

**GERMANY AFTER THE ELECTION:
IMPLICATIONS FOR GERMANY, EUROPE AND
U.S.-GERMAN RELATIONS**

HEARING
BEFORE THE
SUBCOMMITTEE ON EUROPE AND
EMERGING THREATS
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CONTENTS

	Page
WITNESSES	
Jackson Janes, Ph.D., Executive Director, American Institute for Contemporary German Studies	4
Karen Donfried, Ph.D., Senior Director for Policy Programs, The German Marshall Fund of the U.S.	9
Mr. Thomas Kleine-Brockhoff, Washington Bureau Chief, <i>Die Zeit</i>	16
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Elton Gallegly, a Representative in Congress from the State of California, and Chairman, Subcommittee on Europe and Emerging Threats: Prepared statement	3
The Honorable Robert Wexler, a Representative in Congress from the State of Florida: Prepared statement	3
Jackson Janes, Ph.D.: Prepared statement	6
Karen Donfried, Ph.D.: Prepared statement	11
Mr. Thomas Kleine-Brockhoff: Prepared statement	17

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WEDNESDAY, NOVEMBER 9, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EMERGING THREATS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 3:10 p.m. in room 2200, Rayburn House Office Building, Hon. Elton Gallegly (Chairman of the Subcommittee) presiding.

Mr. GALLEGLY. I call to order the Subcommittee on Europe and Emerging Threats. Today, the Subcommittee on Europe and Emerging Threats is holding a hearing on the results of the recent German Federal election of September 18th of this year.

Now, before we go any further, perhaps I should clarify the meaning of the word "results." Fifty-two days after the election, Germany still does not have a new coalition government. The two major parties have engaged in an intense process of negotiations to establish a so-called "Grand Coalition." As of this week it looks like they are on track to finalize a coalition agreement, and establish a new coalition government in the next 2 weeks, perhaps by November 22nd; that is, if all goes well.

There still could be some surprises along the way. But, it seems that we now have enough clarity to hold this hearing today. The purpose of this hearing is to assess what the German electorate decided almost 8 weeks ago, and the resulting coalition government which is emerging. We would like to consider the implications of this election for Germany and, particularly, Germany's prospects for economic reform. We would also like to assess the implications of this election for Germany's role in Europe and Germany's foreign policy, and especially the consequences for United States-German relations.

One further comment on the status of the election "results"; the Subcommittee invited Ambassador Wolfgang Ischinger, the German Ambassador to the United States, to participate as a witness in this hearing and provide us with testimony. However, due to the sensitivity of the ongoing coalition negotiations and the lack of finality, the Ambassador had to decline. We certainly appreciate his consideration, and we thank him for his willingness to help the Subcommittee as we move ahead.

One final thought. As fate would have it, today is November 9, 2005. It was 16 years ago today, on November 9, 1989, that the

Berlin Wall fell. It is hard to believe that 16 years can go by so fast, and it is almost hard to imagine how momentous this event was for Germany, for Europe, and, for that matter, the rest of the world.

Germany has achieved much since 1989, and the results of the 2005 election testify to those achievements and to what the people of Germany still would like to achieve. We are here to consider all of these results and all of these implications, and consequences for United States-German relations, and the important relationship between the people of Germany and the people of the United States.

It is also my hope that we will explore specific issues, such as the impact of the election on Turkey's relationship with Europe and potential accession into the European Union, the role Germany will be playing in Afghanistan and Iraq, your assessments of German public opinion toward the United States, and the challenges for United States public diplomacy in Germany and Europe.

I look forward to hearing from our witnesses. I apologize for the Floor schedule, we had a series of votes. We do have Members on their way, but in their absence I would like to introduce our panel today.

I would like to introduce our first witness, Dr. Jackson Janes, the Executive Director of the American Institute for Contemporary German Studies of Johns Hopkins University in Washington, DC. He has been engaged in German-American and European affairs for more than three decades, beginning with his studies in Germany in the late 1960s. In 1989, Dr. Janes joined the American Institute of Contemporary Studies as Deputy Director and was appointed Executive Director in 1994.

Our second witness is Dr. Karen Donfried, Senior Director for Policy Programs at the German Marshall Fund of the United States. Prior to her current position, Dr. Donfried worked on the Policy Planning Staff at the U.S. Department of State from 2003 until May 2005 and was a key adviser on European issues and transatlantic relations in the Office of the Secretary of State. She previously served as the German Marshall Fund's Director of Foreign Policy and, prior to that, worked as a European Affairs specialist at the Congressional Research Service. She has also lived and studied in Germany.

Our third witness is Herr Thomas Kleine-Brockhoff, Washington Bureau Chief for *Die Zeit*, Germany's first national weekly newspaper. He has held that position since 2002, and has worked with *Die Zeit* since 1989. He has studied and worked in both Germany and the United States. His fields of expertise include domestic German politics, United States foreign and domestic policy since September 11, 2001, and Central and Eastern European transitions to democracy since the fall of the Berlin Wall.

I apologize for the lack of support on both sides up here, but it is no indication or reflection on you folks; it is just the agenda of the day and the timing. So with that, Dr. Janes, the microphone is yours. Unfortunately, because we started late, if you could try to stick to the 5-minute rule, I would appreciate it. Welcome.

[The prepared statements of Mr. Gallegly and Mr. Wexler follow.]

PREPARED STATEMENT OF THE HONORABLE ELTON GALLEGLY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON
EUROPE AND EMERGING THREATS

Today, the Subcommittee on Europe and Emerging Threats is holding a hearing on the results of the recent German federal election of September 18, 2005.

Now, before I go any further, perhaps I should clarify the meaning of the word "results". Fifty two days after the election, Germany still does not have a new coalition government. The two major parties (the CDU/CSU and the SPD) have been engaged in an intense process of negotiations to establish a so-called "Grand Coalition". As of this week, it looks like they are on track to finalize a coalition agreement, and establish a new coalition government in the next two weeks, perhaps by November 22nd, if all goes well.

There still could be some surprises along the way. But, it seems that we now have enough clarity to hold this hearing today. The purpose of this hearing is to assess what the German electorate decided almost eight weeks ago, and the resulting coalition government which is emerging. We would like to consider the implications of this election for Germany, and particularly Germany's prospects for economic reform. We would also like to assess the implications of this election for Germany's role in Europe and Germany's foreign policy, and especially the consequences for U.S.—German relations.

One further comment on the status of the election "results". The Subcommittee invited Ambassador Wolfgang Ischinger, the German Ambassador to the United States, to participate as a witness in this hearing and provide testimony. However, due to the sensitivity of the ongoing coalition negotiations, and the lack of finality, the Ambassador had to decline. We appreciate his consideration, and we thank him for his willingness to help the Subcommittee in any way.

One final thought. As fate would have it, today is November 9th, 2005. Sixteen years ago, on November 9th, 1989, the Berlin Wall fell. It is hard to believe that sixteen years could go by so fast, and it is almost hard to imagine how momentous this event was for Germany, for Europe, and for the world.

Germany has achieved much since 1989. And the results of the 2005 election testify to those achievements, and to what the people of Germany still would like to achieve. We are here to consider all of these results and all of these implications, and the consequences for U.S.—German relations, and the important relationship between the people of Germany and the people of the United States.

It is also my hope that we will explore specific issues, such as the impact of the election on Turkey's relationship with Europe and potential accession into the European Union, the role Germany will be playing in Afghanistan and Iraq, your assessments of German public opinion toward the United States, and the challenges for U.S. public diplomacy in Germany and Europe.

I look forward to hearing from our three expert witnesses, and I will now turn to Mr. Wexler for any remarks he may wish to make.

PREPARED STATEMENT OF THE HONORABLE ROBERT WEXLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

I want to thank you for holding today's hearing on the German elections and its implications for the European Union as well as the United States. I also want to thank all of the witnesses who are testifying before the committee today.

Mr. Chairman, it is apparent that negotiations are still ongoing in Berlin and that a new government headed by Angela Merkl leader of the Christian Democrats in coalition with the Social Democrats will be formed shortly. I am confident that my colleagues in Berlin will move beyond this impasse and address difficult economic and domestic reforms.

At the center of Europe, a new German government must continue its strong leadership role in the EU which has suffered serious setbacks this year including the French and Dutch "no votes" against the constitution and a serious budget stalemate. In addition, while the overall transformation of whole, free and democratic Europe has been largely successful, recent rioting in France which has spilled over into Germany and Belgium has exposed the need for the EU and its member states to revamp integration policies to address growing frustrations of inequality and discrimination in Muslim communities across the continent.

The EU which has grown to twenty-five and is on the cusp of admitting Bulgaria, Romania and beginning accession negotiations with Turkey and Croatia needs an engaged and focused Germany in order to address enlargement, economic, security, political and foreign policy issues. In particular it is important that the new government which has been divided on the issue of Turkey's accession efforts carefully con-

sider the extraordinary economic and security benefits in supporting Ankara's accession negotiations. Having played a significant role in the Middle East, the Balkans and Eastern Europe, Berlin must take an even greater role in stabilizing and promoting trade liberalization, democracy and peace in these regions.

Although relations between Washington and Berlin have at times been strained following differences over Iraq—in terms of US interests globally few partnerships are as important as our relations with Germany. As Europe's leading economic engine and the world's third largest economy Germany is one of America's most important trading partners and will be for the foreseeable future.

In the context of US-German intelligence, security and military cooperation—Berlin has been an indispensable transatlantic ally and it is in the interest of both nations' that this multifaceted collaboration continues at the highest levels. There are two specific examples, among many, where the US-German partnership has been paramount. First, Germany has been an integral part of the EU3 and US efforts to thwart Iran's nuclear program. It is my hope that the common position that the U.S. and EU have shared as it relates to thwarting Iran's development of nuclear weapons will continue in the critical months ahead, especially as we look toward the possibility of sanctions at the UN.

Second, sharing America's goal of a free, stable and democratic Afghanistan, Germany has contributed several thousand troops and resources to the International Security Assistance Force and currently has 100 elite combat troops working alongside American counterinsurgency forces. Furthermore, NATO's effort to expand operations in Afghanistan could not have occurred without German support and leadership and Berlin should be praised for their role in promoting the establishment of Provincial Reconstruction Teams. Additionally, I want to thank the members of the German Bundestag who just yesterday voted overwhelmingly in favor of extending by one year the mandate of German troops operating in the U.S.-led global campaign against terror in the Mediterranean, Horn of Africa and in Afghanistan.

Mr. Chairman, Germany's economic success benefits the United States and greater intelligence and military cooperation between Washington and Berlin is primary to guaranteeing both nations' security and that of our allies in Europe and globally. The challenges ahead are stark for the new German government, however, I am hopeful that a new coalition government led by Angela Merkel will follow in the footsteps of previous administrations and maintain strong US-German relations as well as Berlin's leadership at the forefront of international economic and foreign matters. More than ever, given the myriad of challenges facing the US including the war on terror and preventing the proliferation of WMD it is critical to have reliable and like-minded partners in Berlin and Europe—prepared to expend greater economic, military and political capital.

STATEMENT OF JACKSON JANES, PH.D., EXECUTIVE DIRECTOR, AMERICAN INSTITUTE FOR CONTEMPORARY GERMAN STUDIES

Mr. JANES. Thank you very much. I will be very disciplined in my presentation. I wanted to say that I am particularly honored to be here, precisely for the reasons that you said, Mr. Chairman, the 9th of November. Every time I walk through the Brandenburg Gate, having started my career in Germany in 1966, I always get a little shiver down my spine to know how far we came and how much of a common stake that Germany and America had in that great accomplishment. So it is a wonderful day to mark that milestone.

