

# “Left” figurehead of German Left Party praises meritocracy and the market

**Peter Schwarz****20 June 2011**

The German Left Party, which had only “programmatic key points” until now, is set to adopt a full party programme in October in Erfurt. In preparation, the party is undergoing a clear ideological and political shift to the right. Symptomatic is the latest book by deputy party chair Sahra Wagenknecht, “Freedom instead of capitalism”.

Wagenknecht joined the SED, the Stalinist ruling party of East Germany (GDR), shortly before the fall of the Berlin Wall in 1989—the year she turned 20 years of age. She then served as figurehead for the so-called Communist Platform inside the successor to the SED, the Party of Democratic Socialism (PDS). Her group was based mainly on old SED members who had lost their status and their role with the collapse of the GDR and looked with nostalgia to the Stalinist regime that had ruled in East Berlin. Wagenknecht frequently referred to Marx and even dressed like Rosa Luxemburg. However, her opinions had little to do with Marxism, and were more in line with Stalinism.

In the meantime, Wagenknecht has become the deputy chair of the Left Party, the successor to the PDS. She sits in the Bundestag (federal parliament) as the party’s economic spokesperson. Her membership in the Communist Platform has been “resting” for the last year. Marx and Luxemburg have disappeared from her latest book; the only Marx she quotes is not Karl, the socialist, but Reinhard, the Archbishop of Munich.

Instead of the economic doctrines of Karl Marx, she now praises the teachings of Walter Eucken and Alfred Müller-Armack, the theorists of so-called *ordo-liberalism*. Ludwig Erhard, the Christian Democratic Union (CDU) economics minister and chancellor of the post-war period, has replaced the leaders of the GDR, Walter Ulbricht and Erich Honecker, as her political model.

The entire first chapter of the book is dedicated to the praises of Ludwig Erhard and the *ordo-liberal* school, which developed its economic theories in the 1930s. While Eucken was critical of the Nazi regime, and came into conflict with it on several occasions, Müller-Armack had been a member of the Nazi party since 1933 (about which Wagenknecht says nothing) and was an advisor to the Nazi regime.

*Ordo-liberalism* is a specifically German form of *neo-liberalism*. It advocates private ownership and the free market, but wants to see them controlled through state regulation. Its central thesis is that “markets can exert their beneficial effects only in a strong regulatory framework that is defined by the state”, as another supporter of *ordo-liberalism*, the conservative head of the Ifo

Institute, Hans-Werner Sinn, writes.

Eucken, who published his major work in 1939, strictly rejected the steering of the economy by the state. For him, the market economy was the antithesis of a command economy—which he saw in both Nazi Germany and the Soviet Union—and an essential precondition of political freedom. By market economy, however, he did not mean a policy of “laissez-faire”. Rather, the state should lay down the framework so that no monopolies or other concentrations of economic power could develop and “full competition” is guaranteed.

Although Eucken developed his theories in response to Nazism and Stalinism, it is easy to discover their roots in historical German traditions. German capitalism could never afford “Manchester liberalism” along the British or American model, since it evolved many years later than its British and international competitors.

In the battle against its rivals abroad and against the labour movement at home, German capitalism had to rely on a strong state. For this reason, the German bourgeoisie abandoned the struggle for democratic rights in the nineteenth century and came to terms with the authoritarian regime of Bismarck and the Hohenzollern.

After the Second World War, German big business was then forced to bite their lips. Their close connections with the Nazi regime and complicity in its crimes were all too obvious for them to simply proceed with “business as usual”. Socialist sentiments were widespread among the people.

It was under these circumstances that the *ordo-liberal*s invented the “social market economy.” Their central thesis was that the social demands of the working class could also be satisfied without the overthrow of capitalism, if the government ensured the appropriate ground rules were upheld.

“The *ordo-liberal*s assumed that a market economy embedded by strict rules and proper social legislation was no longer hostile to the common good, but could be made to serve it,” as Sahra Wagenknecht writes.

Six decades later, Wagenknecht is now enthused by this idea. The thesis that socialism is liberalism consistently applied runs through her book like a thread. It is a paean to competition, meritocracy and individual responsibility as defined by the *ordo-liberal*s, whose teachings, consistently applied, supposedly lead directly to socialism.

“It is time to show how, when you think through the original free

market ideas to the end, this leads directly to socialism, a socialism that upholds not centralism, but performance and competition,” she writes in the preface.

