

A Eurasian Perspective For Germany's Economy

by Rainer Apel

Amidst the crisis provoked globally by the Anglo-American war against Iraq, German policymakers are discussing—privately and not-so-privately—the need for expanded Eurasian cooperation.

When Chancellor Gerhard Schröder delivered his special address to the Bundestag (parliament) on March 14, he fell far short of defining an economic perspective outside of the current bankrupt system, and he presented a catalogue of budget cuts in social welfare, public health, and job creation. But he also confirmed that an initiative is under way at the European Union, to review the EU's Maastricht criteria, which force member-nations into a straitjacket of free-market austerity. He added, that the bad economic situation requires extra investments by the state to create incentives—which rules out strict budget balancing, as required under the Maastricht Treaty.

Schröder also presented a special program of loans, in the range of 15 billion euros, through the Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency). These would be longer-term loans, with longer grace periods, and interest rates below market average, for municipal reconstruction, with a special emphasis on incentives for *Mittelstand* (small and medium-sized) firms in the construction sector.

Insufficient as it is, the Kreditanstalt project is a step in the right direction. Once everybody recognizes that this approach works, as opposed to the rigid budget-balancing that doesn't, the program could be expanded. This apparently is what some people around the Chancellor have in mind.

Alliance With France, Russia, China

What was missing in Schröder's address, was the idea that if Germany stayed committed to its firm alliance with France, Russia, and China against the war, this alliance should also be broadened in economic terms. In Germany, people are usually extremely cautious in talking about such perspectives, because they want to avoid coming under attack from the Anglo-American monetarists for trying another "Rapallo" policy. The Rapallo Treaty of 1922, which was negotiated and signed without, and thereby against, the consent of the most of the Allied victors and their war-reparations policy, expanded German economic cooperation with Soviet Russia (the former wartime enemies), free of reparations or other aggravations resulting from World War I. The treaty was also to the benefit of the Soviets, who were subject to an embargo

by the other Allied powers, and who could then import industrial goods from Germany.

But the fact that German prominents today, would prefer not to discuss openly expanded cooperation with Russia, in order to avoid being called "traitors to the West," does not mean that there is no discussion behind the scenes. And, nobody really knows what Schröder and Russia's President Vladimir Putin discuss privately, because Putin speaks German, and no translator is required.

Discussion of an economic foundation for the Franco-German-Russian alliance against the Iraq war has begun in France and Russia, and has entered the German media. The March 17 issue of *Der Spiegel*, one of Germany's leading weeklies, contained an interview with the French historian Emmanuel Todd, who said that a war against Iraq would be the beginning of the decline of the United States, which is too overextended, in military and economic terms, to be a lasting empire.

"Bush's brutality in foreign policy terms has worked as a massive incentive for the Franco-German couple," Todd said. "A new world political pole is emerging here, which already is showing enough dynamic to also attract Russia." Ever since the Cold War ended, the emergence of this "natural and normal" alliance among France, Germany, and Russia has been latent, and now it is taking shape, Todd said.

In economic potentials, Todd said, the new Eurasian bloc has clear advantages over the United States, which suffers from "creeping deindustrialization. European industrial output is surpassing that of the U.S.A. by far, even in top technologies." And, the United States has grown totally dependent on the unabated inflow of foreign capital, with an unprecedented trade deficit of nearly \$500 billion. "But this cannot last forever. Soon, also this bubble will explode."

On March 16, the Sunday mass tabloid *Welt am Sonntag* ran an interview with Dmitri Rogozin, chairman of the foreign affairs commission of the Russian parliament, the State Duma. Rogozin spoke of a "new quality of cooperation among France, Germany, and Russia." He said that this goes far beyond the acute Iraq issue, and is based on a very solid foundation—which also appeals to other interested powers: "With a common industrial policy, space research, and security policy, for example in case of regional conflicts, Germany, France, and Russia are turning into a new attractive center for other states."

"Russia's resources are securing the independence of every ally," Rogozin added. "Even if the Americans dominate everything in the Gulf, there is no danger for Germany and France, as long as they cooperate with Russia. And Russia has decided for Germany and France. On this basis of mutual interests, the Eurasian Union is emerging as a new superpower, which the other superpower has to take into account. This Eurasian Union has a lasting character, and with its giant export markets, therefore has a bigger future than the European Union."