The modernisation of German social democracy: towards a third way and back?

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The German Social Democratic Party (SPD) has undergone a number of revisions since its birth in the nineteenth century. This chapter will explore the latest debate about what the SPD stands for. As a programme party, the debate about long-term objectives, values and ideological principles has been of particular importance to party members, its leaders and the public. Hence the focus of this chapter: it will document and analyse the programmatic discourse of the SPD between the adoption of the 1989 Berlin Programme and the 2007 Hamburg Programme. The analysis will centre on whether and how the meaning of social justice – together with freedom and solidarity at the core of the SPD's values – has changed and how this change is reflected in the SPD's concept of the welfare state and its labour market policies.

The Third Way: revisionism in the 1990s

The Third Way debate emerged as a collaborative effort of academics, think-tank experts, and politicians in the UK from where it influenced mainly Western European parties of the centre-left. It constituted a neo-revisionist (Merkel 2000) attempt to rethink social democracy and 'reprogramm[ed] organisational goals with the aim of adapting to the political environment' (Weßels 2007: 43). What was meant by the Third Way? Anthony Giddens, the intellectual protagonist of the Third Way debate, had criticised the 'conservative' nature of socialism and social democracy since the early 1990s, when he recommended the 'preventative welfare-state' as a blueprint for social policy, and advanced the notion of politics 'beyond left and right' (e.g. Giddens 1994). At about the same time, the British Labour Party was modernising its ideology and party organisation. A new generation of party leaders welcomed and appropriated his critique for their project of bringing Labour back into power.

The wider circumstances that spurred on the rethinking of social democracy were outlined by Lavelle (see Chapter 1 in this volume). Just to recapitulate a few of them: with the end of 'actually existing socialism' in 1989, social democracy's function of transforming the fear of communism into social progress (Mahnkopf 2000) became dispensable. On the other side, neo-liberal policies had failed to achieve their own objective of economic efficiency and were increasingly unable to deal with rising poverty and unemployment. For Giddens, the failure of both paradigms resulted in the obsolescence of the political categories of left and right. He also argued that value systems had changed. Instead of traditional social democratic values of social justice, equality and solidarity, post-materialist values of ecology, individuality, self-realisation, liberty and cultural identity had become important as indicators of progressiveness (Giddens 1998). Therefore, a new 'third way' social democracy needed to transcend the old ways if the centre-left wanted to survive. Giddens advocated his third way as the 'sparkling point for a new political framework of comparable importance and influence' to that which Keynesianism on the one hand and free-market liberalism on the other had once had (Giddens 1997: 37).

Most important for this chapter is the Third Way discourse on the function and form of the welfare state and the reconceptualisation of social justice. For the latter, the term 'social inclusion' was paramount. According to Giddens, social inclusion of the individual necessitates, as a first step, participation in the labour market. In order to deal with high (long-term) unemployment, a refocused welfare state, the 'social investment state' (Giddens 1994), should act as a partner and 'springboard' to reattach the individual to the labour market rather than acting as a 'security net' that would keep them in welfare dependency. The Third Way's pejorative description of the welfare state as a security net and of welfare transfers as 'hand-outs' indicated that the discourse of solidarity was giving way to a rights and responsibilities discourse which Giddens recommended as the 'prime motto for the new politics' of the centre-left (Giddens 1998: 65). Giddens recommended that Social Democrats should move 'away from what has sometimes been in the past an obsession with inequality, as well as rethink what equality is' – although he also advised that the centre-left should not accept the idea that high levels of inequality were functional for prosperity (Giddens 1998: 100). For Giddens, equality should not be understood in the material sense of levelling income and wealth differentials through e.g. progressive taxation. Giddens argued that the notion of equality of outcome was not only unrealistic, but also undesirable in the face of new and diverse value orientations which had come with 'individuation'. Therefore, the social investment state should focus on creating equality of opportunity through equal access

to education and other important services which enable individuals to achieve their full potential (Giddens 1998). As one strand of this strategy, the state should continuously keep the individual 'active' in the increasingly flexible labour market – through job-focused training, qualification measures, assistance in job search activities and increased pressure to take up paid work – in order to prevent and shorten unemployment and the consequent social exclusion and poverty (Giddens 1999).

