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AFTER EIGHT YEARS OF MERKEL: NO TROUBLE?

THE POLITICAL CLIMATE IN GERMANY IN THE SUMMER BEFORE THE ELECTION

The CDU/CSU's strategy of governing until the summer and then running a short election campaign has been successful. Although there are only two months to go until the federal election on 22 September, it would be difficult to claim that the country is in election mood, let alone in a mood for change. There is currently far less desire for a change of government than before the elections in 2005 and 2009. Despite this, the existing governing coalition of the (conservative) CDU/CSU and the (liberal) FDP does not even have the strongest public support of all possible political constellations. In terms of support, the current coalition ranks behind a coalition of the (social democratic) SPD and the Greens, and most strongly of all behind a coalition of the (governing) CDU and the SPD. Clearly many voters long for a return to the grand coalition of the CDU and the SPD. However, this is mainly due to the weakness of the FDP, which is caused by the party's clientelism and continued adherence to neoliberalism; as such, it is not even clear whether the FDP will regain entry into the next parliament.

Despite the current climate of economic and political turmoil, Germany appears both stable and fully capable of learning. Above all, this applies to the country's political, democratic and institutional framework – the state. This is clear from the flexibility of the German party system and its apparent ability to overcome external and internal disruption. Moreover, Germany's high level of industrialisation, and its flexible orientation towards European and especially North American and Asian export markets has helped keep the country in good economic shape.

A corporatist model of crisis management has developed around these export-oriented industrial sectors based on transnational corporations and their staff, associations and unions. Throughout politics, there is talk of a grand coalition consisting of the CDU/CSU, the SPD and the Greens, with regular reference made to the crisis management undertaken between 2008 and 2009. During this period, a new form of social partnership developed around the key terms of "scrapping premiums" and "short work". These policies have successfully steered the German economy through the continuing European crisis during the last six years.

The realisation that such a situation will not continue for long if a country's economy shrinks over a period of years instead of expanding and servicing its debt; that 25 or even 50 per cent unemployment among young people cannot provide a basis for social stability; and that Germany is in a privileged – but fragile – situation has led different social classes and milieus to close ranks and form an "expanded middle" to protect themselves in the crisis.

However, securing an advantage during a crisis demands both the ability to learn, and adaptability in crisis management. This understanding has led the German government to symbolically reduce its tough austerity policies regarding investment programmes, not to mention policies linked to the tasks of the European Central Bank (ECB) and those aimed at alleviating youth unemployment in Europe. The message here is clear: although there will be no major deviations from the basic trend, occasional "course adjustments" may be required.

Yet the critique the German government levies at its European neighbours is also felt within the country itself. Just as the government treats the crisis in other European countries as an expression of a lack of willingness to adapt to the constraints of globalization, reduced competitiveness and an exuberant dependency culture, in Germany too, the government assumes that a position at the bottom end of the social hierarchy can be blamed on individual misconduct and a lack of personal responsibility and motivation.

Accordingly, the German government argues that individual failure on the (labour) market is to blame for the problems faced by the millions of wage-earners who find themselves below the poverty line and without any prospect for social mobility. The government's views are the mental consequences of the neoliberal turn that began in the 1980s, the

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dismantlement of social rights, the switch to private service provision and the development of structures providing social services. Additionally, the welfare state has been run dry, and this is particularly the case in the fields of labour and employment. In turn, these developments have led to resignation, which is expressed through declining voter turnout, particularly among the lower social classes. Despite this, it is essential to remember that, "The political resignation of the lower classes protects capitalism from democracy and stabilises the neoliberal turn – the actual basis of such resignation."[1]

THE "BIG PARTIES ARE IN POWER" BUT THERE ARE NO BIG ISSUES

For several decades, the legal rights of the real estate, equity, capital and property owners to returns on their capital and the repayment of securities have been prioritised over social rights. At the same time, austerity measures and the export-orientated economy now connect legal rights to the interests of the industrial core workforce. Not least since the expansion of private pensions, core workers have tended to view themselves as the likely benefactors of (future) investment income, and assume that this will have to be balanced in their budgets alongside the interests of wage earners, social security claimants and those of people living purely off investment income. At the same time, the withdrawal and exclusion of the subaltern classes from political participation strengthens the socio-political alliance between the middle and upper classes. "The people believe that this country has been well directed through the eurozone crisis. Many policy areas now receive far less criticism [...] The current legislative period has been dominated by two remarkably parallel developments: an upswing in the labour market and the robust German economy on the one hand, and the crisis in the eurozone on the other."[2] Although there have been numerous discussions about the measures needed to resolve the crisis, the policy debate has not been based around fundamental divisions between two opposing political camps; instead the discussions have merely focused on "the details".[3] Clearly, there is no room in the debate for a grand political coalition. Moreover, the announcements made by the SPD and the Green Party demonstrate that neither party is willing to contest the election as part of a new political constellation aimed at bringing about fundamental political change.

