

Germany: SPD selects Peer Steinbrück as its candidate for chancellor

By Dietmar Henning
6 October 2012

The election of Peer Steinbrück by the executive of the Social Democratic Party as its candidate for chancellor for the 2013 federal election sends a clear signal. If the party is elected next year then it will seek to continue where it left off in 2005, i.e., with the redistribution of wealth from the bottom of society to the top. Steinbrück epitomises a policy of massive social cuts combined with awarding billions to the banks and corporations.

Steinbrück stands on the extreme right wing of the SPD and, as finance minister under Angela Merkel (CDU) in 2008, was directly responsible for the bailout of German banks. The hundreds of billions of euros involved in the bailouts are now being clawed back from the working population via the mechanism of the country's so-called "debt brake" in the form of huge social cuts—with the full support of the SPD and Greens.

Steinbrück is a favoured guest in business and finance circles. According to information released by the German parliament regarding parliamentarian perks, he has made 80 presentations to banks and corporate representatives since 2009, involving fees of at least €7,000 (US\$9,000) per appearance. Parliamentary deputies are not required to give any further details of the fees they receive and Steinbrück has rejected demands that he disclose his income.

It is estimated that he has pocketed well over €1 million for his lectures and other activities in recent years. Only this week Steinbrück announced his intention to resign from the supervisory board at the Thyssen Krupp Steel Group, for which he received an annual fee of €67,000.

The SPD and the media are now avidly trying to present the very same Steinbrück as an opponent of the finance industry. Last week Steinbrück presented a paper on "taming the finance markets". He declared that the banking sector had "done too little towards cleaning up the economic and social imbalances which it had largely brought about." In his paper he urges that a clear division be established for major banks between investment and commercial banking. He also calls for limitations to be imposed on the rating agencies and moderation when it comes to bankers' bonuses.

Against a background of growing outrage over the actions of the banks Steinbrück has sought to give the impression that he seeks to limit their power. In fact, his paper differs little from

similar proposals by the EU Commission, the Merkel government and leading representatives of the banks. His proposals have nothing to do with putting an end to the obscene enrichment of the finance aristocracy, but rather establishing new rules enabling the speculation to take place on a more stable footing.

It would be absurd to expect Steinbrück to take action against the banks. His entire biography testifies to the fact that he has played a major role in promoting all of the abuses that he now criticizes. As the *Frankfurter Allgemeine Zeitung* noted sardonically: "The reactions of the bankers was amazingly restrained. ... From what we hear no leading banker has packed his bags". Steinbrück is no political newcomer. The banks are very well acquainted with the portfolio of the 65-year-old.

After graduating as an economist, Steinbrück joined the SPD in 1969 and has since climbed up the bureaucratic ladder in the social-democratic apparatus, without ever standing in any sort of public election. Five years later he held a leading post with responsibility for area and regional planning in the Federal Department of Construction.

Subsequently, he worked in the planning group of the Federal Ministry of Research and Technology and in 1977-78 advanced to become personal adviser to ministers Hans Matthöfer and Volker Hauff (both SPD). From the middle of 1978 to the start of 1981 he worked in the chancellor's office. At the same time, in 1981, he worked in the Department of Economics at the Permanent Mission of the Federal Republic in East Berlin.

Afterwards he served as a personal adviser, this time for the federal secretary of research, Andreas von Bülow. He then worked on the staff of the SPD Bundestag (parliamentary) faction before he took up a post in 1983 in the Ministry for Environment, Area Planning and Agriculture in the state of North Rhine-Westphalia (NRW). In the second half of the 1980s Steinbrück headed the office of the NRW prime minister, Johannes Rau (SPD).

In May, 1992 he moved to Kiel as an undersecretary of state in the Ministry for Economics, Technology and Traffic in the state of Schleswig-Holstein, and became a minister one year later. At the end of the 1990s he returned to North Rhine-Westphalia, became an economics minister in Düsseldorf and finally took over the office of prime minister,

replacing Clement, who in 2002 took up the post of federal minister for economics and labour in Berlin.

