

REFLECTIONS ON THE 2009 PARLIAM LONG-TERM TRENDS IN THE RISE OF THE FRE

In the 2009 parliamentary elections in Germany, the Free Democratic Party (FDP) achieved its best result ever in national elections – 14.6 per cent of the vote, up by 4.7 per cent compared to the previous election in 2005. In this article, **Natascha Zowislo-Grünewald** and **Franz Beitzinger** argue that this is the effect of a slow, but steady development of political sentiment in Germany, which is directed against ‘big government’ and towards both the acceptance of and the demand for the principles of self-responsibility and freedom in society.



AS HEINRICH Heine wrote, ‘The Englishman loves liberty as his lawful wife ... he is still ready in case of need to defend her like a man ... The Frenchman loves liberty as his bride. He ... will fight for her

to the death ... The German loves liberty as though she were his old grandmother.’¹

The immediate implication of this quote from Heine’s *Pictures of Travel*, comparing the mindset of the Germans, the English, and the French, seems to be that

MENTARY ELECTIONS IN GERMANY PUBLIC OPINION AND THE DEMOCRATIC PARTY

the Germans are not passionately committed to either political or economic liberty. Applied to modern campaigning, this sees its reflection in the assumption that political elections in Germany will never be won by propagating freedom and self-responsibility. And, at first sight, the parliamentary elections of 2005 confirm this prejudice: the Christian Democrats (CDU/CSU) achieved their second-worst result since 1949 and had to form a grand coalition with the Social Democratic Party (SPD).² The consensus of published opinion is that Angela Merkel 'lost' this election due to her explicit free-market campaigning;³ the mass media has generally commented that people were afraid of too much freedom, and that the common man was yearning for a paternalistic, protective and caring government.⁴

Between the national elections in 2005 and 2009, however, something seems to have happened that contradicts published opinion. In the parliamentary elections of 27 September 2009, the CDU/CSU yet again lost votes and fell back to 33.8 per cent of the so-called 'second votes' (their worst result since 1949). The SPD definitively lost this election and achieved their worst result since 1933 (23 per cent – down 11.2 per cent compared to 2005). However, the Free Democratic Party (FDP) achieved its best result ever with 14.6 per cent of the vote (up 4.7 per cent compared to 2005). Astonishingly enough, the FDP earned this increase in votes by advancing the cause of economic liberty during

the financial crisis. Can elections actually be won in Germany by promoting liberty? Maybe Heinrich Heine got it right when he further reflected in his *Pictures of Travel*:

The splenetic Briton, weary of his wife, may put a halter round her neck and sell her in Smithfield. The flattering Frenchman may perhaps be untrue to his beloved bride and abandon her ... But the German will never turn his old grandmother quite out of doors ... Should freedom ever – which GOD forbid – vanish from the entire world, a German dreamer would discover her again in his dreams.⁵

Economic politics in Germany before the 2009 parliamentary elections

At the climax of the still-ongoing financial crisis, an overwhelming section of the German political class rediscovered the state as a wise and benevolent economic actor. In October 2008, Chancellor Angela Merkel and Federal Minister of Finance Peer Steinbrück together announced that the government would guarantee German citizens' private savings, worth about €1 trillion.⁶ Further examples were the announcement of subsidies to stimulate the purchase of new cars⁷ ('Abwrackprämie'), and a law that allows the expropriation of private banks.⁸ Frank-Walter Steinmeier, vice-chancellor in the grand coalition

and the SPD's front runner for chancellorship in the September 2009 elections in Germany, called for the (partial) nationalisation of the German unit of General Motors, Adam Opel AG.⁹ The two largest parties in Germany based their campaigning on propagating an active role for the state in the management of the economy. The state, it was claimed, needs to control the economy because, as Peer Steinbrück put it in his government policy statement of 25 September 2008, the financial crisis was caused by the principle of *laissez faire*.¹⁰ The financial crisis therefore seemed to promote an understanding of the government as a safeguard against the ferocity of the market economy, on the part of both politicians and the public alike.

