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PARTICIPANTS:

Introduction and Moderator:

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Panelists:

RUPRECHT POLENZ

Member of the German Parliament (CDU)
Chairman of the Foreign Affairs Committee

HANS-ULRICH KLOSE

Member of the German Parliament (SDP)
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PROCEEDINGS

MS. HILL: I'm Fiona Hill, the director of the Center for the U.S. and Europe. I'm really very pleased today to be putting together this major event on the German federal elections. Everybody has probably forgotten that the elections are taking place in the midst of all the chaos that's here in Washington, D.C., on Syria and Senatorial and Congressional debates and votes. But Germany is going to the elections on September 22nd. It's a pretty important election and we're going to hopefully hear about some of the issues that we should be paying attention to there.

And as it's all about what is going to happen in the Grand Coalition, all the various configurations of German politics, in that spirit, this is also a coalition event here at Brookings. We're doing this with a number of our best German partners, starting with the American Institute for Contemporary German Studies. And we have Jack Janes, the president of that organization, one of our colleagues and neighbors here at Brookings and who is doing all the stellar work on explaining the mysteries of German politics for an American audience, although they won't be mysterious and many people here will know it very well after this event.

We're also very grateful to the assistance from the Friedrich

Ebert Foundation, the Konrad-Adenauer Foundation, the Hanns-Seidel Foundation for helping us bring together such a stellar panel today. And also to the Heinrich Böll Foundation which is one of the sponsors of our ongoing Future of Europe series which this event is also part of. Because obviously, what happens in German politics is pretty consequential for the internal workings of the European Union and for the Transatlantic Alliance. I'd also like to thank the German Embassy and Ambassador Ammon. As you see, this is a real coalition effort here and we're going to hear more about coalitions as we move on.

We would like to begin with a few questions to our panelists. We're going to do everything from the chairs here to try to make this a little bit more informal because we have so many experts on Germany and related issues in the audience today that we can bring in some of you, too, with comments as well as questions.

But as I said, we're delighted to have a very distinguished panel. Ruprecht Polenz, who as I said just came in from Dulles International Airport and we're very pleased that he managed to get through, is still the chairman of the German Bundestag and the Committee on Foreign Affairs. He is, of course, leaving Germany at a rather crucial consequential time given everything that's going on in the U.N., but perhaps he might be of help in the debates here while he's here. So I'm

sure you'll be in big demand in the next few days.

Similarly, Hans-Ulrich Klose, who is the deputy chairman of the Committee on Foreign Affairs. Let's just hope nothing bad happens in German foreign policy today or tomorrow with having both of them here. And Hans-Ulrich Klose has also been in charge of Germany's relations with the United States, being really one of the people who has been spearheading this for several decades, and one of the reasons the German-U.S. relationship has been in such good and sound condition is thanks to Hans-Ulrich Klose. And we've been very grateful, everybody here, for his work on this issue.

We also have Martin Klingst, who is the bureau chief of *Die Zeit*, one of Germany's leading substantive publications and newspapers, and is an award-winning journalist. He just recently got a big award, a Kennedy award, for his journalism.

SPEAKER: George Kennan.

MS. HILL: George Kennan, sorry. I thought it said Kennedy. George Kennan. See, even better for me at my perspective as a Russianist.

And Jackson Janes is then going to explain to us why we should all be paying attention from the U.S. perspective as the president of the American Institute for Contemporary German Studies. And we

hope you'll get the Kennedy Award as well, Martin, after all of this. If there isn't one, we'll invent it.

So I'm going to get myself back down here and hopefully not trip up.

So as I'm going to sneak along the front, I would like to ask Ruprecht Polenz the first question to get us started. So you've arrived here against the backdrop of all these deliberations about Syria. The latest news as I was coming down is that the Russian proposal to essentially disarm Syria potentially and put Syrian chemical weapons under international supervision leading to a process of potential disarmament, Putin has now decided that that will only work if the U.S. agrees that it will reject the use of force against Damascus, obviously trying to again influence the vote that's supposedly coming up shortly in the Senate.

How are all of these issues playing out back at home in Germany? And how consequential do you see this, if at all, for the German elections? And of course, I think everybody here would be very interested in hearing your own thoughts on where we are with Syria? And I'll sneak in front of you.

MR. POLENZ: An easy question.

Thank you for inviting me to this conference. Thank you for

your interest. And maybe I start with telling you that the Foreign Affairs Committee of the German Parliament for at least three years is dealing with Syria, with more and more brutalized civil war. And to give you the figures, because in the last weeks everything was only focused on the chemical weapons -- the use of chemical weapons. We have now more than 100,000 people killed. Many 100,000 people wounded. Two million refugees in neighboring countries. And adding to that, some four million people feeling within Syria from the big cities to the rural areas.

First of all, Germany engaged -- we engaged us to help the opposition to get more united. This turned out to be very difficult. The secular democratic opposition who started the demonstrations in Syria after we saw what happened in Tunisia and Egypt is now in the midst of, on the one side, Assad and his more and more brutal forces, and on the other side, Jihadists who are coming from the outside, fighting also against the secular resistance and they Assad regime. So our allies are in the middle. And this creates a lot of difficult discussions how to deal with the situation.