Already during his spell as economics minister in Schleswig-Holstein in 1993 Steinbrück promised a policy based on “continuity and reliability, freed from ideological blinkers” as well as an “economic policy without subventions.”

During his period as prime minister of North Rhine-Westphalia, Steinbrück introduced the largest budget-cutting package in the history of the state. The budgets for 2004 and 2005, which the NRW cabinet officially agreed in September 2003, contained cuts amounting to over €2 billion. Virtually all state departments were forced to accept drastic cuts, with many social institutions receiving much reduced subsidies.

In 2003 Steinbrück also drew up the so-called Koch-Steinbrück policy document with the premier of Hesse, Roland Koch (CDU). The document proposed the “biggest program for the dismantling of subsidies in post-war German history”. Steinbrück remains one of the most vocal defenders of Agenda 2010 of the SPD-Green coalition led by Gerhard Schröder (1998-2005), especially the Hartz anti-welfare laws and pension cuts.

At the end of the regular legislative period in the state of North Rhine-Westphalia in 2005 Steinbrück stood as SPD candidate for state premier—his first ever public election—and lost hands down. Chancellor Schröder and the leader of the SPD at the time, Franz Müntefering, used the party’s defeat in NRW to call a snap election at the federal level, which subsequently led to the formation of a grand coalition of conservative parties and the SPD headed by Angela Merkel. Steinbrück took over as finance minister in the grand coalition and was Merkel’s closest confidante.

Even prior to his appointment as federal finance minister, Steinbrück had demonstrated his worth to the banks. As finance minister and premier of North Rhine-Westphalia he negotiated an agreement in 2001 with the European Commissioner at the time, Mario Monti, to permit state-owned banks to invest large amounts of state guaranteed debt. The banks then used this capital to gamble on the international property markets. When the finance crisis exploded in 2008, Finance Minister Steinbrück worked together with Chancellor Merkel to ensure that the costs of the debacle for state banks be paid from the state budget.

Steinbrück and the former head of Deutsche Bank, Josef Ackermann, who worked closely together on a number of occasions, bailed out the bankrupt Hypo Real Estate (HRE) with taxpayer revenue totalling €87 billion.

Now Steinbrück is being presented as an opponent of the banks. What a farce!

If Steinbrück should be appointed chancellor he will undoubtedly continue the policies of Angela Merkel not only with regard to the banks, but also on the question of Europe. He advocates linking all financial loans to tough austerity

conditions; if a country does not abide by the latter, it should be excluded from the euro zone.

In an interview with *Der Spiegel* in September 2011 he declared in exchange for loans—such as euro bonds—European countries should be prepared to “yield some of their budgetary sovereignty to independent institutions” which would “approve national draft budgets” and submit countries to “macroeconomic surveillance”. If a country does not accept these terms then it should be left to its own devices.

Both the Left Party and the Greens immediately declared that they are prepared to work together in a coalition headed by Steinbrück as chancellor.

Until now the Left Party had made its participation in a coalition with the SPD dependent on a “turn to more social issues” by the social democrats. Due to the difficulties of linking such a “turn” to a man like Steinbrück, the party praises him as the only way to prevent a further term for Chancellor Merkel.

Left Party leader Katja Kipping told the *Hamburger Abendblatt* that alliances are decided by parties, not individual candidates, and then only after the election. The SPD, the Left Party and the Greens should leave behind “their childish divisive rituals” in order to form an effective majority from a divided opposition. “Otherwise, we make it too easy for Merkel”, she said.

The Greens expressed their enthusiasm over Steinbrück’s nomination. Party leader Steffi Lemke emphasized that Steinbrück had ruled out participating once more in a grand coalition under Angela Merkel. She wrote: “For both the target of a strong independent Green result, and the goal of maximizing votes for the Greens plus the SPD, Peer Steinbrück is the best candidate the SPD has.”

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