However, things have not always been so clear. From 1998 to 2005, Germany was governed by a coalition between the SPD and the Greens (the 'Alliance 90/The Greens'). By the end of the first legislative period, in 2002, the world regarded Germany as the sick man of Europe. Europe's former economic powerhouse seemed to be paralysed by its unwillingness to reform and overburdened by an ever-growing paternalistic state. Even public opinion in Germany demanded a radical change: 'Citizens, to the barricades!' ('Bürger, auf die Barrikaden!')¹¹ might well have been the watchword of 2002. Privatisation, deregulation, and debureaucratisation (as endorsed by Thatcher and Reagan) were commonly accepted

Left: Guido Westerwelle, leader of the FDP, during the 2009 election

LONG-TERM TRENDS IN PUBLIC OPINION AND THE RISE OF THE FREE DEMOCRATIC PARTY

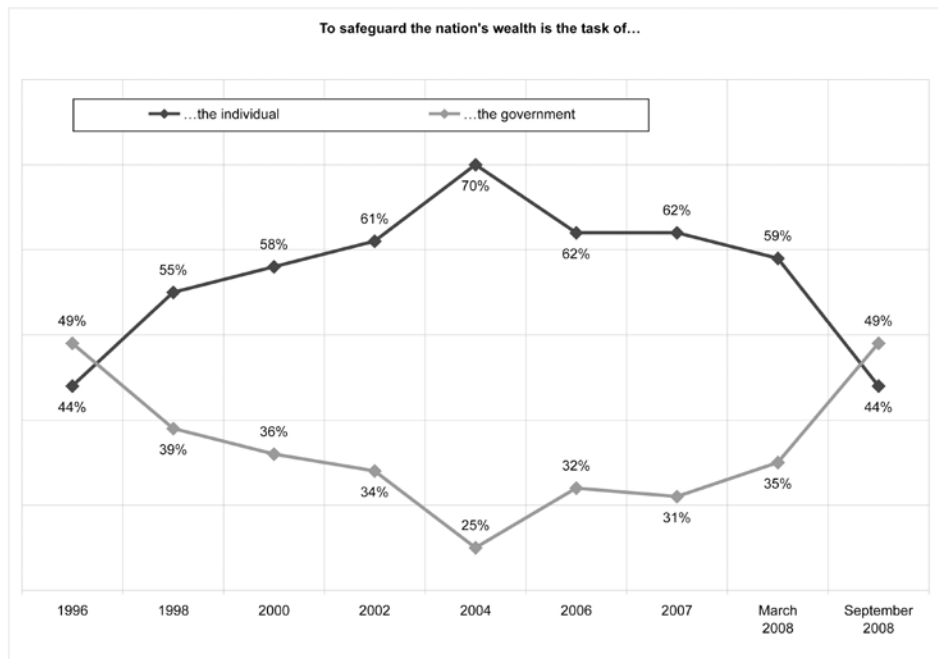


Fig. 1: Acceptance of the principle of 'self-responsibility'¹⁶

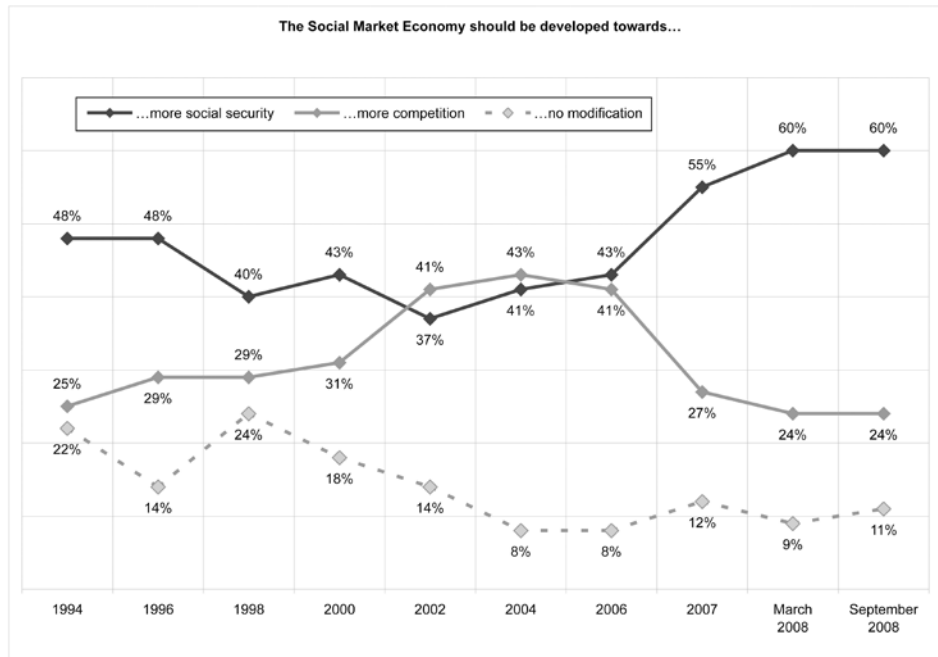


Fig. 2: The future of the social market economy¹⁷

and analysts inside the CDU concluded that the reform agenda had prevented them from winning the election.¹² Following the election, the Christian Democrats were forced to form a grand coalition with the Social Democrats, and the price they paid was the dropping of the Leipzig resolutions. Prolonged and controversial intra-party discussions accompanied the revision of the party program.¹³ In 2009, Angela Merkel decided not to talk about economic policy or any other issue touching on the precarious balance between freedom and self-responsibility. Intra-party criticism, however, harshened during the national election campaign, especially after the 'disillusioning' regional elections of 30 August 2009.¹⁴

What do the Germans want?

The National Association of German Banks (Bundesverband Deutscher Banken, BDB) regularly carries out opinion polls on the Germans' attitudes on economic issues,¹⁵ and, at first sight, the results of these polls seem to indicate that the Germans appreciate a liberal social order and values such as freedom and self-responsibility (see Figure 1).

Over the last decade, roughly 60 per cent of the respondents in the regular BDB surveys said that it was the task of the individual to safeguard the nation's wealth; whereas around 30–35 per cent thought that this was the government's task. As the financial crisis has deepened, however, these numbers have been affected. In the BDB's survey of September 2008, 49 per cent thought that it was the government's job and 44 per cent thought that it was up to the individual. This sees a return to the opinions of the mid-1990s, when about half of the interviewees also held the view that the government was responsible for safeguarding prosperity.

