

A rebellion on its knees:

# German SPD bows to Schröder on social cutbacks

Ulrich Rippert  
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German Chancellor Gerhard Schröder (German Social Democratic Party - SPD) has linked his demand for the implementation of sweeping cuts to the German welfare state system to an ultimatum to his own party. Either the SPD accepts the destruction of basic social rights, many of which date back to the time of Chancellor Bismarck, or Schröder will resign. He is not prepared to stay in office on the basis of any other policy.

Schröder's plans for massive cutbacks in the sphere of social policy have met with resistance from various layers inside the SPD over the past few weeks. The party's "parliamentary group for worker's issues," which is close to the trade unions, the party's Young Socialists youth group and 12 parliamentary deputies have called for a membership referendum on the Schröder plan and have begun collecting the signatures required to force such a vote. The 12 deputies have been described as "parliamentary rebels."

In response to these moves, the so-called parliamentary left (PL), led by the two deputy chairmen of the SPD fraction, Michael Müller and Gernot Erler, joined the debate with a "compromise paper" which proposed a few minor cosmetic changes to the chancellor's "Agenda 2010" social cuts package.

Shortly afterwards the speaker of the "Democratic Left 21 in the SPD," Andrea Nahles, expressed her own criticism of the chancellor's plans (suitably muted in order not to jeopardise her political career). Finally the chancellor agreed to the demand for a special party conference to discuss the new policy plans. The conference is due to take place on January 1.

It is not difficult to predict the outcome of the conference—absolutely nothing! The choir of opposition will collapse like a house of cards, and Schröder will be able to press ahead with his reactionary proposals. While the right-wingers in the leadership of the party aggressively defend their position, denouncing any dissenting voice, members of the opposition respond by professing their loyalty to the chancellor. None of them questions Schröder's role as chancellor—what is at stake after all, they concede, is just a shift in policy. In the context of Schröder's threat to quit, this approach signals

capitulation before the first round of inner-party negotiations has even begun.

It is not the first time that the SPD "left" has revealed itself to be utterly unserious if not farcical in disputes that always end in victory for the party's right wing. This time, however, the social democrats' tempest in a teapot has taken particularly obnoxious and ludicrous forms. None of those proclaiming their opposition could offer any serious alternative. They all agree with the basic outlines of the SPD-Green coalition government's proposals: "dismantling of social state payments," "more individual initiative," "more relief for business with cheap labour jobs and the cutting of costs," etc. While the SPD is all too ready to refer to its own 100-year history and does not shrink from hanging pictures of August Bebel and Rosa Luxemburg in its offices, the party made the defence of big business interests its number one priority a long time ago.

The opposition is motivated less by a desire to defend social rights and gains won by working people, than a desire to find the right formulation to justify and impose these reactionary social measures on the party's rank and file. Many bureaucrats inside the SPD are still dependent on the results of elections and are fearful of losing their posts.

In other words, the bellyaching on the part of the opposition represents the background chorus in a party which is being ground down between big business interests on one side and opposition from broad layers of the population on the other.

As has been the case over the past few years whenever criticism of the chancellor has grown loud, ex-SPD Finance Minister Oskar Lafontaine has popped his head over the parapets and for the hundredth time accused Schröder of having broken his electoral promises. What is one to think, however, of someone who demands more courage in confronting big business but who himself buckled and took flight at the first sign of conflict with exactly the same interests. Lafontaine, who revels in his nickname "Napoleon of Saarland," confronted his Waterloo a long time ago—although, to be fair to his namesake, the real Napoleon stood up to his enemy and did not merely flee the field.

The current conflict in the SPD makes one thing clear: a serious opposition to the social cuts planned by the government requires a new leadership for workers that does not adapt to big business circles but instead makes working people's concerns regarding unemployment, poverty in old age and ill health the axis of its policies.

In this respect it is necessary to call things by their real names. Schröder's attacks on the most disadvantaged in society—the long term unemployed, those dependent on social assistance, the sick and pensioners, i.e., layers already experiencing poverty and who have no one to defend their interests—are not only utterly anti-social, they are also politically criminal.

Under conditions in which official unemployment in the east of the country has climbed to nearly 20 percent and in many regions is much higher, the cuts in unemployment and social assistance payments will drive many families into financial ruin. The criteria for social assistance payments is need, and payment is only made when immediate and family savings are exhausted. Any payment is then also conditional on the income of other family members.

The financial hardship and desperation arising from such cuts creates the sort of social basis which has already been exploited by right-wing demagogues in this country to terrorise society as a whole. Neither Chancellor Schröder nor his Finance Minister Hans Eichel (SPD) have the slightest interest in the political implications of their social policy. Their initial hopes for some sort of economic recovery have long since been replaced by one piece of bad news after another revising economic growth downwards and predicting new record unemployment figures. Their reaction is to insist on imposing the demands made by the executives of the banks and major business concerns as quickly and ruthlessly as possible.

The claim that there is no money to finance the welfare state because social demands are excessive is pure demagoguery. In reality the resources for the welfare state have been systematically plundered over past years primarily to reward the rich, while the legal entitlements of the needy have been drastically reduced.

As it stands, the welfare state is mainly financed by tax deductions from the incomes of working people, while other forms of income—speculative profits, income from rents and capital savings—are not liable to such deductions. At the same time, the funds available for social welfare are being continually drained by growing hardship. Cheap wage labour providing subsistence incomes and which involve no tax payments on the part of the employer are leading to huge income deficits for the state against a background of growing social demand.

An additional reason for the increasing financial crisis is the tax policy of the SPD-Green Party coalition government itself. According to the Finance Ministry, between 1999 and 2002 employer taxes fell by 20.1 percent, whereas employee taxation

rose by 2.4 percent and income from consumer taxes by 8.9 percent. In 2001 alone, income from corporate taxes fell to 1.7 billion euros compared to 23.6 billion in the year 2000.

The claim that growing economic problems preclude any other course of action is simply not true. Total national wealth in Germany has nearly doubled over the past 10 years and stands at a figure of nearly seven trillion euros. The distribution of this wealth has changed dramatically, however. The wealthiest 10 percent of the population controls over 50 percent of the total wealth, while the percentage of wealth in the possession of middle and lower income groups has declined significantly.

Schröder is able to draw support for his assault on the socially disadvantaged from an entire layer of the rich and super rich. Many of them participated in the intoxicating stock market boom in the nineties and now feel threatened by deepening economic stagnation. Aggressive, ruthless and motivated entirely by their own narrow interests, they are determined to hang onto their privileged status at the cost to society as a whole.

This is why it is only possible to combat the attacks on the German welfare state through a broad-based popular movement. In the middle of February several millions took to the streets to demonstrate against a war with Iraq. This movement of the international working class has to be revitalised and politically developed.

Every major social problem today takes an international form. Working people across the globe face similar problems and must develop a united response. This requires an international strategy based on the demand for the implementation of social equality.

For SPD "rebels" like former SPD secretary Ottmar Schreiner, whose fear is written clearly on his face, the issue is to find a suitable compromise and warn of the dangers of social conflict.

For their part, workers must prepare a mass political offensive to effectively fight the plans of a brutal ruling class and its political representatives.



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