

German voters reject Schröder's 'Third Way' in key state elections

by Rainer Apel

The election results in the two German states of Saarland and Brandenburg on Sept. 5, were an outright disaster for the ruling Social Democrats and their allies, the Greens. To those who are better informed, the results did not come as a big surprise. Nor were they a surprise to the voters, who are deserting the "red-green" alliance in droves.

The vote is a repudiation of Chancellor Gerhard Schröder's "Third Way" alliance with British Prime Minister Tony Blair: an alliance which has brought nothing but austerity and suffering to the increasingly unemployed and deindustrialized population of Germany.

The Social Democratic Party (SPD) suffered a loss of more than 15% of the vote in Brandenburg, ending up with 39%, compared to the 54% they had received in the last elections, five years ago. The loss is almost one-third of the SPD's vote. In Saarland, the SPD lost 5%, dropping from 49%, to 44%, but the drop in total voter turnout, from 83% in 1994 to 68% this year, was much more drastic than it was in Brandenburg, where it fell from 56%, to 50%. Most of those voters who stayed away from the voting booths had previously backed the SPD. In Saarland, the SPD lost a net 93,000 votes, whereas the opposition Christian Democratic Union (CDU) gained no more than 12,000—enough, however, to overtake the SPD, which had 44.4% of the total vote, compared to the CDU's 45.5%. The CDU won not because voters consider it the better choice, but because they deserted the SPD.

National implications

The SPD loss of government power in Saarland has implications on the national level as well: With that state falling to the CDU, the SPD-led national government has lost any chance of forcing crucial legislation through the Bundesrat, the upper chamber parliament, representing the 16 states of Germany. All laws and budget proposals that affect the constitutional powers of the states—and many austerity measures fall into that category—depend on a majority of 35 votes in the 69-seat Bundesrat. Before Sept. 5, the SPD and the Greens controlled 33 seats, which meant that for any of the red-green

austerity projects, there would have been a chance to get the required 35-vote minimum, by granting concessions to the CDU, with which the SPD runs three states in "Grand Coalition" governments. Now, the loss of Saarland and its three seats in the Bundesrat, means that the SPD is even further away from a majority of 35.

But, this is just the superficial picture. In fact, the SPD is not even certain of its own votes in the Bundesrat, because the red-green austerity measures have drawn heavy opposition from several SPD-led states. Notably, the outgoing Governor of Saarland, Social Democrat Reinhart Klimmt, has been an outspoken, harsh critic of the red-green government's austerity measures. The SPD Governor of Brandenburg, Manfred Stolpe, has also been a critic, although much more cautious. Yet, not only was Stolpe unable to prevent the massive loss of votes for the SPD, but Klimmt also was unable to, even though he infused his election campaign with much anti-Bonn populism. This is a sign that the voters have deserted the SPD for good—it is the beginning of the end of a short-lived era of an SPD-led government in Bonn, which took power only 11 months ago.

Never before in German postwar history, has such a drastic collapse of popular support occurred. No Social Democrat, not even the most populist one, will be able, in the near future, to restore the position of the SPD among German voters—not with its current austerity policy, at least. After the majority of the German electorate voted the neo-liberal austerity policy of CDU Chancellor Helmut Kohl out of power in September 1998, they have now voted out the SPD variant of that policy, as well. (See article in *Economics* for the effect of SPD policies.)

There were no national elections on Sept. 5, but had there been, this government would have been voted out. Already, the overwhelming majority of voters oppose this government. With approximately 40-45% of the voters boycotting the polls, the votes that the SPD receives from among those who still turn out to vote translate into support of less than 25% of the entire electorate. No such government can prevail, in turbulent times like these.

German Chancellor Gerhard Schröder's Social Democratic Party-led government will never recover voter confidence, thanks to his embrace of British Prime Minister Tony Blair's (inset) "Third Way" policies of globalization, free trade, and vicious austerity.



More elections are in the offing: state parliament elections in Thuringia and municipal elections in North Rhine-Westphalia (Sept. 12); state parliament elections in Saxony (Sept. 19); city-state parliament elections in Berlin, the capital of Germany (Oct. 10). And, more electoral disasters are on the agenda for the SPD and its Green party coalition partner.