From these figures, it is possible to conclude that German citizens are willing, in principle, to accept their self-responsibility. Particularly as the period from the mid-1990s to 2006 also saw a rise – from 25 per cent to 41 per cent – in the number of people desiring less government influence on the economy. However, probably as a

as being the cure for the German disease. After winning the 2002 ballot, Chancellor Gerhard Schröder committed the Red-Green project to a process of ambitious reform ('Agenda 2010'). Announcing this reform package in his government policy statement of 14 March 2003, entitled 'Courage to Change' ('Mut zur Veränderung'), Schröder declared that he would cut welfare benefits, so as to both promote and demand self-responsibility. The Christian Democratic Union (CDU),

which lost the 2002 ballot, also declared its commitment to freedom and self-responsibility at their 2003 national party convention in Leipzig. At that time, pollsters predicted that the CDU, together with her Bavarian sister party the CSU (Christian Social Union), would have won an absolute majority of seats in the German Bundestag, had there been a national election.

Surprisingly, however, public opinion changed radically during the 2005 election campaign,

result of the financial crisis, people have again lost their faith in the market. By September 2008, the proportion of those in favour of 'the market' playing a bigger role in the economy dropped to 24 per cent. Now, 60 per cent of the respondents are asking for more social security to be provided by the government (see Figure 2).

The belief in economic freedom is not well grounded in Germany. This became obvious during the so-called 'Anti-Capitalism Debate' in the spring of 2005. The equation, in the mass media, between a free-market economy and exploitation gave voice to a public scepticism about the fundamental principles of the market economy. By the time voters went to the polls in 2005, 75 per cent of the interviewees thought that corporate profits were not benefiting society – were harmful, in other words – and 37 per cent viewed high profits as 'morally dubious'. The impact of the current financial crisis has produced much the same reaction. In September 2008, 79 per cent of the interviewees said that the profits of private businesses were not benefiting society, and 46 per cent judged 'high profits' as 'morally dubious'.

Despite the open scepticism of the German public towards the market economy, the proportion of people who lean towards the values of freedom and self-responsibility as such seems to be stable. The same can be said for the part of the population which fervently advocates an all-powerful state as the solution. According to the *Deutscher Wertemonitor*, published by the Friedrich-Naumann-Stiftung, the number of respondents who favour individual freedom and self-responsibility as against social solidarity and equality has dropped slightly from 47 to 43 per cent. The share held by the proponents of social solidarity and equality has climbed slightly from 47 to 50 per cent.¹⁸

