

The Chancellor: Germany During and Beyond the Era of Angela Merkel

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Kevin Kajiwara (KK): Well, thank you very much, Alex, and good day, everyone. Welcome and thank you for joining today's edition of Teneo Insights. I'm Kevin Kajiwara Co-President of Teneo political risk advisory in New York City. This Sunday, September the 26th, Germany is going to hold a general election. And polls have shown and continue to show and suggest that coalition and therefore government formation is going to take weeks if not months to come together, especially because a previously untested three-party coalition may be the most likely outcome. And as such, it is not at all clear right now who will be the next chancellor of Germany. The one thing we do know is that for the first time in 16 years, Germany will not be led by Angela Merkel. Only her mentor, Helmut Kohl, served longer as post-war chancellor. Her time in office has seen her serve alongside four U.S. presidents, four French presidents, and five British prime ministers.

And she's going to be departing office with an 80% approval rating in Germany. A Pew poll in 2020 found her the world's most trusted leader, and she's been ranked the world's most powerful woman, 10

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years in a row by Forbes. My two guests today are here to discuss the upcoming election, but also really the legacy of Merkel and the position of Germany that Germany has set to occupy in the world moving forward in the years ahead in the post-Merkel period. Award-winning author and journalist, Kati Marton, her new and definitive English language biography, **The Chancellor: The Remarkable Odyssey of Angela Merkel**, will be published next month.

It is based on her unprecedented access to Merkel intimates and proximity to the chancellor herself. Kati's reporting career has included the early days at NPR. She was the German Bureau Chief for ABC News. Among her many books is **Enemies of the People: My Family's Journey to America**, which was a finalist for the National Book Critics Circle Award. She's on the board and is the former chairman of the Committee to Protect Journalists, she's on the board of advisors of the International Rescue Committee, and she's the former Chairman of the International Women's Health Coalition. And she will be joining us today, thanks to the efforts of my colleague and our mutual friend, Kathleen Lacey.

I'm also joined today by my colleague, Carsten Nickel. He's a Teneo Managing Director and Co-Head of Research in the Political Risk group, familiar to many of you who have joined this call in the past. He heads up our coverage of Germany, the United Kingdom, and European institutions. And he joins us today from London. So Carsten, let's talk for a moment about the election itself.

You've been analyzing and writing about this election throughout the process. So give us your take about what we should expect, what you're expecting going into it. But I think of importance to the audience is

what it's going to look like in the aftermath, the complexities of coalition formation, how long that might take. But irrespective of that, what we ought to expect in terms of policy going forward out of Germany?

Carsten Nickel (CN): Yes, there's a lot in there already, Kevin. Hello, everyone. Thanks for having me. So I think in the immediate aftermath of the election, what we should be expecting is probably a bit more of the same in the sense that the campaign has been pretty slow moving. It's been called uninspiring by many observers. That might have to do with the candidates that have been running, might have to do with the fragmented party political landscape that we've seen in Germany, really a lot of competition at a very dense and thorny populated center ground, all of that could, by the way, be considered one of the legacies of Angela Merkel.

And so it's kind of that slow moving campaign. I think, is going to be followed by a rather slow-moving attempt to form the next government. And again, that is something that we've already seen in the last couple of years with Angela Merkel. If you think back four years ago, when she tried to form this Jamaica coalition. So her Christian Democrats with the Greens and the center right liberals. That was the first time that such a three-way coalition was being attempted. That took a lot of time. It took us into early of the following year until the FDP, the liberals actually pulled out of those negotiations. And in the end, Merkel had to go back to her grand coalition with the Social Democrats, right? With whom she had been governing for most of the 16 years in office.

So I think the risks, so to speak, is that we're going to see continuation and repetition of that. Because as you said before, the scenarios that we're looking at here for potential government combinations would be untested. I think it could be a bit tricky to try to get the more pro-austerity liberals together with the investment-friendly

Greens, for instance. All of that could take time and I think we need to wait until the very last minute to have clarity whether this government actually comes about or whether perhaps, politicians have to go back to the drawing board and look for another combination.