Voters oppose austerity

In particular, the SPD is losing support among those sections of the population who would be hardest hit by the planned "red-green" austerity package for FY 2000, consisting of budget cuts mostly in pensions, unemployment benefits, employment incentives, public health care, and social welfare benefits. Retired citizens, the unemployed, health care workers, as well as those who need medical treatment, and those who depend on social welfare, are among the voters who are deserting this government in large numbers. And, there are the labor unions, whose members helped to install this SPD-led government in power last September, because they believed—wrongly—that it would have a better policy than the CDU-led government of Chancellor Kohl, would create jobs and reduce mass unemployment, and would be more socially conscious and avoid budget cuts in social and

labor programs.

Labor voters now realize that the government they voted in last September, is not a jot better than the government they voted out. For example, because of the ecology tax, the brain-child of the radical ecologism that dominates the minds of many SPD and Green party politicians, which went into effect in April of this year, the millions of workers and employees who need their private cars to commute to their jobs every day have a gasoline bill that is 20-30% higher.

An increasing number of labor union members are coming to the conclusion that the new government is even worse than the old one. For a governing party like the SPD that has always had a tradition, however unmerited, of maintaining "good links to labor," the discontent among the labor movement is poison, and the next wave of labor strikes and protests will illustrate that clearly.

A missed opportunity

This government is worse, indeed, than its predecessor. Its policies are not based on traditional SPD programmatic material, but rather, they have been imported from Britain, from Prime Minister Tony Blair's "New Labour" party. Granted, the 25-year penetration of the SPD by ecologism

has created fertile ground for the adoption of Blair's service-sector virtual reality, which goes under the pompous label of "Third Way." And, since Blair won the elections in Britain and took power in May 1997, the looney debate on that "Third Way" has increased among SPD members.

Yet, when Gerhard Schröder began preparing for his candidacy for Chancellor, in spring 1997, enough ferment existed among Social Democrats for a program and campaign platform that would have reflected the programmatic impact of the LaRouche movement in Germany for a new world economic order. In spring 1997, the German labor movement had just come out of a giant, several-month-long strike wave against the Kohl government. The high point of that strike wave came when enraged miners marched into the government district of Bonn, and when tens of thousands of steel workers staged a protest rally outside the front gate of Deutsche Bank, Germany's largest private bank. Against that background, the SPD had a chance of adopting a campaign platform that would have contained much of traditional SPD pragmatism, but also would have had essential aspects of anti-monetarist proposals, including a tax on financial speculation, the creation of a new global system of fixed currency exchange rates, and low-interest state credit programs for development projects in industry and infrastructure. The SPD had that chance, and it missed it.

Something is rotten in Bonn

In the late spring of 1997, Bodo "Bobo" Hombach, head of Schröder's campaign staff, established official contact with Peter "Mandy" Mandelson, Blair's chief spin-doctor in London, and to the entourage of Dick Morris, who was fired as the 1996 campaign manager for Bill Clinton in the United States. Through these contacts, which were accompanied by contacts with the Anglo-American monetarist banking community, Hombach manipulated Schröder, whose thinking at that time was highly provincial and who had no knowledge about world economics, into becoming a promonetarist "politician on the rise." Doors were opened for Schröder in the United States and in Britain, and Schröder chose to run on a campaign platform largely copied from Blair's "Third Way." From the summer of 1997 on, Schröder has been on "auto-pilot" with that program, not willing to take notice of the economic reality outside of the Hombach campaign staff's view. By the time Schröder won SPD nomination for Chancellor in March 1998, Hombach was already going public with his "Third Way" project, which he was jointly drafting with Mandelson. But, most SPD members and supporters were so obsessed with voting out Chancellor Kohl, and replacing him with Schröder, that they did not pay sufficient attention to Schröder's "Third Way" agenda.

When the national elections of Sept. 17, 1998 were over, and the SPD parliamentary group in Bonn announced that, "for time reasons," the party would simply take the neo-

liberal draft budget for FY 1999 which the outgoing Kohl government had designed, and would not present an alternative draft, many SPD and labor union members should have been alarmed. But, the incoming Schröder government got away with its excuses about the alleged "urgency to balance the budget." Then, during late autumn 1998 and throughout the following winter, the rising jobless figures revealed to many Germans that something was wrong with the new government.