If you look to the broader picture, we are afraid that we might be a witness of a situation where the post-World War I order might be disrupted in the Middle East. Not only in Syria but in the Middle East at large because Iraq is not yet a single state again. Syria is breaking apart,

and Lebanon has always been very fragile. And if you look more closely, let's say in Hezbollah countries, the central government has not very much to say. And in this situation we saw this next -- it was probably not the first -- use of chemical weapons. We have no doubt that there has been use of chemical weapons, and we have no serious doubt that the Assad regime is responsible.

But the question is what to do to avoid first that the use -- that the breaking of this taboo will happen again, either in Syria or elsewhere in the world. This is now the key question. What can we do to prevent this? And we have, of course, heard the considerations in the United States, but as I see it and Hans-Ulrich Klose I think will argue on that and elaborate on that also, there is a broad consensus in the Bundestag and with the government that Germany would not participate in a military strike.

On the other hand, we also would like to see consequences because such use of chemical weapons cannot be unanswered because otherwise it will be repeated. So the question is, are there alternatives? When we discussed this the last time in our committee, we did not know about the events of the last twenty-four hours. But the referenced considerations, wouldn't it be a possibility that after the inspectors reported to the Security Council and then there is evidence chemical

weapons have been used, and then asking also Russia what is your answer to that? We are convinced that the Assad regime is responsible. Probably the Russian answer would have been “we are not convinced.” But then if the Security Council would say that the International Criminal Court should investigate and should bring those to The Hague who are responsible for that, with the Russian and the Chinese vote, this might have also a deterrent effect on previous behavior, not because we would be sure that the International Criminal Court would be able very soon to bring the responsible people to the court, but the message would be also Russia, also China see the use of chemical weapons as a war crime and want them to be prosecuted.

This was the idea we were discussing. Maybe it could come back. I don't know. If Russia would refuse, then it would be obvious that Russia is protecting those who did it because you can't say there was a crime. I'm not convinced we got to the evidence, but I am against creating getting the evidence. And even Iran, for instance, a country which is allied with Assad, is with regard to the use of chemical weapons in a peculiar position because Iran was attacked with chemical weapons in the '80s. Unfortunately, the west played not a very good role in those days. I'm just mentioning this for moral reasons. And therefore, Rouhani blamed and criticized the use of chemical weapons, so even Iran in this regard may be

a state who can be brought into a more constructive approach. At least this is a chance.

The last word to the military side, we are skeptical about the goal and will it be in a way successful that it is really with a very limited strike possible to achieve the goal. There was an Israeli attack twice which could prove that this works because after these two strikes there were no other efforts from the Syrian side to bring strategic weapons to Hezbollah and into Lebanon, but you never can be sure. And if you don't have the dominance of escalation with regard to every possible reaction from the other side, it is very, very critical to start. And therefore, we would prefer another approach, but of course, politically, we would say if the Americans finally will act, we will side with our allies not in participating but let's say, of course say, Assad has to take consequences.

MS. HILL: With twelve days left before the elections, how is this going to play, if at all, in the voting?

MR. POLENZ: Because we have this kind of general agreement which I described now. It is not playing such a big role because it's my view the German public sees all the parties more or less behind such a position and this might be other details. At least it's my feeling.

MS. HILL: Hans-Ulrich, are there other issues like this not

so long ago -- I mean, it was only a few days ago before all of these issues ended up in such a state of crisis -- the NSA, Edward Snowden revelations were having a very negative effect on German politics, and especially on U.S.-German relations. The whole host of other issues you mentioned also -- Iran. I mean, how are issues like that now playing in the election? Or, again, are these also elements of the foreign policy whether it's kind of a consensus or issues where they don't really reverberate on the domestic scene in quite the way that they have in the papers?

MR. KLOSE: Well, I believe that all of these questions do play a role in our interior discussion, and especially in European discussions and transatlantic discussions. But they are not really decisive for the outcome of the elections.

That is a normal situation. Normally, it's questions of interior policy that count, and questions of foreign policy don't play such a big role, especially since the major party accepting the leftist party tried to be pretty close in questions of foreign policy. And I would say that especially in questions of foreign and security policy, we are much more bipartisan right now than you people are. I wouldn't --

SPEAKER: That's a pretty low bar.

(Laughter)

MR. KLOSE: I wouldn't have too many difficulties to vote for

Ruprecht Polenz as a man of foreign policy, and probably he wouldn't have too many objections against myself.

MR. POLENZ: But we don't have to prove because we don't run again.

(Laughter)

MR. KLOSE: That makes it easier.

So these questions do play a role and I would like to comment on one aspect at least of it.

I think that we have to realize that in questions of -- well, privacy and data -- there are differences in mentality between the U.S. and the European countries, especially Germany. I have a lot of understanding for looking at the United States that after 9/11, security does play a major role in all discussions in the United States, and I can accept that this is so because you have the problem of homegrown terrorists in the meantime. You had events like Fort Hood or the event in Boston. So I guess that a majority of Americans probably feel that what NSA is doing to a large extent is necessary to guarantee interior security.