And then in terms of policy, obviously that depends on the government, but I think the most likely scenario at this stage seems to be, if the polls have it right, Social Democrats, Greens, and the liberals. And I think while it is clear that we're going to see further focus on these big macro topics, such as the Green transition, the investment efforts that need to come with that, digitalization is a massive problem in Germany. A lot of backlog there, over the last couple of years, where research for a new industrial model in this changing world. So I think we're going to see continuation of efforts in that direction, probably the Greens and the Social Democrats, very eager to double down on that. But I think this third partner, the liberals, the very central right, and almost pro-austerity party, and so I think some of those expectations out there that you may have heard over the last couple of days and weeks, Social Democrat led government is going to lead to further integration in Europe, big spending in Europe, revision of the stability and growth pact and the Eurozone, if you remember that one from the crisis a couple of years ago. On all of that, I would be fairly, well if not skeptical, then at least careful, because I think all of that will at least take time. And I think some members of this coalition will be very skeptical. So overall, perhaps we're looking for more of the same action.

KK: Yes. It's an extraordinary moment when you have a prime minister who is actually leaving at... Or chancellor in this case, leaving at the top of the game, rather than the bottom, like many of our predecessors have. But before we... Let me just step back now that you've joined us, Kati, for a moment, because I... As I mentioned at

the outset before you were able to join, we're obviously, this is the end of an era, the end of the Merkel era. It's upon us. And I remember sitting with you four or five years ago at a dinner, and you were telling me about this project of the book. And so clearly this has been a labor of love on your part, and it's taken a number of years out of your life to write. So I'm very curious what it was that really attracted you to your subject here. I mean, obviously Angela Merkel to many of us, even despite her longevity on the global scene and a bit of an enigma, and I'm curious to what attracted you to her in the first place, but also what preconceived notions you had about her and her leadership that were blown up by the time you were done writing the book?

CN: Yes. Well, thank you, Kevin. I have vivid memories of that dinner as well. And indeed, she is an enigma, which is precisely the way she likes it. The key to Angela Merkel and she has now entered history and as you correctly pointed out, she has defied German history in that she's leaving at her own chosen speed, unlike any of her predecessors. And she's not leaving as a lame duck after 16 years, which is quite astonishing. She's at the top of her game, most popular politician in Germany. So to answer your question, Kevin, as to what attracted me to her, I thought like everybody else, and she's benefited from the fact that everybody always underestimates her because she puts forward an extremely and deliberately dull facade but she's anything but dull. And it was in 2015 that she really grabbed my attention with her refugee policy, her generous acceptance of 1 million mostly Middle Eastern refugees into a fairly non-immigrant society at that point.

And they have been assimilated. It is now a back-burn issue, the arrival of a million refugees. And that was when I thought, wow, she's not exactly who I thought she was. And the key to her, which I lay out in my book is her

thirty-five years living in a Stasi state, living in a surveillance state of east Germany and where she learned to keep her own counsel, to be suspicious of those around her. And also, she was always the only woman in the room. She was a physicist and was always the smartest kid in the class, and plus she was working as a scientist. She was always the only woman in the lab. So she studied men, powerful men. Her most powerful mentor of course, was Helmut Kohl, who was one of a long line of men who she pulled the rug out from under when the time came. And so, she's really been extraordinarily strategic and when necessary, ruthless, which is not exactly what we expect from a woman leader.

KK: I want to expand on that just a little bit and use this question for you, Kati, to tee up Carsten on another question, which is, and I think you highlighted this a moment ago, that a lot has been made in the English language press about how boring this campaign has been, how boring the candidates themselves are, especially in contrast to the charismatic standards of many of the leaders of the other G7 countries, obviously. But Merkel herself, to your point, was pretty unexciting to the world, going back to 2005, and that she was unexciting even to her party back then. People expected a transitional chancellor, certainly not a 16-year odyssey, to take from the subtitle of your book. She's boring in the sense that she's depersonalized leadership to a certain degree. You write at some length in the book about her aptitude as, let's call it what it is, she's a political assassin. And to your point, including her own patron, Helmut Kohl. So, talk a little bit about what your sense of the key to her political longevity?

CN: Well, first of all, to be non-charismatic in Germany is an asset. Germany has had a bitter experience with rabble-rousing, charismatic leaders. And no country in the

world has assimilated its own dark history more thoroughly than Germany. I think Germany will be the last country in Europe to fall for populism, and we can credit Merkel partly for that. It was started by her predecessors, but she really made Germany's history a foundational, a core value of its reason for being; and early visit to Israel, addressing the Knesset partly in Hebrew; and identifying the Holocaust as Germany's permanent debt to the world. And so, you start with that embrace of its dark history, and then you get a population that really doesn't want to go there again.