I am going to talk a little bit about the economic consequences of the election and the projection for the future. Despite the changes in the global strategic environment since 9/11, there is no greater bond than the one that the United States shares with its allies across the Atlantic. That bond remains of vital importance to the United States in meeting the challenges of the 21st century. Within that framework, relations between Germany and the United States certainly make up one of the most important links.

Germany's role in Europe is of central importance to its neighbors, to the United States, and to the world economy. In Europe, Germany is the largest populated country, with the largest economy, the largest standing army, and one-third of the economic output of the Eurozone. This makes it a major influence in Europe. The site of enormous levels of American economic investment and the largest European exporter to the United States, Germany remains a vital economic partner for the United States. Germany's future matters to us all.

I, therefore, would like to address very briefly two questions in that regard. What is the problem with Germany? What is the problem with its economy, and what are the prospects that the new government will address these weaknesses?

First, Germany's current economic and political course is a cause for worry. For the last decade, Germany has been experiencing a sluggish rate of domestic growth, which is projected to continue into the immediate future. It has seriously high levels of unemployment and public debt, both of which are undercutting the strength of the Germany economy, which is so important to the rest of Europe.

Germany faces serious demographic problems in the coming decades which will make the cost of the social system that much more difficult to maintain. Chancellor Gerhard Schroeder has introduced and undertaken some reforms. While some have positive effects, more must be done.

The root of the problem lies in politics and attitudes. The German political system is a very consensus-based system, but there is no consensus at the moment on how much change, how much market, and how quickly. The German public is ambivalent and divided and lacks confidence in the country's future. The result is political stalemate.

The results of the election on September 18th mirror that split. German voters presented their political leaders with the necessity of forming a government between the two largest parties, Christian Democrats and Social Democrats, exactly the two parties which fought tooth and nail against each other in the campaign.

As it now looks today, Angela Merkel will be voted in as chancellor on November 22nd, providing that the two sides agree on a platform for the coalition.

Second, what are the prospects that the new government can and will address these weaknesses? At first glance, the signs for reform and renewal are not promising. The two coalition partners are themselves ridden by conflicts over the direction and leadership of the party. The foundation for cooperation within the coalition, therefore, will be a brittle one, vulnerable to arguments over budgetary issues and bickering over priorities. How much fiscal adjustment can be not only presented but also accepted by anxious voters remains to be seen.

The danger is that the coalition will reach for the lowest common denominator without facing up to the difficult changes Germans must make if their social and economic system is to become resilient and vibrant. That includes making changes in unemployment, healthcare, Social Security policies; all of which have become enormously burdensome on the society.

There has been one previous grand coalition—I happened to be in Germany at that time—40 years ago. It lasted 3 years, managed to get a few things done, and gave way to a productive decade afterwards. That outcome is still possible for this coalition.

If she reaches the chancellory, Angela Merkel will need to set some specific goals regarding tax reforms, cuts in government subsidies, measures to control the budget deficit, reduction of unemployment, and job creation. That is a tall order for any government, but the fact is that many of Germany's neighbors have been doing just that in the past decade, be it Denmark, Sweden, Ireland, Holland, or Austria. Germany simply needs to catch up now.

If this is to succeed, attitudes in Germany must change. More positive investments in the future on the part of politicians, on the part of corporate leaders, and on the part of citizens will be needed to generate the steam for growth, investment, innovation, and confidence. Germany has all of the requisites to do that: An educated labor force, a modern infrastructure, a key location in the largest open market in the world, and a stellar reputation for producing the world's best products. The preconditions are present, but leadership will be critical.

Angela Merkel will be trying to help Germany break through an institutional and attitudinal logjam. It is not certain she will succeed, but as a veteran of four decades of the former German Democratic Republic and the transformation in 1989, which we mark today, wrought by German reunification, Mrs. Merkel knows what change and transition really mean in very real and practical terms. If she can communicate to a divided and anxious public the promise and opportunity that change can bring, she may be able to effect significant progress and the development of a consensus for reform and renewal. The potential gains are important not just for Germany but also for Europe and, in many ways, the United States.

What, if anything, can we do? We can recognize that Angela Merkel's attention must and will be focused on economic reform. Germany's ability to undertake new foreign commitments will, therefore, be somewhat constrained for the foreseeable future. We do not anticipate any major changes in Germany's foreign policy direction. And, finally, Germany is in a transition, as are all of transatlantic relations. We need patience, and we need understanding on both sides of the Atlantic to help each other. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Janes follows:]

PREPARED STATEMENT OF JACKSON JANES, PH.D., EXECUTIVE DIRECTOR, AMERICAN
INSTITUTE FOR CONTEMPORARY GERMAN STUDIES

GERMANY'S CHALLENGES: RENEWAL AND REFORM

On November 9, 2005, Germany will mark the sixteenth anniversary of the fall of the Berlin Wall and the beginning of an eleven-month rush to unification on October 3, 1990. It is therefore particularly meaningful to be offered a chance to provide commentary today on the occasion of this historical milestone in German history with a focus on what Germany has achieved, what challenges it still faces today, and what significance Germany's responses to those challenges holds for the United States.

There is no greater bond than the one the United States shares with its allies across the Atlantic. Comprised of economic, political, social and cultural shared experiences, the foundation of transatlantic relations today is deep and strong as any-

where in the world and the transatlantic relations remain of vital importance to the United States in meeting the challenges of the twenty-first century.

The transatlantic relations between Germany and the United States make up one of the most important ties across the Atlantic. It is in the interest of the United States to understand the nature of Germany's political and economic strengths and weaknesses are, what expectations we can direct at the Federal Republic during the immediate future, and how we should best manage relations with this important European partner.

Germany has the largest population in the European Union with the largest economy, and with one of the largest fielded armies in Europe, and it enjoys a role today in Europe which is unique in its long history. Within the European Union, Germany has developed a leadership role which is a result of constant nurturing of relations with its European partners, big and small. The addition of ten new members from Eastern Europe has only enhanced Germany's central role in the EU because of its traditional relations with many of these states, politically and economically. Germany's economic weight is reflected in the fact that it makes up one third of the economic output of the 12 nations which are currently part of the *Eurozone*. Germany is the largest contributor to the European Union providing nearly a quarter of the annual budget.

As the third largest economy in the world after the U.S. and Japan, Germany also is a world leader in the global marketplace. It is the world's leading exporter and shows no signs of slacking with a foreign trade surplus of over one hundred billion dollars. Exports make up one third of Germany's national output.

The United States is Germany's second largest trading partner, and Germany is the largest European exporter to the U.S. The United States has investments totaling over 110 billion euros, not counting the wave of private equity investments to the tune of thirty billion euros in the last few years. Over 2000 American companies are located in Germany with almost double that number of German companies located in the United States.

Germany is also the location of the second largest overseas deployment of U.S. forces after Iraq. Despite the conflict between Washington and Berlin over the Iraq war, Germany has in the last decade also assumed new responsibilities in the foreign policy and defense arena, with large troop contingents in Afghanistan and in the Balkans. Germany is the third largest contributor to the United Nations.

In short, Germany is a significant power in Europe, in international trade and finances and in the global strategic arena. For that reason, Germany and its future matters to the United States.

It is for all these reasons that the last few years in Germany have been a cause for worry both in and outside of the country, due to its lagging domestic economy. Germany has had a sluggish rate of domestic growth for the last decade and is projected to continue along that path in the immediate future at less than 1% in 2006. It has a seriously high unemployment rate which translates into five million people unemployed, and two million more are in subsidized job training programs. The increasing government debt (the ratio of public debt to gross domestic product) is 1.5 trillion Euros, three times the amount at the time of the fall of the Berlin Wall. The interest on that amount is more than 68 billion Euros this year, a figure which is sucking strength from Germany's future.

The problems burdening Germany's domestic economy are the result of taxation and regulatory policies, as well as generous unemployment expenditures, which have caused the individual and the corporate citizen to become discouraged from taking initiatives and risks. High taxes and expensive added costs to salaries have decreased incentives for companies to add jobs. Small and medium size firms often forgo hiring new employees due to the difficulty of downsizing because of restrictive labor laws. Others are simply moving operations a hundred kilometers or less to Eastern European states which have significantly less labor costs. High unemployment benefits have undercut the urgency among the unemployed to seek new jobs.

Additionally, German economic performance has been affected by the drag of German unification and the continuing laggard growth in Eastern Germany despite the eastward transfer of over a trillion dollars in the last fifteen years. After more than a decade, these subsidies have done little to ease East German unemployment which is double that of Western Germany.

Demographic trends are additional problems constraining German growth. The dramatic decline in birth rates in Germany and the rapidly aging—and retiring—generations are about to make their demands on the social security and health care systems. Very few other countries in the world show the number of births relative to the population as low as in Germany. Those born in 1964—part of the baby boom generation—are now forty years old and they did not have many children, a trend which will have a negative impact on the retiree/worker ratio in the coming decades.

As in the United States, the pension system will need to introduce a combination of a later retirement age, higher contributions, more contributors, and lower benefits. Even then, public pensions will not suffice to maintain accustomed living standards for most retirees, requiring an increased reliance on supplemental private retirement savings, something to which Germans are having to adjust.

The combination of high unemployment rates and uncertain social security futures is making nervous consumers keep their wallets firmly closed, further depressing domestic consumer demand. Indeed, the German savings rate is approximately 11%, hard to imagine from an American perspective.

The initiatives taken by Chancellor Schröder to address these challenges in the past three years have shown some initial impact. Labor markets for skilled workers have become more flexible, partly through legal reforms, and through negotiation flexibility on the part of both employers and unions. Germany has been reducing tax levels and curtailing its unemployment benefits. Wage negotiations have seen a leveling off of salaries as well as increasing flexibility in reaching agreements between labor and employers throughout the country. Opening up the job market for low skilled workers remains more problematic, however. Additional reforms aimed at the structural and incentive problems contributing to high unemployment in this group are still needed for employers and employees.

After her expected election on November 22, Chancellor Merkel will need to continue where Schröder's reform left off, even though those reforms contributed to his defeat and to the poor results Ms. Merkel achieved in her campaign, which stressed that even more reforms are needed. The same public that delivered both those messages will be waiting anxiously to see what she presents after her government is finally formed.

The coalition team forming around Angela Merkel is a promising one. Both she and the recently elected head of the Social Democrats, Matthias Platzeck, represent the next generation of German leadership, following the generation of Gerhard Schröder. While both leaders are East Germans, the fact that they are trained scientists and share a common background lays the basis for constructive cooperation. They are not products of the 1968 generation in West Germany but more the products of the fifteen years since the Berlin Wall fell, seeking pragmatic answers to political challenges.

A major danger for the coalition is that, to the normal voter, the government might appear to be too focused on pain, rather than gain, on reducing expectations rather than producing real gains through reform and renewal. Taxes will go up; benefits down and the specter of unemployment will remain divisive.

To date, Merkel has not distinguished herself as a great communicator, and she will be challenged to mobilize support for a set of common goals beyond the sacrifices. If she cannot do that, she may find that the debate over reform and renewal might deteriorate into a blame game among the parties, leaving the voters without much incentive to accept change.

The process of reform and renewal will take time as can be seen from the experiences in Japan. In both cases structural change is less impeded by economic weaknesses than by insufficient political will.

As the election campaign illustrated, the public debate has often emphasized the extremes, a choice between wholesale dismantling of the social safety net or stalwart defense of the status quo. The German public is caught between these two extremes and uncertain of the way forward.

Yet, Germany has the basic requirements to confront these challenges: an educated labor force, a modern infrastructure, a key location in the largest open market in the world, and a stellar reputation as an export champion. Moreover, Germany is also not unique. The problems of high labor costs, structural rigidities, and organized political opposition to cuts in fiscal subsidies have all been dealt with by Germany's European neighbors without a full-scale demobilization of the social welfare contract Europeans have come to treasure during the past half century. Change is possible, yet not without some short-term pain for longer-term gain.

