

# The SPD, the Welfare State, and Agenda 2010

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The German Social Democratic Party (SPD) celebrated its 140 years of existence on 23 May 2003 with the appropriate fanfare in Berlin. Not too many other political parties in the world can match this survival record, especially given the hostility of Chancellor Bismarck, who in 1878 outlawed the fledgling party as an organization for twelve years, and of Adolf Hitler, who in 1933 drove the party into exile for twelve years. During the post-World War II era, the SPD reestablished itself as a major party and shared in governing the country from 1966 to 1982 and again from 1998 to the present. It has left an imprint on the country's domestic and foreign policies. But in the twenty-first century's initial years, the SPD, despite being in power, is facing serious problems of maintaining membership and electoral support.

This case study might serve as one political economy model for assessing the rapidly changing and declining welfare states in the developed world. I analyze one set of problems: the SPD's current welfare state policies, with a special emphasis on Chancellor Gerhard Schröder's Agenda 2010. Such a domestic policy analysis can be fruitful because it highlights the difficulties the SPD leaders face in maintaining the traditional welfare system, which has been a cornerstone of the party's domestic agenda nearly from its inception. Such a focus also provides the observer with an opportunity to study the party's strengths and weaknesses, and the degree of dissent within and outside its ranks. An appraisal of the party at this time, linked to the welfare state issue, might provide clues as to its future.

Before turning to the present and future, a glance back at the SPD during the Weimar era indicates that, in the realm of domestic policy,

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it expanded Chancellor Bismarck's pioneering state welfare programs, which he had initiated in 1881. Bismarck designed the programs in order to steal the thunder from a rapidly growing SPD, despite his outlawing the party at the time. In the post-World War I era, most German parties supported the economic and social welfare policies in the realms of family, health, employment, and old age. In the post-World War II era of high economic growth rates and full employment, the SPD and the newly established liberal and conservative parties basically concurred on continuing and expanding the social welfare system, considered one of the most generous in the world.

Social democratic parties in other countries provided similar support for their welfare systems. These parties and the SPD set as their goal rising wages, full employment, and an expansion of the public sector. But, as Geoff Eley notes, "the economic recession beginning in 1973 ended the postwar pattern of continuously expanding growth on which social democratic confidence relied."<sup>1</sup> The comprehensive welfare policies, Keynesian economics, burgeoning public sectors, bureaucratic nationalization, state planning, corporatism, and strong trade unions declined, except in Scandinavia, where public-sector employment continued to expand in the 1980s.

Now, decades later in the setting of 2004, the German democratic parties, regardless of ideology, are planning to make the most drastic cuts in social welfare programs since World War II, as budgetary shortfalls chip away at the foundation of these expensive programs.<sup>2</sup> Christopher Pierson aptly noted, in the European context, that "welfare states appeared to be subject to a process of what has come to be called 'structural adjustment': a series of gradual but deep-seated reforms which were designed to make social policy more consonant with a quite new (international) political economy."<sup>3</sup> Herbert Kitschelt, in another comparative study, wrote, "At stake between the parties are only slightly different methods to support and to correct private market allocation of scarce goods. In advanced industrial democracies, parties can no longer offer voters stark alternatives on the distributive dimension."<sup>4</sup> Whether the lack of stark alternatives applies to the current German scene needs to be assessed.

The SPD's search for fine-tuning the welfare system without losing too many of its voters is a major challenge to its leaders, who have no easy answers as to how to do it. The party, once the bastion

of the class-conscious working class, has abandoned its socialist goals but still espouses a social-democratic welfare state. This decades-old shift in goals paralleled a national shift in occupations. The SPD primarily lost blue-collar workers who were its greatest supporters numerically, but it also lost members in other occupations. From a total of more than 1 million members in 1976, membership plummeted to 650,000 in 2003, a decline that other German parties have not escaped. The loss has also been caused by an apolitical youth that does not join the SPD and other parties. The youth mistrust large bureaucratic organizations that provide few opportunities for their participation and have few answers to their pressing economic problems. As a result the SPD's remaining membership has become older.

To remain viable the SPD must not only deal with the concerns of this shrinking traditional clientele, the blue-collar workers, espousing "old politics" values of bread-and-butter social welfare issues. It must also reach out to the growing modern white-collar middle class, emerging from postwar affluence and espousing "new politics" quality of life, environmental protection, technological innovation, and cultural heterogeneity values. A pragmatic Schröder, during the 1998 and 2002 election campaigns, diligently sought the support of both groups. Moving toward the political middle and shedding his earlier 1968-generation radicalism, he pursued the same strategy that US President Bill Clinton and British Prime Minister Tony Blair had adopted earlier in their centrist "third way" approach. Schröder called his strategy the "new middle," although in the 2002 election he no longer used the term. This philosophy emphasizes technological innovation, privatization of some enterprises, education, and personal responsibility. It rejects the leftist redistribution of wealth and the rightist unregulated laissez faire economy.<sup>5</sup> A pragmatic Schröder indicated that there was no leftist or rightist economic policy but only a right and wrong one.

Such a view had a negative effect on many voters. In a year 2000 poll, only 20 percent of respondents said that there was more social justice under a red-green government than under a Helmut Kohl CDU/CSU government, 11 percent said the opposite, and 61 percent saw no difference between the two governments.<sup>6</sup> In 2002, Germany's election year, the Schröder government was on the defensive. Lethargic SPD supporters and voters had difficulty warming up

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to Schröder, who had not been successful in reducing unemployment or generating an economic boom. Only his decisive crisis management during the floods that swept eastern Germany, his principled opposition to a US war in Iraq, the surprisingly strong showing of the Greens, and the colorless campaign of the CDU/CSU saved the SPD from defeat in the September national election. Since his reelection, the chancellor, who has never become a charismatic leader among SPD members, has veered even more in a neoliberal, pro-business direction on economic and social policies.

One major 2003 governmental policy package, Agenda 2010, reveals graphically how far the SPD leaders have moved away from their doctrinaire position. There is a danger in such a move. I argue that Agenda 2010, standing for a neoliberal approach that intends to weaken the social welfare system, will have a negative effect on the SPD's membership, cohesion, ideology, and electoral fortune. To prevent such effects Keynesian measures should be mixed into the social welfare reform package.

In assessing Agenda 2010 I pose a bundle of speculative questions: Can the welfare state remain viable in the midst of shrinking economic and financial resources? Can the weak and divided left opposition groups within the SPD and the trade unions on the party's perimeter halt the Schröder government's austerity policies in an era of an aging population, persistent high unemployment, and globalization of financial markets? What happens to a political party, such as the SPD, when its leaders in government embark on a course of action that runs contrary to the party members' interests and to the party's ideology, as reflected in its Basic Program? Will the SPD eventually move away from the neoliberal capitalist policies back to social democratic policies or has the end of the social democratic century been reached, as Ralf Dahrendorf already had suggested in 1980?<sup>7</sup>

In this article I deal first briefly with the political and economic setting of the Schröder's recent governance years, then concentrate on Agenda 2010 and other parallel economic and social measures, and conclude with the agenda's effect on the SPD.

