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AND THE WINNER IS...

THE GERMAN ELECTION OF 2005



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Building Knowledge, Insights, and Networks for German-American Relations

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FOREWORD



German Chancellor Gerhard Schröder's announcement on May 22, 2005 of early national parliamentary elections took many Europeans by surprise.

AICGS responded to the news with the introduction of a special election section on the Institute's website. The site provided analyses of the campaign and of the elections' potential impact, as well as a blog presenting daily commentary by four journalists, and a "photoblog" offering visual impressions of the shifting mood in Germany in the weeks prior to the election.

As noted in several of the analyses—and reflected in the contentious and inconclusive result of the September 18 elections—the old rules and expectations no longer apply when it comes to politics in Germany. The party system and traditional political structures and bargains are in flux, as are voter loyalties and preferences.

The illumination and assessment of these political trends and their consequences is a central part of the AICGS mission. For that reason, AICGS has chosen to present a selection of essays prepared for the election website, as well as a sampling from the AICGS election blog and photoblog, in this volume. We believe that this collection offers not only enduring insights, but also a fascinating testimony to the dynamism and unpredictability of electoral politics in contemporary Germany.

On behalf of AICGS, I would like to express our gratitude to our essayists for their knowledge and insights. We are grateful to our bloggers for joining us on our first foray into the "blogosphere" and for their patience with some initial technical hiccups. I would like to thank Kirsten Verclas and Thomas von Stein for proposing the election website and for persevering to make it a reality; Matthew Wiggins for his assistance in compiling the essay selection; and Ilonka Oszvald for her expert assistance in editing and preparing the manuscript.

We are especially grateful to Fred H. Langhammer, our co-chair, for his generous support of our election-related activities.



CATHLEEN FISHER
Deputy Director
January 2006

PRE-ELECTION ANALYSES



The Message from Düsseldorf

KARL-RUDOLF KORTE

The campaign for the next *Bundestag* election, as a general rule, always begins in North Rhine-Westphalia (NRW). From a purely quantitative standpoint, NRW, with its 13 million eligible voters, is like a small *Bundestag* election itself. But above all, qualitatively, NRW has a seismographic character. Here the first social-liberal coalition was initiated, before it ventured into the national government in 1969. Here the Greens successfully banded together with Johannes Rau's SPD, which motivated Gerhard Schröder to pursue the same alliance for the national government a few years later. Since May 22, 2005, thoughts of political farewell will also be connected to NRW. On that day, the last Red-Green state government was voted out of office. The Greens are no longer present in any state government; they are an opposition party in all states and therefore powerless in the *Bundesrat*. The SPD has not only achieved its worst result since 1954, but also lost its base camp. The SPD has shrunk to a marginal size in a state where from 1980 to 1995 it had built itself into a hegemonic position.

The SPD owes the maximal mobilization of its insecure voters to the crisis of traditional industries. That is gone forever. The SPD is no longer anchored in the quasi-political realm. It no longer functions as a union party, with multifunctionaries in the workers' councils as on-site caretakers of the party. When the SPD still tries to do this, the scope is extremely limited. The SPD has lost its connection to its surroundings; it has lost touch with its core voters' attitudes. It is no longer a grassroots party in the way that the CSU in Bavaria exemplifies. The politics of reform have created a crisis of meaning for social democratic voters. Since 1998, one fifth of party members has left the SPD. In the meantime the CDU has become the party with the most members in NRW. After three lost elections since 2005 (for the European Parliament, local government, and state government) the members of the SPD in NRW are deeply depressed about the upcoming *Bundestag* election. The SPD is no longer capable of inducing emotional resonance. The erosion and alienation processes have weakened the ability of the SPD to wage a campaign.

It should not be concluded, however, that the CDU has established itself in a new hegemonic position. The era of structured majorities is clearly over. The clear victory of black-yellow does not automatically mean the beginning of a series of electoral wins or harken back to earlier victories in the 1960s. The strategic message is quite different: the CDU has been successful in achieving

considerable gains in large urban areas and in establishing itself as a new “workers’ party.” The CDU already had the religious core voters from Paderborn to Arnsberg behind it. The state election in NRW, in this respect, has sent shockwaves throughout the party landscape that radiated all the way to Berlin. This would have been disconcerting enough for Berlin. To divert attention from the SPD’s historically bad showing, and to seize the offensive, Franz Müntefering (Chairman of the SPD-parliamentary group in the German parliament) launched the next surprise attack only 24 minutes after the closing of the polls: early national elections! For a while, the SPD was able to lead public opinion and distract from the disaster in Düsseldorf. Because the new CDU Ministerpräsident Jürgen Rüttgers allowed himself to be feted too long in the party headquarters in Düsseldorf, images of jubilation from the state parliament were missing. Through his announcement, Müntefering prevented the Union’s delirium of joy on the Rhine from being televised. The enthusiasm was there, but according to the laws of media-driven democracy and the culture of dire political prognostications, after 6:24 p.m. the CDU win was only of secondary importance. NRW was the top story, in light of the announcement of new elections—a double shock, that, together with May 22, will make history regardless of whether it actually leads to new elections in 2005.

In addition to the telegenic, spectacular events, the state election also signaled a change in the parameters of party competition. The conditions for success in the political competition appear to have changed. A sense of helpless calm combined with existential fears dominate the public mood in many places, above all among the middle classes. The open social protests against the Hartz reforms abated long ago. The horrible reports about unemployment have led to a ritualized exchange of blows between the government and opposition. A clear majority of citizens pessimistically expects a clear deterioration of the situation. Lethargic, passionless, and disillusioned, citizens apparently are surrendering to their inevitable fate. Only minorities are still convinced of the competence of the political process or even of political actors to solve problems. The majority cultivates a cynical contempt for politics. Politics no longer appears competent.

In these times of stagnation, on election day citizens choose political parties according to the criterion of damage limitation. They expect real improvements neither from the government in office nor from the opposition. The new government in Düsseldorf has not promised the voters anything concrete, other than a feeling that things are turning around. Competent stewardship and fair and reliable governance were the campaign proposals that the voters honored. In the new atmosphere of practicality, a romanticized sense of sacrifice is spreading, which expects improvement to come

through change. Nothing more. Voters did not elect those who denied reality or were silent about problems but, rather, those who promised nothing but the impression that they were more capable. The two nationally televised debates, in particular, presented the election result as the dilemma of modern politics—particularly at the level of the states—namely, that governments know almost everything but are hardly able to do anything. Either the financial constraints are so extreme that no room for maneuver remains, or authority is lacking, having migrated to the local communities, to the national level, or to Brussels. In this respect the election result from Düsseldorf is not a punishment of Red-Green, resulting from a wave of anger, but it is also not a euphoric departure sign of change for a new government. In times of economic stringency, both government and opposition point to the fact that allocation conflicts can no longer be reconciled through economic growth. The voters feel this. They therefore no longer reward those who present themselves as champions of new social gains. This at least is true for the bulk mass of majority-forming voters. The exchange of benefits for hardships has little charm but is grounded in reality. The scarce commodity of political trust in the future will be allocated differently on election days than it was a few years ago. In this respect the campaign in North Rhine-Westphalia and the election result represent a clear shift of emphasis. If it does not come to new elections for the German *Bundestag* in 2005, this will remain the most important theme song, the refrain, so to speak, from Düsseldorf.

In the meantime, the scenarios of the parties are transparent. The small parties, above all the Greens, will have to fight for their existence in an election campaign. Over the years, the Greens have grown into their function as king-maker, but they have lost their majority-forming function. They will not emerge in the election camp of the SPD. So the Greens are doomed to an opposition campaign, to mobilize their core voters, independent and reckless at the same time. The SPD will be monitored from three fronts: the Greens will try to expose the old thinking of the SPD, the new and the old leftists (WASG/PDS) will castigate the SPD for its social unbalance, and the black-yellow camp will seize upon the pent-up sentiments of voters to vote out the government. Confidence will combine with programmatic blurriness. The parties of the middle will, however, in the tone of a new pragmatism, no longer overdo it with promises. Not a bad approach with which to win back the trust of the voters. ■

Campaign Observations in East Germany - The Last Battle

JOHANN LEGNER

In a few weeks a very fundamental feature of the political landscape of a reunited Germany may change. The country possibly will be governed by someone who grew up in the former GDR. And the PDS, once totally dominated by easterners, will have a parliamentary group with some prominent figures and a majority of members from the west. The whole debate about the two parts of the country that came together in 1990 will have a very different context.

Many observers and certainly a large majority of voters, especially in the east, may still not be very conscious of the consequences of these developments. But there is no doubt an ominous feeling that something important is about to happen. If you look closely at the campaign in the east, you get a sense of the coming changes. I would characterize what is happening as the last battle of the east, a battle that is being fought by those who for the last fifteen years have incorporated the prejudices against the west and who will finally lose, even if their party, the PDS, returns to the *Bundestag* in large numbers and becomes the dominant force in the east.

Those who never totally accepted the fundamental values of the west, who feel estranged from a culture that is oriented towards the societies of the old democracies, waited for their chance to express their disgruntlement in this campaign, and that chance presented itself quite soon. The impetus came from a member of the CDU-Präsidium, Jörg Schönbohm, a rather prominent political figure in the east. He comes from the west, as have many other very successful politicians, such as Kurt Biedenkopf and Bernhard Vogel, who governed in Sachsen and Thüringen, respectively.