The social investment, enabling or 'activating state' – the latter is the translation of the term used in the German debate and captures the idea that the state's task is to arouse the potential of individuals in their own best interest – which emerged from third way discourse is quite different to the traditional social democratic notion of the welfare state. This model was focused on the redistribution of income, wealth and power with the aim of greater equality of outcome and social security through the de-commodification of labour. The new Social Democrats adopted a model that comprised what Bob Jessop labelled 'productivistic' social policies (Jessop 1992), designed to create the 'citizen-worker' (Levitas 1998) who only qualified for citizen rights if they consistently attempted to participate in the labour market. But it was not only the objectives of this new welfare state which were different, but also its *modus operandi*. Giddens subjected the traditional, bureaucratic welfare state to the general charge of being inherently inefficient and ineffective. Only a strong civil society could deliver public goods in a more democratic fashion (Giddens 1998).

There are various different interpretations of the meaning of the Third Way (Marquand 1999; Perger 1999; Mouffe 1998) but this is not the place to discuss these different strands of critique. What is important is to note that the Third Way deviated substantially from more traditional social democratic principles and that the Third Way debate and New Labour's success in 1997 gave modernisers in the SPD an ideological blueprint and a window of opportunity to kick-start their own programmatic debate.

The SPD: permanent reformism?

The most important programmatic moments in the SPD's history are well known: the founding 1875 Gotha Programme, the 1891 Erfurt Programme and the 1959 Bad Godesberg Programme. The latter was adopted after a long debate which was triggered by the harsh election defeats of 1949 and 1953. At Bad Godesberg, the SPD set its course on becoming a catch-all party which aimed to appeal to the growing middle classes as well as to its traditional voters (Padgett 1994). The programme's often-quoted slogan, 'competition as far as possible; planning as far as necessary' (SPD 1959: 9), made unmistakably clear that the SPD had left behind its Marxist past and

embraced the mixed market economy on the basis of Keynesian economic theory.

To achieve a socially just society, the SPD advocated mildly redistributive income policies to allow everyone a fair stake in socially produced wealth, but refrained from demanding equality of outcome. Widening educational access in order to attain more equality of opportunity became a prime policy instrument to achieve greater social justice. The programme demoted democratic socialism to being an 'enduring task' (SPD 1959: 3) rather than upholding it as the form of a new social and economic order towards which the SPD was striving.¹ The new programme indeed contributed to the SPD's rising electoral fortunes: in 1966, the Social Democrats become junior partners in a grand coalition with the Christian Democrats, and in 1969 the SPD formed a federal coalition government with the small Liberal Party which lasted until 1982. With Bad Godesberg, the SPD became the role model for programmatic modernisation for the European centre-left.

However, the SPD-led government had very little time to implement its programme of welfare-state expansion and of widening educational access. After the first oil shock in 1973, economic crisis, rising unemployment and the subsequent fiscal austerity of the welfare state led to conflicts between the trade unions and the SPD-led government under Helmut Schmidt and to the strengthening of the party's left wing. The 1975 *Orientierungsrahmen* 85 (SPD 1975) – a party conference statement meant to update the Bad Godesberg Programme – demonstrated that the economic crisis had undermined the SPD's faith in anti-cyclical macroeconomic policy and its deliberations brought tensions between the right and the left wings to the fore (Padgett 1994). The rise of the new social movements, their transformation from extra-parliamentary opposition into the Green Party and the upsurge of neo-liberal ideology diminished electoral support for the SPD further.

The SPD lost the 1983 elections after its coalition partner had changed sides in favour of the Christian Democrats. This was the beginning of fifteen years in opposition in the Bundestag. Following these elections, there were limited intra-factional disputes within the SPD about its future course which ended in the decision that a systematic programmatic debate was necessary. This Programme Debate, initiated in 1983, took the party over five years to conclude (Kölbe 1987; Padgett 1994).

