

Can He Win?

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German Elections 2013 A social-democratic outlook

Gero Maass (ed)

German Elections on 22 September

A social-democratic assessment and outlook

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Foreword

It is often said that when Germany holds elections Europe stops. It may be an exaggeration, but shows all the same Germany's great importance for the development throughout Europe.

During the economic crisis this has been made even clearer. Undoubtedly, Germany has set the tone for the defense of the euro and debt restructuring, but it also took a lot of responsibility.

It can be discussed if the crisis has been dealt with in the right way. Many believe that the country should have led the way towards growth and a sustainable economy in a better way, through more expansionary domestic policies. The country would then have been an economic engine for the rest of Europe, instead of advocating an excessively austerity policy.

In this booklet we analyze the German domestic politics and the country's role as a model for the rest of Europe. Our focus is on the Social Democratic Party, SPD, in this year's election campaign and its ability to take over the responsibilities of government.

Gero Maass, director of the think tank Friedrich Ebert Stiftung's Nordic office, analyzes the political situation, less than a month before the election.

The conversation with party leader Sigmar Gabriel that we publish, gives an insight into how contemporary German social democracy discusses the policy conditions in the current media environment and the ability to survive as a vibrant social movement.

Karl Aiginger and Thomas Leoni make a critical analysis of the dominant economic doctrine. They point to serious problems in the often-praised economic policies and say that Germany instead of being the principal advocate for austerity policies, should provide a model for the rest of Europe, emphasizing social and environmental growth.

Many thanks to Friedrich Ebert Stiftung for this cooperation, hoping that this publication will increase the interest in Germany and German politics in the Swedish debate.

Stockholm in August, 2013

Tommy Svensson

European Manager

The Swedish Labour Think Tank
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German elections on 22 September: A social-democratic assessment and outlook

by Gero Maass

There was little praise for the CDU/CSU and FDP coalition in mid-July at the last federal press conference before the summer break. Angela Merkel took stock of the past four years. However, much of what the coalition had resolved to do in 2009 had not been carried out. In the previous four years, during the Grand Coalition of 2005–2009, the SPD finance and social security and labour ministers had contributed decisively to Germany's relatively easy passage through the international financial crisis, although unfortunately without corresponding success in the parliamentary elections.

Instead, in 2009 as in 2005 the SPD was again held responsible for the social policy consequences of the last years of Gerhard Schröder's government and its Agenda 2010: with 23 per cent it scored its worst result since the founding of the Federal Republic. The economic, social and labour market policy reforms of the Red-Green government are regarded by many observers as a reform-policy success and the basis for Germany's thriving economy in comparison to the other EU (euro) countries.

The achievements of the CDU/CSU and FDP coalition, by contrast, are more modest. Even the government-friendly political magazine FOCUS summed it up as follows: »Many plans have fallen by the wayside – in almost all departments.« Nevertheless, all the polling organisations give the CDU/CSU a clear lead. Whatever the constellation, the German Chancellor is likely to come from the Union.

Shift to the Left: The SPD's Election Programme

Ten years after former SPD Chancellor Schröder's announcement of his famous Agenda 2010, the SPD party convention in

Augsburg on 14 April approved its »government« programme for the federal election on 22 September¹. The Programme aims at fostering greater solidarity and social justice, tries to correct a couple of policy decisions and developments related to Agenda 2010 and the former Grand Coalition and shifts the party more to the left. Major proposals include:

- intensified redistribution of income by higher income taxes and the introduction of a wealth tax;
- stricter regulation of the banking and financial markets, for example, by means of executive pay curbs, restrictions on high-frequency trading and a financial transactions tax;
- partial re-regulation of the labour market, for example, by introducing a general minimum wage of 8.50 euros per hour, more restrictions on temporary work agencies and extension of employee codetermination;
- increased social security spending, for example, a minimum pension.

Many of the present proposals reflect public reservations concerning the financial industry and the increasingly unfair income redistribution.

In line with experts from the OECD and other institutions, the SPD identifies the German education system as a source of inequality, as in Germany a person's chances of receiving a higher education still depend very much on parental income. Consequently, the SPD demands, for example, more and better publicly financed primary education and all-day schools.

Improvements in the education system are to be supplemented by the extension of public unemployment insurance to include employment insurance. Under certain conditions employed and unemployed persons will have increased entitlements to training.

The key element of the strategy against poverty, however, is a general minimum wage of 8.50 euros per hour. The SPD draws

¹ Links to the election or government programmes of the individual parties: CDU: <http://bit.ly/cdu2013>, SPD: <http://bit.ly/spdreg13>, FDP: <http://bit.ly/fdp20131>, Die Linke: <http://bit.ly/dielinke2013>, The Greens: <http://bit.ly/gruene2013>

a direct line from the expansion of the low-wage sector in the past decade to the risk of poverty: the number of employed persons in Germany earning wages one-third or more below the average wage has grown in the past decade.

Also in contrast to Schröder's Agenda 2010 is the partial re-regulation of the labour market by imposing more restrictions on temporary work agencies and (albeit minor ones) on temporary work contracts. The SPD advocates equal pay and equal working conditions for agency workers and it wants to prohibit temporary work agencies from employing workers temporarily for one job only.

The most ambitious measures in the long run will be the planned new benefits under the public pension scheme. This is due especially to the planned minimum pension of 850 euros per month for retirees after a working life of a minimum of 30 years – that is, 30 years during which they paid contributions to the scheme, or alternatively 40 years of membership within the scheme. After a membership period of 45 years employees will have the right to retire at the age of 63 without deductions to their pensions (usually 3.6 per cent for each year of early retirement). While according to current legislation the pension level will decrease from, currently, about 50 per cent to 42 per cent in 2030, the SPD wants to stop the cuts at a level of 46 per cent. Furthermore, the gradual increase in the retirement age from the current 65 years and 2 months to 67 by 2030 will be suspended until at least 50 per cent of those aged 60 to 65 have a job subject to social security contributions. According to the SPD, these measures will cost 25 billion euros by 2030. The CDU and the FDP have strongly criticised these proposals as financially unsound. Experts from the conservative governed Federal Labour Ministry have even calculated the costs to be as high as 90 billion euros. These criticisms are in line with the massive campaign being waged by the mainly conservative media excoriating the tax policy proposals of the SPD and the Green Party in particular, as well as Peer Steinbrück in general. But in contrast to the governing parties the SPD at least has a sound pension concept.

Political Rapprochement between the Trade Unions and the SPD

The German Confederation of Trade Unions (Deutsche Gewerkschaftsbund, DGB) is committed to the principle of unified trade unions. For the parliamentary elections in 2013 it is campaigning neither for certain parties nor coalitions, nor will it make voting recommendations. However, the DGB has – as in previous elections – formulated political demands for the parties in the 2013 election ([link, www.dgb.de](http://www.dgb.de): DGB-Beschluss Gute Arbeit – Sichere Rente – Soziales Europa – Aktiver Staat (PDF).).

The key elements of these »election touchstones« are decent work, secure pensions, a Social Europe and an active, competent state:

- A new labour system so that people can be paid properly and are able to live from their work: the aim of the DGB and its member trade unions is enhanced free collective bargaining and the re-establishment of order on the labour market. Under a new labour system work would again be recognised as the key element in participation and personal realisation.
- Secure pensions that recognise people's lifetime labours and enable them to retire in dignity: the aim of the DGB is a sustainable and solidarity-funded enhancement of old age insurance oriented to ensuring living standards and avoiding old-age poverty, as well as the social descent of workers in old age.
- A socially-oriented and democratically legitimate Europe: to this end the DGB demands a social progress clause and a new social contract for Europe. Both belong at the top of the European policy agenda beside the fostering of growth and employment. Without enhanced fundamental social rights Europe is at risk of coming to grief.
- The financing of a competent state: the aim of the DGB and its member trade unions is to foster the compe-

tence of the state at the federal, *Land* and municipal levels so that, also in the future, there will be properly functioning services of general interest, a viable infrastructure and reliable public services.

