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Essay

## Angela Merkel's empty leadership

Her pious promises didn't solve anything

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December 23, 2021

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When she left office, Angela Merkel was celebrated across Europe as a benevolent and circumspect leader who had led the Continent through a succession of serious calamities.

This was in striking contrast to her public image during the Greek debt crisis, when cartoonists depicted her in SS uniform resplendent with swastika. But those cartoons were for the masses only. The European political elites, all of them, happily voted with the Merkel

government when it came to disciplining the Greek dissidents. They were as eager as the Germans to keep European monetary union alive. Merkel has left Europe to a political class to whom she has not only taught the trickery of two-level politics — national and supranational — but whom she has also, in part, brought to or kept in office. It is a political class that has bet its future on a Europe built around German hegemony.

In many parts of Europe, it is still considered a pleasant surprise to see a German who is soft-spoken with good manners, a wide heart and a big purse, smiling rather than shouting. This proved useful in her rise to becoming informal ruler of the continent. It also helped that she was a woman — someone who could be pictured as a nourishing mother as opposed to a punishing father.

But other things were more instrumental in her rise. When she took office, in 2005, major developments had recently taken place, and major decisions made, which certainly eased her career progression. In the Nineties, centrist political parties, of the Right as well as the Left, had been programmatically emaciated by the advance of neoliberal globalisation. Her party, the Christian Democratic Union (CDU), had been unable to reconcile ever more rapid capitalist modernisation with its traditional commitment to paternalist social protection. This left an ideological vacuum that would give her unprecedented room for manoeuvre once she became leader.

It also helped that her main rival, the Social Democratic Party (SPD), was breaking apart over the Third Way social policy reforms of her predecessor, Gerhard Schröder — in particular Agenda 2010, which cut unemployment benefits and increased the pressure on people to accept job offers. Not only did the Agenda weaken the SPD for decades, but it spared Merkel, once she had ascended to the chancellorship, from having to implement the neoliberal reforms she had promised as opposition leader. Instead, she could allow the SPD, her partner in three coalition governments, to try to work out reforms to the Schröder reform, thereby reminding its constituents that it was responsible for policies they hated. Merkel, for her part, could claim for herself rising levels of employment and the balancing of the federal budget.

Rising employment and declining fiscal deficits weren't just a result of the Agenda, though. Merkel's third and most important long-term advantage was the work of the European heads of government who had created European Monetary Union in the Nineties. It is worth remembering that the common currency was a project not of German but of French and, to a lesser extent, Italian elites, who had hoped that a currency shared with Germany would force neoliberal restructuring in their own countries while protecting them from German financial competition. As it turned out, the former goal was defeated by domestic opposition, while the latter evolved into a Plan B: the southern member states would extract monetary and fiscal policy concessions from Germany in exchange for remaining in the union.

For Germany, on the other hand, the monetary union was an economic godsend. It made the country the growth pole of Europe, the centre of a liberal economic empire. It also firmly established the preservation of the euro as Germany's paramount national interest.

Unlike others in Germany, Merkel understood early on that preserving the monetary union would require side payments to its losers. These did not necessarily have to be financial but could be symbolic, for instance by occasionally allowing her colleagues on the European Council to outvote Germany. At home, Merkel had to overcome opposition to what the German public was always prone to see as excessive concessions to profligate southerners. To avoid conflict between domestic and European political needs, most side payments, especially

the more expensive ones, had to be made under the counter, through complex operations deep in the bowels of that monster technocracy, the European Central Bank.

This does not mean that there were no tough negotiations on the magnitude of compensations due. Merkel tried to keep the price Germany had to pay as low as possible. But she also understood that the cost had to be sufficient to keep the currency union together. The transfers did not need to solve the continent's structural imbalances. Their main purpose was political: keeping pro-EU governments in power by helping them fend off challenges from anti-euro parties and movements; providing them with the material and ideological resources to reward their supporters and thereby preserve 'political stability'.

Very early in her tenure, Merkel realised that the central concern of German policy in Europe had to be defending monetary union against the disappointment of its original proponents. This required keeping alive the impression that the EU was run, if not by all members alike, then at least by a French-German "tandem", and not Germany alone. Four French Presidents — Chirac, Sarkozy, Hollande and Macron — had to be reassured on this score.

French aspirations for 'European sovereignty' — meaning French sovereignty extended to Europe as a whole — and for a shared 'strategic culture' — meaning the EU adopting French military doctrine and ambition — Merkel could satisfy only symbolically. In reality, German national security remained firmly in the hands of the United States and NATO. To keep both the US and France happy, German foreign policy had to rely on rhetorical obfuscation and double-dealing, disciplines in which Merkel excelled. German troops were sent to both Afghanistan and Mali, and would have had to be sent to other places as well had the government not had the excuse that under the postwar German constitution, out-of-area military missions have to be formally approved by the Bundestag.

