

EU challenge for new German Chancellor

Angela Merkel's greatest challenge will be to rekindle Europe's spirit.

Michael Naumann

GRANTED, SHE is no Margaret Thatcher. But Angela Merkel is the first woman Chancellor in German history, and there are some similarities. While Ms. Thatcher's route to the top was paved with true ideological enemies such as miners' union leader Arthur Scargill, Ms. Merkel quietly pushed aside good friends.

Rumour has it that she will hang a painting of Catherine the Great in her office in the Berlin chancellery. That cruel tsarina remained an exotic exception in Russia's violent history, whereas Ms. Merkel, married and a physicist by training, is anything but exotic. Her public demeanour, a curious mixture of almost ironic detachment and an obvious abhorrence of the mutual back-slapping typical of her male competitors, has defined her political image to her detriment. In the run-up to the recent election she took her party, the conservative CDU, from a 44 per cent poll rating in May to a miserable 35 per cent in September, with the Social Democrats behind by just 1 per cent. The reason for that slide was obvious: her unemotional, uncharismatic style did not click with the German people. They may have been weary after seven years of Gerhard Schroeder, and tired of his demanding social-welfare reforms, but they did not fall in love with Ms. Merkel's ill-advised suggestion of a flat tax. If the election campaign had lasted another week, Mr. Schroeder might have won it — and he certainly thought he deserved to, as he made clear to Ms. Merkel in a memorable TV confrontation after the count.

Yet Ms. Merkel remained cool. Above all other qualities, that is her real strength: looking at Berlin's political landscape and its quarrelsome natives as if it were a small laboratory set-up, populated by creatures easily managed by a regime of sanctions and rewards. It was the colossus himself, Helmut Kohl, who discovered the political talent of Ms. Merkel in 1991 among those young people who brought down East Germany's communist regime. He made her his Minister for the Environment and called her *Mein Madchen* (my girl): the greatest mistake of his life. It was Ms. Merkel who, almost single-handedly, removed Mr. Kohl from the leadership of his party after the election defeat of 1998, after it became known that he had illegally accepted anonymous party donations. It was a Shakespearean performance. Her male rivals kept telling each other and the press not to underestimate her ambition, while underestimating it themselves, and blocking each other on their way to fill a power vacuum created by Ms. Merkel's machinations.

Now that she has established herself as the queen bee of Germany in a grand coal-



Angela Merkel ...chance to make a mark. — PHOTO: AP

tion with the Social Democrats, she faces four challenges: first, to live up to her own election promises; second, to stifle her Cabinet members on the Left and their voters' desire for the preservation of the welfare state; third, budgetary stability in times of unemployment; and fourth, the bleak situation of East Germany, which is bleeding its young people into the west and continues to slide into a sad state of hopelessness.

Fiscal themes

Ms. Merkel ran on fiscal themes: balancing the budget and reforming the tax laws, which are the most complicated in the world. She will, however, suffer from a budget deficit of approximately Euro 35 billion. Her decision to raise sales tax by three points to the continental average of 19 per

cent by 2007 is unlikely to induce increased domestic consumption. The habitually pessimistic Germans will continue to fund their already overflowing savings accounts. Raising taxes for those on higher incomes did not amuse her conservative voters either: they see it as a populist move, which indeed it is.

The Social Democrats in her coalition government want to reform the health service, which is the second most expensive in the world (after the U.S.), amounting to about 13 per cent of GDP. So does Ms. Merkel.

However, her own party is divided over the issue. This is the designated breaking point of her coalition.

As to remedies for East Germany, the members of the new cabinet seem to be as helpless as the old one. What is to be done

about a former communist state, which has swallowed no less than Euro 1,300 billion since 1991 in federal subsidies designed to transform the new Lander with their 13.4 million people, dramatic demographic decline and unemployment rate of 18.4 per cent? One of Ms. Merkel's competitors, the governor of Lower Saxony, Christian Wulff, openly admits: "We don't know how to change this."