In 2006, after the first year of the grand coalition's 'regency' in Berlin, the assessment of the CEO of the polling firm TNS Emnid was that conservative voters and almost all business people were profoundly disappointed with the CDU's policies, because they contradicted the resolutions made

during the 2003 Leipzig party congress.¹⁹ About a year later and two years after forming the grand coalition, two-thirds of the CDU's voters were pleased with the government.²⁰ This, however, was grounded first and foremost in a sense of gloating over the Social Democrats' ongoing polling crisis. Another one and a half years later, and the CDU's voters were again highly dissatisfied with the CDU's economic policy. In a poll undertaken by FORSA in March 2009, 74 per cent of the interviewees were afraid that the CDU could become the 'party of nationalisation'; 52 per cent accused Merkel of collaboration with the Social Democrats.²¹

The findings of another study ('*Perspektive-Deutschland 2006*')²² seem to indicate that Germans want to have their cake and eat it: they want freedom from the state but they also want risk protection by the state. More than half of the interviewees (54 per cent) favour a social model that shows notably more market orientation than before; only 13 per cent opt for a society more intensely shaped by government. However, the respondents would also like to see more redistribution: more than three-quarters propose that more government programmes be instituted to narrow social chasms; 38 per cent want the government to cover the population's risks to a larger extent; while 37 per cent would like to see more self-responsibility. Asked to choose between approaches to organising social security, 48 per cent opted for the governmental model and only 34 per cent for the market model.

German society today is divided into two camps. On the one hand, we have the proponents of an all-protective state, who were gradually declining in numbers until the beginning of the current financial crisis. In contrast, the other camp, which has grown notably over the past decade, confesses allegiance to values such as freedom and self-responsibility and fundamentally prefers the market to the state as far as the economic order is concerned. However, the worldview of vast parts of this second camp is not consolidated, as was shown by the changes within public opinion both during the 'Anti-Capitalism

Debate' of spring 2005 and as a result of the current financial crisis.

Trends in public opinion

The Germans as a whole are indecisive. They appreciate the welfare state, but also freedom, and would prefer to have both at the same time. In the summer of 2006, the journalist Bruce Stokes wrote an article entitled 'Germany Stalled' on the German disease and the unwillingness of the government to reform.²³ He stated that: 'It is not clear, though, that Germany's politicians or public have much stomach for further change.' However, this general reproach does not seem to be completely accurate as regards either the politicians or the German public. In fact, a careful interpretation of the opinion polls does not confirm a diagnosis of unswerving belief in big government and a degree of discernable scepticism towards freedom.

The average German appreciates the welfare state, but also some freedom. The long-lasting economic crisis of 2001 brought both mass unemployment to the Germans and losses in net wealth, and the same is feared to be happening or has already happened as a result of the financial crisis. The solution to permanently overcoming the 'German disease' and its accompanying crisis is publicly known and accepted: a programme of liberalisation and deregulation. Indeed, as the surveys mentioned above clearly show, the Germans are aware of the fact that an efficient welfare system has to rely on a market economy, and analysis of the opinion polls points to a growing support for freedom. There are signs of the beginning of a change in values throughout the public and that the dominant egalitarian Zeitgeist shaped by the 1960s and 1970s might now have peaked and be on the decline. This is in line with a prediction by the Institut für Demoskopie Allensbach (IfD) who forecast in 2003 that the value of freedom would, indeed, gain in importance.²⁴

Clearly, the current financial crisis has had an impact on this long-term increase in the appreciation of 'freedom'. However, the fundamental trend seems to

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LONG-TERM TRENDS IN PUBLIC OPINION AND THE RISE OF THE FREE DEMOCRATIC PARTY

remain intact, which means that the view has been growing the individual is responsible their own well-being, and not the state. In a poll taken in March 2009 by the IfD, 47 per cent agree with the statement, 'every man is the architect of his own fortune'. Only 28 per cent said that they were defenceless and at the mercy of circumstances – an attitude that promotes reliance on the redistributing state. This the latter number is the lowest in the IfD's surveys since 1990 and represents the expression of a trend in Germany, a 'renaissance of civic values', which is probably the main cause for the increasing support for the FDP, beyond the dissatisfaction of former loyal CDU voters with their party.²⁵ (See Figure 3.)

