

# Germany's red-green coalition: Vague promises and calls for sacrifice from all

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On Tuesday the German parliament, the Bundestag, officially voted in Gerhard Schröder of the Social Democratic Party (SPD) as the new Chancellor. Several weeks previously, the SPD and the Greens agreed to the terms of their coalition government. Headed 'Departure and Renewal,' their statement marks out the 'direction of future government policy'.

On almost all substantial questions, the 78-page coalition document remains extremely general, vague and ambiguous. It is largely an agreement of empty words. Its only purpose seems to be the formation of a government whose policy depends neither on votes by parliament or party congresses, nor on coalition arrangements. Faced with such incalculable factors as the rapid worsening of the international economic crisis, the cabinet members clearly want to preserve their room for manoeuvre.

It was very noticeable during the brisk coalition negotiations that the Greens are prepared to accept anything. This party developed out of the protest movement against Helmut Schmidt's SPD-led government in the late 1970s. When Schmidt implemented cuts and other anti-social measures, the Greens not only stood to the left of the SPD on ecological matters, but also on democratic and social questions. For a long time they were called the 'alternative'.

Since then, they have undergone a political transformation which is almost breathtaking. Just over a week ago they agreed to combat operations by the German armed forces in Kosovo. In the coalition negotiations they acted as the party of Germany's *Mittelstand* (medium and small business). Even within the traditional areas of Green policy--environmental protection, anti-nuclear power, asylum rights and state armament--they had nothing to say that could be described as progressive. When the SPD suggested the limited suspension of some of the more serious social attacks undertaken by the previous Kohl government, the Greens spoke against the withdrawal of cuts in pensions.

The rapid transformation of the Greens is so significant because it throws a sharp light on the radical changes taking place in all of the bourgeois parties. Lacking any programmatic or social depth, the Greens react to social changes like a feather in the wind.

In the SPD this development takes somewhat different forms. The growth of social polarization in Germany has found its reflection in the SPD, the oldest party in the country, in the form of acute internal tensions, disputes and political friction. Much in the present coalition document reads like an agreement forged between the different points of view that exist inside the SPD, an expression, in effect, of the lowest common denominator of political opinion within the organization.

But despite the nebulous character of the SPD-Greens coalition document, there is a perceivable and coherent political line. The preamble begins with the words: 'The Federal Republic of Germany faces big challenges. Deep-going economic, ecological and social changes call for a decisive policy of reforms.'

The phrase 'decisive policy of reforms' is a euphemism for an intensified assault on democratic rights and the social gains of the working masses

achieved over previous generations. This is hinted at several times, when it is stressed that everyone will have to make sacrifices and be prepared to relinquish 'assets they have become accustomed to'. Indeed, the call for sacrifice is the new government's credo. But to make such a call, one is obliged to phrase it in terms of the whole of society. Nobody would be prepared to sacrifice if the government openly granted others the opportunity to boundlessly enrich themselves.

A few paragraphs later, the preamble states that the new government will mobilise and draw together 'all social forces' in order to solve the large 'economic, financial and social problems in the Federal Republic of Germany'. The much averred 'alliance for work' (a corporatist alliance of trade unions, employers and the government) appears here in a broader social context.

Whereas the previous government was blocked by the mounting contradictions among its economic and political clientele, the new administration begins by emphasising the social whole. Tax policy, for example, should no longer be used exclusively to benefit the rich, but rather to direct social development as a whole.

'Tax reforms will ensure more justice and strengthen domestic demand and investment; ecological reforms will reduce secondary employment costs and reward environmentally-friendly activity,' the coalition document states.

The chapter 'Income and Corporation Tax reforms' goes into great detail and bears the mark of the future Finance Minister, Oskar Lafontaine. Entry-level income tax is to be reduced in three stages from 25.9 to 19.9 percent. Top-level taxation is to be cut from 53 to 48.5 percent. Corporation tax on retained profits will be dropped from 45 to 35 percent.

Despite rising energy costs resulting from the planned eco-tax, the changes should lead to a noticeable improvement in low and medium income brackets. 'Above all, those on low incomes will have the tax burden lifted by the red-green plan', writes *Der Spiegel* magazine. 'Families with children will have up to a third of their tax burden lifted. They will be generally better off than at the end of Kohl's chancellorship.'

The financing of these tax cuts has unleashed a veritable storm of protest from the employers' organisations. They are to be paid for by the eco-tax and by closing some 70 legal tax loopholes, allowances and 'exceptions'--mainly to the detriment of the employers and the wealthy.

Accustomed to a tax policy based on the principle 'enrich the rich', some employers have reacted as if stung by a wasp. Economics Minister-designate Jost Stollmann, a typical representative of the layer of rich parvenus and stock market speculators, threw in the towel, telling his yuppie friends he had been badly deceived by Lafontaine.

Hans-Olaf Henkel, the head of the National Association of German Industry (BDI), dubbed the tax plan a 'programme to destroy jobs'. He said he would do 'everything in his power to ensure that the coalition document was not realised' and warned of the 'current danger to Germany's *Mittelstand*'.

Hans-Eberhard Schleyer, the general secretary of the Central

Association of German Trade, also expressed the fear that the *Mittelstand* was being made 'to foot the bill for the planned tax reforms.' Hans Peter Stahl, president of the German Confederation of Trade and Industry (DIHT), warned against the 'spirit of redistribution'.

Schröder, whose economic policy up to now has been to listen closely to the wishes of the employers, was surprised by this scolding and immediately retreated a step. Improvements benefiting small and medium-sized factories 'were quite conceivable,' he said. Lafontaine, on the other hand, used the dissatisfaction of the employers' organisations to present himself as a man of the people. According to Lafontaine, the 'rich and the bigwigs' now have to pay their share. Those who talk about sacrifice and demand it of others cannot be allowed to escape scot-free, he declares.

