



by Sergio Romano

EDITORIAL

**T**he media suffers from myopia. It takes the news item of the day, turns it into an “event” and blows it up to the point of isolating it from earlier events or events taking place elsewhere. Politicians can either derive benefit from this distorted perspective of the reality or lose their advantage, depending on the case. The new German Chancellor has benefited enormously from it over the last few weeks. Following her decisive contribution to the approval of the EU budget last December and a few international meetings (Washington, Moscow and Paris), Angela Merkel has become the “new face” of Europe, the “emerging star” of international politics, the “creator of the German renaissance” and other such definitions drawn from the fathomless sea of platitudes. As in the world of finance, where loans are generally made to the rich, the media has begun to credit her with other merits: the Frankfurt Stock Exchange’s good performance in 2005, entrepreneurial optimism, the flexible attitude of the unions and favourable forecasts from economic institutions on the growth of the economy in the year that has just begun.

Let me make it clear that I believe Angela Merkel has all the virtues required to become a good Chancellor: she is stubborn; she has plenty of common sense and a thorough knowledge of the issues. But we must clear the field of a few misunderstandings. If Germany is emerging from its stagnation of the last few years, the credit for it goes to Gerhard Schröder, not Angela Merkel. It is he who, during his second term, reformed the welfare system, liberalised the labour market, reduced



health spending and, in impeccably neutral fashion, engineered the first union agreements by which entrepreneurs obtained a productivity gain with the costs remaining practically unchanged.

Before evaluating the work of Angela Merkel it would be useful to recall the two elements that emerged clearly from the elections for the renewal of the Bundestag. Firstly, Schröder was not defeated by the Christian Democrats; he was defeated by the hostility of the maximalist Left to the reform therapy that he was administering to the country. Secondly, the programme with which Angela Merkel agreed to govern Germany was not the one with which she had started her electoral campaign, but rather Schröder's own programme. When she realised that the radically liberal project of her financial adviser (a Heidelberg professor who proposed drastically cutting taxes and social spending) was seriously undermining the legacy of popularity with which she had entered the fray, Mrs. Merkel changed her line of conduct.

We will see over the next few months whether the Chancellor will be able to take advantage of the positive business trend to cut taxes and give a few hard blows to the German Vaterstaat, the "fatherland" that the Federal Republic has progressively built over the last half-century on the basis of a social market economy. But it is highly probable that, when this happens, the solidity of the Grosse Koalition will be put to the test.

Like any other party, the Social Democrats started thinking of the next elections the day after the latest

ones; they are already worried about the regional elections in March. They have adopted a responsible political approach and decided to collaborate with the country's Government. But, like the CDU, they have a hegemonic culture and do not intend to allow Mrs. Merkel to govern too well or too long. They will probably try to break the pact before the end of the legislature, but they will have to choose the right time to do it to ensure that voters do not hold them responsible for the crisis. The Chancellor knows this and will have to take needs that are analogous in many ways into account.

The crisis of the Grosse Koalition could therefore explode, barring some sudden unforeseen event, in the penultimate year of the four-year legislature. In the meantime, we have two strong interests and hopes. We need an economically dynamic Germany able to pull our economy along behind it. And

\_The European media has hailed Angela Merkel as the upcoming star of international politics. But we should remember that, if Germany is emerging from stagnation, the credit goes to Gerhard Schröder, and that the programme with which Merkel agreed to govern is that of her predecessor



we need European Germany acting in the spirit of Kohl and his predecessors in Brussels. In both cases, however, the Italian Government will have to seize its opportunity. If the German machine takes off again, we will have to jump aboard quickly and recover the positions we have lost in the German market. If Angela Merkel intends to restart the process of approving the EU Constitution with a German proposal, the Italian Government will have to convincingly play the role of “added weight”, the weight that tips the balance to the right side at the right time.

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