But Jörg Schönbohm has never been truly respected, even by many members of his own party, the CDU, which he chairs in the state of Brandenburg. His past may very well be a provocation of sorts to many former citizens of the GDR. After leaving the Soviet-occupied part of Germany, Schönbohm climbed up the ladder as an officer of the *Bundeswehr*, rising to a four-star-general. Schönbohm believed he knew as much as there was to know about his compatriots in the east. He was the one who was responsible for the integration of the former *Nationale Volksarmee* into the *Bundeswehr*. The book he wrote about this process is regarded as one of the best documents of the unification process.

In August 2005, Schönbohm became somewhat of a symbol for all the misunderstandings between the two parts of Germany and a heavy burden for the CDU in the east. An unbelievable discovery shocked Germany in the middle of summer: a mother who had raised four children apparently had killed nine other of her newborn babies, whose remains were found in a small village near the Polish border. Schönbohm, deputy *Ministerpräsident* and responsible for the police in Brandenburg, reflected in the established West-Berlin daily *Der Tagesspiegel* about possible reasons for the crime: he saw one explanation for the killings in the social development of the former communist society of the east, where the expropriation of farmers and the forced changes in the social mixture inflicted long-lasting wounds. This was far too much for certain eastern Germans. And it was a signal to those who for many reasons have confronted questions concerning their own role in the former dictatorship. It was also an unexpected gift for the PDS, the party of the former communists. Schönbohm had to apologize for his comments, Angela Merkel, the candidate for chancellor, distanced herself from him, and a nationwide debate about the arrogance of western Germans ensued.

Schönbohm admitted in a conversation with the author that he was not only totally surprised by the emotions provoked by his statement. He was astonished as to how much the atmosphere in the east had changed over the last several years. After dozens of very passionate conversations he has become convinced that the nostalgic look back to communist times will be the dominant mindset of those who have been victims of the worsening economic situation in eastern Germany. In the face of the persisting anti-western propaganda of those who once were part of the communist elite and still hold many influential jobs, especially in the media, Schönbohm now has to defend himself against continuous demands to resign.

Remarks by the Bavarian *Ministerpräsident* Edmond Stoiber from the CSU, the sister party of the CDU, only deepened the controversy. Stoiber, who lost the federal election three years ago because of his poor performance in the east, asserted that frustrated eastern voters should not get a second chance to determine the direction of German politics. But Stoiber's statement caused less of an uproar because he has never been considered to be someone who had any understanding of the problems of the former GDR territory and its citizens.

The sudden eruptions of protest against the CDU, the party that is clearly leading all polls in the west, are all the more interesting, because Angela Merkel grew up in the east and stayed there until the end of the GDR. If one watches her campaign performance in the east closely, it is quite

easy to feel a certain familiarity between her and greater parts of the audience. She uses words like *Ingenieurwesen* (engineering sector) or *Kaufhalle* (a supermarket chain), words very familiar to easterners. She might not convince the majority, but most people respect her as someone who not only speaks their language, but seems to be much more familiar with their background than most of the politicians from the west. Looking at her appearances in the east and predicting her victory shows the magnitude of the change that may occur. It might also explain the sharp controversy about Schönbohm's remarks. The CDU still has—because of Merkel and even with Schönbohm—a chance to win the elections in the east. ■

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The Curse of Consensus Democracy: Can Angela Merkel Reform Germany?

CHRISTIAN TUSCHHOFF

Regardless of what coalition government emerges after the election on September 18, 2005 Angela Merkel will become the next Chancellor of Germany. Once elected she will face two interrelated challenges. First, she needs to lead the economy back to a path of stable and long-term economic growth and employment. Second, she needs to adapt the German welfare state—the so-called social market economy—in order to cope with the reality of an aging society. While she deserves every chance any fresh leader should be awarded, I doubt whether she will be able to overcome the fundamental curse of German consensus democracy that caused the stalling of necessary reforms (*Reformstau*) in the first place. Public opinion surveys already indicate the low confidence of voters that a new government can actually make a difference. The public's trust in the competence of parties and politics in general is extremely low.¹

In order to assess Merkel's capability to reform the country it is *less* important to analyze *what* she intends to do than to understand *how* she plans to build political support for her reform agenda. A number of factors will determine her chances for success.

First, how strong a mandate will she receive from the voters? According to surveys, Merkel is more a liability to the Christian Democratic Parties (CDU-CSU) than an asset, because support for the parties is consistently over 40 percent whereas only some 30 percent have indicated they would vote for her as the chancellor in direct elections. Such a lack of public approval will restrict Merkel's ability to mobilize the public against opposition in the *Bundestag* and within her own party.

Second, how strong is Merkel as a leader of the CDU-CSU? Her power base in the party is limited and confined to the higher levels of the CDU's organizational structure. Merkel has not yet succeeded in developing the equivalent to the so-called "Kohl system." Former chancellor Helmut Kohl was able to count on support from most local party leaders with whom he kept very close personal relations. Counting on such a large number of "troops," as he used to call them, was the single most important factor behind his stay in government over sixteen years. Angela Merkel cannot count on similar loyalty and sustained support and is therefore a much weaker party leader.

Third, she faces skepticism if not even outright opposition from independent regional party leaders, many of whom are also *Ministerpräsidenten* (Governors) in German states (*Länder*). Recent research has shown that, whereas in the past the loyalty of the *Ministerpräsidenten* to their party prevailed over their state's interest, that relationship now is reversed. Today, state interests prevail over party loyalty.²

Fourth, this means that, despite a strong majority of CDU-led states in the *Bundesrat* (the Federal Council or upper house of Germany's parliamentary system), support for Angela Merkel's agenda is not automatic or assured.

In short, Merkel will have to negotiate every item on her political agenda with a significant number of potential veto players. Entrenched veto players rather than majority rule characterize Germany's consensus democracy. These veto players include:

- A coalition party that the election will determine;
- The typically self-confident sister party CSU under the leadership of Edmund Stoiber, *Ministerpräsident* of Bavaria;
- Other regional party leaders in states with high population and/or strong support for the CDU, such as Baden-Württemberg, Hesse, or Northrhine-Westphalia;
- The majority of CDU-led states in the *Bundesrat*; and
- Different factions within the CDU-CSU parliamentary party.

Angela Merkel will have to act more like a mediator and manager than a leader because of restricted public and party support. As the election platform of the CDU-CSU already indicates, she will choose to negotiate compromises rather than confront her opponents and challengers. She will choose to bargain rather than using the constitutional competence of setting guidelines (*Richtlinienkompetenz*) of the chancellor.

The likely consequence of Angela Merkel's limited political power and leadership skills is incremental rather than fundamental reform. Policy in Germany is bound for small rather than radical change.

To be sure, Gerhard Schröder faced similar problems and his lack of success as chancellor and party leader resulted from the same defects of the German political system. To overcome these obstacles of the consensus democracy he chose to employ expert commissions to guide his series

of reforms, trying to reduce the power of veto players by moving crucial decisions out of the parliamentary process and to build a political consensus prior to the decisions of formal constitutional bodies. However, this government by expert commission reduced participation and representation of political parties and their ability to engage the broader public. It has caused the public's disenchantment with politics and reduced the basis of the SPD vote by 10 to 15 percent.

Learning from Schröder's failure, Merkel is likely to use the classic model of governing by parliamentary democracy instead of expert commission. However, she is not likely to escape the trap of Germany's consensus democracy. This system produces either gridlock or extremely complicated laws that hardly change the economic, political, and social status quo. As a result the public's low expectations for reforms are the most realistic scenario for Germany under a Merkel government. ■

This essay appeared in the September 16, 2005 issue of the AICGS Advisor.

1 Köcher, Renate. 2005. "Entscheidung voller Unbehagen. Der Wahlkampf verschärft die Vertrauenskrise der Politik." Frankfurter Allgemeine Zeitung, 17. August 2005, 5.

2 This finding is one of the results of a research project on Federalism and Compounded Representation at Emory University.



Challenges for the New Chancellor

KLAUS-DIETER FRANKENBERGER

It has been three months now since Chancellor Gerhard Schröder electrified German politicians, voters, and journalists by taking the biggest gamble of his gamble-filled term in office. He said on May 22 that he planned to call national elections roughly one year ahead of schedule. “The people should say who should govern them,” he told the stunned nation.

In the analysis that immediately followed his announcement, the consensus was that the person forming a new governing coalition would not be Schröder. That feeling still holds true today, according to the latest polls. These surveys indicate that Angela Merkel and her Christian Democrats will form the next government when voters go to the polls on September 18.

Which direction could Germany take under Ms. Merkel if she were indeed to become chancellor? In a nutshell, her major priorities would be to overcome Germany's economic malaise, reset the foreign policy compass, and restore a balance in the country's key international relationships.

The foremost repair job is to reinvigorate the German economy. Schröder came into office vowing that he would magically cut the noose of joblessness that is choking Europe's biggest economy. But the chancellor who once envisioned unemployment figures of 2.5 million is being confronted by a total that is dangerously close to 5 million. All other issues facing a new German chancellor, important as they are, pale in comparison to this one, at least in the eyes of both the public and the politicians; this will be the overriding priority of the next government, no matter who leads it.

The German economy is far from the only area where Schröder has left an unsettling imprint, though. He nearly severed Germany's ties with the United States through his grandstanding against the Bush administration's military planning for Iraq—which did not prevent the war from happening but got him a second term and established his government in the eyes of many voters as a force for peace. He tried for a brief moment to resuscitate this old trick this year. He simply dropped the word “Iraq” and substituted it with the word “Iran” as part of the debate about Tehran's nuclear ambitions. This time, however, the move brought much more limited results, even though the reservoir of anti-Bushism is still deep and wide and accusations of “blind allegiance” do find a certain resonance among the

German public. But this is not an “F&B” (floods and Bush) election, an election turned around by the floods in eastern Germany and the tapping of anti-American, anti-Bush, and anti-war sentiments.

