

# German government plans massive cuts in unemployment support

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The recently re-elected German government is planning drastic spending cuts which will hit the unemployed hardest. Although unemployment in Germany is rising, the new German minister for Economics and Labour, Wolfgang Clement (SPD—German Social Democratic Party), is pressing ahead with measures that will reduce state contributions to unemployment support this year by a total of 6.5 billion euros. He presented a draft law to this effect to the cabinet October 30.

The main victims of the new law will be the long-term unemployed. Cuts to unemployment assistance, which is paid out between the sixth and thirty-second month of unemployment (when payments are made is dependent on how long the participant worked before becoming unemployed), will total 2.3 billion euros for the coming year. This figure will rise to 5.1 billion euros in cuts by the year 2004. According to a report on government talks on the measures, the *Frankfurter Rundschau* reported that the cuts will affect more than 27 percent of all long-term unemployed (1.3 million persons) who will no longer be eligible for any state support.

Clement's draft law is directed particularly against those unemployed who have saved for their old age or who have a working partner. Since resuming office, the German SPD-Green Party coalition has rejected any measures aimed at taxing the wealthy. Instead the unemployed are expected to live off their modest savings before qualifying for any help from the state.

In addition to forcing the unemployed to expend their savings, the new law will force working partners to increasingly take over the financing of the unemployed. These steps are aimed at drastically rationalising the German unemployment support system and stripping the unemployed of any right to maintain their savings

or possess such items as an auto.

In its original form, Clement's draft law also included massive attacks on the incomes of families. Following protests from Green and SPD fraction members Clement was forced to withdraw this part of the legislation, but he plans to make equivalent savings through other means. Rainer Wend, the speaker on economic and political affairs for the SPD parliamentary fraction, made clear that additional measures were planned and told the *Süddeutschen Zeitung* that the fraction "was planning to undertake considerable changes".

The final draft of the law is being presented to the coalition this week and is due to be introduced in parliament Thursday. The speed with which the measures are being whipped through parliament is aimed at disrupting any opposition. According to the *Frankfurter Rundschau*, which has close links to the SPD and the German trade unions, the implementation of the proposals made by the so-called Hartz Commission is regarded as a "secret commando affair" by the government: "Not only are astounded citizens to be informed at a late stage of 'Operation Red-pencil', this also applies to government deputies themselves." The Hartz Commission was founded earlier this year at the behest of the government to work out measures aimed at radical cuts in the German welfare system and encouraging cheap labour.

In fact, the proposals contained in the draft law prepared by Clement's ministry far exceed the radical measures proposed by the Hartz Commission last August. State subsidies for unemployed persons undertaking retraining is to be drastically curtailed and substantial cuts made to the state's contribution to the health insurance of the unemployed. This latter measure will have implications for the entire German workforce,

which will be confronted with declining health provisions as the revenues for health insurance shrink. Plans for attacks on this area of the German welfare system have been debated for some time and the initial steps are to be undertaken this year.

The plans to dismantle large areas of the German welfare system make clear that all the talk during coalition discussions of increased taxes and doing away with subsidies was simply a diversion. Shortly after their re-election in September this year the SPD and the Greens announced a few minimal measures directed against high wage earners and German big business. In inevitable fashion, the plans drew a series of critical salvos from business papers and economic institutes. Since then most of the talk of taxes for the rich has subsided in favour of stealing from the poor and ensuring that large sections of the population will be confronted with poverty in their old age.

All of Clements's proposals are aimed at increasing the pressure on the unemployed to take cheap wage jobs, preferably by temporary employment firms. Clement has also made no secret of the fact that his intention is to "make temporary work respectable". A section of the package of measures advocated by Clements is aimed at increasing the number of temporary workers by 50,000 in the coming year.

The implementation of the new draft law will inevitably intensify the pressure on wage levels and working conditions, leading to a "hire and fire" mentality on the part of employers. This is precisely the sort of "flexibility of the jobs market" for which German big business has long sought.

Further attacks are planned for next spring following elections due in the German states of Hessen and Lower Saxony. According to *Der Spiegel* magazine, after the elections "the way will be free for atrocities". The magazine then goes on to quote an "SPD leader" saying: "Then we have to turn the country upside down." And in the manner in which the government justified international military interventions by the German army, another SPD deputy spoke of the "reform" of the welfare state as Germany's "war on the home front".

In the course of working through government policy the Green Party is playing the role of rabble-rouser, demanding that the coalition refrain from delaying any longer additional saving measures and social cuts.

According to *Der Spiegel*, the position of the Greens can be summed up with the words: "Harsh measures should be undertaken immediately."

The German trade unions have also lined up fully with the government in this "war on the home front". The trade unions were instrumental in working out the proposals of the Hartz Commission in the first place and "in principle" assess the commission's plans in a positive fashion. Following the re-election of the SPD and Greens in September, the trade unions immediately took over where they left off before the elections—close collaboration and agreement with the work of the government.

In fact, just 24 hours before Clement presented his radical and socially explosive plan he held discussions with the leaders of the German trade union movement: Klaus Zwickel (IG Metall—metal workers), Michael Sommer (DGB—federation of German trade unions), Hubertus Schmoldt (IG BCE—construction and chemical workers) and Frank Bsirske (Verdi—public service). After the talks Bsirske told the press that many issues, including controversial areas, had been discussed, but the talks had nevertheless taken place in a "constructive atmosphere".



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