The lack of contentious issues in the election campaign makes the parties "nervous and at the same time at a loss as to how they can win over voters".[4] This is because political climates without polarizing issues tend to return unpredictable election results. According to ZDF's electoral poll (its "political barometer"), people are faced with a number of "important" problems, but none of these issues was defined by more than a third of respondents as a "major problem".[5]

The lack of polarization in the election campaign is also due to reduced ideological party affiliation and shrinking numbers of loyal party voters. At the same time, a growing number of issue-related protest movements exist with high technological expertise, as the example of the Stuttgart 21 protests demonstrates. This also makes it more difficult to predict people's voting patterns, and consequently election strategies become more uncertain. On the other hand, when asked about the problems that "politics" should prioritise, the public is still generally concerned about the same major issues: the future of the euro, the energy transition, state finances, wages and deepening inequality.[6] Since none of the mainstream parties have made these central to their campaigns, the election result will remain exciting until the end; in such a climate, voting patterns could be strongly affected by both minor and sudden events.

A POLITICAL SYSTEM IN CRISIS?

The absence of highly important issues in the electoral campaign is an expression of crisis in the political system. Mainstream political parties are no longer in a position to command a majority vote, nor or are they able to provide society with consistent manifestos or crisis management strategies that the majority support. "Since the beginning of the on-going crisis, the political and ideological imperatives of rigid neoliberalism have been unable to command a majority either within party politics or during elections – government policies have led to a stronger move away from radical market self-regulation. In principle, this process of social-democratisation is making it increasingly difficult to distinguish the contours and the profile of the European social democratic parties and the left-wing political spectrum in general."[7]

As of yet, no new political project or "strong movement of the subaltern classes" has taken the place of the declining binding force of market ideology. As there is no project or movement that could implement an alternative strategy in the crisis, "socio-political developments are moving more and more towards technocratic administration [...] in this country, this means governance through silence. At the same time, as parties and internal party rivals are being deprived of power, we are also seeing an increase in cross-party resolutions."[8]

The chancellor's strength is not derived from her party's manifesto, but from her skilled deployment of power and her role as the captain of the "MS Germany" which is currently sailing through dangerous waters. It is the crisis that is holding her party – and her power – together. However, this leads to the obvious problem of finding coherence among the ruling classes.

First, this includes the renaissance of the issue of inequality, which is caused by the lack of prospects of a positive end to the current crisis, and the fact that gains and losses are being unfairly distributed with the current form of crisis management. The abandonment of morally and culturally sanctioned methods of distributing resources, life chances, participatory opportunities and securities jeopardises the social order: clearly, something is rotten in the state of Germany. It would certainly be possible to focus on these issues during the next general election; issues that the public generally views in terms of *justice* and *security.*

With the publication of the ECB's report on the unequal distribution of wealth in Germany and Europe, it is clearly time to warn that, "Particularly those parties which call themselves "middle class" need to think about the distribution of wealth in Germany. Which middle class are they referring to? Who are they speaking about when they boast about tax payers? Is it really right to complain about the supposed "effortlessly gained wealth" of people receiving social welfare while not even mentioning the wealth of property owners, which really is effortlessly gained? More important, though, is what citizens in the middle of society actually do with the things they know. Inequality in Germany is the result of a diverse range of political deci-

sions – very few of which could have been possible without their consent."[9]

Second, conflicts of interest of unprecedented proportions have developed among the elite and business. The confederations representing industry are finding it increasingly difficult to assert their common interests through politics: politicians now tend to turn to large transnational actors without consulting these confederations. Furthermore, the sector of small and medium-sized enterprises, which has always been of existential importance in Germany, has reacted defensively to the "planned economy" – in other words, the complex formed by linking major industry and service providers with ministerial bureaucracy (the state). This has widened the conflict between public service provision (desolate infrastructure, education, housing, etc.) and private provision; as well as between public service provision and society/the population. Furthermore, a form of libertarian resistance is developing out of the middle of society and it is positioning itself against the ingrained coalition of bureaucracy, state power and expert cultures, as manifested in commissions, hearings, consulting agreements, reports and so on.

Third, the ruling party itself is faced with difficult adjustment processes that sometimes lead to sudden changes in direction. The "exit from the exit" from nuclear power, the abolition of conscription, and later the introduction of gay marriage, quotas for women, a minimum wage and rent controls are all examples. These represent bastions of traditional, value-bound German conservatism that have been brushed aside by the chancellor within just one legislative term; although this has caused great turmoil within the CDU/CSU, critics have remained largely voiceless. However, these policies clearly represent a necessary process of reform that the CDU/CSU must go through – they reflect essential changes in social attitudes, such as in family policy and gender equality.