On the other hand Germany, declared half dead during the Schroeder years by neoliberals, continues to attract heavy foreign investment and lead the exporting nations of the world, its industry having adapted surprisingly well to the challenges of globalisation. Mr. Schroeder has spent much time promoting German exports. His personal friendship with Vladimir Putin may have blinded him on issues of human rights in Russia; on the other hand, Mr. Schroeder led German troops into their first combat since 1945 to stop Serbian atrocities in Kosovo. German soldiers are stationed in Afghanistan, and thus Atlantic relations are not altogether ruined by the rift between George W. Bush and the departing Chancellor.

Foreign policy

Ms. Merkel's foreign policy views are as yet vague and unadulterated by experience. She does not speak English well, nor French, unlike most of her political peers. Her political and cultural socialisation took place behind the iron curtain. While Mr. Schroeder's English grew under pressure, her knowledge of Russian will not be needed as Mr. Putin speaks fluent German. She will attend her first meetings with Europe's leaders with the same attitude that defined her career to the top: listening quietly, exposing an almost meek side of herself. In reality she is anything but meek, as some political heavyweights she shouldered out of the way have learned. But her biggest challenge is rekindling the European spirit after Britain's miserable presidency and amid France's continuing self-absorption, and this gives her a chance of making a mark in history besides being Germany's first woman leader.

What has not really sunk in among her voters in the western part of the country, though, is the fact that she is from East Germany.

She was an ardent member of a communist youth organisation and has no idea who won the World Cup in 1966, with a goal that did not cross the line. Geoff Hurst means nothing to her. That, come to think of it, remains an unsettling aspect of Angela Merkel — considering that her nation will host the World Cup next year. — ©Guardian Newspapers Limited 2005

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THE HINDU

25 NOV 2005

Germany gets first woman Chancellor

Tony Paterson in Berlin

Nov. 22. — Ms Angela Merkel, a child of former East Germany's Communist era, was elected as her country's first woman Chancellor today as she took the helm of a controversial grand coalition government that faces the



Ms Angela Merkel now faces the tough job of turning around Europe's biggest but faltering economy. — AFP

intractable task of reviving Europe's largest economy.

During a parliamentary session that ended months of uncertainty about Germany's political future, the 51-year-old conservative leader was elected her

country's eighth chancellor since the Second World War by 397 votes to 202 with 12 abstentions.

But, in what appeared to be a foretaste of the difficulties that lay ahead for her cross-party government of conservatives and centre-left Social Democrats, 51 MPs in her 448-member grand coalition voted against Ms Merkel in a secret ballot.

Ms Merkel, whose party failed to win a big enough majority to govern on its own or with its preferred coalition partners in Germany's inconclusive 18 September general election, looked overwhelmed as she was confirmed as Chancellor.

Mr Norbert Lammert, Germany's parliamentary president declared: "Dear Ms Merkel, you are the first democratically elected woman head of government in Germany. That is a strong signal for women and certainly for some men too." Her predecessor, Mr Gerhard Schroeder, was one of the first to congratulate her on her election. "I accept the outcome of the vote. I feel good," Ms Merkel told the outgoing Chancellor.

Today's vote was a remarkable personal tri-

umph for Ms Merkel, whose political career began 15 years ago when she was given the job of spokeswoman for former East Germany's first democratically elected government. She was brought up under Communism and only joined the conservative Christian Democrats after reunification in 1990.

Ms Merkel's election as Chancellor followed months of fraught negotiations between Germany's two main parties over the policies to be adopted by their grand coalition. Critics have described the alliance, under which Ms Merkel was forced to jettison many of her key conservative policies, as a "forced marriage".

She has been obliged to hand over several key Cabinet posts, including the foreign ministry, to Social Democrats. On foreign policy, critics have cast doubt on her ability to bring about a sea change in Germany's troubled ties with the USA, given the strong Social Democrat presence in her Cabinet. In an effort to show that Germany is "back in business", Ms Merkel would embark on a whistle-stop tour of European capitals tomorrow. — **The Independent**

Germany gets a woman leader

REUTERS
Berlin, November 22

ANGELA MERKEL was elected Germany's first woman chancellor on Tuesday in a parliamentary vote that ends months of uncertainty and ushers in a fragile new government with the task of reviving Europe's largest economy.

