The Crisis of the Welfare State: Thatcherism as a Model for German Christian Democracy?

Dominik Geppert

A bird's eye view of the postwar histories of the big centre-right parties in Britain and Germany reveals some strikingly similar features. Both parties enjoyed a period of virtually unchallenged hegemony throughout the 1950s until the early 1960s and then again in the 1980s and much of the 1990s before encountering serious difficulties and meeting with repeated electoral defeat in the last years of the old and the first years of the new millenium. Both the British Conservatives and the German Christian Democratic Union (CDU) were catch-all parties whose support ranged from the working-class up to the higher echelons of society. In their heyday, both managed to combine an appeal to tradition and approval of modernization. Although nowadays neither generally gathers the support of much more than a third of the electorate, both used to attract well over 40 per cent of the votes in general elections for most of the second half of the twentieth century.[1]

As a result, Tories as well as Christian Democrats regularly provided the heads of government of their states: Conservative Prime Ministers have governed from 10 Downing Street for 35 of the 61 years since 1945, while Christian Democrats have occupied the Federal Chancellery for 37 of the Federal Republic's 57-year history. No wonder then that both parties grew accustomed to the notion that they were something like the natural party of government in their respective countries which equally shared a number of important characteristics. They were – or became after 1945 – capitalist economies and parliamentary democracies. As far as size and population were concerned they also were roughly in the same league. The two states even belonged to the same international organizations such as the North Atlantic Alliance and the European Communities where, from 1992 onwards, British Tories and German Christian Democrats belonged to the same political faction in the Strasbourg Parliament: the European People's Party (EPP).[2]

It is therefore tempting to assume that the surprising parallels in the Tories' and Christian Democrats' success stories after 1945 were no mere

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1 For the Tories see e. g. Stuart Ball, *The Conservative Party since 1945* (Houndmills, Basingstoke: Palgrave Macmillan, 1998); John Ramsden, *An Appetite for Power. A History of the Conservative Prty since 1830* (London: HarperCollins, 1998); for the CDU see Frank Bösch, *Die Adenauer-CDU. Gründung, Aufstieg und Krise einer Erfolgspartei* (Stuttgart: DVA, 2001); Hans-Otto Kleinmann, *Geschichte der CDU 1945-1982* (Stuttgart: DVA, 1993).

2 The Federal Republic joined NATO in 1955, six years later than founder member Britain, whereas Britain only joined the EEC in 1973, fifteen years after its foundation.

accident but owed something to structural similarities or even to the conscious transfer of knowledge, institutions, tactics, strategies, and ideologies. However, the matter is more complicated, for there were – and still are – considerable differences as well as affinities in the make-up of the two parties.[3]

The Analytical Framework: British Conservatives and German Christian Democrats

To start with, the history of the British Conservative and Unionist Party, as it is still officially named, stretches back at least to the 1830s (as regards its organization and party machine in the modern sense) or even further into the seventeenth and eighteenth centuries (if one looks at it, in Edmund Burke's words, as 'a body of men united, for their joint endeavours, the national interest, upon some particular principle on which they are all agreed').[4] The Christian Democrats, on the other hand, consciously avoided the attribute 'conservative' when they established their party after the 'German catastrophe' (Friedrich Meinecke) of 1945 as part of a wider Western European network of centre-right parties. This was an attempt to leave behind as far as possible the tainted tradition of European, and especially German, conservatism.[5]

The CDU had, moreover, been founded as a republican party dominated by Catholics and Catholic social doctrine, whereas the British Tories traditionally saw themselves as the party of the British monarchy and the Anglican Church with some marked anti-Catholic streaks. Apart from that, the British Conservatives, as the expression 'Unionist' indicates, were the standard bearers of the union of England, Scotland, Wales and Ireland (later: Northern Ireland), which meant that they viewed with extreme mistrust all attempts to devolve political powers back to the regions. The CDU, on the other hand, stood for the German federal tradition like no other party in the Federal Republic – even to the extent of accepting an autonomous Bavarian sister party, the Christian Social Union (CSU), with a similar political outlook but a distinct identity of its own.[6]

Finally, the two parties have operated in two very different political systems: the British Westminster democracy with its first-past-the-post voting system has tended to produce clear majorities and polarize political discussions, while at the same time providing the governing party and its

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3 Cf. Hans-Joachim Veen et al. (eds.), *Christlich demokratische und konservative Parteien in Westeuropa*, 5 vols., 2nd ed. (Paderborn et al.: UTB, 1983-2000).

4 Quoted in Ramsden, *Appetite*, 14.

5 Axel Schildt, *Konservatismus in Deutschland. Von den Anfängen im 18. Jahrhundert bis zur Gegenwart* (Munich: C. H. Beck, 1998); Wolfram Kaiser, Michael Gehlen (eds.), *Christian Democracy in Europe since 1945* (Portland/OR: Frank Cass, 2004).

6 Cf. Alf Mintzel, *Geschichte der CSU. Ein Überblick* (Opladen: Westdeutscher Verlag, 1977).

leader with such enormous powers that it has been called an 'elective dictatorship'.[7] After the experience of the National Socialist dictatorship, however, the political system of the Federal Republic, had been expressly designed to avoid any concentration of power of this kind. It therefore divides power between the central government and strong regional governments while, at both levels, tending to produce coalition governments via its voting systems of proportional representation. The vetoing powers of the Supreme Court, the *Bundesverfassungsgericht*, additionally curb politicians' abilities to influence events.

