

# The Thatcherisation of the German CDU

## The significance of the end of social solidarity

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The recent national conference of the German conservative CDU (Christian Democratic Union) in Leipzig ushered in a further shift in German politics. With an overwhelming majority—just four delegates opposed—the conference agreed to a fundamental change to the German welfare system. The vote represented a victory for the free-market wing of the party led by fraction chairman, Friedrich Merz. The new party policy envisages a radical transformation of the German welfare state without the slightest consideration given to the interests and requirements of the population at large.

In order to comprehend the magnitude of the change which took place it is necessary to examine closely the decisions which were made. The party undertook a fundamental change of course in the field of welfare and tax policies. While currently the CDU is a party of opposition and is not in a position to be able to transform its decisions into law, the changes are of great significance.

Up until now the prevailing basis for the German welfare system was the so-called “solidarity principle.” The CDU, which has held power for over 40 years in the postwar period, also subscribed to this principle and implemented many social reforms.

The solidarity principle meant that employers, employees and the state all contributed towards guaranteeing health care, pensions and unemployment insurance. Individual contributions to the health system were based on level of income, although all citizens could benefit equally from the system independently of the level of their contribution.

Low-income families benefited from the system because husband or wife and children could be included on a single insurance. According to the “parity principle,” workers and employees made equal contributions to a joint account from which pension, health care and unemployment security payments were drawn.

In recent years this system has been increasingly threatened due to concessions made to the wealthy and cuts in payments to the needy. Nevertheless, all of the so-called “peoples parties” defended in principle the solidarity system. The first steps towards the foundation of such a system were made in the 1880s when the German chancellor at that time, Otto von Bismarck, introduced measures aimed at stabilising social relations.

The decisions made at Leipzig now stipulate the following:

According to the CDU, every individual should now make a flat-rate payment of 200 euros per month to the health system—irrespective of the level of his or her income. The measure

represents a clear reduction in payments for the wealthy, whose percentage contribution to the system declines as their income rises. Wives will no longer be covered by the payments made by their husbands while children will be covered by a per-head payment of 90 euros—which in turn will result in a reduction in current state subsidies for families with children

In the course of a transitional period of four years, those with a low income will receive a modest subsidy, but thereafter any state assistance will only be paid when a household contributes over 15 percent of its income on welfare payments. Employer contributions are also to be reduced, while payments made to employees will be subject to taxation.

Pensions, according to the CDU, will also be reduced for the broad majority of the population. Over a period of time any recourse to early retirement is to be done away with, and a full pension will only be paid to those of a minimum age of 63 who can demonstrate that they have paid contributions for not less than 45 years. All those with less than 45 years of payments will only be able to retire at 67 years.

The CDU also favours establishing a bottom level for pensions fixed to the paltry level of social security payments. At the same time, any alterations to pensions will be dependent on so-called “demographic factors.” As a result pensions will be increased in line with inflation only when the total workforce paying contributions remains stable.

A further conference decision is directed at a fundamental change to the German tax system. The current so-called “linear-progressive” system, which incorporates a step-by-step progressive taxation of those with high incomes, will be replaced by a three-stage system aimed at tax relief for the wealthy. A number of delegates addressed the conference declaring that such changes would also benefit those on lesser incomes. Nevertheless, when the cuts in tax subsidies for the average worker are taken into account then it is clear this will not be the case for many taxpayers.

The fact that a party which held power in Germany for four decades after the war has now decided to adopt the type of policies which are associated with the American president Ronald Reagan and the former British prime minister Margaret Thatcher is of great consequence. In these countries, such policies have led to an unparalleled social polarisation which in turn has undermined basic democratic structures.

There are a number of reasons to account for the fact that the

CDU, with 20 years delay, has now decided to take a page out of the book of Reagan and Thatcher—in full knowledge of the social implications. In the first place, it is clear that any notion of Germany as an exceptional country able to maintain social standards and defy finance markets in a globalised economy is simply an illusion.

