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The German Social Democratic Party faces a new challenge: the participation at a future grand coalition government. The negotiations for that government will be concluded this week. At the same time the SPD has to formulate a political programme that gives answers to two key questions: How to modernise Germany in the next years, overcoming slow growth, high unemployment and increasing social inequality and how to define a political project that reestablishes the parties ability to win political majorities of its own and to form governments under its own leadership.

The main elements of this medium-term political project can be found in the text of the main motion to be presented to the party congress next week.

The Social Democratic Perspective: Social Progress for our Nation

1. The mandate from the voters: renewal and social justice

Following the 2005 General Election a new phase has begun for the SPD: a phase of new tasks which are not going to be easy to achieve, but one marked by new opportunities for the country and our political party.

We can reflect with pride on the successful years of government as part of the "red-green" coalition of SPD and Bündnis 90/Die Grünen and the chancellorship of Gerhard Schröder. In the seven years since 1998 we Social Democrats have helped Germany to move forward. We overcame stagnation. We worked decisively and assertively, even when there was opposition to our policies.

- We began to renew the country and to work to pull the nation together. That is our answer to globalisation and demographic developments.
- Our forward-thinking investment in education and family policy created more opportunities and an important foundation for future prosperity.
- Our innovative policies set the wheels in motion for strengthening economic competitiveness.
- Our energy policies were an exemplary reaction at international level to the problems of diminishing raw materials and climate change.
- We made the country more liberal and cosmopolitan.
- We placed self-determination at work and in society at the hub of our policies for disabled people, thereby changing fundamental attitudes to such issues.

- We ensured that Germany remained a peaceful nation, conscious of its commitment to its alliance partners and willing to face up to the challenges of new international conflicts but still free to make its own decisions.

The Agenda 2010 programme was and is the necessary answer to structural changes in our country. It is the social-democratic answer to globalisation and to an ageing population. Some reforms have already been successful and much is now beginning to take effect, while other issues still need to be tackled.

Large-scale reform needs time to work through. We had to face some failures under the difficult and new conditions of globally networked markets. We were not able to achieve the desired measure of growth or, more importantly, the increase in employment to which we had aspired. That is the reason why we suffered defeat in a number of key regional elections in recent years and ultimately why the coalition was not able to continue its work.

The mandate from the voters in the 2005 General Election is clear. The SPD is no longer able to form a coalition government with the Green party alone. At the same time, the conservative CDU and CSU and the liberal FDP were for the third time in succession unable to achieve an outright majority. The SPD will now enter into a coalition with the CDU and CSU. This grand coalition poses new challenges for all three parties. It demands effort from all sides, but it also offers the opportunity of making use of a large joint parliamentary majority to implement overdue structural reforms in Germany, to reconsolidate the public finances - a process which had suffered from a constant blockade policy by the conservative alliance in the Bundesrat (upper house) - and to strengthen the viability of democratic policy and the trust of the population in democracy itself.

The result of the election shows equally clearly that most people in the country want renewal, but also a viable social state. There is no majority in favour of a policy of market radicalism nor for a policy which closes its eyes to the challenges facing us here and now. The broad social-democratic mood in Germany is located between the political poles of illusionism and market radicalism. This broad political current desires renewal with a social conscience. At the same time, this mood does not deny that change and reforms are necessary but it does want the social balance to be maintained. The majority of people in Germany wants hard work to be rewarded without losing a sense of solidarity. Participation in exchange for results has always been the basic economic and socio-political consensus in Germany, and there is no reason whatever why this concept should be abandoned.

The SPD is the party which represents this basic precept more strongly than all the other political parties. As the big left-wing people's party in Germany we can claim to represent all those who, whatever their own situation or political beliefs, are in favour of social justice.

The SPD is committed to shaping policy in an active way, to participating in the new coalition and making a success of that coalition. However, SPD policy does not end there: the SPD will continue to play an independent role as a political party, to provide social-democratic answers to the questions of our time and to fight for their implementation..

2. The SPD as a left-wing people's party

2.1 The challenges

The significance of the political level

The complexity of politics as a whole and the transfer of some decision-making to the European and international levels have led to a feeling of alienation between the world of politics and the country's citizens. Politics is a field which demands clear assignments and responsibilities, otherwise it is not possible to explain what politics can or cannot influence, because that is the citizens' only measure of what they can trust politicians to do. On the one hand it is necessary to overhaul in large measure political accountabilities within the framework of reform of the federal party structure. At the same time, the SPD must, as a political party which

holds responsibility at all levels, develop political concepts which incorporate all levels. This requires intensive cooperation between all levels. Politics is becoming more and more a matter of multi-level policy-making. Democratic parties direct their policies at the whole of society, because they are there to serve the entire population and not an end in themselves.