That is true for Germany, too. However, you see Germany has experienced two dictatorships in the last 100 years. A Nazi dictatorship and a communistic dictatorship. And especially the dictatorship of the communist, the so-called Stasi, does play or did play --

does play a big role. And so freedom, personal liberties, not being spied on by government or government institutions, has a high value in our debate. So I personally would say the United States and Germany would be well advised especially in connection with the TTIP to find a common way which would lead to a change in any attempt of spying embassies or EU institutions or the United Nations which I think is not acceptable amongst allies. And we should talk about the activities of NSA on the headline of proportionality -- what is necessary, what is needed, because what is needed is also accepted in Germany. We want to live in security, too. And as a matter of fact, I believe it's true when it was said that some of the information that we did get from the United States helped to prevent terrorist attacks in Germany, too. At least this was said. I don't have a possibility to judge on that from my own knowing, but I think it's correct.

I'm very much against all attempts to postpone negotiations about TTIP because of this event. We should use the momentum that we have right now to find a solution. After all, President Obama was talking about TTIP also in his last State of the Union Address, and everybody knows we are not doing the United States a favor and the United States is not doing us a favor. We are doing us a favor by doing so. So let's try and let's not get stuck in detail.

Can I just say something to these people standing back

there? We have at least six or seven seats in front here and I feel pity for you.

(Laughter)

MS. HILL: Well, it's not often you get a personal invitation from the deputy chairman of the Bundestag. Somebody has to come down here.

Thank you very much for those observations. We do want to certainly open up the discussion to things beyond Syria in spite of that being the fervor of the day. I think the Transatlantic Trade and Investment Partnership is one that many people are still interested in here in spite of all of the other issues that we have on the agenda.

Martin, listening to all of this and you, as you said, you've been up all night writing a big piece on everything that's happening for *Die Zeit* and I know you were supposed to be on vacation but got pulled away from everything. How does everything look from the perspective of the campaign? You've written a lot about the influence of German domestic politics on some of these foreign policy issues. How much will the outcome of the election really shift some of the policy positions that we've seen so far in Germany? And what's the prospects for Chancellor Merkel?

MR. KLOSE: Well, I'm afraid it won't change anything at all.

I say I'm afraid because, with all due respect, I sometimes think there is too much of a harmony in Germany.

MR. POLENZ: He's a journalist.

(Laughter)

MR. KLINGST: Not only for the sake of being a journalist, but also for the political debate because I sometimes think that too much harmony avoids the key debates. And also when it comes to Syria, I must say that for the second time in a couple of years I think that the German government has not really played a great role in managing this international crisis. The first was Libya, and I think this time I could not understand why it took Chancellor Merkel two days to sign the resolution in Lithuania -- in St. Petersburg, sorry -- why she first had to go to Lithuania or send her foreign minister to Lithuania before signing this resolution that in St. Petersburg countries like Italy and Spain and other European countries had signed.

So the German election is not only a national election. I think everyone looks at the German election and looks at Germany's role it plays in Europe and in the world, and Germany's role has grown mainly because of Germany's economic strength. And I think that Germany does not live up to the challenges so far. And that does not mean that you have to go to war, but I still think that you have to honestly look at the questions

that arise and the chemical attack that had taken place in Syria poses a very difficult question and I must at least applaud the American president for having the courage to say he's going to stand up for the international norms.

I think Germany likes to play under the radar, doesn't want to be -- wants to have power but not actually use power. And for Chancellor Merkel, I think her style of government is moderation through modesty. And this has worked well in some of the acute and immediate crises, but it does not work when you have to really tackle strategic questions, long-term questions. She's very good at answering spontaneously to certain crises, as the financial crises or also at the beginning of the EU crisis, but when it comes to long-term strategic thinking, she is not the best in office to do that. And I think she will be re-elected. I think she will be chancellor. Not much will be changed but a lot has to change because once the immediate crises disappear, you have to tackle the long-term strategic questions. Not only the Euro, Germany's role internationally, also domestic problems, like the demographic crisis; you know, how do we cope with the pension fund, the health care system, the immigration question? All those questions are there but are not being answered.

And while Germany is doing considerably well in comparison with other countries, is thanks to what some other previous governments

have done. And I think this current government actually has not tackled any major reforms so far. And Germany is like a big ship, you know, it flows in a certain direction. It takes a long time to shift course, but sometimes then when it shifts course and has to shift course, it does it pretty radically. And then it floats again for a long time in the direction. So Merkel is now the captain of the ship floating slowly in one direction. But a change of course is necessary, and I think then you need another captain.

MS. HILL: Well, there's an image. I always remember from my German classes, wasn't it the longest word in the German language is the captain of a barge on the Danube? So I presume that's where she thinks she is as opposed to being a captain of a ship all at sea. You know, it's not easy to change course when you're going down a river in one direction.

But Jack, where does this all leave us from the U.S. perspective? For anybody sitting here in the audience just about to write something about the Germany elections or think about the German elections and wondering what to account for on September 22nd, you and your colleagues at AICGS have been following this pretty insidiously, not just the current set of events but the whole sweep of German politics for the last several decades. What should we be looking out for and how would you react to everything that your fellow panelists have said?

MR. JANES: I'm still trying to work out the captain on the Danube. I'm not sure where you're going with that.

MS. HILL: I'm not sure where she's going either. Just take it. Or don't at all.

MR. JANES: Well, let me pick up where you left off. I mean, I think -- first of all, I should say that the two of us did not set this panel up to make any indication of what a coalition at the end of September 22nd might look like. Just say that.