## The Setting

The Schröder government, from 1998 on, but especially since its reelection in 2002, has had increasing difficulty shoring up the economy.<sup>8</sup> In 2002, the economy showed less than 1 percent growth and counted 4.4 million unemployed persons, representing 11 percent of the labor force. In eastern Germany, 19.1 percent of the labor force was unemployed; in western Germany, 8.6 percent. Many specialists believed that the ailing German economy, having the lowest growth record in Europe, contributed to the other European countries' moribund economies. Radical German economists contended that a chief reason for the country's economic plight was the European Union's Stability and Growth Act, formally incorporated into the Amsterdam Treaty of 1997. The act set a 3 percent deficit gap limit on the gross domestic product of the EU's member states. Consequently, in Germany the newly installed SPD-Greens government in 1998, facing tight budgets, had to throttle any expansionist Keynesian policies. The subsequent cutbacks to the costly welfare state contributed to the SPD loss of several state and municipal elections from 1998 to the present.<sup>9</sup>

On 16 October 2002, in the aftermath of the federal election, the governing partners, SPD and Greens, signed the usual postelection Coalition Agreement, in this instance for the coming parliamentary term 2002-2006. Among the agreement's many domestic and foreign policy provisions, the parties sought to implement the Hartz Commission labor market reforms.<sup>10</sup> Schröder had established this commission in 2002 to recommend ways to cut unemployment in half. It called for creating new jobs, speeding up job-brokerage services, combining unemployment and social benefits, making labor market services more efficient, and expanding the apprenticeship programs for young people. The coalition agreement also promised government support for small and medium-sized enterprises, including economic and export promotion and the introduction of new technologies. However, such support will do little to alleviate mass unemployment unless effective consumer demand for products is generated.

The agreement set the perimeters of the government program, but its execution remained uncertain. Schröder knew that he had to

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make specific legislative proposals if the major portions of the agreement were to be carried out. He also knew that the SPD's approval ratings in public opinion polls had sunk below 30 percent and that he needed to push through the Bundestag a strong economic and social program that would especially cut unemployment, enhance the SPD's chance of winning the 2006 national election, and thereby ensure his reelection as chancellor to serve until 2010—coincidentally or not, the year in which Agenda 2010 was expected to be fulfilled.

## **Agenda 2010**

On 14 March 2003, in a televised state of the nation address to the Bundestag, the chancellor set forth Agenda 2010, which some observers saw as a turning point in postwar Germany's welfare policies. It was designed to fulfill the need for structural reforms in the social welfare programs by making entitlement cuts and initiating labor market reforms, proposals that conservative business executives and economists had espoused for a long time as a means to boost the economy. It also encompassed health and pension reforms. Schröder warned the deputies that "either we modernize as a social market or we are going to get modernized by unbridled market forces."<sup>11</sup> He also said: "No one will be allowed to sit back at the country's expense."<sup>12</sup> Such centrist sentiments were bound to create resentment among the party's leftists and unionists, whose philosophy and priorities differ sharply from his.

Among the Agenda's many provisions is one allowing small companies to lay off workers, a radical step for Germany where inflexible rules prevent their dismissal under most circumstances. Another provision, dropped from the final version, allowed collective bargaining parties to work out ways to make pay determination more flexible. Still another provision reduced the amount of time unemployed workers and employees could receive full unemployment benefits, which ranged from 60 to 67 percent of the full salary. The maximum eligibility time would be reduced drastically from thirty-two months to twelve months for those under fifty-five years of age and eighteen months for those over that age. The level of benefits would be lowered as well, adjusted to means-tested social

welfare benefits. In the health service, the burden of payments would fall on workers and employees, freeing employers of copayments. In addition, health insurers would be allowed to make contracts with doctors directly. Pension reforms were also promised. To reduce the expected opposition to Agenda 2010, the chancellor announced an economic stimulus package amounting to EU 15 billion in low-interest loans to the ailing construction industry for housing and public projects.<sup>13</sup>

The Agenda 2010 program paralleled a similar one launched by the SPD-Green coalition government in summer 1999, one year after its political debut. But at that time the program was scrapped when voters dissatisfied with high unemployment and other economic problems deserted the party in several state elections. After the SPD and Greens won barely enough votes in the September 2002 general election to form another national government, the population became increasingly worried about the stagnant economy, and especially the continuing high unemployment rate. In December 2002 the chancellor proposed tax increases, which produced a chorus of protests among SPD members. In February 2003, in a key Lower Saxony State election, the Christian Democratic Union (CDU) ousted the SPD, until then the governing party. In the Hesse election, the CDU defeated the SPD once again, in a state that was once the bastion of the SPD.

Schröder decided that, unless he issued Agenda 2010 to stimulate the economy, the SPD would suffer further electoral and legislative reverses, especially in the Bundesrat, the upper legislative chamber. There the CDU, the Christian Social Union (CSU), and the neo-liberal Free Democratic Party (FDP) had gained a majority that could easily block legislative proposals emanating from the Bundestag, in which the SPD and the Greens had a slim majority of nine seats. By opting for a bifurcated neoliberal course and high budget deficits, Schröder tried to placate the business community and the unions at the same time. Such an attempt proved difficult given their clashing interests on how to reduce the high unemployment, reverse the supranational constraints on government debts prescribed by the European Union's Stability and Growth Pact, loosen the European Central Bank's pursuit of a tight monetary policy, and influence the policy pronouncements of EU commissioners. Schröder became

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painfully aware of how national domestic policies were increasingly circumscribed by supranational European policies.

Not unexpectedly, the chancellor, knowing that his party members had a broad range of views on the welfare state system, encountered strong opposition to Agenda 2010 within his own party, especially among the vocal but weak and divided left-wing minority. Such factionalism can be expected in as large an organization as the SPD, but if it is fragmented its effect on party policies is bound to be low. One dissident group, known as Forum Democratic Left 21, had been organized in June 2000 as a successor to the Frankfurter *Kreis*, founded by the 1968 generation. The FDL 21, led by former Young Socialists (*Jusos*) Chairperson Andrea Nahles, consisted of diverse factions, including 1968 generation veterans, unionists, and Young Socialists, the party's junior (16- to 35-year-old) branch.