Developments in the voting public

As a left-wing people's party, the SPD has probably the most diverse electorate of all the political parties. This political integration mandate is an enormous task. However, as we have seen in recent years, it is achievable: people expect policies from the SPD which combine progress and social justice. A detailed analysis of the youngest voters does not confirm the mass phenomenon assertion about politically disenchanted floating voters. There is no doubt that the number of voters is on the increase who make their final decision about who to vote for very late in the day. At the same time, identification with political parties is on the decrease, even though people's basic political leanings have remained fairly stable. The SPD's electoral losses in a number of Länder (German federal states) are primarily the result of voter mobilisation/motivation problems and not due to voters turning to other parties. If we compare the three federal elections since 1998, it is noticeable that the SPD tends to have lost votes in more than average proportion from employees and people whose future is uncertain. The most significant shift in voter sympathy in the recent general election was within the individual political camps and among the "non-voter camp". We intend to win back these voter groups for the SPD's policies.

Democratic culture

Conscious awareness of politics is often equivalent to media awareness. What people read, hear and see is what they perceive as politics. The media have a decisive influence on what happens in politics and how much of it is believed. The media's selection mechanisms are ultimately the selection mechanisms of public perception. The media are oriented in ever greater measure towards personalities, scandals and emotions. The reason for this is the rapid pace of change in the media landscape in recent years. Competitive pressure, profit expectations and corporate consolidation are all factors increasingly governing the media. Yet an independent, pluralistic media landscape is the basis for a politically-aware public to fulfil its duty within a democratic, political culture. An increasingly commercial dominance of the media sector and an intentional, well-aimed influence on the development of an informed political opinion arising as a result of that dominance represents a considerable new challenge for our democratic culture.

What is equally dangerous for our democratic system is the receptiveness for populist interpretation models. A world view which simplifies the complicated global situation into an us-and-them matrix and manipulates the mood in the country by means of emotionalisation of issues and resentment is anti-informative, no matter whether it emanates from the right-wing or supposed left-wing corner of the political spectrum. The more society drifts apart and above all the less the parties are able to represent certain groups, the greater becomes the danger of fertile ground developing for populist movements and their media campaigns.

Changing party landscape

The political party landscape in Germany has begun to move. For the SPD this means an increase in the number of competitors for members, attention, people's votes and for a stable position within social groups. We are facing up to this competition both in elections and in everyday politics. It is however a source of considerable concern to us that small, marginal parties are growing in strength. As a left-wing people's party, we hold true to our claim to integrate and represent the political centre and the democratic left in Germany. It must remain the

common goal of all democratic parties to ensure that the NPD is not able long term to establish itself as a political force, particularly in certain regions. Conscious of the fact that the political struggle is paramount, we continue to demand that the NPD be banned.

Changed conditions for member parties

Democratic parties make it possible for anyone, irrespective of their social status, to take on a political responsibility. That is the specific and fundamental democratic achievement which the democratic parties have contributed towards the communal good. The SPD's intention is for the party to be a mirror of the diversity in society. Only then can people feel well represented by the SPD. Social change is becoming more tangible for ever more people. On the one hand there is a growing community of "time-rich" people - especially among the retired. The "older generation" is an important source of support for the SPD in its political work. At the same time the number of "time-poor" people is also on the increase. Many people are having to move home more often, to work longer or shorter hours, to keep on re-inventing themselves while still fulfilling their role of responsibility towards their family. Time is of the essence and as a result, their lives are regulated down to the last minute. Life lived like this is utterly at odds with the way a political party operates, relying as it does on permanence and geographical continuity. If the SPD does not wish to exclude this ever-growing number of people from its ranks, it has to develop new ways for people to be involved in political work. The SPD has to harness the potential of the time-rich without excluding the time-poor. Being able to offer political involvement at every stage of life requires differentiated forms of dialogue and participation.

2.2 The SPD's prospects as a left-wing people's party

We want to plan

The SPD has a common political responsibility at all levels: in Europe, within the federal nation, the Länder and the local communities. Wherever it is active, the SPD desires to be a responsible party of government. Political planning and the implementation of our ideas is most easily achieved when we have a responsibility to govern.

