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IMPORTANT ASPECTS OF THE FUTURE GERMAN POLICY

The main problems of socio-economic, demographic and immigration policy of Germany were considered. Possible ways of solving current problems in the context of electoral programs of the most popular political parties of Germany were predicted. There was made a conclusion that the main problems may be solved by the way of strengthening the European integration, reforming of separate directions of social policy and introduction of the appropriate educational programs.

Keywords: German federal elections, demographic gap, immigration, global warming, European integration policy, digital revolution.

Ланг Франц Петер. Важные аспекты будущей политики Германии. Рассмотрены основные проблемы социально-экономической, демографической и иммиграционной политики Германии. Спрогнозированы возможные пути решения актуальных проблем в контексте избирательных программ наиболее популярных политических партий Германии. Сделан вывод, что основные проблемы могут быть разрешены путем укрепления европейской интеграции, реформирования отдельных направлений социальной политики и внедрения соответствующих образовательных программ.

Ключевые слова: немецкие федеральные выборы, демографический кризис, иммиграция, глобальное потепление, политика европейской интеграции, цифровая революция.

Background. This paper focuses on the actual political situation in Germany. It **aims** to analyse the main future problems the policy has to solve. For current reasons we focus on the actual political difficulties to build a stable government.

Materials and methods. The analysis is based on material from the actual programs of the political parties, the announcements of their leaders and the actual discussion in the media an in political economic analysis. As method we use thinking based on normal human sense.

A new political landscape or a crisis of single persons? At first glance it seems that the federal elections have changed the political landscape. But this is not the case The Debate of the elections in the media has largely focused on the AfD (Alternative for Germany) and the aggressive rhetoric of its leaders. But political analysts found that nearly fifty percent of the AfD voters protest against the immigration policy of the federal government based on a coalition of Frau Merkel's CDU/CSU

(Conservatives) the biggest loser of the elections and of SPD (social democrats), loser No. two. The Polls show the rise of the AfD mainly pushed by the impression that the German state has lost control over refugee immigration. Mistrust especially against CDU/CSU Merkel has also pushed the popular assurances that the reception of refugees would relieve Germany of any economic burden. The ruling coalition lost many votes (but was not voted out!) and with the AfD a party has moved into parliament, provoking with right-wing populist slogans. But the AfD ultimately received not more than 13 percent of the votes and will not be involved in any formation of a government.

The rise of right-wing populist parties is actual the case in nearly all European Countries and also Germany has a tradition of such parties since the early fiftieth. The potential for such ideas lies between 15 and 20 % of the voters. The majority of the Journalists and the young politicians may have forgotten that fact. This forgetfulness may have caused a lot of excitement, but nothing more! So no fundamental change in the political landscape has happened.

The distribution of seats in parliament would allow two stable governmental constellations for a majority in parliament. The first one is the so called "Big Coalition" between CDU/CSU and SPD, which was in power during the whole last election period and was very successful. It would have the necessary majority to form a stable government and has a number qualified politicians with great experience. The majority of the voters would prefer such a coalition. But Schulz the luckless leader of the social democrats declared on the elections eve in a rigorous manner the unwillingness of his party to continue the "Big-Coalition". Experts knowing the SPD think this declaration shows neither the opinion of the majority of the party nor the opinion social democrat members of the parliament. Opinion polls say that this was also not the opinion of the majority of the voters.

An alternative could be a coalition of the conservatives (CDU/CSU), the greens and the liberals (FDP). The Media call it "Jamaica coalition" named after the traditional colours of the German Parties "black" (CDU/CSU), "green" (Green Party) and "yellow" (Liberals, their real colours are "blue and yellow") equal to the colours of the Flag of Jamaica. But after six weeks of consultations, this parties actually failed in their discussion to form a coalition. Surprisingly to the public the Leaders of the Liberals came to the result, that it would be impossible to step in a government with the Green. The political goals of the two parties would differ too much. Therefore, the leader of the Liberals Lindner ended the consultation of the four parties and made a Jamaica Coalition impossible.

Fact is, that the decisions of Schulz (SPD) and Lindner (FDP) brought the new elected parliament in a situation in which a majority to build a stable government does not exist. Also Chancellor Merkel (CDU/CSU) is considerably weakened because she failed in the attempt to organize her new coalition.