And so, a Macron even couldn't make it in Germany because he's simply too exciting. But Merkel, despite this dullish facade, first of all, having now spent four years circling her, I can tell you that she has a killer sense of humor, that she likes a good time. One of the things that Tony Blair was astonished by early in their relationship is that she likes to stay up late at night with a drink or two and have a good time. And that's not how the world sees her. The world sees only what she wants the world to see. And this is the astonishing fact of Merkel, that in the age of social media, she has been absolutely in control of her presentation and a wall between herself and her private life. And Germans often ask me about her private life, and I'm an American, and they want to know, does she have grandchildren?

So that is a remarkable feat and a lesson for her successors, that less is more. Keep a part of yourself to yourself, and people don't tire of you as quickly as they would if you expose every corner of your family and your private life. Merkel does not loom over Germany, and that is, I think, part of the explanation for why she continues to be the most popular politician. There are many lessons for not only women, certainly women can learn a great deal from this most powerful woman, perhaps since Queen Elizabeth I, but men too.

KK: So Carsten, given that underestimation of Merkel back in 2005, and given this veil

of privacy that Kati talks about, do you see any of the necessary qualities in these would-be successors of her, particularly Scholz and Laschet, obviously? And her abilities for political survival long-term, are these qualities replicable in any of these successors?

CN: Yeah, totally. I think that in that sense, it's a very important point that Kati makes in her book, studying that leadership personality of Angela Merkel, because I think it does prompt precisely that question: Do we find that in other German leaders? And is there potentially even some sort of, to bring in the more boring political scientist perspective, but some institutional underpinning to that in how German politics works, that it catapults on balance these kind of characters to the forefront?

And I think if you look at somebody like Armin Laschet, for instance, I mean, campaign is really not going well for him, but he's only made it to this stage through a couple of incidents where he was basically rewarded for his ability to keep his calm, to deal with a lot of attacks. To mention one example, I mean, CDU/CSU, that's this weird combination of two conservative parties in Germany, and they need to agree who they jointly field as the chancellor candidate. Now, Laschet wanted to become the chancellor candidate of CDU/CSU. And he had to deal with dramatic and really damaging backlash coming from Munich, coming from the Bavarians, from the CSU, from his sister party, and he survived that politically. Here we are, sitting, talking about him, as the dull and boring candidate. Well, perhaps. Who knows? Whatever we get in terms of result on Sunday, perhaps we're reassessing that in 15 years from now.

And I think the same case as Kati was pointing out can be made about Olaf Scholz, who is really making every effort to copy Merkel's leadership personality. But to be honest, I mean, people in his party have been referring

to him for some 20 years as the so-called Scholzomat, the guy who speaks; he's pre-rehearsed, hardly exciting sentences, never really spoke to the soul of his party. You see the parallel there? I think that's quite obvious, right? I mean, Merkel was like that, really not sounding like somebody who speaks to the rank and file or to the grassroots of a conservative party. So I think, let's say this propensity towards a certain pragmatism in leadership personality, an overall tilt towards the political center, towards consensus on balance, that is very strong in many of those people that we are seeing, well, actually right now, competing for her succession as well. And I think that's no surprise.

Yeah. Well, so yes, Scholz and Laschet are trying to be Merkel-y in their pragmatism and their non-charismatic personality, which they're absolutely qualified to claim. But here's the difference between Merkel and them: Merkel may not put herself forward as an exciting character, but everybody is aware of her extraordinary personal narrative, which they cannot duplicate. Here is a triple outsider: A woman in a male culture, from East Germany, and a scientist, basically remaking German political culture. And everyone knows that she crossed from East to West only at age 35, and that unlike a great many East Germans, she really tackled this transformation with great skill and aplomb, and quietly persuaded not only Helmut Kohl, but the entire CDU political class that she was the one.

She had a brain trust that included Henry Kissinger, from whom she learned a great deal, but at the same time, she stayed true to her core values. And her core values are Lutheran. The values that she exhibited in 2015 when she allowed those refugees in, those values were bred into her as a young girl living in an atheist state, but the daughter of a pastor. So, that history is known to Germans. And it's pretty hard to replicate for a politician, like Olaf Scholz or Armin Laschet. So others will follow

her brand of pragmatism and get the deal done, and park your ideology and your ego. And we haven't mentioned that, but her ability to park her ego and not be drawn into a pissing contest with the likes of Donald Trump or Erdoğan or Putin.