Statutory minimum wages, pensions, educational equality, strengthening of collective agreements and equal pay for women and men: in this election year the SPD and the trade unions have many common positions, as SPD candidate for chancellor Peer Steinbrück was pleased to mention at the annual meeting of the DGB executive. »I would be very surprised if the trade union movement reached another conclusion when examining its election touchstones than that it would be best off with the SPD.« Even in the eyes of DGB leader Michael Sommer the SPD and the trade unions are once more pursuing the same goals in many policy areas. However, he also said: »But we are not completely in sync.« Furthermore, Chancellor Merkel has built up a relationship of trust with the DGB in recent years, in particular with its leader. A direct election endorsement of the SPD is also out of the question because the party The Left has been able to increase its influence over individual trade unions since 2003 and thus plays a significant role within the trade union movement.

After years of strategic partnership between the SPD and the trade unions a deep rift opened up between the two organisations forming the labour movement at the latest because of Chancellor Gerhard Schröder's Agenda 2010 under the Red-Green coalition or the decision of then SPD labour and social security minister Müntefering to raise the pensionable age under the Grand Coalition. In recent years the two have once more moved closer together – also to the credit of party leader Sigmar Gabriel. The close policy proximity of the two organisations is also reflected by a comparison of trade union positions with political parties' election programmes.²

² A synopsis is available on request from the DGB that compares the election programmes of the parties with the DGB's positions in the parliamentary election 2013 (from the Grundsatzangelegenheiten und Gesellschaftspolitik department, Parlamentarische Verbindungsstelle, Barbara Adamowsky: barbara.adamowsky@dgb.de).

Campaigning for a Change of Government

The election campaign will be shaped:

- above all, by personality issues,
- second by economic questions (but so far less by the stance towards the euro crisis) and
- only thirdly by a number of domestic social policy issues.

In general the political mood in Germany is more „security” based and less on political change reflecting the demand for more social justice. Furthermore Angela Merkel’s personal popularity is still strong, in particular her handling of the Euro crisis. The SPD nominated Peer Steinbrück as its candidate last December. The former finance minister was adopted as candidate because party chairman Sigmar Gabriel refrained from running himself. Frank-Walter Steinmeier, candidate in 2009 and current chairman of the SPD parliamentary party, also declared that he would not run. Although during the Grand Coalition Peer Steinbrück was among the most popular and successful politicians in Germany, he has suffered from a bad start and his personal approval ratings are far behind the current chancellor. Furthermore, a number of unfortunate personnel decisions were made concerning campaign responsibilities which upset large parts of the administration at party headquarters.

Hence the SPD’s campaign will be successful only if they can shift the focus from personal to political issues and from the economic and financial situation and European policy of the Merkel government, which command general approval, to the future impact of growing social injustice. The SPD’s challenge here is that Peer Steinbrück’s image does not incarnate the more left-wing election programme.

As former minister of finance, Steinbrück has a good reputation concerning economic and financial issues. And although these areas represent a major part of the crucial issues that will have a

major influence on the election outcome the SPD has not yet been able to benefit from Steinbrück's expertise. This is mainly due to two issues: first, Steinbrück differs in a number of ways from parts of the SPD electorate and secondly, the SPD is unable to attack the policy of the Merkel government regarding Europe and the Eurozone, since it mainly supports it. Instead, social cohesion is set to be the main topic of the leftist party profile but that does not really match Steinbrück, who is perceived as a more centrist social-liberal authority on economic and financial management.

Consequently, in June Peer Steinbrück picked a »competence team« that is anything but a remake of the last Schröder government or a group of centrist Social Democrats seeking a share of the conservative vote. Nor is it a shadow-cabinet of heavy-hitters and household names. Rather, it is a team embracing policy change towards social democratic essentials – social justice and labour, education and upward mobility, integration of immigrants – and the greening of the economy, thereby signalling his desire for a true policy change. The team is designed to attract voter segments that should be amenable to the message on social justice, health care and family issues. Rather than undoing the Schröder reforms, it would go »Scandinavian lite«, in other words, embrace a more universal notion of the welfare state. Steinbrück has also hired an experienced former *Bild*³ journalist as his new press spokesman.

The first signal is that this campaign is simply about political alternatives and about one political camp (SPD and Greens) against the other (CDU/CSU and FDP). The SPD is also strengthening its profile versus the Left Party and the Pirates Party, and is attempting to break into new voter segments: the young, avid internet users as well as immigrants or German-born young people with immigrant backgrounds. It is not strengthening its appeal to business people or conservative-leaning swing voters. Secondly, from this mix of old and new faces composed of equal numbers of women and men, not only some

³ *Bild* is the biggest tabloid in Germany, with a daily circulation of 2.5 million (2012).

of the old members but also some of the new ones may actually become part of a new cabinet if the SPD participates in a governing coalition again. Third, the team leaves sufficient wiggle room for moving to a Grand Coalition – if necessary – by keeping some big names in reserve. No member has been appointed to take charge of finance, the budget or European affairs. These topics are being covered by Steinbrück himself.

At previous press events, however, he signalled his support for Jürgen Trittin, co-head of the Greens' Bundestag grouping, to become minister of finance. Given the respective strength of the two parties in recent polls, a roughly two-to-one share of political positions would be no surprise. This would perhaps lead to five ministerial portfolios, or four plus a couple of important side-appointments to the Greens. It is widely understood that one foreign portfolio, education and research and finance, some environmental and domestic social issue areas are essential elements for the Greens, which would probably fit easily with the Social Democrats' likely preferences for a full-blown energy portfolio, labour and social affairs, health care, transportation and interior affairs portfolios.

On the economic side, Steinbrück has picked Matthias Machnig to speak about energy and climate issues. Machnig could well enter a government in charge of Germany's energy transition (»Energiewende«) in a newly formed ministry. Machnig was the mastermind of the 1998 campaign, a former top official on climate change and currently minister of the economy, labour and technology in Thuringia. The choice of Machnig for energy and the environment, a responsibility which is currently divided between two major and four smaller ministries, signals that Steinbrück is ready to create a single energy ministry, as called for in the party platform, which is led by a politician, not a businessman or energy expert. Machnig is fond of criticising current policy as »loosely connected anarchy« which results in neither investment in infrastructure (grids and storage capacity) nor price reductions for electricity.

Strengthening his weak relationship with the traditional union camp, Steinbrück announced Klaus Wiese­hügel, the current head of the union of construction, agriculture and environment workers (IG Bauen-Agrar-Umwelt, IG BAU), as candidate and potential minister for labour and social affairs. Wiese­hügel is a strong critic of the Schröder reforms. He voted against the pension reform while he was a member of parliament in 1998–2002 and later criticised the labour market reforms. This is remarkable as Steinbrück has defended the essence of those reforms repeatedly but argues that some corrections to the initial reforms would be desirable.

The team member chosen for human capital, education and the better integration of immigrants into educational institutions and into society is a professor from the University of Bremen and specialist on intercultural education issues, Yasemin Karakaşoğlu. Born in Germany, she will be the first person with a Turkish background to be proposed for a federal SPD government portfolio. That might be quite appealing to Kemalist voters of Turkish origin in Germany.

Manuela Schwesig, party vice chairman and minister for labour, gender equality and social affairs in the state of Mecklenburg-Western Pomerania, will speak on issues related to women, families, the young, East Germany and demography. She was considered a potential labour minister, too, but may have to confine herself to a less powerful portfolio first. Several new faces will promote the fortunes of the party with young people. Gesche Joost, a professor of design at the University of the Arts in Berlin, will be in charge of internet issues and policies. Culture and the arts will be covered by the manager of cultural affairs of the city of Essen, Oliver Scheytt.