The December 1989 Berlin Programme was an attempt to come to terms with social and economic changes and offered a bridge between the traditional left and the new social movements. However, the fall of the Berlin Wall just months earlier overshadowed the debate in public perception and almost immediately rendered the programme out of date.

The programme showed a sharply increased awareness of environmental destruction. The question of how to achieve more material prosperity for all while maintaining a competitive economy was no longer answered by a commitment to continuous economic growth equated with 'progress' but was met by uncertainty on how to reconcile the economy and ecology. Nonetheless, in social policy terms the Berlin Programme had a largely left-wing social democratic character and represented a party keenly aware of its roots in the working class. In contrast to the Godesberg Programme, the Berlin Programme used an explicit class analysis of the current situation and how it should be changed. Referring to capitalism as an obstacle to human emancipation, the programme emphasised that it had been the historic experience of the workers' movement 'that repairing capitalism is not sufficient. A new order of economy and society is necessary'. The struggle for this order would be informed by the SPD's principles of freedom, justice and solidarity, the realisation of which was the enduring task of democratic socialism, as the programme said (SPD 1989: 8, 13). The programme demanded 'greater' equality of distribution of income, property, power and access to education, culture and vocational training without specifying at what point this aim would be achieved. The programme was clear about the importance of the state for the achievement of social justice, but it also acknowledged that its tasks had to be limited. Although the state's responsibility for the creation of paid employment was underlined, the programme also stressed that it should promote lifelong education to enable its citizens to succeed in an increasingly flexible labour market. However, citizenship was not to become dependent on being in paid work. The traditional aim of decommodification was largely maintained, paid employment was not elevated to a panacea for poverty and social exclusion, nor was globalisation celebrated.

Third way and *Neue Mitte* (1995–98)

The SPD suffered general election defeats in 1990 and in 1994, while changing its party chairmen three times between 1990 and 1995. In 1992, the party endorsed a special programme which emphasised that it would pursue a policy combination of fiscal prudence, public works and training programmes; it would also stop welfare-state expansion in order to deal with the emerging post-unification budget and unemployment crises (SPD 1992). In November 1995, Oskar Lafontaine was elected the new party chairman. Belonging to the moderate left of the SPD, he had overseen the debate on the Berlin Programme. After 1995, however, he increasingly adopted a modernising discourse especially on economic questions and gained notoriety within trade union circles for his attacks on their alleged

immobility on questions of labour market flexibility. Nevertheless, the SPD did not manage to clarify its fundamental programmatic orientation under his leadership. The tactical politics of discrediting the governing Christian Democrat-led coalition as immoral neo-liberals and using the SPD's majority in the parliament's Upper House to 'undermine the Federal government's legislative programme and to profile the SPD' (Lees 2000: 90) took priority over elaborating long-term programmatic alternatives.

The development of New Labour, Tony Blair's election victory in 1997 and the emerging debate about the Third Way made an impact on the SPD's leadership. The first sign of programmatic modernisation could be glimpsed in the SPD's late 1997 'Innovation Debate' conference. Nothing in this debate was reminiscent of the Berlin Programme. Most of the contributions embraced the opportunities offered by globalisation and showed an unbridled belief in the possibility of 'ecological modernisation' – combining strong economic growth with environmentalism. Oskar Lafontaine and Gerhard Schröder, the two potential challengers to incumbent chancellor Helmut Kohl, presented themselves as modernisers and traditionalists at the same time. They appealed to all social groups, declaring that only a common effort would ensure that Germany could be modernised according to the 'triad of innovation, work and justice' (Lafontaine and Schröder 1998). To do so, welfare-state reform, public administration modernisation and labour market flexibility would be necessary under the conditions dictated by globalisation. In order to weather globalisation's challenges and to make use of its opportunities, a new partnership between labour and capital would be required. Therefore, Schröder advocated an 'Alliance for Jobs' between state, employers and trade unions to arrive at a consensus on how to reform the country. Abandoning the *étatiste* preferences of the SPD, Lafontaine stressed that whether a task was performed by the state or by private entities was not a question of ideology, but a question of practical reason. The overburdened state should be relieved of some of its responsibilities because many public services could be provided more adequately by civil society organisations (Lafontaine 1998).