SPEAKER: Go ahead. Go ahead.

(Laughter)

MR. JANES: But as you rightly said, we can't think of any better people to be up with us to talk about this.

I think, quite frankly, it is a question as from here as to what different it will make. On the assumption that it's a grand coalition, on the assumption that it's a continuation of the current coalition, what difference will it make in terms of what we need from Germany? And I think that one of the things that we're going to need from Germany is more of the same in the sense of stability of the EU. The eurozone is an issue that we need you guys to continue to guide along because we can't let that get out of control and you are basically chairmen of that board.

I think dealing with Russia, I think dealing with Iran, I think

dealing with obviously the Syria situation, we're all going to ask you and Berlin to let us know where you stand on this. The problem I think that comes up is that you often find that we don't know quite frankly who to talk to when it comes to Europe, and I think that has largely to do with the fact that dealing with the EU is like dealing with an octopus. What happened in St. Petersburg, was to my mind also a bit of a surprise and quite frankly, a bit of a disappointment. I did not see why Merkel couldn't actually stand there and say, "I think this is a good idea, and we will go to Vilnius, and we will work out an arrangement." I don't see why she criticized those other countries and called them egotists for going ahead and signing onto something which I thought was a pretty logical thing to do.

But it leads me to think that Germany's position is always wrapped up in a lateral vision of looking where it stands within the EU. And to some extent I think that reminds me of a quote that I'm not sure whether Oscar Fisher actually said this but I've heard it attributed to him, that Germany will lead but it will always lead from the second row. And I just don't know as we look ahead, as we look ahead at not only Syria but as we look ahead at Iran, as we look ahead at the continuing unfolding of crises around the globe and not just in the Middle East, how capable is Germany going to be within the EU to have a coherent policy that we don't have to look at and say you have this side and you have this side but we

don't have a coherent policy. I know that's the task of Cathy Ashton and whoever follows her, but I think that there is still concern, if you will, that after this election on September 22nd, and it doesn't really matter how it goes, will the parameters of German foreign policy capacity, engagement, basically just stay the way it is now? And if that's the case, then we need to know that because it seems to me that we need to talk about where we have capabilities and where we don't.

So I think there's a sense, I would say from this side, that we need you on Russia. We need you on Iran. We need you in Afghanistan. We need you to deal with the eurozone. Those are all areas in which we need Germany to take a very important, responsible role, which I think in some cases you have. But the question mark is what capabilities would change regardless of the coalition because it seems to me your parameters, and you just mentioned it, both of you, that there is this consensus. And Martin, you criticized that. There's this consensus, except for the Left Party, that we all are basically on the same page. Well, is that what we should expect after September 22nd again regardless of who wins the election? Because I think that's an important question.

MR. KLOSE: Can I say something to that? I would like to respond to this immediately, because behind this actually is the question whether or not Germany should take a lead in Europe. And I have heard

this question so often, and you probably, too. And I normally answer, yes, I can see the expectations, especially on this side of the United States. I'm not sure whether our European partners, all of them, are happy with the idea of Germany taking the lead. Yes, there has been a Polish foreign minister who stood up and said to our surprise and the surprise of the whole world, that Germany is Europe's indispensable nation. Just imagine, a Polish foreign minister. However, I think that Germany, for good reasons, is very hesitant to take the lead because as soon as we do, just imagine, I would say the rest of the EU partners would be full of suspicion that, my gosh, here they are again, the Germans, and want to dominate Europe. That's the discussion. That's the reason why, for example, Helmut Schmidt lately in a quote said, "The question of German leadership in Europe for the next 100 years is not a question."

So you must see that your expectations are very different from the expectations of the other countries in Europe. And I believe it makes a lot of sense not to push the Germans into that position because politics can change and somebody might be different to Angela Merkel who is hesitating, too. But I could imagine some people would be happy to try German leadership again. And I feel kind of chilly looking at that possibility. So believe we should go on and be a loyal and capable partner of NATO, and I don't think that NATO is a thing of the past. And

we should be a constructive helper in European affairs and be strong in following the European Project, which is a long-term project and takes another 50 years until we get closer to European unity. You need strategic patience in developing the situation in Europe.

I agree though I was, so to say, very unhappy with the German voting in the Security Council on Libya, and I tell you, if the two of us and parliament as a whole would have voted, they would have voted in favor. It was not a question of Germany; it was a question of government, and I personally believe it was a question of one party.

MS. HILL: Yes. Well, that was real quick.

Martin, and then we'll definitely bring in the audience as well. Please.

MR. POLENZ: I wonder what Mr. Klingst would have said with regard to Syria and standing up to the British decision.

MR. KLINGST: Doesn't the British decision show that it is more complicated? And if it comes to Europe, the Brits are on the way out probably. Hopefully not.

MR. POLENZ: No, hopefully not.

MR. KLINGST: Hopefully not, but maybe. But maybe. If we are looking for the next four years, at least this is on the agenda and this is a challenge.

Yesterday, I have been in The Hague. I was invited to a discussion about German foreign policy and more or less the same question -- Germany leading in Europe or so was raised and a participant quoted Heinrich Heine -- no, Thomas Mann, Thomas Mann. And he said he wants a European Germany and not a German Europe. And this is what the perception is, and therefore, our Dutch friends quoted this.

