerships (PPP) in public infrastructure,” such as housing, transport, water, and energy supply, fits with the promotion of hedge and equity funds. These PPPs are the project of Felix Rohatyn and his global synarchist associates, as *EIR* has documented.

Windmills and ‘Bio Plastics’

The other alarming feature of the draft paper is its push for more deconstruction of industry in favor of foolish and hysterical notions of environmental protection, and its stubborn insistence that Germany become a non-nuclear nation by 2021. The “young SPD” calls for “the expansion of the use of renewable energy sources,” and it wants industry to reorient towards the “green markets,” which means manufacturing solar cells and other such products, “eco design and bio plastics.” This, the paper calls “the third industrial revolution.”

Fortunately, not all party members and voters of the SPD think alike. For example in eastern Germany, which was reunified with western Germany only in 1990, voters are less brainwashed by the greenie ideology. But also in the western parts of Germany, repeated problems with the windmill parks which the ecologists installed during the 1990s, have convinced many that in an era of crude oil and other energy prices speculation, a return to nuclear power may not be such a bad idea.

The problem is the new leadership of the SPD, which is preventing any debate inside the Grand Coalition government about a return to nuclear power. The SPD membership has to revolt against the leaders, to get the party back into touch with reality. And as in early 2005, the programmatic input and mass organizing by the LaRouche Movement will play a crucial role, in that transformation of the Social Democrats.