This complex background to the relations between British Conservatives and German Christian Democrats has to be borne in mind if one asks whether, when and how one party was used as a model for the other. This essay concentrates on one aspect of that wider question by focusing on the role Thatcherism as a specific brand of Toryism played in the CDU's rhetoric and strategic planning in the thirty years between 1976, when the expression 'Thatcherism' was first coined, and 2006.[8]

It seeks to investigate three aspects of the CDU's attitude towards Thatcherism: first of all, it asks which aspects of Thatcherism were perceived as attractive to German Christian Democracy and which features were ignored or even rejected. Secondly, it analyses which persons or groups within the CDU/CSU were interested in Britain's political, economic and social development under Thatcher. For which purposes did they use what they perceived to be 'Thatcherism': as a panacea for Germany's domestic problems or as a deterrent spectre to be avoided at all costs? Thirdly, to what extent did Christian Democrats' curiosity about Thatcherism vary over time? What were the peaks and troughs of their interest? What were the causes of their shifting perceptions?

Christian Democrats' Ambivalent Views of 'Thatcherism'

The Iron Lady was certainly not greatly loved in Germany over much of the period under consideration. The term 'Thatcherism' smacked of massive social cut-backs, Stone Age capitalism and a strategy of political confrontation. None of these are phrases with which German politicians, of whatever persuasion, would particularly like to be associated. In fact, at least from the 1960s onwards, all political parties in Germany used to be

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7 Quintin Hogg (Lord Hailsham), *Elective Dictatorship* (London: British Broadcasting Corporation, 1976); idem, *The Dilemma of Democracy. Diagnosis and Prescription* (London: Collins, 1978).

8 The term 'Thatcherism' was first used in the discussions of Harold Wilson's Labour cabinet in December 1976, cf. Dominik Geppert, *Thatchers konservative Revolution. Der Richtungswandel der britischen Tories 1975-1979* (Munich: Oldenbourg Wissenschaftsverlag, 2002), 10.

extremely proud of the country's extensive welfare state, its social market economy, and its consensus politics. For many years the name of Thatcher, and all the unpleasant attributes connected with it, came close to being a sort of taboo – and indeed not only to the left of the political centre, where this would be expected, but also to the right of it. Towards the end of his period in office, Chancellor Helmut Kohl, for instance, would put forward Thatcher's Britain as an example of unbridled capitalism not to be followed. Six years later, Friedrich Merz, then deputy chairman of the CDU/CSU parliamentary party, was even moaning that rather would a Social Democrat profess his faith in Fidel Castro than a Christian Democrat in Margaret Thatcher.[9]

It was only between the *Bundestag* Elections of September 2002 and September 2005 that this cool distance abruptly changed. In these years the Iron Lady was enjoying a veritable renaissance in Germany and became an object of admiration amongst Christian Democrats. The most notable case in point was the Federal President, Horst Köhler, who advised the CDU leader, Angela Merkel, to take Thatcher's reforms as a model for her own policies.[10] Merkel, though publicly distancing herself from Thatcher, seemed indeed to be toying with the role model of radical reformer in the mould of the Iron Lady– so much so that some of her political opponents dubbed her the 'Maggie of Mecklenburg' and both the domestic and the international press began to run stories about the 'Iron Maiden' from Templin.[11] At the Leipzig party conference in December 2003, the CDU under Merkel's leadership announced a health reform that, if it had been implemented, would have amounted to a revolution in Germany's welfare system.[12] In 2005, Merkel even included the former Supreme Court judge Hans Kirchhof, a prominent promoter of a flat tax, as finance spokesman into her election campaign team. Opponents of these measures immediately spotted the structural similarities with Thatcher's ill-fated 'community charge' and respectively dubbed them 'poll premium'

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9 An example of Kohl's negative attitude towards Thatcherism can be found in his speech at the CDU party conference in October 1997 in Leipzig, printed in *CDU-Informationsdienst Union in Deutschland (UiD)* 32 (1997), 14; Merz is quoted in the news magazine *Der Spiegel* 10 (2003), 32.

10 Horst Köhler, *'Offen will ich sein – und notfalls unbequem'. Ein Gespräch mit Hugo Müller-Vogg* (Hamburg: Hoffmann und Campe, 2004), 135.

11 After the East German town of Templin in Brandenburg where the Hamburg-born Merkel spent most of her childhood; see e. g. Ralph Neukirch, Christoph Schult, "Das Eiserne Mädchen", in: *Der Spiegel* 42 (2003), 26-28; "Maggie of Mecklenburg",*The Economist*, 25 October 2003, 45f.

12 All Germans, from chief executives to their drivers, would have paid a monthly flat-rate health premium; households with low incomes would have been subsidized out of income-tax revenues.

