Germany's Christian Democrats head toward a grand coalition

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Germany's Christian Democratic Union (CDU) recently held its party congress in Leipzig. Many media commentators characterised the programmatic direction elaborated at the congress as the "social democratization" of the CDU. The headline in the pro-social democratic weekly *Zeit* described the Leipzig gathering as a "congress for the grand coalition."

The orientation of the CDU towards a possible coalition with the Social Democratic Party (SPD) is anything but a "turn to the left," as suggested in the mainstream media. Rather, it expresses the desire of the German bourgeoisie for a strong government able to impose the austerity measures it deems necessary and organize Europe under its leadership.

The ever-worsening crisis of the euro has plunged the ruling coalition of the CDU with the Free Democratic Party (FDP) into a deep crisis. The CDU's Bavarian sister party, the Christian Social Union (CSU), and the FDP have resisted the enlargement of the European Financial Stability Facility (EFSF)—the euro bailout mechanism—which German big business regards as necessary to save the euro.

Sections of these parties, like the right wing within the CDU itself, oppose Germany contributing ever larger sums of money towards the rescue of the euro.

Politicians such as FDP parliamentary deputy Frank Schäffler argue vehemently against the European Stability Mechanism (ESM) and demand the expulsion from the euro zone of highly indebted countries like Greece. Others, like the former president of the Federation of German Industry (BDI) Olaf Henkel, advocate the splitting up of the euro area into a rich Northern zone under the leadership of Germany and a southern zone.

This view is at present not widely held within the German bourgeoisie, since the German export industry continues to profit considerably from the common currency.

Before the vote in September in the German Bundestag (parliament) on the agreement reached by the European Union last May to expand the EFSF, the four main German employers' associations issued a joint letter calling on parliament to approve the EFSF law. They wrote that the alternative was the threat of "incalculable consequences for the European Union and for the common currency."

The unions also vigorously defended this line. In a joint statement, the chair of the German Trade Union Federation (DGB), Michael Sommer, and the president of the Confederation of German Employers' Associations (BDA), Dieter Hundt, declared they "jointly sought approval for the expanded bailout mechanism EFSF." This was of "elemental interest" for "the entire German economy," they declared.

Under pressure from industry and the banks—the head of Deutsche Bank, Josef Ackermann, also spoke strongly for the expansion of the EFSF—the governmental coalition eventually agreed to support the increase in the EFSF. It is clear, however, that the sums allocated in the fund are insufficient to stabilize the euro.

While the FDP continues to criticize the European project, the CDU party congress wrote the maintenance of the euro into its programme as demanded by German big business. In a resolution entitled "A Strong Europe—A Good Future for Germany," it describes itself as being a "German European party" supporting "European integration" and the euro.

The CDU stated it wanted to defend the euro "along with all 17 members of the euro zone." Germany, in particular, would greatly benefit as "over 40 percent of German exports go to the euro zone." Furthermore, the resolution says, the EU's internal market is the "home market" that "makes our country strong internationally."

Under the heading, "The Stability of the Union—a Challenge to the Europe of Today," the CDU outlines the measures with which it wants to deal with the crisis. The party claims the crisis was caused primarily by the fact that "many countries lived beyond their means for many years." The only way out of the crisis is a "stability union," in which the draft budgets of the individual member states are controlled, with monitoring measures and sanctions tightened up. Only in this way can the goal of the "economic and monetary union" be completed.

The resolution thus approximates the positions of the Social

Democratic Party, the Greens and the Left Party, which has long since called for a "European Economic Union" that would be in a position to enforce the cuts demanded by the financial markets even more strongly and more quickly than before.

Although the resolution speaks against the introduction of euro bonds and in favour of the independence of the European Central Bank (ECB), it also states that "the purchase of government bonds by the ECB in the past few months was necessary for the overall stability of the euro." It says this was "acceptable as a last resort."

The *Financial Times* commented that the document showed Chancellor Angela Merkel had "more room for manoeuvre" to "fight the fire in the euro area." It would now be possible to soften the German "red line" in relation to the ECB and perhaps accept the introduction of euro bonds "someday."

The other European powers such as Britain and France, as well as the US, have for months been calling for the German government to allow the ECB to intervene as a lender of last resort to bring the euro crisis under control. To a certain extent, the CDU congress has set a course in this direction.

It has also made it clear that the German government is prepared to do this only on the condition that the other European nations accept the leadership of Germany within Europe. The final resolution on Europe states that "thanks to the responsible policies of the CDU-led federal government," Germany "is again a guarantor of financial stability and budgetary discipline on our continent." It continues: "Therefore, we can take up our responsibility in the interest of Europe and our country once again." Now, it is a matter of leading Europe "out of the debt crisis."

The leader of the CDU/CSU faction in the Bundestag, Volker Kauder, sharply attacked the other European powers in his speech to the congress and reinforced Germany's claim to play the leading role. He accused the members of the Monetary Union of only now understanding what the German chancellor had argued for a long time, i.e., that it was not the speculators who were responsible for the crisis, but that "we have not adhered to fiscal discipline." Now this idea has prevailed throughout Europe and "all at once, Europe is speaking German."

Kauder especially criticized Britain's European policies, declaring, "Britain also carries responsibility for making Europe a success. Only looking out for their own benefit and refusing to contribute is not the message we're letting the British get away with." Kauder was referring to Britain's rejection of a proposed financial transaction tax, which would mainly affect the UK financial sector in the City of London.

For its part, Britain calls for Germany to ensure that more money flows via the ECB, but, like France, is unwilling to accept the harsh stability criteria and sanction mechanisms demanded by Germany in return.

The CDU party congress in Leipzig has once again made clear the impossibility of uniting Europe under capitalism. Although the national governments are agreed on placing the entire burden of the crisis on the working class, the differences between the European powers are increasing, as each tries to exploit the crisis to its own advantage and ensure that the "rescue" of the euro and the EU corresponds to its own national interests.

Merkel's speech to the congress shows that the German ruling class is well aware what is at stake in the deepest crisis of capitalism since the 1930s. In view of the revolutions in Egypt and Tunisia, she spoke of "times of epochal change" and the fact that the CDU had to respond to the "breathtaking" changing times.

At the moment, this seems to point towards a grand coalition in Berlin. According to recent surveys, the government coalition partner, the FDP, is running at two percent, and the CDU/CSU-FDP government is politically weak and discredited among the population.

Merkel and the German bourgeoisie sense that the "epochal change", i.e., the intensifying social conflicts, can be mastered only with difficulty with the FDP. The old neo-liberal concepts advocated by the CDU at its last congress in 2003 also now look very inadequate.

The aim of powerful sections of the German bourgeoisie in the current situation, which was reflected in the positions adopted at the CDU congress to some degree, is to form a broad coalition of the CDU and SPD, which would supposedly stand above the classes, while intensifying the attacks on the working class in close collaboration with the trade unions. The function of such a government could be compared to the technocrats running the governments in Greece and Italy, whose job is to impose the attacks demanded by the banks and financial markets against the working class.

The call by the CDU for a minimum wage should be seen in this context. It is by no means a measure to abolish poverty wages, but rather to embed them more firmly in close cooperation with the unions, which are driven by the crisis to cling to the state even more closely and work even more relentlessly to suppress the class struggle.