In one country after another influential representatives of international investment and finance have implemented policies which free employers from any sort of social commitment that could be regarded as a limitation to profits. At the same time, state insurance systems are being broken up and privatised in order to facilitate access to these resources by international finance markets.

There are historic reasons for the fact that this very same development is now taking place, after some delay, in Germany. There is barely another country in which social insurance and welfare provisions are so intimately bound up with bourgeois rule. Introduced over a hundred years ago, when Germany was still ruled by a monarch, and expanded during the great revolutionary upheavals after the First World War, welfare state provision was an important pillar of bourgeois politics.

After 1945, when details emerged of the real extent of Nazi crimes, the social responsibilities of capital were written into the German Constitution (Art. 14. Para. 1 GG), and formed a component part of the first programme of the CDU, (Ahlen Programme, 1947). Just a few years later the CDU economics minister, Ludwig Ehrhard, developed the concept of a “social market economy.”

The extent of the transformation which has taken place over the past few years in the CDU was made very clear in Leipzig when one delegate, Norbert Blüm, addressed the conference. For no less than 16 years Blüm was the minister for Labour and Social Affairs in the government of Helmut Kohl (CDU) and in this role implemented a number of drastic cuts to the social and welfare fabric—in the face of widespread popular opposition. In Leipzig he was alone in standing up and speaking out against the proposals of the party executive, warning of the consequences of destroying the welfare state. In agitated fashion he appealed to delegates: “This is a justice which has been trampled flat, a solidarity stood on its head.” However, instead of applause delegates responded with a deathly silence until some cried out and denounced him as a “romantic for the welfare state”!

In fact, it was the vice chairman of the parliamentary fraction, Friedrich Merz, who won frenetic applause and a standing ovation from delegates. Herz has for some time demanded an end to the “social democratisation” of the CDU and is a member of the Herzog Commission, which has developed its own plans for the dismantling of the German welfare state. In his speech to the conference Herz denounced the German government and cabinet which he declared was comprised of “dilettantes” and “self-obsessed actors.” Government members were “unworthy of Germany,” he said, and every day in which the country is not ruled by the SPD-Green coalition would be a good day for Germany.

There is a direct connection between the policies of the Schröder government and the fact that the wing led by Merz has now won the upper hand inside the CDU. Five years ago the SPD was

elected because many voters believed the social democrats and Greens would put an end to the dismantling of the welfare state that had taken place under the predecessor Kohl government. Had the CDU put forward a programme five years ago comparable to that of the current government then its defeat would have been even more devastating.

Five years of rule by the SPD and Greens have served to transform the situation. The SPD has become an object of hatred and increasingly isolated, following continuous attacks on the social fabric as part of its so-called “Agenda 2010.” A series of electoral reverses for the SPD has led to a revival of the fortunes of the CDU, despite its own reactionary policies. This development is the most decisive argument against those who plead for support for the SPD as a sort of “lesser evil.” In fact, the party has opened up the way for the most right-wing political forces.

This is why a figure like Friedrich Merz, who represents the most greedy layers of the German big business organisations, can dictate terms inside the CDU. The decisions made at the Leipzig conference enable the CDU, with the support of the business federations, to prepare to replace the current government as soon as it comes into difficulty.

For their part, the reaction of the SPD and the trade unions is no secret. They use the threat of a CDU government in order to silence any sort of resistance to their programme of welfare cuts. As a result the entire political establishment shifts to the right and deepens the divide between itself and the people as a whole.

This process has profound consequences for the overwhelming majority of the working population. Not only are they confronted with ever worsening social conditions, the breach of the solidarity principle which so characterised the German Republic during 37 years of rule means that large-scale social conflicts are now on the agenda.

In similar fashion to the US—where reactionary political forces such as Bush, Cheney and Rumsfeld took over the leadership of the Republicans during Bill Clinton’s term of office, only to subsequently replace him in government—a profound shift to the right is taking place in Germany.

The most urgent political task arising from this state of affairs is the construction of a new workers party, which breaks thoroughly with the opportunist policies of the SPD and places the struggle for social equality at the heart of its programme.



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