Schröder has caused similar damage in Europe. First, he alienated many of the new European Union members by the tactics used in teaming up with French President Jacques Chirac in a bid to stop the Iraq war. Afterward, he dug further divisions as he bulldozed over the Growth and Stability Pact governing the euro. You might remember that this very pact was the cornerstone of the Kohl government's policies on the very same currency.

Given this dark picture, what should a new government led by Angela Merkel strive to do? She would, and should, base her foreign policies on a set of key principles:

- She should regain trust;
- She should prove Germany's reliability and renew its alliance credentials;
- She should show consistency;
- She should find a new balance between Europe and the United States, between Paris and Washington. This recalibration would have to be done carefully and wisely so as not to arouse a new wave of anti-American sentiment and undermine the credibility of the new government at an early stage;
- She should also dust off Germany's previous international and European role and again offer benign leadership, particularly in Europe.

As chancellor, she would have an immediate opportunity to extend this broad umbrella of principles over a number of foreign policy disputes. The most interesting issue would be the direction of Germany's relations with the United States.

Under Ms. Merkel's leadership, the United States would be unlikely to feel the same sort of caustic heat from its crucial ally. That is because Merkel—and many members of her Christian Democratic Union—realize that the United States remains Germany's partner of choice. The overlapping interests between the United States and Germany are just too great for any other type of relationship.

Still, Schröder's public castigation of the Bush administration in 2002 and 2003 does raise the question about how Germany will be able to influence the United States' agenda and its activities on the world stage. The answer is complex. It begins with knowledge of the domestic political actors

and their interests, and ends with Germany's own strategic maturity. This form of maturity includes, among other things, strategic thinking. Simple proclamations by Schröder that he intends to speak with the United States eye to eye will accomplish very little. And such an approach would not be Ms. Merkel's style of governing. She would be likely to accept U.S. security interests and work to have her voice heard.

And Ms. Merkel's voice should be heard, given the new political and geopolitical environment. Germany remains the United States' most important partner, and it is the country that can sway the European Union and steer Europe's relationship with the United States. For Germany, the United States will remain the indispensable power needed to achieve German and European goals.

At the same time, however, Ms. Merkel would be unlikely to initiate a major shift in one of Schröder's cornerstone foreign-policy issues—the chancellor's refusal to send any troops to Iraq. On this issue, the United States should not get its hopes up.

But Washington could expect the rhetoric to be toned way down. It would likely hear Germany start to talk much more positively about democracy in the Middle East, Iraq and its security requirements—and what Germany could do to help.

On issues related to Iran, Ms. Merkel would be unlikely to veer from Schröder's course. Neither of them want to have any German boots on the ground in any type of hot military environment.

But the similarities stop there. Schröder, who likes to talk about Germany as a power for peace, would eventually cave in to Iran as it presses forward with its nuclear activities. Ms. Merkel, on the other hand, could be more ready to accept a robust role for the U.N. Security Council in the effort to shut off Iran's nuclear work. Here, her approach would likely be low-key, but one that would seek to avoid creating another schism in the transatlantic relationship.

The overall German reaction to Iran and its nuclear aims differs from its previous reaction to Iraq. After all, Germans can actually see on television the potential danger in Iran. According to recent polls, they do not see this as some CIA-hyped concoction of imagined threats. This is the main reason why Schröder's attempt to mobilize voter support by manipulating the Iran issue failed.

Closer to home, the next German chancellor will have a number of serious questions to address about the future of the European Union. Under Schröder, the German relationship to the Union has been considerably marked by ignorance, heavy-handedness, and alienation; to many, this has come as a surprise, especially given Foreign Minister Fischer's European rhetoric. But then again, it was only rhetoric. It has been Schröder's hand-in-hand alliance with French President Jacques Chirac that has driven the wedge among the EU members. Both leaders were at the forefront of the opposition against Iraq, both have torn apart the European stability pact, and both have absolutely no idea of how to overcome the current constitutional predicament the EU is in. And a crisis is what the EU is experiencing.

If Ms. Merkel were to become chancellor, her first priority regarding the European Union would be to address the alienation caused by the Schröder-Chirac brotherhood. The world is facing serious security problems, and the EU is wrestling with integration problems growing out of last year's enlargement. As a result, the claim of leadership staked out by Schröder and Chirac is no longer enough, particularly if such a partnership is seen as strictly a protective, if not protectionist, undertaking. The EU needs to work out a new collection of leadership to guide it through these issues. In the process, Germany will have to slip out of its bear hug with France. The result could be that Germany emerges as the mediator who settles the differences between socially-committed servers of the state in France and the no-holds-barred capitalists in the United Kingdom. And as far as the caricature holds, it may even work, particularly after the French presidential elections in 2007.

In terms of Europe's relationship with the United States, Ms. Merkel should take a different approach on the EU level to Schröder's policy of estrangement. With her, the United States would not see any attempt by Germany—either actively or by way of its alliance with France—to turn the EU into a force to counterbalance the United States. Ms. Merkel, a woman from East Germany, is smart enough to realize that this approach has only negative consequences. First, it would divide the EU by alienating those new eastern European countries who consider the United States to be a democratic role model and underwriter of their security. Second, it would fuel American unilateralism.

The next German chancellor also will have three other major EU issues on his or her plate in Berlin: the future of the EU constitution, the reform of the EU's finances, and the next round(s) of enlargement.

The problems with the constitution emerged in May when French voters rejected the charter that was so close to Chirac's heart. The EU's leaders have since decided to introduce "a time for debate and reflection" on the future of the constitution. During this ongoing period of reflection, the next German chancellor should realize that a continuation of the ratification process would make no sense because it would be an invitation to generate more opposition within the EU's ranks.

The next chancellor, as well as his or her EU counterparts, also will have to reflect on just what the future of the organization will be. In the process, they should realize that the idea of molding a group of nation states held together under the federal banner of the EU is most likely an elitist dream that most voters view as a potential nightmare. For the time being the focus should be on the core material issues—competitiveness, employment, and growth.

The future will certainly involve a debate on the next round of enlargement, the possible membership of Turkey. Schröder and his major coalition partner, Foreign Minister Joschka Fischer of Alliance 90/The Greens, have made this possibility the centerpiece of their policies on Turkey.

Merkel, on the other hand, has something else in mind. Before and after the EU decided to open membership negotiations with Turkey in October 2005, she has pushed for something she calls a "privileged partnership" between the EU and Turkey. As reason for her opposition, she has pointed to Turkey's views of religion, human rights, and geopolitics, and of institutional overload within and overextension of the EU.

If Merkel were to become chancellor, Germany would no longer be the main continental force behind Turkey's membership bid. The Christian Democrats and their Bavarian sister party, the Christian Social Union, remain opposed to the plan for EU membership. But once in office, they may have to adjust to the new realities: the negotiations are already a done deal. As a result, they will only be able to insist that the outcome of the negotiations not be predetermined as full-membership. Concerning the Ukraine, the Balkan states, and other countries that want the prospect of EU membership, we may see much greater efforts to develop creative solutions and a stronger emphasis on variable geometry. The drive for defining the external borders of the EU and to arrest somewhat the waves of enlargement may intensify after the change in government in Germany.

While Schröder has alienated the United States and some EU partners, he has done his best to befriend Russia and China. Schröder has almost become buddies with Vladimir Putin of Russia. While many people criticize Putin's rigid hold on Chechnya, Schröder has stood firmly at the Russian's side. And he may have good economic reasons for doing so. Germany imports around 30 percent of its oil and natural gas from Russia.

But, as Merkel may know, there is more to Germany's policies toward Russia than energy. And a change in Germany's policies toward Russia could start over the very issue about which Schröder has had nothing critical to say—the long rebellion in Chechnya. This is one of the Schröder government's most troubling stances. He has also basically acquiesced Putin's return to authoritarian forms of governing. Ms. Merkel, on the contrary, would not continue the building of a new Berlin-Moscow axis, as it awakens the fears and anxieties of old victims who have become new partners, such as Poland and the Baltic states.

Chancellor Schröder has taken a get-down-to-business approach to China as well. He has made his six visits to the country since taking office in October 1998. During his most recent visit in December 2004, he helped arrange €1.4 billion in business for German companies, including Siemens and DaimlerChrysler. His enthusiasm for the Chinese was not just restricted to business. During the first half of 2005, he regularly called for the European Union to drop the arms embargo that it had imposed on China in the aftermath of the Tiananmen Square crackdown in 1989. His explanation: "The China of today is not the China of 1989."

The rise of a major power, like China, poses a high risk in security terms, and one cannot nonchalantly dismiss such a major issue as Schröder has done and ignore the strategic implications. The issue is even more sensitive in light of China's threats against Taiwan and the U.S.' security commitments to that island democracy.

Ms. Merkel is aware of these and other dangers associated with the rise of a power that is still communist-ruled. She also is likely to realize that multipolar thinking may be the wrong approach to take on such an issue. She realizes that this is an issue that should be addressed on the basis of a strong Atlantic partnership. ■

From the Neo-Gaullists to the Post-Atlantiker: German Foreign Policy Under Angela Merkel

CLAUS LEGGEWIE

The foreign policy of the Federal Republic of Germany has been marked since 1949 by almost unbroken continuity that, in the view of many Germans, should be changed neither by the 1998 election nor the upcoming federal elections of fall 2005. Out of “reasons of state” (Waldemar Besson), West Germany was forced to accept American leadership, to strengthen Western Europe, to seek a settlement with the Soviet Union (which included acknowledgement of the division of Germany), and to be a good partner to the Third World. The motto of this “mid-level state” was neither to “act Swiss” or megalomania, and, in the spirit of Adenauer and Brandt, it could only develop and preserve its fragile identity through cooperation with others. Thirty-five years later, after the fall of the Wall and end of the Soviet Union, the Atlantic partnership and an expanded Europe remain constants for Germany.