Interestingly, no one has been put forward to take care of either defence, foreign affairs or, as mentioned above, finance. This allows Steinbrück maximum flexibility with regard to Frank-Walter Steinmeier. Also, party secretary Andrea Nahles, deputy head of the parliamentary party and the man in charge of economic issues Hubertus Heil, and several other senior figures in

the parliamentary party or at state level have not been included in the team but could be drawn upon in a Grand Coalition scenario.

If it works, Steinbrück could form a red-green government and has at least twelve people to choose from to build a cabinet of some 13–14 ministers. If the SPD is needed to join the CDU/CSU in another Grand Coalition, someone else will have to put together the SPD side of the cabinet, in any case. Steinbrück has stated that if he does not win he will leave politics. Thus, German voters face a clear choice.

Communication Strategies: »Blocks«, not »Blogs«

In terms of communications the SPD is banking on »blocks« rather than »blogs«: mobilisation of voters and non-voters is the key issue for the SPD agency Super J+K/Super an der Spree. A high voter turnout and an active party base in the election are essential for the SPD and the strategic goal of a Red-Green alliance. This is to be achieved by means of an open and transparent policy process: citizens' dialogues and conventions, campaigning all over the country, in every constituency, low collaboration thresholds for all non-party supporters and door-to-door campaigning. Confronted by the apolitical campaign of the CDU, although the SPD is not seeking a dispute about authorship, it is striving for maximum contrast: in its 14 campaign issues – including health care and tax justice – the SPD is stressing the differences from the CDU, which will be decisive.

The Blumberry Agency is organising the CDU's election campaign. They have brashly declared that the CDU is the only remaining broad-based national party. They refer to the universally respected German political scientist Peter Lösche who has asserted that to be considered such a party requires a consistent share of more than 35 per cent of the votes, thereby uniting different social strata.

In accordance with their responsibilities as »sole remaining broad-based national party« – according to the Blumberry Agency – the CDU will have to run an inclusive and conciliatory campaign. The election issues are trust and good leadership. The CDU does not have anything else to offer by way of policies: it still has no issues, just Angela Merkel. Although the CDU has benefited from the other parties' passivity in the early days of the election, as the campaign heats up it will concentrate on the economy and domestic security, while avoiding concrete policy arguments.⁴

Polls and Coalitions

Long-term polling indicates that the two dominant political camps of »red-green« and »black-yellow« usually run neck-and-neck. The recent Deutschland Trend reports from polling institute Infratest-dimap underline this (link: www.infratest-dimap.de/uploads/media/dt1307_bericht_01.pdf).

Merkel continues to lead in the chancellor preference polls, far ahead of the challenger Steinbrück (Merkel 58: Steinbrück 27 per cent). The reasons for this are not primarily related to substantial policy issues but rather to the candidates' personality traits. The CDU politician is seen as more sympathetic (52:24), more credible (51:22) and more reliable (53:20) in direct comparison to her challenger. In addition, about one in two thinks that Merkel has the clearer political course than the SPD candidate (49:26) – even though six out of ten are convinced that Steinbrück expresses what he is thinking much more clearly (Steinbrück 61: Merkel 22). However, two-thirds (62 per cent) think that he should express his opinions more diplomatically.

Angela Merkel's popularity is reflected in the fact that a majority (49 per cent) prefer a government led by the Union, whereas

⁴ Die The details of the campaign strategy and communications are based on the reports of the participants in the Workshop »Election campaign strategies – the High Mass of Democracy« held on 11/12 June 2013 in Berlin, to which the Heinrich-Böll-Stiftung, the Otto-Brenner-Stiftung and the Hans-Böckler-Stiftung were invited. The conference report may be read at: http://www.boell.de/downloads/WK13_Website.pdf.

39 per cent support a federal government led by the Social Democrats. Consistently, 81 per cent of Germans expect that the CDU incumbent chancellor Merkel will remain in office. Only 13 per cent reckon with an SPD chancellor Peer Steinbrück.

At the same time, just 37 per cent support a continuation of the present liberal-conservative coalition of the Union and the Liberals. More than half of Germans (55 per cent) would prefer another government constellation. But as the other figures show, this is mostly due to the unpopularity of the Liberals. This is also reflected in the polls: 31 per cent expect the formation of a Grand Coalition of Union and SPD and just as many (30 per cent) believe that the present liberal-conservative coalition will continue.

In this political atmosphere the Greens, according to current polls, would achieve 14 per cent. In contrast to that the Pirates are at a record low of 3 per cent since their rise in autumn 2011 and the euro-sceptic party *Alternative für Deutschland* is faring far below the 5 per cent parliamentary entry hurdle in current polls, reflecting the fact that the future of Euro(pe) is not playing a decisive role in the elections. At the moment, the CDU/CSU could achieve 42 per cent of the vote, but the black-yellow coalition could not be continued because the FDP, with 4 per cent, remains below the 5-per cent threshold. The SPD is on 25 per cent. Parallel to this, The Left would currently win 7 per cent of the votes.

In this scenario neither a red-green nor a black-yellow coalition would have a majority, even if the Liberals passed the 5-per cent threshold. But even in this case Chancellor Merkel could remain in power, forming a Grand Coalition with the Social Democrats or opting for the Greens as a junior partner. Since the change of course on the »*Energiewende*«, nuclear power is no longer an obstacle for a black-yellow and green coalition. Such a power option could bring the Greens under much internal pressure, however. The last governing experiences of such a political constellation in the federal states of Hamburg and Saarland were disastrous.

Internal frustration is increasing in the Green Party. They only want to govern with the SPD. However, according to opinion polls it is too weak to bring about a political change. On some points, such as tax policy, the Greens are even to the left of the SPD. They face a dilemma: they are likely to achieve their best ever result on election night but still turn out a loser on 22 September because they have set out their stall for a coalition with the SPD. The Greens have great potential: the Insa research institute has even predicted that they may win up to 20 per cent of the votes.

The Conservatives, due to their weakness within the *Länder*, need to win the national elections in order to gain some time to reorganise their personnel situation and bring new blood into the party structure. This unites the normally opposed conservative and laissez-faire fractions promoting a more liberal economic system and also ensures the support of Merkel's sharpest critics. Against the background of the replacement of the European Commissioners and the European Council in 2014 it is speculated that Merkel might retreat as Chancellor and take the opportunity to move to Brussels instead.

But There Are Also Optimistic Scenarios for the SPD

The situation of the SPD is polarised. While the polls at national level are comparatively low, the party is quite strong at the Land level. Since 2009 the Social Democrats have increased the number of SPD prime ministers in the *Länder* from 5 to 9 and are currently part of state governments in 13 out of 16 *Länder*. Despite this success it cannot be said that the SPD has overcome the crisis that started in the early 2000s. In addition, the leading SPD politicians within the *Länder* governments are either not willing to switch to the national level or need to gain more trust in order to be accepted.

The SPD and the Green Party thus have a clear majority within the *Bundesrat* (second chamber and representation of the *Länder*)

which they are very likely to keep until spring 2016 due to the chronology of the upcoming elections in the different Länder. For the short term the majority might even increase since everything points to a change of government in the state of Hesse, where elections will be held on the same day as the national elections in September. And although the Green Party is quite strong and is expected to achieve its best ever national election result, it is very unlikely to be enough for a red-green government.