In early May 2003, another dissident group, made up of twelve SPD leftist deputies and state functionaries, launched an unprecedented signature campaign to defeat Agenda 2010. They invoked the SPD constitutional provision, adopted by the party in 1994 but never used before, for a membership initiative and referendum. Using this direct democracy tool designed to provide members with a voice in decision making, the dissidents sought a disapproval vote of Agenda 2010 from the rank and file. The dissidents would have to gather at least 67,000 signatures, representing 10 percent of the membership, during a three-month period ending on July 11. But by early June 2003, their efforts netted only 25,000 signatures.<sup>14</sup> Thus, Schröder did not need to worry. He realized that much of the rank and file supported his policy, but with little enthusiasm, with many reservations, and without the will to fight back. However, 42,000 rank-and-file members, many of whom presumably signed the petition, gave up their SPD membership in 2003.

The third group, the Young Socialists, the party's traditionally leftist youth branch that had been beset by factionalism since the 1960s, sharply criticized the agenda at their annual congress in Bremen in May 2003. Chairperson Niels Annen called for a raise in the inheritance tax, the reintroduction of the tax on wealth, the maintenance of health insurance financed on a parity basis by employers and employees, and the introduction of an anticyclical investment policy. SPD officials could not win over the Young Socialists to support the agenda.<sup>15</sup>

At the May strategy meeting of leftists, another group of SPD deputies requested those in attendance to support their position paper. About 60 deputies had drafted the paper, which was critical of the agenda's taxation and health insurance sections, but not of other sections.<sup>16</sup> These moderate leftist deputies were members of the Parliamentary Left (PL), a group of more than 100 out of 251 SPD deputies. The leftist deputies also initiated a petition calling on the SPD leaders to convene a special party convention in early June to deal with Agenda 2010.

Initially the top SPD leaders were opposed to holding such a convention, fearing that their proposal would suffer a defeat. But they consented reluctantly when the *Seeheimer Kreis* and other party factions that supported the agenda urged the leaders to hold a convention. The *Seeheimer Kreis*, which was founded by conservative SPD deputies in the 1970s as a counterpart to the leftist groups, opposed any compromises on the agenda with the left factions. The *Kreis* adherents warned that if the social system was not cut back, the citizens' dissatisfaction with the welfare state coddling foreigners would increase and be funneled into nationalist channels.

The former SPD chairperson, Oskar Lafontaine, who had resigned his cabinet and party positions in a major economic policy dispute with Schröder in March 1999, was not present at the May meeting of SPD leftists. Although he had lost credibility within the party, his support for neo-Keynesian economic policies and opposition to the agenda still drew public attention. He wrote, in a column of the *Bild Zeitung*, "The so-called Agenda 2010 consists of old dead goods of the employer associations."<sup>17</sup>

More importantly, leaders of the *Deutscher Gewerkschaftsbund* (DGB), a peak trade union federation closely allied with the SPD, sharply criticized Agenda 2010. They demanded significant changes, such as a major program of public investment in the economy. Bundestag Deputy Otto Schreiner, head of the 250,000 member SPD Working Group for Labor Issues (AfA) and a leading opponent of Schröder's agenda, intended to present alternative planks at the SPD's special June convention. As a matter of social justice, he favored imposing a tax on wealth and inheritance, on capital gains, and on severance pay given to top managers. Klaus Zwickel, then president of the powerful Metal Workers Union, requested in a letter

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to all SPD and Greens deputies that they make substantive changes to the agenda. He accused Schröder of having broken his word in the agenda, which violated the SPD electoral program's spirit and the governing coalition's 2002-2006 agreement. He recalled Schröder's pledge at a Metal Workers Union conference that unemployment assistance would not be reduced to the level of the lower paying social assistance. Schröder also had pledged, in a conference with labor leaders after the 2002 national election, that the health insurance scheme would be safeguarded and not partially privatized.<sup>18</sup> Echoing the views of Zwickel, DGB Chairperson Michael Sommer sharply criticized the agenda as "a program for social dismantlement and lowering of net wages." He said that much in the agenda resembles the CDU's electoral program and was the equivalent of a "half curtsying to the employer side."<sup>19</sup> Sommer, on an earlier occasion, had said that the unions would not accept the provision for reduced unemployment benefits.

These sharply critical DGB views of the SPD's course of action were almost unprecedented in the Federal Republic's history when both organizations attempted, despite occasional disputes, to maintain fraternal relations. Equally remarkable is that DGB leaders and the SPD's left wing were taking the same position, unlike in earlier decades when some labor chiefs formed a close political alliance with right-wing SPD officials.<sup>20</sup> The SPD in its program and organization needs continuing DGB support because of the labor federation's sizable but shrinking number of members, most of whom have been SPD voters. In 1991, the DGB unions had 12 million members; a decade later, 7.7 millions. By the latter date, only 1 out of 6 workers and employees (16 percent) belonged to a union. However, among the SPD Bundestag deputies, 75 percent are union members.<sup>21</sup>

Schröder, eager to see Agenda 2010 adopted, could not alienate many of the SPD and Greens Bundestag deputies given his narrow majority of nine. Indeed, the deputies' support for him was essential if he were to remain chancellor. To mollify the critics, the government proposed to tax profits made on stock sales, but then withdrew the proposal. In the meantime, the party's restless rank and file urged the national leaders to listen to the critics and not to the business community. In Schleswig-Holstein the SPD members removed their state chairperson, who supported Agenda 2010, and elected

instead a spokesperson critical of the top leaders. A few regional chiefs in other states also criticized the agenda.

The SPD leadership went on a counteroffensive. Olaf Scholz, then the general secretary, declared that “the 2010 reform agenda will only be a success if it is broadly supported in the party.” To gain such support, the SPD leaders, as noted, accepted the proposal of agenda opponents to convene a special conference in June 2003 in Berlin. Scholz predicted that most delegates would strongly back the chancellor’s agenda and defeat any left-wing and union amendments.<sup>22</sup> In response, spokespersons for the left argued that the reform proposal would burden German society unevenly and demanded that Schröder make concessions to the agenda’s opponents. Scholz countered that the vote would be based on the entire agenda concept; there would be no “carpet deals.” Franz Müntefering, SPD *Fraktion* (parliamentary caucus) chief, had a tense private meeting with the deputies who had launched the membership initiative. Angrily, he accused them of a “break in confidence.” They in turn accused him of waging an intimidation strategy. The standoff between them continued.

As the internal debates flared, the opposition CDU leaders, who basically espoused the principles of a more limited social welfare state, pledged to back the chancellor, although CDU Chairperson Angela Merkel remarked in the Bundestag that the agenda was “a tired, watered-down package unlikely to have any real effect.”<sup>23</sup> However, in a spirit of nonpartisanship, the CDU/CSU and FDP leaders promised not to block Schröder’s proposal in the Bundesrat where their parties had a majority. However, Schröder said that the SPD and Greens should by no means depend on the opposition parties for gaining agenda approval.

