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## **German Elections of 2002: Aftermath and Implications for the United States**

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# German Elections of 2002: Aftermath and Implications for the United States

## Summary

The German parliamentary elections of September 22, 2002, returned Chancellor Gerhard Schroeder and his Red-Green coalition by the narrowest of margins. The Chancellor begins his second term weakened by the slimness of his coalition's majority in parliament and the lack of a clear mandate from the voters. He must deal with serious economic problems left over from his first term. He also faces the challenge of overcoming tensions with the United States brought on by his sharp campaign statements condemning U.S. Iraq policy that may have won him the election.

Many now wonder whether Schroeder will exercise fiscal discipline and take unpopular steps needed to restructure the economy. The EU is at a critical stage in its further evolution and needs Germany's very active leadership to meet the challenges of enlargement and continued progress as an economic and political entity. Here, Germany's economic stagnation and domestic preoccupations could hurt. EU efforts to move forward on the European Security and Defense Policy (ESDP) are also affected by a need for Germany's action. Germany supports ESDP but unless it increases its defense spending substantially, no serious European defense capability is likely. Germany is a primary supporter of the EU's further enlargement. For EU enlargement to move forward, some very difficult agreements need to be concluded on thorny issues such as the Common Agricultural Policy (CAP).

The most serious immediate fallout from the election may be to U.S.-German relations. Some observers are confident that these incidents represent a relatively minor tiff that will soon blow over. Others are less certain about the impact, noting that this episode may reflect deeper underlying differences that have accumulated over time. Germany remains one of the most important U.S. allies. But differences on policy and principle, pushed aside by the events of September 11, 2001, and Germany's immediate offer of unprecedented support for the United States, have resurfaced. If differences continue to mount, some are concerned that they could begin to erode the foundations of the relationship. The consequences of such a trend could be serious for bilateral relations, the future of the EU, and for NATO. This report may be updated as warranted.

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# German Elections of 2002: Aftermath and Implications for the United States

## Introduction

The German parliamentary elections of September 22, 2002, returning Chancellor Gerhard Schroeder and his Red-Green coalition by the narrowest of margins, ended an election campaign that saw several lead changes. For the first time unaffiliated swing voters were the largest single group. A year earlier, the popular Chancellor had seemed invincible. Subsequently, the Christian Democratic Union (CDU)-Christian Social Union (CSU) candidate, Bavarian CSU leader Edmund Stoiber, focusing on the economy, was able to overtake Schroeder and build a sizeable lead in the polls by the summer of 2002. Based on results of state elections and national polls, a resurgent Free Democratic Party (FDP), a “liberal” party in the classic European sense, was thought incorrectly to be poised to assume the “king maker” role<sup>1</sup>, as the Green Party seemed to be fading. In the days leading up to the election, Chancellor Schroeder — boosted in eastern Germany by his quick handling of post-flood recovery there and the perceived ineffectiveness of the Stoiber campaign — pulled even with his main rival.

Analysts had predicted that foreign policy would play little role in the outcome of the elections. Chancellor Schroeder’s strong stance of “unlimited solidarity” with the United States after the terrorist attacks of 9/11 had wide public support. His decision to commit German military forces to the War on Terrorism, an unprecedented and politically risky move, also had popular approval. The election campaign centered on domestic issues until the final days when the Social Democratic Party (SPD) leader made Iraq a central campaign focus.

## The Election Outcome

With 79 percent of the eligible population voting, the final outcome of the election was extremely close, returning the center-left Social Democrats and environmentalist Greens to power with a very narrow majority in the Bundestag. The SPD and the center-right Christian Democrats (CDU) in alliance with their sister party in Bavaria, the Christian Social Union (CSU), each got 38.5 percent of the vote, close to what the final polls had shown. The surprise shift in the final results was the stronger than expected showing of the Greens with 8.6 percent of the vote and the weaker performance of the FDP at 7.4 percent. As expected, the Party of Democratic Socialism (PDS), the successor party to the former Communist Party of East

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<sup>1</sup> With neither major party able to gain enough votes for an outright majority, it was widely believed that the FDP would garner enough votes to decide the make-up of the next government, depending on which major party it agreed to join in coalition.

Germany, with 4.2 percent did not make the 5 percent threshold, although two PDS candidates did get seats in the Bundestag by virtue of their direct election. As a result, the majority coalition gained 306 seats in the Bundestag, 251 seats for the SPD and 55 for the Greens. The CDU/CSU won 248 seats, the FDP gained 47 seats, and the PDS gained 2 seats. No far right candidates won election to the Bundestag.