(*Kopfprämie*) and 'poll tax' (*Kopfsteuer*)[13] After the general election, however, in another U-turn, the Christian Democrats rapidly abandoned the idea of radical market-oriented reforms when entering into a grand coalition with the Social Democrats under Angela Merkel as Chancellor. Some leading Christian Democrats now publicly warned that the CDU must not turn into a 'capitalist' party and should avoid 'economizing' each and every aspect of life.[14]

Divergence: The Rejection of 'Thatcherism' by German Christian Democratic Politicians in the 1980s and 1990s

In order to explain the divergence between German Christian Democracy and British Conservatism during the 1980s and 1990s, one ought to step back slightly further in time and consider the 1970s. At that time the ideological-programmatic differences between the two major centre-right parties in Germany and Britain were less marked. Both parties spent lengthy periods in opposition. Both were sceptical about what they considered to be the misplaced trust in planning, the redistribution-mania and regulation-frenzy of their Social Democrat opponents. By the mid-1970s, the new CDU leader Helmut Kohl and his Secretary General Kurt Biedenkopf seemed to have decided to give the CDU a complete shake-up.[15] They began to draft a radical programme of reforms. At that time the economist Friedrich von Hayek was just as popular and influential with German Christian Democrats as he was with the British Tories.[16] Milton Friedman's economic ideas came natural to a party such as the CDU which had been committed to monetarist policies since the 1950s. It was no co-incidence, therefore, that the CDU's election campaign slogan of 1976 was *'Freiheit statt Sozialismus'* (Freedom not Socialism) – very reminiscent of the slogans used in the same period by the Thatcher-wing of the Tories as they prepared their passage to power.[17]

Franz Josef Strauss, the party's candidate for the next general election of 1980, was seen by many Britons as the Bavarian edition of the Iron

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13 For Thatcher's community charge/poll tax project see R. A. W. Rhodes, "Local Government Finance", in: David Marsh, R. A. W. Rhodes (eds.), *Implementing Thatcher's Policies. Audit of an Era* (Buckingham/Philadelphia: Open University Press, 1992).

14 This position was most prominently promoted by Jürgen Rüttgers, minister president of North Rhine Westfalia; cf. *Handelsblatt*, 7 August 2006.

15 Thatcher's friendly comments in her memoirs on Kohl and Biedenkopf in the 1970's provide evidence of the ideological and political affinity during this period; cf. Margaret Thatcher, *The Path to Power* (London: HarperCollins, 1995), 344. Revealingly, in the first volume of his memoirs, Kohl only mentions Thatcher in passing; Helmut Kohl, *Erinnerungen* (Droemer: Munich, 2004), 404.

16 Hans Jörg Hennecke, *Friedrich August von Hayek. Die Tradition der Freiheit* (Dusseldorf: Verlag Wirtschaft und Finanzen, 2000).

17 Cf. Christiane Wild, *Der Bundestagswahlkampf 1976* (Mannheim: Univ. Diss., 1980).

Lady. Indeed, with hindsight, Strauss's notorious Sonthofen speech of November 1974, in which he predicted that things had to become much worse in Germany before they could get better, seems like a precursor of the Thatcher line. As the CDU/CSU candidate for the top job, Strauss conducted an election campaign whose polarising effect, focused as it was on the enemy image of communism, was similar to Thatcher's a year earlier.[18] In both 1976 and 1980 the German Christian Democrats enjoyed considerable election successes. In 1976 Kohl won almost 49 per cent of the vote. In 1980 Strauss, polling 44.5 per cent, did 0.6 percentage points better than Thatcher's Tories the year before. Due to the British first-past-the-post system, though, Thatcher had a clear government majority, while both Strauss and Kohl did not win an absolute majority under the German system of proportional representation. They failed because the FDP refused to form a coalition with them.[19]

Kohl learned his lesson from this and henceforth included the peculiarities of German federalism and the German electoral system in his political strategy when he became Chancellor in 1982 after the fall of the liberal-social democrat coalition. Those attempts at compromise and consensus so vehemently rejected by Thatcher became for him the fundamental premise of success. He regarded the fact that this would prevent the implementation of radical reforms as an advantage, not a shortcoming. 'Sitting out' problems became his trade mark. With the exception of his insistence on implementing Nato's dual track policy, Kohl's decisions had never been really controversial, the German daily "Süddeutsche Zeitung" stated in April 1989. Rather, they were guided by a well-developed sense for trends and shifts in the political atmosphere: '[Kohl] is not the Margaret Thatcher-type of politician who, cheekily and courageously, swims against the tide. He lets his opponents ... tire themselves out; only when they are exhausted, does he make his move which usually seems to win him maximum support. This procedure worked reasonably well for quite some time, its only drawback being that Kohl's credibility as a political leader was dismantled bit by bit.'[20]

In terms of economic and social policy, the crucial change in fundamental strategic priciples had already taken place during the CDU's time in opposition when, in 1977, Kohl replaced Biedenkopf as Secretary General with the former Labour and Welfare Minister of Rheinland-Pfalz, Heiner Geißler. According to the political scientist Hans-Peter Schwarz, Biedenkopf might have had the clout to persuade Kohl to make a drastic change of course in economic and welfare policy: 'In all probability even

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[18] See Manfred Behrend, *Franz Josef Strauß. Eine politische Biographie* (Cologne: ISP, 1995), 211.