Can Angela Merkel as Chancellor in the so-called grand coalition with the Social Democrats achieve these goals? Will the Germans be willing to follow Chancellor Merkel as she seeks to guide them through the reforms and renewals Germany needs and to restore confidence in the society at large? Will the opposition parties in the Parliament play a constructive role in dealing with these issues or will they seek to block more than facilitate change?

Much of that will depend on how much support and patience the public is willing to lend the government. The benchmarks for the new government in Berlin will be the success of labor market reforms, the continuing constructive cooperation between labor unions and employers, and the creation of a business climate that is more favorable to creating and running small-scale firms, the source of most job cre-

ation. If a vigorous effort in this direction expands the labor force, both the fiscal and the demographic challenges could be met more successfully. A few years of increased growth in turn would enhance the confidence missing in the society at large.

Significant obstacles to success remain. For most Germans, the need to for significant changes has not been fully grasped in a country that looks and feels so wealthy. There is no political consensus for rapid and far-reaching change. In a culture that values consensus over conflict, the lack of consensus translates into a political logjam. The obstacles to reform therefore are more political than they are economic. They are more attitudinal than institutional.

For Angela Merkel, the challenge will be to identify a specific set of goals that can be achieved during the expected legislative period of four years. That agenda will include a continued effort to enable corporate tax reform, weed out unnecessary government subsidies, find common ground on a budget including reductions in the debt, reducing non-wage labor costs and probably increasing the mandatory retirement age to 67. Whether all this can be accomplished with a coalition partner that was her adversary during the campaign will depend on the willingness of the leaderships on both sides of the aisle to agree on these goals.

The success of Germany's reforms will have important implications for Europe and the United States. The ability of Germany to meet its foreign policy responsibilities in terms of defense allocations, its presence in regional hot spots like the Balkans and the Middle East, and its role in the international financial institutions will depend on achieving a sustainable level of economic growth.

Germany is going through a transition phase, which Angela Merkel as Germany's first female Chancellor will lead. As a veteran of four decades of the German Democratic Republic and the transformation of 1989 wrought by German unification, Ms. Merkel knows what real change and transition mean. If she can communicate to a divided and skeptical public the promise and opportunity that change can bring, she may be able to effect significant change in attitudes and create a new consensus for reform.

The United States has a vested interest in Germany's success in achieving reform and renewal. Germany's capacity for partnership in leadership with the United States is a distinct advantage for American interests not only in Europe but also on the global stage.

Mr. GALLEGLY. Thank you very much, Dr. Janes.
Dr. Donfried?

**STATEMENT OF KAREN DONFRIED, PH.D., SENIOR DIRECTOR
FOR POLICY PROGRAMS, THE GERMAN MARSHALL FUND OF
THE U.S.**

Ms. DONFRIED. Thank you, Mr. Chairman and Distinguished Members of the Subcommittee. I very much appreciate the opportunity to testify here today. I will be speaking about German foreign policy. My remarks assume the ongoing coalition negotiations will be successful, and will result in a grand coalition of the Social Democrats with the Christian Democrats/Christian Social Union under CDU Chancellor Angela Merkel.

The key question for all of us, in thinking about German foreign policy, is whether Angela Merkel will be an agent of change or an agent of the status quo. The conventional wisdom is that we should not expect major changes in German foreign policy under this new government. While I would agree that the broad parameters of German foreign policy are unlikely to change, I think that in some key areas we will see important changes because of the highly personalized style of the outgoing chancellor, Gerhard Schroeder.

Let me give you two quick examples. First, Schroeder's relationship with French President Jacques Chirac, a relationship that was deepened and forged through their common opposition to the Iraq war, has had implications for many other areas as well. I am thinking not only about European Union policy, but also about the relationship with China. Chirac has been the main proponent with-

in the EU for lifting the arms embargo on China, and Schroeder supported him, even though, if you look at the German landscape, Schroeder's own party, his coalition partner, the Greens, and certainly the opposition CDU and Free Democrats opposed a lift. So I think, on that specific issue of the China embargo, we will see a difference.

As a second example, take Schroeder's relationship with Russian President Putin. I think all of us have in our memories the enduring image of Schroeder and Putin with their wives in that sleigh ride during orthodox Christmas in January 2001. It has become a symbol of a very special German-Russian friendship that we saw perhaps last with the Sauna Summits between Helmut Kohl and Boris Yeltsin. That relationship, I think, is destined to change under Angela Merkel.

When we talk about Merkel, we always focus on the fact that she will be the first woman chancellor, which, of course, is a milestone. However, she also will be Germany's first chancellor from the eastern, formerly Communist, part of the country. Angela Merkel understands that Germany's relationship to Russia is important and that 30 percent of German energy needs—gas, oil—comes from Russia, but she is much more concerned about the views of Germany's central and eastern European partners, so you will see a very different emphasis in her relationship with Russia.

What about the German-American relationship? What can we here in Washington expect? During the campaign, the Christian Democrats were explicit in saying that they wanted to reinvigorate the traditionally warm transatlantic relationship. What do those words really mean if you look at the German political landscape? There are constraints on Merkel. Certainly, one of them is being in a coalition government with a partner that is very close in size. Another is public opinion. If you look at just about any public opinion poll, you will see that the Bush Administration and the United States in general are not very popular.

The German Marshall Fund, the organization for which I work, has done an annual survey since 2002 of public opinion in the United States and Europe on foreign policy. One of the questions we ask is, how desirable is it that the United States exert strong leadership in the world? This year, 2005, 60 percent of Germans said it was undesirable, and only 39 percent said it was desirable. Now, if that is not depressing enough, what is very striking is if you look back to 2002 at that very same question, you had exactly the opposite response. In 2002, 68 percent of German respondents thought that United States leadership was desirable. We have seen this tremendous slip in opinion over the past 4 years, and this is going to be a constraint for any German chancellor. That said, I think you will see a change in style and rhetoric that will make a difference across the Atlantic.

If you think about Schroeder, he came in, of course, not as a foreign policy chancellor. Kohl was not a foreign policy chancellor when he came in, and certainly Merkel will not be one. That said, Schroeder made a major contribution on foreign policy; he showed tremendous leadership in Kosovo and Afghanistan. Germany fought its first wars in the post-war period.

What happened on Iraq is that Schroeder's rhetoric was quite different from German policy. Schroeder was content, in the domestic political context, to say that Germany was not going to follow America on military adventures, and German foreign policy would be made in Berlin, not in Washington. But on the ground, Schroeder was sending more German troops to Afghanistan, leaving American troops to go to Iraq. Schroeder forgave \$5 billion in Iraqi debt. The Germans were training Iraqi police and soldiers, albeit not in Iraq but in the UAE. I have had Germans come to me and say, "Come on, let us be honest. We are doing more for you than some of your coalition partners." But this disconnect between the style and rhetoric of Schroeder and his government's actual policy helped this precipitous decline in public opinion about the United States. If Merkel takes office and simply talks differently about the relationship, that could have an important impact on substance.

On what specific substantive areas? I think democracy promotion is one of those areas. If you look at Transatlantic Trends, the public opinion survey mentioned earlier, 78 percent of Germans say a role of the European Union is helping to establish democracy in authoritarian states. This also happened to be a cornerstone of the Bush Administration's second term policy. There is an opportunity to deepen cooperation between the United States and the EU in that area.

My bottom line is that a change in style and rhetoric can make a critical difference in German-American relations. Such a change can establish the foundation for concrete policy initiatives. If Angela Merkel can close that gap between German rhetoric and German actions, I think she can contribute to rebuilding the trust that existed before between Washington and Berlin. And for those of us like me, who continue to believe that there is more that unites us than divides us, I think that would be a very good thing. Thank you so much.

[The prepared statement of Ms. Donfried follows:]

PREPARED STATEMENT OF KAREN DONFRIED, PH.D., SENIOR DIRECTOR FOR POLICY PROGRAMS, THE GERMAN MARSHALL FUND OF THE U.S.

Mr. Chairman, I wish to begin by thanking you for the opportunity to testify before this Subcommittee on the subject of "Germany After the Elections." It is a distinct pleasure for me to be here today and to share with you my thoughts on German foreign policy under a new government. I would like to request that my statement be placed in the record.

Germany is now in its second month of limbo following an unexpectedly close, inconclusive election on September 18. The large, right-of-center Christian Democrats (CDU), together with their smaller sister party, the Christian Social Union (CSU), were expected to sail to victory by forming a coalition with their preferred partner, the Free Democrats (FDP). The CDU/CSU, however, garnered only 35.2% of the vote, a 3.3 percentage point drop from 2002. Despite the good showing of the FDP with 9.8%, the parties did not have enough combined support for the expected governing coalition. The large, left-of-center Social Democrats (SPD) of sitting Chancellor Gerhard Schroeder also "lost" the election with only 34.3% of the vote, representing a drop of 4.2 percentage points from the 2002 election. The coalition of SPD and Greens had been voted out of office. What was less clear is what political constellation 78% of the German electorate intended to vote *into* office.

Despite some rough sledding since the elections, Germany's two major parties, the CDU/CSU and the SPD, appear now to be on a solid path to forming a government, a so-called "Grand Coalition," by the end of this month under a CDU Chancellor, Angela Merkel. It is possible that this process could be derailed over the coming weeks, but the analysis that follows is premised on such a government taking office.

GERMAN FOREIGN POLICY AFTER SCHROEDER

On the foreign policy front, the central question is whether a Merkel government will be an agent of the status quo or an agent of change. The conventional wisdom is that we should expect no major changes in German foreign policy going forward.

In part, this view is based on the structure of a coalition government. While there has been a "Grand Coalition" only once before (from 1966–69 in West Germany), coalition governments are in fact the norm in German politics. Within those coalitions, the largest party traditionally has named the Chancellor and the smaller partner, the Foreign Minister.

In the current case, Frank-Walter Steinmeier, Schroeder's closest aide in the Chancellery, has been named to serve as Foreign Minister in a Merkel government. The relative consensus on foreign policy across party lines is illustrated by the fact that, in the ongoing coalition negotiations, the party representatives were able to conclude their discussions on foreign policy with relative ease. The negotiators readily reached agreement on every issue save Turkey's relationship with the European Union, with the parties holding open the question of whether explicit reference should be made to the fact that Turkey's membership negotiations with the EU could end in some sort of "privileged partnership," rather than full membership. The CDU/CSU has been promoting the view that full membership for Turkey would overburden the EU politically, economically, and socially and thus they advocate something short of full membership and stress the "open-ended" nature of the accession talks. The Social Democrats have been stalwart defenders of Turkey's quest for full membership.

While I agree that the broad parameters of Germany's foreign policy are unlikely to change, I believe that—contrary to the conventional wisdom—we will see important differences on a few key issues as a result of the significant impact outgoing Chancellor Gerhard Schroeder's personalized style of conducting foreign policy had on U.S.-German relations. Let me offer two examples.