This situation leaves room for speculation and opens up the prospects of a variety of coalitions. While the SPD's and the Green Party's strict refusal to consider the Left Party as a possible coalition partner for a red-red-green government gives the Greens a variety of coalition options in possible governments (with SPD or CDU), it leaves the SPD with comparatively difficult options: to form a coalition with the Greens and the Liberals (which is mostly discussed as totally absurd) or to become major junior partner in a grand government coalition with Angela Merkel's Christian Democrats, an option that is already controversial behind the scenes. The majority of party members recall the disastrous outcome in 2009 after the last Grand Coalition. The Party appears to be split over this power option. No matter what the final outcome will be, this unclear situation could discourage volatile SPD voters and thus cost precious votes.

The elections in the federal state of Lower-Saxony in March 2013 showed that red-green can win even against an acting popular CDU prime minister. Mr McAllister had even higher personal approval rates than Angela Merkel and the SPD frontrunner, former mayor of Hannover, Mr Weil was quite unknown, with a non-populist image as a quiet and serious politician. However, long-term opinion surveys underline that at the ballot box German voters still rely more on politics and parties than personal image. A similar outcome is possible in the election in Hesse (on the same day as the national elections).

For Richard Hilmer, managing director of Infratest-dimap, the age of demoscopic certainties is over. Party affiliations are diminishing and voters are making their decisions with regard to

particular contexts and for the short term: the election is thus far from over. What has not changed, however, is the **primacy of economic policy**, according to Hilmer. Even SPD supporters consider economic policy to be more important (54 per cent) than social justice, which ranks second (26 per cent). An Infratest-dimap poll of March 2013 put the CDU well ahead of the SPD with regard to confidence that they would »promote the economy«, as well as »solving the euro and debt crisis« and »creating jobs«.

Voter turnout remains a key factor in the election: the higher the voter turnout, the better the chances of the SPD. This is why women are such an important target group for the SPD: women vote more frequently than men and also more often for the SPD.

According to election research strategic electoral alliances and coalition options are important: around 30 per cent of voters vote tactically and oriented towards a particular camp based on the splitting of first and second votes. Thus the FDP are likely to be the main beneficiaries when the CDU loses votes.

In the last weeks of the crucial phase of the election campaign the SPD will thus try:

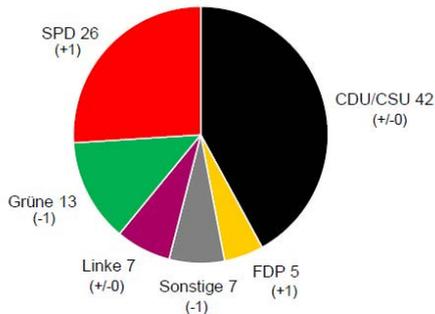
- to build on successes in *Land* elections in recent years;
- to turn the focus from people to issues;
- to call into question the Union's competence with regard to economic issues by referring to the consequences of the European economic, financial and euro crises;
- to point out the dissatisfaction with the achievements of the CDU/CSU and FDP coalition; and
- to campaign for the Red-Green alternative social policy project, in particular its social-family and tax-policy ideas; in order to bring the large number of undecided and abstainers on board.

It is an open question what role the biggest espionage scandal of the twenty-first century will play, which has just shaken Ger-

many. Many see Edward Snowden's revelations concerning the activities of the NSA as undermining trust in the democratic rule of law. Since the outbreak of the scandal the suspicion has grown that the basic rights laid down in the Constitution have been systematically violated on millions of occasions and that this is still going on. The suspicion has also been growing that the German government conducts a secret foreign policy beyond the public eye and parliamentary control, whose legal and normative foundations are highly questionable. This could yet shake trust in Angela Merkel and thus cause her high personal ratings to plunge, benefiting the SPD.

About the author

Gero Maass is Head of the Friedrich Ebert Stiftung's Stockholm office for the Nordic countries.



Frage: Welche Partei würden Sie wählen, wenn am kommenden Sonntag Bundestagswahl wäre?

Grundgesamtheit: Wahlberechtigte Bevölkerung in Deutschland / Angaben in Prozent
Angaben in Klammern: Vgl. zur Vorwoche

If federal elections were held this Sunday (week 31), the Union would reach 42 per cent. The SPD would reach 26 per cent (+1 compared to week 30). The Greens lose 1 point and could count on 13 per cent of the vote. Like the week before the Left would reach 7 per cent. The FDP would get 5 per cent, thus reaching the 5 per cent threshold. In spite of the debates on data surveillance, the Pirates remain at the level of 3 per cent (Source: infratest dimap).

Official results for the Bundestag elections since 1949 [fig. in %]

	CDU/CSU	SPD	FDP	Die Grünen	Bündnis90/ Die Grünen ⁵	DIE LINKE. PDS ⁶	Others
2009	33,8	23,0	14,6		10,7	11,9	6,0
2005	35,2	34,2	9,8		8,1	8,7	4,0
2002	38,5	38,5	7,4		8,6	4,0	3,0
1998	35,2	40,9	6,2		6,7	5,1	5,9
1994	41,5	36,4	6,9		7,3	4,4 ⁷	3,5
1990	43,8	33,5	11,0	3,8	1,2	2,4	4,3
1987	44,3	37,0	9,1	8,3			1,3
1983	48,8	38,2	7,0	5,6			0,4
1980	44,5	42,9	10,6	1,5			0,5
1976	48,6	42,6	7,9				0,9
1972	44,9	45,8	8,4				0,9
1969	46,1	42,7	5,8				5,5
1965	47,6	39,3	9,5				3,6
1961	45,3	36,2	12,8				5,7
1957	50,2	31,8	7,7				10,5
1953	45,2	28,8	9,5				16,5
1949	31,0	29,2	11,9				27,9

Source: German Bundestag

⁵ The Green Party of Germany was formed in 1993 of the formerly parallel existent Bündnis '90 (East-Germany) and Die Grünen (West-Germany).

⁶ Since 2005: DIE LINKE.

⁷ Four so-called 'Direktmandate' (MP gets his mandate by winning his district, not through list voting) (§6 VI 1, 2. Alt. BWG)

Germany needs a new growth path – An analysis of the current socio-economic situation*

by Karl Aiginger and Thomas Leoni

Despite its recent successes, a broad evaluation of Germany in terms of welfare reveals a number of shortcomings, especially with regard to social indicators. These shortcomings include rising inequality, a sharp dualisation in the labour market, in both the private and the public sector, and a distinct lack of equal opportunities, which is already discernible in the education system and leads to low upward social mobility. Furthermore, an examination of environmental indicators shows clearly that Germany is not managing to increase energy efficiency to the degree required by the necessary turnaround in climate and energy policy. A sector analysis also suggests that innovation in industry and general progress in services are needed in order to ensure continuing productivity growth in the future.

Moving Away from the Correction Strategy

This backsliding with regard to important welfare goals was partly the consequence of a deliberate policy for coping with reunification and for the correction of cost positions and rigidities in the labour market. Partly, it was also due to neglect of vital growth factors research and human capital; vital for a leading country and economy. Conditions no longer justify a continuation of this »correction strategy«. Current wage levels indicate that price competitiveness is strong, as illustrated by the high current account surpluses. The labour market is sufficiently flexible, as relayed by the sharp rise in employment immediately after the 2009 recession. At the same time, there is a danger that part of the population will be excluded from social and economic participation in the long term.

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Germany should switch to an ambitious growth strategy, by striving for social growth. In other words, it should follow an environmentally sustainable growth path on which low incomes also grow, differing start chances are evened out and life's contingencies – employment, health and old age – are braced by a tight social net. The importance and urgency of such a change of course have increased against the background of the European debt and economic crisis, which threaten to become a crisis of the European economic and social model. This ambitious or »high-road« strategy can be characterised by the target dimensions of quality, flexibility, security and equal opportunities.