And there is also a suspicion that if the biggest economic power, still the country with the largest population, tries to play a role ahead of the others, and one should not underestimate this, and therefore, I like very much and I would quote him, but Wolfgang Schäuble once said when he described his idea of the German role, he said, "After all the turbulence in the past, Germany is now the quiet center of Europe." (Speaking in German) We are not nervously acting in this direction or that direction trying to get others behind us. We are now the center of gravity which helps the others to overcome the deep financial and economic crisis.

You should not forget that some years ago even Germany faced a cut in growth of -5 percent and now we are well off and we are now trying to help the others. And what we are doing in Europe now is working. If you go to Spain, if you go to Italy, if you go to the other countries, it is beginning to work. And this is important from the U.S.

perspective. Look to other continents. You are the only superpower; the whole world is in your perspective. You are an Asian-Pacific power. You are an Atlantic power. Are there any other continents who are from your perspective in a way in order that Europe is -- Latin America, Africa, Asia? And please don't underestimate the role which Germany plays to keep Europe in this shape.

MS. HILL: Well, Martin, there was a question directly for you before we go to the audience. Do you really want to shake things up and create disharmony I guess is kind of what they're asking you?

MR. KLINGST: Yeah, I wasn't making the case for going to war; I was making the case for at least discussing this question sincerely. And to find sincere answers and not to exclude it from the beginning.

But leadership does not have to be arrogant. It does not have to be selfish. It does not have to be "do it my way." Actually, if you say "do it my way," Germany is exercising leadership in Europe. It tells the other countries we lead by example. You know, thriftiness at home, competitiveness abroad, austerity. This is the German program.

MR. KLOSE: Austerity, that's right.

MR. KLINGST: And the Germans want the others to follow this example. And if they don't, Germany is not willing to give money. I mean, this is some kind of German role in Europe and everyone knows

that. And sometimes I think it's more honest in saying, okay, we'll try to find some kind of leadership and to tackle the actually big questions like where does the European Union go now? Do we need more unification, a great leap forward to a more united Europe? Or, you know, do we keep it more like the British? Or, you know, what is with a package for growth in the next years?

I agree, Mr. Polenz, that European countries are doing better, but some of the underlying questions have not been answered. There's still huge unemployment in a lot of European countries.

MR. POLENZ: It takes time, sure.

MR. KLINGST: Yeah, and no one really knows whether this is going, you know, if the unemployment is going to decrease. And so, and the question of a common European foreign and military policy, all those questions are still unanswered. They have to be answered if Europe and Germany want to play a role.

MR. POLENZ: But if Angela Merkel says, "My first goal is to have a common European position and therefore I'm trying to get this in Vilnius where the foreign ministers are sitting together and this knows everybody in the room, if you want to unite a group, it is much more easy, you can safely discuss, and then we come out with a position we have found together instead of going into a discussion I have my positions,

some others have their positions, it's the same, and you have to agree. It's much more difficult to get a common position with the second approach. And this was the reason.

So, of course, it could have been maybe avoided, I don't know, but to criticize the efforts of Germany to get to a united European position on Syria, and on the other hand arguing we should play a stronger role, I think you can't eat the cake and get it.

MR. JANES: Objection, objection, objection. When you say it is unfair, why? Ruprecht, we have a chancellor who goes to Vilnius and could have said, "I support that event," like other European members did when they were still in St. Petersburg. There was no zero sum equation there. She could have also gone to Vilnius and said, "I stand for this and I think we should all." It's not standing up. And then to turn around and say, "And those that signed in advance are egotists," I don't get that.

MR. POLENZ: We should not (inaudible) that because it was a procedural question and it was not a difference in substance. And the longer we are discussing it, it might get a difference in substance.

(Laughter)

MS. HILL: Well, we see there is some fire in this election after all. At least among the members of our panel.

I've seen a couple of people from the audience desperate to

get into this presidential debate almost that we seem to have orchestrated, at least among the Committee of Foreign Affairs and assorted others.

I'd like to bring in actually one of Jack's colleagues, Alex Privitera from AICGS, and J.D. Bindenagel, a long-term observer and former U.S. official from Germany. And there was somebody else who was trying to attract my attention as I turned back towards the audience. But we have a mic here. Please introduce yourselves again for the benefit of the audience. And if you could also, if you have a comment, end in a question as well. And there was someone over here I missed.

MR. PRIVITERA: The comment part will be short, I hope, and the question also.