The effect of these policy changes on the CDU/CSU is similar to the turnaround performed by the SPD in labour market policy in 2003. However, Angela Merkel is proving to be a politically shrewd manager, with a far superior level of adaptability than Gerhard Schröder, and this has a lot to do with her rather pragmatic relationship to power. Yet the losses caused by the friction within the CDU/CSU should not be underestimated – this will become particularly clear on the day after the election. For example, although the "conservative camp" may be united in its rejection of the tax increases proposed by opposition parties, the planned expansion of the "mother's pension" has, for example, been criticised by the Confederation of Employers' Associations as "harmful to employment" and "irresponsible".[10]

THE STRONG STABILITY OF THE SYSTEM

Despite political upheaval, there is still a high level of confidence in the current form of government. In West Germany in the 1960s, 74 per cent of respondents answered affirmatively to the question "do you think the democracy we have in the Federal Republic is the best form of government?" Since then, the number of people agreeing with this statement has fluctuated between 70 and 80 per cent. The lowest approval rating was in 2008 with 62 per cent, but in 2013 approval was back to 75 per cent in Germany as a whole.[11] At the same time, it is clear that although new parties can successfully enter the political arena, and that they may even gain mandates in individual federal states, in general elections they have little chance of placing new topics on the agenda or gaining new parliamentary support for past issues.

If we examine the lines of conflict that determine the development of the German party system, it is likely that in addition to the conflict over "welfare state redistribution versus market freedom" the conflict between libertarian and authoritarian concepts and styles of government will continue to gain in strength. It is here, along this axis, that smaller parties have another task: that of sharpening these conflicts, while representing and providing a coherent and organised expression of other cultural and ideological perspectives and patterns of behaviour. The Green Party, which is hardly bound by opinion polls, draws it strength from here. Similarly, the new party "Alternative for Germany" and the success of the Pirate Party fulfil this task, even if there are major problems with the political form the Pirate Party has assumed. In contrast, the Left Party represents the conflict between "the poor and the rich", but given the current strength of the German welfare state, the Left Party is finding it particularly difficult to expand its support.

The power political options provided by the German party system mean that the current coalition under Chancellor Merkel is likely to continue its authoritarian and market-oriented path. Consequently, we can expect economic policy to be characterised by plan economics, and governance to reflect the political style of a presidential system. Joining a grand coalition under Merkel would change little in this regard; it would merely increase the new coalition's orientation towards a more social state. A coalition between the Green Party and the SPD would of course be a different option altogether. It would probably lead to a more libertarian style of politics, the social welfare component would be stronger, and economic policy would likely combine plan economics with other developments based on productive power such as transport, agriculture, communication, food and clothing, and energy policy.

GERMANY'S POSITION AS A GLOBAL ACTOR (IN ELECTION MANIFESTOS)

The CDU/CSU and the FDP view themselves as *the* representatives of German interests. Germany is doing well in Europe: it is a role model, an anchor of stability and an engine of growth. The CDU sees itself as the party that can guarantee a continuation of this situation. As such, the party aims to let the voters decide whether Germany will continue to remain strong or whether its stability should be squandered by the "wrong decisions", such as the communitisation of debt through debt redemption funds and Eurobonds, as supported by the SPD, the Greens and the Left Party.

The CDU/CSU consider preserving Germany's strong economy as providing *the* basis of "prosperity for all through opportunities for success and advancement for everyone." This is to be achieved through a competitive society of opportunities. This approach, combined with the idea of "no benefits without a return contribution" – whether in Germany or in the rest of Europe – pervades the policies of the CDU/CSU and the FDP, and it is clearly reflected in their election manifestos.

At the same time, the CDU/CSU are developing policies that on the one hand respond to the increasingly divergent interests present among CDU/CSU voters, and on the other hand react to the intensified discourse on deepening social

divisions and solidified poverty. These policies include full employment and a minimum wage, joint income tax assessment for families, the mother's pension and demands for affordable housing. Despite these developments, the implementation of these policies remains conditional on financing first being made available for them. Finally, these policies are aimed at mobilising the CDU/CSU voter base, while encouraging SPD and Green Party voters to stay at home.

