

union movement. The SPD will become a party of the extreme left, like the Labour Party in Britain. This is the plan of Brandt, Eppler, Bahr, and Wehner. They will purify the SPD. The CDU will become more domestically reactionary.

"People here like Fred Iklé and Secretary of Defense Weinberger welcome this change. Haig has given it his blessing.

"In the long run there is no way that Schmidt can survive. He is growing desperate, and has only two options other than taking the slow death of compromising with the FDP budget plan. First he could call new elections, but if he doesn't change his profile, all private polls show a huge SPD loss. The other option he has is to call for a grand coalition. That would be clever because it would split the CDU leadership. But I don't think it would go through. The most likely thing is a CDU-CSU-FDP government within the next three months or sooner."

A Washington, D.C.-based official of the International Monetary Fund, June 21, 1982: "[A rise in U.S. interest rates] will cause problems for the West German federal budget, which must be voted on at a cabinet meeting set for July 7. That is the real issue. Herr Genscher, the Free Democratic leader, is calling for more sharp cuts in expenditures, on social entitlement programs, welfare, and on industrial subsidies, regional development projects, and so on. If the world economic situation clearly deteriorates, Germany will deteriorate economically, and this will support the demand by the FDP—which is supported by SPD Finance Minister Manfred Lahnstein—for more expenditure cuts in 1983.

"We cannot divulge our confidential advice to governments, but obviously if the world economy deteriorates further Germany will have disturbing budget deficits. It will further the demands of the SPD for austerity, as well as those by the Christian Democrats. In fact, I think the CDU may be in the government by the end of the year, if not sooner.

"Confidentially, it would require a miracle to stop Schmidt from falling now. I'm quite soon the government will be out soon unless a miracle happens, and I don't see one. Schmidt's problem is that he's tied down to the SPD, which will not take the necessary austerity steps, given the reality of the world economy. If there are further cuts in entitlements in the 1983 budget, the trade unions will never go along. So the momentum is clearly against the SPD, which is locked in with the trade unions.

"This is just like the 1930s, in the sense that the world crisis will cause a major domestic economic crisis in Germany, foreign bankers will have no confidence in the deutschemark, and German leaders will be impotent in the face of world events. The situation in Germany is very, very serious, more serious than most people realize. Germany is headed for a very rough time indeed."

The 'Union' Parties

Ready to enforce Brüning austerity

by Susan Welsh

If the conspiracy to oust Chancellor Helmut Schmidt succeeds and the Christian Democratic Union/Christian Social Union (CDU/CSU) is installed in a new West German government, disaster is in store for the Federal Republic. Not only would such a government be incapable of solving the country's problems; its role would be to implement the "Brüning-style" austerity which Schmidt has wisely refused to. The trade unions would be destroyed as an effective force for maintaining living standards. The "peace movement" would polarize the country even more than it is already polarized, and terrorism will escalate. The country would truly become ungovernable.

The Christian Democratic Union is no longer the party which Konrad Adenauer created after the war as a party of Christian humanism and industrial progress. Adenauer, the first post-war Chancellor, forged the CDU in the course of a long struggle for German national identity, against the factions in the Anglo-American occupation forces which wanted to dismember and deindustrialize the country. Step by step, Adenauer pulled his devastated country out of the ruins of war and set it on the road to its post-war "economic miracle."

Today it has lost this orientation to industrial progress, under the increasing influence of the Club of Rome and similar Malthusian operations. Instead of a party shaped by a coherent and generally progressive world view, it has become a hodge-podge of factions, a *Volks-partei* (people's party). The European Labor Party (EAP) in West Germany has proposed that the CDU be renamed the *Ex-Christliche Völkische Union* (EVU—"Ex-Christian People's Party") for this reason.

Strauss: power behind the throne

If the CDU's wishy-washy technocratic chairman, Helmut Kohl, becomes Chancellor, most analysts agree that the power behind the throne would be Franz Josef Strauss, the Bavarian "strongman" who heads the Christian Social Union (CSU). Strauss was the Union parties' Chancellor candidate in the 1980 national election, and took the opposition parties down to their worst defeat in postwar history. Strauss's factional ally Alfred Dregger is currently at the center of national attention as the CDU candidate for governor in the

state of Hesse. The Free Democratic Party's recent decision to campaign for an alliance with Dregger instead of with the Social Democratic incumbent means the virtually certain defeat of Chancellor Schmidt's party in this crucial race in September.

