

German chancellor says he will not yield on Agenda 2010 cuts

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Speaking Monday evening at the Willy Brandt House, the Berlin headquarters of the Social Democratic Party (SPD), German Chancellor Gerhard Schröder said he would be “unyielding” in his implementation of “indispensable reforms”—his own designation for the package of deep social cuts known as Agenda 2010.

Schröder thereby laid down his party’s line for the forthcoming Bundestag (national parliament) elections, although party committees will officially decide on a manifesto only in the coming days and weeks. He obviously considered it necessary to make clear from the beginning that he would not yield to any demands for a deviation from the government’s highly unpopular “reform course.”

Over the past week, and in response to pressure arising from the emergence of a new party with former SPD chairman Oskar Lafontaine as its leading spokesman, internal party tensions and divisions have come to the fore.

Schröder spoke at a meeting on “social market economics” organized by the SPD Bundestag faction. But the event proved to be merely window dressing for Schröder’s message to the media.

Some 100 selected party members were allowed to serve as walk-ons in the gallery of the party headquarters. The front two rows were occupied by prominent party figures, while dozens of cameramen, photographers and journalists rubbed elbows with members of the Bundestag and other SPD bigwigs eager to give interviews.

The chancellor’s speech was framed by two panel discussions, at which SPD ministers Wolfgang Clement and Hans Eichel conversed with a journalist, a representative of big business and the chairman of the central German trade union organization (the DGB),

Michael Summer. But these discussions were largely ignored.

Schröder spoke alongside a statue of Willy Brandt against a blue wall on which large print proclaimed “Social Market Economy”—a term which originated with the CDU (Christian Democratic Union) economics minister and Chancellor Ludwig Erhardt.

Schröder’s speech was interspersed with empty phrases and clichés from social-democratic programs. He spoke of “participation”, “social justice” and a “strong state” to protect the weak. He accused the conservative union parties and the Free Democratic Party (FDP) of favoring unrestrained cuts in welfare aimed at putting “the axe to the roots of the social market economy”. They “obviously can hardly wait to return our country to an era before the introduction of the social market economy”, he said. One commentator remarked that it was the first time in ages that the chancellor had so often used the word “social.”

In terms of content, however, Schröder did not budge an inch from the political line which has led to the most comprehensive welfare cuts in the history of the Federal Republic, a record number (5,000,000) of unemployed, and eleven state election defeats for the SPD.

Schröder declared that it was necessary “to adapt the social market economy to the completely changed conditions of a globalised economy via the reforms introduced by the government.” He added, “Nobody can avoid the global consequences of a globalised economy with open markets.”

He expressly opposed any questioning of the capitalist system itself. “The system question has been decided. All those theoreticians who proclaimed the imminent downfall of capitalism have been discredited by reality. Capitalism, as we know, has not collapsed. It

has shown itself to be a system highly capable of transformation and flexibility. Even more: no other system has been able to offer mankind more liberty, more security and more prosperity.”

The only concession Schröder made to the so-called “critique of capitalism” made in recent weeks by the party chairman, Franz Müntefering, was a promise to support on an international scale “clearly improved transparency of the hedge funds market.” To this end he pledged to introduce “registration requirements for borrowed shares” in Germany. He hastened to add—“as already exists in the US and Great Britain.”

Müntefering, who introduced the meeting, made clear that he stood fully and completely behind Schröder. In his “critique of capitalism” launched in the run-up to the recent North-Rhine Westphalia state election, Müntefering had referred to international financial investors as “locusts” ravaging the German economy. On Monday, Müntefering made no mention of the “locusts.”

Müntefering’s own contribution was a litany of clichés and empty phrases. The issue in the forthcoming Bundestag election was “social market economy—yes or no?” It was about “whether people are subjects at the center of economics or merely pawns in the games of big business.” And so he continued...at great length.

Like Schröder, Müntefering declared his express allegiance to Agenda 2010. But on this question, no doubt reflecting the considerable tensions within the party, he kept his comments general and abstract.

Further platitudes in his speech included phrases like: “Everyone should get a fair piece of the cake of the common wealth. The piece should be as large as possible. But for this to happen, economic success must be as great as possible.”

There was no place in Müntefering’s barrage of banalities for the reality experienced daily by millions—social insecurity, poverty, unemployment.

While the speeches were being given at the front of the hall, Andrea Nahles, generally referred to as the spokesperson for the party’s left wing, drifted at the back of the hall from camera to camera and microphone to microphone to praise Schröder’s speech. “The first steps have been made,” she proclaimed. Now, concrete suggestions—for example, a minimum wage—would have to follow.

The meeting at the Willy Brandt House confirmed that the SPD is not prepared to yield to pressure from below and waver from its pro-business policies. It regards the defense of the existing order as its “responsibility,” and would rather go under than change course.

The sharpest reproach Müntefering can raise against his political opponents is “irresponsibility.” On this basis, he tossed the Christian Democrats, the Free Democrats and the new party of Lafontaine into the same pot. Referring to the respective leaders of these parties, he declared: “The political spectrum is a circle. In their egoism and their political activity, Westerwelle and Merz, Lafontaine and Gysi are all of the same stamp: they are irresponsible.”



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