

British media backs Merkel in German elections, but fears instability

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17 September 2005

Elections in Germany do not usually arouse such great interest in the British press as the one taking place there September 18. For weeks, almost all the major dailies had confidently anticipated and indeed welcomed a decisive victory for Angela Merkel's Christian Democrats (CDU) over the ruling Social Democratic (SPD)/Green coalition. The same position was held in private by the Blair government.

Regarding foreign policy, SPD Chancellor Gerhard Schröder's criticisms of the US-led war against Iraq had not won him any friends in Britain's ruling circles. Prime Minister Tony Blair had counted on a swift US victory in Iraq that would enable Washington and London to ensure their geo-political dominance in a strategic oil-rich region, thereby strengthening their hand against their major European competitors.

Instead, the UK has been drawn into a bloody maelstrom with no quick exit route. There is a belief that a Merkel victory could see a realignment in German foreign policy that would help strengthen the US-British alliance, though any radical change is precluded—not least by the depths of public opposition to the war.

It is on the basis of Schröder's domestic performance, however, that both the Tory and pro-Labour newspapers oppose him.

Most are prepared to praise his efforts to carry out pro-business economic reforms, particularly his assault on social welfare provision, contained in Agenda 2010 and Hartz IV.

The *Financial Times* reported that history would judge the chancellor "kindly." Heinrich von Pierer, former chairman of Siemens and a member of the CDU's Bavarian sister party the Christian Social Union, told the newspaper that "Agenda 2010 will certainly remain as his biggest legacy," even if it were Merkel that would reap the fruit of such reforms.

Former CDU general secretary Kurt Biedenkopf concurred. "Schröder never was a left-wing politician," he said. "Agenda 2010 was a remarkable step for an SPD chancellor. It opened a door for change that can no longer be shut."

Comments from German business leaders in the *Observer*, September 11, backed his remarks. "Schröder's done much more than [former CDU Chancellor] Kohl did in 16 years," Katinka Barysch, chief economist at the Centre for European Reform, told the newspaper.

"I think either leader would necessarily continue the reform process. There's a consensus that Germany has to change," she went on. "The real revolution has happened at company level: real wages have been stagnating for years, people are working more

hours for the same money," ensuring the share of corporate profits in GDP had reached its highest level since 1970.

In the same article, Julian Jessop, of Capital Economics, agreed: "The SPD's record has been pretty good. Schröder's had all the short-term costs, he's made a lot of big, difficult choices on the labour market reforms in particular."

Schröder falls down in the eyes of the British press on two counts:

Firstly, he has not gone nearly far enough in implementing savage spending cuts and liberalizing the labour market for fear of public reaction.

Rather than take on mass popular opposition to his social reforms with the requisite Thatcherite "smack of firm government," he had engineered a vote of "no confidence" in his own government in order to clear the way for early elections. With this manoeuvre, the SPD/Green coalition had sought to present German workers with an ultimatum: either allow us to carry through these attacks, or we will hand over power to the CDU who will do the same. For Britain's ruling circles, however, this electoral gamble was an admission of bankruptcy. Even before a major struggle, Schröder had sent out a signal that he did not have the stomach for a real fight.

Secondly, Schröder is condemned for not having convinced his party to embrace a free-market tax-cutting agenda with sufficient ardour.

Schröder might be a Blairite, but the SPD was still not sufficiently New Labour. His failure to deal ruthlessly with those advocating a continuance of old-style tax-and-spend policies is epitomized for the media in the split by a section of party and trade union apparatchiks led by Oskar Lafontaine. After uniting with the former Stalinists of the Party of Democratic Socialism (PDS), the former finance minister now leads the new Left Party. Opinion polls in eastern Germany, where unemployment is at 20 percent, indicated the Left Party could win almost one-third of the vote.

The pro-Tory *Telegraph* warned that Schröder's "fundamental ineffectiveness," meant "the chancellor deserves to go," whilst the Murdoch-owned *Times* denounced the chancellor as a dishonest "populist" who had "exploited widespread pacifism and latent anti-Americanism over Iraq in 2003." For this, "Frau Merkel deserves to win," it wrote.