Education and Innovation as Supporting Pillars of Social Growth

Social growth must be supported by an offensive for more quality in education and research, which are keys to the future, and a concentration on high tech growth sectors. The latest PISA results indicate progress in the German education system. Important steps have also been taken in the university system, with the establishment of excellence initiatives and reform of organisational structures. However, further quantitative and qualitative measures are essential in the education system. In Germany, the socioeconomic status of the parental home largely influences the length and level of the school career. The participation of children from working-class families in tertiary education has risen much more slowly in recent decades than that of children from families with high social status: This means that the distribution of university graduates is more socially determined than in the 1980s. Furthermore, the educational opportunities of children with an immigrant background are worse than those of children from comparable German households.

In order to correct these difficulties, obstacles in the education system must be dismantled. The transition into the next level of education should be postponed until later. Moving between different levels must be made easier. Later educational transitions could go hand in hand with greater internal differentiation with-

in schools (streaming and modules). In order to improve the integration of children from educationally and socially disadvantaged backgrounds there must be a much stronger focus than hitherto on the preschool level. Educational policy must begin during early childhood; the provision of integrated services must be understood as an investment in education and be treated accordingly in public debate. At the same time, incentives to obtain formal school qualifications at a later date should be increased, together with the option for temporary leave for further training. Capacity must be increased in tertiary education. Conditions should be improved for the upcoming generation of academics. Research and teaching must be brought closer together.

An education policy that offers equal access opportunities and supports lifelong learning is also a key component of a systematic industrial policy. This means a combined industrial and innovation policy that foresightedly integrates trends in the economic and social system. The old debate on whether an industrial policy should be oriented towards sectors (i.e. selection of priorities) or horizontally (i.e. strengthening basic conditions) has been superseded at the EU level by an integrated approach to industrial policy. Cross-sector measures to support growth (research, training) are combined with sector-specific strategies (e.g. biotechnology, environment, health care). Furthermore, clustering is now being promoted in every country, with the integration of production and training, companies and universities. A systematic industrial policy caters for social needs, by combining them with the available possibilities, encouraging growth factors and recognising competition and globalisation as positive forces.

Structural policy measures are also needed for the service sector, both to improve the quality of services and jobs and to boost demand for income-elastic services. The difficulties in which services find themselves as a consequence of their so-called »cost disease« cannot be solved entirely, but can be ameliorated by means of a variety of approaches (productivity increases, social innovations, targeted shift of household related services into the

market). The future employment and creation of value-added in services will be determined to a considerable extent by the role of the state. The public authorities can lay down standards with regard to the quality of services, but also in relation to job quality (professionalisation, job organisation in accordance with gender and age). Targeted, regulated competition with regard to private and public provision can reduce costs and promote innovation. The Scandinavian countries illustrate that the transition to a service society is possible with high quality and well-paid jobs and that the state can make an important contribution to its development.

Reduction of Segmentation and Redistribution of Flexibility

The labour market reforms of recent years have brought wider wage spreads in their wake and the wage level has struggled to rise. The burden of labour market flexibilisation has been unequally distributed. While protection and regulation of normal employment conditions have survived or even increased slightly, atypical employment forms have been sharply deregulated. This dualisation of the labour market accentuates the incidence of (new) social risks and establishes negative incentives for building human capital since precarious and atypical employment can become a productivity trap. Prolonged part-time employment can also lead to flat career trajectories and poor further qualifications, not to mention income losses for workers and suboptimal resource allocation due to the strong gender-specific segmentation of the economy.

The dualisation of the labour market should be reined in, but without reducing flexibility overall. The level of social security protection – employment protection, regulation of severance pay and so on – should be decoupled from the form of employment. As in Denmark, flexibility should also be shared by those whose employment conditions currently have a high level of protection and regulation. A desegmentation strategy requires an increase in regulation at the lower end and a reduction at the

upper end. This must apply to the public sector where the German state as employer, with its policy of heavily using atypical employment contracts, has promoted the emergence of a large segment of outsiders with precarious employment conditions.

Improvement of Protection and Changes in the Tax System

To the extent that the segmentation of the labour market is reduced and flexibility better distributed among employees, the protection of »outsiders« can be improved. Atypical employment should be better integrated in the social security system and, at the same time, more should be done to promote transition to normal employment. Atypical and flexible employment episodes should represent temporally limited phases in a person's working life with clearly defined goals (for example, fixed-term contracts on career entry or re-entry, part-time work while starting a family and so on). Incentives and the regulatory environment should ensure that atypical employment does not become a permanent state of affairs and that flexible employment forms are not used in ways that were not intended.

A sufficient degree of income security requires the dismantling of the low wage sector. This has grown incessantly since the 1990s, remaining at a high level for the past few years. Although the low wage has allowed for a substantial increase in employment, in many instances low wage employment has led to a deterioration in living standards, as wages can be below subsistence levels. The low wage level is not only a problem with regard to employees' current circumstances, but also harbours the danger of long-term low productivity and poverty traps. This development has gone hand in hand with the erosion of Germany's wage model and is reflected in a sharply declining wage share. The stabilisation of employment and a consistent minimum wage policy must be part of a strategy to reduce the low wage sector alongside measures with regard to further training and boosting the level of qualifications.

Improving income security can also be promoted by raising net incomes, especially those below the median of 1,294 Euros a month.³ Although a discernible reduction in the general tax ratio appears unrealistic due to the on-going consolidation efforts Germany has considerable scope for optimising the tax and contributions structure. While taxation of labour and consumption has risen continually in recent years wealth-related taxation has declined. At present, in Germany total revenue from wealth-related taxes comprises less than 1 per cent of GDP, a value that few other OECD countries fall below. A revenue-neutral shift in the burden from social security contributions and wage taxes to wealth-related taxes – for example, on real estate, inheritances and gifts – could be used to improve the income position of less qualified workers and counteract the stark uneven distribution of wealth. It could also be part of a broader adjustment of the tax system with the emphasis on employmentfriendly and environmental elements. Reform of the tax system should also include the abolition of current incentives towards part-time employment or inactivity among women spurred by tax models favouring the male sole bread winner, as well as further incentives to involve men in household and caring activities.

Germany as Role Model for a New European Growth Path

The growth path that Germany has pursued is significant not least for the debate on the course to be taken by Europe as a whole. Europe is in search of a new growth strategy which it has outlined in the Europe 2020 Strategy and the research programme »A new growth path for Europe«. ⁴ This is not the first attempt to change Europe strategically. As early as 2000 Europe sought in the Lisbon Strategy to become the most competitive economic area, increase the research ratio to 3 per cent and to surpass the United States. The results were meagre at best. The Europe 2020 Strategy envisages an »intelligent, sustainable and integrative« growth path. »Intelligent« means building on know-

ledge and innovation; »integrative« means a high level of employment and social and regional cohesion; and »sustainable« means resource-conserving, environmental and competitive.

This model should not be put on the backburner as a result of the need to consolidate budgets. It has been forgotten that consolidation is only one condition of a strategic growth policy. Even during consolidation, however, the focus of the cuts and the level and structure of expenditure determines whether in the next five to ten years a new growth strategy can be realised within the framework of the EU 2020 Strategy. Germany can and must be a role model in Europe with regard to more social and more environmentally sustainable growth in the development of this path.

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»The SPD has to become a social movement again«

*Sigmar Gabriel in conversation with Helga Grebing**

In the 1980s Sigmar Gabriel studied with Helga Grebing, who at that time was teaching in Göttingen. On the occasion of the 150th anniversary of the SPD the two met at the Willy-Brandt Haus.



Without pausing for self-congratulation and rhetorical backslapping the party chairman and the historian got down to an intensive analysis of the current state of the party. Sigmar Gabriel and Helga Grebing regard restoring the party's social base as the SPD's biggest challenge. It must become clear again who the party is really for. The two emphasise different aspects of the relationship with the Left Party and what it means. Helga Grebing stresses more the need for an open dialogue with the Left based on their historical foundations, while Sigmar Gabriel puts more faith in the time factor and the Left Party's natural demise.

