LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

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WHY GERMANY CAN'T LEAD, YET…

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Over the last ten years, Germany has played a cardinal role in the global community. It is the only big country that has succeeded in combining globalization and prosperity as well as technology and equality. Amid an unprecedented crisis of values, it is only logical to search the German model for a point of balance with respect to the many contradictions of the western community. However, there is also a reason why even those who feel deep-love for Germany are losing confidence in Berlin's ability to lead Europe; the reason being is that what makes the country strong and exemplary is almost regularly what makes others weak. This is not a base that makes Germany a reference in common policy choices.

When Angela Merkel admirably tries to put the country as a pivot for international cooperation, she rarely gets results. The recent G20 summit in Hamburg closed without agreements on either climate change or international trade, and witnessed the vanity behind Merkel's idea of "leading from the center". While Germany legitimately proposes itself as a reference point for others towards a successful model that matches efficiency and equity, its leverage is not simply based on the fact that Germans do many things better than others, but, also, that much of its success has and continues to be obtained at the expense of others.

The German paradox is that the German model is successful if it works with a closed society mentality – Germany against the others – but in this way, it cannot guide other

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countries except on the basis of strength. Germany cannot claim its leadership goes hand in hand with an ethical example and political orientation towards an open society. The Bundesbank guaranteed stability in the country in the 1980s and 1990s which has become the reason why Germany is now a safe haven for global capital movements. However, it had done so at the expense of breaking European monetary agreements in 1992. Furthermore, it would have blown up the euro in recent years if we had followed the monetary issues of Issing, Stark and Weidmann.

The success of the German economy is often measured with the excellence of its exports and, therefore, with the formidable surplus of its balance of payments. However, their consideration of external balances as an objective per se means that their trading partners must almost certainly incur a trade deficit. Foreign trade is a particularly sensitive issue because it connects political goals and private behavior, and the latter has recently emerged as ethically critical.

Many of the German banks are ineffective to say the least, but they are exempted from the common European supervision because they can be saved through national resources, which in part are funded by foreign capital inflows deriving from the crisis of other European countries. The five major German automakers have driven the country's economy, contributing to more than one third of its trade surplus, but they succeeded also through collusive practices that ended up even excluding the other two carmakers in Germany (Ford and Opel) because their shareholders were not Germans.

Manipulation of Volkswagen's diesel emissions data has become a global casus. Deutsche Bank was sanctioned by the US Senate because it sold to provincial banks complex and far more risky products than could be ascertainable, to the point of being defined as one of the causes of the global crisis in 2008. In London, the bank was brought to trial for manipulation of the Libor and for money laundering. Siemens, which in the 1980s was considered the great master of international corruption, is pretending not to have known that two gas turbines that it had sold to a Russian company would end up in Crimea, allowing Moscow to close supplies from Ukraine and violate the EU sanctions that Merkel had asked the other European countries in person to impose.

It is not even necessary to mention what happened in the course of the euro crisis, with the Bavarian and liberal provincial parties dictating fiscal policies to partner countries in the interest of a few thousand of their electors. But it is also significant that the management of the refugee crisis has been exemplary for a series of mistakes in collective action. The Chancellor had opened the borders to the Syrians without earlier agreeing with neighboring countries. When the reaction of German and East European citizens forced the Chancellor to change course, she obtained a common agreement to pay Turkey with European money and close the borders. The problem simply moved from Turkey to Libya and from Germany to Italy, but the credibility of a common solution had become nil, and no one in Europe shows will to work for a solidarity solution any longer.

You could do similar examples with American companies and American banks or a number of other countries. However, Germany's official rhetoric, its attachment to a social market economy and inclusive goals, is an ethical and cultural resource that we all need. So much so that in recent years Berlin had assumed leadership in global soft power, and after the election of Donald Trump, Chancellor Merkel had been identified as the last leader in the free world. It is high time now that Germany lives up to the standards that it claims and demands from others.