The Economist

German politics

Of scissors and biting

Inequality in Germany has been falling. But it is still firing political passions

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THE effusions of bureaucracy rarely get Germans riled. Not so with the "fourth poverty and wealth report", presented this week by Ursula von der Leyen, the social-affairs minister. Overall, it shows that Germany is doing quite well. But Philipp Rösler, the liberal economics minister, insisted on cutting out any words suggesting that inequality might justify more redistribution through taxes. The opposition trumpeted a scandal. On the nightly talk shows, their politicians now talk of a crisis in social justice that necessitates a change of government in September.

Gerechtigkeit, meaning "justice" but often conflated with equality, has become a big election issue. Next to such subjects as the euro crisis or energy reform, where the parties' positions are muddled, it has the advantage of familiarity, just as "family values" resonate in America. The preferred metaphor for the Social Democrats (SPD) and Greens is of "social scissors" opening ever wider. The ex-communist Left Party calls for "biting upward".

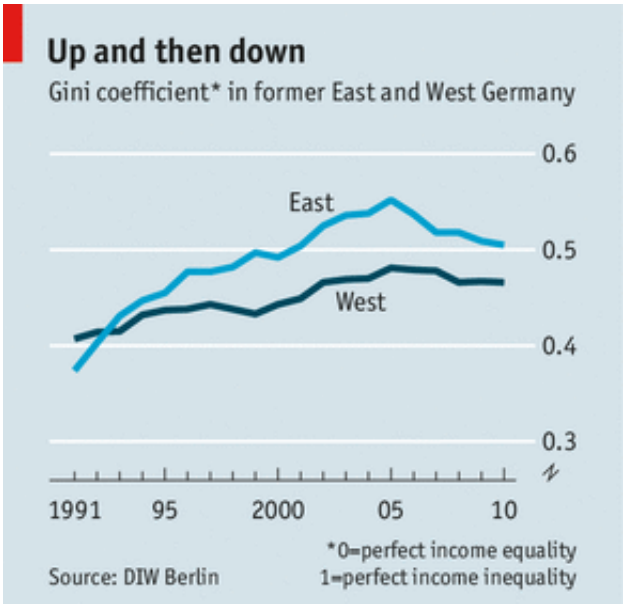
Social justice links many issues in voters' minds. The upper-house Bundesrat, now controlled by the left, has begun a push for a federal minimum wage. A referendum in Switzerland to curb corporate pay has sparked enthusiasm for something similar in Germany. The liberalising labour and welfare reforms enacted ten years ago (by an SPD-Green government) are now maligned. And the left wants to raise income and inheritance taxes, and introduce new levies on wealth.

This focus on inequality puts the ruling coalition of Angela Merkel, the chancellor, in a tight spot, as the spat between Mr Rösler and Mrs von der Leyen shows. The coalition consists of Mrs Merkel's Christian Democratic Union (CDU), its Bavarian sister, the Christian Social Union (CSU), and the Free Democratic Party (FDP). The two Union parties are conservative but rooted in Catholic and Lutheran views on social solidarity. Mrs von der Leyen is among those in the CDU who overlap with

the centre-left. Only the liberal FDP defends free markets on principle—and as it flounders in the polls, even it is softening.

Mrs Merkel has herself sidled leftward on some issues, though holding the line on others, such as calls for wealth taxes. The CDU has crawled rhetorically closer to accepting a minimum wage. It is also talking of caps on executive pay. Mrs Merkel hopes to steal enough votes from the left to stop any party forming a government without her. That way, if the FDP is ejected from parliament, she could join with either the SPD or the Greens.

Yet amid these manoeuvres, the politicians do not always look honestly at social justice. DIW, an economic think-tank in Berlin, says that inequality rose significantly after German reunification; but that it has fallen a bit since 2005 (see chart). Awkwardly for the left, that is when Angela Merkel became chancellor, in coalition first with the SPD, then with the FDP.



This is the opposite of what the public believes. According to a study by Allensbach, a polling institute, 69% of Germans think wealth and income are unfairly distributed, and almost two-thirds believe inequality has risen in the past few years. That is good news for the left. On the other hand, the Allensbach study shows that Germans take a more nuanced view of social justice than merely seeing it as a synonym for equality, as the left would like.

For a proper analysis, the Initiative for a New Social Market Economy (INSM), a think-tank largely financed by the metal and electronics industries, commissioned a study comparing Germany with 27 other members of the OECD club of rich countries. Besides income inequality, it considers how countries assure basic security for the weak (eg, through health care), reward talent and effort with higher incomes, guarantee access to the law and balance burdens between generations. It also measures equality of opportunity, which is mainly about access to good education.

The good news for Germany is that overall it ranks seventh, behind only perennial supermodels like Scandinavia, as well as New Zealand and such neighbours as Austria and the Netherlands. It comes far ahead of Britain and America. The bad news, says Dominik Enste, the study's author, is that on equal opportunities, the country ranks a lowly 14th. And this is the aspect Germans care about most.

A campaign for more equal opportunities would be welcome. Germany is good at giving young adults jobs—it has Europe's lowest youth unemployment rate, at 8%. But it is harder than in many

other countries for women to work full-time. Mrs von der Leyen thinks this is because Germany, like Austria, has mainly part-time schools and too few pre-school places. And though it has a strong dual-education system that trains pupils for industrial jobs, Germany has found school reform hard and lags behind other countries in such measures as teacher-pupil ratios. Germany remains a huge social and economic success, something that it often seems unGerman to savour. But it is not doing well on equal opportunities in education.

From the print edition: Europe