At the same time, government is something which requires agreement at all levels. A party's credibility is inseparably linked with the coherence and unity of its policies - from local level to the international stage. That is why we will intensify our efforts to always integrate all levels into the drafting of our political ideas and concepts. This is a task which can only be achieved with the input of the entire party.

In 2006 there will be regional elections in the Länder of Baden-Württemberg, the Rhineland Palatinate, Saxe-Anhalt, Mecklenburg-Western Pomerania and Berlin. We want to win these elections and will therefore be providing widespread and active support to the election campaigns through our regional associations.

The possibilities of social dialogue and unity

We are convinced that there is a majority of the German population in favour of a policy of renewal and social justice. This majority is contested and it is constantly the party's task to translate a majority in society into a political majority - and not just when an election is taking place. A great deal of money is spent in Germany on publicising an economically liberal view of the situation. It is the SPD's task to champion a different, social-democratic viewpoint and to seek a majority for that view in everyday life, in the media and in the political arena.

A people's party must pursue the claim of being a key player in crucial political discussion. In order to do so, it needs to fulfil a number of preconditions:

- to have its own view of things, an interpretation of reality and the courage to criticise the situation.
- to have a political vision, an image of a "good society".

- to speak a language which people understand.
- to enter into an open dialogue with people and social groups.
- to possess the ability to form social alliances.

The ability to engage in dialogue and to form alliances is the manifestation of a dynamic party securely anchored in society. The ability to enter into dialogue means being able to constantly interact with important groups and players within society. We need to pick up ideas and suggestions from within society and at the same time be able to convince these groups of our policies. In this context, the personal presence of active social democrats within various areas of life, groups and associations is at least as important as directing the party's work at this dialogue. The ability to form alliances means being able to mediate between varying interests and sectors of society and being able to develop political compromises. Especially in a time when society is diversified into a wide range of interests and insecurity is on the rise, building bridges is an important task for the SPD. It is absolutely crucial to build bridges to old and new partners in the most diverse of social areas. The party has to open up to the concerns of the civilian population and become a pioneer of present-day and future government action.

Active membership party

The SPD is and remains a membership party. We want to have our feet firmly planted within society, to perform confidential work, to fulfil people's wishes and hopes, but also to listen to people's worries and to implement political measures to address those worries. It is our aim to give people an orientation and to offer them a political home. We want the social make-up of the party to reflect the social structure of society itself. In eastern Germany in particular, this means putting in a great deal more effort still.

Commitment at an honorary level is still very important to this aim. Many people are happy to get involved and do something for others. We need a culture of recognition for honorary commitment and voluntary participation in society's important issues. The same goes for political commitment. Democracy simply cannot function without honorary commitment. This fact needs to be stated in a self-confident way. That is why our roots at the communal level, "where it's at", is so very important. The SPD generates its strength and its ability to campaign from its active and well-informed membership. The heart of the SPD beats in its local constituency parties.

A modern membership party has to be open to highly diverse interests and different motivations towards political commitment. In increasing measure, member training represents a "utility value" which the SPD is in an exclusive position to deliver. The simplification and slimming down of the organisational status is already well advanced thanks to the most recent internal party reforms. They form the foundation for the further development of forms of memberships limited by time and content. We want to develop new forms of approaching and canvassing target groups.

3. Enabling social progress, renewing solidarity – the prospects for social-democratic policy

3.1 The challenges

The social-democratic task of this century is to civilise global capitalism. Worldwide networking of national economies and liberalisation of commodity and financial markets has limited sovereign states' ability to govern. Intensification of global trade can improve nations' prosperity overall - but this is not a natural law; it requires structured policies. Trading aimed only at short-term profit can destroy both capital and jobs. This fact places the question regarding the political steerability of such processes at the core of the argument because a fair globalisation structure which takes account of and even-handedly unites the peo-

ple's economic, social and ecological challenges and needs can only succeed if political control is won back.

The question is: what sort of economic system is going to dominate the world in future? Will it be market radicalism with its one-sided subordination of all levels of lifestyle to economic processes or will we be able to succeed in achieving an economic and social model in which the economic processes will be secondary to the democratic plan, bringing them into harmony with social and ecological needs. This is the historic task assigned to German, European and international social democracy.

Europe has an important function to play in the fulfilment of this task. We want to build a viable Europe which is strong both from within and outside, a Europe which will be a force for peace, which stands up for socially just globalisation, for the strengthening of law within international relations and for the strengthening of international organisations. We have to face up to this task and to shape the internal constitution of the EU in such a way that it can remain viable following the recent expansion to a 25-member-state union and move towards the accession of even more nations.