The parameters clearly have changed: in 1999 with the risky deployment of the *Bundeswehr* to Kosovo without a UN mandate and in 2001 with the emergence of worldwide radical Islamic terrorism. The East-West antagonism has been replaced with unilateral action by the United States, which often has shown imperialist tendencies. All the while, European reunification was taking place, yet now seems to be bogged down after the failure of the Constitution votes. While the Germans endeavor to maintain continuity and emphasize their supranational and multilateral legacy, the global “game” has fundamentally changed.

The Red-Green foreign policy could not deal with this situation. With the declaration that “Germany is also defending itself at Hindukusch,” (Defense Minister Peter Struck), it discarded the “culture of restraint” but, together with Paris and Moscow, proved unable to create a diplomatic alternative to American policy in Iraq and the Middle East. Germany’s aspirations for a permanent seat on the UN Security Council might prove a delusion, the negotiations with Iran are a dead-end, the missions to the Balkans and Afghanistan are at risk, and even Europe has hardly any role to play in bringing peace to the Middle East. The admission of Turkey into the EU, to some the cornerstone of a Mideast peace strategy, might fail less because of opposition from the Christian Democrats, than because of a more general change of climate within the EU and because of the behavior of Turkey itself; at

this point, anything more than a “privileged partnership” is hardly likely. The German-French axis is broken; “New Europe” has rejected the condominium of Paris and Berlin.

A CDU government in Berlin, above all, will strive to repair transatlantic relations, and attempt to establish better relations with eastern European states, especially Poland, where Schröder’s closeness to Russia and Vladimir Putin was received very negatively. However, one hears nothing but empty rhetoric from the designated foreign ministers who would like to succeed Joschka Fischer. They would like to return to better relations with Washington, but they ask for this while at the same time rejecting any military engagement in Iran or to place any *Bundeswehr* soldiers in Iraq. They make peace offerings in Warsaw, but the revisionist “Center for Expelees” in the electoral platform (which depicts Germans displaced by expulsion from the east as victims of ethnic cleansings in 1945 and after) puts a damper on things. Under a CDU government, Germany would not want to be quite so friendly with Paris, yet no German government can get along without the French. They do not want to be so “old-fashionedly European” as Schröder and Chirac; yet they lack a better idea about how to generate positive momentum for Europe. Russia and Putin are not to be flattered so much, but naturally the relationship with Moscow remains pivotal. China deserved to be reprimanded for its human rights violations, but its markets are irresistible to a government that is even closer to business than the SPD-led coalition.

So it is “business as usual” for Germany, and Merkel would love, just like Schröder in his early years, to focus the most on domestic and economic policies. But political developments in the world will force foreign policy to become the top priority for Merkel, a priority for which she does not appear prepared. It is useful in that regard to look at the proponents of conservative and other foreign policy experts that are close to the CDU. One will not find a visionary with the weight and influence of a Paul Kirchhof, the financial expert in the Merkel team, but older influences and newcomers will offer themselves as advice-givers after the Red-Green era is over. An old schism in the liberal-conservative camp is reappearing, between avowed transatlanticists who would like Germany to be subordinate to the United States, and those who think that Schröder’s Gaullism was quite correct and who appreciate his vision of Germany becoming a larger European power. Of course, the left has always maintained a certain political-cultural distance from the United States, but anti-Americanism was always the domain of the German right, whose postwar icon, Franz Josef Strauss, always presented himself as a “nuclear Gaullist.”

Chancellor Schröder's championing of national interests should have silenced the continuous complaints of conservatives about German post-nationalism. It was not Helmut Kohl, but rather the Red-Green coalition, that terminated the much-ridiculed "checkbook diplomacy;" Schröder's course-corrections put an end to notions that Germany's foreign policy is obsessed with history and the renunciation of power. Cheap complaints about the technical mistakes in Red-Green foreign policy will no longer suffice if one wants to determine the fate of the nation in uncertain times. Today, almost everything is missing for the pursuit of neo-Gaullism, beginning with a French partner, no matter how well French crown prince Sarkozy and German chancellor *in spe* Merkel may understand one another. Only a risky post-Atlanticist strategy remains, one that follows the paradigm change in international relations propelled by the United States and Great Britain, which shifts the emphasis from multilateral diplomacy to preventive military action, supported by the hegemonial power on a world-wide scale. This is the aim of Merkel's plans to install a national security council in the Chancellor's office, despite the protests of liberals claiming the Ministry of Foreign Affairs. She may also favor more convergence with Tony Blair, Europe's new "strong man," whose strategy connects homeland security with rapid response. But such a game plan brings out the usual contradictions; neo-conservative internationalism provokes a longing for isolation, particularly since the *Bundeswehr* is not really able to ensure security in Afghanistan, the Caucasus, or the Horn of Africa.

As elsewhere, one does not usually win elections in Germany with foreign policy. The exception was 2002, but as long as the conflict with Iran does not heat up, Schröder will not be able to mobilize the deep-seated pacifism in the minds of (not only east-) Germans. Nevertheless, a *Kanzlerin* from the East will do the same calculation and avoid any impression of subservience. Continuity will remain the need of the moment, but perhaps a Red-Green *intermezzo* was necessary to set in motion a German global policy with metes and bounds (Hans-Peter Schwarz) in a significantly changed world. ■



Merkel's New Foreign Policy: What, if Anything, Will Change?

ULRIKE GUÉROT

If Angela Merkel is elected and put in the position to run a governmental coalition together with the liberals (FDP)—the only coalition that would allow real change in foreign policy—some things in Germany's European and foreign policy may indeed change. However, given the current and increasingly intense speculation about what could happen, one should tackle this question perhaps with more caution than some do. Some analysts foresee radical changes in Germany's foreign policy stance; in this view, Germany will have a much less intensive relationship with France, work much more with the UK in European affairs, and become America's most favored junior partner again, to pick just three of the most widely-cited assumptions. The nervousness associated with these assumptions and their potential consequences is significant: Merkel is not very well known by most of Germany's allies and in foreign countries in general. So what will she do? How much change does she want? And how much change is possible or, put differently, to what extent will proximity determine German foreign policy?

A GLANCE AT EUROPE

Europe gets short shrift in the party platform of the CDU/CSU; only four pages are spent on the EU and European policy, and they are vague. NATO takes priority over CFSP and ESDP; the remaining passages express just half-hearted commitment to the goals and the importance of the European Union. The only precise point is that Turkey should not join the EU, but rather be offered a "privileged partnership." Ideas on how to shape the institutional architecture of the EU or solve the constitutional crisis are passed over. Europe is not *en vogue* in Germany, even if some 66 percent of Germans would still be in favor of the European Constitution, according to a recent 'Eurobarometer' opinion poll. And, therefore, Europe does not take precedence in Merkel's campaign, or in the campaign of the others, by the way. In all of the discussions about necessary economic and social reforms, the EU is neither part of the solution, nor is it necessarily the frame of reference.

Merkel is a newcomer to European policies. She gained some experience in the early 1990s on the European and international floor as Minister for Environmental Affairs, but she has not been bathed and raised in the aura of the former Federal Republic, where every pupil intuitively grasped that European integration is a sort of 'raison d'état' for Germany. Europe was to compensate for lost

national identity, while the Franco-German reconciliation and the engine function of the two countries for European integration were essential for the self-confidence of Germany.

DISCONNECT FROM FRANCE?

The fact that Merkel is not pre-conditioned may open her policies to new approaches, but inertia and gravity will also be at work. That Merkel will disconnect from France is one of the most common assumptions. It has been suggested that she would rather take the UK as a partner and follow Thatcher's path in terms of economic reforms; this is not likely, however. First, one should not forget that almost any newly elected French president—including François Mitterrand—and many German Chancellors—including Gerhard Schröder—all started by saying that Franco-German relations should be rebalanced by stronger Franco-British or German-British relations. Mitterrand, in an attempt to distinguish himself from the friendship and achievements of Giscard d'Estaing and Helmut Schmidt, spent more wording on the UK than on Germany in his inaugural speech in 1981, much to Germany's distress. Only two years later, in 1983, he reversed course. It was only then that Franco-German relations entered a very intensive phase, contributing to the realization of the European Single Act in 1986 and the Maastricht Treaty and Monetary Union in 1992. Similarly, Gerhard Schröder in the summer of 1998 presented a Third-Way paper together with Tony Blair. He was the first Chancellor to be absent from the memorial festivities of Verdun on November 11, 1998, much to French criticism. Nobody at the time would have expected that Schröder would be the one, only five years later, to stand up together with France in an anti-Iraq-war alliance against the United States.

