



What Worries Germany

By ANDREW PURVIS/BERLIN

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By most reckonings, globalization has been a boon to Germany. The world's No. 1 exporter peddles everything from luxury cars to industrial machinery to an eager world. Its once self-absorbed banks and conglomerates have unlocked new value through aggressive corporate restructuring. Its surging economic recovery has pushed the nation's unemployment below 10% for the first time in four years. But that's not the reckoning of most ordinary Germans; for them, *globalization* is a dirty word. Ten years ago, Germans were evenly divided on whether globalization presented more opportunities or risks, according to the Allensbach Institute, a polling agency; by 2006, twice as many saw more risks.

Voters expressed that anxiety in two major German state elections on Jan. 27. In the state of Hesse, which includes Germany's financial capital, Frankfurt, the Social Democratic Party (SPD) posted an 8 percentage point gain in the popular vote — at the expense of its conservative rivals, Chancellor Angela Merkel's Christian Democratic Union (CDU) — with a campaign for "social justice" and a statutory minimum wage. In both Hesse and neighboring Lower Saxony, a far-left-wing party with roots in the former East Germany won seats in a major west German parliament for the first time. "Today we have changed the cultural and political landscape of the German Federal Republic," Left Party Secretary-General Dietmar Bartsch told supporters after the vote. Hesse's SPD leader, Andrea Ypsilanti, was equally jubilant, declaring: "Social democracy is back."

Well, maybe: Ypsilanti severely wounded the CDU incumbent, Roland Koch, but she didn't quite surpass his vote tally. And the SPD fared poorly in Lower Saxony, where a clean-cut CDU candidate played to the center and the Left Party gnawed at the SPD's union base. But after 10 years in which German politics — and the SPD — remained largely in the political center, left-wing economic policies are winning votes again, marking a break with a decade of cautious reformism. That sets a new tone for elections in Hamburg and Bavaria later this year, as well as for federal elections in late 2009. In Berlin, it makes further economic reforms unlikely until a new government is sitting in the Bundes-tag. "Germans fear the negative effects of globalization," says Gero Neugebauer, a political scientist at Berlin's Free University. "The political parties have sensed that."

This particular brand of angst spread comparatively late among Germans. Back in the mid-1990s, they were still more consumed with the economic consequences of German reunification. Pollsters say that only in the past five years or so did Germans look up and start worrying about the costs of globalization, and their concerns seem to be growing. Last month the country rose as one in protest when

Finnish mobile-phone giant Nokia announced it was shutting down its plant in the Rhineland city of Bochum to move to Romania, threatening 2,300 German jobs. When the local SPD branch called for a nationwide boycott of Nokia products, billboards blared NO NOKIA all the way to Berlin. Some 56% of Germans in one poll say they're ready to sign on.

German unease with globalization has some justification. True, rising exports have boosted corporate profits, joblessness is declining, and the economy grew by a respectable 2.5% in 2007. But real incomes, adjusted for inflation and taxes, are as low now as at any time since the 1980s. In a recent poll, 83% of Germans reported that they had not felt the benefits of Germany's recent economic recovery, and nor had their friends or relatives. "People are losing the feeling that if the economy is doing well, we are also doing well," says Allensbach spokesman Edgar Piel. The number of Germans who believe that only those with "lots of capital" benefit from globalization rose from 32% in 1998 to almost 50% in 2006.

But some of Germany's nervousness may be due to the way globalization is presented to them. In the 1990s, the big political parties urged Germans to knuckle under and absorb tough reforms in order to compete better in the global marketplace. Today they're more inclined to tell voters what they want to hear. The SPD, which suffered a series of electoral losses after its then Chancellor Gerhard Schröder introduced economic reforms in the early 2000s, now stresses its socially sensitive side. The centerpiece of the party's recent campaign was the call for a "decent and fair" nationwide minimum wage. Some SPD MPs have qualms about the proposal, but, as one senior SPD parliamentarian conceded — on condition of anonymity — the party had little choice if it wanted to win back core supporters after asking them to endure years of sacrifice. "You can only push the voters so much," he says.

One major catalyst for the shift to the left has been the advent in west German politics of the Left Party, or Die Linke. Though it has become home to dissatisfied former Social Democrats like co-chairman Oskar Lafontaine, the party has its deepest roots in the ruling communist party of the old East Germany, and until now its influence has been largely limited to east German states, where it draws up to 28% of the vote. The party advocates a generous welfare state and the redistribution of wealth; it sharply questions the advantages of globalization and opposes German military involvement in "new imperial wars" such as Afghanistan. The Left Party's ascent, analysts say, has pulled the larger SPD away from its more centrist positions. Its addition to Germany's roster of small parties also means a further splintering of support for the main parties, which could complicate future coalition-building.

Germany's leftward shift, political scientist Neugebauer says, places new strains on the grand coalition government in Berlin. More mindful than ever of their differences, the SPD and CDU are unlikely to agree to any major reforms before the next federal elections in 2009. The results of the state elections have given the SPD's controversial minimum-wage campaign a shot in the arm, increasing fears among some economists that the measure will be adopted — and could drive up unemployment.

All of which might sound like terrible news for Chancellor Merkel. In the German press, the win in Lower Saxony was overshadowed by the debacle in Hesse, where the Christian Democrats saw their share of the popular vote fall by 12 percentage

points. But the blame was largely directed at Koch, whose promise to crack down on "young criminal immigrants" seemed to alienate moderate voters. Nationally, the CDU enjoys up to 40% support, compared to 30% for the SPD. And Merkel herself is still popular. Almost three times as many Germans say they would back her in a direct vote for Chancellor against her most likely SPD rival, party Chairman Kurt Beck.

But Merkel, too, feels the lure of the left. She protested during the recent campaign about car-company executives pulling down "American-style" compensation packages when workers were seeing only minimal wage increases — hardly a typical complaint for a conservative politician. And she has shied away from openly opposing the SPD's popular minimum-wage proposal, despite her party's qualms. Elga Bartsch, an economist at Morgan Stanley in London, says the government's unwillingness to push for more economic reforms is short-sighted, arguing: "Germany's politicians need to do a better job of explaining how the world has really changed." True enough. But if that explanation demands that German voters meekly accept what comes their way, they may not be in the mood to listen.