Helga Grebing: »You must have a past in order to be able to learn something for the future«, Willy Brandt once said. I'm sure we agree that memory, which makes it possible to achieve an understanding of the past, also has a key role in determining current identity. But is the resort to historical analogies sometimes too quick and too glib?

Sigmar Gabriel: Certainly if one tries to draw conclusions too rapidly, to compare different eras in the history of the SPD with the present or perhaps even with the future and to equate them. But let's look at a current debate. When the question arises of

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how social democracy can become stronger a recipe exists that the SPD followed in the past and which it has to relearn: base politics on life experience and on people's social and work experiences. Whenever social democracy has developed its policies on the basis of everyday life it has succeeded. When it has made policy from above, the ship has generally run aground. This is how it works when you have recourse to the past, in my opinion.

Grebing: Can the different generations share their respective experiences and infuse them into the work of the party or reflections on the party programme, or doesn't that work any more?

Gabriel: People's life contexts were relatively similar in earlier times. One lived in a particular district in the town, young people organised sport as well as in the Socialist youth group and experiences from this common life were reflected in the SPD. Today, much more comes through the media. The party's grassroots organisations, the local associations, no longer reflect people's everyday social experiences. Many young people feel distanced from political organisations – not politics in general, but political organisations, so that they are no longer drawn to them. Thus the parties lack the experiences of their generation. The big problem facing politics and thus also the SPD is that its traditional structures no longer reflect social diversity.

Grebing: Half the members of the SPD are said to be over 60 years of age. Most of them joined the Party in the 1960s or 1970s and have a totally different sense of identity to the young people you were talking about. The older ones hopefully remain in the Party and work for it – but what about the young people who are not filling the gaps, so to speak?

Gabriel: What used to happen almost naturally, that young people came along, argued with their elders and raised new questions, today has to be specifically organised. Those who support the party have to go where young people are and try to get into conversation with them; even better, to come into conflict with them. In any case, this doesn't happen automati-

cally any more. Previously, the SPD understood its role as follows: In the back we have a workshop where we produce answers to society's questions. We then put them in the shop window where enough people pass by who find them so interesting that they come in and buy them or become a member. Today, we can see that they are no longer looking in the shop window; today you have to put the whole workshop in the window. People want to be involved, not just to consume policies, but to play a part themselves. They are sceptical and keep their distance from the hierarchical forms of organisation that a party such as the SPD naturally has because, for example, in the past this ensured its survival. These are developments that politics and the SPD previously could not have imagined.

Grebing: It could be said that there are already enough political movements and not so much depoliticisation. There is quite a lot of political activism and different networks. And in conversations with young people they often say to me: »It isn't true, individualisation is a thing of the past, we are linked to one another and even have a basic level of solidarity.« But the problem is that there is no sustainability. Once such action is over the affair seems to be over, too. There is no transmission belt from the original political concern to the formulation of demands and decision-making processes. But it cannot be true that the doors are not open. The SPD's doors are definitely open.

Gabriel: A lot of it is individually sustainable, often also at the societal level. Many young people are, for example, becoming members of trade unions or youth representatives at their company or they get involved in groups that deal with social questions, such as Transparency International or Lobby Control. The involvement lasts longer than only a couple of weeks or a few months if the issue is very topical. What hardly happens or much too little is discussion of the question of how it can actually be turned into policy in a parliamentary democracy. And many doubt whether it is worth it. Politics, the idea goes, is something elevated, that doesn't have much to do with people's everyday lives. On this view, politicians are people who are only

bothered about themselves, who operate according to their own laws and speak a language that many people don't understand. Politics is partially responsible for this, but it has already become almost a self-fulfilling prophecy. When I visited a company 20 or 25 years ago I was identified as a Social Democrat. When I go there today I'm a politician, to both young people and their elders. I can see on their faces how sceptical they are when I approach them and talk with them. That usually continues for a while until the scepticism fades and trust arises again. It arises usually when you know something about the lives of the people you meet. Then trust grows.

To give an example of this impression of aloofness. My wife is a dentist and has set up her practice in a socially deprived area in my home town. It was in the newspaper that the wife of the SPD leader – a »celebrity«, in its words – would be coming to this part of the town. The next day a patient rang who was well known to this practice, also because she is very poor, and asked – perfectly seriously – whether poor people could still come to this practice or only »posh people« – that is how she put it – because it said in the paper that the wife of the leader of the SPD is the dentist. My wife was a little upset at first at being regarded as, so to speak, an offshoot of me; I have nothing to do with the practice. However, it did make it clear to me that even with regard to a Social Democrat people do not believe that they are in a better position – in particular if they are poor – but on the contrary, that even the SPD belongs to the Establishment.

That is perhaps the worst thing that can happen to the SPD. It started as a social movement and now it is part of the state. Of course we want to be a part of this democratic state. But we have to become a bit more of a social movement again. Otherwise we stand apart from people and not on their side. But this image has changed dramatically since Willy Brandt. From the party that was on the side of society it has become part of the state and the state is naturally more remote from people than their own social circumstances.

Grebing: That is fine if people realise that. The state always has something to do with authority and with something imposing, so to speak, and no longer inspires people to a common commitment. But the question that I would like to pose here is the following: The SPD, in particular at the end of the nineteenth century after the lifting of the Anti-Socialist Laws, became a social movement which always tried to have some influence on the state but ultimately had no opportunity to really do anything. A social movement in which the strong, the better off and skilled workers with their capacity for strike action have at the same time fought for those in the lower wage brackets. The weak always had the idea that when they fought they also fought for them. I don't think that much is left of this consciousness. What should the SPD do to restore this belief?

Gabriel: First, the SPD has to be clear that as a party it is not the whole but represents a part. This part expects us to represent their interests. That is not a bad thing because the common good is supposed to crystallise in Parliament through arguments between different interests. The question is, who is the real subject of social democracy? Hartmut von Hentig said that it is the aim of teaching to »strengthen people and clarify things.« And in this order. In my opinion that's a really good motto for politics. But in recent decades we have largely tried to clarify things.

What we usually didn't try to do any more was to make it clear how we want to strengthen people. To take one example: for very good reasons we partially privatised health care. As a result, caregivers are under massive pressure today and have had to accept wage cuts. Why it should occur to a nurse or, even worse, a geriatric nurse to vote SPD is not obvious in their everyday lives. Then we come along and tell them how great citizens' insurance is. But the first thing they need to know is: »Are you doing anything to make sure that, as a geriatric nurse, I don't have to pay for my own training? And will I have decent working conditions and wages?« I think that the SPD in its 150th year would do well to reaffirm what part of society it really wants to represent. Basically, we want to do something for workers. We don't want to set ourselves against anybody else. We want to make it so that

in the end we get the best solution for the public good, but we mustn't forget that throughout the history of the SPD the focus has been on people who have to work for a living. And also that when it comes to the question of whether, for example, in order to stabilise statutory pension insurance the retirement age has to be set at 67, as Social Democrats we always show the same compassion as Willy Brandt, asking whether people will actually be able to manage that in their everyday lives. And the moment we neglect people's everyday lives for the sake of a technical solution we lose their trust. At that moment people think of us as politicians and no longer as Social Democrats.

Grebing: In its heyday – in other words, just before the First World War, but also in the 1920s during the Weimar Republic – the Party was not rooted in all segments of society but in many of them, right up to the proverbial rabbit breeders' associations. It found associated organisations that it could latch on to. After the Second World War a lot of this spirit still remained. Today, however, we live in a very diffuse society. Today people can slip down the social scale very quickly. We are faced by a diffuse social structure to which we have to respond and that makes the work of the Party very difficult.