Alex Privitera. I direct the Business Economics program at AICGS with Jack Janes. And therefore, I would concentrate on the management of the Euro crisis specifically and the question of leadership. And I have to admit, I'm a former journalist as well, so I tend to agree with Martin because leadership doesn't mean dominance. And in fact, you could argue that what has happened in the last few years is dominance and is German dominance, but without taking it a further step, without leading the rest of the European Union. And some of the members of the European Union would be thankful for that leadership to the next stage. And we can go down a very long list, but suffice it to say one of the points

of the stumbling blocks is the banking union, for instance, which doesn't only mean putting the financial system in the euro area back into shape; it also is a clear signal to all the partners that Germany is willing to give up national sovereignty over its banks at least as much as others are willing to put their national sovereignty on banks on the table. And since there is a symmetry in this process and all the other processes about giving money or receiving money, paying down debt or doing structure reforms and austerity can be perceived by both sides as one-sided, sort of creditor countries think that they are only wasting money for others and the debtor countries think that they're actually just being forced to do things causing high levels of unemployment and no growth. This banking union project was, and still is potentially, one of those areas where both sides -- creditor countries and debtor countries -- can, from a political point of view, signal to each other that they're willing to go the next step. And of course, it also helps to put the financial system of Europe on a much sounder footing. And I wonder why all we read about every time there is a new proposal made -- all we read in the papers and all we hear from our German counterparts is, "No, this is something we can't do. We definitely can't do it this way. We either need treaty change or we need other things, or we need to water it down or we can't go this far." Why is it that the German discourse about this particular aspect has not evolved to such a degree

that further progress and quicker progress can be made?

MS. HILL: Let's also hear from J.D. Bindenagel here, too.

So a big question about the banking union, and I guess Martin and others can also comment about whether there could be any change with the election. I guess I can suspect what your answer might be, but anyway.

MR. BINDENAGEL: I can add onto that. Right now what we've just heard is about the economic debate. And there's a very important strategic debate on a trade and Transatlantic Trade and Investment Partnership is only mentioned in the context what Uli had mentioned about the data protection and the suggestion that perhaps the TTIP could be postponed and not talked about now.

I have three elements that I see in this Transatlantic Trade and Investment Partnership. First, of course, is an American stimulus and German restructuring with austerity without government funding. That seems to me to be one of the critical issues that both governments are suggesting at the presidential level, state of the union, and what Chancellor Merkel has done as an underlying reason for us to work together to create this next 18 months of debate.

The second is what Secretary Clinton said about the pivot to Asia that the United States is taking. We should do it together. So what is the strategic relationship that we're talking about when we talk about TTIP

in dealing with our move to Asia, what's happening with Germany and China and Central Asia and other places. Are we talking about a strategic change as the way that we approach the U.S.-European relationship together on this? And then, of course, there are the trade issues that come in that. Is this important to the debate in Germany? And what is seen for the United States' role with the TTIP and our future role together?

MS. HILL: Thanks. And then there was one other question, Wayne Merry here, and then we'll come back.

MR. KLOSE: Let's consider we are old people and we tend to forget things.

MS. HILL: I'll remind you. I'll remind you of the questions. Wayne, please.

MR. MERRY: Fiona, thank you.

I notice that Finance Minister Schäuble has recently publicly acknowledged what financial markets all know, which is that Greece is going to need another tranche of European assistance. The Greek finance minister has been speaking in a rather detailed way about this in recent days. But it raises for me the question of the German attitude toward how much Europe costs and where that money is going to come from, meaning from Germany. And I have yet to hear a German politician acknowledge, let alone make a substantial case on this, about the fact the

German prosperity was built on debt forgiveness. After the Second World War, the United States engaged in the single, largest act of debt forgiveness of modern times, which is we forgave all accumulated German debts going back to after the First World War. We learned our lesson from the mistakes we had made in the 1920s and the early 1930s, and we took a very different approach. I would say much more important than the Marshall Plan for post-war Germany was debt forgiveness.

Now Germany is a rich, powerful, successful country, and yet nothing is more important to you than the success of Europe. Doesn't the success of Europe justify a policy that is more reminiscent of Harry Truman than what I'm hearing from German politicians today, which is more reminiscent of Calvin Coolidge?

MS. HILL: Well, I guess actually all of those questions are interrelated one way or the other.

MR. KLOSE: Can I start?

MS. HILL: Yes, please do

MR. KLINGST: As long as you remember.

MR. KLOSE: Because I'm the oldest.

The first thing I would like to comment is now Germany is a rich country. If you compare the wealth of European nations and the wealth of the people, you will find out most of the European countries are

far ahead of Germany. Greece -- the Greeks, for example, the population per capita has more -- is richer than the Germans. The problem in Greece is to some extent that's not a functioning state. They don't have enough tax revenue. They don't have a functional administration, so the need some reforms because if they would get all the debts gone away, what would change in Greece?

The second point I want to make after having said this, I always oppose the word "austerity" because I don't think it's true. You mentioned the reforms that former governments took -- that was a red-green one, by the way, it should be mentioned. We passed the so-called Agenda 2010, and the objective was that we should increase our competitiveness and take some very difficult structural reforms -- labor market, administration, legislation as a whole. And this gave us a lot more competitiveness. And that is the secret behind the present German success. And we don't believe and I don't believe in stimulus packages without structural reforms because you have to increase your competitiveness to get over the mountain, over the hill. And it seems to be that the combination having structural reforms and then give stimulus packages to make this reform work, that's the right way to do it. Give stimulus packages now for nothing is just blow it away, no result at all.

By the way, I'm very much convinced of Mr. Keynes.

However, Keynes always has two sides. The one side is at certain times you push money into the economy and in good times you pay back. Normally, only politicians know the first one, not the second one. And that's an explanation for a lot of problems that we have right now.

I hand it over to you. The banking is national.

(Laughter)

MS. HILL: Good coalition politics at work here.

