Christian Democrats, Social Democrats form new German grand coalition goverment

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A storm of jubilation broke out in the Social Democratic Party (SPD) on Saturday afternoon, as the result was announced of the members' vote on the formation of a grand coalition with the Christian Democratic Union/Christian Social Union (CDU/CSU). Of the 370,000 party members participating in the vote, 76 percent voted for the coalition agreement.

"I've never been so proud of my party," SPD leader Sigmar Gabriel said. "The day will go down in the history of democracy in Germany."

The SPD and Gabriel are jubilant about a government that will soon become hated in Germany and throughout Europe. The focus of the 185-page coalition agreement is a continuation of the austerity measures that have plunged large parts of southern and eastern Europe into a social disaster and have led to a sharp rise of poverty in Germany.

The CDU, CSU, and SPD promise to comply strictly with the debt ceiling, and to refrain entirely from taking on any new debt after 2015. At European level, they are insisting on "strict, sustainable fiscal consolidation" and "structural reforms to increase competitiveness."

These guidelines—and not the flowery promises found in some passages of the agreement—will determine the government's future policy. This is further confirmed by the selection of ministers, who are being sworn in today in Berlin.

While most departments will be under new ministers, the 71-year-old Wolfgang Schäuble (CDU) remains Minister of Finance, and thus Chancellor Angela Merkel's right hand in the implementation of the austerity diktats at home and abroad.

Schäuble has been a member of the *Bundestag* (parliament) for 41 years, and has been a minister several times since 1984. He is infamous for ruthlessly representing the interests of big business. As interior minister in 1990, he negotiated the Unification Treaty with the former East Germany, which proved to be a goldmine for West German banks and corporations and a disaster for East German workers.

In the last four years, Schäuble's name has been inextricably linked to the brutal austerity measures in Greece. He has resisted all efforts to loosen these measures. In 2012, when the Greek government was no longer able to cope with popular opposition and decided on new elections, Schäuble arrogantly declared that the cuts were unavoidable and non-negotiable, "and the Greeks can vote however they want."

Another decision that shows the right-wing character of the new government is the naming of the Director of the European Central Bank (ECB) Jörg Asmussen as Secretary of State in the Ministry of Labour. Asmussen, an SPD member, will be responsible for the introduction of the minimum wage under the new Labour Minister Andrea Nahles, the former Secretary General of the SPD.

The 47-year-old financial expert Asmussen stands for the interests of finance capital, like no other German politician. He enjoyed a glittering career in the Finance Ministry, starting in 1996 under Theo Waigel (CSU), and which continued unbroken under his successors Oskar Lafontaine (SPD), Hans Eichel (SPD), Peer Steinbrück (SPD) and Wolfgang Schäuble (CDU). He distinguished himself as a pioneer of the deregulation of the financial markets, the development of the securitization market and the expansion of financial derivatives.

He sat both on the boards of banks that speculated with such instruments, as well as on the supervisory authority BaFin that was supposed to control them.

As a result, German banks—especially those for whose regulation Asmussen was responsible—were particularly hard hit by the financial crisis in 2007. The federal government had to step in with 130 billion euros to save the Hypo Real Estate bank from collapse. A parliamentary inquiry committee found Asmussen had "grossly violated

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his duty of care".

Since Asmussen had the support of the SPD and the CDU, however, it could do nothing against him. Instead, Asmussen represented the government in the bank rescue fund SoFFin, which made hundreds of billions of euros in public money available to the banks.

In January 2012, a proposal from Wolfgang Schäuble then saw Asmussen moved onto the Executive Board of the ECB, where he supervised austerity programmes in Southern Europe and the release of emergency loans to Greece, Portugal, and Ireland.

The fact that it will be Asmussen who is responsible for the introduction of the minimum wage, which the SPD trumpets as its greatest success in the coalition negotiations, confirms the fact that nothing progressive can be expected from this measure.

As the WSWS has already shown in a previous article, a statutory minimum wage will neither contribute to improving incomes, nor to a reduction in poverty. Rather, it will serve as a lever to force down the general level of wages and to involve the trade unions and the Left Party in the grand coalition.

The biggest surprise in the distribution of ministries was the appointment of Ursula von der Leyen (CDU) as defence minister. This trained physician and mother of seven had previously been labour minister and before that minister of family affairs.

As she has not demonstrated any special military aptitude, many media outlets interpret her appointment as preparation for a possible successor to Angela Merkel as chancellor. If she succeeds in taming the ministry, with its massive and hard-to-control apparatus, pushes *Bundeswehr* (Armed Forces) reforms through to the end, and masters confusing defence projects, then she is also suitable as chancellor, they say.

This is certainly the case. But von der Leyen's move to the ministry of defence also has a more immediate, political reason. The German military, whose commander in chief she now is as a result of her office, is being increasingly used for aggressive, imperialist ends.

President Gauck recently demanded that Germany must again play a role in Europe and in the world commensurate to its actual size and influence. "Our country is not an island. We should not indulge in the illusion that we are spared from the political and economic and military conflicts, if we do not participate in their solution," he warned in his speech on the Day of German Unity.

The trust that Merkel, with her rather parochial background, will fulfill this task is diminishing. Many press comments accuse her of only reacting to problems, saying she lacks vision and initiatives for the future.

For example, on the occasion of the withdrawal of German troops from Kunduz in Afghanistan in October, the *Süddeutsche Zeitung* wrote, "The Bundeswehr is indeed being converted into an army of intervention, but in the meantime, the criteria, objectives and purposes of such interventions are a foreign policy nowhere." The editorial expressed the expectation that "hopefully soon, a red or green successor will sit at the cabinet table, forcing the Chancellor to a discourse about Germany's role."

Ursula von der Leyen could take on this task. She is regarded as an aggressive, assertive politician, and is well connected internationally. Her father, Ernst Albrecht, was State Premier of Lower Saxony from 1976 to 1990, and belonged to the leadership of the CDU. He enjoyed relations with the nobility and deep into the far right.

His daughter Ursula grew up partly in Brussels. After her marriage to Heiko Echter von der Leyen, a cardiologist and director of a company that performs clinical trials, she spent several years in the United States. She speaks fluent French and English.

Through two of her brothers, she is familiar with the international appetites of German corporations. Hans-Holger Albrecht is CEO of Millicom International Cellular, which provides mobile phone networks and internet service in 15 African, Latin American and Asian countries under the brand name "tigo", aiming to double its sales by 2017 to $9 billion. Donatus Albrecht is a board member of Munich-based holding company Aurelius, which is active around the globe and achieved 1.3 billion euros in turnover in 2012.

If the grand coalition were to collapse, Ursula von der Leyen would also be suitable as Chancellor for a CDU-Greens coalition. In family policy, she has repeatedly been at odds with the right wing of her own party, and so has also won the hearts of many Greens. The Greens are also the most ardent advocates of "humanitarian" *Bundeswehr* missions. They have demanded greater German involvement in the Libyan and Syrian wars.

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