



Volume 9. Two Germanies, 1961-1989
The Social Welfare State in Crisis (July 27, 1981)

This article from *Spiegel* magazine notes that declining economic growth was making West Germany's welfare system less and less viable. Nevertheless, politicians were unwilling to do anything about the situation; they continued to provide their constituencies with additional benefits, which they defended as necessary for preserving social peace.

The Heroes Have No Ideas

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The Bonn growth politicians are at a loss, seeing themselves in a situation that has long been prophesied by critics of a Federal Republic that has become a highly developed distribution democracy. The state's means of boosting the economy are exhausted, the demands placed on the public budgets are too high, and a cure-all economic upswing with growth rates like those of the golden 1950s and 1960s is not in sight.

There was truly no shortage of warning signs. Not only imaginative critics of growth, but economists of the classical school, as well, already warned years ago against running after the growth rates of the 1950s and 1960s.

There is whole series of reasons why the dynamism of the postwar decades cannot be carried over into the next millennium. There was the need to make up for lost time in the postwar period. Housing construction, the auto industry, the production of other long-lasting consumer goods, and demand by the state kept the economy speeding along. Reconstruction took place not only in Germany but all over the world – and the Federal Republic had a special share in the boom of world trade.

The break came at the latest with the first oil crisis in 1973-74. Many people started to realize then for the first time that the mass prosperity had been created with raw materials and energy sources that had been available for a pittance; that the industrial regions of Europe, Japan, and North America were reaching their natural limits; and that in a finite world nothing could grow infinitely, not even the gross national product, which has been raised to the status of a fetish.

But instead of adjusting to a future with lower growth rates, instead of retuning economy and society at a new pitch, the crisis managers in Bonn tried to steer against the inevitable by increasing expenditures. Public financiers spent about 150 billion marks alone since 1975 trying to stimulate the economy – most of the funds came not from tax revenue but loans.

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Changes in the social welfare system, even cutbacks, seem possible only with extraordinary political exertion. Above all, the followers of the Bonn Social Democrats soon had a name for it, claiming social injustice.

That kind of comment comes from people who are overlooking the fact that for years the state neglected to reform a system that financed adventurous distribution injustices at outrageous expense.

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The political elite in the Federal Republic believes that its own position – and the democratic system in general – can best be secured if the state that it runs keeps on handing out checks. It is important to protect “the social peace,” cite the defenders of the Federal Republic’s distribution democracy. With that, they imply that cuts in social benefits – even those benefits that can hardly be justified – would lead the people to lose trust in the state, which would be serious and ultimately could even lead to the end of the democratic order.

Again and again, Chancellor Helmut Schmidt conjures up the notion that western industrial countries cannot be governed and suggests that people are only well-disposed towards democracy if the state satisfies their excessive demands: the polity as “a kind of joint-stock company in which one has a stake and whose assessment is based on the dividends that are paid out,” according to Peter Grubbe in his “Report on the German Sense of Public Spirit.”

If the dividends stop coming, if the company takes a loss, then the Ruhr basin area supposedly starts burning, the civil servants revolt, and the democracy cannot be saved. Timidity or the democrats’ intensified sense of reality?

It remains indisputable that the stability of a political system largely depends on the material supplies and the social protection it can offer. This is true for democracies and dictatorships of every political shade.

It is up for dispute, however, whether the political order of the Federal Republic can only endure in the future if the best-paid parents of an only child still get 50 marks child allowance per month, if civil servants can still get a state-financed benefit due to an absurd regulation on absenteeism, and if mothers on maternity leave can spend time with their newborns due to state maintenance.

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Source: “Die Helden sind ohne Ideen” [“The Heroes Have No Ideas”], *Der Spiegel*, July 27, 1981, pp. 30-42.

Translation: Allison Brown