MR. POLENZ: Maybe it is an advantage that I try to answer your question without being an expert in these things because this is true to most of the Germans, of my fellow citizens as well. But their feeling is that even in Germany, the banks fail sometimes terribly, and it costs a lot of taxpayers' money to restructure them. And there is a feeling that we don't know exactly about the banking situation in other countries. And now putting it all in one box and being responsible for what is in these black boxes in other countries causes in the broader public a lot of headaches and reluctance. Maybe this is one of the reasons why there is some kind of hesitance and that the experts have to look very closely. I'm a lawyer by profession. I'm not a banker or something like that. Why maybe the devil is in all the details.

But the general feeling was we had West (inaudible) or the Landesbank who failed heavily, and we have similarly structured banks in

other European countries as well with problems. And therefore, there is a reluctance at the present moment to put it all in one basket with common rules and so on and so on.

With TTIP, I think this is a big chance because if it works we have the European Union who stands for some 24 percent of the world's GDP and we have the United States who stands for the same together in an economic zone. And we could set the standards also for the rest of the world, which is very important. And therefore, the experts say it is also a benefit for those who are not participating. It is not something which would harm the other parts of the world; just the opposite is true. But the danger is that all the special parts in this agreement have to agree to enhanced competition. And with competition in economics, it is that in general everybody thinks it's fine and necessary but I personally, in my area, I'm better alone. And I will try to avoid competition of this and that. And we have to organize the negotiations in a way that we can always rely on the benefits for all to avoid the discussion that here and there and there are problems. And of course, it will bring both our continents much closer together and it will be of tremendous importance. So I really do hope it's a strategic project that we can make it.

With regard to the costs of Europe, it is a very intense discussion on that in Germany, and unfortunately, we are focusing very

much on who pays how much to Brussels and who gets how much from Brussels. This is our cost debate in Europe. And because Germany is the biggest net payer by far, there are sentiments we are paying too much and we are getting too less. And we are trying to convince our public that it is very shortsighted to define cost and benefit in this way because then you make Europe to a zero sum game. You can only get what others are paying. And you are missing the whole idea and how Europe really works. The European Union is a win-win situation for every country who is participating. And this we have to explain. And in this regard, of course, the common market is of huge benefit for the German economy, but German exports are also benefitting Spanish companies, French companies, and Italian companies who are supplying German companies who are exporting the products. So it is the net which is creating the benefit.

And I agree to what Hans-Uli Klose said. For moral reasons, of course, we have to be aware what happened to Germany after World War II, what happened -- even Greece had debt forgiveness with regard to Germany, and we have to remind our people to that. But without structural reforms, debt forgiveness will not help. We have discussions about debt forgiveness in a rather regular interval with regard to the poorest countries in the world. And the Club of Paris is always negotiating

this but usually always in these cases with elements of debt reform.

One remark to this domination of Germany with our ideas of how to restructure the economy, please, it's also the International Monetary Fund who had the same crazy ideas as the Germans have.

MR. KLOSE: And don't forget the biggest receiver of European money over decades was Greece.

MS. HILL: Martin.

MR. KLINGST: Yes, well, finally, it seems like we're all good Germans here and agree and find common ground.

But the banking union, that's a very important point. I think that not much will happen in the coming year because we are going to have the election of the European Parliament in May 2014. Then, when this is done, the Commission has to be elected and a new Commission president has to be found. And then Mr. Rompuy, the European President, is also resigning. His term ends and he doesn't want to serve another term, so there's a lot of politics going on on that level, and I think 2014 won't be the year for huge structural reforms inside the European Union. But I totally agree that we probably need to leap forward.

And it also leads to the question of joint liability for debts. Well, if I remember correctly, the gentleman who said that it was not the Marshall Plan but the debt forgiveness that actually helped, but that was at

a different point of time when Germany was just building its economy and its market economy and structures. What you have here is now a lot of “failing countries” that have lived beyond their means and avoided structural reforms and have come into those debts. So I agree with Mr. Klose who said that, well, without structural reforms you cannot talk about debt forgiveness.

I think -- and structural reforms is a subject that should also concern Germany. Major reforms were done in the late '90s and the beginning of the 21st century. It was the welfare reform; it was the labor market reform; it was the pension fund reform; it was the citizenship reform. So those are major reforms. But we cannot halt. It has to be continuing work. We still face, as Germans, major, major problems and challenges in the years ahead because of our demographic factor of the aging population. And a lot of questions have not yet been answered.

To TTIP, I also find that the debate about the NSA should not stand in the way of TTIP. TTIP is too important. And as Mr. Klose has said, and this is very interesting, I just -- last week I had to give a talk at the state department to young diplomats who were going abroad. And we were talking about cultural differences. And as much as you travel to other countries and live in other countries, you find that despite all the similarities that you think you have a common background or common

roots, there are huge cultural differences, and how you look at your constitution and which constitutional rights are particularly important for your society can differ to what other countries think.

So Mr. Klose has said the right of privacy because of our own history is very important. You also have the right of privacy but you link it more to search and seizure and to your home. We link it more since constitutional reform founded it to the right of ownership of one's data. So, for example, what Americans don't understand but for Germans also the bulk collection of metadata is a huge problem. Here, no one really bothers about it.