[19] Geppert, *Revolution*, 432.

[20] *Sueddeutsche Zeitung*, 15 April 1989, quoted in Andreas Wirsching, *Abschied vom Provisorium, 1982-1990* (Munich: Deutsche Verlags-Anstalt, 2006), 195.

then the CDU would not have followed the path of the Anglo-Saxon radical reformers, though they certainly would have gone further in this direction than they actually dared. But no economic reforms à la Thatcher or Reagan could be anticipated from a former Labour and Welfare Minister, an extension of the social welfare system was far more likely.'[21]

It would be misleading, however, to attribute the widening gulf between the Tories and the Christian Democrats simply to the different political systems and the diverse temperaments and personalities of the leading politicians on both sides. Three other factors were important. First, the political-economic crisis in Britain in the 1970s and 1980s was far deeper than in Germany, and the crisis-awareness of the population much more marked. The three-day week in British industry of 1973, the industrial unrest with its often violent strikes, the humiliating IMF crisis in the autumn of 1976, the Winter of Discontent in 1978/79 – none of these had any equivalent in Germany.[22] German concerns about possible limits on growth remained fairly vague and abstract – they were certainly less threatening than what the British were experiencing. In Germany the post-war period was, quite rightly, regarded as a success story – in terms of both political and economic developments at home, and Germany's revival in the field of foreign affairs, culminating in reunification. Britain's postwar history, by contrast, was increasingly viewed in the light of the country's relative economic decline and growing political unrest. The United Kingdom was regarded as the 'sick man of Europe'. [23] In this perspective, Thatcherism was mostly interpreted as prolongation of the English disease with its industrial strife, stop-go-economics, class-ridden society, and confrontational politics.[24] At that time, Thatcher's Tories looked admiringly at Germany, not *vice versa*. It was hardly an accident that the first pamphlet which the Centre for Policy Studies, a Thatcherite think tank, published in 1975 was entitled "Why Britain Needs a Social Market Economy".[25]

Secondly, differences between the British type of Conservatism and Christian Democracy as seen on the Continent were just as important. Mediation, reconciliation and social obligation were the main concepts of

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21 Hans-Peter Schwarz, "Der Riese: Helmut Kohl", in: idem, *Das Gesicht des Jahrhunderts. Monster, Retter und Mediokritäten* (Berlin: Propyläen, 1998), 729-39 (735).

22 Kathleen Burk, Alec Cairncross, *'Goodbye, Great Britain': the 1976 IMF Crisis* (London: Yale University Press, 1991).

23 See Dominik Geppert, "Abschied vom keynesianischen Konsens. Der Einsturz der britischen Nachkriegsordnung", in: Gabriele Metzler (ed.), *Die Krise des Regierens in den 1970er Jahren? Deutsche und westeuropäische Perspektiven* (Paderborn: Schöningh, 2006), 197-226 (forthcoming).

24 See e. g. the remarks in the memoirs of Chancellor Helmut Schmidt, *Die Deutschen und ihre Nachbarn. Menschen und Mächte II* (Berlin: Siedler, 1990), 135-146.

25 Centre for Policy Studies, *Why Britain Needs a Social Market Economy* (London: Centre for Policy Studies, 1975).

the political philosophy, based on Catholic social doctrine, of many Christian Democrats. They were often fairly sceptical about the individualism and faith in the market of economic liberalism. Under the direct influence of the destructive potential of political force and totalitarian ideologies, the post-war generation of German Christian Democrats were more concerned about social harmony and national unity than the British Conservatives. Coalition and consensus ranked right at the top of the scale of values of a party such as the CDU that was made up of numerous disparate elements, and which blamed the failure of the first German republic largely on the dogmatic stubbornness of the Weimar parties. In this light, Thatcherism was at best perceived as a peculiarly British answer to a specific British problem that had – fortunately – no parallel in Germany where political pragmatism supposedly reigned supreme over ideology, industrial relations were comparatively harmonious and consensus politics seemed to function like a well-oiled machine.

At the same time the radical market tendencies of British Conservatism, as personified by Thatcher, were nothing alien to her party. They had been dominating the mood of the party grass-roots and its middle-ranking officials since the 1950s. As historian Ewan Green aptly put it: 'Thatcherism existed long before Margaret Thatcher became leader of the Conservative party.'[26] Thatcherism did not represent a complete break with the traditions of the Tory Party. Rather, it was an attempt to restructure British Conservatism under the specific conditions of the 1970s and 1980s, to bring about a shift of emphasis within the Party's existing tradition.

The third aspect responsible for the growing distance between the British Tories and the German Christian Democrats is, unfortunately, something that so far we know too little about. The significance of transnational networks and discussion groups among academics and intellectuals in this period of international turbulence and uncertainty has so far been mainly neglected by historians. During the 1970s both the German Christian Democrats and the British Tories managed to reconquer intellectual ground that had been lost since the late 1950s. 'The mood is shifting towards the Right', was a slogan to be heard well into the 1980s on both sides of the Channel – and with some justification. In both Britain and Germany this intellectual trend even traded under the same name (originally from the USA) 'neo-conservatism'.[27] But this common description was misleading. The connections between American neo-

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[26] E.E.H. Green, "Thatcherism: A Historical Perspective", in: idem, *Ideologies of Conservatism* (Oxford: Oxford University Press, 2002), 214-39 (238).