This is a situation the modern German democracy did not see in its whole history since the end of the war. So it is not surprising that the public is very disappointed and shocked by the fact having a parliament with a majority of 87 % democratic oriented members which is even unable to form a governmental majority; this is just a scandal!

Actually (November 2017) it seems, that a growing pressure on leading social democrats will lead to a change in the strategy of the party into the direction to a new coalition with the conservatives. If that will not happen, new elections will be necessary, without knowing what their final result may be. Especially the risks for the social democrats and the liberals to loose voters in that election would be great. The small liberal party may be again pushed out of parliament.

Nevertheless, the political situation is not a problem of the political landscape, because the elections did not lead to this situation. It is caused by the incompetence and ignorance of political leaders who lost any sense for reality but can (should) easily be exchanged by their parties.

Regardless of this, Germany faces real problems that need to be solved, regardless of which parties the government will provide. On the following pages we will look at some central issues.

The upcoming political problems in Germany. The immigration problem and the demographic Gap. The future immigration policy will be one of these problems. It has to be seen against the background of demographic change.

Low birth rates and an aging population will lead to a noticeable shortage of skilled labor in Germany over the next years. The federal statistical office, politics or population and labor market experts – everyone agrees that due to demographic change, Germany will soon be missing more and more workers. This is called the demographic gap of Germany.

The demographic gap [1] is the difference between birth rate and death rate that develops when a country undergoes demographic transition. As a country develops and the living conditions improve, there is first a decrease in the death rate. But the birth rate continues to remain at a high level. This form of the demographic gap results in an increase of the total size of population. The demographic gap is maintained till the birth rate and death rates become equal and the population size becomes stable. Sooner or later modern life style may lead to a decrease of the birth rate under the level of the death rate. Consequence is now a decreasing population. This is the case of Germany today. To keep the population constant would need a net immigration more than 300 000 immigrants per year [2].

As an important consequence a shortage of skilled workers is likely to be felt from 2020 onwards. Labor force potential will decrease by around 3.5 million people by 2025 – even on favorable conditions such as further increases in the employment rates of women and older people and an annual net immigration of 100 000 people. Workers from abroad can also ease bottlenecks in the labor market.

In 2011, almost 280 000 more people came to Germany than moved away. Most of them came from Eastern Europe and had a good education. Between June 2011 and June 2012, the number of employees subject to social security contributions increased by almost 116 000 to a total of 809 000 persons [3].

But the actual immigration from Africa and the Middle East differs from these migrants from Eastern Europe by cultural background, religion and qualification. So the structure of the immigrants has changed fundamentally [2].

Polls say that the majority of the public wishes to restrict immigration. On the other side Germany should actively seek qualified immigration and must offer those who have successfully completed vocational training or employment refugee prospects a chance to stay. To find out who is the right immigrant is not easy. However, it is necessary to organize future immigration by an immigration law. As a result, the population must once again be able to trust that the German state can control who comes to Germany from countries outside the EU. At the same time, it must be made clear that the Immigration act is also a law limiting immigration. This problem could be a time bomb for the future government.

Climate policy and development aid. An agreement is also difficult in the field of climate policy. It is clear that Germany must fulfill its commitments to reduce CO₂ emissions. Controversial is the discussion on the right way there. The Greens want, for example, that from 2030 no more cars with internal combustion engines are allowed. The Liberals think selective interventions like the ban on internal combustion engines are counterproductive. Experts say a better approach would be to include road traffic in the emissions certificate system, because emissions could then be cut where the costs are as low as possible.

Furthermore, with the combustion engine, there is a very dynamic development towards low-emission or even emission-free technologies. Its development would be good for the innovative German automotive industry. The extent to which electric drives work as a nationwide solution is currently unclear. Which drive technology achieves the climate goals at the lowest cost ultimately has to be reflected in a competition in which environmental pollution is blamed on the polluter (trading of emission allowances). Climate policy will only meet sustainable social acceptance if it avoids unnecessary costs [4]. These are some of the reasons why the consultations of Jamaica failed.