Her skills as a negotiator are something that we will be studying for a long time. And it consists of staying at the table longer than anyone else to move the ball, even just a couple of meters down the field, because she believes that a deal as imperfect as, let's say the deal with Putin and the Ukraine, the Minsk Accords, which are really her achievement, any deal is better than war. And therefore, she stays at the table and she doesn't take personal offense when Donald Trump is hurling insults at her, because she doesn't see her role as chancellor as personal. It is not her core identity. Her core identity was forged in the East as the pastor's daughter, and then as a scientist. Politics to her, as well as she does it, is a job. And as a result of that, she will not have a difficult transition leaving after 16 years, because she never assumed the role to be her identity.

She would never say, "L'état, c'est moi," the state is me, the way we don't have to name names here. A lot of politicians can learn from the dignity of her leave-taking, which is really, I think, her final and perhaps most important lesson, is that she's done her job and now she's going to do something else, and that this is not who she is fundamentally.

KK: So, I want to unpack that for one moment here. And by the way, your comments just, I think, remind us all of that very iconic photo of her and other G7 leaders surrounding Donald Trump. He's sitting there with his arms crossed in front of her, and all of these men are leaning back, and she's the only one leaning in and confronting him. But anyway, to this point of her as a professional, that she approaches her leadership just through this professional prism.

A key to her success has clearly been, I mean, she's very, very good at gauging the public mood from a very technocratic perspective, right? My understanding is the chancellery does as much as three surveys a week to gauge that public mood. She's very good at co-opting ideas as her own. It helps her to neutralize her rivals. It allows her to command the political center. All of these things have been very important, but there are a couple of times when she has gone against that public mood, right?

Never more so than the rescue of Greece, the public was against bailouts in the debt crisis in Europe. And the second is the one you've mentioned a couple of times, which is the allowance in of the refugees. And both of these policies had a price, carried a price. And some of these we're going to be living with very long time. I mean, it's not the cause of the rise of the AFD, as an example on the far right, but it's certainly accelerated that to a degree.

So talk about why, in the face of public mood, she still went forward with these things and was willing to accept the political price?

CN: Well, first of all, Kevin, let me just say that she's by no means a perfect politician or a perfect leader. She definitely has her blind spots, and you've just identified a couple of them. And one of them is that she's a hyper-rational creature as a scientist and she underestimates the emotional component in human behavior. And so it was during the Euro meltdown where she preached austerity, austerity, austerity. If people would only sweep in front of their front door, then this was one of her lines, then the whole village would be clean. Well, the Greeks weren't buying that because they were suffering. And that is to say the Greek population, not the Greek politicians who had been lying to their people about the state of their economy. She was blind to that

and she became a figure of hate for the first time. And that was a shock for her. And we saw how she learned from that experience in pushing through one of her final acts, pushing through a Euro rescue package, which really wasn't about austerity during COVID last year. She and Macron, and Macron can take credit for this as well, then this was no longer about austerity. This was based on grants to the neediest. And some hailed it as the Hamiltonian moment in that it really made the EU function more as a federal unit rather than as a bureaucratic machine. So she does learn from her mistakes. Some people are not pleased with her attitude toward China when she recently was in the presidency of the European commission and very aggressively pushed through this final trade deal with China, which really was more about German interests, particularly the automobile sector than about European interests in the views of some and that she was treating China the way Thatcher treated Gorbachev's Russia, a country we can do business with, never mind the human rights violations that have recently been so shocking on the part of Xi Jinping with the Uighurs and with Hong Kong, etc.

So she is sometimes willing to take the hit for unpopular actions that she believes ultimately will pay off. One of her mantras is "the advantages outweigh the disadvantages." So she weighs things very cautiously and doesn't really play to tomorrow's headlines. She's a historian among other things. So she sees the arc of history not bending toward justice. There are too many exceptions to that in history. She sees humankind as deeply flawed and needing to be managed, starting with her own countrymen, starting with Germans, who she doesn't have infinite faith in as how could she, having grown up in a totalitarian Germany, which was preceded by a fascist Germany.

