



Written by [Alex Newman](#) on September 30, 2009

Free Markets Win Big in German Election

The so-called “Grand Coalition” in Germany is over, with its left-wing party being decimated at the polls.

Sunday’s federal parliamentary election concluded with Angela Merkel and her center-right party being reelected to a leadership position. But arguably the biggest winner this election, with a surge in representation, was the free-market oriented Free Democratic Party (FDP). The victory comes at the expense of the left-wing Social Democratic Party (SDP), which lost a staggering third of its seats — going from 34 percent to 23 percent.



“There is no talking around it: this is a bitter defeat,” explained Frank-Walter Steinmeier, the leader of the SDP. More than one in three SDP voters from the 2005 election abandoned the party.

Chancellor Merkel’s Christian Democrats — the Christian Democratic Union and the Bavarian Christian Social Union — received 34 percent of the votes in the proportional representation system, losing slightly more than one percent. Their governing partner since 2005 was the leftist SDP. But now, Merkel is creating an alliance with the business-friendly FDP, which gained about five percent to end up with almost fifteen percent of the seats in the German parliament — its largest share in history. Together, the new coalition will control almost half of the vote.

The radical far-left Linke Party, composed of former communists and other big-government extremists, wound up with about 12 percent. Their slogan was “wealth for everybody.” The Green Party managed to earn over 10 percent with an anti-nuclear power, pro-big government agenda. The SDP has indicated a willingness to form an opposition coalition with the Greens, as it had before its coalition with Merkel’s party, but so far it refuses to work with Linke.

In a result that shocked some observers, the new Pirate Party garnered an impressive two percent of the vote. The party stands for Internet freedom and privacy rights, and has been gaining strength throughout Europe. It did not receive enough votes to enter Parliament, which requires a minimum of five percent, but it was cited “as a success worth paying attention to,” by a [Spiegel article posted on Business Week](#). In Sweden, the Party received more than seven percent of the national vote, catapulting it to the European Parliament.

The result of the German election is that now Merkel’s right-of-center (in European politics) Party is free to push through economic reforms. When it was working with the SDP, it had to “pussyfoot around, pretending that the so-called grand-coalition between CDU and SPD was useful, friendly even,” as the *Telegraph* put it in an analysis of the election.

Partnering with the FDP, it will likely attempt to reduce and simplify taxes, institute welfare reform, and try to shrink the size of Germany’s bloated government. There will also be talks about Germany’s healthcare fund, but so far Merkel has stressed that she would not budge on the issue. The new



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government plans to re-examine the nuclear power issue, possibly even scrapping the plans to shut down the nation's reactors after 2020. It will also work on Afghanistan, with an emphasis on training security forces there so it can eventually bring its troops home.

Coalition talks are ongoing as the new government decides on the distribution of ministerial posts and other related business. It could take five to six weeks. "On November 9, the 20th anniversary of the fall of the Berlin Wall, I would like to greet the many European heads of state and government and other guests with a new government," said Chancellor Merkel. The openly gay head of the FDP, Guido Westerwelle, is expected to become Vice-chancellor and Foreign Minister.

But the FDP promises to stand strong on stringent tax reform, even if the Christian Democrats remain tepid. "We only ever had a single condition in the election campaign: We need a real structural tax reform, a simplification and relief in the tax system," explained the FDP's General Secretary Dirk Niebel.

The far left is being decimated in elections across Europe despite the insidious attempt to link the economic crisis to free markets and capitalism. First it happened in Italy and France, with analysts forecasting a crushing defeat for the huge-government Labor Party in England. The far left also lost ground in the European Union elections. Germany is just the most recent example. As a [Newsweek blogger](#) put it, this may be "the End of an Era for the European Left."

Scott Sumner, an economics professor at Bentley University, [explained](#) that far from discrediting the free-market system, the economic crisis has damaged global socialism. Highlighting the impressive results of the FDP, he noted: "So not only was it a swing to the right, it was a swing toward the more socially liberal and free-market part of the right." He said the FDP's performance was the "key," noting that "they are the closest thing Germany has to a libertarian party."

Germany's skyrocketing debt and increasing pension and welfare costs could make real tax reform difficult without significant government reform. Some political analysts are predicting it will be impossible for the new government to carry through on its promises of lower taxes. But shrinking the size of the German government is hardly an impossible task - at all levels it consumes almost half of the nation's GDP.

The trend towards more free-market oriented politics in Europe despite the misguided attacks on capitalism is refreshing. It seems voters are seeing through the propaganda and placing the blame closer to where it belongs — giant government. This is by no means a resounding victory over the forces of socialism, but it's a comforting small step; hopefully an indicator of a better, freer future ahead — at least for Europe.

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