As the Bundestag elections drew nearer, the rhetoric of the debate developed towards the rebranding of the SPD as the party of the *Neue Mitte*, the new centre, in an attempt to emulate New Labour's success in attracting the median voter. The new discourse tried to reconcile themes such as social justice and solidarity with those of individuality and achievement supposedly held by professional workers, managers and entrepreneurs – those who populated the SPD's new centre.

In the 1998 election campaign, little that was concrete was said about what social justice meant for the SPD. Central to the election manifesto was the commitment to full employment on the basis of social partnership

in a social market economy renewed according to the leitmotif of the 'stakeholder society, in which everybody enjoys their fair share of collectively generated wealth' (SPD 1998: 6).² Overall, the state would reduce its role in economic policy: the required fiscal austerity of a leaner and more efficient state would no longer allow Keynesian-style debt-financed market reflation programmes. The manifesto stressed that the SPD wanted to promote employment, not finance unemployment. More would be done for the creation of new jobs, for more successful job searches and for better job take-up. The SPD also addressed its traditional voters of the working class with promises to revoke most of the cut-backs on employment security and sick pay which were made by the CDU-led government (SPD 1998: 12).

Governing and modernising: the programme debate (1999–2001)

Election research shows that the SPD really did attract new voters in the 1998 elections and that it won them with its most heterogeneous vote ever (Forschungsgruppe Wahlen 1998). The SPD formed a coalition with the Green Party, with Gerhard Schröder as chancellor and Oskar Lafontaine as head of the powerful finance ministry. The SPD had a particularly difficult start in government. There were three crises within the first year: a steep decline in the SPD's popularity immediately after the elections resulting in a number of *Länder* election defeats, the leadership dispute between Schröder and Lafontaine, and the programmatic vacuum that developed after Lafontaine's unexpected resignation as finance minister and party chairman in April 1999.

This section will focus on the programmatic crisis, from which the official programme debate leading to the 2007 Hamburg Programme emerged. The new centre rhetoric no longer obscured the contradictions between the SPD's programmatic pledges, Lafontaine's policy preferences, and Schröder's aims in social and economic policy terms. The legitimacy gap between programme and policy could finally be tackled after Lafontaine's resignation, when Schröder became party leader as well as head of government.

An article written by Schröder and Blair in June 1999 started the modernisers' attempt to bring the SPD in line with Schröder's governmental course. It criticised social democracy for its equation of social justice with equality of outcome and attacked its propensity to interfere with markets which were better left undisturbed by state intervention if the wealth required for the upkeep of the welfare state was to be produced. The two leaders recommended a 'supply-side politics from the left' (Blair and Schröder 1999), by which they understood investment in human capital

and welfare-to-work programmes in order to increase labour supply and the growth of the so-called knowledge-based economy.

The article was critically received by the German media and the SPD. Both its argumentation and the way Schröder attempted to force a programmatic change upon his party through an article perceived as being ghosted by the two leaders' spin doctors turned it into a fiasco. Its effective dismissal by many in the SPD and by commentators in Germany further contributed to the SPD's loss of programmatic confidence. Nonetheless, it showed that Schröder was willing to challenge his party's long-held assumptions about the role of the state, welfare and economic policies and conceptions of social justice. And despite, or perhaps even because of this fiasco, the modernisers convinced the 1999 party convention to launch an official debate for a new party programme ready for adoption in November 2001.

In September 2001, Schröder, as chairman of the Programme Commission, asked the party to suspend the debate in order to concentrate on the 2002 elections. This was agreed and the elections were narrowly won. Afterwards, the debate continued, albeit slowly, during 2003 (Egle and Henkes 2004). A new programme draft was eventually ready for publication in May 2005. However, when Schröder announced early elections for September 2005 this draft was put on ice.