Naturally, this change in values will unfold only gradually. However, the current financial crisis might prove to be a trigger that speeds up the change in attitudes and, as a result, the delicate trend towards increased liberty might result in a sustainable change in the political landscape in Germany. The results of the German elections to the European parliament in June 2009, as well as the results of the national parliamentary elections in September 2009, seem to be consistent with this hypothesis. Despite accusing 'the free market economy'

and 'capitalist values' of causing the economic crisis and despite demanding massive state interventions such as the nationalisation of tumbling businesses, the parties on the left of the political spectrum did not benefit. In the European elections, Social Democrats fell to the lowest percentage of the vote ever (20.8 per cent). The post-communists ('The Left', 7.5 per cent) and the Greens (12.1 per cent) gained only a few votes. Christian Democrats performed better than expected (37.9 per cent). However, the largest growth was seen by the pro-market Free Democrats (11.0 per cent), who nearly doubled their share of the vote.²⁷

To compound this state of affairs, the results of the national elections in September 2009 were a disaster for the Social Democrats (23.0 per cent). Post-communists performed quite well (at 11.9 per cent), and the Greens gained a little (at 10.7 per cent). The CDU/CSU suffered slight losses (33.8 per cent). The FDP, however, got its best result ever (14.6 per cent). In polls taken at the beginning of July 2009, one of the few German top-ranking politicians favouring economic freedom – the Minister for Economics and Technology, Karl-Theodor Freiherr von und zu Guttenberg (CSU) – was the second most favoured politician, just behind Chancellor

Angela Merkel.²⁸ In his own electoral ward, he got 68.1 per cent of the first votes, the best result of all candidates in the 2009 parliamentary elections. All in all, the FDP received 6.3 million votes. An analysis of voter migration shows that nearly 20 per cent of the FDP's votes (1.2 million) originated from former CDU/CSU voters, about 7 per cent (430,000) from former SPD voters. There can therefore be no doubt that the FDP profited from disillusioned CDU/CSU supporters. Another 930,000 disillusioned CDU/CSU voters stayed away from the ballot box. This voter migration pattern suggests that the reasons for the FDP 'stealing' votes can be found in the economic and fiscal policies of the grand coalition.²⁹

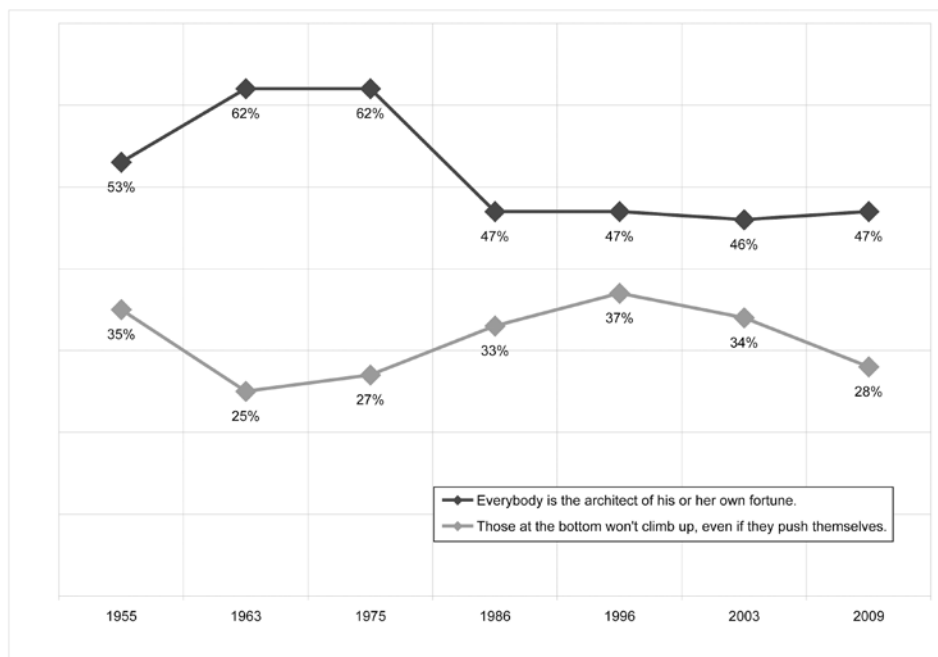
Now, about one year after the election, voters' support for the FDP has melted away. The reason for the disastrous polls since the beginning of 2010 is quite obvious: the Free Democrats have not shown any serious attempt to alter German politics after the election. Apparently, they have broken their election pledge.

Will there be a sudden change in German politics?

The economic theory of democracy laid out by Anthony Downs in 1957³⁰ is grounded in the assumption that political parties strive to maximise their votes, and therefore automatically pursue policies that also maximise the profit of the majority of the voters. Rational voters make their electoral decisions on the basis of information provided by party manifestos, and choose those parties whose programmes match their individual interests to the greatest possible extent. If this is, indeed, true, then the long-term orientations of the voting public should have connotations for the political landscape.