Coalition talks between the SPD and Greens began days after the elections. The new Bundestag is required to convene by October 22, 2002. Its first task will be to elect the new Bundestag President. The current President Wolfgang Thierse is expected to be reelected. The formal vote for Chancellor will follow.

Chancellor Schroeder and the SPD are believed to have been helped by the power of incumbency and the general German preference for continuity over change. He was able to showcase his political skills and more dynamic style in the first ever direct TV debates between candidates for Chancellor. His quick and effective leadership in responding to the emergency caused by severe flooding helped him, especially among east Germans. In the end, though, the Iraq issue may have been decisive in the outcome, especially since it diverted public attention from the economic issues on which Mr. Schroeder was most vulnerable. The Chancellor played to widespread anti-war sentiment in Germany, especially core SPD-Green voters and voters in east Germany, declaring that he would not support U.S. led military action against Iraq, even if it had UN Security Council approval. His position echoed the sentiments of a majority of Germans but his decision to use attacks on U.S. policy as a campaign tool was seen as highly unusual. He may have been hurt among some voters by what they saw as rhetorical excesses over Iraq that went beyond the criticism from other EU partners. A particular embarrassment was his Justice Minister Herta and Paul Amirian's reported statement making comparisons between President Bush and Adolf Hitler, for which her resignation was accepted the day after the election. The SPD was also tarnished by scandals over payments received from lobbyists that led to the firing of Defense Minister Rudolf Scharping and a party financing scandal in the state of Northrhine-Westphalia similar to those that had earlier undone the CDU.

The Greens and the governing coalition were helped by the energetic campaign waged by Green Party leader and German Foreign Minister Joschka Fischer, who personally has the highest approval rating among German politicians. As the traditionally pacifist leaning party, the Greens may have picked up much of the last minute anti-war vote. The outcome reversed a steady decline in Green Party fortunes, that had led many observers to write off any possibility that it would be returned to government no matter which party won the most votes. The practical realities and trade-offs of being in the governing coalition led Green officials to support government decisions that were alien to their environmentalist and pacifist base. The Greens also had to face scandal with the forced resignation of their domestic affairs spokesman Cem Ozdemir, a prominent politician of Turkish decent.

In selecting Bavarian leader Stoiber as their candidate for Chancellor, the CDU/CSU bypassed Angela Merkel, the current CDU Chairperson. She would have been the first woman and the first east German nominated for the position. In light of the election outcome, especially the Party's weak showing in eastern Germany, the decision to go with Stoiber may be second guessed by some. Edmund Stoiber's

appeal was tied to his strong record on economic and education policy, as CSU leader of Bavaria, Germany's most prosperous state. His effort to defeat Chancellor Schroeder on the issue of his economic record for a time seemed to be working but in the end did not succeed. Several reasons have been suggested, including Schroeder's success at changing the subject away from the economy, Stoiber's own timid and unclear campaign approach to economic reform, the widespread belief that the cost of German reunification rather than bad government policies is the cause of the country's economic problems, and the reality that most Germans are still relatively well-off and risk-averse to radical change. He tried also to capitalize on reports showing the steep decline in the level of German education compared to other industrialized countries, and compared to Bavaria. In Germany, education policy is determined by the states. He made immigration a central issue, opposing more liberal policies and recommendations. He presented himself as the law and order candidate, calling for more aggressive efforts to root out extremists and terrorists, in the aftermath of the Al Qaeda attacks on the United States.

Stoiber also criticized Chancellor Schroeder for not offering stronger support to America in fighting terrorism and for the vehemence of his opposition to the United States on Iraq. However, once it became clear how well Schroeder's anti-war message was playing with voters, Stoiber appeared to flip-flop, stressing that he too would not support German participation in an Iraq war.

Stoiber faced an uphill battle from the start. It was not clear whether Germans outside southern Germany would be ready to accept a Bavarian as leader, given the strong regional differences among Germany's Protestant north, eastern Germany, and the Roman Catholic south. By comparison to the more dynamic Schroeder, Stoiber was seen by many as plodding and old-fashioned. Still, the election outcome, a virtual tie between Stoiber and Schroeder, was not seen as a complete defeat. Stoiber was able to bring the CDU/CSU back from ruin in the 1998 elections, following the financial scandal that led to the departure of Chancellor Helmut Kohl.

