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Berlin keeps unearthly hush on eurozone crisis

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By Quentin Peel in Berlin

Sitting in Berlin in the midst of the eurozone crisis feels like being trapped in the eye of a hurricane. All around Europe the storms of alarm and despondency rage, but in the German capital there is an unearthly hush.

No one seriously doubts that Berlin holds the key to the crisis: as the largest and most prosperous economy in the eurozone, Germany is the one country that can provide the guarantees needed to stabilise the 17-nation European monetary union.

But it is not just economic leadership that the federal republic enjoys inside the European Union. It now has political leadership of the EU thrust upon it. That is a situation in which many Germans feel deeply uncomfortable. They want to be a big Switzerland, prosperous and neutral, not the decisive European power that dictates the rules to the rest.

It seems as if Germany just cannot win. If Berlin spells out what it wants, it is accused of being a jack-booted bully. Even perfectly sensible suggestions get taken the wrong way.

Yet if Angela Merkel, the German chancellor, keeps quiet, or simply repeats the same constant mantra – “if the euro fails, Europe will fail” – she is accused of failing to provide the leadership Europe so urgently needs.

Thus it was, this week, when Wolfgang Schäuble, her wise but sharp-tongued finance minister, spoke out about Greece. In a radio interview, the man widely regarded as the most passionate pro-European in the German government repeated several times his determination to rescue the Greek economy. Then he dared to express his deepest concern: that the political parties in Athens might fail to carry through the drastic reform and austerity programme to which they are nominally committed.

He wanted to reassure German taxpayers they were not pouring their money into a bottomless pit. Comparing Greece with Italy, he suggested that it might be better to postpone elections scheduled for April, and install a government of technocrats – with cross-party backing – to take those unpopular measures.

“Who is Mr Schäuble to insult Greece?” retorted Karolos Papoulias, Greek president. A Greek newspaper warned of the country being taken over by a “Schäuble junta”.

There is no doubt Greece is going through hell these days trying to meet the demands of its eurozone partners. Greeks feel humiliated at having to beg for cash. Germany is instantly identified as the culprit. The problem lies on both sides. Mr Schäuble thought he was simply stating the obvious, but in the febrile atmosphere in Athens it was bound to produce an hysterical reaction. As for Mr Papoulias's response, it reveals a fundamental misunderstanding of modern Germany. Greek politicians are not alone in that.

Postwar Germany is both profoundly provincial and committed to Europe. The federal system keeps central government in check, locked into a system of coalition government that is consensual and slow-moving. Both politics and the bureaucracy are dominated by lawyers (Mr Schäuble is one) who believe passionately in the need for rules and respect for the law. It makes for a confusing mixture of compromise and inflexibility. Mixed messages emerge from the different centres of power, not least from the finance ministry and the chancellor's office, until they can agree a common line.

Angela Merkel is the personification of that balancing act: both stubborn and pragmatic. She is a conciliator, not a visionary. In spite of the best efforts of cartoonists, she neither looks nor behaves like a bully. After years of Germany's failing to punch its weight in Brussels, she manages to dominate the European Council through a mixture of conviction, charm and an ability to master her brief better than anyone else at the table.

In learning to be a leader, Germany can still be clumsy and insensitive. The finance ministry's idea of sending a Sparkommissar to run the Greek budget was a case in point. Yet the reality is that the EU will end up controlling Greek spending for the foreseeable future. The Greek finance ministry has proved itself incompetent, but Berlin now knows it cannot be seen to suggest it. That's why there's a hush at the eye of the storm.

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