

German conservative parties and social democrats discuss grand coalition pledged to deeper social attacks

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The failure of exploratory talks between the Christian Democratic Union (CDU) and Christian Social Union (CSU) and the Greens has increased the chances that the incoming German government will be a grand coalition between the “union” parties and the Social Democratic Party (SPD).

Negotiations between the conservative “union” parties and the SPD center on how to intensify the social attacks on the working class.

The decision of the Greens to end coalition talks with the CDU/CSU was not determined by the existence of substantive differences. After a second round of talks with leaders of the “union” parties that lasted seven hours, Green Party leaders emerged Tuesday night singing the praises of the conservatives.

Outgoing party leader Claudia Roth spoke of “fine conversations” that were marked “by understanding for the other side”. Especially in foreign policy, the interlocutors expressed similar views. Over issues such as the transatlantic alliance, Germany’s relationship with Israel and strengthening the United Nations there were “many similarities”, Roth said.

For his part, CDU General Secretary Hermann Gröhe said “nothing that could be regarded as an insurmountable obstacle” had emerged in the talks. CSU leader Horst Sheerer agreed, stating, “We made it clear again at the end that we regarded the outstanding points as surmountable.”

Green Party Chairman Cem Özdemir noted that the formal rejection of further coalition negotiations was not final. “The door is open, and will remain open for the foreseeable future”, Özdemir said.

Although the Greens have opted out of further talks with the CDU/CSU for internal tactical reasons, it has

issued a clear signal. The party agrees on fundamental issues with the current governing parties and is offering its services to serve as cheerleader for a future grand coalition. Especially with regard to the development of a more aggressive foreign policy, the Greens have already demonstrated their support.

The SPD made it clear before its exploratory talks that it had no basic differences with the CDU/CSU. In introducing the Agenda 2010 program while holding power in coalition with the Greens, the SPD imposed unprecedented wage and welfare cuts, while slashing taxes for the rich. Its experience in carrying through such attacks on the working class is seen as an asset for the incoming government.

According to a recent study by the International Monetary Fund (IMF), the cost to Germany of bailing out the banks following the crash of 2008/2009 amounts to 11 percent of the country’s economic output. This level is exceeded only by Greece and Ireland.

In addition, the German government has guaranteed hundreds of billions of euros for the European Stability Mechanism (ESM). This money is likely to be called upon, at least in part, to provide further debt relief for Greece.

The new coalition will have the task of recouping these sums by means of further public spending cuts. Tax increases for the rich announced by the SPD during its election campaign, or anything else that remotely resembles a burden on the rich, are no longer on the table. The “union” parties have made it clear they will not compromise on this issue, and SPD leader Sigmar Gabriel said recently that tax increases were “not an end in themselves.”

Little about the content of the talks is being made public. The media has reported far-reaching agreement on key policy issues, but the continued existence of certain differences between the negotiating parties. In particular, the premier of the state of North Rhine Westphalia (NRW), Hannelore Kraft, has clashed with representatives of the Bavarian CSU.

These conflicts centre on disputes over specific forms of income distribution. The state of Bavaria is a net contributor to federal funding, which NRW draws upon. The real debate, however, centres on how a new round of social attacks—which both the SPD and “union” parties regard as essential—can be most effectively imposed in the face of broad popular opposition.

In this respect, the introduction of a statutory minimum wage could be an important weapon. In its election campaign, the CDU rejected calls for a nationwide minimum wage and instead advocated minimum wages tied to specific industries and regions. The SPD, however, raised the demand for a uniform minimum wage of €8.50, to be subsequently regulated by a commission consisting of trade union and corporate officials.

On this issue, the “union” parties appear to be moving closer to the SPD. On Monday, the deputy leader of the CDU/CSU parliamentary group, Michael Fuchs, called for a uniform minimum wage. He suggested that the level of such a wage be negotiated by the unions and the employers’ associations and then made generally binding. Given the record of the German trade unions on wage issues, it is likely that a significantly lower minimum wage would emerge at the end.

There is also increasing support for a minimum wage in the media. In the lead article of the *Süddeutsche Zeitung* on Wednesday, Thomas Öchsner urged negotiators to reach a compromise. A minimum wage should be introduced and regulated by a commission, he wrote, but added that it did not have to be pegged at €8.50. It could be set lower. As a benchmark, he suggested, the German negotiators could use the British model, which excludes young workers and older workers involved in employment schemes.

In fact, there is nothing progressive in a minimum wage of €6.00, €7.00 or €8.00. Rather than reduce the low-wage sector, it would expand it. Even the Federal

Employment Agency evaluates hourly wages below €9.54 as low-wage. Such a statutory minimum wage would quickly become the new standard and place downward pressure on wages as a whole.

Many low-wage workers—the approximately 1.4 million people who rely on unemployment benefits in addition to their regular work—would not benefit from such a low wage. The only relief would be for the job centres themselves.

One of the architects of Agenda 2010, SPD member Bert Rürup, has explained that the depression of wage levels in general is the real purpose of a minimum wage. In an article for the weekly newspaper *Die Zeit*, he refers to unemployment benefits as a “combination wage model” by which the state subsidizes low wages in the private sector. This can function properly, however, only in conjunction with a minimum wage, he argues, because otherwise companies would have an incentive to continuously reduce wages, placing the financial burden increasingly on the employment offices.

The minimum wage is therefore a prerequisite for such a “combi-wage model”, he writes, and the full expansion of a low-wage sector. In this respect, it would be an important tool to impose other social attacks. Appropriately, Rürup entitles his column: “Complete the Agenda 2010!”

A future grand coalition can count on the support of the Greens and the Left Party with regard to the adoption of such a minimum wage. In the recent election campaign, the Greens advocated a minimum wage to be determined by a commission, with a lower limit of €7.50.

The Left Party campaigned for a minimum wage of €10. Immediately after the election, however, they offered the SPD and the Greens a deal involving a much lower minimum wage. In common with Öchsner and Rürup, Left Party Chairman Katja Kipping raised the British minimum wage, currently set at about €7.50, as a model.



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