Germany: Grand coalition leader Merkel sugar-coats program of social cuts

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The most striking aspect of the first official statement made in parliament by the new German chancellor, Angela Merkel (Christian Democratic Union—CDU), was the praise she heaped on her Social Democratic predecessor, Gerhard Schröder, and her current partner in the grand coalition—the Social Democratic Party (SPD).

Before Merkel dealt with substantive issues in her one-and-a-half-hour speech, delivered November 30, she said that "irrespective of all party differences" she wanted "to personally thank Chancellor Schröder for the fact that he decisively and courageously pushed opened a door to reforms with his Agenda 2010" and implemented these policies "against all resistance." Schröder had thereby "done our country a service."

Coming at the start of her speech, these remarks represented a rebuff to the millions who had participated last year in demonstrations and protests against the anti-welfare Hartz IV laws and Agenda 2010.

After the parliamentary (Bundestag) election in September made clear that welfare cuts on a large scale could not be implemented along the lines advocated by the leader of the "free market" Free Democratic Party (FDP), Guido Westerwelle, and the flat-tax advocate Paul Kirchhof, the SPD undertook the job of levering Merkel and the CDU into power despite widespread popular opposition. In her government statement the new chancellor thanked the SPD for its support and praised its "constructive cooperation."

The CDU chancellor also alluded to another well-known Social Democrat. In the 1970s, SPD leader Willy Brandt coined the slogan "Let us dare to have more democracy," which at that time provoked a number of heated debates. Merkel (who stems from the former East Germany) commented that for those "on the other side of the (Berlin) wall" Brandt's words sounded "like music." She continued: "Permit me to supplement this sentence today and say: 'Let us dare to have more freedom!'"

What followed was a form of "newspeak" that would have left George Orwell speechless. The freedom to which Merkel refers is the freedom of the market: i.e., the freedom of the wealthy from any sort of social responsibility, the liberation of entrepreneurs from any commitment to fixed wages or social security contributions, and the stripping away of any democratic control over the government—a process already evident in the manner in which this government came to power. Called a year early, the September election was part of a political conspiracy to implement policies that had been broadly rejected by the population.

According to Merkel, citizens should be freed from the patronizing interference of the state. Nobody in future should be "patronized" with access to a state pension or health system. Those unable to pay contributions are "free" to leave the scheme. The unemployed, including many who have paid social insurance contributions for decades, are to receive a pittance aimed at forcing them to accept any sort of low-wage job. This, according to Merkel, is how one promotes "self-initiative," self-confidence and personal liberty.

The demagogy employed in the government statement was boundless. "Solidarity in the sphere of pensions and justice between generations" was the euphemism for an increase in the retirement age from 65 to 67, coupled with increases in individual contributions and cuts in pension benefits.

"More justice and equality of opportunity" means the gradual abolition of protection against dismissal for the newly employed, and "chain contracts" means lifting restrictions on employers with regard to short-term employment contracts. "More and better education" means the introduction of study fees, more competition between universities, and cuts in basic school provision.

The Social Democrats advised Merkel that she should at all costs avoid telling the blunt truth, as she had during the recent election campaign, with disastrous consequences for the CDU. Franz Müntefering, until recently SPD chairman and now vice chancellor and labor minister in the new cabinet, worked with Merkel in the elaboration of her inaugural speech. He told her she should strike the pose of a caring national mother, who is well aware of the worries of the less well off and is striving to come up with a remedy.

In her speech, Merkel declared that she could not address all social groups, but one group in particular was close to her heart: "I mean the weak, the ill, children and many elderly persons, those who need the solidarity and assistance of us all." The humanity of a society is shown by how it treats the weak, she avowed.

The hollowness of these words was exposed a few minutes later when she announced that her government would tighten the anti-welfare Hartz laws to save an additional €4 billion. In other words, large savings would be made at the expense of the poorest layers of society. The Hartz IV regulations, which have amalgamated unemployment relief and social welfare assistance, have already driven many families into poverty. Now these measures are to be expanded.

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Young people under 25 are to be stripped in future of any government support. They must, according to Merkel, be maintained "by their parents before entering the community." That did not prevent Merkel from declaring in the same breath that it was unfair to "deprive persons of the possibility of discovering their own potential."