Most important of all is the Euro Plus Pact. This is an agreement between nation states and the European Commission that sets out specific measures aimed at eventually creating a North Atlantic Free Trade Area between Europe and the US. This would constitute the world's largest economic area. Germany's changing economic position within the EU and in global competition is leading the CDU/CSU to search for new export markets that are "no longer merely located on our doorstep, but also include the emerging markets of Asia and Latin America, Africa and the Arab world",[12] in other words markets that are increasingly outside of Europe. The FDP takes up a similar position in its policy to improve German exports through expansion "into emerging markets".[13]

The SPD also emphasizes Germany's special role and international responsibility, and even supports the proposed free trade agreement. However, in order to succeed internationally, the SPD argues that German industry needs to be secured by renewing traditional industries and opening up new leading markets, such as mobility, health, energy and infrastructure. "The country must ensure it keeps an edge over the international competition in the areas in which German industry is particularly strong."[14]

The Green Party links international competitiveness to the transition to low-resource production, closed-loop material cycles and fair and comparable working conditions as a means of enabling small and medium-sized businesses to remain competitive. The party argues that, "Sustainability must become the basis of European competitiveness."[15] Although the Greens do not question the proposed free trade agreement, the party does at least insist on the Bundestag having a say in negotiations.

The Left Party, in contrast, argues that "no positive developments" will come of the free trade area. Instead, the party fears that it will lead to unrestricted importation of genetically engineered products, increased competition between large companies in the United States and Germany (at the expense of economically weaker EU countries), and public services becoming subject to unregulated world markets. The Left Party calls for a fundamentally different economic logic: one in which people are more important than banks, and a social alternative to finance-driven capitalism. It connects these policies with demands for a re-foundation of Europe. For this reason, the Left Party rejects the Stability and Fiscal Pact as well as the debt brake that has been adopted at all levels of government – and it is the only party in the Bundestag to do so. In contrast, the CDU/CSU, the FDP, the SPD and the Greens all view these measures as providing an essential basis for political action.

A BLOC AGAINST MERKEL?

The SPD has so far ruled out forming a coalition with the Left Party and the Greens. Nevertheless, the three parties have a number of similar – or even identical – policies, which are merely either weighted or defined differently, or formulated more radically by the Left Party. However, this leads to a contradiction: to varying degrees the SPD and the Green Party have turned away from "Agenda 2010" and its neoliberal premises, but the parties have not drawn any practical conclusions from this in the policies they have put forward since the beginning of the euro crisis. Furthermore, these parties continue to assume that there is no shared basis with which to form a coalition with the Left Party. Moreover, although the Left Party restored its ability to act effectively after gaining a new leadership, there is still no majority support in society for a change in political direction. Despite this, the similarities in approach between the SPD, the Green Party and the Left Party may well have consequences for the future; as such, their positions are considered briefly in the following.

All three parties call for the EU to be complemented by a social union, for control and reform of the banking sector, a European rating agency, a tax on financial transactions (the Left Party at 0.1 per cent) and Eurobonds. Whereas the Greens aim to anchor a clause for social progress in EU primary law, the Left Party focuses more on the definition and implementation of European social corridors as a means of bringing about equality in people's standards of living.

The Green Party's policy aims of replacing "unfettered capitalism" with "regulation of the financial markets" and "growth" with "real quality of life" are certainly goals that are supported by both the social democrats and the Left Party. The same applies to the Greens' call for a statutory minimum wage (SPD and the Green Party: € 8.50, the Left Party: € 10, rising to € 12 after 2017), generally-binding collective agreements, measures against wage dumping in temporary and contract work, citizens' insurance, sustainable production, the continuation of the energy transition, affordable electricity and affordable housing through rent limits. Unlike the SPD and the Greens, however, the Left Party also calls for the abolition of the Hartz IV social security laws. Despite this, tax policy offers a further possible basis for agreement: the Left Party argues that the top rate of tax should be increased to 53 %, while the SPD and the Greens support 49 %. Whereas the Left Party aims to revert the increase in retirement age (which is due to be increased to 67), the SPD seeks to postpone its introduction, and the Greens argue for a gradual increase of retirement age. At the same time, the SPD and Greens are calling for a minimum pension of € 850, whereas the Left Party supports a minimum pension of € 1,050.

European and foreign policy constitutes the largest difference between the Left Party and all other parties represented in the Bundestag. Although the Left Party is not calling for an end to the euro, the party views the euro's continued existence as essentially linked to an end of austerity. The Left Party rejects the Fiscal Pact and the Troika's memoranda, and opposes involving the Bundeswehr in combat operations, reforming the army into a modern operational force, and establishing a European armaments agency. Furthermore, the Left Party refuses to participate in governments that wage war or permit the Bundeswehr to engage in foreign combat missions.

It is still unclear which course the European crisis will take. The current climate of relative stability could quickly collapse. Whether such a situation could provide the chance for a real break with neoliberalism is questionable in the context of the current general election. As long as they can, the governing parties will continue their policies of crisis corporat-

ism. Importantly, there is clear majority support for this path among the elites and even among the opinions voiced by the population. However, intensified competition and continued austerity policies are deepening the causes of the crisis. This is the best argument against leaving things the way they are. Consequently, it is time the Left properly prepared itself for this difficult situation.

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