

# Germany's Social Democrats announce new round of social attacks

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In a guest commentary in Monday's edition of the *Süddeutsche Zeitung*, two Social Democrat (SPD) ministers in the grand coalition government led by Chancellor Angela Merkel, Sigmar Gabriel and Andrea Nahles, defended the Hartz IV welfare reforms and the Agenda 2010 of former German Chancellor Gerhard Schröder (SPD). They subsequently announced further attacks in what amounts to an Agenda 2020.

The Hartz IV reforms implemented by the SPD-Green Party government under Schröder and foreign minister Joschka Fischer (Greens) represented the greatest social attack in post-war Germany. Benefits were slashed for the unemployed, who were put under increased pressure to take on any job.

This had direct benefits for industry, as workers were blackmailed into accepting repeated wage reductions and social cuts. The result was a huge low-wage sector that is now being used to intensify the race to the bottom in social conditions.

SPD leader and Minister for Economic Affairs Gabriel and his party colleague, labour minister Nahles, praised Agenda 2010 in glowing terms. The SPD policy under Schröder "was driven by the desire to maintain Germany as an internationally competitive location", they write. The catastrophic consequences for the working class were described as a success.

The "labour market reforms of Agenda 2010 by the SPD and Greens", the two ministers write, "have contributed to a massive lowering of unemployment," although the "functioning social partnership in Germany and the employment-oriented collective bargaining policy of the industrial trade unions" had also assisted with its "internal flexibility".

This latter point is a euphemism for the fact that the trade unions were to a large extent involved in the planning and implementation of Agenda 2010, due to their suppression of protests against Hartz IV, as well as the low pay increases they agreed in contract negotiations. Without this collaboration, the existence of a low-wage sector in which

10 million people are employed would have been virtually impossible.

Contrary to incessant claims, low wages do not only, and not even mainly, affect those with poor qualifications. "Somewhat more than three quarters of all those employed for low wages have a professional (66.8 percent) or academic (8.6 percent) qualification", wrote Matthias Knuth of the Institute for Labour and Qualifications (IAQ) at the University of Duisburg in a recent analysis.

With remarkable cynicism, Gabriel and Nahles claimed that a low-wage sector had not been the aim of Agenda 2010. Rather it had resulted from the "abuse of employment methods originally conceived as a bridge to regular employment."

The new unemployment benefit II had actually been a blessing, they claim. "It was more than the previous social welfare", they argue early in their article. Because this basic minimum was paid by the federal government, it led to "relieving municipalities of more than €5 billion in expenditures". In reality, unemployment benefit II does not even cover the basic necessities, and the alleged relief for municipalities is outweighed by the increased burdens under which they have been placed by other reforms.

The reality is that the social cuts adopted since the Agenda policy of the SPD-Green government have been implemented by a worked-out strategy between the federal government, the states and municipalities. More than half of total spending by the cities on their social budgets has been eliminated, leading to rigorous cuts in this area, as well as in infrastructure.

Even the alleged correctives to the Hartz IV law promoted by the two leading Social Democrats on closer examination turn out to be a sham. As they write, the reform had "provoked insecurity", particularly among the elderly, who "had been fearing that in spite of decades of employment, they would end up on social welfare at the end of their working life." They still have such fears today. Yet Gabriel and Nahles go on to claim that in 2008 the length of time for which the elderly can claim unemployment benefit was

increased.

This sort of argument is typical. Until the end of January 2006, elderly workers over the age of 57 could claim the higher level of unemployment benefit I for 32 months. After that, the maximum period for unemployed over the age of 58 was cut to 18 months. The SPD ministers now present its increase to 24 months in 2008 as a “social corrective”.

The most important reform implemented as a corrective to Hartz IV was the introduction of the minimum wage, “because if we say that almost any job is worthwhile, we also have to make sure that one can live on it.” The minimum wage of €8.50 per hour equates to a gross monthly wage of less than €1,440 in a full-time job. This works out, depending on the family situation, at approximately €1,000 after tax. A regulated increase in the minimum wage is not planned for three or four years.

Labour Minister Nahles also neglects to mention that the minimum wage does not apply to the long-term unemployed. During the first six months of employment, companies can still pay workers less. The director of the IAQ, Gerhard Bosch, wrote of this, “For those employees affected, this could result in them ‘travelling’ between unemployment and short-term employment and never having any right to the minimum wage.”

In addition, many industries in which low wages are widespread, such as the meat industry, hairdressing, temporary work, have used the “functioning social partnership” with the trade unions to conclude pay agreements below the minimum wage, which according to a ruling by the ministry led by Nahles are valid until 2016.

The main message of the two SPD leaders should be taken by workers as a warning: “The dispute over Hartz IV and Agenda 2010 has ultimately been constructive, and has produced good results for the stability of the social system, as well as for those affected.”

Therefore, it was now “time to turn our attention to the future,” because Germany and Europe were today facing immense new challenges, such as the digitalisation of the workplace.

The “transformation to industry 4.0 and smart services” was required, they argue. For this, material production in Europe has to be combined with the revolution in information technology. “If we do not achieve this”, they write, “Europe faces falling back into hopelessness, torn between China as the new workshop of the world and the US as the home of Internet companies.” This language of economic warfare corresponds to the militarisation of Germany’s foreign policy.

Just as they have declared economic war on China and the US, they have also done so with the working class in their own country. Already in the German labour market there are

“providers of smart services, creative solo businessmen, start-ups, and loose networks of producers who are only temporarily connected, which are in turn well connected with traditional industry.”

Thus the Social Democrats intend to learn the lesson from Hartz IV that “along with improving job services, the reforms were aimed above all at establishing new forms of employment, not to replace normal labour relations, but to complement them.”

In other words, the precarious employment, temporary work, restricted labour relations, part-time employment and mini-jobs encouraged by Hartz IV, which led to a low-wage sector, are to be expanded to wider sections of workers in the industrial and IT branches in an Agenda 2020.

The auto industry, which Gabriel and Nahles mention by name, is already working towards improving competitiveness, not only through reducing wages with the aid of temporary work contracts, but also through a major increase in the flexibility of working hours. The two SPD leaders are apparently striving for something like a permanently available and on-call army of seemingly self-employed (“Creative solo businessmen in informal networks”), for whom companies carry no responsibilities for social welfare and who will not be paid during holidays or illness.

Like the Hartz IV regulations, which have already blackmailed workers in the private sector to accept lower wages, industry is to be strengthened to push its workforce of IT day labourers to accept further flexibility, deregulation and wage cuts. “Working from 9 to 5 will be the exception for most rather than the rule,” Gabriel and Nahles declare.

Their concluding statement is a declaration of war on the working class: “Just as at the beginning of this millennium we had the power and bravery to act, it will once again be the task of the SPD today to frame progress and the future.”



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