

Germany's Chancellor Schröder attacks the unemployed

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24 April 2001

The recent attack by German Chancellor Gerhard Schröder (SPD—Social Democratic Party) on the unemployed in the *Bild* newspaper—“There is no right for a person to be lazy in this society”—is the prelude to a fundamental assault on wages and social services. It is the first clear reaction of the Red-Green coalition government to the symptoms of a worldwide economic crisis.

In the press interview, the chancellor urged unemployment offices to be more rigid than ever in withholding entitlements to the unemployed when they are not prepared to accept any jobs offered them. Schröder's actual words were: “Whoever is able to work but doesn't want to shouldn't be able to count on support from society.”

It was not only the country's unemployed support groups that were scandalised by Schröder's attacks. Anger was particularly fanned in eastern Germany where the unemployment rate is more than twice as high as in the west. Even Wolfram Hoschke, managing director of the Chamber of Commerce and Industry in southwest Saxony, stressed, “You cannot turn down jobs that do not exist.” He told the *Süddeutsche Zeitung* newspaper that many had accepted work with pay well below negotiated rates and were even willing to work for less than the sum made available in unemployment benefits “because they regard not having a job as something to be ashamed of.” Although many of these people have been unemployed a number of times, it would nevertheless be unfair to describe them as job shirkers, he said.

Schröder's tirade against the unemployed sounds familiar. For 16 years, the previous government of Helmut Kohl (CDU—Christian Democratic Union) had chastised the unemployed in a similar manner. In 1993, Kohl as chancellor stated in parliament: “We cannot bring about a secure future by organising society into a leisure park.” Even then, the “acceptability guidelines”—the conditions under which the unemployed could be forced to accept low-paid jobs—were sharpened up considerably and benefits cancelled for a time if a person refused to take on a “reasonable” job.

After his election victory, Gerhard Schröder said he would not attack the unemployed, but instead reduce unemployment. The elimination of mass unemployment was to be his primary goal and the success or failure of his government was to be measured by this aim. Since then, the average unemployment rate for the federal republic has dropped only slightly and it has substantially risen in several parts of eastern Germany.

Schröder made his initial promises in expectation of strong economic growth. However, the economic revival of the first two years of the Red-Green coalition did not result in more jobs but in harsher working conditions and more overtime. In 1999, the last year statistically reviewed, the number of overtime hours worked rose to 3.6 billion—half of this being unpaid.

Increasing signs of an economic recession in the United States and Japan are having a direct effect on the strongly export-oriented German economy. After negative forecasts from several economic institutes, even SDP Finance Minister Hans Eichel revised his expectations of economic growth downwards. In view of this situation, Schröder is initiating a blatant offensive aimed at exploiting mass unemployment to dismantle traditional wage structures and enforce American-type conditions of low-paid work and “hire and fire” policies.

In pursuing this course, Chancellor Schröder is making it clear that he has no alternative to the growing economic problems to that of his predecessor, Helmut Kohl. The only difference between the two parties is that during the Kohl era the SPD in the federal parliament to some extent opposed wage cuts as part of its election strategy. Today it is mounting exactly the same attack it tried to restrain a few years ago and adopting the same rationale it previously considered unacceptable.

The SPD's move to the right has resulted in the appearance in the federal parliament of a major coalition in favour of social cutbacks that puts all previous attacks in the shade. Schröder's statements elicited a choir of praise from the CDU/CSU (Christian Democratic Union/Christian Social Union) conservative parties and naturally from the FDP (Free Democratic Party). Guido Westerwelle, the neo-liberal general secretary of the FDP, credited the chancellor with a “welcome fundamental change of attitude”. Business organisations joined in the chorus of praise.

A look into the details of the situation clearly reveals the utterly antisocial character of the Red-Green government. The demagogic claim that the majority of the unemployed are lazing in a sort of “social hammock” and have no real interest in finding work is aimed at abolishing the hitherto right to claim unemployment benefits.

To achieve this aim, the fact is overlooked in the current government and media campaign that unemployment benefit involves payments from an insurance fund that employees and employers have contributed to—in many cases, for decades. Those who have not been employed and have not already paid into the fund have no claim to unemployment benefit. The issue is not that the unemployed have applied for money from their own insurance fund unlawfully, but rather that the government has continually withdrawn billions from the unemployment insurance finances and used them for other, extraneous purposes.

The present attacks on the unemployed were organised by the section of the SPD with the closest links to the trade unions. A key role in all this is being played by Harald Schartau (SPD), the minister of labour for North Rhine Westphalia, who was that state's executive

of the IG Metall union until his appointment as minister.