[27] See e. g. Jürgen Habermas, "Die Kulturkritik der Neokonservativen in den USA und der Bundesrepublik", *Merkur* 36 (1982), 413, 1047-61; Iring Fetscher (ed.), *Neokonservative und "Neue Rechte". Der Angriff gegen Sozialstaat und liberale Demokratie in den Vereinigten Staaten, Westeuropa und der Bundesrepublik* (Munich: C. H. Beck, 1983).

conservatism and the British 'New Right' were indeed very close in many cases. The think tanks that had become the 'in thing' at that time in the United States and Britain, and to which Thatcherism owed a much of its intellectual force, were often closely inter-linked, both ideologically and in terms of personnel.[28]

The same cannot be said of the German intellectuals. The discussions in Britain and America generally dealt with different topics than those dominating German debates, namely education, cultural policy, and German history, in particular the hot controversies about coming to terms with National Socialism.[29] Unlike the Cold War Liberals of the 1950s and 1960s, the neo-Conservatives of the 1970s and 1980s did not form a transatlantic network of periodicals, conferences, friendships and discussion groups in which Germany was included.[30] Far too little is known about this intellectual continental drift, but there is much to be said for the hypothesis that this was at least partly responsible for the gulf between the two parties that marked the 1980s and 1990s, at least as regards economic and social policy. Henceforth, Conservative politicians in Britain tended to emphasise the competitive aspect of the market economy, whereas German Christian Democrats paid much more attention to its social conscience. Two different models emerged, which the French banker Michel Albert has famously called the 'Rhine model' and the 'Anglo-American model'.[31]

Rapprochement: The Reassessment of 'Thatcherism' after 2002

To explain why the image of Thatcher and 'Thatcherism' in Germany changed so dramatically after 2002 and then again after the autumn 2005 election the five factors which caused the widening of the gap in the 1980s and 1990s need to be considered once more: first, the crisis and crisis-awareness, and the differences between Christian Democracy and British Conservatism. By the end of the 1990s, Christian Democracy and British Conservatism were both in deep trouble, but for different reasons. The

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28 See Richard Cockett, *Thinking the Unthinkable. Think-Tanks and the Economic Counter-Revolution 1931-1983* (London: HarperCollins, 1994); Andrew Denham, Mark Garnett, *British Think Tanks and the Climate of Opinion* (London: UCL Press, 1998).

29 See Jens Hacke, *Philosophie der Bürgerlichkeit. Die liberalkonservative Begründung der Bundesrepublik* (Göttingen: Vandenhoeck & Ruprecht, 2006).

30 Peter Coleman, *The Liberal Conspiracy: The Congress for Cultural Freedom and the Struggle for the Mind of Postwar Europe* (New York: Free Press, 1989); Pierre Grémion, *Intelligence de l'Anticommunisme: Le Congrès pour la Liberté de la Culture à Paris, 1950–1975* (Paris: Fayard, 1995); Michael Hochgeschwender, *Freiheit in der Offensive? Die Deutschen und der Kongreß für kulturelle Freiheit* (Munich: Oldenbourg Wissenschaftsverlag, 1998).

31 Michel Albert, *Kapitalismus contra Kapitalismus* (Frankfurt/M.: Suhrkamp, 1992).

Tories were in a post-Thatcher or post-revolutionary crisis of identity[32] whereas the German Christian Democrats were in a pre-revolutionary crisis of orientation: Their post-war recipe for success had lost its miraculous effect. The enemy image of communism had disappeared and made the integration of the various party wings more difficult. Christian religion also lost its cohesive effects with fewer and fewer people regularly attending church. Most importantly, the two elements of the social market economy – capitalism and the welfare state – had ceased to co-exist as smoothly as they used to do and seemed to be getting increasingly into conflict, thus convincing more and more Christian Democrats that their country's political and economic structures needed a fundamental overhaul.[33]

Moreover, for a younger generation of Christian Democrats, the Weimar and Nazi era were not any longer formative experiences. They were children of the prosperity and consumerism of the 1960s, 1970s and 1980s which meant that mediation, reconciliation and social obligation did not enjoy the same prominence in their scale of values as in those of their parents and grandparents.[34] At the same time, the CDU became more secular but, paradoxically, also more protestant in outlook after the German unification of 1990; the proportion of protestant Christian Democrats increased in relation to Catholic party members. It is hardly an accident that the two most recent party leaders, Wolfgang Schäuble and Angela Merkel, were protestants. As a result of these parallel and partly conflicting developments, 'liberty' and 'the individual' played a more prominent role in Christian Democratic rhetoric than in the past; Catholic social doctrine seemed to be in retreat; the CDU's centre of gravity shifted towards liberalism.[35]

With regard to crisis and crisis-awareness, the notion that Germany's political and economic situation had deteriorated dramatically in the course of the 1990s was transformed from minority view to mainstream opinion. The German people were becoming increasingly irritated and restless. They even felt they were experiencing something similar to what the British had gone through thirty years ago. To anyone who knows the debate about Britain's decline, the crisis discussions in Germany sounded

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32 See Anthony Seldon, Peter Snowdon, "The Barren Years: 1997-2005", in: Stuart Ball, Anthony Seldon (eds.), *Recovering Power. The Conservatives in Opposition since 1867* (Houndmills, Basingstoke: Palgrave Macmillan, 2005), 243-275.