In 1998 the Greens’ leaders, prior to joining a coalition government with the SPD, would have been firmly opposed to any cuts in welfare entitlements. But in 2003 they pledged, with some exceptions among the leftist deputies, their support of the chancellor. Thus they did not intend to introduce any major changes in the Bundestag to Agenda 2010. They could offer such support because their members and sympathizers were socially more homogenous and better off economically than many SPD members. The Greens’ Co-chairperson, Reinhard Bütikofer, denied in a newspaper interview that

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the governing parties were pursuing a conservative CDU/CSU policy, but admitted that wage earners and the unemployed were bearing the brunt of the proposed policies.<sup>24</sup>

On April 28, Schröder received substantial support from the SPD's executive (*Vorstand*) for his program.<sup>25</sup> The executive decided that Agenda 2010 would be introduced as a general motion (*Leit-antrag*) at the special June convention. The executive also formed working groups that were to report to the convention on substantive policy recommendations in five fields—consolidating unemployment and social assistance, offering employment to older unemployed workers, enhancing training programs of private firms, furthering structurally weak regions in eastern Germany, and increasing the retirement age from 65 to 67.<sup>26</sup> The general motion's opponents hoped to make changes in the working groups' recommendations but knew that any gains would be minimal.

To gather further support within the SPD, Schröder belatedly convened four regional conferences to which 15,000 members were invited. Although the SPD chief gave the impression of encouraging a dialog among leaders and members, the staged events were oriented toward the establishment. Chairpersons limited opponents to five-minute speeches, but in practice allowed proponents more time. At the end of the first regional conference, Schröder told the members that the voters' traditional low esteem of the party's competence in economic policies had to be reversed. Adoption of Agenda 2010 would show the voters that the party had such competence. But some members, in the minority, were less supportive. One remarked that, for instance, in Mecklenburg-Western Pomerania 280,000 persons were unemployed and only 3,000 positions were vacant.<sup>27</sup>

Facing similar criticisms from leftist deputies, labor chiefs, and members of the antiglobal organization Attac, Schröder once again intimated that, if the party failed to achieve consensus by the time the conference convened on June 1, then he would force the issue and ask for a vote of confidence in him as chancellor and party chairperson.<sup>28</sup> Schröder's party critics were angry that the chancellor and his top associates reduced the discussion to a question of confidence in his government. The intraparty debate proved once again how difficult it was for the government to embark on a course of action that ran contrary to the party members' interests.

The division within the party was mirrored in a poll of SPD members. Queried on their approval of the party's national policies, 45 percent were completely satisfied, 29 percent dissatisfied, and 26 percent undecided. When asked about their satisfaction with Schröder as chancellor and party chairperson, 61 percent indicated satisfaction, 21 percent dissatisfaction, and 18 percent undecided.<sup>29</sup> These results showed that Schröder could expect to win approval of the SPD members for his Agenda 2010, but that a sizable minority, especially if the undecided are included in it, remained critical.

On May 1, the Day of Labor, the DGB sponsored its traditional mass rallies and marches in numerous cities, which drew nearly a million persons. Speaking at one of the rallies, Schröder defended his Agenda 2010 and assailed those, implicitly the DGB chiefs, who wanted higher government debts that would be costly to future generations.<sup>30</sup> In response, union members, who held signs that proclaimed "Reforms yes—social cuts no thanks," whistled and booed.

How much the SPD's internal dispute and the DGB's dispute with the SPD establishment—certainly not unprecedented—contributed to the negative effect on the party's public image is difficult to determine. More likely, the continuing economic difficulties in eastern Germany and the high unemployment throughout the country produced most of the dissatisfaction. In a 3 May 2003 poll of a representative cross-section of Germans, only 32 percent of respondents said that they would vote for the SPD if an election were held the following Sunday, while 46 percent supported the CDU/CSU.<sup>31</sup> Schröder sought to boost the low percentage of potential SPD voters by resolutely espousing Agenda 2010. DGB head Sommer, in presenting a neo-Keynesian counterprogram, called on the government to adopt immediately some tax reforms planned for 2004 and to launch a costly state-supported investment program in companies and municipalities. He claimed that although such a program would increase the state debt by EU 7.5 billion, it would produce an economic growth rate of 1 to 1.5 percent and substantially reduce unemployment. Sommer also called for increasing the value-added tax, permitting the self-employed to join the social insurance scheme, and boosting taxes on inheritance and stocks. SPD policymakers, beholden to the neoliberal course, summarily rejected Sommer's proposals because these would not generate enough income to cover the financial shortfalls of the social insurance schemes.

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The links between the top SPD and DGB policymakers threatened to unravel further when the leaders of the two most powerful unions declared that they would not join their DGB colleagues to meet as planned with Schröder.<sup>32</sup> The two “rebels” were embittered about Schröder’s conservative course and felt that it was useless to convince him to adopt the DGB position. Other labor leaders favored a less confrontational course. To avoid a sharpening of the conflict with Schröder, Sommer canceled the meeting. Despite this tactical difference among DGB leaders and a split among rank-and-file union members, with only a minority (37 percent) opting for a strict anti-Schröder course, the DGB officially called for a Day of Action on May 24 in Berlin.<sup>33</sup>

Although the trade unions and the SPD left groups were articulate in their opposition to the Agenda 2010, they failed to gain enough support for their recommended alternatives. The clashing proposals reflected an increased bifurcation between the thinning ranks of neo-Keynesians and the increasing ranks of neoliberals, not just in Germany but in other developed states as well, where cuts to the welfare state were at stake.

On May 19, the SPD executive met to discuss its Agenda 2010 general motion, based on the recommendations of the five working groups. It intended to submit the motion to the June convention delegates. In the motion, Schröder and his top lieutenants had decided to make a few concessions to the SPD and DGB opponents in order to gain their support. The concessions included a provision that recipients of unemployment insurance would receive a supplement for two years that would offset the gap between the higher level of unemployment insurance and the lower level of social assistance. Another provision called for financial aid to municipalities once the unemployment and social welfare schemes were merged. Finally, companies were threatened with fines if they did not provide enough vocational training places. However, these concessions did not include the leftist demands for a tax on wealth, the maintenance of the unemployment scheme for workers over fifty-five years old, and the continuation of the health insurance plan without further privatization. As a result five leftists in the executive voted against the resolution, but over thirty members voted in support.