First, Schroeder gave a whole new meaning to the Franco-German partnership by throwing his lot in with French President Jacques Chirac, to a large extent, as a counterweight to U.S. policy. The bond between Schroeder and Chirac was solidified and strengthened as they joined forces in opposing the U.S.-led war in Iraq. Beyond the dramatic case of Iraq, that Franco-German alliance had broad implications in other areas, for example, on China policy. France was the EU member state leading the charge to lift the EU's arms embargo on China and Schroeder gave Chirac his unflinching support in that effort. One motive underlying Schroeder's stance was what he saw as Germany's key economic interests in China, but another clearly was the importance he placed on his partnership with Chirac. The opposition CDU/CSU, as well as the Free Democrats, opposed what they saw as Schroeder's rush to lift the embargo and voiced sympathy with U.S. concerns about the human rights situation in China and about the strategic balance in the Taiwan straits. Notably, Schroeder's support for an embargo lift was shared neither by his own party, the Social Democrats, nor by his coalition partner, the Greens. In fact, the SPD and the Greens introduced a parliamentary motion on October 28, 2004 in favor of maintaining the embargo that received majority support. Thus, with Schroeder gone, the new German government appears poised to oppose a lift of the EU's China arms embargo. That change in German position will have a significant impact on EU policy, because France has lost its key ally in pushing for a lift and because any member state, in this case a Germany under Angela Merkel, can veto a lift.

Second, Schroeder struck up such a close friendship with Russian President Putin that his sleigh ride with Putin for Orthodox Christmas in January 2001 has come to rival the "sauna summits" former Chancellor Helmut Kohl was famous for holding with Boris Yeltsin as a symbol of a special Russo-German relationship. Just last month, following the German election, Schroeder visited the Russian President in Saint Petersburg to celebrate Putin's 53rd birthday. That October visit marked the eighth meeting between the two leaders this year.¹ Angela Merkel clearly indicated during the election campaign that she would pursue a different policy toward Russia. The most basic reason for Merkel's approach results from her personal biography. Much of the press comment on Merkel has focused on the fact that she will be Germany's first female chancellor. Equally notable, however, is the fact that she will be Germany's first chancellor from the eastern, formerly communist, part of the country. Merkel's experience and her attitudes towards the countries bordering Germany's east, most notably Poland, have led her to criticize Schroeder's actions in dealing with Russia as disregarding the interests of Germany's central European allies. Germany has strong economic interests governing its relationship with Russia,

¹"Schroeder: Russia Visit Not the End," Deutsche Welle, Oct. 8, 2005.

particularly in the energy field (Germany imports roughly 30% of its oil and natural gas from Russia), and Merkel will be as attentive to Russia as Schroeder was. It seems clear, however, that she will also factor in the interests of the central Europeans and will be much more inclusive in discussing Germany's Russia policy with them. Germany has traditionally looked out for the interests of the smaller EU member states, a tradition that Schroeder eschewed and Merkel seems likely to restore beyond the specific issue area of Russia.

THE WASHINGTON-BERLIN CONNECTION

The Bush Administration will welcome a new German approach to China and Russia, as well as a more inclusive German approach to its smaller, and particularly eastern, EU partners, countries that are also strong U.S. allies. The larger question, however, is whether Washington can expect a restoration of the traditionally warm and close U.S.-German relationship, which was so badly damaged over the Iraq war.

During the election campaign, Merkel's Christian Democrats pledged to "reinvigorate the trans-Atlantic cooperation with the United States."² When Merkel sent veteran CDU parliamentarian and foreign policy expert Wolfgang Schaeuble, now slated to be Interior Minister in a "Grand Coalition" government, to visit the White House during the campaign, he said: "We will try to be a more reliable European partner for the U.S." But what are those words likely to mean in practice?

Some analysts have expressed concern that those words will mean little in practice. They worry that Merkel's explicit opposition to full Turkish membership in the EU, a longstanding U.S. goal, will be a thorn in the side of improved U.S.-German relations. I believe this concern is misplaced. In light of the start of EU accession negotiations with Turkey on October 4 of this year, the issue has lost its political saliency and immediacy. Merkel has given no indication that she intends to disrupt the ten to fifteen year process of negotiation between the EU and Turkey and obviously she will not be chancellor at the end of that negotiation process. Thus, while it is true that a fundamental disagreement exists between the Bush Administration and the CDU/CSU on Turkey's relationship to the EU, there is no obvious reason for this issue to return to the front burner during the life of the incoming Grand Coalition.

CLOSER U.S.-GERMAN TIES? THE CONSTRAINT OF PUBLIC OPINION.

Much as Angela Merkel and her CDU/CSU may desire warmer relations between Berlin and Washington, one inescapable constraint will be German public opinion. The Bush Administration is not popular with most Germans and the new government is likely to proceed with caution. The dominant issue in the September election was economic reform. Germany's high unemployment and stagnant economy were the inescapable focus.³ Progress on this economic agenda will determine the success or failure of a "Grand Coalition" government. While the German public clearly recognizes, in general, the necessity of implementing reforms, a Merkel government will need political capital to get through reforms that many Germans fear will threaten specific social welfare benefits. The devil is in the details of making abstract economic reforms concrete. Given that political capital is precious and indispensable for an economic reform agenda, the new government will likely be cautious in expending its limited capital on getting closer to Washington.

The depth of Germans' negative feeling about U.S. foreign policy is visible in poll results from Transatlantic Trends, a project of the German Marshall Fund of the United States and the Compagnia di San Paolo. Transatlantic Trends surveyed public opinion on foreign policy in the United States and ten European countries, including Germany, in June 2005. Transatlantic Trends is an annual survey, begun in 2002, and the data underscores how German attitudes toward the United States have deteriorated over the past four years.

When asked how desirable it is that the United States exert strong leadership in world affairs, 60% of Germans said this year that it was undesirable and 39%, desirable. The numbers in 2002 were almost exactly reversed: 68% of German respondents said U.S. leadership was desirable and only 27% called it undesirable.

Another question focused specifically on President Bush, asking "do you approve or disapprove of the way the President of the United States George W. Bush is han-

²"Key Issues in the Campaign for Germany's Parliamentary Election," Associated Press, Sept. 16, 2005.

³In a pre-election public opinion survey in September 2005, *Forschungsgruppe Wahlen* asked Germans what the most important problems facing Germany were. A striking 85% of respondents said "unemployment," a full 71 percentage points ahead of the next most important problem (costs and pay).

ding international policies.” Of the 1,000 German respondents, 83% in the recent survey said they disapproved, while only 16% approved. In 2002, 62% disapproved of President Bush’s handling of international policies and 36% approved.

When you look at these two questions side by side, it suggests that Germans, from the start, were more skeptical of Bush foreign policy than of U.S. leadership generally. German respondents have been consistently critical of Bush foreign policy, with a majority registering disapproval already in 2002 and with that majority growing stronger through this year’s survey. When you look at the responses to the question about U.S. leadership, you see that the majority of German respondents has flipped from embracing U.S. leadership to rejecting it. This data suggests that what we defined as anti-Bush sentiment during the first term has deteriorated into a broader anti-Americanism in the second term.

On the so-called “thermometer” question, in which German respondents were asked to rate their feelings toward various countries by reference to the temperature on a thermometer, the United States scored only 51 degrees in 2005, as compared to 63 degrees in 2002. When the question was asked, those surveyed were told that fifty means not particularly warm or cold. Thus, in 2005, it seems the best we can say is that Germans have a tepid or neutral feeling toward the United States.

These data on German public opinion reveal two significant realities. First, the Bush Administration faces an enormous public diplomacy challenge in Germany. Second, Angela Merkel confronts obvious constraints from her public as she seeks to “reinvigorate” cooperation with the United States.

CLOSER U.S.-GERMAN TIES? WHY STYLE AND RHETORIC MATTER.

Given the unambiguous, negative view among the German public of U.S. foreign policy and the Merkel government’s need to have domestic backing for its economic and social reforms, it is difficult to see the new Chancellor blazing new foreign policy paths together with Washington. Yet this situation, rife with limits, also holds within it an opportunity. The deep skepticism of the German public toward the Bush Administration means that a positive change in style and rhetoric on one or both sides has the potential to begin to change attitudes.

Part of the downturn in German public opinion concerning the U.S. role in the world is no doubt related to concrete U.S. actions, such as the war in Iraq, opposition to the International Criminal Court and the Kyoto Protocol. It may also reflect the deep freeze that immobilized German-American relations from the run-up to the Iraq war until 2004, when Schroeder’s Washington visit in February indicated the first sign of a thaw. The re-election of President Bush in November 2004 led to a full-court press on the U.S. side to reach out to Europe. In the case of Germany, this was highlighted by the President’s visit to Mainz in February 2005. At the joint Bush-Schroeder press conference, the President highlighted the significance of Europe being the destination of his first trip after his inauguration. He went on to say that in order for the United States to have “good relations with Europe,” it needed to have “good relations with Germany.”

Beyond what the Bush Administration is saying or doing, it is equally important to take stock of how Chancellor Schroeder has played the U.S. card. Arguably, negative German views of the United States have been reinforced by the way in which Chancellor Schroeder chose to characterize, for domestic political purposes, those U.S. policy choices.

Schroeder, like Helmut Kohl before him, did not come into office as a foreign policy chancellor. That said, he showed tremendous leadership in winning support to send the German military into Kosovo in 1999 and Afghanistan in 2001—in the latter case, calling a vote of no confidence in the Bundestag.⁴ He led a reluctant German public to fight its first wars in the post-war period.

Some would argue that Schroeder showed similar leadership on Iraq. This time German opinion backed his opposition to the war, but he stood up to his big ally, the United States and, together with Chirac and Putin, was able to prevent a second U.N. resolution, even if he and his allies were unable to prevent the war itself.

On Iraq, however, unlike on Kosovo and Afghanistan, there has been a notable tension between Schroeder’s rhetoric and the reality of German actions. Schroeder’s drum beat of comment, even after the war, about Washington’s military “adventure” in Iraq and foreign policy decisions being “made in Berlin” suggested a much greater distance between Berlin and Washington than, in policy terms, there in fact was.

⁴In September 2005, the German Defense Ministry announced that the Cabinet had agreed to boost troop levels by up to 750 soldiers to a total force of up to 3,000 soldiers. Germany was already the leading contributor to the International Security Assistance Force with about 2,250 troops working to secure peace and stability in Afghanistan.

Germany has, in reality, done much to support the United States and its coalition partners in Iraq, including training Iraqi police and troops, albeit outside Iraq, writing off \$5 billion in debt owed to Germany by Iraq, and deploying greater numbers of German troops to Afghanistan to free up U.S. soldiers. Schroeder's consistent, public opposition to U.S. policy on Iraq has masked effectively for the German public the help his government is providing on the ground.

In Schroeder's final campaign appearances this fall, apparently wanting to remind voters of his opposition to the war in Iraq, he said Germans must decide "whether someone is able to withstand pressure from outside and stand up for what is Germany's best interest." His negative references to the United States were not limited to Iraq. He told supporters "you only need to look to America to see what poverty in old age is."⁵ Or, following the election, as he addressed union members in his home city of Hanover, he criticized "Anglo-Saxon" economic policies, saying they had "no chance" in Europe. Then, in an apparent reference to Hurricane Katrina, Schroeder said: "I can think of a recent disaster that shows what happens when a country neglects its duties of state towards its people. My post as chancellor, which I still hold, does not allow me to name that country but you all know that I am talking about America."⁶ When it came to discussing or portraying U.S. policy, Chancellor Schroeder was torn between being the statesman and being the populist politician.

Some in the Bush Administration maintain that the best way to put the profound disagreements of 2002–2003 behind us is for the Germans and the French to make substantial, new commitments to Iraq. Let's be honest: Angela Merkel will not send German troops to Iraq. Nor should the Bush Administration present that choice to her. Rather, both sides of the Atlantic can focus on, first, changing the tone of the relationship and then, moving on to change the substance. President Bush and Secretary of State Rice have begun to do this on the U.S. side and must continue to do so. A new German government is likely to do the same.