The drop in support for the FDP after the party's steady gains may have been the biggest factor in Stoiber's defeat for Chancellor, although even if the FDP had done much better, it might have sided either with the CDU or SPD. State election results and public opinion polls showed solid gains for the FDP in the year leading up to the elections. FDP leaders defined their goal as winning 18 percent of the vote. The FDP ran as the liberal free market reform party, pressing for structural changes in the German economy, cuts in industry subsidies, lower taxes, changes to the German collective bargaining system, cuts in non-wage worker benefits, reform of the education system, and a more pro-American foreign policy. The Party's unexpectedly weak showing in the election may have resulted in part from the decision not to signal whom they would join in coalition in advance of the vote. The FDP likely was also hurt by the controversy over remarks by its Deputy Chairman, Jurgen Möllemann, attacking Israeli policies toward the Palestinians under Ariel Sharon in a way that some construed as anti-Semitic as he engaged in a public dispute with German Jewish leaders. Although FDP Chairman Guido Westerwelle condemned such remarks and asked Möllemann to apologize, the issue did not go away, and proved to be an embarrassment for the Party. Following the election, Möllemann was forced to resign.

The PDS probably lost votes to the SPD as a result of Chancellor Schroeder's quick help to victims of the flooding in east Germany. It was also weakened by the forced resignation of its most prominent leader, Gregor Gysi, over his illegal personal use of frequent flyer miles earned while on official duty, a charge that has ensnared a number of politicians.

## **Election Aftermath and Implications**

Gerhard Schroeder begins his second term as Chancellor weakened by the slimness of his coalition's majority in parliament and the lack of a clear mandate from the voters. He faces a series of problems left over from his first term, especially high unemployment and economic stagnation. To right the economy he is expected to have to make difficult and painful choices. He also faces the challenge of overcoming or managing the tensions with the United States that could affect not only transatlantic relations but European relations and German domestic politics, as well.

Chancellor Schroeder has identified himself as a new type of German leader and a "new social democrat" in the Tony Blair mold who is not wedded to traditional pro-labor socialist policies. In his first term, he introduced large income tax cuts; eliminated some capital gains taxes; and won passage of an immigration law. However, facing the likelihood of election defeat he returned to traditional SPD pro-labor union positions in the campaign. Many now wonder whether he will be willing to exercise fiscal discipline and take unpopular steps needed to restructure the economy. The new government is promising to restrict federal spending, cut the deficit, and achieve a balanced budget by 2006. He needs to balance Germany's need for greater labor mobility and flexibility with the SPD commitment to worker security. The Chancellor has accepted the recommendations of the Hartz Commission to partially deregulate the labor market. In order to create jobs and reduce unemployment, experts think Germany will have to bring down labor costs, which are among the highest in the world. Such steps would have the support of business leaders who have long called for similar changes. It is not clear whether he will have broader support, especially among his SPD base. He has already had to postpone the next round of proposed tax cuts because of the costs of recovery from recent flooding. Chancellor Schroeder will be under strong pressure to meet his thus far unfulfilled promise to reduce unemployment sharply from its level of almost 10 percent.

In foreign policy, Chancellor Schroeder prides himself with having returned Germany to "normalcy" among nations, a country like others that acts and speaks out in its own national self-interest and is less hesitant to seek influence commensurate with its size and economic strength (as the world's third largest economy). In pursuing distinctly German interests in bilateral relations, in the European Union, and on broader international issues, and sometimes talking about a distinct "German way", some worry that Schroeder may be de-emphasizing the two traditional pillars of German foreign policy: Transatlantic ties and an EU policy centered on the Franco-German relationship. Such concerns may be overstated as German officials emphasize that the country will not go it alone. However, the challenges of reunification have absorbed much of Germany's attention and resources over the past

decade. Arguably, this has made Germany more inwardly focused and kept it from exercising stronger leadership in Europe and the world.

Germany has traditionally been the engine of EU economic growth and further political development. Germany still views the EU as central to its political and economic future. Other EU members account for almost 50% of Germany's trade. Germany is a key actor in setting EU policy and the largest net contributor to the EU budget. The EU is at a critical stage in its further evolution and needs Germany's very active leadership by persuasion and example to meet the challenges of enlargement and continued progress as an economic and political entity. This is where Germany's economic stagnation and domestic preoccupations could hurt. Germany's economic growth continues to lag behind the other twelve members of the Euro-Zone. Germany has been unable to meet some of its EU commitments. The German budget deficit this year could exceed the 3 percent limit allowed under the EU Stability and Growth Pact.

