

Germany: Government fears crisis will spur political radicalisation

Peter Schwarz
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The announcement Sunday by Chancellor Angela Merkel and Finance Minister Peer Steinbrück that the German government will guarantee all savings deposits is merely a statement of political intent that they have no intention of codifying into law.

There will be "no legislative process," Treasury spokesman Torsten Albig confirmed on Monday morning. Rather, the pledge signifies a "clear political statement by the chancellor and finance minister."

Social Democratic Party (SPD) budgetary spokesman Otto Fricke said he believed that without a legal foundation such a guarantee was virtually worthless. "The statement guaranteeing savings deposits is nothing more than a declaration of political intent," he said. "It resembles the promise by [former labour minister] Norbert Blüm that pensions are safe." The pensions guarantee made by the Christian Democrat Blüm in the 1980s is regarded to this day as a classic example of a broken political promise.

Merkel's and Steinbrück's promise of a guarantee of savings deposits is based on a daring economic calculation-that they will never be called upon to carry it out. It is meant to calm savers and small investors and prevent a run on the banks, which could lead to a collapse of the entire financial system.

If, contrary to their expectations, they were called upon to make good on their pledge, nobody knows what would happen. There are no funds or reserves to secure the assets concerned, whose sum has been estimated at more than a trillion euros. The only option would be to enormously increase the state debt, which in the past Steinbrück has always vehemently rejected.

Underlying Merkel's and Steinbrück's risky promise lie, above all, political motives. They fear a popular radicalisation and movement to the left if they pay out billions to rescue insolvent banks, revealing themselves

all too openly as the lackeys of finance capital.

Of all people, it is Merkel who is now wagging her finger at the banks, as if she had taken lessons in rhetoric from the leader of the Left Party, Oskar Lafontaine. This is the same Merkel who five years ago had staunchly defended a neo-liberal "reform course" at the Christian Democratic Union (CDU) party conference in Leipzig. At a recent party meeting in Wiesbaden, she ranted and raved that a competent state needed to act now to prevent "what irresponsible bankers everywhere in the world have brought about." One needs markets with rules instead of untamed markets "in which profits are the only thing that counts," said Merkel.

And Steinbrück, who has always regarded slashing public spending as his highest goal and relentlessly defends the attacks on welfare and workers' rights contained in the "Agenda 2010" policies, has suddenly become the munificent protector of small savers.

Over the last days, several comments have appeared in the press warning that the financial crisis is undermining confidence in the state. After years in which the government has regarded market deregulation and the dismantling of social gains as its core tasks, now it must clearly distance itself from the interests of finance capital, in order to retain some shred of credibility.

In the online edition of the newsweekly *Die Zeit*, Ludwig Greven expresses the fear that the financial crisis threatens to become "a crisis of democracy." Answering his own question-who governs Germany, the government or the leaders of finance capital?- he responds: "To all intents and purposes, it is the banks and the financial markets."

Now, politicians in Germany not only have "to contend with the threatening meltdown of the financial system," Greven concludes: "It also concerns the legitimacy of politics, and in particular the social reforms of recent years, which apparently were driven by capital's same

greedy appetites." Ever more people ask themselves, "why must they accept massive cuts in social spending and wages when there is obviously more than enough money to rescue the banks."

If politicians now limit their role to providing "emergency aid, ignoring the dangerous effects on political moods," Greven writes, "then the global financial crisis could also produce a crisis of our Western democratic system. Those profiting would be left-wing and right-wing populists and dangerous demagogues...."

Heribert Prantl argues similarly in the *Süddeutsche Zeitung*. The global financial crisis is not only about confidence in the money markets, he writes: "It also concerns faith in the sovereignty and capacity of democracy.... It is not only about plugging up gigantic monetary holes, but also ensuring that the crisis of global capitalism does not become a global crisis of democracy."

So far, the "top managers of the money markets" have behaved "as if democracy were a playground for the ordinary citizen," because "real decisions are made on the stock exchange floor." The enormous funds for the stabilisation of the financial systems must now be "linked to safeguards that contribute to the stabilisation of democracy and which instill confidence in the democratic structures."

Ulrich Schäfer, also writing in the *Süddeutsche Zeitung*, remarks that the chancellor and her finance minister have behaved like "the victims of an unparalleled extortion racket, in which the financial markets have taken hostage an entire government and a whole nation." He goes so far as to compare the financial markets to the terrorists of the Red Army Faction (RAF), who had threatened the government of Helmut Schmidt in the autumn of 1977.

None of these comments oppose the government allowing the banks and speculators to help themselves to billions in tax funds. They are more concerned with keeping up appearances. They want to ensure that the anger at this screaming injustice does not take a new direction, turning against the capitalist system that is responsible for it.

The memory of the financial and banking crises of the 1920s and 1930s is still alive in Germany. In 1923, spiralling inflation destroyed the savings of the middle class and drove millions of workers into misery, while some industrialists made billions, such as Hugo Stinnes. In the autumn of that year, Germany stood on the verge of a socialist revolution, which only failed because the Communist Party was insufficiently prepared.

The banking crises of 1929 and 1931 finally sealed the

fate of the Weimar Republic. In the latest edition of *Der Spiegel*, even Interior Minister Wolfgang Schäuble (CDU) recalls this historical connection. "The consequences of the depression were Adolf Hitler and indirectly the Second World War and Auschwitz," he writes.

However, Schäuble forgets to mention that democracy had already been eliminated by 1930 by the Zentrum Party, the predecessor of his own CDU. Chancellor Heinrich Brüning (Zentrum Party) shifted the effects of the crisis onto the backs of working people by means of emergency decrees; he suppressed their resistance and was supported in this effort by the SPD. This opened the path to power for Hitler, who was made chancellor three years later. Hitler was supported by influential circles of industrialists and businessmen, who needed the Nazis to smash the workers' movement.

Schäuble is quite prepared to walk in Brüning's footsteps. His most important contribution in the present crisis consists of his attempt to legalise the deployment of the Armed Forces for domestic operations—a goal he has pursued for 15 years. Until now, Schäuble had failed to achieve the two-thirds majority required to pass the constitutional amendment legalising such a deployment, but the SPD has now signaled its agreement.

This should be taken as a serious warning. The international financial crisis has revealed the bankruptcy of the capitalist system, which is based on the private ownership of the means of production and the enrichment of a tiny minority at the expense of the overwhelming majority. But the ruling elite is not about to give up its privileges voluntarily. While it lulls the public to sleep with the illusion that capitalism can be restrained and regulated, it simultaneously is preparing for the violent suppression of any social and political resistance.



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