Merkel, leader of the conservative Christian Democrats (CDU), won 397 votes in the 614-seat Bundestag, the lower house of parliament, easily securing the majority she needed to become Germany's eighth post-war chancellor and the first to have grown up in the former communist east. Her predecessor Gerhard Schroeder was the first to congratulate a smiling Merkel after parliamentary speaker Norbert Lammert announced the result to a hushed chamber.

"Dear Dr Merkel, you are now the first ever elected female head of government in Germany. That is a strong signal for many women, and certainly for some men too," Lammert said to laughter. Merkel and her cross-party cabinet of conservatives and Social Democrats (SPD) will be sworn in later on Tuesday, formally taking over from the SPD-Greens government that Schroeder has led for the past seven years. Merkel's confirmation as chancellor comes two months after her conservatives narrowly beat Schroeder's party in a general election she had been expected to win easily.

The result left the 51-year-old pastor's daughter with no choice but to form a coalition with her long-time rivals. During tough month-long coalition negotiations, Merkel had to abandon her plans for a shake-up of

the German social welfare system.

Her government is vowing to repair relations with Washington, strained by Schroeder's opposition to the US-led war in Iraq.

It has also promised to revive the economy, once Europe's motor but now one of the more sluggish in the 25-nation EU, and cut unemployment that hit post-war highs under Schroeder.

She must hope that the central plank of her coalition programme — an agreement to bring the budget deficit back within EU borrowing limits by 2007 through higher sales taxes — will not hinder growth by cramping consumer spending.

Not good, not bad

With 397 votes, Merkel won more support than any previous chancellor, but 51 of the 448 members of parliament from her coalition chose not to support her. "It's not a very good result, but also not a bad one either. I would have preferred if it had been 401, but it's a good start," said Thomas De Maiziere, who will be Merkel's Chancellery chief.

Merkel represents a break in style from the flamboyant Schroeder, who favoured Italian suits and fat cigars. Her sober, low-key approach has been mocked in the German media, but some commentators say it is tailor-made for her new coalition, which bridges right and left and will require delicate management. Like her political mentor, former Chancellor Helmut Kohl, Merkel has been underestimated throughout her career. That helped her push aside rivals in her male-dominated, heavily Catholic CDU and may work to her advantage again.

German parties agree on "grand coalition"

Left-wingers angry over trade-off over tax rises

Germany
10-12
18/11



COBBLING TOGETHER A COALITION: German Chancellor-designate Angela Merkel (second left) of the Christian Democrats, chairman of the party Franz Muntefering (second right), chairman of the Christian Social Union Edmund Stoiber (left), and designated chairman of the Social Democrats Matthias Platzeck, brief the media on the completed coalition talks in Berlin on Friday. — PHOTO: AP

Luke Harding

BERLIN: Germany moved into a new political era on Friday night as the country's two biggest parties reached a historic deal to form a Left-Right "grand coalition". Angela Merkel's conservatives and the Social Democrats emerged from negotiations with a 130-page coalition agreement that would form the basis of Germany's new bipartisan government.

The deal appears to end almost two months of political crisis in Germany, Europe's biggest economy, and ensures that Ms. Merkel will become the country's first woman Chancellor.

But there was criticism of the coalition's plans, especially over tax. Trade unions, pensioners' groups and business leaders condemned the coalition's apparent decision to increase VAT from 16 per cent to 19 per cent — one of a series of austerity measures designed to plug the Euros

35-billion hole in public finances.

"We told people during the election campaign that we would not put up VAT. We are now doing the opposite," said Bernd Becker, a political scientist and SPD activist. "It's a betrayal and it's wrong. As an SPD party member I am really disappointed."

Commitments

"This is poison for the economy," Dieter Hundt, president of Germany's employers' association, told *Die Welt* newspaper. The new Government had made a "100 per cent false start", he said. Ms. Merkel's Christian Democrats (CDU) and Gerhard Schroeder's Social Democrats both failed to win September's general election — forcing their parties to begin negotiations three weeks ago over the first grand coalition since the 1960s.