Global warming also is a special aspect of globalisation, because it creates social problems in many of the developing countries and pushes emigration to the Europe, which is not the immigration European countries need. Germany alone can do virtually nothing to limit it. So it is necessary to work together with its European partners to achieve global climate protection agreements.

A higher development aid to the home countries of the emigration countries could also help to solve the immigration problem. But it must be combined with concrete programs to reduce social problems in combination with programs for sustainable environmental protection which at the same time create livelihoods. This should be done within an international framework.

European Integration and Monetary Policy. In European politics all parties agree that Germany has a great interest in stabilizing and further developing the European Union. It is also clear that the EU should further deepen the internal market and open up new fields of cooperation. Europe needs to prosper so that it can continue to fulfill its role as a stabilizer of the global economy. Examples are the foreign and the security policy and further the development aid. A more intensive cooperation in the procurement of military equipment could relieve national budgets.

A further problem lies in the policy of European monetary union. In the election, the Greens accused the federal government of skimping on the EU budget, insisting on a one-sided austerity policy. Thereby obstructing debt relief for Greece, Eurobonds and public investment and thus deepening the division of Europe. Accordingly, the Greens demand more funds for EU investment and aid pots and European unemployment insurance. The Liberals insist on compliance with debt rules and proposes to establish a procedure for bankruptcies and an orderly exit from the Eurozone, where the leaving country can remain an EU member. But this would lead to an economy disaster in most of the cases [5]. The CDU/CSU is in a middle position excluding the pooling of debt and wants to create a European Monetary Fund to monitor European debt rules more consistently than the European Commission has done. These are also some of the reasons why the consultations of Jamaica failed.

Really important for the future of the Eurozone would be that banks in the future hold less government bonds of their own countries and hold more capital. Instead of a comprehensive procedure for sovereign bankruptcies, accountability bonds should be introduced. These are subordinated bonds, with which countries must finance the part of their current budget deficits, which exceeds the agreed in the fiscal pact limit of cyclically adjusted 0.5 percent of gross domestic product. This would strengthen incentives for sound fiscal policy and better protect taxpayers from being held liable for the excessive debts of other euro area countries. At the same time, the destabilization of countries that have accumulated high debts in the past would be prevented [6].

French president Emmanuel Macron has laid out his vision of the future European Union that he said offers the bloc's population real sovereignty to defend their interests and project their values in a globalized world. His government detailed a wide range of proposals for future European policies including defense, migration, universities, intelligence

and asylum, as well as a new joint office to invest in innovations, a European prosecutor to fight terrorism and an industrial program to foster clean vehicles. In his view, common actions should also include a European financial transaction tax, harmonized corporate taxes and a shared floor for carbon price. "Europe needs to be an economic and monetary power and is needed to fund investment and absorb economic shocks" [7].

With Macrons last points, the conservatives and the liberals do not agree. So we will look forward to interesting negotiations between Germany and France about the future of the integration of the "Fiscal Union of Europe".

Globalisation and Tax Policy. Another important challenge is globalisation. Its effects range from growing trade and capital flows, global information and data exchange to political refugees and poverty-induced migration. In recent decades Germany economically has benefitted from globalisation. But internationalisation reduces the opportunities for political action at a national level. This is partly because Germany is a member of the EU and has signed several international agreements. On the one side, growing cross-border mobility means high competitive pressure both as a business location and in terms of taxation and social policy [2]. Germany has an interest in companies investing in the country and creating as many highly-paid jobs as possible.

At the same time, Germany stands to benefit from immigrants with above-average qualifications who earn such high income levels that they pay more in taxes than they receive in state benefits. To attract capital and qualified immigrants, Germany has to offer attractive taxation conditions. This also means that the potential for redistribution via taxation is limited.

Germany is still in a position to finance one of the world's most developed welfare states. But in a highly globalised economy, the idea that problems in social security systems can primarily be solved by higher subsidies financed by general tax revenue, is an illusion. If investors and highly qualified individuals are taxed too heavily they will leave and if the government also offers generous social transfers, then it will attract individuals who rely on such benefits. In the long term this will lead to the collapse of the welfare state [8].

