

National Welfarism

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FRANKFURT -- Germany is on the brink of revolution. If the signs (and polls) aren't wrong, a woman will soon lead the country for the first time. She is Angela Merkel, a trained physicist born in East Germany, a pastor's daughter raised under communism. With no power base of her own, she has managed over the last six years, with energy, clarity and tactical skill, to prevail over various long-established, conspiratorial old-boy networks in her Christian Democrat party, the CDU/CSU. She lacks any of the trappings of the loyal party cadre; but she is capable of formulating political concepts that are unusually clear for Germany. That is why so much hope has been placed in her.

Ms. Merkel rejects the endless and always costly compromises of the old Bonn republic, which was at first simply transferred wholesale to Berlin. In the climate of reunification, this republic managed one final, rotten achievement. The question of how the unexpectedly united nation could be reorganized was buried by the governing conservative coalition with a "currency and social union" promising rapid "equalization of living standards." The necessary economic conditions for this were never discussed.

Helmut Kohl, a conservative and then-leader of the Christian Democrats, was responsible for all this. His Social Democratic successor, Gerhard Schröder, made no great changes and has reached the end of his political rope. Both chancellors, who led the government for a total of 23 long years, lacked the courage and honesty to confront their countrymen with the realities of a rapidly changing global economy. For almost a quarter-century, neither leader was willing to admit that the time for comfortable political slogans like "increasing prosperity for all" was past. Both sought salvation in growing national debt. That is how they won elections.

For far too long, a majority of Germans have preferred this regime of euphemism and wishful thinking. They have rewarded self-deception. True, at the backs of their minds, they were aware that they were gambling with their own livelihoods and, even more, their (very few) children's. But the will to act was lacking, the flesh was weak. They voted Mr. Kohl out in 1998 when he finally decided, reluctantly, to reduce pensions. Now Mr. Schröder is out of favor because he, too, began, after long and fateful hesitation, to shake up the country's paralytic welfare state.

Typical of these two representatives of the ancien régime was their failure to explain publicly their late and half-hearted reforms. In ur-German, paternalistic tradition, they feared appealing to their fellow citizens' intelligence by articulating plain truths. A state that spends 48% of its budget on social-welfare entitlements and 14% on interest payments on a growing mountain of debt, and can only invest 11% in modernizing infrastructure, has long since lost its ability to act. It is bankrupt. Any company that behaved this way would rightly be liable for fraudulent avoidance of bankruptcy under German law. An economy that requires at least half the hourly wage to be paid over to the government in the form of taxes and entitlements, and on top of that significant consumer and corporate taxes, is no longer competitive.

If Angela Merkel succeeds in winning office at the September elections and, against great resistance in her own party, in remaining true to herself, the Federal Republic should see changes more radical than any since 1949. As a physicist, she knows that the relationship between cause and effect cannot be simply wished away. Her most formative experiences came during communist East Germany's collapse. She has seen what happens when a country uses up its material basis, when it sinks into social and national stagnation while a regime of lies plays on, like the band on the Titanic. Most influential German politicians spent their youth, student years and early careers in the fat boom years of the old republic on the Rhine. Ms. Merkel likes to tell them, even those in her own party, "You have no idea how socialist you are."

In the words of German constitutional court judge Udo Steiner, Germans have an "equality sickness" that makes them dependent on the welfare state. This describes our society's worst burden, cultivated in the 20th century under various forms of government. Germans were never able to complete a bourgeois revolution. Their democratic institutions emerged from the chaos of defeat after two world wars -- in which they had been insulted, frightened, humiliated and, after 1945, burdened with guilt, and were forced to seek a new beginning. Both times, the German democrats, who had always existed, took up the ideas of the American declaration of independence and the French revolution, but gave them a peculiar cast. The eternally conflicting principles of freedom and equality were reinterpreted and ranked in a specific, German way. Civil equality before the law became social equality, and freedom was, in case of doubt, always sacrificed to the idea of social equality.

The collectivist "public good," so defined, always ranked higher in the public mind than the protection of basic civil rights and universal human rights. To this day, Germans speak of a "Father State" that will always put things right. They see it as an insurance policy against absolutely everything. The vast majority believes, to this day, that the concepts of state and society are interchangeable -- that they are synonymous.

The policies of the "social market economy" in the early years of the

Federal Republic paid tribute to this disastrous tradition. It was Konrad Adenauer who tied the level of state pension to income, and thus achieved sensational electoral victories without any concern for the future. At the same time, East German leaders declared the "unity of social and economic policy." Despite the disaster that followed, the economic consequences of which Germany will be paying off for many years, many East Germans still look back fondly on the warm hearth of socialism.

The not dissimilar welfare appeasement policies of both of the Third Reich's successor states were based on a common foundation: the ideology of the "national community" popularized by the Nazi regime. Hitler did not maintain the famously good relationship between the people and the leadership for years merely or primarily by making wildly anti-Semitic speeches. From the beginning, he used all the familiar methods of bribery through social policy. For example, in the midst of the war, he raised old-age pensions by 15%, and as early as 1939 he made sure that German soldiers and their families received wages and family-support payments twice as high as those of British and American soldiers and their families. In addition, entitlements for families with children rose in the first four years of the war by an incredible 400%. For a long time, no one spoke of these roots of the German welfare state, and of our mentality.

Angela Merkel won't have an easy task. She will have to oversee the lean years of reform and consolidation. Germans must recognize that equality means equality before the law and finally accept freedom as a fundamental value. The coming years will be very interesting politically. Only afterwards will we know whether we are really -- as we like to claim -- a firmly established democracy.

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