One substantive area that might be ripe for enhanced German-American cooperation is democracy promotion. The Transatlantic Trends survey referenced earlier found, in June 2005, that 78% of Germans think it should be the role of the European Union to help establish democracy in other countries, as compared to 51% of Americans who saw this as a role for the United States. The lower number in the United States reflects the fact that democracy promotion is seen through a partisan prism here with 76% of Republicans and only 43% of Democrats supporting a U.S. role in helping establish democracy elsewhere.⁷ When asked about concrete measures, such as supporting independent groups like trade unions and human rights associations or imposing political and economic sanctions, support on both sides of the Atlantic was roughly similar. In fact, Europeans and Americans are already working closely together to foster democratic transitions in places like Afghanistan, Ukraine, and Lebanon. When Angela Merkel assumes the chancellorship, deepening and widening German-American cooperation on democracy promotion, either bilaterally or in the European context, would be an ideal agenda item for her first meeting with President Bush.

A change in style and rhetoric can make a critical difference. Such a change can establish the foundation for concrete policy initiatives. If Angela Merkel can close the gap between German rhetoric and German actions, she could go a long way to rebuilding trust across the Atlantic. For those of us who continue to believe that more unites us than divides us, this would be a welcome change.

Mr. GALLEGLY. Thank you Dr. Donfried.

Mr. Kleine-Brockhoff. Is it Brockhoff?

Mr. KLEINE-BROCKHOFF. Yes, it is Kleine-Brockhoff, a very long name.

⁵ "German Rivals Make One Last Push," BBC News, Sept. 17, 2005.

⁶ "Schroeder Confirms Exit; Slams Bush," Deutsche Welle, Oct. 12, 2005.

⁷ This likely reflects the fact that democracy promotion is such a central part of the second Bush Administration's agenda. As the President said in his inaugural address in January of this year: "The best hope for peace in our world is the expansion of freedom in all the world . . . So it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."

**STATEMENT OF MR. THOMAS KLEINE-BROCKHOFF,
WASHINGTON BUREAU CHIEF, "DIE ZEIT"**

Mr. KLEINE-BROCKHOFF. Well, it is an honor for me to be here. Thank you very much for inviting me and giving me this opportunity.

It is not a secret that a grand coalition of the parliamentary system is a pretty delicate structure. It is governance by perpetual conference committee, probably somewhat unstable, transitional in nature. "Grand coalition" means gradualism, constraint, limited agenda, and usually its limited agenda is domestic. That is exactly what we see here. If and when Angela Merkel is elected chancellor, she is a chancellor of a domestic agenda.

The question is, how can you conduct foreign policy under such circumstances? The answer is, you can as long as neither partner wants a foreign policy revolution. You have to rely on time-tested policy fundamentals, and you will have to agree to disagree on the rest.

That is exactly what we are seeing happening during these negotiations now. The cornerstones of German foreign policy will be untouched. They remain to be strengthening of the European Union by promoting further integration, transatlantic security partnership in NATO, and promotion of a rules-based international order. But there is a level of foreign policy that is somewhat below grand design, and those are questions of tone, of style, and of balance, and it is here that conservatives criticize the outgoing Social Democrat-led government. They feel that Germany is in danger of giving up its balance between Atlanticism and Europeanism as well as its traditional position as a mediator in the middle of Europe. This critique translates into an agenda. It is the recalibration of Germany's relationships. And since I am a journalist, I will give you a couple of headlines: "Less France, More America"; "Less Russia, More Poland."

What does that mean? Conservatives are the stalwarts of German Atlanticism, but, post 9/11, they faced a double irritation: About America and about Schroeder. They did not understand why the United States preferred coalitions of the willing over NATO when dealing with al-Qaeda, and many of them did not understand the Bush Administrations' reasoning for going to war with Iraq, but, at the same time, they found Chancellor Schroeder's reaction overblown. They believe Schroeder's coalition of the unwilling with France and Russia created or deepened the European division. It alienated America unnecessarily. It made Germany look like a French subcontractor. All of that, they contend, is contrary to vital German interests. They want to correct it.

The rule-of-thumb has always been that Berlin should be half-way between Paris and Washington. That means, first of all, improve relations with the United States. That is exactly what Angela Merkel intends to do, first item on her foreign policy agenda. However, I do not think she will do what many in this town hope for. She will not reverse the course on Iraq. She will not send German troops. Why? Because the coalition would blow up in her face immediately.

On Iraq, we have an all-party foreign policy consensus in Germany. In other words, she needs to make Iraq a no-go zone for Ger-

man-American relations and yet improve this relationship. She will likely do something like an anything-but-Iraq approach.

The second complication, as Karen Donfried mentioned, is public opinion. Schroeder's foreign policy is wildly popular because people think he got the big questions right. He led German forces into the right wars in Kosovo and Afghanistan and kept them out of the wrong war, which is Iraq. He gave up Germans' military abstinence after World War II while standing up to the United States when necessary. The public, roughly at a margin of 80 to 20 percent, does not want the incoming chancellor to give up that posture.

The suspicion this majority holds about Angela Merkel is that she may be blindly obedient to Washington. So the challenge for the leaderships on both sides of the Atlantic is to use the opening that this change of government presents while winning over a public that remains to be very skeptical of the Bush Administration.

Conservatives believe there is no successful German leadership in Europe when Germany does not win over the smaller countries and champions their causes. Only when Germany does that will it have enough leverage in Europe. They contend Schroeder has violated that principle of German foreign policy. Merkel wants to return to that balance, which means, first of all: Do not alienate Poland by cozying up to Russia. And with regard to Russia, her most important foreign policy adviser says: No more special relationships, just good relations.

Turkey is the one issue that the coalition is at odds about. Social Democrats want Turkey in; the European Union Christian Democrats do not. Since the partners do not agree on Turkey, they will agree to disagree. That is easy because membership talks, which just started, will last at least 10 years, and no decisions will have to be taken in the half life of this coalition. So that also means, for German-American relations, Turkey does not need to be a stumbling block in German-American relations.

In closing, what you will see is no foreign policy revolution but a slight retraditionalization of German foreign policy, and if orchestrated right, it is a new opening to move beyond Iraq and overcome the recent division in United States-German relationships. Thank you.

[The prepared statement of Mr. Kleine-Brockhoff follows:]

PREPARED STATEMENT OF MR. THOMAS KLEINE-BROCKHOFF, WASHINGTON BUREAU CHIEF, "DIE ZEIT"

If Angela Merkel had her way as Chancellor, she would leave the cornerstones of German foreign policy untouched, but alter its tone and most importantly the delicate balance of Germany's vital relationships. In short, the ingredients of Merkel's preferred foreign policy would include:

- less France and more United States
- less Russia and more Poland
- no EU-Membership for Turkey

But Angela Merkel will not have her way, at least not completely. And if change does come, it is not likely to be announced with fanfare. Indeed, there are several domestic constraints on Merkel's agenda. If elected Chancellor by the Bundestag, she will be leading a grand coalition that includes the most important component of the current government, the center-left Social Democrats. While Merkel and her center-right Christian Democrats want to engineer some changes, their Social Democrat partners will see to it that she guarantees enough continuity in policy areas dear to them. The Social Democrats will want to protect what they regard as the

core foreign policy achievements of the current Schröder government. At the same time, Social Democrats will likely work hard not to be seen as obstructionists inside the coalition. However, the very nature of such a grand coalition creates constraints. It is governance by perpetual conference committee—probably somewhat unstable, transitional in nature, with a limited agenda focused on domestic policy. It will lack a clear mandate for a distinct foreign policy agenda. In such a volatile political climate, public opinion may become another source of constraint on policy makers.

This situation poses a particular challenge to American foreign policy: How does one deal with a German chancellor who wants less change than many in Washington hope for, yet more change than she can implement or even advocate for?

I will try to address all three topics here: first, the approach to foreign policy that Angela Merkel and her conservative advisors favor; second, the grand coalition and the domestic constraints on it; and third, the resulting challenges for American foreign policy. In addition, I will offer a few observations about the personalities involved.

1. THE FOREIGN POLICY AGENDA OF GERMAN CONSERVATIVES

a. Less France, more United States

When Angela Merkel appeared before the media to announce that talks with the Social Democrats had led to the decision to form a grand coalition under her leadership, she briefly outlined the agenda of the new government. She mentioned foreign policy only in passing, citing only one such agenda item: to improve the relationship with the United States. There is, of course, a deeper meaning to this brief announcement. It is the central importance that she attaches to this relationship. Indeed, the rest of her agenda revolves around it.

Merkel's Christian Democrats built their foreign policy on a long tradition of Atlanticism, initially with the first West German Chancellor Konrad Adenauer, who helped bring West Germany into the Atlantic Alliance, and most recently with Helmut Kohl, who cooperated with the first President Bush to negotiate German unity within NATO. The tradition of Atlanticism in Merkel's party is alive and well. But during the post-9–11 years German conservatives faced a double irritation.

It seemed only normal to Christian Democrats (and consistent with NATO's common defense clause) that the Alliance offer help to the United States after the attacks of 9–11. To their surprise, this help was rejected. Building the response to terrorism on coalitions of the willing rather than on NATO confounded conservatives. The run-up to the Iraq War found the majority of Christian Democrats, who had after all been the stalwarts of German Atlanticism, in the mainstream of public opinion—which became increasingly critical of the Bush administration's plans for war. Few Christian Democrats publicly supported the war; some openly opposed it; many simply remained silent; hardly anyone advocated a military contribution to the war effort. The war itself has only hardened those positions. And the fact that no weapons of mass destruction have been found has rendered the war indefensible even to the most ardent German Atlanticists. To this day, Christian Democrats do not advocate German military contributions to stabilize Iraq, even though they regard a stable Iraq as in the interest of Germany. There would be no majority for such a policy within the party, within the Bundestag, or among the German public. Such a proposal would definitely lead to the collapse of the governing coalition.

The second irritation for conservatives was Chancellor Schröder's reaction to the changed American behavior in the run-up to the Iraq war. Christian Democrats regarded his stance as overblown and contrary to vital German interests. While many agreed with Schröder's characterization of the war as "an adventure," they were puzzled by the attempt to form a coalition of the unwilling with France and Russia. While many Christian Democrats believe President Bush's strategy to build a coalition of the willing has helped to split Europe, they also believe that Schröder's "coalition of the unwilling" has exacerbated the problem. Specifically, they contend that it forced Europe's smaller nations to decide between the two blocks. Angela Merkel has, on numerous occasions since 2003, criticized Schröder for giving up Germany's balance between Atlanticism and Europeanism as well as its traditional position as a mediator in the middle of Europe.

In the post-1989 environment Christian Democrats see two vital interests for Germany. First of all, they advocate strengthening the European Union by promoting further integration. German Christian Democrats are soundly rooted in Europe's federalist camp: Helmut Kohl was one of the architects of the Euro. Conservative foreign policy experts Karl Lamers and Wolfgang Schäuble invented the controversial idea of a "core Europe" that would speed up its integration process while others would be allowed to lag behind. Christian Democrats supported the European Constitution that the Dutch and the French electorates rejected. They now favor "res-

cuing” those parts of the project that can be salvaged. In this type of Europeanist thinking, a policy that does not use German power to avoid splits in Europe is contrary to the core national interest of the country.

