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## Germany's 'Privatization'

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# SPD, CDU Both Go For Pension and Jobless Cuts

by Rainer Apel

Since the national party executive of the German Christian Democrats (CDU) adopted, at the beginning of October, the Herzog Commission's neo-conservative proposals for abolition of the traditional public social insurance system (see *EIR*, Oct. 31) the public debate on the issue has turned into a political divide through the middle of the parties and other institutions. The CDU's decision has provoked great opposition within the party. But the Social Democrat (SPD) government of Chancellor Gerhard Schröder followed it, on Oct. 10, by pushing labor market/unemployment insurance "reform" legislation through the German parliament; then on Oct. 12, the SPD decided to present its own "reform" of the social welfare system as a "lesser evil" than the CDU/Herzog Commission full privatization scheme for pensions and social welfare.

So bad is the German economy, and the parliamentary leadership alike, that the policy of slashing unemployment benefits has been swallowed by most of the SPD. But the plans for privatizing part of the social insurance system are still drawing immense inner-party opposition. About half of the SPD's parliamentary group is opposed to the government's plans; and also inside the CDU, there is an uproar against the neo-conservative line of former State President Roman Herzog and party chairwoman Angela Merkel, an open ally of the Cheney faction in the United States.

Going far beyond the usual initiatives for deep cuts in the social welfare and pension budgets, the Herzog-Merkel policy is a paradigm change, a neo-conservative counter-revolution against the social insurance which has protected the German labor force through its decades as the economic powerhouse of Europe, and through the slumps and mass unemployment of the last decade. The great national consensus on the pension system, established in 1957, was built on the background of the experience with the brutish Nazi austerity, euthanasia, and mass extinction policies. That consensus, which kept postwar Germany stable, and a world beacon of social security, is now under neo-conservative attack.

### 'Thatcherism' and Social-Darwinism

A harsh denunciation of these "reforms" came from Heiner Geissler, formerly the CDU's general party manager, and Family and Health Minister during the 1980s. Interviewed by *Die Zeit* on Oct. 16, Geissler rejected the Herzog-

Merkel proposal for a new pension system based on private revenues from the capital market: "You cannot have an industrial state with 82 million inhabitants and more than 50 million employees rely on capital stocks in two crucial insurance branches. We have to avoid a situation like in America, where millions of citizens have been robbed of their pensions. The proposal of the CDU is an insurance system modelled on Russian Roulette, in which people can wait for the next crash, the next breakdown of asset prices. You simply cannot tell normal people today anymore that their future health and care insurance should be secured through assets." Geissler also warned Merkel against becoming a second Maggie Thatcher: "Thatcherism has mainly brought misery over Great Britain: lower productivity, derailed railways, collapsing subway tubes caused by a privatization orgy, and an increase of the number of social welfare recipients by 60%."

Geissler used even harsher words to Germany's public national radio station DLF on Oct. 12, saying, "The western-style capitalist system has arrived at its very end," but that politicians are drawing the wrong conclusions from that. "If we continue with this Social-Darwinist policy, we will end up where Hitler once was," Geissler warned.

Strong opposition is also coming from the CSU (Christian Social Union), the autonomous Christian Democratic party in the State of Bavaria. Its chairman, Bavaria's Governor Edmund Stoiber, a longtime rival of Merkel, has become an outspoken defender of the social welfare system—although he endorses deep budget cuts—10-15% in his own state, for example—in that system! Stoiber said on Oct. 6 that the social safety net, as such, must not be abolished, because it "has guaranteed the cohesion of society and the state for decades."

A spectacular development underlines how the neo-con austerity drive is turning the traditional party divide upside-down: the Oct. 27 meeting in Munich between Stoiber and the national chairman of the German Labor Federation (DGB), Michael Sommer. The latter, a strong opponent of his own SPD Chancellor's "reforms," and even more so of the Herzog-Merkel version, found a common line of defense with Stoiber. The DGB and Stoiber's CSU are committed to work out, within a month, a draft policy counter-proposal to the health and pensions reform packages. Also extraordinary was Stoiber's statement on Oct. 27 that "Germany needs strong labor unions"; and Sommer's reply that Stoiber's CSU "was seen by the voters as the protector of the little man during the Bavarian state elections" (of Sept. 21, when the CSU won more than two-thirds of the seats in the state parliament).

Even if these new political constellations involve "tactics," the fact that they occur, shows that the neo-con attack has hit the core of the German economic system. And by far the strongest opponent of the neo-cons, the LaRouche Youth Movement—which is growing in Germany and held very successful actions in Bavaria just before the state elections—and the LaRouche BüSo party, are dramatically expanding their organizing.