Schröder was confident that he would gain the backing of a majority of the June convention delegates, but he was less sure that

in the Bundestag, in which the SPD and Greens had a majority of only nine seats, he would receive their full support. Thus, SPD officials maintained unofficial contacts with the dissidents to ensure their vote for the agenda. Of the five leftists in the executive, two were Bundestag deputies. But ten other SPD deputies, who were not executive members, had from the outset been resolute agenda opponents. Their votes were equally crucial in the Bundestag for the SPD-Greens government to survive. Two of them had told the other dissident deputies: "We cannot vote for an agenda that will result in more unemployment and a higher state debt."<sup>34</sup>

At the executive meeting, the SPD officials introduced a compromise resolution drafted by Secretary General Scholz. It called on the SPD convention, to be held in November 2003, to authorize a program draft encompassing long-range goals of social democratic policies. Such goals would include higher taxes on inheritance and capital assets. But the left wanted such provisions to be included in Agenda 2010 and not in a long-range program that might never be put into practice.

On May 23, the SPD celebrated its 140th anniversary in Berlin. At the historic gathering, Schröder said that his reform proposals would best ensure a vibrant future for the party, which would never have become the oldest German party if it had merely sought to defend the status quo. He contended that if the SPD is to remain the party of freedom, shared wealth, and justice, painful compromises would have to be made on occasion as changed conditions and globalization set in. In a statement mirroring the "third way" views of British Prime Minister Blair, who was in attendance, Schröder averred that "justice meant creating conditions for more jobs so people could take control over their lives—and not become lasting wards of the state."<sup>35</sup>

Schröder's speech was an attempt to win over more SPD deputies and members to his point of view. The task was difficult given the results of still another poll of SPD members that showed 48 percent of them rejected his reform course and 58 percent predicted that Agenda 2010 will not decrease unemployment. Furthermore, 88 percent favored the reintroduction of a tax on wealth, which the Schröder government had strongly rejected for fear that it would have an adverse effect on the business climate and economic invest-

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ments.<sup>36</sup> To add to Schröder's problems, in a sample survey of respondents of all parties, only 17 percent believed that the SPD could lead Germany out of the economic crisis.<sup>37</sup>

On May 24, one day after the SPD's anniversary celebration, the DGB held the "Day of Action" in fourteen cities under the motto "Reforms yes. Social dismantling, no thanks." Only about 90,000 union members attended the marches and rallies, which provided a venue for labor leaders to once again denounce the agenda. Among them was Frank Bsirske, head of the powerful public service union (Ver.di), who contended that what was being sold as reform policy was social dismantling. Although the labor leaders remained critical, DGB chief Sommer, who had met Schröder privately on May 22, conceded that some of the worst agenda features had been scrapped as a result of leftist and union pressures.<sup>38</sup> In fall 2003, when the Agenda 2010 legislation was introduced in the Bundestag, DGB officials exerted further pressure on the SPD and Greens deputies, but with little success.

In the meantime, Schröder received backing in the public sphere from 100 leading economists and Protestant and Catholic church leaders who urged him to stick to his plans. The chancellor received another badly needed boost when the party won a city-state election in Bremen, giving the personally popular SPD mayor, Henning Scherf, another term in office.

At the June 1 special party conference in Berlin, Schröder said that people "who think everything can stay as it is are deluding themselves. We need change just to keep the wealth we have... We must have the courage to declare the truth."<sup>39</sup> He conceded that the high unemployment rate was not just the result of cyclical developments in the national and international economies, but also the result of German structural problems. He said that because 62 percent of the federal budget was going for welfare programs and debt servicing, the situation would have to change. He emphasized that the agenda did not abandon SPD values but would speed up the country's economic modernization in the interest of future generations.

Several SPD cabinet ministers, state chairpersons, the erstwhile party theoretician Erhard Eppler, and the former SPD chairperson Hans-Jochen Vogel supported Schröder's position. Eppler said that the critics' arguments were already outdated in the 1970s. He coun-

seled them to end their surrealist and self-destructive arguments and support a chancellor who served as a bulwark against the rightist counter-revolution of United States President George W. Bush. Vogel, in his elder statesman role, said that 85 percent of people on this planet would be happy if they could discuss the problems facing Germany.<sup>40</sup> The delegates voted down overwhelmingly the leftists and unionists' alternative proposals. These delegates knew that if they had defeated Agenda 2010 the Schröder government would have resigned and, given the SPD's low popular approval rating at the time of only 27 percent, a CDU/CSU and FDP government would have replaced it.<sup>41</sup>

Trade union officials ended the street protests against the agenda in the wake of the SPD June conference. An opinion poll commissioned by them showed that about 80 percent of organized workers rejected a union confrontation with the government. Interestingly, the workers accepted the chancellor's argument that cutbacks in social insurance were necessary to safeguard the welfare state. Thus, of those polled, 87 percent were ready to increase their share of pension payments, and 80 percent backed the government proposal to cut unemployment insurance to workers who rejected a job. However, 56 percent opposed a privatization of health plans and favored a higher tax on property inheritance. Most respondents (89 percent) opposed increasing the retirement age from 65 to 67 in the coming decades.<sup>42</sup>

In the SPD-Greens coalition cabinet, the two parties had to work in tandem if legislation was to be agreed upon. Thus, on June 14, the Greens backed Agenda 2010 at a special conference in Cottbus. More than 90 percent of the 700 delegates voted for the agenda after Foreign Minister Joschka Fischer gave it his blessing. He asserted that a series of welfare state adjustments in the coming years would help to ensure the long-term survival of the welfare state. To cut unemployment means to give social justice a chance, but a failure to cut it means further reductions in social welfare programs. The out-voted critics within the Greens insisted that the agenda did not provide the stimulus for growth and advocated instead a wealth tax that would increase the burden of payments on the rich.<sup>43</sup>

Although the government parties won the agenda's first round, there were still legislative obstacles ahead. In late August 2003, the

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chancellor, seeking public support for the agenda, authorized a costly advertising campaign on billboards and posters on buses that was expected to reach 48 million citizens. The campaign's motto read "Germany is taking action." The posters used red lettering, which, as the government put it, "stands for active change in Germany through Agenda 2010."<sup>44</sup> It is no wonder that the German Federation of Municipal Statisticians honored the number "2010" with the "Number of the Year" award. The statisticians said the number had come to represent "a number of courageous steps, along with a readiness to suffer setbacks."<sup>45</sup>

## **Other Government Initiatives**

As an interim measure to provide for economic growth in an economy that slid into recession in the first half of 2003, Schröder announced on June 29 that the cabinet had opted to speed up a sweeping tax cut. Originally set for 2005, the cut worth more than EU 18 billion (US \$20 billion) would go into effect in 2004. The plan envisaged a reduction of the top income tax rate from 48.5 to 42 percent in an effort to increase consumption and provide relief for small and medium-sized companies. The tax cut would be financed by reductions in state subsidies, the sale of shares in state-owned companies, and continued government borrowing. However, the European Commission warned Finance Minister Eichel about the government's mounting deficit. It reluctantly granted Germany an extra year to bring its deficit below the 3 percent threshold.<sup>46</sup> The warning showed once again that national decision makers' freedom of action is circumscribed when it clashes with a supranational EU directive.