Technological development, depletion of raw materials and climate change

International conflicts over raw materials and ever more frequent climate disasters are signs that the depletion of raw materials and the overburdening of Nature's cycle are likely to come to a head in coming years. Already, the costs of fuels, electricity and heating systems are increasing rapidly. The increasingly extreme weather conditions are the result of massive changes in the chemistry and dynamics of the troposphere, the layer of the earth's atmosphere below the stratosphere.

These developments are not an irreversible fate. They are manipulated by human behaviour. The policies we implemented over the past seven years have set an important course for securing the natural foundations of life long term. We are facing the growing demand for energy and the demands of climate change with an innovation strategy based on a broad mix of energy, on an efficient and climate-friendly approach to energy resources and, by definition, on innovative technology. Whoever can establish a foothold here first will have an important role to play in the international markets. Small and medium-sized businesses will have the opportunity to secure economic success for themselves, carve out new market niches and react in a flexible manner to changing economic conditions.

Split economic development

Germany has made considerable progress in increasing its economic competitiveness. It should not be forgotten either, that it was an SPD-led federal government which could boast that our economy had become "world export champion". At present it is true that the dynamics of growth development and the rise in per capita income is not in step with many other countries in the OECD and EU. A closer analysis of the situation reveals that the German economy is divided; a strong international sector is not producing the necessary impetus to the domestic market, which means the latter is stagnating. Although strengthening of the export sector is of course important, it is not capable of absorbing all those who seek work. In international comparisons, Germany has clearly below-average employment quotas in those sectors not influenced by international competition - such as some local skilled trades, parts of the health service, education and consumer-related services. Other countries have achieved employment success predominantly in these fields of local and regional services.

An ageing population

Life expectancy in Germany is on the rise and our society is ageing. The old dreams of a long and fulfilled life can now be realised. If our long lives are to be productive and marked by social responsibility, we need a new "third age culture". We need an activating policy which can make optimum use of these regained years for individuals as well as society.

In many cases, a longer life means more years of good health and activity. Many older people are able to work beyond their professional lives and are interested in taking on responsibility within our society.

At the same time, the changing age structure of the population and its consequences for financing the social security systems pose an enormous challenge for us. Our economic system's high level of productivity and economic strength is the basis for a functioning generational contract of solidarity for the future.

Demographic change can be manipulated. On the one hand we can encourage people to have more children in the future. Germany has to become a country where children are welcome and people are family-friendly. At the same time, we need to make use of the great opportunities and potential offered by this demographic development, both for individuals and for society and not least for the sake of economic growth and new jobs.

We will only be able to face these challenges successfully if all the generations work together. The older generation has already contributed much to the country, and those people will continue to do so as they grow older. They are willing to do what they can so that the following generations can be given the opportunity to realise their own life's plans.

The old injustices and new insecurities

The dynamics of recent economic, technological and social development have brought old injustices to the surface and produced new insecurities. Despite considerable efforts in recent decades it has still not been possible to offer far more equal opportunities via the education system. Long-term exclusion of some people from the labour market is not only a social injustice, it is an economic problem. Poor education and unemployment are two significant reasons why the gap between material distribution of income and wealth is beginning to widen. In particular, the long-term unemployed and single parents are threatened by poverty.

In addition to the classic injustices of the system, new insecurities have emerged linked to the inability of some people to keep up with the rapid pace of change. In recent years a culture of short-term deadlines and a lack of commitment have crept into business and the workplace as well as into everyday life. Not everyone can react positively to the requirement to be more flexible and the pressure towards constant self-marketing.

These social and cultural gaps also have a spatial dimension. They are visible both in our inner cities and in the dangerous trend to depopulation of whole regions. Social cohesion will be threatened if a new underclass of materially and culturally underprivileged people should establish itself. One thing is clear: such problems cannot be solved by financial means alone. Early social and cultural integration of the generation growing up is the key to avoiding social exclusion. What is needed is a new policy of integration and participation and a new culture based on long-term plans and reliability.

3.2 The prospects for social-democratic politics

Social progress in the 21st century

Since its establishment the Social Democratic Party has been the party of social progress. We do not want to simply administer what is now in existence; we want to change and improve what we have for the benefit of everyone. We do not want to be the object of historical development, but the subject. We want to plan for the future, not conform to the present.

