

## Report From Germany by Rainer Apel

### A Sick Economy Is a Hazard to Health

*The government plans a new round of deep budget cuts in health care, under the guise of "reform."*

When the "World Cup fog" lifts from the brains of German citizens after the soccer tournaments end on July 10, the ugly reality of the deepening world economic-financial crisis will hit hard.

Indeed, the Grand Coalition government of Chancellor Angela Merkel already announced on July 2, that it would go ahead with its "health sector reform." Many details have not been settled between the coalition partners, the Christian Democrats and the Social Democrats, but both partners agree that there should be reduction in state expenses for the public health system. Even after a series of caps on state funds for health expenses, Germany's state-run health system still requires 140 billion euros every year, which the government's experts, all trained in monetarist ideology, say is too much. They claim that since mass unemployment cannot be overcome, tax revenues will inevitably shrink, so that the state can no longer fulfill its traditional social functions; therefore, one has to look for other sources of revenue, and drastically cut expenses, especially in the health, social, and labor budgets.

The experts are calling for a "national health fund," from which all payments—*reduced* payments, that is—shall be distributed. This implies that certain categories of medical treatment will be blacklisted, or will be declared eligible only if the patient can pay a substantial share of costs. Any deficits that occur in the national health fund, as can be expected because of the decreasing tax revenue of

the state, will either have to be covered by extra taxation, or by cuts in other budgets.

As the *Financial Times* of London on July 4 wrote under the headline, "German Welfare Goes Beyond Bismarck," this new plan means that "for the first time since Otto von Bismarck built the first European welfare system out of social insurance schemes into which employers and employees paid, the German state is to start contributing to health care costs directly out of general taxation."

Paying through taxation, means that the average citizen, the tax-paying lower 80% of income-brackets of the German population, will have to carry the burden of the health-care system, whereas those who make up the highest 20% of income-brackets will not pay into that system, but into a private health insurance company, separate from the "fund."

Employers will no longer pay into the state insurance the same amount as their employees pay, as has been the case before. This comes under the simplistic monetarist propaganda line that a smaller tax burden for the entrepreneur would enhance his willingness to employ more people. The payment that employees make into the national health fund, however, will replace the payments they have so far made into state insurance, so there will not be any real improvements for them. As a matter of fact, the markedly reduced treatment people will get under the new system, is only a few steps away from the euthanasia of Nazi fame, which 65 years ago denied medical treatment to

severely disabled citizens, declaring their murder to be mandatory in the alleged "interest" of the state in a "healthy population."

With the Bismarckian notion of general welfare sacrificed for the cult of budget-cutting, social peace could be threatened as well. When Bismarck introduced the system in 1878, it was designed to consolidate the notion of a common responsibility of employers and employees for the functioning of state and society. At a time when Anglo-Dutch banking and free-trade interests were propagating the profound difference in "class interests," the Bismarckian system opted for the American-System notion of an industry-worker alliance for the progress of society as a whole. If that alliance is broken up by the "reform" that is now on the table, a new era of profound social conflicts can be expected.

Within the parameters of existing economic and financial policy, with its shrinking productive growth and state revenues, there is no solution to the problem. Only if a serious effort is made to regain full employment, through investments into industry, infrastructure, farming, and only if that is done together with state credit guarantees, can an increasing state budget be funded by increasing tax revenues. This has to begin with abandoning the European Union's monetarist "Maastricht System" of budget-restraining dictates, and with restoring the national budget sovereignty that will allow the state to arrange for productive credit to industry. The reindustrialization of Germany, the return to full employment, and to a guaranteed public health system, is what the LaRouche movement and its party in Germany, the Civil Rights Movement Solidarity (BüSo), is calling for. And that is the only real alternative, to date, to what the German government plans to do.