

Merkel's response to coronavirus: Draconian measures for German population, unlimited loans for corporations

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German Chancellor Angela Merkel announced sweeping emergency measures at a press conference on Monday evening in response to the rapid escalation of the coronavirus pandemic. The chancellor said that they included “very restrictive” measures that have not been seen in Germany in the post-war period.

External borders have been largely closed and strict controls introduced at border crossings. Businesses have largely been ordered closed, apart from supermarkets, chemists, fuel stations and banks. Opening times for restaurants are now severely restricted, with regulations to ensure a minimum distance between tables and limit the number of guests.

All schools, universities, and sport and recreational facilities are to be closed. Meetings in community colleges, musical institutes, and other private educational and recreational institutions are also now prohibited. Religious services are also banned, including in churches, mosques and synagogues.

These measures were a response to the rapid spread of the coronavirus in Germany, which should have been contained much sooner. The number of those infected shot up from 4,800 at the weekend to more than 9,000 on Tuesday evening, with 26 deaths. This is due to the fact that the federal government has responded with malign neglect to the spread of the pandemic and the swift growth of cases in Italy and Spain in particular.

The reduction of social contact is essential to slow the exponential spread of the pandemic—all experts agree on this point. But while the population's freedom of movement is being drastically curtailed, the government is doing virtually nothing to actively combat the dangerous disease.

Merkel made no reference to the need to carry out

comprehensive virus testing. Yet the experiences of China and South Korea make clear that comprehensive testing is decisive in containing the virus. The World Health Organisation has also urgently recommended such an approach. Merkel announced no additional measures to increase hospital capacity.

It is not people's lives, but the profits of big business that are the government's main priority. “We want to retain economic procedures as much as possible,” Merkel stated at the beginning of her press conference. Although she noted how dangerous close social contact is for spreading the virus, one area in which thousands of people stand side-by-side for hours at a time on a daily basis was conspicuous by its absence from her list of bans: production plants.

Workers are being forced to continue working, even in areas of industry that have absolutely nothing to do with securing the basic necessities of life.

The schools have been closed, but teachers are forced to enter contaminated buildings and draft emergency learning plans. The same goes for kindergartens and childcare centres.

Last Friday, the federal government announced a bailout package for businesses and banks “of an unlimited sum.” With the grand coalition and its Social Democrat (SPD)/Green Party predecessor having cut spending on health care and social services to the bone over decades, at least €500 billion will be made available to protect the banks and major corporations from the coronavirus crisis. This is more than the entire annual federal budget or the notorious 2008 bank bailout.

“We have enough money, and we're putting it to use,” stated Finance Minister Olaf Scholz (SPD), who

is a hard-line advocate of balanced budgets and no new government debt when confronted with calls for higher pensions or social welfare payments.

Scholz and Economy Minister Peter Altmeier (Christian Democrats) claim repeatedly that the issue is to “save employees and businesses,” and place great emphasis on jobs. But this is an outright deception. During the bank bailout of 2008, the talk was of the need to provide a social safety net for the workers. The result was sweeping social spending cuts and austerity programmes for the workers, while the financial elite enriched itself exponentially.

The programme includes measures to ease access to state support for workers on reduced hours, enable the state to pay social insurance contributions, offer liquidity to companies, and allow businesses to defer tax payments.

The class character of the grand coalition’s policies could hardly be made clearer. While coronavirus tests are denied and workers are compelled, in spite of an immediate threat of infection, into the factories, the state is opening the treasury without restrictions to the financial oligarchy.

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Major corporations in particular will benefit. While loans from the state-controlled Bank of Reconstruction (KfW) were up to now available to small and medium-sized businesses with an annual turnover of up to €500 million, this limit will now be increased to €2 billion. And in ongoing programmes for larger corporations, the limit for interest payments will be increased to €5 billion. The KfW’s assumption of risk will also be increased to 80 percent of the total loan.

“Government writes a blank cheque,” was the title of the news article in the right-wing daily *Frankfurter Allgemeine Zeitung*. “We’re not scattering a few scraps, but slapping it on thick,” said Finance Minister Scholz. “This is the bazooka.”

Although the gargantuan financial bailout will have wide-ranging political consequences and trigger sweeping austerity measures, it was not subject to serious debate in the federal parliament or state legislatures. Within a single day, it was adopted by the cabinet, passed by the lower and upper houses of the federal parliament, and signed into law by Germany’s

president. Such a vast financial bailout has never been rushed through parliament with such speed. Parliamentary deputies did not even have time to read it, never mind discuss it in the relevant committees.

Representatives of the employer organisations were delighted. Ingo Kramer, president of Germany’s employers’ association, referred to the bailout as an appropriate measure. The head of business affairs for the industrial employers’ association in the steel sector, Oliver Zander, commented, “We are extremely satisfied.” Just last week, his association had demanded precisely the measure now adopted by the government.

The trade unions and Left Party also joined in the celebratory applause. “There hasn’t been this much unity between the trade unions and employers for a long time,” remarked the “Tagesschau,” Germany’s flagship television news show. “Leading representatives of both sides indicated their strong approval for what the federal parliament approved and the government announced.”

The conflicting interests of workers and employers did not play a major role under current conditions, said Reiner Hoffmann, head of the German Trade Union Confederation, but rather the common responsibility of ensuring that the economy keeps running. It is necessary “to show that we are able to act in such a crisis situation.”

Left Party parliamentary group leader Dietmar Bartsch told *Deutschlandfunk* that everything has to be done to keep the economy going as the virus spreads. In the face of the crisis, this is not an appropriate time for the opposition to make strong criticisms, he added. “So what I’m hearing from Mrs. Merkel and [Christian Social Union leader] Mr. Söder, that ‘we’re doing everything necessary and possible,’ is a reasonable approach.”



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