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Germany

The Grand Coalition and left perspectives

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Description:

In Germany, the Christian Democratic Union (CDU) and its Bavarian sister party the Christian Social Union (CSU) have reached an agreement with the Social Democratic Party (SPD) to form a coalition government. The results have been approved by the CDU in a "Kleiner Parteitag" ("little congress", in fact a kind of enlarged leadership meeting). The SPD has put the decision to its 475,000 members.

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In Germany, the Christian Democratic Union (CDU) and its Bavarian sister party the Christian Social Union (CSU) have reached an agreement with the Social Democratic Party (SPD) to form a coalition government. The results have been approved by the CDU in a "Kleiner Parteitag" ("little congress", in fact a kind of enlarged leadership meeting). The SPD has put the decision to its 475,000 members.

On December 14, 2013, the result of this party plebiscite will be known and it is clear from the opinion polls that there will be a large majority in favour of the coalition. Initially, there were many protests from local branches, from the Young Socialists, and even from regional organisations. Many SPD members fear again being responsible for an overly right wing policy, and perhaps above all that their party is weakened still further electorally by being again the junior party to the Christian conservatives under the leadership of Chancellor Angela Merkel.

The social democratic minister-president of North Rhine-Westphalia, Hannelore Kraft, considered as a rising star in the federal hierarchy, has made herself the spokesperson for the party malcontents. But she eventually had to do a volte-face by calling for support for the grand coalition, even if, during the electoral campaign, her party had always stressed that it was opposed to such an arrangement. It is not by chance that she, as well as others, had been elected to the leadership of the party at the recent SPD congress.

The "democratic" character of the vote by the party rank and file should be very much put in context. What is the choice with which SPD members were confronted? In fact, it was not for or against the some 180 page long governmental agreement. All the SPD leaders had already signed it and expressed their agreement publicly, before any consultation with the "rank and file" of the party. The real question to which the members had to respond was in fact the following: "do you want to plunge your party into an agonizing crisis by completely disavowing its leadership and virtually all its known leaders at the federal and international level?" Seen from this angle, the "yes" of the big majority of SPD members is not really surprising.

Continuity

In essence, the policy sketched out in this letter of intention represents continuity in the main choices already made in the orientation of the outgoing government of Angela Merkel. For it was already not only a CDU/CSU government with the liberals of the FDP, but also an informal "grand coalition" with the SPD.

The policy of tax breaks for the big companies and "umbrellas" extended to the banks, to the detriment of the public budgets, was carried out in consensus with social democracy, as was the transformation of the Bundeswehr (the German army which according to the "Grundgesetz", the German constitution, is devoted exclusively to defending the country against aggressors), into an army of intervention playing a role of world policeman in collaboration with the USA, NATO and other allies in the West.

In the area of ecology, the coalition text projects an absolutely retrograde policy. The development of alternative energies will be reined in, and a Pandora's box opened for the production of energy by coal. European policy is still more reactionary. The SPD supports the policy of the memorandums, the cruel austerity programmes imposed on Greece and the weakest EU economies, victims of trade imbalances, which throw millions into poverty and disarray. What is more, the refugee crises in the Mediterranean find a unanimous response from the new coalition: strengthen

Frontex, strengthen fortress Europe, send drones, and strengthen propaganda in the countries where people flee poverty, oppression or war, to tell them not to come.

It is true that there are declarations of intention in the coalition agreement text which could generate partial progress in the social area. For example the "Mütterrente", the extension of existing pensions benefits to parents who have devoted a part of their life to the education of their children. These benefits only existed until now for the education of children born from 1992 onwards. Now, they will also be applied to parents of children born before 1992 (which includes the author of the present article, to his great relief).

But there are other details of the agreement which are less comforting. The very conservative Bavarian CSU had already obtained through a Bundestag vote a kind of "bonus" for parents who did not put their children in public crèches and kindergartens. This will be financed by reducing the public funds earmarked for improvement of childcare in public daycentres, still notoriously bad in Germany. The grand coalition will not correct this situation.

Although the liberal FDP did not obtain the 5% share of the vote necessary to enter the Bundestag, tax breaks for hotels introduced under its pressure by the outgoing Merkel government remain in force. And the Bavarian CSU was able to impose its electoral symbol: the introduction of a highway toll payment solely for "foreign" drivers (which contradicts European law).

Minimum wage

The gross minimum wage fixed by law of 8.50 euros per hour was one of the SPD's main demands during the electoral campaign. During the negotiations, the leaders of the SPD said incessantly they would not cede on this point and accept a lower minimum wage or the fixing of a minimum by agreements between the employers' organizations and the trade unions. As the SPD obtained literally nothing in relation to its other main demand readjustment of taxes on high incomes and the reintroduction of a wealth tax the minimum wage issue became all the more important.

However, the formulations in the agreement should be precisely analysed. First, in Germany there are 6.9 million employees who earn less than 8.50 euros gross per hour, 2.7 million of them full time workers. A third of them have worked for firms subject to tax schemes fixed by collective bargaining.

Also, for one week of 40 hours work, the 8.50 per hour rate yields at most 1450 euros per month. The normal working week being 38 hours, those affected obtain an income at the level of the social minimum. To raise a family on this income second order unemployment benefits (Arbeitslosengeld II) would be needed. Such an income could not generate any pension income above the official poverty level.

But only some of the employees concerned will get the new minimum wage in the next years, Until the end of 2016, the rates agreed by collective bargaining for minimum wages below 8.50 euros (notably in areas like security, laundries and the systematically inflated temporary work sector) remain in force. It is only from January 1, 2017 that the minimum wage will be generalised. The unions in the sectors concerned could possibly cancel part of the collective agreements to obtain the minimum wage sooner (but yellow unions like the Christian CGB unions will then have the right to agree rates with wages below 8.50 euros per hour).

