
Ghost of Schacht Haunts Germany

The Hartz IV austerity regime is now in effect, posing the danger of a slide into Nazi-era Schachtian labor policies.

The German government's "Hartz IV reform" of wage and social welfare cuts represents the worst threat to the living standards of millions of citizens since the founding of this republic in 1949. Named after its initiator, government advisor Peter Hartz, the "reform" pares down traditional unemployment and welfare compensation. The package went into effect on Jan. 1, and affects more than 4.5 million long-term unemployed and welfare recipients. Many of these people will be thrown into poverty by the new policy, among them 1.5 million children and youth under age 18.

Although the changes are not that dramatic yet for those who were not on welfare before, they will be drastic for the long-term unemployed. If a person loses his or her job, between 50 and 60% of the last average income earned, will be paid as jobless support by the state. This may be 700, 800, or even more than 1,000 euros per month. But after 12 months (for those under age 55) or 18 months (above age 55), one enters the category of "long-term unemployed" citizens, who will receive less than 50% of their former working income.

The new maximum pay for all long-term unemployed and welfare recipients will be 345 euros for citizens in the ten western states of Germany and in the capital, Berlin, but citizens in the five eastern states will receive 331 euros per month. One will receive this only once several conditions are met: 1) the sale of any property above a value of 26,000 euros (cars, homes, other real estate, insurance policies) per capita; 2) any job offered by the

state and private job agencies must be accepted, irrespective of pay level, qualifications of the worker, or location (people are expected to travel long distances, if necessary); 3) if one fails to get a new job, one has to prove that it is not one's own fault.

According to official data, there are 4.3 million jobless people now, and a deficit of 1.7 million jobs; an estimate by independent experts says that in reality, the economy is running 7-8 million jobs short of its needs. There are regions in the east, where there is only 1 job being offered to 80-100 job-seekers. Thus the Hartz IV conditions are a cynical insult to the dignity of the citizen.

The government claims that the pay of 345 or 331 euros per month is sufficient, because state support for rent, electricity, and heating will be continued. But the recipient of the 345/331 euros is expected to cover all his expenses, including transportation fees. If one takes a job far away from home, bus and train fares will eat up 25% and more of those 345/331 euros. And the potentially destabilizing effects of the sale of insurance policies and real estate by a half million Germans, have not been addressed by the authors of the new legislation.

Since at no time during the 55-year existence of this German post-war republic, have policies been implemented that even come close to those of Hartz IV, the historical reference point is not even the founding year of the republic, 1949, but rather, the Great Depression. During the early 1930s, citizens were expropriated, and their living standards brutally low-

ered, under the monetarist system of the Governor of the Reichsbank, Hjalmar Schacht, who also played a crucial role in bringing the Hitler regime to power in January 1933, and served it as Minister for Finance and Economics for five years.

Schacht's name is associated among Germans with the shift from "normal" austerity toward brutal austerity, militarization of the economy, and the slave labor camps. Granted, there are no labor camps, no militarization of the economy in Germany today, and jobs paying 1 euro per hour (!) have been created only in a minuscule part of the municipal public sector so far; but calls have begun to be issued from the most radical free-market economists, that "jobs" should be created, by turning ordinary jobs in the private industrial sector into 1-euro jobs. This would be done by cutting each former full-time job into three or four new ones, at pay of 1 euro per hour. The entrepreneur would pay 3-4 euros per hour to the labor agency that leases the unemployed person to his firm, and the agency would pay 1 euro per hour to the worker. Thus, when protesters during the Monday rallies in the Summer of 2004 attacked the "return of the Reichsarbeitsdienst," the Schachtian labor service, they were quite on the mark.

The government has so far rejected the system; but any idea of creating more than the 40,000 jobs at 1 euro/hour that have been set up so far, will inevitably lead to brutal changes in the overall labor market. Unemployment is still rising (by 200,000 in December 2004), to a new official record high of 4.46 million, and it is expected to rise further. Labor union protests and also the turnout at Monday rallies are expected to increase starting in February, after the first four weeks of Hartz IV make their full impact.