Throughout the debate, senior party leaders and government ministers emphasised the constraints that being in power placed upon a programmatic renewal (e.g. Schröder 2001). The membership of the Programme Commission and its working groups had been arranged to facilitate the modernisation course favoured by Schröder. While the published documentation of the programme debate revealed conflicting views, it was nevertheless dominated by themes and rhetoric identified earlier in the discussion of the Third Way. Rudolf Scharping, the Deputy Chairman of SPD and Managing Chairman of the Programme Commission, made clear that the party's position on the role of the state and the significance of redistribution of wealth and income had to be redefined within the constraints of globalisation. Stakeholding and participation should be considered more important for future social democratic politics than redistributive justice (Scharping 2000). Another leading party member, Wolfgang Clement, embraced limited inequalities according to John Rawls' theory of justice: they were 'catalysts for individual and social opportunities' and led to higher economic productivity, benefiting even the worst off. Furthermore, he recommended labour market deregulation to allow greater fairness in access to employment-promoting social inclusion and therefore more justice (Clement 2000: 11).

In an intermediate report in November 2001, the Programme Commission confirmed the basic tenets of the Berlin Programme, but stressed that the

welfare state needed to change its objectives towards making the prevention of unemployment its priority rather than providing support to the unemployed (SPD 2001). Part of the preventative element was improving and extending education, training and lifelong learning to promote equal opportunities in the labour market. For those with lower skills, the generation of a new low-wage–low-skill labour market should be encouraged by reducing the tax and social insurance rates paid by employer and employee in equal parts. This would reduce wage-added costs for employers and thus stimulate job creation. Moreover, jobs would become more attractive, as net wages would rise above benefit levels. Better job search and placement instruments should assist jobseekers to integrate more easily into the labour market. Rather than relying on welfare benefits, unemployed people should assert more self-reliance and take up lower-paid jobs in order to reintegrate into society so that they would not burden public budgets. The guiding principle of future labour market policies should be that of the ‘activating state’, ‘which proposes a new balance of rights and responsibilities, and a new balance of *Fördern* and *Fordern*’ – to be translated as supporting and demanding (SPD 2001: 65).

The government adopted this principle in its legislation, for example in the December 2001 *Job-AQTIV* Bill, which was Schröder’s first labour market initiative to adopt a welfare-to-work approach.

Agenda 2010 (2002–3)

Schröder’s second term in office proved particularly influential for the programme debate. The government’s most important reform project was Agenda 2010 for the ‘sustainable protection of the welfare state, for more jobs and strengthening of the German economy’ (Schröder 2003) from March 2003. Agenda 2010 attempted to integrate the coalition’s policy initiatives since 1998 into a cohesive narrative of modernisation. In particular its welfare and labour market reform proposals, based on the report by the government’s Hartz Commission in 2002, were highly contentious both with the public and the SPD. A serious conflict ensued inside the party. As a result, Schröder resigned as party chairman and a number of trade unionists left the SPD to form a new political party. This party eventually merged with the Party of Democratic Socialism (PDS) – the successor of the ruling party of East Germany – into the *Linkspartei*. In 2007, it was renamed *Die Linke* or The Left with Oskar Lafontaine as one of its two chairmen.

What did Agenda 2010 mean for the SPD in relation to its position on social justice and its welfare policies? Schröder declared that the serious economic situation of the country resulted in a stark choice: ‘either we

modernise as a social market economy or we will be modernised by the unfettered forces of the market' (Schröder 2003). Most important was the reorientation of welfare policy towards increasing the employment rate by increasing the pressure on the unemployed: the state would no longer accept that its citizens 'sit back and become a burden to the community. Those who reject reasonable work . . . will have to face financial penalties', namely benefit withdrawal. To assist labour market reattachment and thus social inclusion, employability-improving measures and assistance in job search activities were to receive more attention by the state while passive welfare measures such as benefits came to be regarded as undesirable expenditure. Many of these policy initiatives were based on the British New Deal welfare-to-work programme and the British reorganisation of the employment services into the 'one-stop-shop' job centres. An analysis of the documents of this debate reveals that the government addressed social justice exclusively under the banner of the 'justice of equal opportunity' and 'inter-generational justice' and did not address redistributive questions of equality of outcome at all (Bundesregierung 2003).

