

نحن لا ننهز إلا بالعمل الذي نعجز عن إتيانه،  
أو بالشخص الذي لا نستطيع أن نكون في قدرته  
(أحمد رجب)

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*We are dazzled only by tasks we are unable to accomplish, or by people whose abilities we cannot match.*

Ahmad Ragab  
(Egyptian satirist)

# Opinion 2021

**TOMORROW**  
Laurence Tubiana on  
Europe's time to shine  
as global climate  
diplomacy heats up.

## Germany's post-Merkel checklist

In 2022, Germany will adjust to being governed by its first new chancellor in more than 16 years. But that does not mean the era of Angela Merkel is over. Germans — and Europeans — will live with her legacy and, though she was almost universally praised as a steadfast leader, history may ultimately not be so kind to her.

At a time when the world is undergoing rapid, fundamental change, both Germany and Europe have failed to chart a decisive new course. Although Merkel averted multiple catastrophes, her caution may have exacerbated many other problems, such as the Greek financial crisis. Moreover, many slow-moving crises — such as Germany's demographic challenge, technological stagnation, climate change and rising inequality — were left to fester.

To be sure, future historians will emphasize Merkel's reliable crisis management, her cautious leadership style and her habit of listening to all sides before making decisions. Yet, with hindsight, it will also be clear that she was a kind of queen in a kingdom of the blind. At a time when Europe was beset by one emergency after another, she stood out not for her own foresight, but by dint of the lack of leadership around her.

Merkel was no political visionary. Having begun her chancellorship after just barely defeating former Social Democratic Chancellor Gerhard Schroeder, she never attempted the drastic liberalizing reforms that she and the Christian Democratic Union had promised in their 2005 election campaign. Whether the result of electoral calculus or a true lack of ideological commitment, strategic ambition would be sorely missing from the rest of her political career.

The same can be said for her role within Europe. Although hailed as the consummate European, her approach to crisis management often revealed a lack of EU solidarity. She frequently made unilateral decisions without consulting or involving allies, such as when she swore off nuclear energy or supported Nord Stream 2, the Russia-to-Germany gas pipeline that bypasses Poland and Ukraine. Moreover, in the various eurozone crises, Merkel did the bare minimum to keep the EU intact, eschewing the kind of changes needed to put the bloc on a more stable and egalitarian footing.

In many ways, her solid-but-visionless leadership represented a continuation of a paradox that has been prevalent throughout the postwar period. The country has long preferred nonthreatening leadership of the kind expressed in Konrad Adenauer's famous election slogan, "No experiments" (or Merkel's "You know me"). The alternative, as Germans see it, is to invite political risk-taking à la French President Emmanuel Macron or the brinkmanship exhibited by British Prime Minister David Cameron when he allowed the Brexit referendum.

Although Germany craves progress and recognizes the need for reforms, it shuns bold change. The chancellorships of Adenauer, Helmut Kohl and Merkel (who together governed for a total of 46 years) embodied Germans' yearning for political stability, deeply ingrained after the tumult of the 1910-1950 period. The less risk-averse postwar chancellors, like Willy Brandt and Schroeder, barely made it beyond one term.

The upshot is a country incapable of sustaining a program of long-term reform. "If it isn't broken, don't fix it" sums up the prevalent attitude. When the need for a shift in direction becomes overwhelming, Germans follow the principle enunciated by Tancredi Falconeri in Giuseppe Tomasi di Lampedusa's novel "The Leopard": "If we want things to stay as they are, things will have to change."

Indeed, Germany's political center believes that it already lives in the best of all possible worlds. This attitude, expressed as a combination of collective denial and inertia, is maintained by the country's federalism (a complex balance between the central government and those of the 16 states, which vary substantially in size and economic output) and by a system of public administration that has yet to catch up to the 21st century.

Notwithstanding the tendency toward stasis, Germany did make some progress under Merkel. During her leadership, the headline unemployment rate declined from more than 11 percent in 2005 to just over 3 percent in 2019. While some of that was the result of the Schroeder-initiated Hartz IV labor-market reforms, Merkel



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successfully oversaw a tightening labor market and growth above that of many of Germany's European peers (though still below that of the US).

And yet, the overall growth and unemployment figures hide a darker picture. In Germany today, one in five children grows up in poverty. Social mobility is among the lowest in the Organization for Economic Cooperation and Development. And inequality has grown, such that 10 percent of the population now possesses 56 percent of the wealth, whereas the bottom half owns only 1.3 percent.

On the international front, Germany has exported harmful austerity policies throughout the EU, hampering growth and reducing living standards in much of southern Europe.

At home, Germany has failed to prepare for the future. According to the OECD's digitalization index, the country lags behind many of its peers. Public investment also trails other European countries, which helps to explain why Germany's per capita carbon dioxide emissions remain stubbornly high. And Germany's world-leading trade surplus has resulted in dramatic macroeconomic imbalances, potentially



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imperiling the already fragile eurozone and indirectly endangering Germany's own long-term economic interests.

Germany thus suffers from "Reformstau," a serious backlog of measures that either face long implementation delays or have yet to be enacted. The problem is visible not only in public administration and digitalization, but also in climate action, infrastructure, education and social care. Reforms in all these fields have been held back not because of a lack of financing — Germany consistently ran a budget surplus prior to COVID-19 and can still borrow at negative rates — but because of a lack of political will to challenge established interests and entrenched ideologies.

The country is in urgent need of forward-looking, strategic policymaking. The new government must bring an updated leadership style to shake the country from its self-satisfied complacency. It must invest in digitalization and climate action, stabilize the eurozone by supporting greater investment in EU debtor states, and develop a coherent

foreign policy in conjunction with its European partners.

It won't be easy. Greater spending on climate action, digitalization and social care will run into barriers from the so-called debt brake (balanced budget requirement). But these rules can be revised and adapted

to allow for greater investment. Similarly, while a more flexible eurozone policy will face political headwinds, the German Federal Ministry of Finance has already shown that joint EU debt is possible under the right circumstances.

Finally, developing a cohesive foreign policy within the EU will always be difficult, especially when it involves substantially greater defense spending. However, rising international tensions leave no choice but to devote more attention to the world outside of Europe.

The next German government must show that it is willing to tackle these challenges head-on. The alternative is yet another term of stagnation, which neither Germany nor Europe can afford.

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