For the other sectors, the 8.50 euros will enter into force from January 1, 2015. If we take an inflation rate of 2% into account (the ECB projection), they will only have a purchasing power of 7.85 euros. If we add productivity growth in

2017 a minimum wage of 9.70 euros would be needed to compensate for the increased inflation according to the most optimistic projections

But that is not all. After the agreement a commission made up of representatives of the employers' organisations and the trade unions as well as economic "specialists" will have to assess in June 2017 the level of the minimum wage to adapt it to the general circumstances. And the agreement does not fix whether this adaptation will be up or down! The decision of this commission will be applied from January 1, 2018.

All is not so clear, then, in the area of the SPD's "great victory" in the coalition agreement negotiations. Still, the introduction of a minimum wage in Germany is the main novelty. The union leaderships had moreover called on their members in the SPD to vote for the coalition agreement, stressing particularly the gains obtained in relation to the minimum wage.

If we accept that the introduction of the minimum wage of 8.50 Euros is real, in the context of the 22 European countries which have a legal minimum wage, Germany is in sixth place, after Luxembourg (11.10 Euros), France (9.43 Euros), Belgium (9.10 Euros), Holland (9.07 Euros), Ireland (8.65 Euros), and just ahead of the UK (7.78 Euros). After 8th place, it's a vale of tears, going from Slovenia (4.53 Euros) via Poland (2.92 Euros) to Bulgaria (0.95Euros!).

In the statistics taking into account real purchasing power, the image does not change much. Germany remains in sixth place after the same countries, but with only 7.40 Euros, Poland is a little better placed with 3.78 Euros, Bulgaria climbs to second from bottom with 1.90 Euros and Rumania has the wooden spoon with 1.85 Euros.

Pensionable age

The second purported "big victory" for the SPD would be the ability to retire without deductions from 63. The SPD, which was with Merkel one of the architects of the introduction of pensions at 67, wished to regain sympathy in the area of social policy, arguing that employees who have worked for 45 years benefiting from social insurance should have the right to a full pension. The CDU and CSU were said to have yielded in this area

First, such people are increasingly rare, so only a few employees will benefit from this reform and their numbers will decrease. But the text of the agreement concluded employs a more restrictive formula: it is no longer a question of 45 years of social insurance, but 45 years payment of contributions. It is not clear if those who have been unemployed and have collected "Arbeitslosenhilfe [unemployment benefit] II" (not paying contributions), will see their years of unemployment counted or not. The same goes for years in education, if there are more than three of them, and for years of professional training.

There is also the "Lebensleistungsrente", a kind of minimum pension. An amount of 850 Euros was spoken of, but this figure does not appear in the text of the agreement. "In principle" the agreement stipulates the introduction of this new form of pension. But it could be introduced with a lower minimum amount.

There is also a systemic problem, violently denounced by Norbert Blüm, former employment and social security minister, part of the more worker-friendly wing of the CDU. Although in harmony with the neoliberal policy of dismantling what existed in the area of institutionalised solidarity, this reform deepens the mix of social insurance and social assistance. Pensions are in principle financed by the contributions of employees. Already before the Hartz reforms, the "Arbeitslosenhilfe" (unemployment benefit, now "Arbeitslosengeld II") was half outside of this system.

Now, employment insurance for the medium and long term jobless has become a social allocation those concerned are subjected to a very repressive checking procedure to see whether they are "in need".

The minimum pension means that those who have a lower pension than the sum fixed – say 850 euros – would have the right to complete their pension up to this amount. But this supplement will be financed outside of the social insurance system by tax means. Among other things this system means that a full time worker on a low wage having paid contributions all their active life to have a pension of 850 euros would have the same amount of pension as an employee having worked the same number of years, perhaps being paid much more, but part time. This kind of rule would seem designed above all to discredit the system of social insurance to speed the realisation of the neoliberal model: on the one hand social assistance at a miserable level, and on the other the generalization of the private responsibility of individuals to insure against the inconvenience of old age, illness or unemployment by enriching private insurance companies.

What perspectives for the left?

In the light of the new situation, democracy inside Germany's federal parliament seems precarious. The parties supporting the grand coalition government have around 80% of the deputies in the Bundestag. Also, the agreements signed seek to "discipline" members of parliament. They stipulate that factions of the parties of the ruling coalition "always vote in a unitary manner" and that "changing majorities are excluded" – a fairly authoritarian "centralism".

What does the grand coalition mean for the unions, the social movements and the political left? In principle, the Die Linke (Left) party is well placed, since it has the strongest opposition group in the Bundestag. That gives the possibility of exploiting the possibilities of mobilising public opinion and the social movements against the coalition. The latter, even more than the outgoing Merkel government, will try to pacify and integrate the union leaderships.

But there is a small complication. In the midst of negotiations with the CDU and CSU, the SPD leadership announced a change of strategy. It publicly stated that it no longer ruled out the possibility of a coalition with Die Linke in the future. While awaiting the next federal elections scheduled for 2017, this statement seeks then to encourage inside Die Linke those forces which only aspire to be in government. And to demand that they impose a course of adaptation with a view to rendering possible participation in a government led by the SPD in 2017.

The price of that would be very high. First in the area of foreign policy, because it would be necessary to support wars of intervention. Then in the area of social and economic policy, because it would be necessary to support a policy of "budgetary discipline » and thus austerity.

The debate on the German left should then be oriented towards solidarity-based solutions and practices combating the infernal logic of competition: for action from below, across borders of localities, sectors and states, for the elaboration of demands and unitary plans of action for the trade unions and social movements in Europe, for a democratic, social and ecological renewal of a political Europe, which can only emerge from an internationalist movement of the exploited and oppressed of all countries.