

IMF managing director nominated for German president

Who is Horst Köhler?

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The nomination of IMF Managing Director Horst Köhler as the leading candidate for the post of German president represents a reflex on the part of European politics to the US aggression in Iraq. Köhler stands in both domestic and foreign policy for a confrontational course through which the ruling elite in Europe is striving to match the US on a global basis.

In domestic politics, Köhler will press for a ruthless continuation of the destruction of the welfare state begun by the government of Chancellor Gerhard Schröder (SPD—German Social Democratic Party). On the international plane, he will put increased emphasis on Germany's global interests.

The German president is the official head of state, but traditionally he has been a more or less ceremonial figure with limited political powers. He will be elected on May 23 by a special body, the so-called national assembly, which gathers exclusively for this purpose. Among its 1,206 members, who are delegated by the federal and the state parliaments, the opposition conservative parties (Christian Democratic Union/Christian Social Union—CDU/CSU) have a clear majority, so that their candidate—Horst Köhler—will in all probability be elected.

The search for an appropriate candidate was a spectacle in which the conservatives publicly presented their own disunity and disarray. While the CDU is leading the polls with a large majority of about 50 percent and won the most recent state elections in Hamburg with a clear lead, relations inside the party are hardly better than those prevailing inside the governing SPD, which suffered a series of devastating electoral defeats on a state and communal level and hovers around 25 percent in the polls.

Köhler's nomination was preceded by drawn-out power struggles within the CDU around the issue of who will be the leading CDU candidate during the next national elections due in 2006. There are several competing factions, one centred on party Chairwoman Angela Merkel, another led by Bavarian Minister President Edmund Stoiber, who challenged Schröder in 2002, and a third around the prime minister of Hesse, Roland Koch. If a woman had been nominated as presidential candidate, for example, Merkel would have been out of the race for the chancellorship. If Stoiber had been nominated, an option favoured by Merkel, that would have been the end of his bid for the chancellorship. Wolfgang Schäuble, on the other hand, the leader of the conservative faction in parliament, whom Merkel and Stoiber agreed upon, was not acceptable to their prospective coalition partner, the Free Democrats (FDP).

In the end, out of all this haggling and wrangling there emerged, like a phoenix from the ashes, the international banking and finance chief

Horst Köhler. Köhler was proposed by Merkel, who had evidently contacted him early this year.

CDU Chairwoman Merkel, who is notorious for a certain clumsiness in her public appearances, has always been considered the least common denominator of the divergent factions within the party. Her lack of any clear political identity made her the ideal leader of a party characterised by sharp internal divisions. Because of its post-war history, the CDU comprises, besides an ultra-right wing, other forces that find it more difficult to break with the traditions of the welfare state because of the devastating effects this has on their own petty-bourgeois clientele.

With her nomination of Köhler, Merkel took sides with the most right-wing, neo-liberal layers within the CDU, strengthening this wing's bid for leadership in a government following Schröder's.

Horst Köhler is an international top banker with much experience in foreign policy. As managing director of the IMF, he got used to viewing the life of nations from the perspective of the international financial elite. When he learned about his nomination, he had just returned from visits to Brazil, South Korea and Japan. Across the globe, he has dictated policies of brutal social cuts. In an official IMF press statement dated March 1, 2004, for example, he praised the Brazilian government for having "tackled long-standing structural problems by passing reforms of the pension and tax system."

Köhler looks at Germany from the same angle and judges it according to the usual IMF criteria, first and foremost the return on investments: free movement of capital, a liberal tax system, a balanced budget (i.e., cuts in social services), and all the rest of the profit system's holy of holies.

While Köhler has been a member of the CDU since 1981, he was nominated as head of the IMF by Schröder in 2000. Upon his nomination as presidential candidate, Köhler announced that he would not be guided by considerations of narrow party policies, and Schröder immediately stressed Köhler's high level of professionalism.

Köhler described Schröder's "Agenda 2010," the government's current project for sweeping attacks on the social welfare of working people, as "historic." Still, he declared in his official function as IMF chief: "In my view, these proposals don't go far enough." He called for "thorough reforms of the labour, social and tax system" and claimed that "centralised wage bargaining increasingly leads to the destruction of jobs." "Germany lacks the will to creatively destroy old structures," he stated in an interview with the *Frankfurter Allgemeine Zeitung* (FAZ) in autumn of 2003. Furthermore, the FAZ quoted his self-criticism that he had participated in the making of big mistakes

during his work for the Kohl government following German reunification. At that time, he claimed, the conservative-liberal coalition was much too generous in financing a social system that dampened the impact of this development on the structure of society.