CDU/CSU campaign literature and television speeches present the Union parties as favoring economic growth and as pro-American, in contrast to the left-wing "Finlandizers" of the Social Democratic Party. These claims are a fraud, as even a cursory examination of the reality behind the rhetoric reveals. The best way to understand why is to look at Strauss's Bavaria.

Bavaria is viewed with embarrassment by most Germans, due to its well-known feudalist and monarchical aspirations. It was not until 1949 that the Free State of Bavaria agreed to join the Federal Republic, and many Bavarians would like to see a monarchy restored. While Bavarian Minister President Strauss's government claims to be in favor of nuclear-energy development, Bavaria in fact produces less nuclear energy than any other West German state: 2.7 percent of total energy, as against 3.7 percent nationally. Asked about the potential for the growth of an environmentalist Green Party in the state, one Bavarian official commented: "There is no need for a Green Party. In Bavaria everyone is Green." The state Interior Ministry finances one of the principal environmentalist organizations, whose membership overlaps that of the Green Party, to the tune of several hundred thousand deuteschemarks per year.

The CDU/CSU in Hesse is claiming that if elected it will launch an economic recovery, including nuclear energy programs and infrastructural expansion. Dregger has secretly promised 50,000 jobs and a \$8 billion investment program to Hesse trade unions. Yet the party's "Thatcherite" austerity policy reveals this to be simply a lie, since there is no way such a program will be financed. Dregger's own campaign manager stresses that the CDU will give greater attention to "citizens' feelings about nature."

The Pan-European Union

Strauss is "pro-American" only in the sense that he is a factional ally of people like U.S. Federal Reserve Chairman Paul Volcker. His closest political ties are to the feudalists of the Pan-European Union, headed by Otto von Hapsburg, pretender to the throne of the Austro-Hungarian Empire. The Pan-European Union believes in a "Europe of the regions" which would abolish the "outdated" nation-state and return Europe to the bucolic backwardness which characterizes Bavaria. This new European "third way" would serve as a battering ram against the nation-state elsewhere, including most emphatically against both the United States and the Soviet Union.

The Free Democrats

'Swing party' paves the way for fascists

by Susan Welsh

The Free Democratic Party (FDP) in West Germany is now calling the shots on whether the government of Chancellor Helmut Schmidt, a Social Democrat, will survive the next days or months. The FDP, which has been the partner of the SPD in the national governing coalition since 1969, has thus placed itself at the center of international attention even while it is disappearing from the landscape in numerous state and local elections, failing to gain the 5 percent of the vote required by law for representation in government.

The FDP has been such a "swing party" in German political life ever since its predecessor, the German Democratic Party (DDP), pulled out of the "grand coalition" of Social Democratic Chancellor Herman Müller in 1930, toppling the last democratic government in Weimar Germany. After Müller came Brüning with his "emergency decrees" and cruel austerity measures which broke any remaining resistance to the Nazis and paved the way for Hitler's seizure of power in 1933.

Of the five DDP deputies in the Reichstag who voted up the 1933 "Enabling Act" that dissolved all parties except the National Socialists, two deputies founded the Free Democratic Party after the war, with the help of the British occupation forces. The two were Theodore Heuss and Reinhold Maier. Maier states in his memoirs that the only problem with Nazi Germany was that Hitler dumped his "liberal" Finance Minister Hjalmar Schacht, a former member of the DDP whose famous financial "wizardry" made it possible for Germany to shift to a total war economy.

Schacht, the darling of the British oligarchy, was let off at the Nuremberg Tribunal due to the intervention of London.

The party of British liberalism

What is the Free Democratic Party? Like its Weimar predecessor, the FDP is the party of British liberalism. Here is what that means concretely:

The FDP is rooted in the European federalist movement against the nation-state. Just like Franz Josef Strauss of the Bavarian Christian Social Union, FDP