

## **Party Politics in the Shadow of the 2009 Elections: The SPD Party Congress in Hamburg By Dr. Dieter Dettke**

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### **Kurt Beck and the Future of the SPD**

How important are the changes of the Agenda 2010 the SPD voted for in Hamburg? What really happened was not a complete reversal, as some commentators suggested. Although highly symbolic, the extension of the length of time older workers would be entitled to receive unemployment benefits instead of the general social benefits provided under Hartz IV is not a complete turnaround. The main features of the Agenda 2010 reforms are still the law of the land and the most recent economic trends in Germany have shown that these reforms seemed to have worked. Unemployment is now less than 3.5 million for the first since 1995. The unemployment rate dropped to 8.2 percent; a year ago it was still 9.8 percent. What is more important is that employment numbers are on the rise. Job creation has always been the crux of the German labor market. Today, 40 million people are employed, 676,000 or 1.7 percent more than a year ago. Schröder and Merkel, the Agenda 2010 reforms, and the Grand Coalition can claim authorship for this relative economic success story. If unemployment numbers can be kept as low as today or even lower, the effect of extending unemployment benefits for older workers from eighteen to twenty-four months is not going to derail the reforms. In German business circles the fear was that changing even one iota of the reform agenda might create a whole avalanche of other measures resulting in a de facto reform stop. This will not happen for the simple reason that both Chancellor Merkel and the SPD have an interest in preserving the image of a reform coalition for the remaining time until the next national elections. The CDU would run the risk of losing support of German business if the reform agenda would be taken apart. If Social Democrats want to keep open a chance to stay in power they have to avoid being pushed into the corner of an anti-reform party in the mold of Oskar Lafontaine's Die Linke.

This will now be the crucial problem Kurt Beck has to solve in the coming months until election day in Germany in 2009. Having led the movement to amend Agenda 2010 he is now forced to preserve the character of the SPD as a reform party. His popular support will increase as a result of the Hamburg Party Congress. Even before the Party Congress, when Beck started his campaign to extend the unemployment benefits for older workers, his poll numbers began to increase but he still lags behind Angela Merkel in the critical question of voter preferences for the chancellor's office. Merkel leads Beck by eighteen points at the present time. Beck seems to be the most likely choice of the SPD to run as chancellor candidate against Angela Merkel in 2009. Other possible candidates such as Frank-Walter Steinmeier, the popular Foreign Minister, or Peer Steinbrück, the successful Minister of Finance, prefer not to reveal their ambitions before 2009.

Beck lacks the charisma of Gerhard Schröder but has the solid backing of the party. Other party leaders before him were more controversial either on the left or on the right wing of the SPD. He is a true uniter and should not be underestimated as a campaigner. A traditional family man and a devout Catholic, he has remained active in the Catholic church all of his life and one of his duties as a member of the party leadership was to serve as the principal liaison and contact for the Catholic Church of Germany to the Social Democratic

Party. Beck is the prototype of a Social Democratic politician. Trained as an electrical mechanic he honed his political skills in the German trade union movement and the works councils representing his fellow trade union members vis a vis corporate management. He got himself elected as a member of the state legislature in Rhineland Palatinate and also served as mayor of the small town of Steinfeld, where his home is. Helmut Kohl dominated the state of Rhineland Palatinate for a long time before he succeeded in national politics and became the longest serving German Chancellor in the history of the Federal Republic of Germany. Beck's career followed a similar pattern. First active in local politics, he was the very successful Minister-President of Rhineland Palatinate from 1994 on, presiding over a coalition government with the FDP until 2006 when he achieved the absolute majority for the SPD. In spite of his absolute majority, he offered the FDP the chance to remain part of the government, but the FDP of Rhineland Palatinate preferred to join the opposition.

Both his experience in governing with the FDP on the state level and his ties to the Catholic Church give him a centrist image. What is particularly interesting about him in comparison with Angela Merkel is that here is a protestant, divorced, Northern German woman from the East who leads a Catholic, male-dominated, family-oriented, predominantly Southern German party and is Chancellor of the Federal Republic of Germany. Beck, after Rudolf Scharping the second party leader from the small state of Rhineland Palatinate, is just as unusual in his position as leader of the SPD, a predominantly protestant, secular, pluralistic, not anymore male-dominated political party, and not particularly known for strong religious family values. These differences between the two leaders and most likely candidates for the Chancellor's office in 2009 could well influence the outcome of the elections.