Progress will bring new opportunities and new risks too. Without a social safety net, flexibility will not translate into freedom; instead it will be seen as a threat. And there can be no real freedom and democracy without social justice. It is our task and our responsibility to further develop that social justice and to give progress a social direction.

Our understanding of social progress is different on the one hand from that of the economic liberals who are pursuing a travesty of US-American capitalism and who desire subordination of all lifestyles to the interests of private capital. At the same time it is equally different from the

new conservatives in left-wing clothes, who hold fast to the illusion that we can preserve the realities of bygone days and reduce visionary politics to the single dimension of tax redistribution at a national level.

Even in the future, we can only mould our economic system on a social market economy model. In Germany, a social market economy is characteristic of a strong economy, competition and a functioning welfare state. Economic progress and social justice are not opposing concepts; they are mutually dependent. Market economies do not regulate themselves; they need rules of play and crash barriers in order to function properly. Without the co-responsibility of the state for economic events and co-responsibility by businesses for the common good a social market economy is unthinkable. A key element in a social market economy is the social partnership of employers and employees. We want to retain and renew this social partnership. The idea of a social market economy has to prove itself under the new conditions and it will serve us as a role model for a European political answer to globalisation.

A fair deal for globalisation and Europe

We want to develop globalisation in a just way, to use its positive opportunities for all people and to balance out its negative effects. That also means consolidating international economic interests with social and ecological needs. General human rights and the rule of law must be universally effective. We can achieve this on a global scale by strengthening international organisations and by reinforcing the law in international relations. The United Nations will play a pivotal role in this; that organisation needs to face up to the changed realities of the twenty-first century, especially by engaging the states of Asia, Africa and Latin America to a greater degree.

Lasting stability, peace and security can only be ensured long term by means of coherent and coordinated international financial, economic, environmental and trade and development policies. Global markets and financial channels require political input at a global level.

In Europe our goal remains the fulfilment and further development of the Lisbon agreement. We want to contribute towards Europe becoming, by 2010, the most competitive and most dynamic, knowledge-based economic area in the world. Much has to happen for that to come true. Europe faces an enormous challenge. European integration culminating in the EU has created lasting peace between the participating countries, democracy, prosperity, and social and ecological benefits. The EU is in a position to make an important contribution to the peaceful and just development of international relations. That is why it must accept and overcome the challenges with which it is faced. The European constitution represents an important step towards guaranteeing the internal and exterior viability of the EU. That is why we are in favour of continuing the ratification process. The present stalemate and the "no" vote in some national referenda do make it clear, however, that the EU is only desirable to people as a democratic and social alliance which listens to its citizens. Europe must consolidate its strength and then it will be able to develop into a permanent, modern area of peace and prosperity.

Germany as a force for peace

The policies of the social-democratic federal chancellors Willy Brandt, Helmut Schmidt and most recently Gerhard Schröder are irrevocably linked with Germany's transition to a globally acknowledged and respected democratic state making good use of its opportunities to secure peace.

Social democratic foreign policy is peace policy. Nowadays, German foreign policy increasingly takes place within a European framework. We are willing to take the responsibility for peace and security in the world. The avoidance of conflict and negotiated settlements are the central ideas of our efforts. Disarmament, arms control, averting the proliferation of weapons of mass destruction, international climate protection, combating worldwide poverty and ensuring development opportunities for all countries are all central aims of our international policy. We will best be able to achieve these goals within the framework of international institutions

and organisations, through close and active development of the transatlantic partnership and through the closest possible coordination with our European partners. The military participation of the Bundeswehr in resolution of international conflicts must be linked to a UN mandate. A key issue is this: we reject aggressive wars like that in Iraq.

For us social democrats, development aid policy remains the most long-term effective and most economical way of avoiding poverty and aggression. We are utterly committed to driving forward the Millennium Development Aims due to be achieved by 2015. They are the pivotal tasks for a just realisation of globalisation.

Employment-oriented economic policy

All the developed national economies are faced with the challenge of achieving more growth and employment and at the same time increasing the job opportunities of underqualified employees.

We are on the cusp of a "decade of new markets": health, communications and mobility, security, building and housing, ecological sustainability and innovative infrastructures - these are all fields where there is potential for new products, resources, environmentally-friendly processes and future-oriented services. Important impetus for growth emanates from innovations in state-of-the-art technologies and new consumer markets. The increasing integration of the global economy is forcing German business to specialise further in knowledge-based products and demands a much stronger orientation towards the global market - especially in the case of knowledge-intensive services. At the same time, we must adopt suitable strategies in order to take advantage of the enormous employment potential in the domestic market.

