

Germany: A government of social confrontation

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The new German government, comprising the Christian Democratic Union/Christian Social Union (CDU/CSU) and the Free Democratic Party (FDP), sworn in on Wednesday, is preparing to launch extensive attacks on social conditions and democratic rights. Social achievements have already been considerably diminished over the last years, first under the Social Democratic Party (SPD)-Green Party government and then the CDU/CSU-SPD grand coalition. Now all that remains of the welfare state is to be destroyed.

The government parties have been negotiating a coalition agreement for four weeks. What has emerged is a document that places the interests of big business and the wealthy at the centre in every area of society. All social costs borne by business are considered to be an obstacle to competitiveness and are now placed in question. Under the slogan "Promote economic growth!" the retrogressive social redistribution from those at the bottom to those at the top is to be drastically accelerated.

All the government parties are agreed that the burden of the economic crisis and the ballooning state debt, which has drastically risen with the bank rescue package of €480 billion and the subsequent reflationary programme, is to be placed upon the backs of the general population.

In order not to immediately provoke resistance, the coalition agreement was kept very general regarding many questions. One of the most frequent formulations used is, "We are striving to...." The elaboration of the social devastation is being left to "experts" in the individual government departments.

The details of the company taxation reforms, to be implemented at the beginning of next year, will be laid down in the "economic growth acceleration law." By the following year at the latest, the handouts to big business will be recouped at the expense of the public, with reference to the "debt brake" recently anchored in the constitution.

The demand of the FDP to abolish trade tax, the most important source of income for the municipalities, has yet to be finally decided. However, the government wants to establish a commission to prepare proposals to reorganize local government finances. Several state premiers have already spoken out and warned of interference by the federal government in local finances. They fear that the already highly indebted city and municipal administrations could be driven bankrupt, with dramatic consequences for the services on which ordinary people depend.

Like a tranquilizer given to a patient facing an amputation, the

coalition agreement includes some calmatives for the population. For example, it was announced that child benefit would be increased by €20 from its present level of €164 a month. Beyond that the agreement states, "We are striving to implement a tax reduction for those with small and medium incomes, as well as for families and children," which will come into effect gradually starting from 2011.

These measures too will primarily benefit high earners, who are able to claim the increased child tax allowance and thus save amounts far higher than the €20 additional child benefit. Many low earners will not benefit at all, since their incomes are below the tax threshold. Families on small incomes will be all the more hit by the rise in social insurance contributions, which is to be borne exclusively by employees, and will be changed over gradually to a flat-rate charge. They will also be particularly hard hit by the increase in water and electricity tariffs, which is threatened because of the introduction of value added tax for public enterprises.

Numerous calculations show that poorer families will face heavier burdens in future, and only those with higher earnings will benefit if the pledges in the coalition agreement are kept. But that, itself, is somewhat questionable because one of its most important statements reads, "All measures in the coalition agreement are subject to available funding."

While the coalition agreement is vague in many details and is limited to declarations of intent, the roll call of the new ministers leaves no doubt about where things are headed. The FDP is very strongly represented in the cabinet, with five ministries (Foreign Affairs, Economy, Justice, Health and Development Aid). The CSU is restricted to three ministries and the CDU to seven.

One of the most important personnel decisions concerns Wolfgang Schäuble (CDU). Previously the interior minister in the grand coalition, he is now in charge of the Treasury. The 67-year-old has sat in the Bundestag (parliament) since 1972 and is the only cabinet member who was in the federal government before German reunification in 1991. Before 1989 he headed Helmut Kohl's chancellery. At the time of the fall of the Berlin Wall he was interior minister and negotiated the unification agreement with the government of East Germany.

During the last four years, in his second term of office as interior minister, he has ensured the systematic expansion of the powers of the police and secret services. Against previous constitutional norms he advocates the deployment of the armed forces at home,

has developed the state's ability to monitor the general population, and has curtailed civil rights.