Domestically, Merkel's main project was to build a hegemonic neo-bourgeois political centre, with her party in the driver's seat. Early on, she decided on the Greens as ideal partners who could inject urgently needed new blood and close the generation gap from which older parties suffer in a world of fast cultural change. In the end, however, the alliance with the Greens failed spectacularly. Shutting down nuclear energy after Fukushima and later phasing out coal pleased the Greens but raised the question of how to secure a growing energy supply. The answer was making Germany dependent on Russian gas, to the dismay of the United States. Russian gas also is resented by the Greens, with their "value-driven" idea of foreign policy. While she went along with Western sanctions against Russia over its re-possession of the Crimean Peninsula, Merkel at the same time founded her energy and climate change policy on the Nord Stream 2 pipeline, a project that her Green friends want to abort, as do her French friends, who are eager to sell their nuclear-produced electricity to Germany.

Similar difficulties and domestic-international complexities arose after Merkel's decision to open the German borders for one million mostly Syrian refugees in 2015. While her refugee policy once more endeared her to the Greens and the new middle class, it divided her party and reinvigorated a then declining Alternative für Deutschland. It also forced her to negotiate an agreement on behalf of the EU with the Turkish dictator, Erdogan, in which Europe paid him considerable sums of money to act as the EU's gatekeeper, preventing Syrian and other refugees from crossing into Europe. Also to control immigration, Germany insisted on a quota system in Europe for future refugees, knowing full well that it would be unacceptable to most other member states as it would involve a *de facto* Europeanisation of the German asylum regime. The result was passionate opposition in Eastern Europe and a split in the EU just as in the German electorate.

Merkel's migration policy was one reason why the recent Green advance was accompanied by a decline of Merkel's own party such that in the 2021 election, the CDU/CSU became too small to form a successor government. In the end, the neo-bourgeois centre that Merkel had intended to build was to consist of a three-party coalition under the leadership of the SPD and a chancellor, Olaf Scholz, who as Merkel's finance minister had done his best to learn from her. As the new government was sworn in, the outgoing chancellor was so alienated from her party that she seemed quite content to see her office turned over to a Social Democrat.

For her successors, Merkel's will be a hard act to follow. Her manner of leadership by evasion — deferring decisions, delaying moments of truth, papering over conflicts with ambiguous rhetoric, substituting opportunistic improvisation for strategy and suppressing uncertainty by a public display of optimistic equanimity — requires specific personal skills. The same holds for Merkel's extraordinary ability to get away with abruptly reversing decisions and making conflicting promises to different constituencies. From Merkel, two or three generations of European statesmen and stateswomen learned that leadership in the crises of today means nothing more and nothing less than making yourself appear optimistic enough to satisfy public desires for public displays of optimism.

Now, however, this may no longer be enough. Merkel's equivocally friendly stoicism is unlikely to serve the next German government, or a German Europe, as well as it served her. During Merkel's tenure, there was always enough money around to keep most of her partners reasonably happy — enough slack, in cash and time, for making the incompatible appear compatible. That this is no longer true was indicated, among other things, by the recent German coalition agreement, which could come to pass only because the parties deliberately abstained from discussing finance.

But financial issues will soon assert themselves whether the parties want to discuss them or not, as the monetary union and the pandemic do their work, and German domestic needs make themselves felt. Note that already before Covid struck, there was a crisis of German physical infrastructure. Moreover, the new government, unlike Merkel's Grand Coalition, will face an opposition in CDU/CSU that it cannot exclude from public debate on principle — as Merkel and all the rest excluded the AfD. This means, among other things, that questions will be asked and have to be answered on Germany's ability to pay to keep "Europe", meaning the monetary union, alive by keeping pro-EU governments in control in the south. For this, the ECB will have to invent ever more extravagant methods of direct state finance, including holding interest rates down close to zero in spite of rising inflation and cutting government debt by "fiscal repression".

The list of unresolved problems Merkel leaves behind is long. It extends from the future fiscal and monetary constitution of the eurozone to Europe's ever-increasing public debt, the relationship of the EU and its member states to the two hostile global superpowers, the United States and China, the European and especially the German relationship to Russia, the tension between German Atlanticism and French Europeanism, the status of national sovereignty in the EU state system, the future energy supply of Western Europe, and asylum and immigration policies, national and European. More issues could be listed, each urgent, some critical, none easy to resolve.

In a few years' time, Merkel's tenure may be remembered as a golden era when pious wishes still helped — a time when hard decisions could still be successfully postponed, dilemmas

hidden by optimistic denial and benevolent neglect, and contradictions reconciled by all sorts of pocket money, borrowed or printed. Now, by contrast, things are about to get serious.

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