Even more than its predecessors, the new government will concentrate on financing "employment instead of non-employment." The sections in the speech on labor policy were formulated in close consultation with Germany's business federations, and linked to the mass redundancies taking place in major enterprises.

The sharpening up of the Hartz laws is a boon to industry in two respects. On the one hand, the fear of dismissal, which after only 12 months leads to poverty-level benefits under Hartz IV, exerts a powerful pressure on workers to bow to company demands, whether in the form of wage cuts or attacks on working conditions. On the other hand, workers who are dismissed are forced after a short period to seek low-wage jobs or go without any source of income. The so-called "combination wage" announced by Merkel, whereby wages are partly financed by the state, is exclusively aimed at accelerating the growth of Germany's cheap labor sector.

Nothing disproves the social clichés in Merkel's speech so clearly as the plans to save €4 billion in the sphere of labor policy. So far all governments, including the previous Schröder government, have been anxious to give the appearance of doing something about the country's biggest social problem, mass unemployment. In his own first official statement, Schröder went so far as to say the success of his government depended on its ability to decrease unemployment.

The situation is completely different with Merkel. Her government is intent on using unemployment as an instrument to explode Germany's traditional social structure and tariff-based system of industrial relations. In so doing, Merkel is cooperating in the closest manner with the decision-makers of the major business concerns, who worked to ensure she was brought into power so as to introduce American-style conditions.

Recently the biggest US auto parts manufacturer, Delphi, demanded that the wages of its 33,000 unionized employees in the US be reduced from $27 to $10 per hour, along with massive cuts in pension and health insurance provisions.

The inauguration of the Merkel-Müntefering government signifies similar attacks in Germany. This government will not respond to popular pressure any differently than the French government reacted to the youth rebellion in the suburbs: i.e., it will employ repression.

The relatively short section at the end of Merkel's speech devoted to foreign and domestic security policy began by stressing that the fight against terrorism had implications for domestic affairs. In the name of the struggle against terror, the Federal Criminal Investigation Office is to receive new preventive powers, and the controversial police-witness regulation is to be expanded. Interior Minister Wolfgang Schäuble (CDU) used the recent kidnapping of a German hostage in Iraq to announce a new package of domestic security measures.

The government statement did not indicate to what extent the grand coalition will seek a closer foreign policy orientation to the US. Merkel stressed that a new federal government would strive "with all its strength for a close, honest, open and trusting" relationship in the transatlantic partnership. But the short paragraph on relations with the US was accompanied by a substantially longer passage on German-Russian relations.

In Merkel's words: "I would like here to call the exemplarily partnership between Germany and Russia a strategic partnership." Russia is indispensable not only as an important business partner, but as a "close ally in the fight against international terrorism" and for the "political stability of Europe."

Many media commentators praised Merkel's self-assurance in making the government statement, but did not go deeper.

Merkel became politically active at a point when mass demonstrations against the East German regime were being diverted in a pro-capitalist direction, aimed at smashing up the social mechanisms established in postwar Stalinist East Germany.

While all preceding West German politicians made their careers knowing that many social gains and welfare state mechanisms were the product of embittered labor disputes, and were aware that the abolition of such entitlements could not be achieved without social upheavals, Merkel and the new SPD chairman, Matthias Platzeck, who shares a similar political biography (also from East Germany), have no similar experience. It was no coincidence that Platzeck was among the first to congratulate Merkel on her speech.

The second reason for Merkel's self-assurance was very evident in the assembly hall of the Bundestag during her speech. There was no serious political opposition. FDP Chairman Westerwelle accused her of a "three steps policy," although Merkel had addressed his criticism at the end of her speech and argued that it was not an issue of talking big, but setting the right political course. For the Greens, Fritz Kuhn criticized the chancellor in a similar fashion to Westerwelle.

The absence of any significant political opposition to Merkel and the grand coalition was underscored by the intervention of Gregor Gysi, a leader of the Left Party/Party of Democratic Socialism. Apart from a few offhand remarks about a "completely unsuccessful financial policy," referring to a proposed 3 percent increase in value added tax—a comment which drew applause from the FDP—Gysi criticized the chancellor "as a woman" from whom he had expected "one or two words about equal rights." That was all he had to say.

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