Conservatives see the trans-Atlantic relationship as Germany’s second vital national interest. In their thinking NATO remains Germany’s security guarantee, especially in an age of terrorism. Beyond the security partnership, the United States is seen as the guarantee power for Germany’s first national interest: European integration. That is why President Bush’s reaffirmation of America’s commitment to a strong and united Europe (during his visit to Brussels earlier this year) has been greeted with a sigh of relief by German Conservatives. It helped rebuild Atlanticism inside the party and led to a more pointed critique of Schröder’s foreign policy and to the rationale for the recalibration of German foreign policy under conservative leadership. As Karl-Heinz Kamp, one of Merkel’s foreign policy advisors, puts it, Germany must try to “return to trans-Atlantic balance”. In Kamp’s view, “Mr. Schröder’s shift towards Paris has destroyed this equilibrium and impaired the international weight of Germany.” Only in a “mediating role” Germany can “exert a large degree of influence in the European Union.” Kamp, security policy coordinator at the Konrad Adenauer Foundation, also asserts: “Germany can and will loosen itself from the French grip without becoming blindly obedient to Washington.” Inside NATO, Kamp wants Germany to “cease applying the brake” and instead “direct its political energies toward the further development of the alliance.” A new German government, Kamp declares, “will promote the development of a European security identity founded on European-Atlantic synergy, rather than one focused on European emancipation from American dominance in the political, economic and military spheres”. However, these words represent “pure” conservative foreign policy thinking. They were written before the grand coalition became a political necessity.

b. Less Russia, more Poland

Correspondingly, Christian Democrats feel uneasy about what they see as an all-too-cozy relationship with Russia. Vladimir Putin has been Chancellor Schröder’s best friend on the international stage—a personal relationship that paid off for both countries, Schröder claims. Schröder and Putin have met countless times. For orthodox Christmas 2001, they attended a service in Moscow. For his 60th birthday, Schröder invited Putin to his home in Hanover as the only foreign guest. Putin understands German. His daughters went to German School in Moscow. Schröder has adopted a Russian girl. Both leaders come from a humble background. They moved up the social ladder in their respective societies. They are, as one Schröder advisor puts it, “brothers in biography”.

Russia and Germany have cooperated in the conflict with terrorism and in the conflict with President Bush over Iraq. All the while, Schröder has abstained from criticizing the growing democracy deficit in Russia. At the heart of the strategic partnership, however, is energy policy. In 2003, no less than 38 % of German natural gas imports were supplied by Russia. New joint explorations of gas fields in northern Siberia have recently been agreed upon. Shortly before the German election, Chancellor Schröder and President Putin announced that a new natural gas pipeline would be installed on the bottom of the Baltic Sea, not coincidentally circumventing Lithuania and Poland. As German foreign policy analyst Michael Thumann writes, Mr. Schröder has made “a choice for his country: in energy affairs, he focuses solely on Russia.” Schröder’s “distinctive brand of Ostpolitik,” Thumann goes on to write, “represents a clear break with West Germany’s foreign policy traditions since 1949.”

Christian Democrats wish to re-balance Germany’s Russia policy. In October 2004, Angela Merkel chided Schröder for a policy that “increases Germany’s dependence on Russian natural gas beyond a prudent limit.” While a clean break with this policy is unlikely because of German energy needs, a conservative government would like to pursue a diversification strategy. German conservatives, rooted in the realist school of foreign policy thinking, are unlikely to start confronting Russia about questions of democracy inside Russia. However, Chancellor Merkel’s relations with the Russian leader are unlikely to be as personal as those of her two predecessors. Helmut Kohl even went to the sauna with Boris Yeltsin. Conservatives attribute Kohl’s closeness to him to the demands of a unique historical situation rather than with a more general strategic analysis. That unique situation, they contend, was the fall of the Berlin wall, German reunification, and the fact that Russian troops remained stationed on German territory for years even after reunification. Conservatives point to the fact that Kohl managed to balance this relationship with President Yeltsin with a close relationship to President Bush and unwavering support of Polish membership in the European Union. It is this lack of balance that

Christian Democrats criticize today. As Wolfgang Schäuble, Merkel's most experienced foreign policy advisor, put it in June 2005, there will be no more special relationship, just good relations.

The conservative notion that the Schröder government disturbed the balance of Germany's vital relationships extends to relationships with the smaller countries in Europe—even with Poland, the biggest of the smaller nations. Being the most populous and economically most powerful country in the EU, West Germany had initially met some skepticism from its neighbors when it assumed a leadership role inside Europe. The burden of the Nazi past also played its part. Consecutive governments have successfully addressed these concerns by making Germany a champion of smaller EU countries. The conservative critique of the Schröder government claims that Schröder has diminished German influence in Europe by neglecting those smaller countries. According to this thinking, Poland has been unnecessarily alienated by the Schröder government's cozy relationship with President Putin's Russia. As the Adenauer Foundation's Karl-Heinz Kamp writes about a prospective conservative government: "By showing respect, Germany will win back the small countries within the EU whose trust was lost over the last few years."

c. No EU-membership for Turkey

Ever since the EU started talking about possible Turkish membership some 40 years ago, German conservatives have had misgivings about this prospect. Chancellor Helmut Kohl voiced them most prominently and bluntly when he said that Europe "is a Christian Club". Christian Democrats argue that Europe has borders. They see Turkey outside of these borders. They mention cultural incompatibility. And increasingly they claim the EU is not ready for a big country like Turkey. Instead of exporting stability, the EU would import instability. Under Angela Merkel's leadership as party chairman, Christian Democrats have committed to derailing the membership process. They insist that the process is "open-ended" and hope that in the end Turkey will not meet the EU membership criteria. And even if Turkey were to qualify, they express confidence that the French and some other European electorates which have to approve of Turkish membership will ultimately resist. As an alternative to membership, Merkel proposes what she calls a "privileged partnership." However, under criticism from Social Democrats (who support Turkish membership) Ms. Merkel has a hard time explaining how a "privileged partnership" improves the current legal status of Turkey vis-a-vis the European Union.

2. THE GRAND COALITION AND DOMESTIC CONSTRAINTS

Grand coalitions are transitory in nature. All participants know that a grand coalition is not a long-term governing project. The stability of this particular grand coalition seemed to be guaranteed by the fact that all three party chairpersons (the Social Democrat as well as his colleagues from the two conservative sister parties) committed their own careers to the project by becoming cabinet members. Yet about a week before this testimony, political upheaval left only one chairperson as a cabinet member. That person is Angela Merkel, the prospective Chancellor. This turn of events adds to the doubt that a stable coalition with a forceful agenda is in the making.

A feature of any German coalition is the tradition that the larger partner names the chancellor, while the smaller partner names the foreign minister. In a grand coalition, however, the office of the Foreign Minister may be used to groom a prospective party leader, possibly a future chancellor. That may create a sense of rivalry between the chancellor and her most important cabinet member. It also means that the chancellor of a grand coalition has a hard time forcing her foreign policy agenda on the partner (which has happened numerous times under conventional coalition governments).

Grand coalitions work well in foreign affairs when they have a distinct policy project. That was the case in the first Grand Coalition (1966–1969), which paved the way for detente. In the absence of such a project, grand coalitions have to rely on time-tested policy traditions. That is the case here. The cornerstones of German foreign policy enjoy multi-partisan support. They remain European integration, trans-Atlantic security, partnership in NATO, promotion of rules-based multilateral conflict resolution, and military engagement in the Balkans and Afghanistan—but not in Iraq. Beyond these fundamentals Ms. Merkel's agenda of "re-balancing" Germany's relationships will be part of day-to-day governing. It was also part of the coalition negotiations. (They are ongoing at the time of this writing. The foreign policy portion is completed and not yet public.) But Christian Democrats did not insist on putting every word of Merkel's agenda into writing. They tried to avoid provocations to their new coalition partner. As one observer joked, conservatives wanted

to see a lot of NATO in the document, while Social Democrats wanted to read about peace. Most likely, they both will be satisfied.

But the real issues were debated. First among them: Turkey. Here the partners disagree on principle. Social Democrats want Turkey inside the EU, Conservatives do not. During the negotiations they agreed to disagree and leave the issue to the future. That is easy to do, because the European Union has only recently agreed to start membership talks. The new coalition will not have to take responsibility for that decision. Membership negotiations will likely conclude in ten years—beyond the half-life of this coalition.

Social Democrats do not agree with the conservative critique that Germany's relationships with Europe's smaller countries have been strained under their watch. But they do agree with the underlying principle that Germany should exert influence by championing the causes of smaller nations. That makes it easy for them to agree to Merkel's proposition: work more closely with Poland and smaller countries. Likewise, Social Democrats do not agree that Germany has been too close to Putin's Russia. But they do agree that Germany should not become overly dependent on Russian energy. While conservatives will probably not insist on annulling the treaty on the Baltic natural-gas pipeline, Social Democrats will not complain when the new chancellor behaves in a more business-like manner than her predecessor. It is in questions of style and tone where Chancellor Merkel will have her wiggle room. But of course over time style easily translates into substance.

This is also true when it comes to German-American relations. Social Democrats agree to build on the improvements of the last year. While Chancellor Schröder's foreign policy has had little or no opposition from inside his party, some found the strained personal relations between Chancellor Schröder and President Bush unfortunate and unnecessary. They regret the demise of Gerhard Schröder, but welcome the opportunity to overcome differences with new players. Social Democrats and Christian Democrats can find common ground on these questions because their leaders are foreign policy realists. However, there is a gulf between the policy elites and a sizeable segment of the population. Public attitudes and perceptions may well become a constraining factor, especially in an inherently unstable grand coalition.

Chancellor Schröder's foreign policy has been wildly popular because a large majority of Germans believe he got the big questions right. He sent German soldiers to Kosovo and Afghanistan, but kept them out of Iraq. He abandoned the post-war notion that the German military should be used only in pure self-defense. At the same time, he seemed to show that decisions about the use of the military would be made on a case-by-case basis. He would cooperate with the United States when prudent and stand up to the US when necessary. The key word of this policy is "normalization". The public does not want Angela Merkel to abandon this posture. As a candidate she quietly acknowledged this fact. She broke with the tradition of German candidates for chancellor and avoided coming to Washington. She did not want to be seen as preparing to change German policy towards Iraq. She did not make foreign policy a campaign issue. When Chancellor Schröder challenged her during the TV debate, she tried to change the subject. Flash polls evaluated this segment of the debate: Schröder came out ahead by a margin of 81 to 17.

The factors that drive public perceptions remain in place today: President George Bush continues to be unpopular. His standing among the German public seems virtually beyond repair. The ongoing Iraq war supplies the German public with a steady diet of pictures that show death. It reminds them of the reasons why they objected to the war in the first place. The ongoing debate about prisoner abuse, torture, and secret CIA-prisons in Europe continues to undermine America's moral stature in Germany and, thus, its ability to lead. As long as these factors remain in place, large portions of the public will watch Chancellor Merkel's demeanor vis-a-vis the United States closely. She will have to counter the impression of "blind obedience," as the Adenauer Foundation's Karl-Heinz Kamp puts it. This segment of the public will look toward the Social Democrats to safe guard Chancellor Schröder's foreign policy legacy. In sum, Chancellor Merkel will need a lot of sensitivity to get this one right.

3. THE NEW PERSONNEL

Angela Merkel grew up in a religious household in East Germany. She has a PhD in the natural sciences and worked as a scientist until shortly before the fall of the Wall. The democracy movement which she joined brought her into politics. During her 15 years in politics, she has seldom dealt with foreign policy. She first learned about the international arena in 1994 when she became Minister for Environmental Protection in Helmut Kohl's Cabinet. A wider foreign policy agenda became part of her portfolio when she assumed the role of party chair in 2000.

While there is no long paper trail about her foreign policy positions, it is possible to discern some basic convictions from her life in East Germany. She grew up under authoritarian rule and Soviet occupation. In short, she knows why she speaks Russian and why Vladimir Putin speaks German. He was stationed only a few hundred kilometers from her home—as a KGB officer. Judging from her background, it is extremely unlikely that she will see as close a partner in Russia or as close a friend in President Putin as her predecessor did. It is harder to get a read on her personal perspective on the United States. Dissidents in Soviet-occupied Central and Eastern Europe looked to the United States as a potential liberator; East Germans looked across the wall to their West German brethren. This difference helps to explain policy attitudes even today. Yet Angela Merkel has shown a remarkable interest in and openness towards the United States. To use Secretary Rumsfeld's parlance: she is as much "New Europe" as one would find in Germany. Furthermore, her foreign policy advisors are traditional West German Atlanticists, Wolfgang Schäuble and Friedbert Pflüger being the most important among them.