### **The Tasks Ahead: Privatizing Deutsche Bahn and Other Issues**

Beck's task is not any easier than the Chancellor's job. The SPD decisions in Hamburg will force him into difficult negotiations with the Chancellor. Extending the unemployment benefits for older workers is not going to be the most difficult issue. The SPD and CDU/CSU basically agree on the general concept of extending these benefits. The only hurdle will be whether this can be done on a 'cost neutral' basis, as the CDU/CSU demands. The entire cost of the initiative is hard to calculate; how much the implementation will cost depends on the number of unemployed. Estimates of the Federal Employment Agency vary from one to three billion Euros. Since there is an agreement in principle between the coalition partners, one can expect that this initiative will soon be implemented. In view of the election calendar, resistance from the CDU/CSU will be limited.

More difficult to implement will be the privatization of Deutsche Bahn, the German railway system. The SPD Congress decision was to condition the privatization of Deutsche Bahn on a 25.1 percent stake which as the Financial Times put it "should be floated on the stock exchange rather than sold to large investors, hedge funds or private equity companies." (See *Financial Times*, October 29, 2007, p. 4) The intention of the SPD decision is clear: the party wanted to secure public ownership and prevent the takeover of Deutsche Bahn by large hedge fund investors. The decision will complicate the privatization of Deutsche Bahn, but it is not impossible to find a compromise with the CDU/CSU. Kurt Beck put his weight behind a motion that would allow the privatization process to continue. However, if the result of these negotiations would differ from the decision in Hamburg, a special party congress might be necessary to ratify the result.

The 130 kilometers per hour speed limit on the Autobahn was introduced as part of the environmental agenda of the SPD, but the environmental effect of the initiative is considered to be minimal, even by the German Minister of the Environment, Sigmar Gabriel, of the SPD. Just as with an earlier decision of the SPD to reduce the speed limit to 100 kilometers per hour, the new seemingly more reasonable and acceptable proposal will end up where the 100 kilometers per hour speed limit ended up: in the thicket of the bureaucracies between the states and the federal government.

The election season also motivated the SPD to try to reintroduce a commuter subsidy called '*Pendlerpauschale*' in German. Just ten months ago this tax break for commuters had been abolished. Now this issue with a possible financial burden of 2.5 billion Euros is on the agenda again, this time at the request of Finance Minister Steinbrück, however, as a 'cost neutral' measure and not as another spending bill.

### **Conclusion**

Media reporting about the SPD Party Congress in Hamburg focused on the short term and the most controversial issues. Little attention was given to the long term decisions. Most importantly, the Hamburg Congress endorsed a new program of the SPD. The last party program was adopted in 1989; drafted before unification, this program was almost dead letter immediately after it was published in December of 1989. The new party program tries to position the SPD as the party to be trusted most in managing the process of globalization. The SPD sees Germany as a winner of globalization but wants to try to soften some of the hard edges of the results of globalization, such as increasingly bitter competition, in particular on the global labor market.

The program sees the social achievements in Germany and the firm social safety net built over the years at risk if global capitalism is not tamed. There is a short paragraph about democratic socialism in chapter two of the new program saying that the history of the party has been shaped by the idea of democratic socialism and that the realization of the vision of a free, just, and solidarity-based society remains a permanent task. But the essence of social democratic actions and the guiding principle for policy making is social democracy. In fact, the Hamburg program adopted rather conservative positions in other areas, putting sustainability of the economy and the environment first, emphasizing education and research, and committing the party to the centrality of the two-parent family.

It is not too difficult to decipher the message: the SPD does not want to allow the space that Oskar Lafontaine has now occupied in German politics to grow, and at the same time it aims to preserve its capability to govern.

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This essay appeared in the November 2, 2007, **AICGS Advisor**.