KK: Right. So you brought up the international scene. So I want to pivot here a little bit and Carsten, let me ask you this,

because, clearly now after Brexit, the two great powers of Europe are Germany and France, as they have always been. And with Merkel departing and with her successor going to need time to position themselves, not only in Germany, but on the global stage, talk about this balance between Germany and France. I mean, Macron is, Kati's brought him up a number of times, he's obviously a very charismatic leader. He's made his views very clear just in the last couple weeks here with the U.S., but how does the power balance now play out while you've got this sort of newbie chancellor in Germany?

CN: Yeah. You will have that transition on the German side, and then let's not forget that in France, we're only a couple of months away, of course, from presidential and parliamentary elections as well. So the whole outlook for Macron's role vis-a-vis this new leadership, new coalition in Germany depends obviously on him getting reelected, which is the first sign post to watch, I would say. If you look at some of the most contentious things from the German perspective that the French have been pushing for over the last couple of years in Europe, for instance, a reform of the debt and deficit rules in the Eurozone, that is something that the French have already taken off the table of their European council presidency that's coming up early in the first half of next year, presumably because they know we're dealing with a new government in Germany that will take some time to settle in and these bigger, fundamental questions, well, that is perhaps something from the French perspective that you could then address once you have a new government in place in Paris as well. So perhaps, at this point next year at the earliest.

But beyond that, I think that there's an interesting lesson in what we were just talking about, Greece, the migration crisis, and so on. I think a lot of the problems that Merkel herself kind of encountered there, again, I think they

are of a structural nature. Because in the end, if you look at that story with austerity in Greece, for instance, the big problem was that austerity was of course, as Kati points out correctly, was never popular in Southern Europe. Why did Merkel push for it at the same time? Because it was extremely popular in Germany.

So the problem is you have the unofficial leader of Europe here uncontested for the last couple of years, for sure. But as an elected, democratically elected politician, she's, in the end, only responsible to 82 million Germans. And Macron faces the same problem as every basically European leader faces the same problem, that you somehow need to balance in these late-night negotiations in Brussels, what is the somewhat collective interest of Europe with the democratic pressures that you're facing at home. And what we've seen in the last 15, 20 years is that, there're these structural rifts that are pulling different parts of Europe into different directions. And that obviously requires more and more to overcome that.

So let's say from a more positive perspective, looking ahead, I would highlight whoever becomes the next chancellor of Germany will have grown up in a domestic political system in Germany that is already, if you think of federalism and the strong role of the 16 regional state leaders and so on, that is in many ways, a small version of EU policy making. It's very consensus driven. The power base at the end of the day of the chancellor is not as strong as the president of the Republic in France for instance, domestically. So I think whoever makes it to the top post and survives there politically for a couple of years in Germany, probably has a couple of ingredients in their political personality that puts them into a promising position in Brussels to cater to compromise and solutions that help all of Europe.

KK: One of the subjects that is causing a lot of hand wringing in Europe right now

is this concept of strategic autonomy. And certainly, on the military spending front, on a more unified foreign policy, etc. But at the outset of this call, I was talking about how many U.S. presidents and French presidents and the like that Merkel had lived through. On the other hand, she lived through one Putin also. And there's been a lot of speculation about the nature of that relationship. I personally think that she sort of takes the Godfather approach, "keep your friends close and your enemies closer." When it comes to the economy, the Nord Stream 2 pipeline would seem to be a move against that, to ever tightening the Russian hold on Germany and on Europe on the energy front. So talk about the dynamic of that relationship a little bit. It's kind of an interesting one.

CN: It is. And it underscores Merkel, the ultimate pragmatist. Carsten is absolutely right that her first responsibility as is that of any German chancellor is to her own people. And it is also true that the French presidency is a far more powerful office than that of the German chancellor, which was made deliberately weak by us, the victorious allies who really were the midwife of the federal Republic and made central power as diffused as it is. But I maintain that after 16 years of Angela Merkel, Germany has a stature and is now really more than the economic powerhouse of Europe, but really the moral center.

Well, I would say the global moral center, because I'm not seeing any competition for that role, and certainly not coming from the United States. And the United States as hope rose when Joe Biden was elected, it has now been shaken in light of the disarray of our retreat from Afghanistan, and then the Australian submarine deal, which really never mind the correctness of the policy, but a good policy, badly executed becomes a bad policy. And so with Afghanistan, and so it has shaken faith in the new Biden administration, which

underscores Merkel's fear that Trump may be gone, but Trumpism survives and America will never again be what it once was. That is to say the CEO of the west, that Germany and the European Union have got to take a stronger and more unified approach to matters of security. And actually, again, she doesn't get credit for this because she doesn't want credit for this. And it is remarkable how much you can achieve if you don't take credit for things. The German defense budget has grown considerably under Merkel, despite the fact that she's never given a single speech about the need for a stronger military, because she doesn't want to go there. But she gets it done as she does on a whole bunch of other controversial issues. She gets it done sideways and quietly, like with marriage equality, like with minimum wage.