A number of economists and business executives, not worried about mounting deficits, hailed the chancellor's plan. They expected it to revive the moribund economy and provide an incentive to consumers and businesses to spend more. Such a revival might in turn produce economic growth in other European states. The CDU/CSU, whose neoliberal stance on the welfare state and the economy nearly mirrored that of the SPD, was also expected to support the plan. But it feared that new tax hikes and increasing government

debts might result from the massive tax cuts. However, the DGB unions, weakened by a lost strike of the Metal Workers Union in eastern Germany, were more concerned about the scaling back of pension benefits and the ability of companies to fire workers, which would result from enactment of the chancellor's tax cut and Agenda 2010 proposals.<sup>47</sup> Already state employment offices were increasing pressure on jobless workers to accept any position regardless of pay or qualification. If the applicants refused job offers, their unemployment benefits could be canceled.

In July, the government, in its rush to obtain approval for all welfare reform bills, introduced another set of health insurance reform proposals. Critics contended that the reforms were socially unjust because more of the costs were to be shifted to the insured patients and the workers. On August 13, the cabinet gave its blessing to Schröder's fiscal and labor market proposals that would make significant changes in Germany's welfare state. Among the many measures were sweeping tax cuts; a relief package for financially strapped cities; a change in the administration of welfare benefits by combining payment of unemployment benefits and social assistance; and a plan to cut EU 5.5 billion in subsidies to home builders, farmers, and commuters by 2004. On 26 September 2003, the Bundestag approved the first batch of Agenda 2010 proposals, but only after Schröder once again threatened to resign. Nevertheless six SPD deputies voted against the reforms.<sup>48</sup>

In the meantime, on August 28, the government-appointed Rürup Commission published its report on ways to reform the country's strained pension system.<sup>49</sup> Among its controversial proposals was one to raise the mandatory average retirement age from 65 to 67 by 2035, which would penalize financially those workers and employees who retired prematurely. As in other countries, the German population is aging rapidly, with the median age expected to increase from the current 40 to 50 by the mid-century, dependent, however, on the level of immigration allowed. Such aging means that fewer workers will be available to pay for more retirees in the coming decades—a generational conflict in the making. An older population will also be a strain on health budgets. In a projection subject to error, the ratio of retirees to workers is expected to rise from the current 38 retirees for every 100 workers to 77 retirees for every 100 workers by 2050.<sup>50</sup>

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A major reason for the increasing imbalance is the low birth rate, in which two persons are replaced by only 1.3 children. One solution is for families to have more children; another is to allow more immigrants to enter Germany. But current cultural factors speak against these solutions. Conservative parties especially are pushing instead for more privatization of social services, in which individuals would contribute some of their own funds. In response, SPD leftists urged that services be financed by general revenues, such as an increase in the value added tax, which in Germany is lower than in most European countries, and by increased immigration.<sup>51</sup>

## **Passage of Agenda 2010**

On 17 October 2003, SPD and Greens Bundestag deputies approved the remaining Agenda 2010 provisions to change the welfare state, marking the largest state overhaul of the system in decades. The government, worried about the continuing opposition to some provisions in the bills by its own dissident deputies, had made last-minute concessions to them. On the same day, the Bundesrat voted in favor of the health care reform bill that the Bundestag passed earlier.<sup>52</sup>

The government's token concessions to the dissident deputies did not lead to an end of continuing criticisms of Agenda 2010. In Berlin, two weeks after Bundestag passage, 100,000 members of unions, the Party of Democratic Socialism, and the antiglobal organization Attac staged a mammoth demonstration. But the symbolic protest had no bearing on the bills making their way through the Bundesrat where the CDU/CSU and FDP had a majority. As differences between Bundesrat and Bundestag versions of Agenda 2010 surfaced, the bills were shuttled to the mediation committee of the two chambers, where tough negotiations took place in November and December 2003. Compromises were reached on most bills, including the CDU/CSU demand that the proposed tax cut in 2004 be scaled back by 50 percent, for fear that it would increase Germany's budget deficit too greatly.<sup>53</sup> On December 19, in the legislative journey's final phase, the Bundestag governing parties passed once again the twelve bills that made up the bulk of the agenda. The CDU/CSU and FDP reluctantly supported most of the bills, as a

prelude to their becoming laws. Schröder, without enthusiasm, could take credit for making sweeping cuts to the social welfare system, even while paradoxically still espousing the tenets of democratic socialism at party conventions.

## Conclusion

In an age of economic crises, recessions, and budgetary restraints, the SPD-led government took the initiative to substantially lower the unacceptable high level of unemployment. It has not been successful. To minimize the national debt it chose the controversial path of proposing cutbacks to several costly social welfare programs rather than launching an anticyclical investment program and imposing higher taxes on the wealthy and on large firms. Thus critics asked what differentiated Schröder's Agenda 2010 and other legislative initiatives from those taken by the CDU/CSU when it was in power in earlier decades. In effect, given the parties' agreement on fundamental policies, few differences marked their approach to social welfare programs, although currently CDU leaders favor more privatization of welfare services. This on-and-off rapprochement between major parties on domestic economic issues also has taken place in other European countries, as a number of studies have shown.<sup>54</sup>

Agenda 2010 typifies the chancellor's cost-cutting approach favored by the business community. But its adoption is bound to alienate SPD voters and members, many of whom are blue-collar workers who will resent having to pay more for social welfare services. It could cause the SPD's defeat in crucial upcoming local, state, and European parliament elections and the next national election in 2006. Paul Pierson, in a study of European welfare state politics, aptly points out: "Support for the welfare state is intense as well as broad. Intensity of preference matters because it is associated with higher rates of political mobilization and with voters' actual choices at election time."<sup>55</sup>

The SPD left wing contends that Germans expect the state to provide as many state welfare services as do Scandinavian countries. But the parsimonious Germans are not as willing as the Scandinavians to finance the welfare state. Thus no matter whether the SPD or the

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CDU/CSU is in power the voters tend to punish the governing party should it make significant cuts in, or raise the cost of, the social welfare programs. No doubt, as the German population ages in the decades to come, existing pension and health programs will have to be cut back to meet shortfalls in their budgets. The crucial question is how the government will raise enough revenues to finance these programs without increasing the burden on the sizable and increasing number of society's underprivileged members. Germany's fiscal dilemma is mirrored in other European countries: France outlined welfare cuts in its Agenda 2006 (even the title resembles the German counterpart); Austria and Greece have reduced pensions; Portugal has let go thousands of public sector workers; and the Netherlands has implemented a wage freeze for public employees. In a study of the welfare state, Peter Taylor-Gooby notes that as governments and parties face more complex and less transparent problems, they will need to restructure welfare provisions to meet changing circumstances. When this happens, they will seek to escape blame for retrenchment by targeting their stagnant economy, the European Union, or the effects of globalization.<sup>56</sup>

In the introduction to this study, I posed four questions that have been touched upon in the trajectory of Agenda 2010 but need to be answered now. One, can the welfare state remain viable in the midst of shrinking economic and financial resources? In the long run the answer may be affirmative because it will be most difficult for any governing party or parties to cut drastically costly but popular social welfare policies deeply rooted in the nation's history. Nevertheless, the post-World War II period of expanding welfare systems, which included full employment, will not reappear.