Inertia may also be in play for Ms. Merkel. She probably does not like Jacques Chirac much, but she won't have a long way to go with him. And Nicolas Sarkozy, one of the potential next French presidents, is probably not appealing to her, as his French-centered attitude, conveying everything that is dear to France—grandeur and nationalism—does not connect to her milieu and does not emanate any cultural affiliation. But she went to Paris in July 2005 and she knows that the relationship remains as strategically as important as it has been in the past, and that there is no alternative for Germany. Franco-German relations are still necessary but no longer sufficient for progress in Europe. The point is not to weaken Franco-German relations. The point is to make Franco-German relations function for the benefit of the other EU-countries as they did before, not to their detriment as they have more recently. The essential point is to restore the triggering effect Franco-German relations always have had for the whole EU, instead of making the other EU member states turn away from France and Germany. Leadership must be merited. France and Germany cannot expect a leadership role

in the EU when they both do not comply with the rules of the Stability and Growth Pact and offer the poorest economic performance in the European Union. And they cannot pretend leadership, when instead of tackling Europe's problems of the future—most importantly, the export of stability to countries on Europe's margins, the management of new enlargement rounds, and the shaping of a European geo-strategy—took refuge in the small '*Europe de Charlemagne*,' with the ambition of keeping Europe exclusive. Merkel could help to reverse this trend. She comes from the East (the former GDR), is certainly emotionally less affected by self-pitying westerners who are afraid of change and transition, and she should be in a position to reconnect with eastern Europe, which is keen to accept Germany as its most important partner, if only Germany would care. The problem may then be not Merkel, but her party.

FLIRTATION WITH THE UK?

Relations with the UK may become more important, which would be beneficial for Europe. The UK is increasingly important for the whole EU, especially in terms of foreign policy. However, as long as the UK stays outside of the euro and Schengen-zones, it will only be half in Europe, and therefore cannot be Germany's most important strategic ally. It is up to the UK to eventually change this. Merkel also cannot imitate Thatcher's reform path, even if she wanted to. Germany's party and coalition system and the *Bund-Länder-Gemeinden* (federal-state-community) triad, e.g. the vertical stratification of power expressed through the strong position of the *Bundesrat*, the second chamber of parliament, and the very strong position, protected by the Basic Law, of both the trade unions and the employers when it comes to salary bargaining processes, are much too consensus-oriented to allow passage of quick and radical reforms. It may be easier for Merkel than for Schröder, as she will have the majority in the two chambers for quite a while, but Germany is a slow-changing country. So, on the European level, Merkel will not build a coalition with Blair for a 'liberal' Europe versus the 'social' Europe expressed by France.

What she can do, however, is provide a bridge between France and the UK, which are the two most important players in shaping European policies, as Germany has pretty much fallen from that list over the past few years. This bridging function is important, as France and the UK in today's Europe constitute polar opposites with respect to the position Europe should take toward the United States; the European Constitution (in light of the fact that, despite the 'no' exit-polls, French citizens want more and not less Europe, especially in the field of social policy); further EU-enlargement, above all Turkey; and, of course, the economic and social orientation the European Union should take. In a

way, a Franco-British connection is today more important than a Franco-German one. And Germany could, indeed, bridge the gap between the two. First, Merkel could use the forthcoming EU-budget negotiations, which will be on the table under the Austrian EU-Presidency beginning in 2006, to forge a necessary Franco-British deal. France would also need to further renounce agricultural funding and to accept agricultural reform that would go beyond the 2002 Copenhagen agreements, and the UK would need to renounce its rebate. Second, she could bring Germany back to the middle of the institutional reform process and—in the spirit of Helmut Kohl’s European policy—be more demanding of France with regard to the small countries of Europe, a strong Commission, and a strong European Parliament (the only truly supranational entities of the EU). Her predecessor, Gerhard Schröder, was more tempted by French seduction than a strong Council (the intergovernmental branch of the institutions) and engaged himself in Commission-bashing unseen in German European policy ever before.

Bridging between France and the UK would also bring back Germany as a key European player in European affairs and policy, something it has not really been recently since its attention has focused more on the international arena, its quest for a permanent seat on the UN Security Council. This shift of attention has resulted in harmful consequences for the “European spirit of Germany” and the way that other countries in the EU look at Germany.

In a way, Merkel will need to reconnect with the most important parameter of CDU foreign policy that prevailed from Adenauer to Kohl, which is that strong transatlantic ties and a strong Europe are two sides of the same coin. She will, thus, have to rebalance the relationship between Paris and Washington and put Germany back in the middle, where it always has been.

CLOSING THE TRANSATLANTIC GAP

Merkel will try to bring Germany back into the position of the United States’s most important junior partner in Europe. That said, she cannot ignore the fact that an overwhelming majority of the German public is against the foreign policy of President Bush. Like Gerhard Schröder, she will therefore be unable to provide much help in the Middle East beyond the training of police forces for Iraq. If the situation with Iran and its nuclear program should escalate, it would be difficult for Merkel to withdraw from the European consensus on this issue, in particular the position of the “EU-Three.”

The real problem could be the phenomenon of a 'post-honeymoon-depression,' meaning that Merkel, despite her rhetoric, her ambitions, and her wish to improve transatlantic relations, make NATO perform better, and bring Germany back into the position of the U.S. junior partner in Europe, may not be able to deliver on those issues that the U.S. cares most about. Hot issues for American foreign policy are Turkey and its EU membership prospects, Kosovo and the stabilization of the entire Western Balkans, and the democracy-building process in Ukraine and other countries in the Caucasus neighborhood. From the American side, this process is all too often linked to EU-membership perspectives from the American side, and this is where Merkel, given her party's position and resignation about future EU enlargement rounds, will most likely not be able to do much to fulfill American ambitions. A European geo-strategic perspective on these questions still needs to be developed, especially within the CDU/CSU. U.S. foreign policy expectations regarding Ms. Merkel therefore should not be too high. It will rather be a difficult re-balancing act. ■



Post-Election Foreign Policy in Germany

SIMON GREEN

There may be few certainties in election campaigns, but with less than a month to go before the German federal poll on September 18, one conclusion that most observers feel confident to draw is that the current coalition of SPD and Greens under Chancellor Gerhard Schröder is set to lose office. The two most likely alternatives are, first, a coalition between the conservative CDU/CSU and the liberal FDP, or, second, a “Grand Coalition” between the CDU/CSU and the SPD. Either way, the CDU/CSU is almost certain to emerge as the largest party, thereby making its leader, Angela Merkel, Germany’s first woman Chancellor.

While the principal focus of her government is certain to be on domestic matters, especially tackling Germany’s chronic unemployment problem, there is increasing interest abroad in the foreign policy profile a post-Schröder Germany is likely to pursue. What will change, what will stay the same, and in particular, what will a new Chancellor Merkel mean for German-U.S. relations?

The key issue to bear in mind here is that, historically, German foreign policy has been characterized by long-term continuities stretching across changes of government. All the traditional facets of German foreign policy, such as its support for deeper European integration, its preference for diplomacy over military intervention (for instance, in containing Iran’s nuclear ambitions), and its instinctive preference for multilateral initiatives, will therefore remain no matter who wins the election. Indeed, the CDU/CSU’s election manifesto makes quite explicit that its main criticism of the SPD-Green government’s foreign policy lies in matters of implementation, not its overall aims. In essence, therefore, any changes in German foreign policy are likely to be in emphasis rather than substance.

This is particularly the case in by far the two most important areas of German foreign policy: German-U.S. relations and European integration. Merkel and Wolfgang Schäuble, who bears responsibility in her ‘competence team’ for foreign policy, have made their intention of rebuilding links to the Bush administration very clear. Of course, the issues that have strained German-U.S. relations over the past years, especially Iraq, climate change, the International Criminal Court and more recently Iran, will not go away. Indeed, in the area of world trade, a CDU/CSU-led government, which has traditionally enjoyed strong links to farmers, may even complicate the reform of the EU’s Common Agricultural

Policy. On the other hand, Merkel has indicated that a permanent seat on the UN Security Council, which Schröder and his foreign minister Joschka Fischer have pursued energetically, will not be a priority for her government. Ultimately, it is fair to say that real progress on the contentious issues will depend on the outcome of the 2008 U.S. presidential elections. But in the interim, the very fact that a new government will be at the helm in Germany enables a fresh start to be made in these areas.

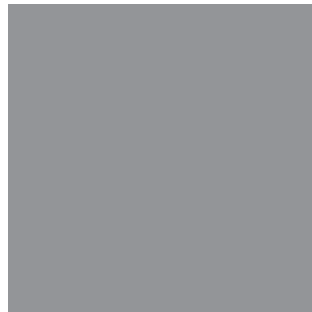
The other main priority of German foreign policy is European integration. Here, a change of emphasis will have a greater impact on outcomes, and Merkel's recent visit to France indicated that the Franco-German relationship is set to become less exclusive under a new government. Germany's relations with smaller member-states, and especially the new central and eastern European members, are certain to be accorded a higher profile, as is its relationship with the UK. The question of Germany's contribution to the EU budget, the highest in absolute terms and a sustained focus of criticism by the CDU/CSU, will also certainly resurface at the next budget summit. But perhaps the most significant change will be over Turkish accession to the EU, which the CDU/CSU resolutely opposes, preferring instead the notion of "privileged partnership." Indeed, the parties' joint election manifesto makes clear that even Romanian and Bulgarian accession, scheduled for 2007, should not be considered a foregone conclusion, although it is difficult to envisage Germany blocking this in practice.

But in light of the imminent failure of the European constitution, the broader question here is whether Germany will in future pursue a more direct interpretation of its national interests within the EU. Connected to that is the question of whether the CDU/CSU will still favor a fully integrated Europe, or whether it will seek a more differentiated pace of integration, or indeed whether a repatriation of certain competencies, as proposed by the Bavarian CSU, is the answer. Whatever its composition, the new government will also struggle in the coming years to maintain its obligations to limit budget deficits under the Stability and Growth Pact.

Elsewhere, the CDU/CSU has been emphasizing that human rights should play a greater role in German-Russian and German-Chinese relations, and the two parties opposed Schröder's attempt to lift the EU's arms embargo to China. However, this position is unlikely to be continued in government, as German commercial interests are simply too great in these areas for human rights to get in the way. Thus especially Russia will continue to be a major partner for Germany. By contrast, Africa has never enjoyed a high level of priority in German foreign or development policy, and Germany was lukewarm in its support of Prime Minister Tony Blair's G8 debt relief initiative. This too is likely to remain the case after September 18.