Both parties have been forced to dump many manifesto commitments. Leaks from the talks

• **Historic deal of Left-Right coalition**

• **130-page document as the basis of governance**

• **A false start, say critics**

• **Merkel to replace Schroeder on Nov. 22**

suggest the SPD has abandoned its opposition to a VAT increase — supporting a rise from January 1, 2007. In return, the party has demanded a new tax on the rich — something the CDU has resisted. Other areas to cause disagreement include reforms to the labour market and atomic energy.

The negotiations have been complicated by an internal SPD power struggle — which saw the party's chairman, Franz Muntefering, resign and replaced by Matthias Platzeck (51), an east

German whose biography is similar to Ms. Merkel's. However, Friday night's negotiators said a deal was "99 per cent complete".

Grassroots party members are expected to back the binding coalition "contract" despite grumblings by many within the SPD. Ms. Merkel will then replace Mr. Schroeder as Chancellor on November 22.

On Friday, opinions were divided on whether the coalition would be able to steer Germany out of its economic mess or agree on crucial reforms on tax, pensions and social security.

"The criticism so far has not been justified," said Dr. Gustav Horn, director of Berlin's Institute for Macro-Economic Policy. "What we have in Germany is a deep crisis of confidence in the political process. Politicians have done everything they can to justify this mistrust. But I see slightly better times ahead."

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First Frau: Merkel to be Chancellor

Berlin, Oct. 10 (Reuters): Conservative Angela Merkel will become Germany's first woman Chancellor under a deal agreed today that forces Gerhard Schroeder out of power but gives his party great influence over the pace of economic reform.

The coalition deal breaks a political deadlock that has gripped the country since Germans gave Merkel's conservatives a narrow victory in a September 18 election but too few votes to form a government with her reform-minded liberal allies.

Merkel, a strong advocate of shaking up the German economy with reforms of the labour market and tax system, will take the reins of a government loaded with Social Democrat (SPD) rivals that oppose her policies and will be keen to curtail her plans.

As part of the agreement, the SPD secured many top portfolios, including the foreign, finance, justice and labour ministries, party officials said.

Merkel's Christian Democrats (CDU) and their Christian Social Union (CSU) allies were

SPD chief Franz Muenterfering said his party had struck a good deal, but could not hide disappointment at having to ditch Schroeder and join a government under Merkel. When asked what qualified Merkel to succeed Schroeder, he replied: "She is head of the CDU/CSU. That is for them to explain."

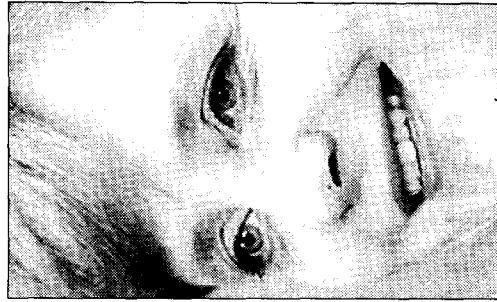
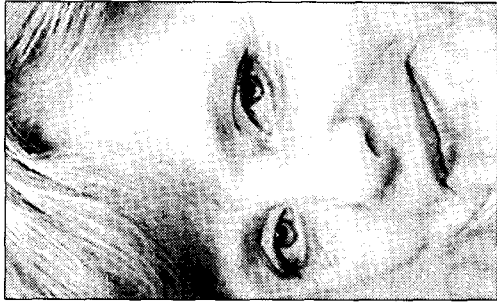
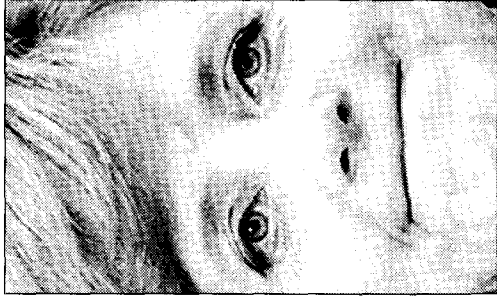
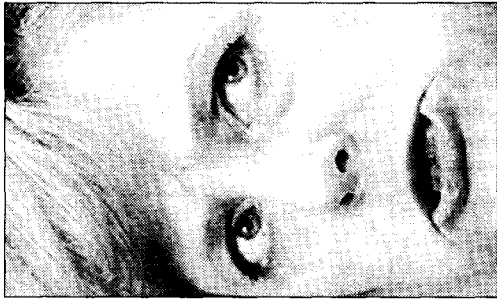
Merkel has argued an easing of firing rules and a cut in payroll costs were necessary to ease unemployment and boost the German economy, which has one of the weakest growth rates in the 26-nation European Union.