Two, can the divided left opposition groups within the SPD and the trade unions on the party's perimeter halt the trend toward Schröder's austerity policies in an era of persistent high unemployment, an aging population, and globalization of financial markets? In the instance of Agenda 2010, the opposition forces did not have enough political clout or popular support to force significant agenda changes. Both sides, at loggerhead, refused to make significant compromises that could have prevented the confrontation between them.

Three, what happens to the SPD when its leaders in government embark on a course of action that runs contrary to the party mem-

bers' interests and the party's ideology, as reflected in its Basic Program? Obviously, the gulf between the leaders and the rank and file will widen, which may cost the party the next general election. One symptomatic sign was the Bavarian state election of September 2003. The SPD, never strong in the Bavarian CSU bastion, lost the votes of many of its loyal supporters who were protesting the Schröder government's failed economic policies. Similarly, in the Hamburg election of February 2004, thousands of SPD voters, protesting against Agenda 2010, shifted to the CDU or did not vote. The CDU, picking up even more support from former right-populist voters, gained an unprecedented absolute majority of seats in the local parliament in this former SPD stronghold. In the coming years other intraparty policy differences on pocketbook issues will continue to plague the SPD. This is a natural and historical phenomenon, but the clashes could be damaging to the SPD, especially if severe cuts in economic and financial resources continue to weaken the welfare state.

Four, will the SPD eventually move away from the neoliberal capitalist policies back to Keynesian social democratic policies, or has the end of the social democratic century been reached, as Ralf Dahrendorf had already suggested in 1980? Whether the SPD will launch social democratic policies in the foreseeable future is highly improbable given the momentum of the Schröder's neoliberal policies, the constraints imposed by supranational institutions, and the impact, albeit limited, of globalization. Thus Dahrendorf's prediction of an end of the social democratic century has a kernel of truth in it, except that the social welfare system, based on the party's ideology, continues to function, although on a more restrictive basis. In short, I argue that Agenda 2010 will have a negative effect on the SPD's cohesion, ideology, and electoral support unless neo-Keynesian measures, cited earlier, are introduced into the package of reforms.

The SPD, regardless of its position on the welfare state, needs to make significant internal reforms if it expects to gain more popular support. Among the reforms is to give more opportunities for the younger cadres to advance as leaders within the organization, which lacks leadership reserves. This step may help to staunch the serious continuing membership drop. Yet such a step alone will not contribute to the party's revitalization, as shown in the instance of the

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forty young SPD Bundestag deputies, who in mid-2001 organized the Network (*Netzwerk*) Berlin. As party careerists they expect to move into leadership positions in coming years. They have taken a centrist and bland position on national issues.<sup>57</sup> There are other problems facing the SPD: a lack of strategic thinking, lethargy among its graying members, the dearth of enough women in its ranks, the poor qualifications of some leaders, the absence of genuine debates at party conventions, the corruption of a few SPD city machines, and the fraying ties to the trade unions. Intraparty ideological debates about a new society hardly take place any more. Differences between the SPD and the conservative parties, in their programs and legislation, such as social welfare, have shrunk considerably.<sup>58</sup>

If the party in its programmatic and policy statements can juggle the often conflicting concerns of the workers, salaried employees, and technical intelligentsia, then its electoral prospects become brighter. However, in this juggling process those individuals who are mired in poverty, have social problems, depend on welfare, and lack access to higher education, must not be disadvantaged and must not feel that they have little to contribute to society. Their votes are as crucial for the SPD, as are those of the new politics “modernizers” from whom they feel alienated.<sup>59</sup> On the social periphery, they are the ones who will be the principal losers in various programs of Agenda 2010. They can only be envious of the high-income workers and employees who are the privileged class.<sup>60</sup>

The SPD’s programmatic direction will have a bearing on its electoral fortunes, especially if the program provides benchmarks to gauge the party’s political direction. The 1989 Berlin basic program currently in effect emphasizes the key ideological concepts of freedom, equality, solidarity, and social justice, as well as the newer themes of ecology, gender equality, and technological progress.<sup>61</sup> Some of these concepts are in danger of losing their meaning should Schröder continue to deemphasize the traditional social democratic objectives.

Many party officials and members are worried about a consequent erosion of the SPD’s identity, which during recent election campaigns featured the bland concepts of “innovation” or “modernization.” Such concepts pale in comparison to those underlying democratic socialism that in earlier decades were at the heart of the

SPD program and that distinguished the SPD from its conservative rivals. But since German unification in 1990, many SPD leaders, who feel more at ease with the moderate concept of “social democracy” than with the more radical “democratic socialism,” are letting the Party of Democratic Socialism (PDS), the successor to the Socialist Unity Party (SED) in eastern Germany, lay claim to the democratic socialism label.

Leftist critics within the party, lacking a charismatic leader, also favor the SPD becoming more independent of Chancellor Schröder, who as party chairperson had a strong influence on its policies and development. But when the chancellor, knowing that he was not popular with party members, suddenly gave up his party post in February 2004 and designated the loyal *Fraktion* chief Müntefering also as party chairperson, the critics were not mollified. They doubt that the new team will provide satisfactory answers to the citizens’ worries about the future and to the continuing problems facing the SPD. They insist that national economic and social policies be adopted that would reverse the current combustible mixture of heavy doses of neoliberal and weak doses of social democratic programs.

The European political landscape in the early and mid-1990s, as in the 1960s and 1970s, was marked by a plethora of moderately reformist social democratic and socialist parties in power, despite their move to the political center. Optimism prevailed that a new age had dawned, yet these parties had no economic blueprint that could mobilize the masses. In effect, many of the parties accepted the conservatives’ neoliberal free market programs modeled on that of former British Prime Minister Margaret Thatcher, which led in the late 1990s to their loss of political power.<sup>62</sup> As a result, conservative and, in some countries, right populist parties swept into power in Austria, Portugal, Spain, Italy, France, Denmark, Norway, and the Netherlands. Many blue-collar workers, disillusioned by the social democratic failure to speak to their concerns, voted for the conservatives or the right populists, who favored tougher immigration, asylum, and law and order policies than the social democrats.

