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The FDP, the Party of Neoliberalism (May 11, 2006)

FDP chairman Guido Westerwelle contributed substantially to the programmatic changes in his party. Under his leadership, the FDP propagated neoliberal policies like no other party in Germany, and this helped it influence the reform discussion. But even the party's strong election results in 2005 couldn't disguise the fact neoliberalism has never had a good name in Germany.

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### **Liberals without the “Neo”**

*The FDP before its party congress: after seven years in the opposition, it is softening up its reform program. Because pure neoliberalism won't get the party back in power.*

The FDP party congress in Rostock. The mood will be magnificent. Party chief Guido Westerwelle has also just wrested the position of parliamentary faction leader from Wolfgang Gerhardt. And the liberals can look back at satisfying Bundestag election results: 9.8 percent, the largest party in the opposition. But that's just it: the opposition again. Could it be the FDP's fault that, once again, it didn't get enough to govern? That is a tricky question that will probably not be posed in Rostock, although it would be interesting for the FDP to know if neoliberalism is simply no longer capable of securing a majority in Germany.

Rostock is a rather traumatic place for the FDP. This is where Secretary General Werner Hoyer once labeled the liberals “the party of higher earners.” That backfired more spectacularly than anything in recent German political marketing. The recently reunified republic was not yet ready for such brazenly open clientelism. Back then, in 1994, the FDP started a frantic search for the proper role to play. How many major and minor about-faces has it taken since then? Eager to shed each respective image, it kept producing newer and newer ones. The FDP was the functional party to preserve Kohl's chancellorship; then it transformed itself into a radical program party, became a populist not-to-be-taken-seriously party in its “Project 18”<sup>1</sup> delusion, and then tried to go back to being a serious force for reform for all. Now it wants to broaden its thematic scope. Ecology is supposed to get more attention.

Only neoliberalism has outlived all the changes. It was ten years ago that the young secretary general Guido Westerwelle introduced his party's new direction at a programmatic party

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<sup>1</sup> Reference to the FDP campaign goal to substantially increase the number of votes in the 2002 Bundestag elections, whereby the goal of 18 percent was not meant to be taken literally – eds.

congress in Karlsruhe. At the time, his assessment was that “the FDP had been a predominantly functional party for far too long.” The FDP no longer had any convictions and needed a program that it could use to structure policy debates once again. Westerwelle saw too much consensus, too much state, too much comfort in German society and in the political system. But the FDP, which had been a pillar of this system for decades, suddenly discovered the radical antidote: individual responsibility, less state, competition, more motivation – it all sounded very liberal. It was time to finally commit to a consistent course once and for all. Radical tax reform, government subsidy cutbacks, strict budget consolidation, no new debt, and the privatization of social welfare became the reform promises for “liberal civil society.” Karlsruhe became the birthplace of neoliberalism.

Westerwelle’s effervescence and ambition encountered a political situation in which the failures of previous years suddenly forced their way into the public consciousness. Unification initially covered up and later intensified the crisis surrounding public budgets and social systems. Even Germany’s qualities as a location for production were suddenly called into question. Westerwelle used the crisis to position his party as the vanguard of a new reform movement. There was no more talk of the decades of responsibility of the “old” FDP; rather, talk focused on the forceful reform élan of the “new” FDP. Westerwelle broke with the use of obscure political rhetoric. The FDP propagated a renunciation of “consensus democracy.” It was a challenge [to others] in terms of both form and content. The secretary general of a party that had refrained from taking any independent political initiative in previous years suddenly announced that he wanted to do “pure FDP politics.” It was this assertive gesture that covered up the conceptual haziness. This project contained a good bit of populism from the very start.

“The zeitgeist corresponds with our program,” said then economics minister Günter Rexroth. Westerwelle did not see that as a verdict. At the end of the Kohl era, the FDP was at once a product and a pioneer of a new liberal reform movement. After having been worn out politically, it dominated the debate on modernizing the country. And then, in 1998, before it really got started ... it lost power.

Nothing has disagreed with German neoliberalism more than being in the opposition ever since. With an aggressive marketing strategy, Westerwelle succeeded in establishing his party as the “new” FDP. It attracted people’s attention for a while. The no-frills analysis, the decisionist radicality, the euphoria of change – all of this distinguished it spectacularly from the paralyzing atmosphere at the end of the Kohl administration. But without any decision-making power where could Westerwelle and his party go with their energy and radicality? Without any opportunity to implement party policies the reform pathos quickly sounded hollow. The constraints of government might have been able to serve as a corrective. But powerless neoliberalism was instead downgraded from passionate reform prospects to self-destructive impulses. Clarity was transformed into arrogance; and powerlessness into delusions of grandeur. As the liberals increasingly lost their ability to shape practical politics, their demands became louder and their propagandistic tone sharper. Hopes of quickly gaining power started to sound like raving. Neoliberalism became cynical, excessive, and suspect. In 2002, “Project 18” finally brought its downfall; the party still hasn’t recovered from that.

Still, the FDP can definitely view itself as an inspirational force in reform policy, as it has existed in Germany since about the mid-1990s. Schäuble's austerity package, the last attempts at tax reform, and the introduction of demographic factors in pension calculations pointed in its direction. It was, of all things, the Red-Green government that soon followed the liberal melody: the beginning of the privatization of retirement funds, Eichel's early consolidation policies, and later the Hartz reforms that were forced through under the pressure of the crisis. But the FDP, slowly lamenting its place in the opposition, didn't want to believe that Schröder was undertaking reform efforts in a liberal sense – "neoliberal," as the critics called it.

Since Westerwelle's fresh start, the advocates of liberal reform ideas have been suspected of not being interested in social consequences. It sounded good to want a "market economy of sound social and ecological results" instead of a "state economy of sound social intentions." But anyone who polemicized as derisively as Guido Westerwelle about ideologizing the concepts of the "common good" or the "welfare state" made people wonder whether social responsibility played any role at all for him. What did the liberals want? Did the reforms aim to bring about a more robust, crisis-proof welfare state? Or were they levers with which to abolish it?

Even Schröder wasn't able to convey the social intentions of his reform policies. He failed because those affected could no longer distinguish between modernization and social welfare cutbacks. Radical reform propaganda pricked the public's ears. By now, the "neoliberal" label is no longer applied solely to liberal proposals. Angela Merkel's healthcare reform was considered "neoliberal" even within her own ranks. And even Oskar Lafontaine senses "neoliberal currents" – in the Left party of all places! Suspicion of neoliberalism as a form of paranoia?

The opposition party that enjoys provocation (which is what the liberals have been for years) does not seem to be harmed by the neoliberal label, though. The FDP proudly refers to the election results. But that's just one side of the coin. Only after looking at the Union's results does it become clear that neoliberalism does not have majority appeal in Germany. The fact that a tax professor who made a false step<sup>2</sup> could become the epitome of social indifference can hardly be explained without the history of the "new" FDP.

Is there such a thing as a reform policy that could dispense with the "neoliberal coldness" label and still succeed? That is a question for the Grand Coalition. As long as it seriously seeks answers, neoliberalism will remain in the opposition.

Source: Matthias Geis, "Liberale ohne Neo" ["Liberals without the Neo"], *Die Zeit*, May 11, 2006.

Translation: Allison Brown

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<sup>2</sup> Reference to Paul Kirchhoff, a law professor who was seen as a likely finance minister in a CDU/CSU and FDP coalition before his tax reform ideas sparked controversy – eds.