The state parliament elections in Hesse, on Feb. 7, 1999, the first election after the previous September's national vote, brought the first big disaster for Schröder's "new SPD": It was voted out from the government in that state. Then, on March 9, some 35,000 nuclear power workers marched on Bonn, protesting outside the Chancellor's office against the government's plans to discontinue use of nuclear energy production. Three days later, Oskar Lafontaine resigned from his posts as Finance Minister and SPD party chairman. Schröder took over as chairman of the party.

Then came the 11-week NATO air war in the Balkans, which was unpopular among Germans, in part because the government was willing to spend billions for a useless bombing campaign, while at the same time, the first leaks from the government already indicated that its first genuine budget, for FY 2000, would include deep budget cuts, in the range of several tens of billions of deutschemarks. In late April, it became clear that Schröder's new Finance Minister, Hans Eichel, who had been voted out as Governor of Hesse on Feb. 7, was determined to take more than 50% of his planned budget cuts of DM 30 billion out of funds earmarked for labor, unemployment, public health care, and pension programs.

The 'Schröder-Blair Manifesto'

During May, a heated debate began among large sections of the population about the draft austerity budget. But, Schröder did not take notice of any of this. Ironically, he flew to London on June 8, on the eve of the European Parliament elections, to present the so-called "Schröder-Blair Manifesto" to the public—in the form of a book entitled, *The Third Way*. Within five days after his joint London press conference with Blair, voters in both Germany and Britain told everybody what they thought about it: "New Labour" and the "New SPD" got a big slap in the face. When voters cast their ballots on June 13 for the new European Parliament, Blair's "New Labour" lost 32 of its 62 European Parliament seats. That same day, the SPD lost 10% of its vote compared to the previous European Parliament elections, and the writing was on the wall for Schröder's "New SPD" and its policies borrowed from Blair.

After June 13, had there been any brains in the SPD leadership, the "Third Way" would have been thrown out instantly. But, the annual summer break came, and with it,

leading politicians had the usual illusions, that the population would be occupied with vacations, and would not think about politics, and that after the summer break, things would look much better—Who knows? There might even be improved economic conditions and lower unemployment.

But, things did not look better. Already during the summer break, financial market turbulence and rising joblessness kept large parts of the German population in a state of agitation. And, something else occurred that undermined the Schröder government considerably, from an unexpected flank: Scandals around Bobo Hombach, head of the Chancellor's office since October 1998, were generating continuously negative headlines, with leaks about his various financial irregularities, weird real estate deals in Canada, and the like. Hombach was also becoming a welcome target for those Social Democrats who were enraged at Schröder, but who, for pragmatic reasons, wouldn't take him on frontally. The media leaks had begun already in late May, and Schröder, who had hoped to put a damper on the revelations and shield his government, decided in mid-June to move Hombach out of Bonn, to the newly created post of European Union chief coordinator of Balkans aid.

But, in the succeeding weeks, the revelations around

Hombach's dealings did not die down, nor did the sentiment against Schröder's general austerity policy. Outrage against Hombach reached such a scope in his home state of North Rhine-Westphalia during August, that at the end of the month, he was forced to resign from all SPD party posts. But, the first real occasion to voice direct protest against the government, after the summer break, came with the state parliament elections on Sept. 5. With less than 25% of the electorate still backing him, Schröder's days in the Chancellor's office, and of his "Third Way," are numbered.

Making things worse for Schröder, the SPD left wing is beginning to regain strength, and is taking up positions against his joint "Third Way" paper with Blair. A manifesto attacking that paper has been signed by 40 members of the SPD party parliamentary group, among them Klaus Wieseuegel, national chairman of the German construction workers union. This means that Schröder's red-green government, which started with a parliamentary majority of 21 votes less than a year ago, is now 19 votes short of a majority.

There will be little to celebrate for Schröder, when the first anniversary of his government comes up in late October—if the German population allows him to remain in power, up to that time.

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