Like Blair, the pro-Labour *Guardian* and *Independent* newspapers have avoided making their opposition to Schröder editorially explicit. But the denunciations of the SPD/Green

government by some of their leading columnists have been even more strident than those of their conservative counterparts.

Writing in the *Guardian*, Martin Kettle, a former Stalinist closely associated with Blair, looked back nostalgically to 1999, when it had seemed that the “era of the centre-left had arrived.” In Washington, Britain, Italy, the Netherlands and Germany, Democrat or Social Democratic governments were in power, charged with implementing a programme of “progressive governance.” Now, six years on, and with Schröder’s defeat imminent, it seemed only Blair would survive.

For Kettle, the issue was not that the so-called “centre-left” and their big-business policies had seen them lose any popular support they had once commanded. Rather, unlike Blair the others had not proven themselves more determinedly right-wing than their conservative and Christian Democratic opponents.

Smashing up social and welfare provisions would always have proven problematic in Germany, he continued. “No country in Europe, after all, has had to absorb so many economic, political and cultural shocks as Germany in the aftermath of its 1990 reunification. The rest of Europe still underestimates the scale of this fantastic effort,” he wrote.

But faced with the “hugely dynamic era of capitalist globalization,” and the rising economic challenge to European corporations posed by Asia, the “European welfare model has had to adapt to this reality or die.”

On this measure the SPD had failed, although not “entirely for want of trying.” Agenda 2010 was a step in the right direction, but too little, too late. And despite “a clear parliamentary majority and more than a year of its mandate remaining,” which should have enabled the SPD/Green’s to ride out any storm, Schröder “in effect threw in his hand, calling an election that he seemed certain to lose.”

The SPD had nothing to offer Germany, he continued. That did not mean that Merkel was “the answer to Germany’s or the EU’s problems,” but she was at least “a less bad answer than Schröder,” he concluded.

The *Independent’s* leading editorial columnist Mary Dejevsky was equally clear in her desire to see a conservative victory over social democracy, even one as right-wing as Germany’s SPD. She wrote on September 6, “Why Germany’s Thatcher deserves to win.”

Dejevsky waxed lyrical as to how Merkel, in her televised electoral debate with Schröder, was so “reminiscent of the early Thatcher—to the point where it was possible to imagine that her advisers had studied film of Margaret Thatcher when she campaigned as prime minister-in-waiting.”

Sure, the SPD government “has managed to introduce reforms to the social security system that cannot yet be condemned as ineffectual,” which the CDU hoped to accelerate. In the main, however, Merkel’s preparedness to put forward “highly divisive” policies, “has surely earned a chance to show what she can do,” Dejevsky opined.

This was a reference to Merkel’s appointment of a former constitutional judge, Paul Kirchhof, as her finance minister, who has proposed a flat-rate tax system of 25 percent. But whilst this has won the support of big business and an extremely privileged

layer of the middle class, it has proven less popular amongst working people. With just days to go before the election, opinion polls indicate that there has been a sharp reaction against the CDU’s tax plans, which are correctly identified as benefiting the rich at the expense of the broad mass of the population.

Now the concern of the British media is that neither the CDU nor the SPD will be able to garner sufficient support to form the type of government required to push through the necessary attacks.

The *Observer* commented, “Tony Blair and Downing Street have been confidently expecting a Merkel government to move into the chancellery building in Berlin.... But Whitehall officials are having to confront another possibility—that Germany will instead slide into a period of instability and drift.”

The *Telegraph* wrote that Germany was now “stalked by the spectre of political stasis.” Kirchhof had “spoken tantalisingly of reducing the voluminous fiscal rule book to the size of a beer mat,” it said, but complained that in the face of public reaction the CDU had said such measures would be delayed until 2009.

For the *Financial Times*, “A hung parliament is ... a distinct possibility,” which would presage enormous political and social instability.

“The only previous experience of a grand coalition at federal level in the late 1960s is widely deemed to have been a failure, with voters drifting towards extremism,” it warned.

The CDU had to share the blame for this state of affairs, it continued. It had made a series of “gaffes,” not least Kirchhof’s “controversial” appointment.

The lesson, Heinrich von Pierer told the FT, was not to speak “too publicly” of your plans. Rather, “you should talk only in very small circles and always behind closed doors.”



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