She leaves a Germany that is not only economically the leader of Europe, but in many other ways, too, starting with morality. And her vision, she's always accused of not having a vision. Well, I think her vision is a strong Europe, and that doesn't mean that she doesn't put German interest as with North Sea and as with the deal with China, the recent trade deal, German interest first, but she sees that Germany has to be looked after and cannot ultimately ever be trusted completely.

KK: So I want to ask Carsten this question, and the same question in a slightly different way, maybe. Kati brought up the Australia, UK, U.S., the AU/U.S., AUKUS submarine deal. And when you cut away all of the noise around that and French angst over the whole thing, one of the things that was most remarkable was that Australia, which for years, has really been trying to walk this tight rope between the United States and the sort of the Anglo Saxon security arrangements, and the fact that they live in this economically diverse neighborhood led by China, China getting bigger and bigger and trying to thread the needle between

those two great powers. With this deal, they seem to really take a side actually on a weapons platform that is not even going to start to be delivered until late in the next decade. This was a big statement out of Australia. And so for everything we've said about what Germany has accomplished, when you cut back to its essence, they're still highly dependent on Russia for energy, highly dependent on the U.S. for security, highly dependent now on China for trade and for the vibrancy of its economy. If we are heading more and more into--I hate to use this sloppy term, but for lack of a better term right now, this Cold War between China and the United States. And it has to pick a side. Does Germany pick a side, or is it able to lead Europe in the direction of this strategic autonomy, that it can stand up on its own, Carsten?

CN: I think it will very much depend on where the U.S. is going in its domestic politics. And we've seen that during the Trump presidency. That was the moment when Germany got much more engaged than ever before with these, in the end, quintessentially French ideas for European strategic autonomy. You had conservative German economy ministers teaming up with their French colleagues, talking about things such as industrial policies, so kind of like state led investment plans into specific sectors. That is, if you take a step back 10 years ago, you wouldn't have expected that of German communist. Those were the ideas coming from Southern Europe and from Paris. Certainly, not from Germany. We've already spoken about the security and defense from where Germany has warmed up let's say to that idea strategic autonomy. But I would still say that fundamentally, and you see that in Merkel as well. Fundamentally, I think Germans, German voters, the German political establishment, fundamentally doesn't want strategic autonomy in the sense that you're replacing basically the U.S. as the guarantor of European security. I think it is something

that we need to get to the stage again, where an American president would openly question basically his country's guarantee for Germany's and Europe's security. I think then we would really see things speeding up. Short of that, I think Germany remains in that middle ground position, and you were outlining some of those aspects, Kevin. And I think that is for sure out of economic interest. Yes, no doubt. But I think there is a deep belief also let's say in the strategic dimension behind all of that, the geographical role at the true center of the European continent, where I think the German political establishment fundamentally believes that there's a certain value to keeping talking channels open into different directions, while at the same time, of course, that's a major difference to other periods in Germany's past and history, being a close anchor itself of the Western ally.

KK: So I want to use the last few minutes here of our conversation to tee you both up with kind of, I guess, it's really the big question at the end of the day on Angela Merkel, now that she is poised to leave office after 16 years. And as I said at the outset, she's leaving at the height. I mean, she's got an 80% approval rating in Germany today. So when you look back at the big decisions that she has made over the tenure of her chancellery, she established the debt break in Germany, which her successor is going to have to deal with, with all of these major investments that are looming out there on the horizon, that are going to have to be made on climate change, etc.

