

The Hartz Commission proposals

German SPD election campaign attacks jobless and welfare benefits

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Three months before German national elections, the SPD (German Social Democratic Party), together with its Green Party coalition government partner, has decided to go on the offensive with a decidedly right-wing, anti-social programme directed at the majority of the population. This is the significance of the recent publication of the core theses of the so-called Hartz Commission.

The commission, led by Peter Hartz, head of the personnel executive committee of Volkswagen, was set up three months ago by the government. Its task was to develop mechanisms aimed at privatising the entire system of unemployment agencies and thereby ensuring that the German system of unemployed insurance was geared entirely towards competition and market interests.

Two fundamental changes are at the heart of the Hartz proposals: the privatisation of unemployment agencies and the reduction of the numbers of unemployed, the latter through the combination of the separate spheres of unemployment and social welfare benefits. Both changes are aimed at forcing the unemployed to accept any form of work and thereby establish a broad cheap-wage sector.

It was originally planned that the commission work to the end of August and present its proposals to the new incoming government after the elections planned for September. In spring of this year German Chancellor Gerhard Schröder (SPD) had expressly advised all members of the government to suppress any plans for further reforms and associated attacks on the German welfare system for the period of the election campaign to enable the governing coalition to emphasise the issue of social justice.

The early publication of the Hartz theses and the announcement of their speediest possible implementation indicates a clear change of political line. The German government is reacting to the dramatic loss of votes by social democratic parties in recent elections in France, Holland and Portugal, where traditional social democratic voters abstained in massive fashion and extreme right-wing

parties were able to record large electoral gains.

The change of course is significant for a number of reasons. Four years ago the SPD ran their last election campaign with the slogan "Innovation and Equality". As the electoral term of the SPD comes to an end it is clear that the implementation of policies entirely in line with the interests of the banks and big business (Schröder's "Innovation") is incompatible with the maintenance of Germany's welfare system ("Equality"). This was finally made clear with the recent electoral defeat of the French Jospin government, which had pursued a similar course.

In Germany, opinion polls have indicated that traditional SPD voters are profoundly disillusioned with the SPD and are deserting the party in droves. The reaction by the SPD has been a marked shift to the right. It is attempting to out-trump the conservative political opposition and win over the votes of its socially privileged clientele. The turn to the right has been so abrupt that the conservative union parties (Christian Democratic Party and Christian Social Union) have been caught off-guard. On the one hand they have described the Hartz proposals as frivolous, while at the same time accusing Schröder of stealing their programme.

Although many of the proposals of the Hartz commission are not new and have already been raised and discussed, taken as a whole they represent a decisive change in German labour and social policy. Up until now the government attempted to reduce unemployment by cuts in business taxes combined with increased pressure on the unemployed.

Now mass unemployment is to be used as a lever in order to break up the traditional social fabric and introduce a broad system of cheap labour jobs. To this end, the Hartz commission is proposing 13 separate modules. The most important are as follows:

A so-called Personal Service Agency (PSA) is to be introduced in all of Germany's 181 unemployment offices. The proposal envisages that unemployment offices or private temporary jobs agencies employ all those unemployed who

have been unable to find work within six months and force them to work. To facilitate this move legal regulations governing casual labour are to be eased. The ban on short-term notices to quit in the case of employment up to three months is to be dropped and casual work is also to be permitted in the building industry. In the words of the Hartz theses: “From the actual point of view of the companies the increased use of temporary job agencies and the PSA leads to a neutralisation of the protection against redundancy.”

According to its author, the aim of the concept is to treble the number of casual labour jobs within a span of three years, thereby reducing unemployment by 780,000. Currently just 0.7 percent of the German workforce is employed by temporary job agencies. By comparison, the equivalent figure in Holland is 3 percent.

Unemployment and social welfare offices are to be fused into so-called “job centres”, with unemployment and social welfare payments brought together in a single system of payments. Up until now, unemployment payments in Germany were reckoned on the basis of a percentage of the unemployed person’s last wages. Now for the first six months of unemployment the unemployed are to receive a flat rate, and then for the following six months a reduced form of payment.

In general, the new proposals will result in drastic reductions in payments for the unemployed, although taxes to support the German welfare system are a major deduction from the wages of every German worker. The end result will be to force the unemployed and, in particular, the elder unemployed into cheap labour jobs, including official community work projects paying 1.50 euros per hour.

An additional proposal by the commission is also aimed at expanding the cheap wage sector. The aim is to “facilitate” the move by the unemployed to self-employment. To this end, the commission has cynically introduced the term: “Ich AG” (“I company”); and for those supporting a family: “Familien AG” (“family company”). With an annual income of between 15,000 to 20,000 euros, these self-employed will pay a fixed average rate of tax between 10 and 15 percent.

In fact, this type of self-employment envisages the “self-employed company” carrying out menial work for the rich—gardening jobs, housework, cleaning windows or looking after children. Press reports quote the enthusiastic comments by members of the commission, who speak glowingly of the hundreds of thousands of jobs which could be created in private households.

Immediately after the key elements of the new report became known, the new chairman of the German Trade Union Confederation (DGB), Michael Sommer, stated: “It is heading in the right direction!” At a press conference in Frankfurt-Main, Klaus Zwickel, head of the main German

engineering trade union IG Metall, had an almost identical response: “Finding work for two million people—we are all in favour.”

The role of the trade union is not limited, however, to mere verbal support and taking up the invitation made by Chancellor Schröder to share responsibility for the offensive planned against the unemployed. In fact, many of the proposals contained in the Hartz report came straight from the trade union leaders themselves. Walter Riester, a former deputy head of the IG Metall, is the government minister for labour responsible for calling the commission into being. And the leader of the commission, Peter Hartz, has been a member of the same trade union for the past 40 years.

Through his connections to IG Metall, Hartz was labour director of the steel concern Dillinger Hütte-Saarstahl AG (DHS) for 25 years. Together with Oskar Lafontaine (SPD), who was at that time prime minister of the state of Saarland, and his brother Kurt Hartz (head of the IG-Metall in Saarland and leader of the state SPD), Peter Hartz played a leading role in dismantling the steel industry in the Saar region, resulting in the loss of thousands of jobs. He earned his spurs at this time, and through his links with the SPD-IGM was then elevated onto the executive committee at Volkswagen.

Another major German trade union, Ver.di, was also represented in the Hartz commission while additional members included the managers of DaimlerChrysler, BASF, Deutsche Bank and the business consultancy firms Roland Berger and McKinsey. Other members of the commission were Peter Gasse, regional head of IG Metall in North-Rhine Westphalia (NRW), and his predecessor Harald Schartau (SPD), current NRW labour minister.

The report by the commission and the determination by the government to implement its proposals as quickly as possible will inevitably lead to a new stage of social and political conflict with the SPD and the trade unions.



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