33 For a more detailed analysis see Dominik Geppert, *Maggie Thatchers Rosskur – ein Rezept für Deutschland?* (Berlin: Siedler, 2003), 36-58.

34 Dominik Geppert, "Abschied von der Soziallehre", *Financial Times Deutschland*, 5 December 2004; idem, "Die zwei Seelen der Union", *Handelsblatt*, 9 August 2005.

35 Franz Walter, "Zurück zum alten Bürgertum: CDU/CSU und FDP", *Aus Politik und Zeitgeschichte* B 40 (2004), 32-38.

strangely familiar.[36] The more the political-economic crisis in Germany deepened and the more clueless the parties became, the more noticeable was the renaissance of the Iron Lady. While the crisis awareness of the public intensified and the belief in the power of the German political system to solve problems dwindled, 'Thatcherism' seemed increasingly attractive as a doctrine that might help to find a way out of the 'German malaise'.

This cannot simply be written off as a cry for a 'strong man', or indeed a 'strong woman', which has a pretty awful tradition in times of crisis, especially in Germany. The question as to whether 'Thatcherism' could be a model for Germany in this crisis of the welfare state was more than just a matter of perception and cultivating an image. In essence it was a question as to whether and to what extent far-reaching changes could be affected in highly complex democratic societies if those changes also entail real losses. The British experience seemed to demonstrate that socio-economic change of this sort was only possible as a radical break with the past. At the same time Thatcher's policies apparently confirmed that such change was possible within the existing political system although it was bound up with considerable sacrifices in the quality of life for many people, stagnating or even sinking real incomes for some, poverty and marginalisation for a not inconsiderable minority.[37]

In Germany the notion that no fundamental change was necessary has met increasingly strong criticism after 2002. Christian Democrats were therefore starting to become interested in Thatcher and 'Thatcherism': not so much out of ideological conviction, but because they felt that certain problems were, in a convoluted sort of way, remarkably similar. This helps to explain why some aspects of Thatcherism played a much bigger role in the CDU's attempts to reinvent itself than others. Thatcher's social authoritarianism and cultural conservatism, for example, did not feature prominently in Christian Democrats' discussions; if anything, the party's outlook became more liberal, progressive and permissive. Similarly, the Iron Lady's nationalist and anti-European instincts did not find many followers in the CDU which did not diverge very much from Helmut Kohl's approach to European intergation.[38]

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[36] See, for example, Gabor Steingart, *Deutschland. Der Abstieg eines Superstars* (Munich: Piper, 2004); Hans-Werner Sinn, *Ist Deutschland noch zu retten?*, 8th ed. (Berlin: Econ, 2004); Christian Graf von Krockow, *Der deutsche Niedergang – ein Ausblick ins 21. Jahrhundert* (Stuttgart: DVA, 1998); Arnulf Baring, *Scheitert Deutschland?* (Stuttgart: DVA, 1997).

[37] Cf. Robert Skidelsky (ed.), *Thatcherism* (London: Chatto & Windus, 1988); Dennis Kavanagh and Anthony Seldon (eds.), *The Thatcher Effect* (Oxford: Clarendon, 1989); Peter Riddell, *The Thatcher Decade* (Oxford: Blackwell, 1989).

[38] Cf. Dominik Geppert, "Die Rolle Deutschlands und Europas in Margaret Thatchers politischem Weltbild", in: Jürgen Luh et al. (eds.), *Preußen, Deutschland und Europa 1701-2001* (Groningen: INOS, 2003), 234-250.

Christian Democrats' attention was instead focused on Thatcher's economic and social policy: her successful deregulation of Britain's rigid labour market, her radical tax reforms which led to a simpler system with lower taxes, her crusade against red tape and wasteful bureaucracy, her attempts to introduce market mechanisms into the health system (although these only started seriously towards the end of her period in office). Apart from that, Thatcher's political style, her decisiveness and single-mindedness, appeared to be attractive to a party that was increasingly disappointed by what it now saw as the aimless 'muddling-through' of the Kohl era. What used to be perceived as Thatcher's lack of compassion was now seen as determination to see things through. What used to be thought of as pig-headedness or bigotry now seemed like strong leadership and the power of persuasion, when contrasted with the hesitancy and opportunism of German politicians.[39]

Shortly before Thatcher's first election victory in 1979 one of her closest advisors had written in a memorandum entitled "Political Innovation" that the 'reason why peacetime governments in democracy find it so hard to halt socio-economic disintegration (once it starts) is that neither they nor most political commentators spot the moment when the rules of the game change, so that the established political thought and behaviour is suddenly obsolete'.[40] One would not be at all surprised if similar thoughts had been put forward amongst Merkel's advisors before the general election of 2005.

