

# How the social democrats and the Greens have contributed to Germany's social misery

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Germany today: over 4 million officially unemployed plus 2 million 'hidden' or no longer registered, 900,000 homeless, 3 million families dependent on welfare, 1 million children growing up in poverty. The list recording such growing social want can be extended further. However, neither the Social Democratic Party (SPD), the Greens nor the PDS (Party of Democratic Socialism, the former Stalinist party of state in East Germany) make it the occasion for a general settling of accounts with the Kohl government. The reason is simple: they are all responsible for this misery, not just the government in Bonn.

Helmut Kohl's conservative coalition government, comprising the Christian Democratic Union, the Bavarian Christian Social Union and the free-market Liberals of the FDP, came to power in 1982 with the declared aim of drastically reducing wages and social benefits. They sought to do this by utilising the growing level of unemployment. However, this policy really took off at the end of the 1980s. Parallel with the dissolution of the former Soviet Union and the transformation of the Stalinist parties throughout Eastern Europe into champions of market economics, the SPD and the unions in the west themselves underwent a fundamental transformation. From being parties and organisations of social reform they became the patrons of social devastation and job cuts, all in the name of 'defending German industry'.

One round of talks in the Chancellory followed another. 'Solidarity Pact', 'Alliance for Work' and many other cosy 'fireside chats' between Kohl, the unions, the SPD and the employers took place under various names. The policy, however, remained the same. If it came to a dispute between the government, the opposition parties and the unions, then it was not over whether jobs, wages and social benefits should be dismantled, rather how this could be done more effectively.

Some facts by way of illustration:

## Unemployment

The SPD and the Greens hold a majority of power in the Länder (states) and in local government. Here, they have presided over the destruction of jobs and cuts in wages in

public service, the closure of education and cultural facilities, and the harassment of welfare recipients and the homeless. Entire departments of local government have been transformed into private enterprises, bringing down the jobs axe all the more quickly. Social democratic politicians in local government were the first to utilise the unemployed as a source of enforced cheap labour, to carry out jobs which had previously been done by public service workers at union rates of pay.

In the factories, the social democratic unions have become business advisers. Members of the *Betriebsrat* (union-management factory council) now function as co-managers. In countless 'pacts to secure production', hundreds of thousands of jobs have been wiped out in the east and west; wages and working conditions systematically worsened. It was Gerhard Schröder, the SPD's candidate for chancellor, and Klaus Zwickel, the leader of the more than 2 million-strong IG Metall union, who initiated and pushed through the four-day week at Volkswagen, with a corresponding 20 percent wage cut for the work force.

The reduction of sick pay by 20 percent, implemented by the Kohl government, was 'countered' by the unions agreeing to cuts in holidays and holiday pay, and agreeing to tighter controls of workers off sick by the *Betriebsrat*. The measures agreed by the unions save the employers 12DM billion a year.

Despite the continuous ratcheting down of wages so as to 'secure jobs', unemployment has risen to record heights.

## The dreadful state of education

The SPD and the Greens hold the reins when it comes to cuts in education, as this area is under the control of the state governments where the SPD are in a majority. A jobs freeze in schools and high schools, wage cuts and longer hours for teachers, the halt of all school building works and even necessary repairs--this is called 'intelligent savings' by the SPD and the Greens. Since 1990 some 80,000 teaching posts have been cut by the state governments. Cuts in student grants were only implemented with the votes of the SPD in the *Bundesrat* (Upper House of Parliament), where the SPD

also hold a majority.

### Care for the elderly and the disabled

The introduction of a compulsory insurance system to cover old-age and disability care was effected with the help of the SPD, even though most experts warned that it would only mean a worsening of conditions both for those in receipt of such care and for the staff employed to provide it. A recent report has highlighted increasing neglect and harsher treatment, up to downright violent abuse, by overworked and unqualified care personnel.

### Homelessness

Where the SPD and the Greens are in control, they justify their policies by saying, 'the coffers are empty'. The 900,000 homeless have little chance of getting a roof over their heads as the construction of public housing has come to a complete halt. Such low-cost housing that remains in the public sector is being sold off to fill the coffers again. Industrial concerns and property speculators, on the other hand, have been able to buy land at give-away prices.

### Taxes

For working people income and sales taxes have risen, pensioners now have to pay health insurance contributions, while welfare benefits to the most needy are cut. On the other hand, employers and the rich now pay no tax on wealth or on trading capital. Capital gains tax has been cut along with other tax reductions which benefit the well-off. The generous possibilities for tax write-offs mean only those millionaires with an incompetent accountant need pay any tax at all. Meanwhile the burden of direct and indirect taxes on an average earner can reach well over 50 percent. All this has come about with the votes of the SPD in the *Bundesrat* or in other parliamentary bodies.

Whilst employees' average earnings have risen annually since 1982 by 2.7 percent, when increased prices are taken into account real wages have remained at the same level. However, income derived from capital has increased four-fold over this period. Between 1980 and 1995 the total revenue from income tax has more than doubled from 116.6DM billion to 282.7DM billion despite the explosive growth in unemployment. At the same time the revenue from employers' capital gains tax sank from 21.3DM billion to 18.1DM billion. Companies such as Siemens, Daimler-Benz and BASF have enjoyed record profits for years, and yet they pay hardly any taxes, or none at all.

In this way, the public purse has been plundered to the advantage of the rich and the employers, while simultaneously being burdened down with over 2,100DM billion in debts. In 1998, the federal government has earmarked 88DM billion for interest payments on this debt, equivalent to 20 percent of the federal budget. Interest payments now form over 40 percent of the budget of some

local governments. In this way, the money flows via the banks into the pockets of their rich investors.

As a result of this redistribution from bottom to top, the contrast between rich and poor today in Germany is greater than ever. The 47 richest German families possess a wealth of over 260DM billion, equivalent to one-third of all that owned by the bottom 16 million families. Half a million families bring in 25,000DM or more a month, while at the same time there are 3 million households who must make do on less than 2,000DM.

The middle classes, which had previously enjoyed a relatively good income, are now drifting apart. Only a relatively small number of the self-employed, academics, lawyers and managers can still be found amongst the top earners. On the other hand, millions of teachers, white collar and professional workers in trade and technical industries, scientists and small businessmen are falling down the social ladder. They can no longer be so sure about their jobs, their old age or the future of their children.

At the end of 16 years of collaboration between the SPD and the Greens with the Kohl government, Germany today is a society deeply divided between a thin layer of rich and super-rich, on the one side, and a growing number of poor, unemployed and low-wage earners on the other.

See Also:

Highest unemployment in Germany during an election since 1933

[12 September 1998]

An election campaign in the shadow of crisis

*A comment on the German elections by Ulrich Rippert*

[11 September 1998]

*'Modern' German Social Democrats*

Wolfgang Clement--Prime Minister of North-Rhine Westphalia

[10 September 1998]

*Partei für Soziale Gleichheit (Socialist Equality Party) Election Programme 1998:*

For an independent political movement of the working class

[28 August 1998]

See the election web site of the Partei für Soziale Gleichheit (Socialist Equality Party--PSG)

[In German]



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