In western Europe, during the current conservative era, the social democrats have governed in Germany, Great Britain, Greece, Finland, and Sweden, and in March 2004 regained power in Spain. But election cycles do not guarantee their continued success in maintain-

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ing themselves in power, as was shown in the Greek election of March 2004 in which the conservatives triumphed over the socialists. The real challenge to the social democratic and socialist parties is to provide a democratic economic alternative to the United States' espoused free-market economies. This requires that parties in the European Union push for abandoning or modifying accords like the European Stability and Growth Pact that prevent governments from acting effectively to restore the economic growth needed to sustain welfare state policies. Without growth or redistributive fiscal policies, there is hardly a viable alternative to austerity projects such as Agenda 2010. But one should not assume that growth is impossible, even in an era of increased EU powers and globalization that reduces the national government's policy options.<sup>63</sup>

In the case of the SPD, the slim hope is that its leaders will listen more to its core members who are angry about the economic downsizing path the party is taking. Then the leaders might consider introducing more neo-Keynesian economic and financial planks, including redistributive taxation, into key welfare programs. The outcome might be a modest economic growth, a drop in unemployment, and fewer cuts in social welfare, which would produce a more palatable, slimmed down German welfare model. If that were to happen, the SPD might even have a chance to win the national election once again in 2006.

## Notes

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  4. Herbert Kitschelt, *The Transformation of European Social Democracy* (Cambridge, UK, 1994), 297.
  5. For details, see Gerard Braunthal, "The 1998 German Election: Gerhard Schröder and the Politics of the New Middle," *German Politics and Society* 50, vol. 17, no. 1 (spring 1999): 32-54; Donley T. Studlar, "The Anglo-American Origins and International Diffusion of the 'Third Way,'" *Politics and Policy* XXXI, no. 1 (2003): 26-52; Paul Nolte, "Stürzt SPD-Chef Bismarck!," *Die Zeit*, No. 8, 13 February 2003, 9. For an overview of the SPD, see Gerard Braunthal, *The German Social Democrats since 1969: A Party in Power and Opposition* (2nd ed., Boulder, Colo., 1994).
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  7. Ralf Dahrendorf, *Life Chances: Approaches to Social and Political Theory* (Chicago, 1980).
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  9. The SPD had held power in Hamburg, Hesse, the Saar, Saxony-Anhalt, and Lower Saxony, but lost out to the CDU in state elections held since 1998. However, in Berlin the SPD regained political control.
  10. The commission was named after its chairman, Peter Hartz, Personnel Director of Volkswagen Company.
  11. *Guardian*, March 15, 2003.
  12. *New York Times*, March 15, 2003.
  13. *Guardian*, March 17, 2003
  14. According to the by-laws, if they had gathered 67,000 signatures, which obviously was not to be the case, then a referendum could be held in the following three month period. If thereupon a simple voting majority of SPD members, consisting of at least one-third of the total membership, approves the referendum, it becomes party policy (*Der Spiegel*, May 13, 2003).
  15. *Ibid.*, May 12, 2003.
  16. Summary in *Frankfurter Rundschau*, April 23, 2003.
  17. Cited in *Frankfurter Allgemeine Zeitung*, April 28, 2003. See also *Die Tageszeitung*, May 5, 2003 and Rudolf Walther, "Totengräber der SPD," *Freitag*, March 21, 2003.
  18. *Frankfurter Rundschau*, April 29, 2003.
  19. *Frankfurter Allgemeine Zeitung*, April 28, 2003; *Die Zeit*, May 8, 2003.
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22. *Guardian*, April 15, 2003. For a defense of Schröder's policy, see Peter Glotz, "Die soziale Selbstgerechtigkeit," *Die Zeit*, May 8, 2003, 6.
23. *New York Times*, March 15, 2003.
24. *Süddeutsche Zeitung*, April 29, 2003.
25. The vote was 28 in support, 4 against, and 4 abstaining (*Süddeutsche Zeitung*, April 29, 2003). For a shortened version of the motion, see *Frankfurter Rundschau*, April 29, 2003.
26. *Ibid.*
27. *Die Tageszeitung*, May 9, 2003.
28. GIC, *The Week in Germany*, April 25, 2003. For the Attac position, see Christian Christen, Tobias Michel, Werner Rätz, *Sozialstaat: Wie die Sicherungssysteme funktionieren und wer von den "Reformen" profitiert* (Attac Basis Text 6, Hamburg: VSA-Verlag, 2003).
29. Forsa conducted the national poll for *Stern* and RTL; summary in *Frankfurter Allgemeine Zeitung*, April 28, 2003.
30. GIC, *The Week in Germany*, May 3, 2003.
31. *Die Tageszeitung*, May 3, 2003.
32. The leaders, whose unions comprised two-thirds of all DGB members, were Klaus Zwickel (Metal Workers Union) and Frank Bsirske (Ver.di public service union); *Die Tageszeitung*, May 8, 2003.
33. *Ibid.*, May 8, 2003.
34. The two deputies were Schreiner and Sigrid Skarpelis-Sperk (*Ibid.*, May 20, 2003).
35. GIC, *The Week in Germany*, May 23, 2003
36. Forsa poll, cited in *Die Tageszeitung*, May 23, 2003.
37. *Ibid.*, May 28, 2003.
38. *Die Tageszeitung*, May 27, 2003.
39. *Ibid.*, June 2, 2003.
40. *Die Tageszeitung*, June 2, 2003; *Sueddeutsche Zeitung*, June 2, 2003.
41. *Guardian*, June 2, 2003.
42. Polis conducted the DGB-sponsored poll, summary in *Die Tageszeitung*, June 19, 2003.
43. GIC, *The Week in Germany*, June 20, 2003.
44. Available at [http://eng.bundesregierung.de/Dokumente/Artikel/ix\\_517215\\_4317.htm](http://eng.bundesregierung.de/Dokumente/Artikel/ix_517215_4317.htm).
45. GIC, *The Week in Germany*, December 11, 2003.
46. *New York Times*, November 19, 2003.
47. *Ibid.*, June 30, 2003; July 1, 2003.
48. GIC, *The Week in Germany*, August 15, 2003; October 3, 2003.
49. The commission was named after its chairman, Bert Rürup, a professor of economics at the Technische Universität, Darmstadt.
50. GIC, *The Week in Germany*, August 29, 2003.
51. Hans-Peter Bartels, "Steuern statt Beiträge," *Frankfurter Rundschau*, April 28, 2003.
52. GIC, *The Week in Germany*, October 17, 2003; *BBC News*, October 17, 2003.
53. *New York Times*, December 16, 2003. The government position on Agenda 2010 is explained in Press and Information Office of the Federal Government, *Agenda 2010: Questions and Answers* (Berlin, 2004).

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54. See e.g. Stein Kuhnle, ed. *Survival of the European Welfare State* (London, 2000); Geoffrey Garrett, *Partisan Politics in the Global Economy* (Cambridge UK, 1998).
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