Agenda 2010 demonstrated the government's conviction that the existing welfare state was responsible for many of Germany's economic problems and its high unemployment rate. Schröder's defence of his new policies was that they were an attempt 'to put justice back on its feet. This is about justice also for future generations . . . The politics of the permanent present . . . must be abolished' (Schröder 2004). Nevertheless, the SPD struggled with the growing legitimacy gap between programme and policy as the programme debate continued and was influenced by Agenda 2010. In 2003, the SPD's Secretary General Olaf Scholz maintained that 'the politics of social justice have never been primarily a question of the quantity of social transfers', but about life chances. Only a preventative and social investment state could promote social inclusion and personal responsibility (Scholz 2003a: 7). Franz Müntefering, who had succeeded Schröder as party chairman in March 2004, stated that the welfare state was a 'voluntary mutual agreement. Everybody has the duty to use his own strength and ability, and also the right to use the community, when in need'. Furthermore, he emphasised that equality of opportunity was at least as important as distributive equality (Müntefering 2005: 13).

The 'activating' and 'preventative' welfare state had evolved as the new leitmotif of the SPD's programmatic discourse, and despite all the inner-party opposition and public protests, the government stood by Agenda 2010 and the SPD integrated it into its 2005 election manifesto as part of its newly adopted project of '*Soziale Demokratie*' (SPD 2005). *Soziale Demokratie* is not to be confused with *Sozialdemokratie*: whereas the latter denotes the political movement of which the SPD is the expression as a

political party, the former describes the specific form of society which the SPD wants to establish. This idea was developed by one of the SPD's most influential thinkers, Thomas Meyer from the party's think-tank Friedrich-Ebert Foundation (Meyer 2007).

From Bremen Draft to Hamburg Programme (2005–7)

Although the SPD lost the majority in the Bundestag in 2005, the party nevertheless performed much better than most observers had expected and only received slightly fewer votes than the Christian Democrats. As a result, the SPD joined the Christian Democrats as a junior partner in a grand coalition. Shortly afterwards, Müntefering unexpectedly resigned as party chairman and a window of opportunity for a change of the SPD's programmatic course opened – after all, Hartz reforms and Agenda 2010 were deeply resented by many in the party and the emergence of the *Linkspartei* to the SPD's left was seen as a major threat to the strength of the party. Nevertheless, when Matthias Platzeck took over the party's top job in October 2005, he made it clear that there would be no substantial change to the modernisation course (Platzeck 2006). He resuscitated the programme debate and announced a new draft programme for early 2007. But Platzeck resigned due to poor health in April 2006 and his successor Kurt Beck continued to struggle with the definition of what the SPD stood for and for whom. He claimed that the SPD was the 'left people's party of the solidaristic centre'³ (Beck 2006: 2) and attempted to defend his party on two fronts: against the *Linkspartei* taking votes from the SPD and getting non-voters on board, and against the Christian Democrats who were rediscovering their commitment to the welfare state after Angela Merkel's neo-liberal 2005 election campaign had been rewarded with one of the party's worst election results in history of just over 35 per cent.

In early 2007, finally, the SPD published a draft programme as the basis of debate for the new Hamburg Programme. This Bremen Draft confirmed the continuing orientation of the party around the fundamental themes of third way discourse. The new draft abandoned any fundamental critique of capitalism and merely maintained that financial markets had to be controlled. The term 'democratic socialism' was not abandoned in favour of '*Soziale Demokratie*', as some had demanded (e.g. Scholz 2003b), but was instead listed as only one of many historical influences on the party. At the centre of the draft stood the 'preventative welfare state', whose main task was to reduce long-term unemployment by ensuring that jobseekers take up paid work. By defining education and training as central elements of labour market policy, the SPD put making people employable and adaptable to the needs of the labour market into the foreground of its politics. It

insisted that in the future, people and not jobs were to be protected. This was firm evidence of the SPD's renunciation of macroeconomic management in favour of supply-side politics. The Bremen Draft maintained the Berlin Programme's demand for 'greater' justice in access to education, social security, culture and in the distribution of income and wealth – although the authors emphasised their belief that income should be aligned to performance (SPD 2007a) – a statement unthinkable for the Berlin Programme.

