

# German Grand Coalition to Intensify Austerity Policies in Europe

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An important political lesson must be drawn from the coalition agreement struck after two months of negotiations between Germany's conservative parties (the Christian Democratic Union and the Christian Social Union) and the Social Democratic Party: It is impossible for working people to defend their interests within the framework of the existing parties and political system.

Key passages of the agreement, to be found in its "Strong Europe" section, have barely been discussed by the media, largely because the coalition partners were agreed on them from the outset. These passages confirm that the coalition parties are committed to continuing a course that has led to a social disaster virtually without precedent in peacetime.

The Christian Democratic Union (CDU), Christian Social Union (CSU) and Social Democratic Party (SPD) have agreed to drive ahead with austerity policies that have wrought indescribable misery in Greece, Spain, Portugal and other countries, with unemployment soaring to record levels, an entire generation of youth robbed of a future, and millions of livelihoods destroyed.

Most of the 185-page coalition agreement is characterized by vague formulations, but on this issue the document is crystal clear. "The policy of fiscal consolidation must be continued," it states. The agreement goes on to declare that "structural reforms to increase competitiveness" and "strict, sustained fiscal consolidation" are indispensable preconditions for "exiting the crisis."

The agreement rejects "any form of pooling sovereign debt" and rules out joint government bonds (euro bonds) and other mechanisms that could reduce the interest burden of indebted countries. Emergency loans from European financial funds must continue to be tied to draconian austerity measures. They must be granted only "as a last resort," and in "exchange for strict conditions, i.e., reforms and consolidation measures, by the recipient countries."

To ensure that there be no let-up in the pressure on indebted countries, the deal calls for an expansion of the "surveillance of national budgetary planning by the EU Commission."

In plain English, this means intensifying the policy of social impoverishment with which the German chancellor is associated across large swathes of Europe, including in Germany itself.

Big business will use the fall of incomes in southern and eastern Europe as a lever to further

cut wages in Germany, which already has a huge low-wage sector.

The legal minimum wage agreed between the coalition partners will do nothing to change this. On the contrary, fixed at a level of just 8.50 euros and due to come fully into force only in 2017 and not increase until 2018, the minimum wage will depress the general level of wages.

The representatives of the incoming government are well aware that their policies will provoke intense social conflict. In preparation for this, the conservative parties and the SPD have not limited themselves to a grand coalition controlling four-fifths of parliamentary seats. They have also brought the trade unions, the Greens and the Left Party on board.

The unions support the coalition agreement unconditionally. The chairman of the Federation of German Trade Unions (DGB), Michael Sommer, called it “extremely positive.” The head of the EVG rail union, Alexander Kirchner, declared that he would vote in favor.

Last weekend, 500 delegates at a congress of the IG Metall engineering union cheered CDU leader Angela Merkel and SPD leader Sigmar Gabriel. The latter assured the meeting that he would not sign anything with which the unions were dissatisfied.

The Green Party had already made clear in preliminary talks that it was prepared to form a ruling coalition with the conservative “union” parties. By opting to form a coalition with the CDU in the state of Hesse, the Greens have signaled that they are ready to step in as a replacement if the alliance with the SPD falls apart. The party’s criticism of the coalition agreement comes from the right: it complains that too much money is being allotted for benefits for retired mothers. The coalition document stipulates that the retirement income of women who bore a child before 1992 be increased by 28 euros a month.

The Left Party backs the coalition agreement as well, only not as transparently as the Greens. It has its own close links with the trade unions and used its election campaign to argue for its inclusion in a coalition with the SPD and the Greens. It justified this line by declaring that the SPD could realize its own program only in an alliance with the Left Party. Even now, Left Party leader Gregor Gysi complains that the SPD election program can be found in the coalition agreement “at best as a side note.”

The reality is that the coalition agreement *is* the SPD’s program. There can be no doubt on this score since the introduction of the anti-welfare Agenda 2010 program by SPD Chancellor Gerhard Schröder over a decade ago.

The choice of Peer Steinbrück, finance minister in the previous grand coalition government (2005 to 2009), as the SPD’s lead candidate in the 2013 election confirmed that the SPD unconditionally represents the interests of big business and finance. It was the figure of Steinbrück, rather than hollow campaign promises, that embodied the SPD’s electoral program.

The offer of the Left Party to enter a coalition with the SPD makes clear that it has no fundamental differences with the social democrats’ right-wing policies. It is significant that while the Left Party’s initial comment on the coalition agreement criticizes some of its secondary aspects, it does not mention the continuation of austerity in Europe. In a number of state governments and local councils, the Left Party has proven in practice that it fully supports such policies by ruthlessly imposing them on the people.

In the coming social conflicts, workers will face not only the grand coalition, but a conspiratorial clique consisting of all of the parliamentary parties and the trade unions. These forces will do everything they can to neutralize and suppress any and all social resistance.

In the struggles ahead, the working class needs its own party—one that unconditionally defends its interests and unites the working class throughout Europe in the struggle for a socialist society.

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