Yet while any changes to German foreign policy are likely to be primarily cosmetic under a new government, there are three other factors to watch in the coming years. First and foremost, we know very little about what Merkel, who as an eastern German did not undergo the traditional political socialization of CDU politicians, really believes in or wants and how far she will be prepared to go to defend German interests in the tough battles of the European Council. A key factor here will also be the generational change in EU leadership that is about to take place: in France, Germany, and the UK, new political figures are poised to take over the reins of government, which may change the entire constellation of interests within the EU. Second, it must be remembered that coalition politics dictate that the new Foreign Minister will come from a different party, either the FDP or the SPD. For political reasons, he or she will need to demonstrate some substantive independence from Merkel. Lastly, Germany's continued budgetary problems mean that the resources for foreign policy aims, including new peacekeeping operations, are simply not going to be there. ■

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Germany's Foreign Policy Challenges After the Election

WALTER ANDRUSYSZYN

I wouldn't write off Gerhard Schröder just yet. He's a gifted campaigner and Angela Merkel's candidacy raises the politically incorrect question as to whether Germany is ready for a female chancellor. Also, German chancellors tend to stay in office a long time, despite the expansion in the political party landscape to five (in a political system that was designed to accommodate three parties). There is nothing clear-cut about the outcome of this curiously devised election, at least not yet.

Whoever becomes chancellor, the new German leader will face a relatively familiar set of foreign policy challenges, but Germany's ability to show leadership and eventual success in addressing the agenda will have to be demonstrated in the first six to twelve months of the new government. First, we'll discuss the challenges and then we'll return to the timing of its implementation.

LEADERSHIP IN EUROPE

Germany had always been a powerful influence, if not leader, in Europe, but Schröder orchestrated what I still consider to be a mysterious strategic shift to become France's understudy. France enjoyed a bit of glory as Europe's leader a few years back, but within the past year, it has weakened considerably. Maybe it was due to the French public's defeat of the European Constitution or due simply to Chirac's megalomania, but there is no recognizable leader in Europe today. It's a tribute to Germany's postwar diplomacy that many mid-sized and smaller European nations wish for a stronger Germany in Europe.

The European agenda is becoming increasingly important for global affairs. Not only does there need to be a clear European direction on enlargement (Romania, Bulgaria, Turkey, and beyond) but also on global trade issues, and on relations with Russia and China. And certainly, there is a huge vacuum in defining Europe's role in a very changing and unpredictable Middle East. The United States and Europe will not always see eye to eye on many of these issues, but the more effective Europe can be in defining and achieving its goals, with a strong lead country at the helm, the closer the United States and Europe will become. And if Germany can regain its leadership position in Europe, bilateral relations with the United States will improve on their own.

IT'S THE ECONOMY STUPID

Germany is by no means a poor country, but its growth is stagnant and if Germany wants to re-establish a leadership role (which I argue is in America's interest), the new government has to get control of its economy, and quickly. The solution is not a mystery: reduce entitlements, make labor cheaper, promote investment.

THE MIDDLE EAST

Iraq has not gone as well as the Bush Administration (or I) would have liked, but it is in Germany's/ Europe's interest to see the violence end and to see Iraqis make the transition to a normal life. Iraq is not an isolated piece of the Middle East or terrorism jigsaw puzzle, and how Iraq goes over the coming years will have significant influence on the Middle East peace process, Iran, democratization in the region, and the spread of Islamic fundamentalism. Germany needs to take its head out of the sand on Iraq and become part of the solution.

As Foreign Minister, Joschka Fischer did a remarkably good job in carving out a role for Germany in promoting the peace process, and his successor would be well served to follow in Fischer's footsteps. On Iran, Schröder's knee-jerk pacifism (which is not that unpopular in Germany) may spur Tehran to pursue a dangerous course of challenging Europe's resolve on inhibiting Iran's nuclear capabilities. Ultimately, the German chancellor has to leave enough doubt about whether Germany would or would not endorse a military option if it wants the diplomatic track to have the best chance for success (remember again the six to twelve month window after the election).

THE GLOBAL AGENDA

These are what I call time-bomb issues. Since Schröder won in 2002, the German government has given only scant attention to these interrelated and potentially difficult issues for Germany. Included in this grouping are: the institutional prospects for the former states of the Soviet Union from Ukraine to Kazakhstan (should they become members of the EU and NATO?); the growing mobility of people from poorer countries to make their way to Germany/Europe, particularly from the Islamic world, which has clear implications for Germany's ability to combat terrorism; and, finally, the effects of human trafficking and the spread of illnesses. These problems simply are not going away and they demand multilateral attention. Again, the question here is whether Germany will be a follower or a leader.

RELATIONS WITH THE UNITED STATES

Schröder's strategic shift away from the United States in 2002 and the fallout over Iraq has left both countries asking themselves: How do we fix this problem? Regardless of who becomes chancellor, the German leader will strain to patch personal differences and the United States will do its best to smother Germany and German leaders with affection. But, in my view, the key to reestablishing a strong relationship with the United States lies in Germany's hands. If it adopts the leadership role in Europe, ties with the United States will improve naturally despite expected differences over such thorny issues as trade and Iran.

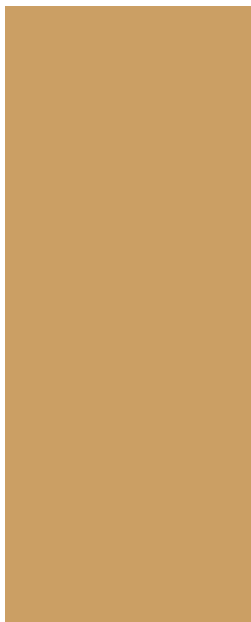
TIMING

As I mentioned before, I believe the new German government has about a six to twelve month window to lay the groundwork for a successful foreign policy agenda. The reasons are that Europe needs it and the countries bordering Germany (minus France) hope Germany can adopt the role that Kohl carved out a decade ago. Secondly, the attention of the Bush Administration will survive for another year or so and then the country will turn its attention to the election of Bush's successor. For Germany to succeed in its agenda, it needs a strong partnership with the United States.

Finally, Germany faces an identity problem. Over the past decade, Germans have put more distance between their guilt and World War II. Schröder deftly nurtured the attitude that the war is finally "behind us." That was inevitable, but at the cost of Germany's identity today. Germany in the postwar era stood for economic brilliance and a model democracy coming to grips with its guilt and reintegrating into a new Europe. That is the past, but it is not clear what Germany stands for today. Without a clear sense of what it stands for and what it wants, Germany is likely to continue drifting along aimlessly, finding it harder and harder to both define its foreign policy agenda and, more importantly, to achieve goals. ■

BLOGS

AICGS Election Blog Excerpts



The campaign begins. . . .

Schröder and Iran: Will 2002 Become a Replay of 2005?: “Schröder's attempt to make Iran a major issue in the campaign (sic) has failed so far. . . .The average German is concerned about social security and joblessness, not about the Middle East.” Ulrich Speck, 18 August 2005.

A Message of Hope: Why Angela Merkel Should Win the Elections: “People have understood that there need to be major changes, and Merkel looks like somebody who could help to shape the transition into something new. Coming from the former communist GDR, Merkel has experienced the complete transformation of a political system. . . .She knows that change is not only something to fear, but also something to hope for.” Ulrich Speck, 22 August 2005.

Is it Over?: “Angie is not Maggie because Germany is much more resistant to change than the United Kingdom. Merkel has her work cut out for her.” Bill Boston, 29 August 2005.

Kirchhof: A Liability for Merkel?: “It has become clear that Schroeder sees Paul Kirchhof as Angela Merkel's Achilles heel. . . .But is it enough to turn things around? Unlikely. Nevertheless, Schröder is succeeding in turning the political debate into a discussion of the discrepancy between rich and poor in Germany and that will ultimately play to the Left's favor.” Bill Boston, 1 September 2005.

Contents – Not the Styling: “Discussion about feminism is boiling at the moment. For the first time there is a female chancellor candidate in Germany. Some say, [the] time has come to elect a female head of government. But a lot of women say, they wouldn't vote for Angela Merkel just because she is a woman. . . . That's the problem with Germans: They haven't yet learned to trust successful women.” Mareike Fallet, 2 September 2005.

The televised debate between Schroeder and Merkel. . . .

Macho Schröder and Artful Merkel: “Schröder didn't act like a gentleman. . . . He behaved like a macho. Maybe. . . this is his only chance: to present Merkel as a woman who has no clue about numbers and economics.” Susanne Schulz, 4 September 2005.

Between Yesterday and Tomorrow: “Merkel appeared more authentic than Schröder, more passionate and interested in the political issues, meanwhile Schröder all too often looked like a senior actor ...who is not really involved in what he is doing.” Ulrich Speck, 5 September 2005.

The Substitute: “For most of us watching the debate in the studio, it appeared that Merkel had scored an unexpected win. But when the results of the poll of TV viewers came in giving Schröder a hands-down victory, many of those present in the studio were more than surprised. It seems that the SPD and CDU share a problem in somewhat different form. Voters clearly prefer Schröder as chancellor, but they reject the SPD. And while voters appear to prefer the CDU, they aren't warming to Merkel.” Bill Boston, 5 September 2005.

Two weeks and counting. . . .