To remain competitive as a location, Germany must reform its corporate taxation. The US want to reduce the US tax rate to corporate profits from 35 to 20 percent. France has announced that it will abolish wealth tax and cut taxes on corporate profits significantly. The UK and Sweden have also announced tax reduction on investment. Germany will not be able to avoid this tax competition. In fact, the forthcoming reforms should not only bring tax relief, but also prevent certain sectors – for example digital businesses – from fully avoiding taxation [4].

Digital Revolution. Actually Germany is hovering between enthusiasm for nationwide "fiber expansion" and fear of the growing power and consequences of new Internet companies like Uber and Airbnb.

A nationwide fiber optic network would be expensive and inefficient. An expansion should be concentrated in regions where this infrastructure is really needed. A regulation of the digital economy should combat abuse, but not hinder new business models. Here it is important to avoid mistakes.

Germany's digital economy, its information and communications technology (ICT) sector and the internet economy – was only ranked sixth out of ten countries with 53 of a possible 100 points by the international 2016 DIGITAL Performance Index [9].

Germany's ranking also reflects its technical and economic environment despite an above-average performance in individual areas. The intensity of use of new digital technologies and services is high in the private sector but underdeveloped in the public sector!

The German ICT sector generated revenue of € 223 billion in 2015, making it the fifth largest market after the USA, China, Japan and the UK. It accounts for 4.7 percent of commercial value added, ahead of mechanical engineering and behind transport and logistics, with gross value added of € 99 billion. Revenue generated by the German internet economy continues to grow. At € 111 billion or € 1.379 per capita, it is ranked fifth in the world. The German digital economy enjoys clear competitive advantages such as market access, strong demand and the links between ICT and other areas of the economy [9].

Its greatest weaknesses are the shortage of skilled workers, the network infrastructure as well as the slow response of regulatory bodies to new digital requirements. Existing strengths can be expanded by focusing on promoting innovative applications such as the internet of things and smart services. Robotics, sensor technology and big data should be second priority. The key policy demands of the commercial economy mainly relate to the expansion of broadband coverage and the timely adaptation of the regulatory framework. Government funding is needed to digitalise the "Mittelstand".

The legal framework must be quickly adapted to the rapid technical and economic change on an ongoing basis, particularly with respect to data protection and data security. The decision-makers responsible for the legal framework must receive better and continuous training on creating a suitable environment for innovative business models. The value of data must be consciously treated as an opportunity. Analyses should benefit customers, for instance to improve patient well-being in healthcare. Here, too, the government must create the appropriate framework [6].

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Ланг Франц Петер. Важливі аспекти майбутньої політики Німеччини.

Постановка проблеми. Розглянуто основні проблеми соціально-економічної, демографічної та імміграційної політики Німеччини.

Метою статті є визначення потенціалу вирішення наявних проблем кожним з можливих нових урядів у контексті виборчих програм найбільш популярних політичних партій Німеччини.

Матеріали та методи. Аналіз базується на програмах політичних партій, оголошеннях їх лідерів та актуальних обговорень в засобах масової інформації та науці.

Результати дослідження. Встановлено, що для подолання негативного впливу демографічної кризи, що спостерігається у сучасній Німеччині, необхідна програма залучення кваліфікованих іммігрантів – на протизвагу соціально мотивованій імміграції, яка перевантажує соціальну систему. Запропоновано розробити, узгодити та запровадити міжнародну угоду про глобальний захист клімату для зменшення потоків імміграції до країн Євросоюзу. При цьому важливо враховувати "Європейський фіскальний союз" та майбутню міжнародну податкову конкуренцію. Аргументовано, що розвиток сектора цифрової економіки, інформаційно-комунікаційних технологій потрібно спрямувати на забезпечення конкурентоспроможності економіки.

Висновки. Визначено можливі шляхи вирішення розглянутих проблем. Зроблено висновок, що основні проблеми сучасної Німеччини можуть бути вирішені зусиллями стабільного уряду шляхом зміцнення європейської інтеграції, реформування окремих напрямків соціальної політики та впровадження відповідних освітніх програм.

Ключові слова: Німецькі федеральні вибори, демографічна криза, імміграція, глобальне потепління, політика європейської інтеграції, цифрова революція.