But signs were already emerging today that Merkel had agreed to water down her policies to secure the top post.

SPD sources said unions would retain the right to negotiate sector-wide wage deals under a new government — a right Merkel opposes.

"Merkel is going to be the chancellor," said Lionel Oster, head of European government bonds at F&C Asset Management. "The fear we have is that she might have given up too much" in order to secure the job.

HOW THE SNARL TURNED INTO A SMILE



Angela Merkel at a news conference at her party's headquarters in Berlin on Monday. (AFP)

left with the economy, interior and defence portfolios. Apart from CSU chief Edmund Stoiber, who is taking over as economy and technology minister, the names of the ministers will not become known for days or weeks.

"There's no doubt we will see a watering down of Merkel's programme," said

— a grouping which some experts fear could collapse after a few years and increase the voice of smaller fringe parties.

German media have likened Merkel to former British Prime Minister Margaret Thatcher, calling her the "Iron Maedchen" and "Maggie Merkel".

Katinka Barysch, chief economist at the London-based Centre for European Reform. "When you look at the breakdown of the cabinet, it is clear that she will need a lot of skills to keep this government together."

The rival parties hope to finalise the shape of a new government by November 12, said Merkel, 51, who grew up in the former communist east. Schroeder, 61, who had ini-

tionally refused to relinquish his hold on the chancellery, will take part in those talks, although he is not expected to play a role in the new government. He did not appear publicly today, but was seen rubbing his eyes and looking out the windows of the home which he will leave after seven years in power.

Germany's political uncertainties

The future of the Federal Republic of Germany under a coalition regime in which the country's principal rivals – the Christian Democrat Union (with its Bavarian arm, the Christian Social Union) and the Social Democrat Party – share power is as much clouded in uncertainty as the future of Europe is in the wake of the French and Dutch rejection of the constitution. Politically, the big challenge for German as well as European leaders will be winning popular legitimacy for difficult economic reforms they are committed to pushing through, despite the costs involved. The uniquely German deal – whereby the marginally vanquished have agreed to cohabit in government with the not-quite victors for the second time since 1949 – that broke the stalemate produced by the September 18 election could not have been delayed any further. The emergence of Angela Merkel as the country's first woman Chancellor and first head of government from the East is a major indication that the provinces facing the political and economic challenges of reunification are catching up with the rest of the federation. The need for Germany to stay competitive and Ms. Merkel's familiarity with the issues of the region offer the possibility of deepened engagement with the economies of the new European Union members. However, the compulsions of welding together a coalition with the SPD – the junior partner that has cornered eight of the portfolios, including the key Foreign, Finance, Justice, and Labour – have begun to weaken the CDU's capacity to pursue its set conservative agenda. The CDU has had to scrap plans to decentralise wage-bargaining (which would have weakened trade unions) and lift tax exemptions for Sunday and late night workers even before formal negotiations to work out a common policy framework have concluded. The proposals in the CDU manifesto for a two per cent increase in Value Added Tax to offset cuts in employers' social security contribution (aimed at reducing labour costs) and the withdrawal of tax-breaks on housing and commuter fares are potential trouble spots for the coalition.

The fluidity in German politics, coupled with the stasis in European integration, could be symptomatic of growing popular resistance to altering the post-war European model. But then, the continued viability of the key elements of post-war reconstruction is predicated upon the perceived competitiveness of European economies. To that extent, further enlargement and progress in the ongoing Lisbon Agenda of economic reforms – classic instances of alternatives sought to be imposed from the top – are political challenges. However, resistance to the commencement of negotiations on Turkey's accession to the European Union – which eventually proceeded on schedule despite frantic attempts by Austria officially to halt the process – is a sign of the many roadblocks along this highway.