The Great Gambler: Gerhard Schröder's Campaign: “All political observers agree that Schröder is, in the current campaign, even better than he ever was.. . . Schröder has a gut feeling what people want to hear and see.” Ulrich Speck, 9 September 2005.

Lost in Economics: The Language of the Campaign: “The choice German voters have now is between fear and fear. . . . To vote for Schröder means to vote for the maintenance of the status quo. But people know that maintaining the status quo means worsening the situation, as Germany needs...major changes to maintain the level of prosperity and social security it still has. With Merkel, there will be change—but to what degree? And what kind...?. . .Fear against fear—this is the German campaign of 2005.” Ulrich Speck, 10 September 2005.

Last Act Begins: “As the German election campaign opens its final act, the distinct sound of grinding knives seems to be gathering pace just off stage. . . . Should Merkel be forced into a grand coalition with the SPD . . . she would find herself surrounded by people who have a keen interest in seeing her fall. . . . All we know for sure is that the race is more open than at any time in the past few weeks. . . . Everything is pointing towards a grand coalition, but there will be no certainty until after the final curtain call.” Bill Boston, 14 September 2005.

Re-election after the Re-election: “I’m wondering whether Germany [has] bec[o]me a banana republic – do influential politicians think all of a sudden, they could call out for re-election until they like the result? Of course a grand coalition wouldn’t advance our country. But one issue is not difficult to understand: [the] electorate decides and politicians have to accept the vote.” Mareike Fallet, 15 September 2005.

Election day. . . .

“And the Winner is...”: “And the winner is . . . well, there is none. . . . Germany has voted, but for whom? To be continued . . .” Susanne Schulz, 19 September 2005

The Mess: “On the day after the elections, there is not very much that is clear in German politics. Everybody is completely confused – political leaders, political commentators alike. Or even shocked. That’s unusual for a country that hates nothing more than insecurity. . . . To sum up: A complete mess. No stable government in sight.” Ulrich Speck, 19 September 2005.

And stalemate. . . .

Standoff After Election Day: “What we needed urgently is certainty and calmness. Now the situation is as cloudy as before September 18th. . . .” Mareike Fallet, 20 September 2005.

A New Chapter: Perspectives for Germany: “[The] German elections in 2005 mark a further step away from [the] old Bundesrepublik, maybe even the final act. . . . The fact remains that between the objective need of structural reforms and the preparedness of the electors to accept these reforms is a deep gap. It is the task of political leadership to shrink this gap, to propose strategies and to convince people to take the necessary steps. . . . For doing that, they urgently need help from outside: from an informed public debate as well as from experts. . . . What we need now are new concepts, ideas and strategies. The political parties are not capable to deliver that. They need our help.” Ulrich Speck 22 September 2005.

Person or Program: “Do voters decide because of the program or because of persons? What does this unclear election result mean?” Susanne Schulz, 24 September 2005.

Neither Merkel, nor Schröder?: “Power games might be attractive for politicians. But at the moment they are not attractive for Germany at all. . . . Stoiber and Münte? Koch and Steinbrück? Questions like this should normally be answered before election day and not afterwards.” Mareike Fallet, 24 September 2005.

Endgame. . . .

And the Winner is: Merkel (Again): “It's done. Merkel is in, Schröder is out. The price for Merkel's chancellorship is that her program of market oriented reform will not be realized. . . . In a way, Merkel now is in the same position as Schröder has been. Convinced that Germany needs reform, he was confronted with a party who was very reluctant, if not hostile to follow him on this path. This constellation might be what Merkel has to expect now. . . .However, the game is not lost, it has just begun. . . .Again, Merkel has overcome all the resistance. Again, she has won a battle. ‘Never underestimate Merkel’ is a rule that has applied once more. It might become a law.” Ulrich Speck, 10 October 2005.

A Big Chance: “All those politicians who are involved in forming the new government say, what they wanted was a stable coalition, that should outlast the next four years. Hopefully they mean business!” Mareike Fallet, 12 October 2005.



The Bloggers

WILLIAM BOSTON | WWW.WILLIAMBOSTON.COM

William Boston began working as a journalist based in Germany in 1989 with United Press International, AFP-Extel and Reuters. In 1998, he moved to the Wall Street Journal to cover technology and media. He has been a regular contributor to magazines such as *Time*, *Newsweek*, *Fortune*, *US News and World Report*, and newspapers such as the *Wall Street Journal*, *New York Times*, *International Herald Tribune*, *Christian Science Monitor* and others.

MAREIKE FALLET

Mareike Fallet earned her Diploma of Social Sciences in 2003 at the Georg-August-University Göttingen. After attending journalism school in Munich, she began working in 2005 as a free-lance journalist for several renowned German magazines and newspapers such as *Süddeutsche Zeitung Magazine*, *Brigitte Woman*, and *Welt am Sonntag*.

ANDREAS LANGE | WWW.BN2.DE

Andreas Lange is a photographer and designer. After receiving his diploma from Munich's School for Applied Sciences, he worked as a free-lance designer for book design, corporate design and brand development. Recently he started a second career as a photographer.

SUSANNE SCHULZ

Susanne Schulz completed her education with a M.A. in Political Science at the Ludwig-Maximilians University in Munich in 2002. Schulz has written for several German newspapers and magazines, such as the *Süddeutsche Zeitung*, and *manager-magazin.de*. She is also Vice-President of e-politik.de, a non-profit organization that furthers the advancement of the journalistic and political education of young journalists, politicians, and scholars, while seeking to increase independent journalism.

ULRICH SPECK | KOSMOBLOG.BLOGSPOT.COM

Ulrich Speck is a free-lance journalist and blogger based in Germany, writing for *kosmoblog.blogspot.com* and *kosmoblog-english.blogspot.com*. He completed a Ph.D. in Modern History in 1995 at the University of Frankfurt. From 1995-2000 he was a freelance journalist, with his work appearing in such publications as the *Frankfurter Allgemeine Zeitung*, the *Süddeutsche Zeitung*, *Die Zeit*, and on Deutschlandfunk. From 2000-2005 Speck served as an editor at the *Frankfurter Rundschau*. He is the co-editor of several books.

POST ELECTION ANALYSES



Winners are Losers and Losers are Winners: Thoughts on the German Elections of September 18, 2005

ANDREI S. MARKOVITS AND JEREMIAH M. RIEMER

Sunday's hastily scheduled parliamentary election in Germany produced two interrelated paradoxes: First of all, there is the incongruity of the losers calling themselves winners. As soon as the first exit poll results were posted, the two major parties that lost the most votes (compared to the last election in 2002) both declared themselves victors. Each party's leader went on television asserting a rightful claim to head Berlin's next government. Two smaller parties that dramatically improved their standing in the polls, however, are almost certain to be excluded from power.

Chancellor Gerhard Schröder's center-left Social Democrats (SPD) and opposition leader Angela Merkel's Christian Democrats (the CDU, in alliance with its Bavarian sister party CSU) each received around 3-4 percent fewer votes than they did four years ago. Yet Schröder made a triumphant appearance before a cheering throng of supporters and boasted that, because his badly divided party had beaten the odds laid down by a nay-saying media, he deserved to remain in office. Merkel, meanwhile, said that even though her lackluster campaign produced one of the worst electoral results in the CDU's history, her tiny lead over the SPD (a little above 35 percent compared to Schröder's 34 percent plus) entitled her to the mantle of leadership.

The free market-oriented party with which Merkel had hoped to form a new governing coalition, the liberal Free Democrats (FDP), achieved a rare double-digit showing at 10 percent of the vote. Yet, in spite of Schröder's implicit invitation to the Liberals to join his dwindling Red-Green government and form a new majority in what would be Germany's first "traffic light coalition" (adding the FDP's yellow to the current center-left color combination), this middle class party will remain in opposition because of its campaign pledge to stick with the other "bourgeois" party, the CDU. Another small electoral group simply called the "Left" party also did well on Sunday. This socialist alliance cobbled together from former East German Communists and western protest voters who bolted from the SPD to oppose Chancellor Schröder's last-minute social welfare reforms, scored an impressive 8.5 percent of the vote. This put them slightly ahead of the SPD's junior partner the Greens. While a hard-left "Red-Red-Green" governing alliance is a numerical possibility, Schröder ruled it out.

And so the only plausible outcome of this election (apart from the highly unlikely “Jamaica” coalition of clerical-black Christian Democrats, “yellow” Free Democrats, and Greens) is a Grand Coalition of the poll’s two losers—the SPD and CDU.

The second paradox of this election is that everybody is talking about moving Germany forward, but both the parties and their voters have done nothing except guarantee stalemate. Schröder called the election because he was losing support from voters and his party’s left wing as he attempted to introduce some belated reforms in Germany’s labor markets. He now claims victory because he prevented the Christian Democrats from forming a government with the “neo-liberal” Free Democrats that would take these reforms even further. Angela Merkel claims the same because she “ended Red-Green.”

Blocking some feared outcome rather than supporting a new governing agenda has also been more important to the electorate. Surveys show that many voters who only a month ago were expected to give Angela Merkel a clear mandate abandoned her because the CDU sent them mixed signals about how much tax reform and social sacrifice they were expected to bear. A coalition of the anxious—eastern German voters still unaccustomed to capitalism, unreconstructed western German leftists, and some trade union activists—drained support from Schröder’s half-hearted attempt at “shaping globalization in a social-minded way.” Middle-class anxiety also played a part: the FDP, the victorious party now stuck without a viable governing partner, got a final surge of support from voters who wanted to prevent the Grand Coalition they are now almost certain to get.