Angela Merkel has built a career on being underestimated. She has shown astonishing staying power and political toughness. She perseveres. It is likely that her foreign policy agenda is genuine and unlikely that the special constraints of this Grand Coalition will cause her to give up the core of that agenda.

Frank-Walter Steinmeier, her designated foreign minister, is an unknown quantity in German foreign policy. For the past six years he has been Gerhard Schröder's chief of staff. He rose through the ranks of the state administration in Lower Saxony and was never elected to public office. He came to Berlin with Chancellor Schröder. Steinmeier has an unassuming personality and an excellent reputation as a manager of the daily business of running a government. Even conservatives praise him and feel confident that they can work with him. They see him as a pragmatist. He is closely associated with Chancellor Schröder's agenda for economic reform, but not with his foreign policy agenda. To many observers his ascension to the most important cabinet post came as a surprise.

Public knowledge about Steinmeier's foreign policy thinking is scant. However, his few public remarks show a man who does not think about foreign policy merely in terms of traditional diplomacy. He is concerned with the structural changes of the international environment in the age of globalization: ethnic and religious violence, proliferation of weapons of mass destruction, asymmetric threats, rogue and failing states, demography, immigration, non-state actors. We have hints about Steinmeier's mindset, but not about his answers to his own questions.

4. CHALLENGES FOR US FOREIGN POLICY

The question that many in Washington foreign policy circles ask is this: If Schröder was the problem, is Merkel the solution? There are other questions. For example, how does one deal with a new government that seems to downplay the changes that it wants to implement?

Inevitably, foreign partners of this new German government will have to know about and accept its basic parameters to be able to do business with it. First of all, it is only half new. To yield to the temptation of working with the new part and ignoring the old will create problems rather than solutions. From an American perspective, the need to win over Social Democrats has not changed. Once they are won over, Chancellor Merkel can avoid the impression of subservience to America (which outcome should be very much in the American interest).

It will be hard or impossible for the United States to make progress on two fronts: Turkey and Iraq. The former because the coalition is divided about strategy; the latter because the coalition is united about strategy. On Turkish EU-membership the coalition will not want to reevaluate its decision not to decide what its position is. On Iraq, it represents the German consensus not to get involved militarily.

Actually, this coalition offers the opportunity to finally move beyond Iraq. The new coalition will not want to use cooperation on Iraq as a barometer to measure the quality of German-American relations. Given the history of the past few years, this new government will be eager to find new areas of cooperation.

Angela Merkel is more than she seems—just as this new government. It may appear to be quiet and soft-spoken, but it has a foreign policy agenda. And that agenda has Washington at its top. Given the constraints of a grand coalition, that is an opening.

Mr. GALLEGLY. Thank you very much, Mr. Kleine-Brockhoff.

Before I yield to the gentleman from Florida, my good friend, Mr. Wexler, I would like to welcome our friend, Congressman Bill Delahunt from the State of Massachusetts, who is the incoming

Chair of the Congressional Study Group on Germany. Welcome today, Bill.

With that, Mr. Wexler, the microphone is yours.

Mr. WEXLER. Thank you very much. I thank the three witnesses for allowing us to benefit from your expertise. It is very interesting to both listen and learn from you.

Sometimes I think that the division is a bit exaggerated, which is reflected in your remarks, between the United States and Germany. The division regarding Iraq, which obviously we all witnessed played out in the most prominent of terms. Yet, ironically, the cooperation in Afghanistan, as all of you spoke about, is actually quite remarkable in terms of the intensity of German involvement with American troops and entirely consistent with American objectives, and yet that gets very little examination in terms of even defining who Schroeder was and what his foreign policy was and what his relationship with Washington was.

Also, the other aspect, at least since President Bush's trip to Europe after President Bush's reelection, is American cooperation with the EU-3, of which Germany is obviously a part, regarding Iran; which also, in my view, is a high mark of transatlantic cooperation which I believe everyone perceives will continue under this new government or new coalition.

I am curious if you might comment. Taking not a worst-case scenario regarding Iran, but as we move forward to a more confrontational posture at the UN, or potentially more confrontational posture at the UN, given Iran's more bellicose attitude of late, do you foresee any changes in German posture relative to the ultimate issue of sanctions regarding Iran by virtue of the coalition?

Ms. DONFRIED. I agree with you that Iran has been an extremely positive example of transatlantic cooperation, and I think we have done a very good job up until this point of being united: U.K., France, Germany, United States, and Javier Solana representing the EU. The strength and weakness of our Iran policy is that the threat of referral to the UN Security Council has proven to be very effective with the Iranians. They actually cared. They do not want to be referred to the UN Security Council. But if we exercise that threat and actually do refer Iran, then the question is, what happens next? It seems very unlikely that we would be able to get sanctions from the UN. I would imagine that there would be a Russian veto or a Chinese veto.

So then the question is, could we have sanctions within the West, United States and Europeans? And I am very dubious that we would be able to get agreement on that within the European Union.

Mr. WEXLER. Is that because of French reluctance or German reluctance? I do not suspect it would be British reluctance.

Ms. DONFRIED. Yes, there would be French reluctance. There would also be German reluctance. I think, in the European Union, there is not a consensus to move in that direction. Where we are now is a desire on all parts to try to drag it out for as long as possible because every day that Iran is not enriching uranium and moving closer to having a nuclear bomb, that is a win for us. But as you point out, the new Iranian Government has been using ex-

tremely bellicose rhetoric, and it is not obvious they will allow us to play this long.

So if Iran puts us in a position of needing to respond, what are our policy options? Right now, the only one we are talking about is sanctions at the level of the Europeans, and I am dubious that you will get support there, but let me turn it over to Jack and Thomas.

Mr. KLEINE-BROCKHOFF. The problem with Iran in my home country is there has been little strategic thinking about the hard choices. What do we do in the end? We, of course, liked the fact that the Bush Administration has changed its perspective, has come on board with the EU-3, but over the past months, we have also seen this bellicose rhetoric that brings us closer to these hard choices. The quote, "Extermination of Israel," used in the new Iranian President's speech, has resonance certainly in the German public and also in the German leadership.

So the question, "Where do we go from here?" is very much—I agree with Karen—playing for keeps. As long as they do not enrich, as long as we talk, that is fine, but I do not think the German leadership is at a point where they have made a commitment to go a step further.

Mr. JANES. I would simply add that I think, in contrast to the Iraq situation, the threat in Iran is real and is visible, and I think the Germans understand that in a different way than Iraq was ever visible. So in that respect, it will be an interesting test not only of the political leadership but of the public at large as to what they are willing to accept their government to do. They know where those nuclear plants are. They know this is not a hide-and-seek game. They know that this is there. This is very different from the weapons of mass destruction that were not there. So I think that is something that will make a very big difference in terms of how the public and the leadership decide what their position will be.

Mr. GALLEGLY. The gentleman from Texas, Mr. Poe.

Mr. POE. Thank you, Mr. Chairman. Likewise, I appreciate all three of you being here. On my mother's side, a bunch of Prussians came to Texas in the early 1800s, and I am very proud of the fact that that is my heritage, and so I welcome all of you here.

With the current unrest going on in France regarding immigrant population, how will the issue of large numbers of immigrants in Germany sit with this new government, how do you think that will play out? Will we see violence? What will we see? What is your prediction, and how is the government going to handle this situation if it becomes a problem?

Mr. KLEINE-BROCKHOFF. First of all, the demographic situation of the immigrant population in France and in Germany is very different, so, at least from what I can tell from here, and you do not get a really good feeling of what the situation is from here, the Muslim population that we have in Germany is mostly Turkish and is not Arab. It is very unlikely that you will see a burning Berlin-Kreuzberg in the same way, and that is also for the reasons that we do not, in Germany, have the same type of suburban structure that certainly exists around Paris. So you do not have that same type of social component that sparks some of that violence.

But in the long term, of course, the fact that we have a sizable Muslim minority in Germany is part of any coalition's political future to address. Germany has done, and everybody agrees to that, a fairly poor job in integrating these people over the past two generations, so that will be a job, and it is a wake-up call for German politics, as in any European country: How do we deal with the question that we will have a growing Muslim minority in our country? How do we ensure equal rights and a glass ceiling, which is one of the issues at stake in France?

Mr. JANES. It is interesting to note that in France, of course, you have this high concentration around Paris of people that basically do not feel they have a stake in the system. I think that the last several years in Germany have shown that people are making a big effort to let them have a stake in the system. The Turk issue, with regard to their possible membership in the EU, has been a part of that discussion.

As you know, Chancellor Schroeder came out very forcefully for supporting Turkey's membership in the EU, and I think, to some extent, that is a factor that plays into German politics as well. Beyond that foreign policy dimension, I think the real work is involved in making sure that the individuals that are there, not only from Turkey, but most of them are from Turkey, feel like they have a stake in the system. I think that that is more so the case in Germany than it is in France. The question is that it is a continual effort and a process that has to be worked on constantly.

To my understanding, there has been no significant outbreak of violence in Germany. I think there were some copycat crimes in Berlin and Bremen recently in terms of torching of cars, but there is not that outbreak at the moment. I think the government is quite conscious of the fact of not wanting to let off of their effort to make sure that that effort of integrating this group—this is a large group—into society continues, regardless of the regime in Berlin.

Ms. DONFRIED. I think that while the situation in Germany is different, this tells us about a Europe-wide problem. If you look at the "No" vote on the Constitution in France and in the Netherlands, there were many reasons why those votes rejected the European Constitution, but one of them clearly was this fear of societies that were changing thanks to higher immigration and different peoples coming to the Netherlands and to France. This sense, I think, permeates Europe in part because even if no new immigrant came to, say, the Netherlands as of today, you go down the road 20 years and Amsterdam will be a majority Muslim city. The reality of demographics in Europe is that Germany needs immigrants, France needs immigrants, so there is this duality between the reality of demographics and the fear of immigration that Europe cannot escape.

I think that you, as a Member from Texas, who understands well this reality in the United States of needing a labor force and the challenges that immigration brings with it, can help deepen and enrich the conversation across the Atlantic on this enduring reality. Thanks.

Mr. POE. Thank you, Mr. Chairman.

Mr. GALLEGLY. Mr. Poe, I know that you had a statement that you would like to enter for the record, and, without objection, we will make sure that all Members statements will be made a part of the record of the hearing.

Mr. POE. Thank you, Mr. Chairman.

[The prepared statement of Mr. Poe follows:]

PREPARED STATEMENT OF THE HONORABLE TED POE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Leading up to the September 18th elections in Germany, many of us hoped that Christian Democrat candidate Angela Merkel would decisively win and be a breath of fresh air to the economic, social, and foreign policies of the Schroeder-led cabinet. Unfortunately, the elections did not produce a clear winner. Mrs. Merkel is from former communist, East Germany which should give anyone a healthy respect for the freedoms, market economics and Western values that is much needed in today's Germany. She has been compared to Margaret Thatcher in that her platform would rebuild relations with the United States (taking the focus off of France), introduce a flat tax, and open up the German economy. I am interested in hearing your opinion on whether a compromise can be worked out between Merkel and Schroeder—especially since they come from opposite ends of the ideological spectrum.