For the first time in the SPD's history, party members were able to comment directly on a draft programme. Out of the party's approximately half a million members, forty thousand responded by completing a short questionnaire which gave little room for direct comments or critical answers. According to the SPD's own published analysis of the poll, the idea of performance-related income inequalities met with scant approval, whereas equality of opportunity polled very highly – the question of e.g. a more redistributive tax system was not featured on the questionnaire. Support for wage subsidies and the state-financed creation of employment in the 'social labour market' was also high, along with approval for a national minimum wage – this issue was not mentioned in the Bremen Draft but had become a topic of hot debate. The concept of the preventative social state and the proposal to focus on assuring employability rather than making jobs secure met with a mixed response (SPD 2007b).

Between April and November, the draft was rewritten following motions from party subsections and an analysis of the members' returned questionnaires. Many of the responses from party branches had been negative in nature, as the SPD's Secretary General admitted later (Heil 2007). During the rewriting process, leading Social Democrats who had served under Schröder and were now in government positions again in the grand coalition warned publicly against the reforms of Agenda 2010 being rejected, as such a leftward shift would render the SPD unelectable for the middle ground of society (e.g. Platzeck *et al.* 2007). Predictably, these comments provoked conflict with party chairman Beck who was responsible for the redrafting process and who felt less inclined to adhere to his predecessors' policies.

When the October 2007 party conference in Hamburg debated, changed and adopted the Bremen Draft as the new Hamburg Programme, both the new programme and the way in which the conference debated it were publicly perceived as being a leftwards shift. Christian Democrats, including Chancellor Angela Merkel, lambasted the SPD for retaining its commitment to 'democratic socialism' as the party's ultimate goal (SPD 2007c) and most of the mainstream media agreed that the SPD was shifting to the left.

This conclusion, however, needs to be qualified. The programme's first-

page commitment to socialism and some of conference's decisions produced media headlines and, for the moment, sharpened the SPD's profile both to the right and to the left. First, it reclaimed democratic socialism from *Die Linke* and, second, it clarified the differences between the SPD and CDU which for many voters and observers had become negligible during the debate about Agenda 2010. However, the contents of the Hamburg Programme are actually very similar to the Bremen Draft. Even the commitment to democratic socialism is shared by both texts, although in the latter it is circumspectly inserted in the main text of the programme rather than in the opening passage. The 'preventative welfare state' remains central to the SPD's future welfare-state model in conjunction with that of the self-organising 'civic society'⁴ (SPD 2007c: 18). On the distribution of income, wealth and power both the draft and the programme maintained that there should be 'greater' equality. However, both documents also embraced inequalities as long as they did not limit the freedom and capabilities of others: e.g. the programme makes reference to the 'necessity' of acknowledging individual achievement and outstanding performance. The Hamburg Programme also takes what seems to be a tougher stance with respect to the level and role of welfare-state benefits than the Bremen Draft. It states, unlike the Bremen Draft, that the level of social security cannot be measured by the value of transfers (SPD 2007c), a frequent argument during the debates about the Hartz reforms, but should rather be measured by the effectiveness of social policy in reattaching the individual to the labour market.

The Hamburg Programme uses a less managerial rhetoric, its enthusiasm about globalisation is less one-sided and it emphasises that financial capitalism has to be regulated to ensure that it works for the common good. The Bremen Draft refers to 'investment' in people as the main task of the state, whereas the Hamburg Programme says that the state should concentrate on prevention, thus evoking images of a more caring welfare state.