Gabriel: I have to raise an objection here. The fact that we had such a broad workers' culture was, of course, borne of necessity. During the period of the German Empire, as a social democrat it was not a simple matter to become a member of a male gymnastic club or of a church choral society. As a result, they founded their own organisations. Not necessarily because they wanted to. They subsequently took on a life of their own and even today there is a Workers' Samaritan Association and a Workers' Welfare Association. It is a historic success that this separation was no longer necessary in the new and young Federal Republic. I don't want to go back to a time when someone who votes SPD has to start up their own club because he can no longer exercise in the men's gymnastic club. The key question is how we really perceive this multilayered population and find representatives for it. It is no secret – and not always wrong – that in the run-up to municipal elections long-term members and offici-

als often have to be rewarded with good places on the party list. However, it would be better if the argument ran as follows: »In my village the fire brigade is important, I'll see whether any one in it wants to stand as a candidate for us. And where is there a chair of a parents' committee who is amenable to us? Or a police officer or a nurse or a master craftsman?« They are probably not willing to become an SPD member right away. Otherwise, my general experience with non-attached members is that they tend to keep to the party line more than those who have been in the parliamentary party for 30 years.

Grebing: I want it to work, too. I just wanted to point out the problems associated with it. I do think that there are many ways of recruiting people for the Party and share your impression that the best Social Democrats are often those who are not in the parliamentary party – at least that is often the case...

As we all know, the SPD is no longer alone on the left side of the party spectrum. There are now the Greens and the Left. August Bebel – for all the difficulties he might otherwise have had – always insisted on maintaining party unity. He didn't even want to expel Rosa Luxemburg, but always said: »I can't do without this woman in the Party.« I hope you don't have to say that about anyone... How can this unity be strengthened against the background of common roots?

Gabriel: I'm not sure that applies to the Greens. It is always said that they are the children of the SPD. That is partly true, but when one looks at how they emerged they are also a movement of rural regions against the city and modernity. And today there are dividing lines between the SPD and the Greens, for example, on the question of how important industrial production is for our country. That is also a social dividing line. The situation is somewhat different with regard to the Left Party. The Left Party is two parties in one: in the east it is a traditional social democratic party – still not particularly left-wing – and in the west it is a catch-all for old communists and those who are

disappointed by the SPD. They are now in one party and until they clarify what they stand for the SPD will not be able to work with them.

I don't think that the differences with the Greens can be overcome but we must remain flexible. The Greens are in truth a new liberal party. The political mistake of Guido Westerwelle is, in a society that has become more liberal and in which voters' ties have loosened, not to have opened up the FDP but to have narrowed it into a market fundamentalist party. The FDP has thus become narrower and the Greens have gained by positioning themselves as the liberal party. In the case of the Left Party we shall probably have to wait for around ten years. By that time wiser heads will have come to consider how they can make common cause with us. I'm in favour of the SPD in its 150th year exercising a little historical patience. It is more important to concern ourselves with non-voters. The reservoir of German social democracy is not primarily among the Left, the Greens, the CDU or even the FDP. It is among those who have bid farewell and no longer have any hope that political involvement pays. They can be reached only via the reality of their lives. In the past, in seven-, eight- or nine-storey blocks of flats we got 80 to 90 per cent of the votes. Today we get only 20 or 25 per cent! The biggest enemy of social democracy is not other parties but fatalism. An excess of hope is vital to us. Democracy in general, in my opinion, lives on an excess of hope. Today we have a sense of powerlessness and an excess of fatalism. The competition with the Greens and the Left Party is not really dangerous.

»The reservoir of German social democracy is ... among those who have bid farewell and no longer have any hope that political involvement pays.«

(Sigmar Gabriel)

Grebing: We thus don't need a new centre but we should take care of those who, in our view, in terms of our history, belong to us and make an effort to win them over.

Gabriel: The centre is the majority. This so-called new centre is a political invention of communication experts and spin doctors. But it has nothing to do with society. Willy Brandt's Ostpolitik, when he formulated it, did not have majority support. Brandt fought for that support and in the end his policy became the mainstream view. The centre is not something to which we have to adapt but a synonym for majority support in society. And thus Social Democrats have to fight for their policies and issues and not choose things to adapt to on the basis of communications theory.

Grebing: What is really the permanent core of the SPD's policies today? What historic task can only the SPD fulfil?

Gabriel: Willy Brandt's autobiography is not titled something like Left-wing and socially just but Left-wing and free. He had a view of freedom which I consider to be the core of the social democratic programme today, namely, that it is not only a matter of leading a life free from poverty and oppression, but free to be able to make something out of one's own life, regardless of race, origin, gender, religion and the income of one's parents. And because everyone encounters hurdles in the course of their life we want to train people so well that they are able to jump these hurdles, namely through good education. And where the hurdles are so great that not even the best education is enough, we want to link arms and remove them. That's what we call solidarity. Freedom, justice, equality and solidarity are not subordinate to one another, but mutually dependent. And in my view nothing has changed with regard to this core in the course of 150 years. We might be called, in this respect, a very value-conservative party. Otherwise, we would not have lasted 150 years. What we don't want to be, although we sometimes – unfortunately – tend in that direction, is a structurally conservative party.

Governing Germany better and fairer – For a new social balance in our country!

A short version of the SPD Manifesto 2013:

The SPD will govern Germany: better and fairer than the CDU, CSU and FDP.

Better, because the current government is wasting opportunities that we have to take in the interest of our country and its people. Development opportunities for economic success and thereby also for good jobs. Opportunities for more stability in the financial markets, for new growth in Europe. And opportunities for a modern, free society, which respects people's attitude to life and their desires instead of restricting them.

And the SPD wants to govern **fairer**. Because many things are out of kilter. The gap between rich and poor is getting bigger and bigger. More and more men and women are earning too little from work to live on. Many more are struggling to survive on their pensions. Despite the fact that fiscal revenues are at a peak the debt mountain is increasing, which our children and grandchildren will have to pay off. Many young men and women are without prospects. Some are earning huge amounts in the financial markets. When things go wrong, it is all too often the taxpayers who have to foot the bill.

The CDU, CSU and FDP have failed. They are not strong enough to create a **new social balance** in our country!

And that is what the SPD wants:

Tame financial capitalism – strengthen the economy and the *Mittelstand* – create decent work

Hard work and diligence need to be worth it again. For the SPD that means: A nationwide statutory minimum wage of at least 8.50 euros. This is one aspect of Decent Work. Another is strengthening regular employment that is subject to social insurance contributions, in other words, proper employment rela-

tionships: the SPD will restrict, or rather reform, so called mini-jobs, temporary employment and temporary agency work. On the other hand, it will reinforce the pay scale system and co-determination. The SPD will guarantee young people the right to education. The SPD will transform unemployment insurance into employment insurance, with the aim that job losses are prevented in the first place.

Market fundamentalism is an ideology of the past. Because: **markets need rules**. This is especially true for finance, where trade in many products is still unregulated – with dangerous consequences. The SPD wants to create these rules, together with international partners. In order to re-establish the link between risk and liability. Germany's economic success depends first and foremost on the following five goals: strengthening **industry**, high-quality services, highly skilled labour, an efficient infrastructure and the promotion of creative industries. The focus is on the *Mittelstand*. The energy transition (Energiewende), which is in danger of failing under the Merkel government, is of crucial importance for a successful economy. That is why the SPD will tighten the management of this project of the century: for instance, by bundling the tasks in a **Department of Energy**.