An employment-oriented economics policy has to be geared to supply and demand. It has to provide answers to the fragmented state of growth development (strong export market, weak domestic market). What we need is consolidation of elements of an employment-oriented economics policy:

- An employment-oriented financial policy is aimed at restructuring the public purse in the sense of increasing investment in education, research and infrastructure. At the same time, the German economy is a part of the European economic and monetary area and is subject to the European economic constitution. Economic policy in Germany can therefore only be successful in connection with the monetary and fiscal and structural policy decisions of the EU.
- An employment-oriented innovative industrial policy will be geared to research and development, intelligent regulation, a stable economic political environment and efficient finance, labour, manufacturing and service markets. Every euro from the public purse mobilises more than one additional euro from the economy for use in research and development.
- An employment-oriented, innovative service-sector policy is directed at specific expansion of sustainable employment in the sectors not governed by the global economy. We will develop suitable instruments for this purpose.

Fair taxes - how to secure the power of the state to act in financial matters

We want fair taxes and we want to secure the power of the state to act in financial matters today and in future. This is a key factor in social-democratic policy.

Germany does not have a tax burden problem. The economic tax quota in Germany is about 20% and is therefore very low in comparison with other countries; indeed, it is considerably lower today than the average over many decades in Germany. It needs to increase in the medium term by at least 2 percentage points (yielding approx. 45-50 billion euro) to bring it to a reasonable level in historical comparison and so reduce existing deficits in public budgets and finance the necessary future investment in education and research, care and infrastructure which a highly developed economy like ours needs.

Sustained consolidation of the public purse is absolutely essential to our national and European aims. This is not a question of regaining room for negotiation for future expenditure, but

rather of shoring up growth and employment, establishing an important precondition for price stability and not least a paramount condition for fairer treatment of different generations.

We want our location to be internationally competitive. We are therefore keen to achieve a corporate tax which is neutral when it comes to legal form and financial aspects. In addition, we want a fair state of competition in the field of tax and we want to avoid more and more companies relocating abroad as a consequence of internationalisation, because that takes vital tax revenue away. That is why we need to harmonise tax policy in the expanded EU. A standard set of criteria for calculating corporate tax is the right way to tackle this. What is more, we want to introduce a wide range of legitimate corporate tax rates.

In the field of income tax there is no need for tax cuts: both the basic rate and the top rate of tax are historically low. Tax cuts implemented since 1998 have mainly benefited the middle and lower income groups and families, while tax loopholes for top earners were limited. As a result, we have given more weight to the principle of taxation according to ability in the form of a linear-progressive income tax scale. Today, people with an income of a million euro are paying taxes again. We want to achieve 100% collection of the top tax rate of 42% and an acceptable additional contribution from income earners in excess of 250,000/500,000 euro. That means that we need to close down the remaining tax loopholes which have up till now largely benefited top earners. With regard to the changes in inheritance tax agreed at the Bochum party conference, we must ensure that those with higher incomes and levels of wealth will make an appropriate contribution to the financial wealth of the state.

For us, a fair tax system remains the overriding goal. Fair taxes in combination with an adequate tax quota are the backbone of a modern, social-democratic tax policy which is understandable and acceptable to all citizens.

Continuing a sustainable turnaround in housekeeping and energy

Now that raw materials are becoming ever more scarce and ever more expensive, an efficient and economical use of energy and raw materials and the use of solar technologies has become urgently necessary. This opens up important future markets for Germany and German companies. Even today, more than a million people in Germany are employed in the environmental protection sector.

For us, sustainable housekeeping is an important factor in international climate protection policy and development aid cooperation. Renewable energy and energy efficiency both contribute towards minimising the susceptibility of national economies to current price rises in energy raw material costs.

We are determined to hold fast to a strategy of "away from oil" in our energy policy. We need an efficiency revolution when it comes to the use of energy and raw materials and we will be continuing our successful policy of establishing renewable energy sources.

We also intend to stick to our intention to withdraw from nuclear energy. When it comes to implementation of the agreed withdrawal from nuclear power, we will keep a keen eye on the safety of the reactors planned for closure over the remaining duration of the agreement.

