

Germany's Left Party pledges support for debt ceiling

Hendrik Paul
19 April 2013

Legislation of a debt ceiling is one of the most important instruments used to compel federal, state and local administrations in Germany to enforce social cuts, layoffs and privatisations. Among other things, it ensures that no further debts can be incurred by state governments from the beginning of 2020.

Representatives of the Left Party have now openly endorsed this undemocratic amendment to the German constitution. On February 1, the Left Party parliamentary faction chairman in the state of Saxony, Rico Gebhardt, approved an amendment enshrining the debt ceiling in the state constitution and prohibiting any new debt.

Previously, Gebhardt had for eight months participated in talks with faction leaders from the governing Christian Democratic Union (CDU) and Free Democratic Party (FDP), as well as the Social Democratic Party (SPD) and the Greens, in order to finalise details of the constitutional amendment. The result was a joint statement that contains all the basic features of the new legal text.

The statement reads: "As a matter of principle, the budget is to be balanced without recourse to revenue from loans". Deviations from this principle will be permitted only in cases of "natural disasters" and "extraordinary emergencies". The state parliament is to determine whether a particular circumstance constitutes such an "emergency". Based on previous experience, it can be assumed that large-scale bank failures will pass as "natural disasters" and be spared the debt limit, while cuts in social spending will be justified by invoking the law.

The inclusion of a limitation on the acquisition of debt in the state constitution is aimed at buttressing the legal effectiveness of the federally enacted debt ceiling. This move has been undertaken due to legal

controversy about the validity of applying the federal law to the states. It also enables the debt ceiling to be introduced earlier than 2020 and gives the federal regulation more teeth.

After the Left Party's parliamentary faction in the Saxony had approved the debt ceiling, a minor state party conference in February—which included the party's state executive committee, coordinating committee, parliamentary faction and regional chairperson—voted by a narrow majority to reject new legislation and suspend negotiations.

Ultimately, how the Left Party faction finally votes on the issue in the state parliament is irrelevant, because passage of the new law does not require that party's support. From the very beginning, the Saxony branch of the Left Party has been primarily concerned with signalling the financial elite that it can be relied upon. Therefore, the state parliamentary faction received support from the ranks of the federal party.

Axel Troost, the federal faction's financial spokesman, stressed that his party had to acknowledge the debt ceiling as a reality. "With the inclusion of the debt ceiling in the constitution and the advent of the European Fiscal Compact, the situation has changed", he said. "These developments constitute the new reality!" It was to be "considered a certainty...that these two preconditions will predominate for the next 20 years."

Troost, a former member of the Stalinist German Communist Party, concluded by making it clear that the Left Party shares the objectives of the debt ceiling: "And, by the way, the Left Party is not in favour of heaping up unlimited debt; it stands for well-ordered public finances."

It is impossible to imagine a clearer formulation of the Left Party's support for social cuts. Following the

party's pledged allegiance to right-wing SPD chancellor candidate Peer Steinbrück, and its deputy leader Dietmar Bartsch's acknowledgement of the crippling Agenda 2010 economic reform as "not merely negative", this is another indication that the party is ready to help bring an SPD government into power.

As previously witnessed in Berlin, Brandenburg and North Rhine-Westphalia, the Left Party is again preparing to mount attacks on the social conditions of the population from the federal level. Its support of the debt ceiling makes this patently obvious.

The 2009 constitutional amendment, adopted by the SPD-CDU grand coalition at the time, strictly prescribes that the federal government is only allowed to borrow moneys amounting to a maximum of 0.35 percent of GDP from 2016. The states will not be permitted to take on any further debts at all from 2020.

The right of parliaments to determine budgets will thus be virtually eliminated. Furthermore, any government failing to win support for the required two-thirds majority for a new constitutional amendment will be committed to a rigorous austerity budget.

During the negotiations on the European Fiscal Compact, the German government also enforced the principle that all the euro countries must commit themselves to legislating a debt ceiling and reducing the annual budget deficit to below 3 percent of gross domestic product. The debt ceiling law is therefore one of the key mechanisms for attacking social conditions throughout Europe.

Left Party support for this means of waging the social welfare counterrevolution is completely in line with the series of right-wing positions adopted by the party in recent months: endorsing German imperialism in Syria, defending misdemeanours of the intelligence service, and applauding the Cyprus policy of the Merkel government.

These reactionary policies derive from the class orientation of the Left Party. Since its inception, it has served as a tool for the ruling elite to suppress the opposition of workers. The party was formed from former SPD and trade union officials in the west of the country, as well as ageing former Stalinist members of Socialist Unity Party in the east, all of whom had decades-long experience in the suppression of any independent movement of the working people. The role

of the Left Party today is to disguise and defend the government's anti-welfare attacks with left-wing rhetoric. The more social antagonisms sharpen and the more brutally the ruling elite proceeds against workers, the more clearly the nature of the party is revealed.



To contact the WSW and the Socialist Equality Party visit:

wsws.org/contact