Recently in the *Berliner Zeitung* newspaper, Schartau demanded a fundamental reorganisation of the system of unemployment benefits and social insurance. Adopting extremely provocative language and displaying open contempt for the four million unemployed, he introduced his strategy thus: “No money will be paid out because a person is unemployed. It will be paid so that he or she can get a new job. We are not primarily concerned with securing people’s livelihoods, but rather with helping them to stand on their own two feet. I can do this through the unemployment benefits system, as well as the social welfare system.” The actual financial grants would be of secondary importance. “We will thus, so to speak, turn existing labour legislation upside down,” he said.

That former trade union bureaucrats like Schartau or the current federal labour minister, Walter Riester—former deputy chairman of IG Metall—are now standing at the head of those dismantling social rights speaks volumes about the transformation of the trade unions into organs of business co-management and props for the government’s social cutbacks.

Already by the beginning of last March, the Federal Ministry for Labour had determined that the employment offices are to work out a concrete plan and individual employment posts and training opportunities for each unemployed person by January 2002. What this “training strategy” or “individual placement scheme” entails is really a programme of compulsory measures to force the unemployed to accept any kind of job at the lowest rates of pay.

Gerd Andres (SPD) made it quite clear what the federal government intends in a comment to the *Hannover Allgemeiner* newspaper. He announced a “new relationship between social responsibilities and social rights”. Accordingly, the ministry’s plans are aimed at extending the period of withholding unemployment benefits from the unemployed when they fail to adhere to its “concrete plans”. In parliament he explained: “Nobody should be allowed to settle down into unemployment”. The Red-Green coalition wants to push through labour legislation reform to this effect in the coming summer.

Draconian penalties are already prescribed in the Welfare Regulations Manual (SGB) for anyone turning down a “reasonable job”, retraining or further vocational education. Statistics from the Federal Institution for Labour (BA) show that support was temporarily withheld on these grounds from 74,000 unemployed for three months last year and completely denied to 17,000. According to Paragraph 121 of the SGB, an unemployed person’s particular profession is no longer taken into account and everyone is obliged to accept work outside of his normal vocation.

In the first three months of unemployment, a job paying 20 percent less than previous earnings is regarded as reasonable by current legislation. After four to six months, a wage decrease of 30 percent has to be accepted. After six months of being unemployed, every job offer is considered reasonable. The acceptable time needed for travelling to work each day is to be increased from two-and-a-half to three hours. In many cases, the new jobs are only temporary and the whole circus begins again after a short time. As a result many unemployed find themselves in a continual downward spiral.

But the new plans of the Labour Ministry are not only aimed at the unemployed who are dropping into a social abyss at an increasing rate. Heavy losses on the stock exchanges—amounting to \$4.6 trillion in the so-called “new technology market” in the US alone in the last 12 months—have seriously shaken hopes of an improvement in the economic situation. In view of increasingly fierce international

competition, the relatively high level of wages in Germany is being increasingly seen as an intolerable drawback to national competitiveness.

In this situation, the Red-Green federal government is using mass unemployment as a crowbar to reduce high wages. By compelling the unemployed to accept all kinds of work at the lowest rates of pay, an army of low-paid workers is being assembled that serves to undercut negotiated wage rates and to enforce a severe reduction of wages levels in general.

Till now the government has been trying to keep many of the unemployed on hold, hoping for an upturn in the economy. Today it is obvious to everyone that all the different job creation schemes and work qualification programmes were nothing more than shunting stations on the track to unemployment. The vast majority of the 650,000 people who registered as unemployed in the first quarter of 2001 came from job creation or training programmes. In this regard, it is worth paying attention to two studies commissioned by Hans Eichel’s finance ministry which are now available. Both of the studies are supposed to have taken a close look at the measures adopted to achieve a dynamic labour policy. Expert opinion from both the Centre for European Economic Research and the Institute for Economic Research in Halle came to the conclusion that the 44 billion marks disbursed each year by the Federal Institute for Labour in Nuremberg to promote job creation placements, further vocational training and other measures were no longer worthwhile.

“Unemployment cannot be significantly reduced through the agency of a energetic labour policy”, was the conclusion reached. These kinds of measures would only conceal the actual extent of unemployment, according to the studies. Thus, for every three “visible” unemployed people in western Germany, another “hidden” one is to be added; the ratio is three to two in eastern Germany. The experts’ reports demand that the wages available on the job creation programmes be drastically reduced and the right to claim unemployment benefits after participating in such projects be completely abolished. It is clear here, too, where developments are leading: the army of the unemployed will no longer be obscured from sight; it will be openly used as a means of enforcing the creation of a whole social layer of low-paid workers.



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