Investing in people: the welfare state as a productive force

We need a new, positive understanding of the welfare state. A functioning welfare state is not just essential in order to provide social opportunities and to safeguard against the risks in life in an atmosphere of solidarity; it is a prerequisite and a guarantee of economic prosperity, not a luxury.

- We want an investive welfare state, because that way well-educated and healthy people can put something long term into society.
- We want an activating welfare state in which all can participate. The prerequisite for participation is education and emancipation. An activating welfare state will place the dignity of the individual at the centre of its efforts; it safeguards citizens' civil rights.

- We want an integrative/stakeholder welfare state, one which includes those in society who either temporarily or permanently are unable to participate through their own strength and initiative.
- We want a reliable welfare state which provides basic social rights.

This sort of welfare state sees human potential like creativity, knowledge, skill and social competence and relationships of trust as important productive forces. If the welfare state is seen as such, it will be the foundation for important, long-term employment provision especially in the field of personnel-related services such as health and education. The logical conclusion is that we must invest more - both qualitatively and quantitatively in people and public services.

This applies in particular to the education sector. This is going to require an enormous joint effort. In the light of ever higher aspirations and the rise of new qualification demands, education policy has to be geared towards countering social and professional exclusion.

In this regard, pre-school provisions are just as important as general education, the vocational training system, the universities and further education, not to mention lifelong learning schemes.

In recent years, modern family policy has become a trademark of the SPD. It is the joint task of politics, business and society to support family life more than ever before and to assist in managing family and work. Workplace conditions that are geared more and more to the ideal of the 24/7 availability of the individual and do not nurture stable relationships and responsibilities for children will in the long term make us a poorer society, both from a human and an economic point of view.

A functioning welfare state needs strong social partners and trade unions who can negotiate as equals with employers. Wage agreement autonomy, which in Germany is protected by the constitution, is one of the foundation stones of our welfare state economy and it is a system which has proved itself to be beneficial. Both workers' councils in companies and corporate co-determination are advantageous for businesses wishing to operate in Germany. We want to maintain and re-invigorate the social partnership, to guarantee the social safety system.

In our social market economy there are mutual safeguards in place to protect against the major risks which we are exposed to in our lifetime. The social security system is an important element in Germany's successful social model, offering as it does protection and security to the people.

Our health system is sound, and stands up to international comparison. Everyone has the right to necessary medical treatment which keeps pace with medical progress. Furthermore, the system offers meaningful employment to over four million people. We have made the state health insurance system more efficient in recent years. It remains an important task to update the health system's outmoded structures and to establish more efficiency reserves. The important thing now is to secure long-term financing of the health system. We support the resolution passed at the Bochum party conference and the party executive's resolution of August 29, 2004 and intend to continue to work towards making the health insurance system a citizens' insurance scheme with contributions based on solidarity in the medium term, a scheme in which the state-run and private health insurance systems can co-exist.

Our efforts at reform in recent years have made the pension system in Germany more reliable. Solidarity-based cost financing and salary-related pensions remain the cornerstones of the pension scheme. For the future, we want people to continue to have an adequate income in their old age. At the same time, the working generation paying in the contributions must not be overburdened. Workers' prospects must not be jeopardised by excessive deductions from gross earnings.

We want to further strengthen the provision of company and private pensions and to achieve better provision of income for senior citizens. It is still necessary to support the expansion of an additional capital-generated pension system.

We want to make it possible for people to work longer than they do today, based on the principles of the state-run pension scheme. Germany will not be able to afford for much longer to forego the input of qualified, older employees. We need a different division of lifetime work which makes it easier to combine education and further training, professional advancement and family time. Preventive measures in the field of health and acquiring qualifications must increase productivity across the board, notably in occupations which place an undue burden on employees. It is our aim that actual regulation of working hours should be tailor-made for the personal situation and needs of people.

The long-term care insurance system introduced ten years ago remains the right answer to longer life expectations and changed family and social structures. We will address the necessary reforms. When it comes to care, we will stick with the principle of a solidarity-based care insurance package funded by all. We want to further encourage solidarity between the stronger members of society with the weaker ones and will push for a solidarity-based citizens' insurance package in the field of long-term care.