She phased out nuclear power in Germany, but that resulted in ever greater reliance on coal still. The refugee issue that we talked about earlier, the austerity and structural reform onus that she put on Southern Europe and the Eurozone debt crisis, Nord Stream 2. In deference to German commercial interests, she didn't fully confront people like Viktor Orbán and

Gyurcsány, in Eastern Europe, the rise of these types of populists. She's pursued a comprehensive investment agreement with China in opposition to other EU leaders. And maybe one of the most significant moves on her part was the acceptance of joint European Union debt in the pandemic. So I guess, you couple that with the fact that since she came to the office, since 2005, GDP per capita in Germany has risen at double the rate that it has in the UK or in Canada or Japan and France, to seeing extraordinary jobs growth during that time, unemployment is near a two decade low, 70% of Germans are happy with their economic situation. So what begs this question of, at the end of the day, was she a great crisis manager or was she truly somebody who has demonstrated a vision for where Germany is going to be in the future? In other words, Kati, does she deserve to be held in that pantheon with Adenauer and Willy Brandt and Helmut Kohl, or is she just a very good manager?

CN: Well, Kevin, I most definitely think she deserves to be in that pantheon of the great chancellors. I mean, she was a crisis manager because she had no choice. There was never any let up, one crisis led to the next. We've touched on a few of them. She wasn't able to be the climate chancellor that she had hoped to be because she did have fires to put out and she was not fortunate in the cards she was dealt with fellow statesman, from Putin through Trump. She handled crises with extraordinary calm and the steady hand for which she's known. But at the same time, she really has, let's not forget transformed the former Third Reich into the moral center of the world. And I don't think whoever follows her, be it Scholz or be it Laschet, is going to fundamentally transform Merkel's legacy in that NATO will be supported by both. The transatlantic relationship will still be the linchpin but I think with a weaker emphasis on reliance on Washington and more emphasis on Europe and what is Europe. I mean, the pillar of Europe, but

the European Union is France and Germany. So the relationship with Paris will be ever more important, but also Brussels.

And don't forget that a Merkel protege, Ursula von der Leyen is now the significant leader of the European Union. And again, something that she achieved very quietly. So Merkel will leave with dignity and will give a great deal of space to her successor, will not loom, but she leaves an enormous legacy. And partly because she didn't ask for it, partly because she didn't demand it, she will be remembered. And my prediction for her future is that we have not heard the last from Merkel. She will be a presence once she takes a well-deserved break in her Brandenburg sanctuary, I think we will be hearing from her. And my prediction is in the field of climate change, her unfinished business.

KK: Interesting. Carsten, where do you come out on all of this?

CN: Well, I mean, you asked pantheon or manager. Why not the pantheon of managers or being a member of the pantheon as a manager or something like that? Because I think both things are true. I think fundamentally she has been a crisis manager, that she has been absolutely successful as that asset crisis manager. And she has ensured that Europe stays together in these multiple crises that the continent basically faced during her time in office. And that is a remarkable achievement. And for that, as a manager, she deserves clearly a place in the pantheon, even if clearly, this big political vision is certainly something that she didn't offer. And if you just look at it from, let's say the rather hands on the topic of running the economy, because you were pointing to a couple of data there, Kevin, just a couple of minutes ago.

I mean, the last meaningful economic reforms that we saw were handled, were done by her predecessor, were done by Gerhard Schröder. And it was Gerhard Schröder who went all

the way, jeopardizing his chancellery in 2005. That offered the opportunity for Merkel to oust him and take her on as a chancellor. Those were the last sets of meaningful economic reforms that we've seen. Since then, we've been managing calmly away for 16 years. So in terms of transforming her legacy, I mean the ideal scenario would be that we find somebody indeed, who is as skillful as she has been undoubtedly as a manager. I agree with Kati, it will be difficult. She leaves massive shoes on that front. And ideally, somebody who perhaps does have the political drive to try to transform her legacy a little bit, in the sense that there are many structural issues that we need to address and where we have been a bit reactive, perhaps, over the last 16 years.

KK: So the election is this Sunday, September the 26th, as ever as we have followed this, going into it, Carsten will continue to analyze the outcome and government formation and policy expectations. Kati Marton's new book is The Chancellor: The Remarkable Odyssey of Angela Merkel. It will be published and available next month. This is it right here. I was happy to be able to read an advanced copy of it. She points out that Angela Merkel's next act may have to do with climate change. Our next act is going to have to do with climate change as well. Our next Teneo Insights will be on Thursday, October the 7th. We will be looking at going into COP26, what to expect, what policies the major players will be going into that with, and what we can expect coming out of it. So, Kati Marton, I want to thank you so much for joining us. We loved having you. Thank you so much.

CN: Thank you.

KK: Carsten Nickel from London, thank you so much. And thank all of you for joining us. We'll be back on in two weeks. Until then, I'm Kevin Kajiwara in New York. Have a good day.



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