From the findings of the opinion polls described above, and according to the theoretical model of democracy just described, there should be two political camps in Germany. The first should stand for the expansion of social equality through governmental activity, and the second should stand for the strengthening of freedom and self-responsibility.

Fig. 3: Views regarding freedom and self-responsibility²⁶



These two camps should differ decisively as regards their political programmes and their political action. And, indeed, precisely this sort of factionalisation can be found within the German party spectrum (CDU/CSU/FDP vs. SPD/Greens/The Left).

These two political camps, whose major representatives (CDU/CSU and SPD) have been forced to form a grand coalition from 2005 to 2009, should be expected to strive for the greatest possible and, above all, most visible differentiation as far as their party-ideological direction and actual actions are concerned. Yet, despite trying to establish distinctive profiles, the CDU/CSU and SPD were striving to demonstrate an overriding spirit of harmony in government to the public. Those who criticised the ongoing social-democratisation of the CDU³¹ desired a political commitment to more individual liberty, more individual responsibility, and more economic freedom; the CDU's leading circles, however, fear such a political agenda.

The attitude of that part of the electorate which is actually in favour of self-responsibility and freedom is not rock solid, as was seen during the Anti-Capitalism Debate in the spring of 2005 and is being seen again during the financial crisis.³² Consequently, there is no clear incentive for politicians to publicly speak out for restraining the government and strengthening individual responsibility. Indeed, it is safer to advocate the opposite. Therefore, political programmes can be expected to increasingly concentrate on the negative effects of more self-responsibility and the alleged accompanying weakening of the state. The CDU's new political strategy to move further to the political left³³ is an example of this.

Politics is a business like every other business. However, 'political markets' and 'economic markets' differ markedly. In political markets, the realisation of political profit does not necessarily result from the creation of new political knowledge and, thereby, the establishing of political market leadership. On the contrary, politicians can also try to generate 'revenue' through politically

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sanctioned distortions and favouritism,³⁴ and for politicians in general, this kind of 'plundering' entrepreneurship seems to have been a more profitable strategy. Rather than creating new political knowledge, certain social groups can achieve a clearly definable benefit through welfare state transfers. In the current financial crisis, examples of these groups are the banking sector and the automotive industry. However, creative rather than plundering entrepreneurship should be the desired politico-economic approach. Only the former is able to generate solutions for social problems.³⁵

In the medium term, there will be no paradigm shift in German politics. The institutional framework for political action still gives strong incentives for political entrepreneurs to act in a 'plundering' way and to work against the deconstruction of the paternalistic welfare state. However, pro-market arguments are likely to become increasingly visible in German politics in the future, and, as a result, a political party committed to economic liberalism and 'bourgeois virtues',³⁶ filling the void left by Angela Merkel's recent strategy of defeating the SPD by imitating social democracy, will presumably have a real chance to become an important power in German politics. (The Free Democratic Party, however, missed this chance.) The shifting political sentiment in Germany is, indeed, an incentive for politicians to recalibrate their campaigning. If the growing acceptance of economic liberty and the corresponding values of self-responsibility and freedom prove to be sustainable, more politicians will (have to) join this camp.

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Philadelphia: Schaefer & Konradi, 1882), p. 414.

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- 17 Ibid.
- 18 *Deutscher Wertemonitor*, Ergebnisse im Auftrag des Liberalen Instituts der Friedrich-Naumann-Stiftung für die Freiheit (Potsdam, 2008), p. 37.
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LIBERAL HISTORY QUIZ 2010: ANSWERS

(See page 19 for the questions.)

- John Stuart Mill
- Lord Rosebery (Actually our wording was slightly sloppy here, as Lord John Russell was Prime Minister for eight months in 1865–66, a shorter period than Rosebery's fifteen months in 1894–95. Russell's earlier period as PM, from 1846 to 1852, fell before our cut-off date of 1859, though that wasn't what we intended! In the end we accepted either Rosebery or Russell as a correct answer.)
- North Devon
- David Alton
- George Dangerfield
- Isle of Ely; Ripon
- Diana Maddock
- King Street, St James, London SW1
- Dadabhai Naoroji
- Liverpool
- Isaac Foot
- Dick Taverne
- Sir William Vernon Harcourt
- A J Sylvester
- Vince Cable
- Des Wilson
- Sir John Acton (later Lord Acton)
- Tawney Society
- Sir Charles Dilke
- Jenny Randerson