Achieving German unity

Reunification of Germany is a gain for the country. How that reunification proceeds is a pan-German task. The tremendous financial solidarity demonstrated by the Länder of western Germany and the enormous changes and adjustments experienced by the east Germans have been exemplary. Nevertheless, the eastern Länder which used to form East Germany are going to need further financial support for many years to come. Public budgets in eastern Germany are facing an immense burden as a result of demographic developments and emigration, the limits on the financial input from (the inter-German) Solidarity Pact II due to stop in 2019 and reductions in support from the European Structural Fund. It is therefore a matter of urgency to develop a detailed strategy for safeguarding the financial viability of the new Länder. Key to this is: the sooner we have established a viable economy in the eastern region of the country, the sooner the financial burden on the western part of the country will be eased.

Experience in the past fifteen years of rebuilding the eastern part of the country shows us that there is no panacea for rapid development and that we cannot expect miracles. Eastern Germany needs reliable conditions for investment. By 2004 the new Länder had achieved a growth rate of 8% thanks to the support mechanisms in place. This economic development has also received a considerable contribution from the expansion of the research sector, the encouragement of innovation and the fast growth of a modern infrastructure. The reduction of bureaucracy, in the field of planning for example, has also provided favourable impetus. We therefore wish to look for further ways of simplifying procedures and reducing bureaucracy.

So far, only the strong regional centres of growth have overcome the difficulties and achieved independent status. It therefore makes sense to aim our strategy towards rapid development in such areas. The means available should be used to strengthen these growth centres. This gives them a two-fold function: as motors for entire regional economies and also as magnets working against the departure of people in search of prosperity by offering good prospects to young people in eastern Germany.

The birth rate in eastern Germany has dropped by 50% since the 1980s and the continued departure of many people from the eastern part of the country means that the make-up of the population in the east is rapidly changing. Some towns and cities have lost more than a quarter of their population since the fall of the Berlin Wall in 1989; whole regions are still losing their future prospects for prosperity due to large numbers leaving in search of a better life. We must now develop strategies to cope with these changes politically. They will also ultimately reach many regions in the western part of the country. In eastern Germany we now have an opportunity to develop models for addressing demographic change.

The flexibility shown by the east Germans towards all of these challenges is tremendous. Such willingness to adjust can only be maintained if people can rely on continued support

and if they experience that the differences between east and west are being dismantled phase by phase.

The future of the regions, cities and towns, districts and boroughs must increasingly react to the demographic changes in our country. The number of children is decreasing while the number of older people is on the rise. At the same time we are observing a clear wave of migration across Germany. While some regions can report increasing population numbers, others are noting an alarming drop in population. In the worst-case scenario, local authorities are having to cope with a threefold change: drastic losses in population numbers, fewer children and a rise in the number of older people.

On the one hand local authorities must make an enormous effort in order to adjust their infrastructure and services to the new needs and on the other hand the increased number of senior citizens who are no longer employed can for example offer numerous opportunities in connection with the formation of active clubs and associations, the strengthening of local people's commitment to their community and the development of local democracy.

We want to keep cities, towns and villages worth living in, offering their citizens a safe home and a functioning infrastructure. Local authorities will only be able to maintain good public facilities effectively however if they are allowed to continue to decide how these should be provided.

Local authorities must make it easier for people to combine family commitments and their jobs. That includes providing enough kindergarten places and full-day schools (as opposed to the usual German school system of half-day school) as well as family-friendly housing and leisure activities for children and young people.

Towns, cities and district authorities must be able to fulfil their commitment towards the needy and social disadvantaged. At the same time they have a growing responsibility for the integration of immigrant groups and for providing facilities beneficial to community life in a society which is becoming more and more diversified.

In order to allow local authorities to fulfil their task, we intend to expand their powers and to ensure that they have the financial means to do so. On the income side, that means maintaining the business rate as a local economy tax and developing it further.

4. A new programme of principles

Many of the aspects and questions addressed in this application require further in-depth discussion by the SPD. The SPD's future manifesto is of paramount importance for the party's own self-image. Discussions about the content of the manifesto is at least as important as the ultimate draft to be agreed. Quality, intensity and openness in these discussions are therefore more important than haste. The final draft of the new manifesto should therefore be agreed at a party conference at the end of 2006 / beginning of 2007.

In addition to the intensive participation of the various sections of the party, we want to organise a public debate on the content of the manifesto. We will use the necessary dialogue process in order to deliberate on the key topics with interested parties from the trade unions and churches, science and culture, journalists and social groups.

The manifesto debate offers the opportunity internally of talking about the SPD's remit and goals based on the current situation. Externally, the manifesto will be a key factor as to how attractive the party is seen as a partner in government. Ultimately it will also contribute to strengthening the party's status within the European social-democratic structure and reinforcing the party as a principal political player in Europe.