As deputy minister of finance, Horst Köhler was responsible for Germany's international financial and monetary relations from 1990 to 1993. He negotiated the treaties on economic and monetary union that led to the dissolution of the East German state. The Russian officials with whom he negotiated the withdrawal of the former Soviet troops recall him as a ruthless and somewhat choleric partner.

Over the same period, on behalf of the German government, he led the negotiations on the European Economic and Monetary Union (EMU), the results of which were laid down in the Maastricht Treaty. He was instrumental in working out the notorious Maastricht criteria, which have since been invoked throughout Europe to justify a brutal policy of social attacks. In addition, Köhler served as the personal representative of Chancellor Helmut Kohl (CDU) in the preparation of the four G7 summits held between 1990 and 1993.

In the past, the German presidency has been a post identified with more or less symbolic public tasks. It was occupied by venerable figures, usually long-standing politicians of one of the main parties, whose political influence was limited to mostly ineffective attempts to influence public opinion in one way or another. Johannes Rau (SPD), the present president, falls into this category, as did his predecessor, Roman Herzog (CDU).

Horst Köhler, who has no real history in national party politics, is an unusual nominee by any post-war standards. Why was he chosen?

The nomination of previous candidates was often bound up with issues of parliamentary majorities. One example is the power struggle between Herbert Wehner and Willy Brandt (both SPD) during the 1960s. First, Wehner ensured the agreement of the SPD to Heinrich Lübke (CDU), in order to pave the way for the grand coalition in 1966. Three years later, Brandt installed his favourite, Gustav Heinemann (SPD), to position the SPD for the "small coalition" with the Liberals (FDP).

On the surface, Köhler's nomination also appears to be the consequence of internal intrigues and power struggles within an opposition preparing to take over government. But more is involved than a reshuffling of majorities. Horst Köhler is unsuited for the role of a mere symbolic figure against a background of shifting parliamentary alliances. He is used to speaking in a commanding tone and will not limit himself to passive representation.

The origin and background of Köhler's nomination point to the fact that both the collapse of the SPD and the crisis of the CDU have deeper roots lying in the development of world economy. His candidacy reflects an objective tendency of globalisation, which is the complete subordination of national bourgeois politics to the most powerful international interests of capital.

In this context, we see the beginning of a redefinition of the German presidency. In the post-war West German constitution of 1949, the president had consciously been granted only limited executive powers. Certain lessons were drawn from the experience of the Weimar Republic in which the *Reichspräsident* had been empowered to rule by decree, overriding decisions by parliament. This development of the presidency into an institution standing above normal democratic procedures culminated in the fateful decision by President Hindenburg to appoint Adolf Hitler as chancellor (*Reichskanzler*).

The impending allocation of the post to a top-class international banker signals a retreat from these experiences and a political

upgrading of the presidency. Once the political need for such a figure has been acknowledged, the present constitution will undoubtedly offer possibilities for a further strengthening of his political powers.

It should be emphasised that the population of Germany had no say whatsoever in the entire procedure and the political manoeuvres preceding the nomination of the prospective next head of state.

In addition to its domestic implications, Köhler's candidacy has a strong foreign policy aspect. Köhler had been nominated as IMF chief by Chancellor Schröder in 2000, after the US had rejected the applicant originally proposed by the European powers. (Traditionally, the IMF is led by a European and the World Bank by an American.) Köhler's de facto recall was not appreciated by other European governments and has sparked immediate conflicts about his successor.

Köhler's relocation from the international to the national stage signifies a certain shift of gravity in German foreign policy. The renunciation of the leadership post of the IMF amounts to a degrading of that body. In this respect, Berlin is following the example of Washington's disregard for international organisations, exhibited in its treatment of the United Nations during the Iraq war.

Köhler is an experienced specialist in foreign policies. He has personally met many heads of governments and states, and is used to addressing them in the authoritative role of the IMF director. His nomination harbours new tensions in the process of European integration. Köhler, who played a key role in negotiating the economic side of German reunification, did not hesitate to use Germany's dominating influence on European monetary policy to try to make other European nations bear part of the costs of this process.

It is remarkable how perfectly this candidate, who emerged almost by default, embodies fundamental tendencies of historical development. Horst Köhler represents the failure of policies based on social equilibrium within the framework of the nation state—a failure that the CDU acknowledges with his nomination. He represents the unfettered hegemony of international financial markets over national politics. He stands for the renewed claim of Germany to an independent, more open and aggressive assertion of its interests on a global basis. He represents the political disenfranchisement of the population and the undermining of the existing parliamentary system.

The system of democratic rights in Germany was directly bound up with the social concessions made to working people that led to the revival of the capitalist economy in Western Europe following the Second World War. The collapse of the reformist workers' organisations—the SPD and the trade unions—in a period of globalisation endangers the gains of the past and revives the class contradictions and rivalries that dominated European politics with such tragic consequences in the first half of the twentieth century.



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