A New Constellation: The German Grand Coalition

Why have so few traces of this analysis survived the general election of 18 September 2005? Partly because of the will of the voters. Thatcher gained a resounding victory with her call for change in 1979, which strengthened her position as a leader and enabled her to push through far-reaching reforms that were not at all popular with wide sections of the Tory Party. Merkel's CDU/CSU, however, experienced a traumatic and humiliating dive from comfortable forty-something per cent in the opinion polls just weeks before the election to 35.2 per cent of the vote on election day. As a result, the political divisions within the party have become more entrenched and the position of the leader has been weakened. Today the party is split into three factions: the Thatcherites or 'market-fixated modernizers', as political scientist Tobias Dürr calls them, who want to stick to the election platform of radical economic reform; the 'family silver conservatives' who promote traditional values such as family, patriotism, and Christian religion; and the 'Rhineland nostalgics' who long for the by-

[39] For examples see Geppert, *Rosskur*, 11.

[40] Quoted in Geppert, *Revolution*, 419.

gone days of the Bonn Republic with its easy combination of economic success and social conscience.[41]

There are several reasons why the modernizers do not play a prominent role either in the Merkel government or in current party discussions. First of all, the devastating election result has encouraged Christian Democrats like Jürgen Rüttgers, who had never been convinced of their party's radical reform agenda in the first place, to blame Merkel's market-oriented approach for the poor state their party is in. They feel the modernizers have unnecessarily abandoned core beliefs like social justice and equality and thereby scared voters away. Secondly, the current grand coalition strengthens the position of those politicians in the CDU who feel they can build bridges to the SPD, whereas most modernizers believe that it does not make sense to co-operate with the Social Democrats as there simply is not enough common ground between the coalition partners to tackle crucial reform areas such as the labour market, the tax system, or health. Thus, leading exponents of this wing of the party like Friedrich Merz have withdrawn from front-line politics.

Intellectually, their position had always been weaker than the Thatcherites' in Britain thirty years ago. There are no trans-national academic trends they feel they can join as there had been with 'Thatcherism' and 'Reagonomics' in the 1970s and 1980s. As strategy and policy planning in Germany rests with the conformist party foundations or other organizations of the party machine, there is no avant-garde of independent think tanks or discussion groups that pave the way for a general overhaul of Germany's ossified corporatist structures as they did so successfully in Britain three decades before.[42] On the contrary, the current lack of transatlantic or cross-channel networks and discussion circles leaves the CDU modernizers intellectually isolated and internationally marginalized as centre-right reformers such as Nicolas Sarkozy in France also tend to turn away from Germany and look to the Anglo-American countries for political and economic solutions of their country's problems.

Moreover, the somewhat odd combination of traditional conservatism and classical liberalism which was at the heart of Thatcherism has no equivalent in Germany. In a way, Thatcherism was the product of 'the incremental absorption and ultimate ascendancy of Liberalism within the Conservative Party'.[43] After 1945, the Tory Party successfully incorporated the remnants of the old Liberal Party – in terms of personnel as well as in terms of ideas. In Germany, on the other hand, conservatism and liberalism remain tied to two different political parties – the Christian

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41 Tobias Dürr, "Tafelsilber und Lebenslügen", *Die Welt*, 21 August 2006.

42 See Josef Braml, *Think Tanks versus 'Denkfabriken'* (Baden-Baden: Nomos, 2004).

43 E.E.H. Green, "Conservatism, the State and Civil Society in the Twentieth Century", in: idem, *Ideologies of Conservatism* (Oxford: Oxford University Press, 2002), 240-79 (255).

Democrats and the Free Liberals. Although they formed a coalition government from 1982 to 1998, the two ideological strands never fused as completely as in the British Tory Party – or in the American Republican Party for that matter. Catholic social doctrine continues to be an important counterweight to conservatism and liberalism in the CDU.

The CDU modernizers have also been suffering from the lack of a political figurehead since the 2005 election. Whereas Thatcher had provided the political centre of gravity for radical reformers within and outside of the Tory Party, Merkel did well to save her political life in the autumn of 2005. Becoming Chancellor after such a heavy defeat at the polls was a tactical triumph that required great programmatic flexibility and the talent of adapting to new circumstances. Thus, as Federal Chancellor, Merkel again re-invented herself, this time as a cautious, harmony-seeking head of government who advocated step-by step policies of piecemeal reform. This meant, however, that she had to abandon, at least for the time being, all thoughts of becoming a tough reformer who would change the rules of German politics and economics. Merkel sacrificed the 'Thatcherite' parts of her agenda to get to the top of the greasy pole.

It is easy to ridicule Merkel's transformation from radical reformer to political fixer and to point to the discrepancies between her new public persona and her 'Thatcherite' past. Some would even argue that this kind of chameleon-like adaptability was part of the personal baggage from her childhood in the GDR where she learnt to toe a meandering party line without voicing dissent and to change her convictions according to political needs.[44] Observers who stress this side of Merkel's character interpret her former enthusiasm for drastic reform as just another tactical manoeuvre. Indeed, the positioning as radical reform party then had distinct advantages for the CDU from a party political point of view.[45] When the CDU entered the federal government after the 2005 election that changed overnight, and so did Merkel's public image.