Mr. GALLEGLY. I will throw this out for Dr. Janes to start with, and if anyone else wants to contribute, I welcome it. Given the seriousness of the economic situation and the need for economic reforms, will this new coalition government, in your opinion, have the capability to institute the necessary economic and social welfare reforms?

Mr. JANES. I hope so.

Mr. GALLEGLY. I am supposed to be the politician. [Laughter.]

Mr. JANES. Let me be, then, more specific. I do not know. I think that basically there is every opportunity for them to kick start this engine into place. There is, as I indicated in my statement and in my written statement, a great deal of infrastructural prerequisites in Germany that would allow this to happen, and my sense is that there is also a recognition throughout the country that there is a need to move forward.

Let me just say, Germany is an interesting situation where, on the one hand, you have an enormous, powerful economic force. The German exports are world leaders. The major German companies are doing extremely well around the world. On the other hand, the problem is at home. The problem is, as we say in the trade, the "two-speed economy," the larger corporations doing very well, but the smaller companies and the smaller firms hamstrung. I think that what the two sides of this coalition are going to have to do is to realize that what is at stake here is not just the initial pain that has to be taken by virtue of making these changes for the immediate future but for the long-term future.

So I guess my response to you is that I think they have the prerequisites there. I think they have the opportunity. My only concern, as I said, is that I feel that there is probably going to be the possibility that the coalition itself may not be able to agree sufficiently, and so the force of progress might be incremental rather than perhaps the kind of reform it really needs.

Mr. GALLEGLY. Dr. Donfried?

Ms. DONFRIED. It has been interesting to watch the analysis of the German election. One faction was saying, what this election tells us is that even though the election is ambiguous in terms of

the coalition government that will come out of it, 80 percent of the German electorate voted for reform; 80 percent voted for parties that are talking about economic reform. I do not think that is the message of this election. I think the message of this election is Germans were scared by the reforms that Angela Merkel was trumpeting. So you have a situation where every German knows you need to put in place these tough reforms, but they do not want those reforms to affect them. They do not want their own benefits to be cut.

I think the grand coalition can go in one of two ways: Either the two big parties can say, "Let us steel ourselves, do this together, and then we both take the blame," which would be constructive. Or the two big parties will decide that the politics are overwhelming, and they would rather toss the political football back and forth rather than put in place serious reforms. The hope right now is they will opt for the former, and we will see at least a modest economic reform package moving forward, but it easily could be the latter.

Mr. KLEINE-BROCKHOFF. I am a little disturbed, the last weeks, by the doom-and-gloom commentary about what this German election has been all about and what the outcome, especially on the economic front, is supposed to be. First of all, Germans did not have the choice between reform and no reform; they had the choice between reform and more reform, and they chose some hybrid. So, in the end, I think this coalition, while a grand coalition is always something limited in duration and also on agenda, it has a couple of distinct advantages. It has a two-thirds majority in one house and a workable majority in the other.

So in traditional coalition governments, you have huge agendas, and in the end, the output of it will be small because you do not get majorities in the second house. Here, you have a limited agenda, and this agenda is very likely to go through.

So I believe this is part of a multiyear reform process, a very sustained, very gradual process, and I am one of those who believes that there will be a German comeback; it just is not around the corner, and you can see and grab and hang onto it right here, right now. So we should not despair about the fact that there is no huge agenda on the table of this grand coalition; by nature, it cannot.

Mr. GALLEGLY. I would like to change the pace here for a second. I would certainly welcome an opportunity for my good friend, Bill Delahunt, although we are going to have to wrap this up in about 10 minutes.

Mr. Kleine-Brockhoff, where will the political challenge to the new chancellor, Angela Merkel, come from?

Mr. KLEINE-BROCKHOFF. What challenge are you envisioning?

Mr. GALLEGLY. Political challenge. Is it going to come from the coalition partner, the Social Democrats? Do you see a challenge there?

Mr. KLEINE-BROCKHOFF. Well, first of all, since the grand coalition is not a future governing structure, it has to come from within. It has to come from the Social Democrats. So they are sitting at the table with their next challenger, and part of the setup of this grand coalition is that her most important colleagues at the cabinet

table will be her challengers tomorrow. The question is only when that process will happen and over what it will be going on.

There are other things going on in the political spectrum. The grand coalition is not only stagnation; on the fringes of the political spectrum as well as in other parties, you will see new structures emerging. So the challenge will be from within, and it will probably be something economic where it comes to an end, where she wants to go further than the Social Democrats will likely go. That is the political challenge that is foreseeable.

Mr. GALLEGLY. Dr. Janes or Dr. Donfried, would you like to add to that?

Ms. DONFRIED. I was just going to say, do not underestimate Angela Merkel. Part of the key to her success has been that she has been consistently underestimated. She learned at the feet of a master—she was in Helmut Kohl's cabinet—and the fact that she is very likely to be Germany's next chancellor shows both her staying power and the fact that she understands the political gain.

Mr. JANES. I think, finally, a very specific thing. I think what will make or break this thing is budgetary discussions over the next year or two. That will probably be the minefield that is out there that might then result in new elections earlier than the 4-year term that would be foreseen. That is the major landmine that is out there.

But, again, to point to what Karen just said, this is a woman, as I indicated, that knows what change is about and knows how to understand transformation. She came from that side of Germany and is now leading with her counterpart in the other party, who is also an eastern German, together. It is an odd thing, 16 years after the Wall came down, two eastern Germans are leading the Federal Republic of Germany into one of its more significant challenges in terms of domestic affairs.

Mr. GALLEGLY. It sounds like two, if not all, of you agree that she understands the political maze pretty well.

In the absence of having other Committee Members here, I would certainly invite my good friend from Massachusetts, the incoming Co-Chair of the Congressional Study Group on Germany, Bill Delahunt, if you would like.

Mr. DELAHUNT. Thank you, Mr. Chairman. I guess one message that I would suggest that ought to be taken from the German elections is do not trust the pollsters. [Laughter.] I think we all can share that particular experience.

I have to concur with the observations of Mr. Wexler. I think we have got to be very careful in not overstating the strain on the relationship between Germany and the United States. We have problems in terms of our image in the world not just with the Germans, but with the Irish and the Canadians. There was a recent poll in Latin America among the economic elite in five countries there. It was done by Zogby, and, again, the sample reflected upper-middle-class; wealthy Latin Americans that one would suspect would have a good feeling about this Administration. This is not Chavez and Fidel and the Shining Path. The President got an 86 percent negative rating. So we will work through these things. I do not think there is any particular animus. We have a lot of disagreements

among ourselves in terms of Iraq, so I think we are past that little blip.

Much of what you were saying, Dr. Donfried, is that we are having the same discussions here about growth. Yes, we have a higher rate of growth, but our median income is down, so we are looking at these problems of disparity of wealth and income. People are nervous here in this country. Defined benefit pensions, for example, are a thing of the past. There is a healthcare crisis going on for some people in this country, so we are still sharing, in many respects, political experiences where we can learn from each other.

Again back to immigration; you indicated earlier that both the Chairman and Congressman Poe are people that are engaged in that issue, and there is great diversity on that issue here in the United States between the Administration and Members of the Republican Party in Congress. So we understand because the issues that have to be addressed here and in Germany are not necessarily dissimilar, and I think it is important to understand that. I think we are past much of the passion that went on.

Immigration; again, you are right about the demographics; you had better grow because you are not going to be around very much longer if you do not. Look at Italy. They have got about another 100 years to go and then they will not exist. These are issues that we all really have to address. Our growth here in this country, in many respects, is predicated on immigration, so tough issues, a lot of tough issues.

As Elton indicated, I am the incoming Chair of the Congressional Study Group on Germany, and I have seen the benefit of inter-parliamentary dialogue and interparliamentary relations. What happens, of course, is that they are done on an infrequent, ad hoc basis. They still have some benefit, but I think we ought to consider expanding it to make it a permanent, ongoing exchange, maybe with some kind of a mechanism where Congress, as an independent branch of Government that oftentimes will disagree with the Executive, has a permanent office, if you will, probably in Brussels because of the EU, and, obviously, Germany has a key role in that, because many Americans do not really understand the concept of the EU.

I would dare say, and, Elton, you might agree with this, there are a lot of Members here in Congress, that it gets a little complicated. You have got councils, you have got ministers, you have got all of these kinds of things, but I really do believe that it has some merit, this idea of a permanent mechanism with an office where there is a constant communication, an ability to communicate ideas, between parliamentarians because we restrict our relationships all too often to just simply executive to executive. We can have a much more full relationship and avoid misunderstandings and agree more quickly on issues such as a common policy toward Iran.

Any thoughts or observations?

Mr. JANES. Yes. Absolutely. I think that is extremely important largely because I think that the internal makeup of the Parliaments in Europe and in Germany, in particular, and by the way, there was an enormous infusion of new blood into this Parliament, and a lot of them will not know, because they are new, about these

kinds of tracks, the relationships. Many of them might not have even been in the United States. I think that the sociology, if I can say it this way, of the two bodies certainly indicates that Berlin and Washington are in enormous need of that exposure, but I think it is worthwhile, in transatlantic terms, in every dimension. I am a big supporter of what you just said.

Ms. DONFRIED. Just two comments. First, on your overall point about the state of the relationship, I absolutely agree with you, and I think it is a fabulous perspective for you to be bringing to the Congressional Study Group on Germany. Looked at from the foreign policy side, I think the big challenge for us across the Atlantic is defining the strategic purpose of this relationship. We understood what it was during the Cold War. We had lots of down-and-out disagreements on policy, but at the end of the day, we worked them out because we shared the same enemy.

Now, post-11/9, post-fall of the Berlin Wall, and post-9/11, the issues that are front-and-center are issues we have never agreed on. We did not have a common policy on the Middle East or China or India during the Cold War, and these are now front-and-center on the agenda. We are trying to craft common policies, and that is a challenge. I think we will sort it out, but that is part of what is causing the friction. Iraq came on top of that, but it would have been a difficult time for us anyway, given the—

Mr. DELAHUNT. That is why my suggestion about a mechanism to ratchet up the intensity of the consultation process.

Ms. DONFRIED. Exactly. I think there are two important aspects of that idea. One is what you said about the diversity of opinion: In the United States, there is a debate on all of these issues; it is not just a debate across the Atlantic. But often in the European press—of course, this is not true of Thomas's writings—there is a caricature of the United States and of United States policy. So, more discussion is beneficial.

Your other point, though, was an educational point, that we do not understand the EU all that well. What you are going to have to think through is where you base this because if the educational piece is the most important piece, it might be Brussels, but if it is influencing the policy debate by sharing diversity of opinion, it may be national capitals because the European Parliament plays a very different role than, say, the German Bundestag does. Thus, I am not sure of the answer, but clearly the more engagement you have, the better. I agree.

Mr. KLEINE-BROCKHOFF. I can do nothing but concur. Just one little thought. In 1989, we thought of the end of history also in the sense that we have no more issues to discuss transatlantically, and networks that existed collapsed or just faded generationally and were not built up into a new generation.

Also, one would have to say that these institutions were intense, but they were limited in scope. They were in NATO, they were in defense, and they were in foreign policy. But as both of you have just mentioned, now the breadth of issues at stake, from global warming to the Middle East, from trade issues to I do not know what, has expanded dramatically, and there are no institutions nor no sort of exchange mechanism of the type that you are advocating, I believe.

Mr. GALLEGLY. I want to thank all of our three witnesses, thank our guest for his participation, and, again, reiterate my apology for the schedule on the Floor and causing us to get started about 40 minutes late. I think that we had a meaningful dialogue today, and I appreciate your participation. I look forward to continuing to work with you on this Committee. Thank you very much. The Committee stands adjourned.

[Whereupon, at 4:10 p.m., the Subcommittee was adjourned.]