Four decades ago, postwar Germany’s only other Grand Coalition ushered in an era of expansive domestic reforms and much-needed innovations in foreign policy. In the 1960s, the heyday of Keynesian economics, reform meant giving a strong executive the power to “fine-tune” the economy with the cooperation of corporate and labor leaders who believed in planning for a mixed economy. Having both major political parties in power gave business leaders the political cover they needed to accept more government intervention in fiscal policy, and trade unions the respect they wanted in order to accept productivity-oriented wage bargaining. Today, “reform” means trimming the welfare state that an earlier era ushered in, and most commentators in Germany believe that a coalition of Sunday’s losers will only strengthen the same veto groups who created stalemate at the polls. ■



No Winner, but a Number of Messages

SASCHA MÜLLER-KRAENNER

Last Sunday's elections in Germany might not have produced a winner, but they have produced results. The Red-Green government has lost its majority, Merkel's "it's the economy only" approach to societal reform has been rejected, and traditional coalition patterns are being shaken up.

Germany's governing coalition of Social Democrats and Greens has failed the task of reforming Germany's economy and social system. Some important steps, like introducing private saving schemes into the pension system or making the labor market more flexible, were taken. However, the two main problems of Germany's economy remain: eastern Germany still has not developed a self-sustaining economic base, and unemployment remains at a record high.

However, Merkel's proposal to trigger an economic revival with business tax cuts, privatization of parts of the social security system, and broad deregulation of social and environmental standards, has failed to convince the voters. Most German voters obviously neither like the medicine nor think that it will work. It would be wrong to conclude that Germans have not yet suffered enough to accept "the necessary reforms." Voters just seriously doubt that a reform package that only addresses macroeconomic factors and ignores a broader social agenda would produce any satisfying results.

In the coming weeks or months, the Christian Democratic Union can be expected to do a lot of soul-searching. In 2002, the CDU lost because its candidate for the federal chancellorship, Edmund Stoiber, had not realized how profoundly the Red-Green social, liberal, and environmental agenda had transformed the self perception of the German citizenry. Schröder was featured as "a modern chancellor for a modern country." This is what people wanted to hear. Stoiber promised a way back to the good old times. Most voters did not agree that these times had been that good at all. In 2005, however, Merkel tried to embrace a more modern image. The duo of Merkel and Westerwelle in itself, a woman and a gay man at the top of the ticket, symbolized a more modern conservatism. Merkel therefore did not lose on the "value question" but on her unconvincing economic platform. What people missed was a stronger emphasis on a number of seemingly weak, but still important, factors in her economic reform package, for example: flexible working hours, especially for women with children;

a stronger emphasis on day care and after school programs, and more money for higher education; and the economic potential of environmental technologies like Germany's booming wind farms.

Now that the voters have spoken, Germany's politicians face a puzzling multitude of possibilities to form a working government coalition. The most likely options are either a "grand coalition" of Social Democrats and Christian Democrats, an extension of the current Red-Green government to include the market-liberal Free Democratic Party (as the FDP's color is yellow, this would be dubbed a "traffic light coalition"), or the totally novel idea of a "Jamaica coalition" (Christian Democrats + Free Democrats + Greens, resembling the colors of the Jamaican flag). Whatever the outcome of this big poker game, the traditional party system of Germany has been fundamentally shaken. For the first time since 1949, neither the Center-Right nor the Center-Left can form a majority alone. On the other hand, all parties have gained additional flexibility and a number of new strategic options. The Free Democrats have to assess their traditional loyalty to the conservative Christian Democrats and to rediscover their more liberal and civil rights traditions. For the first time in history, Christian Democrats and Greens will seriously talk—not only about what separates them but what might bring them together. Protecting the environment can be defined as a conservative issue. On the economy, the Greens have acquired an image as the "fiscally conservative" part and the "reform motor" of the current government. Even if a Black-Green coalition with support by the Free Democrats cannot be hammered out and traditional contradictions on issues like immigration and civil rights prevail, this constellation might become a real possibility for the future development of both parties. ■

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Jump-Starting the German Economy

JOHN STARRELS

The outcome of Germany's election last month remains in doubt. The need for economic reform—no matter who ultimately takes control in Berlin—is not in doubt. A successful reform strategy for the Federal Republic of Germany will redound not only to the benefit of its own citizens, but the global economy as a whole. Where should Germany begin?

There is an irony to today's so-called "German" economic problem. The irony derives from the fact that until the early 1990s, German economic prowess was the envy of its neighbors. Indeed, former Chancellor Helmut Schmidt was not above lecturing the United States on its alleged and real economic weaknesses. But Germany's situation has changed, largely for the worse over the past fifteen years since unification. While unemployment has increased, economic growth has declined; projections by the International Monetary Fund (IMF) predict a mere 1 percent growth in Germany's gross national product for this year, with the prospect of a bit more in 2006. To be sure, Germany's fiscal accounts are no worse than a number of other G-7 countries, but they are nevertheless a cause for concern. And what was once considered to be Europe's most dynamic labor market has increasingly become a major cause of worry for its coming generation of workers who are justified in wondering whether there will be enough employment to go around. Based on present trends, there will not be.

So what can Germany do to improve its short term economic prospects? The problem—both economic and political—is that little can be done to immediately improve Germany's economic prospects. Why? Because most of its problems are deeply imbedded within German social, economic, and political institutions. For one key example: unlike the United States, and to a lesser extent Great Britain, Germany's political commitment to a generous social welfare state—perhaps not cradle-to-grave security, but compared with the United States, for example, it comes pretty close—remains surprisingly strong in the midst of flagging growth and even as "the revenue base of the public sector is eroding," reports the IMF. Some progress has been made in making Germany's labor market more flexible and responsive to market signals. Compared with Margaret Thatcher, the Schröder government's efforts to tighten the country's generous unemployment compensation system appear relatively tame, but they have begun to bear fruit. The next major step on this front, according to the

IMF, is to put in place a more effective “welfare-to-work program” that, over time, will provide sufficient incentives to clear the labor market. “If able-bodied participants are unwilling to work, [unemployment] benefits should be reduced further,” argues the IMF. Even if the most ambitious steps on this front were taken today, however, the envisioned, likely beneficial results would not be immediately apparent. Experts disagree among themselves on the exact nature of Germany’s economic malaise. They all appear to agree on the general proposition, however, that Germany’s medium-to-long term salvation will only be achieved through a bold, well thought-out program of fiscal consolidation and labor market reform.

But does Germany have enough time to enact all of these necessary steps? Yes. It does, first of all, because the Federal Republic remains a very affluent country girded by a well-run bureaucracy and highly functional—and popularly accepted—political institutions. There is substantial unease today in Germany over stagnant economic conditions, even as a substantial gulf divides the public about how to address them. But there appears to be little popular support for short term, demagogic solutions to those problems. This is largely because the material conditions of most Germans today remain comfortable: complacency may be an enemy of reform, but relative complacency also provides policy makers with precious time to enact well-conceived, ameliorative policies to address those problems. The other major reason why Germany has enough time to undertake serious, longer-term, reform is that conditions in the rest of the global economy—unlike the dreaded 1930s—are, relatively speaking, congenial. Germans may save too much and purchase too little: luckily for its exporters, the external market for German goods remains healthy.

Germany’s future economic challenge, then, is two-fold: to move forward on the domestic reform front as quickly yet as judiciously as possible; and to make sure that such domestic efforts complement and reinforce Germany’s obligations to maintaining a healthy, open, global economy whose continued prosperity is key to everyone’s future prosperity, including Germany’s. ■

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About the Authors

WALTER ANDRUSYSZYN

Walter Andrusyszyn is former Director for Central and Northern Europe at the National Security Council of the White House and is currently Manager for Business Development in Europe for Plastipak Packaging s.r.o.

KLAUS-DIETER FRANKENBERGER

Klaus-Dieter Frankenberger is International Editor at the *Frankfurter Allgemeine Zeitung*.

SIMON GREEN

Simon Green is Lecturer in German Politics, Institute for German Studies, University of Birmingham, United Kingdom.

ULRIKE GUÉROT

Ulrike Guérot is Senior Transatlantic Fellow, Europe, at the German Marshall Fund of the United States.

KARL-RUDOLF KORTE

Karl-Rudolf Korte is Professor of Political Science at the University of Duisburg-Essen.

CLAUS LEGGEWIE

Claus Leggewie is Professor of Political Science at the University of Gießen.

JOHANN LEGNER

Johann Legner is the deputy chief editor of the Cottbus daily newspaper *Lausitzer Rundschau*. He served as the spokesman of the Commissioner for the Stasi Files from 1996-2000.

ANDREI S. MARKOVITS

Andrei S. Markovits is Karl W. Deutsch Collegiate Professor of Comparative Politics and German Studies at the University of Michigan.

SASCHA MÜLLER-KRAENNER

Sascha Müller-Kraenner is Director for Europe and North America at the Heinrich Böll Foundation, Berlin. He was also a 2005 Yale World Fellow.

JEREMIAH M. RIEMER

Jeremiah M. Riemer is a translator who has taught comparative politics in the United States and Germany.

JOHN STARRELS

John Starrels is a Senior Fellow at AICGS, and was formerly a senior member of the International Monetary Fund's External Relations Department.

CHRISTIAN TUSCHHOFF

Christian Tuschhoff is a Visiting Associate Professor in the Political Science Department of Emory University, Atlanta, Georgia.

CREATIVE: DESIGN ARMY
PHOTOGRAPHY: ANDREAS LANGE

AICGS

1755 Massachusetts Avenue NW
Suite 700
Washington, DC 20036
T (+1-202) 332-9312
F (+1-202) 265-9531
www.aicgs.org

AMERICAN INSTITUTE
FOR CONTEMPORARY
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