EU efforts to move forward on the European Security and Defense Policy (ESDP) are also affected by Germany's failure to do its part. Germany supports ESDP but unless it increases its defense spending substantially and grapples seriously with reforming its armed forces, a robust European defense capability is unlikely. German defense spending remains at roughly 1.6% of GDP, as compared with the United States at over 3%, France at 2.6%, and Britain at 2.4%.<sup>2</sup>

Germany is a primary supporter of the EU's further enlargement as a means to ensure political and economic stability on Germany's eastern border. Germany sees its prosperity as tied to the fortunes of candidate countries. Germany is the major Western trading partner of every country in central and eastern Europe and a leading source of foreign direct investment. For enlargement to move forward, some very difficult agreements need to be concluded on thorny issues such as the Common Agricultural Policy (CAP) and several other EU issues also. Chancellor Schroeder's strained relations with French President Chirac add to the difficulty of finding common ground. By contrast, Chancellor Schroeder and Prime Minister Tony Blair have a very good working relationship that has brought Germany and Britain closer in the EU.

## **U.S.-German Relations**

The most serious immediate fallout from the election may be to U.S.-German relations. Gerhard Schroeder's decision to make U.S. policy in Iraq a central campaign theme and the perceived excesses of his anti-U.S. rhetoric touched a raw nerve in the White House. Administration spokesmen called Schroeder's remarks "poisonous" and "over the top", unbecoming an ally. They were particularly incensed by his Justice Minister's comparison of President Bush to Adolf Hitler, and Schroeder's failure to fire her immediately, although she was forced to resign the day after the election. Schroeder did not get the customary U.S. message of congratulations following his election victory and his initial steps to make amends were brushed aside.

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<sup>2</sup> The International Institute for Strategic Studies. *The Military Balance, 2001-2002*, p.299.



Some observers are confident that these incidents represent a relatively minor tiff brought on by the heat of battle in the German elections. Since relations are too important for either side to allow to deteriorate, they are confident that the tensions will soon blow over. They argue that Chancellor Schroeder in his election bid was playing to anti-war rather than anti-American sentiment. However, others are less certain about the impact, noting that this episode may represent deeper underlying differences that have accumulated over time and that could end up fundamentally altering the relationship.

In terms of the immediate issue of Iraq, the U.S. Administration probably never expected that Germany would or could play a direct role in any military action. The German government is unlikely to change its views on Iraq but may mute its criticism, particularly if Saddam Hussein balks at inspections, the UN Security Council gives its approval for military action, and if other major European countries decide to participate. Germany might offer indirect help, such as increasing its role in the Balkans and assuming command of the international force in Afghanistan. If the German government were to refuse the use of U.S. bases on its soil for operations in Iraq, that could present serious problems for military planners. Although some German politicians have called for such a stance, the government has given no indication that it would take the step.

Germany remains one of the most important U.S. allies. The German government plays a constructive role in NATO and is supportive of the United States in the European Union. The United States continues to station some 70,000 troops in Germany. Germany is a key trading partner and a major source of foreign investment in the United States, as is the United States for Germany. Membership in the North Atlantic Alliance and a close relationship with the United States have also been the basis of German foreign policy since the foundation of the Federal Republic, regardless of who formed the German government and largely unaffected by partisan politics. Fundamentally, the Schroeder government policy toward the United States has been consistent with previous governments, despite initial uncertainty about some leaders in the SPD-Green coalition, like Green Party Foreign Minister Joschka Fischer, who played an active part in the 1968 student protests which were often directed against U.S. policies. Germany is a principal U.S. military partner in the Balkans and Afghanistan, and number of its forces is second only to those of the United States in the latter. Germans have a generally positive attitude toward the United States and share U.S. democratic values. Americans and Germans, at least the general publics, are not even too far apart on major issues such as the threat posed by terrorism and Saddam Hussein, according to a recent poll sponsored by the German Marshall Fund and the Chicago Council on Foreign Relations.<sup>3</sup>

Differences on policy and principle have been apparent in a number of areas since the Bush Administration took office.<sup>4</sup> To some extent, these were pushed aside

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<sup>3</sup> William Drozdiak in the Washington Post, September 8, 2002.

<sup>4</sup> Environmental concerns are a big issue in Germany, especially with the Greens in government. Germans are still very upset over U.S. opposition to the Kyoto Protocol on Climate Change. They do not understand the U.S. opposition to and wanting to exempt its  
(continued...)

by the events of September 11, 2001, when there was a strong outpouring of German sympathy and solidarity with Americans. Chancellor Schroeder showed courage and resolve by getting the Bundestag to agree to deploy troops for the first time on a combat mission outside of Europe to Afghanistan and elsewhere, narrowly winning a vote of no-confidence. However, with the passage of time since the events of September 11, differences have resurfaced. The German government is still very supportive in the fight against terrorism but German experts and the media have been increasingly critical of the U.S. approach. Germans see terrorism as just one of many problems facing them rather than an all-consuming struggle. Over the past three decades, Germany has experienced numerous terrorist attacks at home and against its citizens abroad. Many Germans also feel that the United States is relying too heavily on military instruments and solutions.

