

German election to usher in government of austerity and confrontation

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A number of party congresses and meetings of party leaders were held last weekend in the run-up to the German parliamentary election taking place this Sunday.

In a special party congress held in Potsdam, the free-market Free Democratic Party (FDP) committed itself to a “bourgeois coalition” with the Christian Democratic Union (CDU) and Christian Social Union (CSU). At the same time the FDP “definitely” ruled out any government coalition with the Social Democrats (SPD) or the Greens.

For their part, the Greens ruled out a “Jamaica coalition” (CDU/CSU, FDP and the Greens) at a party congress in Berlin, but left open the possibility of government cooperation with the CDU/CSU. And once again the SPD reaffirmed its opposition to any cooperation with the Left Party at a federal level.

Rarely before have voters been subjected to such restrictions placed on their choice of government. No matter what party the electorate votes for this Sunday, the result will be a government that is immune to the interests of the electorate and is intent on implementing the interests of the ruling economic and political elite at the expense of the majority of the population.

The decision by the FDP to rule out a coalition with the SPD and Greens is particularly significant. If the conservative union parties (CDU/CSU) plus the FDP are unable to obtain an overall majority then the only remaining government constellation is a continuation of the current ruling coalition between the union parties and the SPD. The FDP, which has often played a key role in the past to indicate a new political course, did not arrive at its decision for merely tactical electoral reasons. The party enjoys close relations with business leaders and employers’ associations and acts in their interest.

A government coalition between the CDU/CSU and the FDP is the preferred choice of the business federations. Not only would the FDP guarantee its interests, the FDP in government would also strengthen the pro-business wing of the Union, which has repeatedly accused Chancellor Angela Merkel of being too conciliatory on social issues.

However, should a CDU/CSU/FDP constellation fail to win enough votes—as was the case in the last federal election in 2005—then the next best option for business circles is a continuation of the grand coalition. The Greens and the Left Party have repeatedly demonstrated their own reliability when it comes to the interests of the ruling elite—the Greens between 1998 to 2005 as part of the coalition government with the SPD, and the Party of Democratic Socialism/Left Party for its role in the Berlin Senate over the past eight years.

Nevertheless, any three-party coalition would represent new territory for German politics and be susceptible to crises arising from internal tensions between the partners. At this stage the Greens and above all the Left Party are being held in reserve to head off social discontent and when needed take part in a future government.

For these reasons, a new edition of the grand coalition, which has already implemented a series of major attacks on social gains (an increase in the value added tax, health reforms, an increase in the working life to age 67), is regarded as a more stable prospect. Such a government would have the task of not merely continuing its current policy but, in light of the finance crisis, massively stepping up social and political attacks against the population.

In the wake of the financial crisis business leaders are now demanding a change of policy with regard to welfare cuts. This is clear from a number of media

reports on the effects of the crisis in the form of mass unemployment, shortfalls in revenue, the collapse of social security systems and state indebtedness.

Just a few days ago, *Wirtschaftswoche* magazine published an editorial headlined “What nobody wants to talk about before the election.” The authors write that the day after the election “Germans will wake up in another country.” There will be no more talk of the promises made in the “so-called election campaign.” Instead the agenda will be dominated by “a €152 billion shortfall in revenue, €320 billion in new debts, huge deficits in social insurance, 90,000 jobs endangered in the auto industry, 180,000 jobs at risk in the financial sector, from 4 to 5 million unemployed altogether.”

After election day the “autumn of bitter truth” will begin. The federal republic confronts a historic juncture. According to Christoph Butterwegge, a political scientist at the University of Cologne, “There will be a blood, sweat and tears speech and an Agenda 2020. Every government will seek to transfer the burden of the crisis onto the citizen.”

Other articles also point out that the economic crisis has made a mockery of the treasury’s budget plans. The federal budget, debts and interest charges will rise dramatically in the course of the coming years. In this year alone the government will be forced to acquire an additional €49 billion in new debt. Next year this figure will rise to €86 billion. For the next legislative period, tax experts anticipate a loss of receipts for the government totalling €320 billion.

“The state will have to take away €34 billion from the citizen in the years 2011 to 2013—this is three times as much as the annual budget for education and research,” writes *Wirtschaftswoche*.

The German Institute for Economic Research (DIW) calls for a “relentless checking of the books” to demonstrate that there is no room for manoeuvre on financial policy and that drastic social cuts must be implemented. At the same time the institute suggests an increase in popular taxes, included the raising of VAT from 19 to 25 percent together with increased taxes for energy and real estate. This would lead to dramatic price and rent increases.

The new unemployment figures will also be announced in the week after the election. One leading economic expert, Wolfgang Franz, estimates it will rise

in the coming months to 4.4 million. This number could be much higher, however, if many workers currently on short-time working also lose their jobs. Rising unemployment leads in turn to decreased tax revenues and rising expenditure for unemployment benefits. The Federal Institution of Labour (BA) estimates a deficit in its budget for the coming year of between €17 billion and €20 billion.

On Sunday evening Finance Minister Peer Steinbrück (SPD) and Economics Minister Karl Theodor zu Guttenberg (CSU) appeared on the “Anne Will” talk show to announce a sharp austerity course. The economic crisis dictates terms to the incoming government—irrespective of its composition—Steinbrück said, stressing that there would be “clear changes” in respect to both income and expenditure. Citizens should prepare themselves for social cuts.

Guttenberg added that there would be years “when savings have to be made and some dearly-loved accomplishments sacrificed.” This aristocratic pup, who lives in his family seat, Castle Guttenberg in Upper Franconia, embodies the arrogance of the financial aristocracy, who regard their own luxurious lives as god-given while demanding austerity measures for the population.

An “economic strategy document” has been drawn up in his ministry that makes clear what he means by “dearly loved accomplishments.” The document includes the dismantling of existing sick pay provisions, restrictions to be placed on legal protection against dismissal, expansion of cheap wage labour and part-time work, the weakening of contractual agreements, and much more.

All of the social achievements now to be smashed were created by earlier generations in long and bitter struggles. The crisis is now to be used to effect a fundamental change in social relations and hurl the working class back to the living conditions of their great-grandfathers. The election on Sunday augurs a new stage of violent social conflict.



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