Anyone, however, who expects Lafontaine to defend the interests of working people will soon be disappointed. The limits being placed on the most extreme forms of social inequality are meant to prevent the disintegration of society and forestall a social explosion. Soon, the fact that a few loopholes have been closed will be cited when workers are once again burdened with new cuts and restrictions.

Many of the elastic formulations in the coalition document point towards this. Among the themes which an 'alliance for work' should cover, 'flexibilisation' of hours and part-time working are at the top of the list. The government also intends to increase pressure on the unemployed by fostering the spread of low-wage jobs. More so than in the past, the trade union apparatus is to be utilised in shaping the cuts, so they can be more easily implemented. It is not accidental that Walter Riester, deputy chairman of Germany's biggest union, the IG Metall, was nominated as Labour Minister months ago.

The eco-tax is really just another form of general taxation. Petrol will become 6 pfennigs a litre more expensive from January 1999, and heating oil will rise by 4 pfennigs a litre. The cost of electricity will rise by 2 pfennigs a kilowatt-hour and gas will become dearer by 0.32 pfennigs a cubic meter. Big sections of industry that are high-energy users are explicitly spared this first stage of energy tax hikes.

The agreements on domestic security make the character of the new government even clearer. Behind the general formula 'decisive action against crime and its causes' lies a continuation of the policies of the previous Interior Minister, Manfred Kanther. The 'big bugging operation' begun under Kohl will come into force at the end of the year without change, imposing fundamental attacks on democratic rights. There are to be no restrictions on telephone tapping. The no-contact-law (banning suspected terrorists from seeing their lawyers) is to remain in force. The Federal Border Guard are to be allowed to stop and question anyone on trains and at railway stations without having to show grounds for suspicion. There will be no reform of the penal system.

Although immigrants will be permitted to hold dual citizenship, the abolition of the right to asylum remains. The refugee organisation *Pro-Asyl* commented on the agreement struck between the Greens and the SPD regarding the future rights of asylum seekers and immigrants with the words '...disappointing and absolutely not enough. It is shameful that the SPD and the Greens could not even agree on a rule for hardship cases in the Aliens Law. A change in government policy must not mean a continuation of Kanther's policies of refusal, indifference and exclusion.'

As far as 'ending nuclear energy' goes, no time limits have been set and it is all to be agreed with the management of the companies concerned. The two largest energy concerns even have two members of their top management team in the cabinet: Bodo Hombach becomes a Chancellery Minister and Werner Mueller becomes Minister of Economics.

Precisely because the government expects its future cuts and savings measures will cause violent tensions and conflicts, it is trying to present itself as the representative of the interests of the great majority. It has announced a few immediate improvements for many; however they all are subject to the proviso, 'finances being available.'

Child benefit rises from 220DM to 250DM a month, and by a further 10DM in three years. The lowering of old-age pensions from the present level of 70 percent of the last wage received to 64 percent, agreed to by the last government, is to be postponed, as are cuts in pensions for invalids. The yearly payment of 20DM to cover hospital costs is cut entirely. The chronically sick and the old will see their prescription charges reduced. The previous cut in building workers' 'bad weather compensation' is also to be reversed, and student grants slightly increased.

The stress on the social whole by the new government goes hand in hand with a diminishment in the role of parliament. What Schröder and Lafontaine have already been practising in their election campaign--taking decisions in the narrowest of circles, which are then rubber-stamped by the party--is the model for the relationship between the government and the SPD parliamentary faction. It is not the debates and decisions reached by so-called representatives of the people that will determine government policy, but the reverse. The government will lay down what is to be debated in parliament, allow its policies to receive a benediction, and leave it to the parliamentarians to present them to the public.

It was in this context that the sharpest conflict arose during negotiations over the coalition document: the dispute regarding the role of the third man in the former 'troika' at the top of the SPD-- Schroeder, Lafontaine and former SPD parliamentary faction head Rudolf Scharping. At all costs, Lafontaine wanted to prevent a third centre of power being created alongside the Chancellery and the Finance Ministry. Scharping had to give way. He was despatched to the Ministry of Defence. The parliamentary faction will be led by Peter Struck, an obedient party functionary.

'The real defeat alongside Scharping, is the parliamentary faction', the weekly *Die Zeit* commented. 'The parliamentary deputies have lost some of their importance even before they take their seats.'

This strengthening of the government at the expense of parliament is rooted in the alienation of the entire political establishment from the broad mass of the population. In so far as the parties' base of support and active membership among broad layers of the population has eroded, the democratic structures have become fragile constructs increasingly devoid of content. The more the members of the parliamentary fractions lose their character as 'representatives of the people', the less influence they are able to bring to bear against the executive.

At present, the concentration of power in the hands of the government takes the form of a duopoly: Chancellor Schröder and Finance Minister Lafontaine, that latter having considerably extended the powers of his ministry. There is much speculation regarding who will determine policy direction, the Chancellor, who formally enjoys this authority, or the new Superminister in the Finance Ministry.

Schröder owes his rise to the top to the strong influence of neo-liberal policies acting on the party. His wisdom is restricted to removing all obstacles for the employers and the financial markets. He now confronts the problem that this policy has reached its limit world-wide. Every day that the chaos of the financial markets increases and the calls for political controls get stronger, the political influence of Lafontaine grows. The conflict between the two may yet hold a few surprises in store.

Their present collaboration forms a source of tension and power with which they are attempting to dominate the SPD and subordinate it to the government.

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