As the war has expanded beyond Afghanistan, Germans have become increasingly worried about next steps. President Bush's "axis of evil" remarks in his State of the Union speech linking Iraq, Iran, and North Korea received a very negative response in Germany. German officials did not agree with the assessments and many Germans began to question underlying U.S. motives. Since 2000, Germany has sought to improve its relations with Iran and recently signed a new trade agreement. The United States, on the other hand, sees German and other European approaches to dealing with countries such as Iran and Iraq as not facing up to the longer term proliferation threat such regimes pose while pursuing short term commercial interests.

The U.S. Administration receives criticism from Germany and other allies over what are seen as narrowly self-serving U.S. policies and a U.S. tendency increasingly to decide and act on its own, or consult partners only after decisions are made when their assistance is needed, without taking their views seriously into account. German observers recognize this as a consequence of the growing gap in U.S. and allied military power and capabilities. Nevertheless, they see contributions of allies as being under-appreciated and the permanent U.S. alliances as being undervalued, while the Administration draws on short-term "coalitions of the willing."

Several key factors color German views. First, Germans are extremely sensitive about issues of war and killing. Given the historical context, most have viewed this as a positive aspect of Germany's evolution. But it explains the German reluctance to support the use of force in most circumstances, the deep concern over the collateral damage to civilians, and the puzzlement over the U.S. readiness to go to war. It may also explain the passion of German opposition to the death penalty. The Schroeder government has shown in Kosovo and Afghanistan that it can take military action and even win public support when the need is clearly articulated and recognized, although it is telling that the Germans do not use the term "war" to describe the campaign against terrorism. Regarding Iraq, German officials like many

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<sup>4</sup> (...continued)

citizens from the creation of an International Criminal Court. They continue to support arms control and are critical of U.S. withdrawal from the Anti-Ballistic Missile Treaty and the U.S. emphasis on missile defense.

Europeans are not convinced of an imminent threat or that war is necessary to control Saddam Hussein.

Second, historical experience has also raised sensitivities about compromising the application of the rule of law and civil liberties even for the sake of security. German officials are at odds with the United States concerning the status of prisoners, particularly the Al Qaeda and Taliban detainees in Guantanamo Bay. Foreign Minister Joschka Fischer has argued that all detainees should be granted formal status as prisoners of war. Germans have also criticized U.S. plans to use military tribunals to try at least some of the terrorist suspects. Cooperation regarding captured terrorists has been complicated by German laws and regulations. On the U.S. side there has been some impatience with the slow pace of German arrests of suspected terrorists. German law does not allow extradition of a person wanted by another country if there is a possibility that person might be executed as a result. Germany has interpreted its laws to forbid even provision of evidence relating to such a case, if that information might lead to the imposition of a death sentence. The United States has been seeking to obtain documents from Germany related to the case of “20<sup>th</sup> hijacker” Zacarias Moussaoui, thus far unsuccessfully. The German government has indicated that it would provide the information sought if it received assurances that Moussaoui would not receive the death sentence based on that information. Given the evidence that key terrorist cells were based in Germany, this issue could be a continuing irritant.

The United States in turn is critical of German approaches to some problems. U.S. and even some German experts blame the German government for downplaying the threat posed by terrorists and “rogue states” that possess weapons of mass destruction. U.S. officials continue to call on the German government to commit more resources to strengthening and adapting German defense capabilities in order to meet the emerging security challenges. They have been frustrated by the slow progress of German military restructuring and reform, on the books since 2000, due to budget cuts. Germany’s limited lift capability to move its forces beyond German territory was demonstrated by the delays in deploying troops to Afghanistan.

The concern among some observers is that as differences continue to mount, they could begin to erode the foundations of the relationship. Since the end of the Cold War, there is no mutually recognized clear and present danger that dictates that the two countries must stand together at any cost. Increasingly, there are voices on both sides questioning the continued relevance of the alliance. Some in Germany see the threats faced by the United States as a reaction to U.S. policies and therefore not equally facing them, or facing them only because of their association with the U.S.

On the U.S. side, some go-it-alone advocates see allies primarily as an impediment to U.S. freedom of action, while not contributing much to U.S. strength. At present these are decidedly minority views. Most still see the alliance as very relevant to the continued well-being of both countries. However, if the United States and Germany were to drift apart, the consequences could be very serious beyond bilateral relations. Further European integration could be set back as individual EU and NATO countries tried to position themselves in the new environment. Alternately, to maintain its cohesion, Europe as a whole could distance itself from the United States, making U.S.-EU relations far more difficult.

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