Conclusion

The Schröder government's perceived constraints were important for the SPD's programme debate. The legitimacy gap between programme and values on the one hand, and what the government understood as realpolitik without alternatives on the other hand, unsettled the party, destabilised the government and probably cost the SPD valuable votes. Schröder never made any concerted effort to establish a 'communicative discourse' (Schmidt 2000) with his party, but rather adopted top-down approaches. The SPD was initially stubbornly opposed to such a de-traditionalisation from above and only the formal process of the subsequent programme

debate made change possible. Again, however, Schröder failed to commit himself to the debate and left it to other modernisers who had far less weight and influence in the party.

Nevertheless, the Third Way, as we saw above, provided the SPD's modernisers with new ideological input. The concept of social justice and the resulting policies were the 'Archimedic point of the programmatic debate' (Egle and Henkes 2004: 133). The old understanding of social justice was replaced by one that finds its orientation in John Rawls's theory of justice, while the concepts of capability and the enabling state are derived from Amartya Sen's work. The proactive labour market strategy – promoting employability and enforcing job seeking by tough rules on benefit conditionality – and the equation of employment at (almost) any cost with social inclusion were almost opposite to social democracy's traditional decommodification strategy.

The Hamburg Programme is the Third Way 'through and through'. The SPD's main objective, that of struggling for a socially just society, has been given a different meaning compared to the Berlin Programme. The SPD jettisoned much of its critical analysis of society, parted with left-wing intellectualism, paid less attention to environmental issues and adopted a programme that reflected the policies of Schröder's government. The high-profile commitment to democratic socialism on the first page of the programme cannot disguise these changes.

Since the programme was adopted, the SPD's difficulties in defining its identity and policies have persisted. The 2007 convention gave the party rank and file hope that their leadership would distance itself from Schröder's course, while the trade unions were hopeful that the SPD would become their 'natural' ally again. Kurt Beck's position as party chairman was temporarily strengthened after the party conference and he took a confrontational stance against the grand coalition, in particular against some elements of Agenda 2010. He was initially successful in asserting his leadership against inner-party resistance from those committed to Schröder's policies, so that some of the welfare reforms were reluctantly revoked by SPD ministers following instructions from the party conference. The SPD's perceived leftward shift on social policy also seemed to improve the party's poor showing in the polls. But closer to regional elections in Hesse, Lower Saxony and Hamburg in early 2008 the party leadership was forced to come clean on whether the *Länder* parties would be allowed to form coalition governments with *Die Linke* if the election results permitted this – a taboo, at least in the West of Germany not only because of personal and policy differences but also because of *Die Linke*'s roots in the East German communist party. Kurt Beck pursued a poorly coordinated course on this issue when he decided that his party should be

allowed to cooperate with *Die Linke* on state level but not on the federal level. This strategy was criticised heavily in public and within the party. It widened the gulf between the SPD's left and right wings further and significantly weakened Beck himself. Judging by opinion polls from April 2008 which see the SPD hovering under 30 per cent and ascribe little popularity to its chairman, the programmatic modernisation process has placed the SPD in a difficult position: after losing the post-materialist vote to the Green Party in the 1980s, how can the SPD recapture the traditional voter from *Die Linke* without giving up the *Neue Mitte* of society which it had won over, albeit briefly, for the 1998 elections while, additionally, the Christian Democrats are reasserting their welfare-state credentials? The SPD tried to move 'beyond left and right' to broaden its electoral appeal but it seems that currently it finds itself in no man's land.

Notes

- 1 The reader will come across three different terms which are of importance for understanding the SPD's ideological outlook: *Demokratischer Sozialismus* or democratic socialism, *Sozialdemokratie* – translated as social democracy – and *Soziale Demokratie* which remains in the German in order to distinguish it from the former and which will be explained in the text.
- 2 'Teilhabegesellschaft, in der alle ihren gerechten Anteil erhalten am gemeinsam erarbeiteten Wohlstand.' While talking about stakeholding, the manifesto did not explicitly support the legally enshrined provisions for economic co-determination of the workforce through works' councils but does state that reforming Germany necessitates the cooperation of the social partners.
- 3 'linke Volkspartei der solidarischen Mitte'.
- 4 'Bürgergesellschaft'.

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