Education, equality and living together in a modern society

Education is the key to a free, self-determined life. **Everyone is entitled to this**. That is why the SPD **does not want any fees**: from nursery through to university – step-by-step, but with a clear objective. And it will make sure that sufficient day-care facilities are available. A sensible cooperation between federal government, federal states and local authorities will be achieved through cooperative federalism in education. National standards for education make it easier to compare degrees. The SPD will follow this path.

Female and male employees will be entitled to further education and to be released from work to pursue it. **Child-care benefit**

(Betreuungsgeld) is anti-educational, however. **The SPD will therefore abolish it.**

In a modern, free society there is a place for everyone. For that reason same sex couples can no longer be discriminated against in their rights under marriage and fiscal law, as well as their adoption rights.

Nowadays, partnerships and families come in all shapes and sizes. But the income tax system does not support this reality. The SPD will therefore change the married couple's tax splitting to a **partners' tax rate** for newly formed marriages – this will also make it worthwhile for women to keep their jobs. The SPD will introduce **legislation on income equality** to ensure that women will receive equal pay for equal work. The introduction of a **40% quota** for women on supervisory boards and on boards of big companies will remove barriers for women.

For families on lower incomes the SPD will introduce the New Child Benefit. The child benefit for employees with two children and a monthly income under 3,000 euros will be up to 140 euros higher – per child and month. This, together with the region-wide provision of day-care facilities in nurseries and schools, is the **social democratic basic security for children**. And with the **family work scheme** both mothers and fathers will have more flexibility if they want it: for example, a 30-hour week with the right to return to their full-time position. The SPD will also create new opportunities for parental leave and for caring for relatives.

For a fair fiscal policy

The key pillars of social democratic fiscal policy are a **capable state and debt reduction**. The goal is to create a community based on solidarity; the path towards this goal is the fair and just distribution of individual contributions. And more freedom to live according to one's own plans – for instance, through a partners' tax rate. To ensure a fairer redistribution of the load from

weaker to stronger shoulders, the SPD will increase the **highest income tax band** to 49 per cent. This applies to top earnings of 100,000 euros and higher or a married couple's combined income of 200,000 euros. There will also be a **wealth tax**, which will affect neither those on average earnings with single-family homes nor the Mittelstand however. The same applies to **inheritance**. But **capital income** will be taxed at a rate of 32 per cent in future instead of 25 per cent. Special fiscal privileges, for example for hoteliers, and subsidies will be abolished by the SPD. Tax relief on salaries and pay-offs for executive board members of 500,000 euros or more will be limited to a maximum of 50 per cent. At European level, the SPD is set to put an end to cross-national tax fraud and make financial markets contribute to the cost of crises by introducing a **financial speculation tax**.

It is an imperative of justice – and of **economic sense** – that top earners and the extremely wealthy should once again contribute more to society as a whole and that the link between risk and liability in speculation should be re-established.

Social security and pension

A fair society ensures that there is a solidarity-based safety net for all against the greatest risks in life. Not a two-tier system in which care depends on the money in your wallet. In health care, as in long-term care, the SPD will introduce a **citizens' insurance scheme** for the newly insured and those with statutory insurance. A good insurance system for all with contributions based on the earning capacity of the individual. Employers and employees will once again contribute equally to financing social security. The privately insured will be able to choose, for a limited one-year period, whether they want to switch or not.

Those who have worked hard all their lives need to get a **good pension**. That means for the SPD:

retirement at the age of 63 without deductions after 45 years of insurance contributions, an attractive partial pension from the

age of 60, no deductions on reduced earning capacity pensions and more options to make additional contributions to pension schemes. A solidarity pension will ensure that, after 30 year of contributions and 40 years of insurance, no pension will be less than 850 euros. The SPD will suspend the raising of the pensionable age until at least half of the over-60s are in employment subject to social insurance contributions. Occupational pensions will be encouraged and a uniform pension system introduced for eastern and western Germany by 2020.

A new and better Europe

The SPD is the European party in Germany – out of conviction and economic sense. Because only in a strong, united Europe can we ensure prosperity and peace. That is why the SPD wants to make the European Union more democratic: away from the Europe of the markets towards a **Europe of the people** and towards a strong social union preventing wage dumping. With an EU Commission democratically elected by the EU Parliament, with the legislative power of the Parliament and the Council and with a common economic government and coordinated fiscal policy.

However, the EU should regulate only where it makes sense to do so at European level. All else should be left in the hands of the respective member states, for instance the organisation of public services, such as the local water supply.

The SPD wants to govern because the CDU, CSU and FDP are incapable of it. It clearly describes the ideas with which it is going to bring Germany forward. This requires clear majorities: only a red-green coalition will succeed in renewing our country.

The SPD Manifesto 2013 is in line with and follows in the great tradition of social democratic manifestos. **A free and fair society rooted in social solidarity. That is the recurrent theme.**

Further Reading

(all sources in English language)

- The German voting system – How the Bundestag is elected:
www.bundestag.de/htdocs_e/bundestag/elections/elections/index.html
- Election of Members of the German Bundestag – Constituencies and land lists:
www.bundestag.de/htdocs_e/bundestag/elections/electionresults/election_mp.html
- How votes are translated into seats – first and second vote & overhang mandates:
www.bundestag.de/htdocs_e/bundestag/elections/arithmetic/index.html
- Overview of vote intentions from different polling institutes:
www.wahlrecht.de/umfragen/index.htm
- Weekly updated vote intentions („Sonntagsfrage“) among the German population by polling institute 'Infratest Dimap' as well as former vote intentions:
www.infratest-dimap.de/en/
- Assessment of Germany's socio-economic model and the Euro crisis by Michael Dauderstädt:
www.scielo.br/scielo.php?pid=S0101-31572013000100001&script=sci_arttext
- Roles and functions of the German Bundesrat (2nd chamber):
www.bundesrat.de/cln_340/nn_10940/EN/funktionen-en/funktionen-en-node.html?__nnn=true
- Poverty in Germany: badly off without a job – Study of the Hans Böckler Foundation:
www.boeckler.de/41371_43275.htm
- Integration in Germany: Success for migrant children - what Germany can do:
www.boeckler.de/35923_41774.htm
- Subsidised "mini-jobs" contributed to the extension of low pay:
www.boeckler.de/35924_41928.htm
- Socio-economic Panel on German society focusing on individuals (development from 1984-2011):
http://panel.gsoep.de/soep-docs/surveypapers/diw_ssp0118.pdf
- Socio-economic Panel on German society focusing on households (development from 1984-2011):
http://panel.gsoep.de/soep-docs/surveypapers/diw_ssp0119.pdf
- The German Model for Europe? Reasons for the success of the German economy during the last decade investigated by Sebastian Dullien: http://ecfr.eu/page/-/ECFR83_GERMANY_BRIEF_AW.pdf

The Friedrich Ebert Stiftung (FES) is an independent NGO, associated with the German labour movement. With offices and activities in more than 100 countries, FES is dedicated to promoting the values of social democracy. The Nordic Office is part of the international network of FES and covers Denmark, Finland, Norway and Sweden. Based in Stockholm, the Nordic Office was established in 2006 in order to promote Nordic-German cooperation, mainly by means of seminars and reports on political trends. We strive to contribute to a continuous dialogue between decision-makers and civil society in the Nordic Countries and in Germany.

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In this booklet we analyze the German domestic politics and the country's role as a model for the rest of Europe. Our focus is on the Social Democratic Party, SPD, in this year's election campaign and its ability to take over the responsibilities of government.

Gero Maass, director of the think tank Friedrich Ebert Stiftung's Nordic office, analyzes the political situation, less than a month before the election.



Gero Maass

The conversation with party leader **Sigmar Gabriel** that we publish, gives an insight into how contemporary German social democracy discusses the policy conditions in the current media environment and the ability to survive as a vibrant social movement.

Karl Aiginger and **Thomas Leoni** make a critical analysis of the dominant economic doctrine.