জার্মানিতে জেট সরকার মের্কেলই চ্যান্সেলর

হিন্দোল গোস্বামী, বার্লিন

১০ অক্টোবর— জার্মানিতে এস পি ডি আর সি ডি ইউ-সি এস ইউ'র 'গ্র্যান্ড কোয়ালিশন' বা মহাজোটের সরকারে চ্যান্সেলর হচ্ছেন আঙ্গেলা মের্কেল। জার্মানির প্রথম মহিলা চ্যান্সেলর। দাবি ছেড়ে সরে দাঁড়িয়েছেন এস পি ডি নেতা, প্রাক্তন চ্যান্সেলর গ্যারহাড শ্রোয়েডার। তবে তার বিনিময়ে জেট মন্ত্রিসভার বেশ কিছু গুরুত্বপূর্ণ পদ সম্ভবত পেতে চলেছে এস পি ডি। জার্মান সংসদের নিম্নতর কক্ষ বুনডেসটাগে এস পি ডি এবং সি ডি ইউ-র ক্ষমতা প্রায় সমান সমান হওয়ায় মন্ত্রক ভাগের ক্ষেত্রেও সেই ভারসাম্য বজায় থাকবে। তবে রাজনৈতিক মহলের 'খবর', বিদেশ, অর্থ, শ্রম এবং আইন— এই চারটি গুরুত্বপূর্ণ দপ্তর ধরে রাখবে এস পি ডি। সেই সঙ্গে পরিবেশ, ত্রাণ ও সহযোগিতা, স্বাস্থ্য এবং পরিবহণও সম্ভবত তাদের হাতে থাকবে। অন্যদিকে সি ডি ইউ-সি এস ইউ জেট চ্যান্সেলরের পদ এবং চ্যান্সেলরের দপ্তরের প্রতিমন্ত্রীর পদ ছাড়াও পাবে অর্থনীতি, স্বরাষ্ট্র, প্রতিরক্ষা, কৃষি, শিক্ষা এবং পরিবারকল্যাণ মন্ত্রকের দায়িত্ব। ইউরোপের বৃহত্তম অর্থনৈতিক শক্তি জার্মানির অর্থনীতি মন্ত্রক পেতে চলেছেন সি ডি ইউ-র জেটসঙ্গী, বাভারিয়ার সি এস ইউ দলের প্রধান এডমুন্ড স্টয়বার। এই দপ্তরের সঙ্গে স্টয়বারের হাতে থাকবে ইউরোপীয় ইউনিয়ন সংক্রান্ত নীতি নির্ধারণের অতিরিক্ত দায়িত্ব। সি ডি ইউ-সি এস ইউ জেটে একসময় স্টয়বারই ছিলেন চ্যান্সেলর পদপ্রার্থী। এবারও, শ্রোয়েডার হঠাৎ অন্তর্বর্তী নির্বাচন ডেকে দেওয়ার পর, স্টয়বার না মের্কেল, কে হবেন শ্রোয়েডারের চ্যালেঞ্জার, সেই নিয়ে অনিশ্চয়তা ছিল। বস্তুত বিরোধীদের সেই অগোছালো অবস্থারই সুযোগ নিতে অন্তর্বর্তী নির্বাচন ডেকেছিলেন শ্রোয়েডার। কিন্তু ঝানু রাজনীতিক স্টয়বার নির্বিবাদে মের্কেলকে জায়গা ছেড়ে দেন। পঞ্চাশের দশকে পশ্চিম ছেড়ে কমিউনিস্ট পূর্ব জার্মানিতে চলে যাওয়া এক প্রোটেস্ট্যান্ট যাজকের মেয়ে আঙ্গেলা মের্কেলের এই উত্থান অনেক দিক দিয়েই নজিরবিহীন। শুধু জার্মানি নয়, ইউরোপের বড় দেশগুলোর মধ্যে, একমাত্র নব্বইয়ের দশকের শুরুতে ফ্রান্সে এডিথ ক্রেসঁর স্বল্পমেয়াদী প্রধানমন্ত্রিত্ব বাদ দিলে, মের্কেলই প্রথম মহিলা সরকার প্রধান। আর জার্মানিতেও ষাটের দশকের পর এই প্রথম গ্র্যান্ড কোয়ালিশন সরকার।