One should be careful, however, with explanations that reduce Merkel to a mere tactician. In her time, Margaret Thatcher was also seen by many of her most ardent supporters as too much of a pragmatist and opportunist. The Conservative, and later Ulster Unionist, MP Enoch Powell who was a Thatcherite before Thatcher, once remarked, half condescendingly, half admiringly, that the consonance between thoughts and words was something in which Thatcher was 'basically not interested.

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44 See e. g. Konrad Adam, "Virtuosin des Zeitgewinns", *Die Welt*, 26 August 2006.

45 By promoting more radical steps and further reaching changes than the red-green coalition, the Christian Democrats would avoid the accusation that it was blocking sensible government measures for narrow party political reasons, while at the same time causing trouble for the modernizers within the SPD and the Green Party by sharpening the edge of those reforms that had to gain the support of the CDU dominated Upper House, the Bundesrat.

This - as well as being a woman - enables her year after year to live with something, with a cross on a paper at the back of her mind saying 'I don't like it; it's rotten awful; but I can't do anything about it at the moment.' It's not exactly the mood of a person who says, 'I'm trapped'; it's more the mood of a person who says, 'I don't like that. When I can settle accounts with that, I will settle accounts with it.'[46]

In the last analysis, however, the question of whether Thatcherism can be a model for German Christian Democrats has less to do with personalities and temperaments than with the two countries' different political systems. The overly complex system of German checks and balances (the proportional representation voting system, the in-built bias for coalition governments on regional and national levels, the frequency of elections, the far-reaching vetoing powers of the Supreme Court) tends to prevent clear-cut solutions and encourages policies of 'muddling through'. The static character of its political system has served the country extremely well as long as there was no need for radical political change and socio-economic innovation. Whether the present procedures and institutional arrangements are equally well-equipped to weather more turbulent conditions seems more and more doubtful to many experts in politics, academia and the media.[47] The nagging doubt has caused a re-evaluation of the British system of government. Seen from a German point of view, the British political structures have survived the storms of the 1970s and 1980s surprisingly unchanged; the country has managed rapid social and economic change within the framework of its political system. The German experience in the twentieth century has been quite the opposite: political discontinuity on the one hand, and an astonishing durability of social and economic structures on the other hand.[48]

It hardly comes as a surprise therefore that observers currently stress the differences between Britain and Germany again when asking whether Thatcherism can be a model for reforms in the Federal Republic. Merkel was not Thatcher, Roger Boyes, Berlin correspondent of The Times, stated in an essay after the 2005 election: Germany was not Britain, and two decades had passed since the 1980s. His list of 'Maggie's Ten Commandments' for Chancellor Merkel hardly mentioned any specific policies but rather dealt with questions of political tactics such as 'use simple phrases and catch-words', 'be arrogant', 'be courageous', 'be patriotic', 'trust human greed', 'bring your enemies into the cabinet', 'use

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46 Quoted in John Ranelagh, *Thatcher's People* (London: HarperCollins, 1992), 28.

47 See, for example, Wolfgang Münchau, *Das Ende der Sozialen Marktwirtschaft* (Munich and Vienna: Hanser, 2006); Kurt Biedenkopf, *Die Ausbeutung der Enkel. Plädoyer für die Rückkehr zur Vernunft* (Berlin: Propyläen, 2006).

48 German corporatism, for instance, outlasted many different political regimes from the Kaiserreich via the Weimar Republic and the Third Reich until today. The SPD as the oldest political party in Germany, to take another example, has survived the change of no less than five different political systems since its foundation in 1863.

the weapons of a woman' and, last but not least, always 'carry a handbag'.[49]

Conclusion

The German Christian Democrats' debates about the merits and drawbacks of Thatcherism ought to be interpreted as debates not only about their own willingness or unwillingness to promote radical change but also about the conditions under which fundamental alterations of the political, economic and social landscape can be affected. For much of the 1980s and 1990s a self-confident and status quo-oriented majority in the CDU emphasized what it perceived to be the 'negative' aspects of Thatcherism such as economic dogmatism, social divisiveness and political polarization. When the party's self-confidence and optimism was shattered, however, by a combination of political failure and economic downturn in the late 1990s and early 2000s, its liberal wing discovered Thatcher as a heroine of market-oriented reforms who seemed to have stopped, even reversed, her country's long-time economic decline. For a short period of time the CDU liberals gained the upper hand in a disoriented party and succeeded in bringing to the fore what they perceived to be the 'positive' features of Thatcherism: faith in the market, decisiveness, courage, and a can-do attitude towards politics.

Since 2005, greater scepticism has again gained ground in the party, not least because of the considerable difficulties of applying 'Thatcherite' solutions to German problems. At the same time, the mechanisms of the grand coalition have reinforced the CDU's tendency to rush to the middle ground of politics where it competes with the Social Democrats for those voters it felt it had scared away at the 2005 election by overblown reform rhetoric. Margaret Thatcher is hardly an apt role model for this kind of policy. For she once remarked to a cabinet colleague: 'Standing in the middle of the road is very dangerous, you get knocked down by the traffic from both sides.'[50]

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[49] Roger Boyes, "Maggies Zehn Gebote", *Aus Politik und Zeitgeschichte* 47 (2005).

[50] Quoted in Jim Prior, *A Balance of Power* (London: H. Hamilton, 1986), 106.