Wagenknecht explains the contradictions, turmoil and crisis of contemporary capitalism, which she describes at length throughout the book, by the fact that the teachings of the ordo-liberals were not followed consistently, as a result of the “broken promise of Ludwig Erhard,” as one chapter heading in her book reads. “People like Eucken, Müller-Armack and others have eloquently warned of exactly that fatal malformation, whose consequences we are experiencing today,” she writes. Elsewhere she says: “The failure of today’s capitalism is not that it is a meritocracy, but that it is not a meritocracy.”

Wagenknecht interprets the failure of the Soviet Union and East Germany in the spirit of the ordo-liberals as well. The suppression of workers’ democracy, the takeover of power by the Stalinist bureaucracy and its abuse of the planned economy to satisfy its privileges are irrelevant for her. Instead, Wagenknecht makes the planned economy itself responsible for the failure; the attempt to “replace market relations between enterprises with a detailed plan for the entire economy”. There is “strong evidence that the inefficiency of the eastern economies is due to this approach and is closely related to missing or incorrect incentives”.

Finally, she summarises her own idea of a “creative socialism” as follows: “Creative Socialism has abandoned the idea of planned economic centralism. It calls for more competition, not less, but where only pseudo-competition takes place because natural monopolies and oligopolies use their market power to prevent competition, the state is called upon to intervene. There is a market economy without capitalism and socialism without a planned economy”.

Wagenknecht’s attempts to make Eucken, Müller-Armack and Ludwig Erhard into the pioneers of socialism are historically absurd. The “social market economy”, which to this day all the bourgeois parties in Germany proclaim, was not a precursor to socialism. On the contrary, it served to prevent a socialist revolution and save the property of the Krupps, Fricks and other war criminals.

Furthermore, as part of the “social market economy,” the close corporatist intertwining of trade unions, business and the state was enshrined in law, which today plays a key role in helping to destroy jobs and cut welfare.

The social reforms of the post-war period were not a gift from well-meaning politicians and economists, who were convinced of the ideal of a social market economy, but were forced concessions, which were often preceded by bitter class struggles. For example, in 1956-1957, metal workers in Schleswig-Holstein won the right to sick pay through a 16-week strike.

Ludwig Erhard, whose promise of “prosperity for all” serves as a leitmotif for Wagenknecht’s book, was hated by workers. He had to vacate the chancellor’s office in 1966, not least because of mass opposition from miners to pit closures. But for Wagenknecht, the working class and the class struggle play no role. Here she remains true to her Stalinist traditions.

Even if one disregards the fact that Wagenknecht idealises the era of Adenauer and Erhard, it is just as impossible to return to it

as for an octogenarian to slip into the skin of a 20-year-old. The economic boom of the post-war period, which gave the conception of the “social market economy” a certain credibility, also created the conditions for its failure. The internal laws of capital accumulation, without which capitalism cannot exist, inevitably result in economic and social crises. Proving this was one of the great achievements of Karl Marx.

For Wagenknecht, as we have seen, the crisis has purely subjective grounds; it is the result of “Ludwig Erhard’s broken promises”. One could thus dismiss her book as inconsequential, as a fantasy far away from reality. But this is not the case. Even wrong ideas have practical consequences.

Wagenknecht’s paean to competition, meritocracy and Ludwig Erhard is a clear signal to the ruling class that the Left Party is ready to defend capitalist rule by all means, while ever-broader layers of workers come into conflict with it.

Wagenknecht’s declared belief in a strong state anticipates a development that is increasingly winning support within the ruling class. Wagenknecht emphasises the organising role of the state vis-à-vis the banks and large corporations. But the state regulation of the capitalist economy is not possible without putting the working class and its organisations in their place. It is no coincidence that corporatism, the close collaboration of workers and employers and the rejection of labour struggles, was first developed by Italian fascism.

In foreign policy, a strong, military armed state increasingly gains in importance in face of growing national contradictions. In this context, it is significant that Wagenknecht is demanding import tariffs against low-wage countries. It would be “worth considering making products from countries that can be incomparably cheap only because of intolerable poverty wages and working conditions—not to speak of child labour—more expensive when imported into the EU through tariffs”, she writes.

Trade barriers, performance, competition—in face of growing national conflicts, mass unemployment, low-wage jobs and a deep crisis of capitalist society—these are the slogans of reaction. It is worth noting that they come from a woman who always claimed to represent the supposed “left” wing of the Left Party.

Wagenknecht speaks not only for herself. She has the full support of Oskar Lafontaine, who even after his resignation as party chair still counts among the most influential figures in the Left Party. Shortly after the publication of her book, Lafontaine stated in an article for *Tagespiegel*: “For me, socialism was and is nothing more than liberalism thought through to its end”.



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