Schäuble is an experienced representative of the state apparatus, and possesses the full confidence of big business. He will not be afraid to implement drastic austerity measures and cuts in the social welfare system, even against substantial resistance from the general population. Many in the media have welcomed his appointment as finance minister, saying he is "ideal" for the post because he possesses political experience and the ability to get things done, and has nothing more to lose. Thus the *Financial Times* commented that the chancellor had placed an important ministry in the hands of an experienced ally who was quite prepared to administer the necessary "bitter medicine."

In his first statement, Schäuble has already made clear that he considers drastic austerity measures to be inevitable.

A second personnel decision that is indicative of the direction of the new government is the appointment of the up-and-coming Philipp Rösler (FDP) as minister of health. The 36-year-old is the youngest person in the cabinet and represents a layer of privileged social climbers, who regard the social insurance system and its associated principle of social solidarity as an unreasonable restriction on their personal enrichment.

Rösler trained as a physician, and has made his career in a party that identifies itself unrestrainedly with the pharmaceutical, medical and pharmacist lobby. His appointment as minister of health means that the government is intent on smashing the social insurance system. The state-backed pensions, health and nursing care insurance are to be transferred into a "private model," in which the insured "can decide for themselves" the care they receive, according to the size of their purse. "Unbureaucratic self-participation is essential for cost and health-conscious behaviour," says Rösler.

In the FDP election programme this was described as follows: "We counterpose individual responsibility against the bureaucratic excrescences of the social democratic welfare state. We are for the liberal welfare state. The central state function is not the creation of absolute equality, but the protection of equal opportunities and benefits for all people.... The policy of state-ordered equality has always led to bondage."

Likewise of importance is the change by Karl-Theodor zu Guttenberg (CSU) from the economics ministry to defence, which in view of the increasing significance of the international missions by the armed forces has mutated into a kind of second foreign ministry. The 38-year-old baron is descended from several aristocratic families that are closely linked with the tradition of German militarism. His wife is the countess of Bismarck-Schönhausen. His mother Christiane is the daughter of the count von Eltz and is a close confidante of the former Croatian president, Franjo Tudjman. Her second marriage was to Adolf Henkell von Ribbentrop, the son of Hitler's foreign minister, who thereby became Guttenberg's stepfather.

Already during the coalition negotiations, conflicts became apparent within the new government and within the coalition parties. The *Süddeutsche Zeitung* lead headline on Tuesday read, "The coalition has begun—the controversy is already there." The signing of the coalition agreement was overshadowed by fierce

conflicts over tax and public health policy.

However, it would be wrong to draw from the internal conflicts of the government that it will not implement the planned attacks. The strength of the Merkel-Westerwelle coalition arises less from its own strength and unanimity, than the absence of any opposition that can be taken seriously. The SPD, the Greens and the Left Party have all made clear in their own way that they agree with the basic aims of the new government.

This week in Thuringia and in Saarland, the SPD and the Greens respectively have voted by a large majority to form a coalition with the CDU in the state legislatures, thereby making it unmistakably clear to Chancellor Angela Merkel that she can count on their support. The Left Party has signed a coalition agreement with the SPD in Brandenburg, whose quintessential aim is the dismantling of one in five public sector jobs—a task that the CDU would hardly have been able to implement in view of the resistance that can be expected.

The trade unions have also already signalled their agreement with the new government. The deputy German Trade Union Federation chair, Ingrid Sehrbrock, voted for the coalition agreement at the CDU party congress. And the boss of the IG Metall, Berthold Huber, announced one day after the signing of the coalition agreement that his union will practice restraint when it comes to wages. "I don't for the moment see that we will be posing high wage demands," he said. The *Süddeutsche Zeitung* concluded, "The trade unionist is sending a clear signal, particularly to the new government."

Behind the new government stands an all-party coalition, supported by the unions. This is encouraging Merkel, Westerwelle, Schäuble and Co. to launch an all-out attack on the welfare state and the living standards of the general population. The working class must prepare for fierce political struggles and draw the necessary conclusions. It needs a new party, one that enables it to intervene in political events independently of the establishment parties and trade unions.



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