The same thing if you look the other way around. Your country was founded by people that fled their countries because of political or religious persecution. So your freedom of expression is a primary constitutional right and sees very little limits; while our freedom of expression sees a lot more limits. For example, because of our history, it's not allowed to deny the Holocaust or you cannot demonstrate on a cemetery against soldiers like this crazy religious group did here. But this is -- for you that is freedom; for us it would be, you know, a violation of the honor of the dead. So this is cultural, historic, political backgrounds that make the diversity. And I think this should be more debated when you debate the NSA problems.

MS. HILL: Jack, have you got anything to add to this? I mean, clearly we don't always understand here in a U.S. context the depths of the debates here in Germany that we've been witness to. And as Martin has said, next year is going to be a banner year for all kinds of change in Europe in 2014, the House election. It's also going to be the 100 year anniversary of the outbreak of World War I. So many of the issues that you have put on the table here, Hans-Ulrich Klose, are no doubt going to be back in the spotlight in a major way. So how should we proceed in thinking about the debate about Germany internally and externally as we look forward?

MR. JANES: Well, I think -- I worry a lot about the transatlantic relationship and German-American relationship in particular because, you know, you mentioned these cultural differences. They've been there for decades and they get to some extent exponential when we have something like the NSA surveillance issue. I don't know how much leg, how much distance, how much time we are going to have the NSA issue affecting this relationship. I don't think it's going to go away. But what I'm concerned about is is the relationship -- let me put it this way. Right now in Germany we just had an interesting little anecdote. We closed a big base in Heidelberg. And it brings an end to an era of German-American relations in particular that had 16, 17 million Americans

based there, and now we don't have that relationship. And I wonder, I mean, you talked about TTIP, both of you. Is our relationship moving in the direction of more of a transactional relationship?

MR. KLOSE: No.

MR. JANES: Let me just finish.

(Laughter)

MR. JANES: If that's not the case, Uli, I mean, the question mark is in the name of what are we going to continue to work together? Now, you mentioned TTIP and that's a great flat to have up there because that's a rising tide and it lifts all boats, but I wonder if it has the juice to really get the relationship going the way it was when we were actually, physically looking at a threat. And that's been fragmented over the last 20 years. And so I wonder in the name of what does the German-American relationship -- the transatlantic relationship raise its flag and say we have to create something that's unique. And I just don't know if it's just business that serves that answer.

MR. KLOSE: No. I believe that we have to take the greatest possible efforts to maintain what we used to call the West. The West has common values, and the most important from a German point of view is the dignity of the individual. That is a consequence of our history. We are -- we, the countries of the West, are getting into an absolute minority

position. I always call it this because when you take countries that are the West from New Zealand, Australia, Canada, the United States, the European countries, I repeat it again and again. It's 13 percent of the present world's population. Thirteen. And it's going to be 7 percent at the end of the century. So we are getting into an absolute minority position. If we want to continue with our way of living, maintaining the values of a constitutional democracy -- you are the oldest constitutional democracy -- we should not go apart. We have to stick together, as close as possible. And that includes, of course, that everybody contributes to the capabilities of the West, both in questions of military action, culture, and economy, all of this. That's why we are talking. The change across the Atlantic. We do have a problem because we have financial problems in Europe all over and we are diminishing our capabilities to react. A lot of European countries as former minister of defense, secretary of defense in the United States said, some of the European countries are not able anymore to contribute anything to common defense. And yes, it's true, Germany has capabilities and can still contribute and has to get used to the fact that we have to take our share. This is sometimes difficult for us but just remember how far we have gone ever since the time change of '89 and '90, after the Kosovo event. And in the meantime, we are much further than we used to be. We are still reluctant when it goes for military

operations, but we know that one side of the so-called pivot to Asia means, and some people in the United States have told us very clearly, that the Europeans will have to take care of the problems in the European periphery south or east on their own. The United States will assist if necessary and help, but our neighborhood is northern Africa and our neighborhood is the Middle East, which we call the Near East. And that means that we have to get used to that idea. And it's extremely important that the bigger ones -- the French, the Brits, and the Germans and others stick together and find possibilities to improve our capabilities.

Move to Asia. I would like to make a comment. I think it's a good thing that the United States is pivoting to Asia. You always have been a Pacific power. There are developments going on in Southeast Asia that are important for you as a Pacific power. And we are interested in that development, too. So my position is we should cooperate and we should accompany the United States on its way to Asia. We don't have a power projection over there, but we have deep interests. I mean, talk about China. For Germany, China is pretty important, although sometimes you have to make a remark on this. Until the year before last year, our trade with the Netherlands was still a little bit higher than our trade with China. That shows that we are looking to China, it's important, but Europe is extremely important for us, but our biggest trading partner

after all is France, and we want to continue with France.

MS. HILL: Great. Well, glad Europe is still on there. Particularly as director of the Center of U.S. and Europe, I'm glad to hear that. Long let it continue.

I have a few more people who would like to jump into the conversation. Dieter Dettke from Georgetown; Peter Shutley, a Brookings colleague; Hope Harrison from GW; and I had a couple of other people. And again, if you could introduce yourselves to the audience and microphone. Thank you.

MR. DETTKE: Thank you very much. Dieter Dettke, Georgetown University.

Thank you very much. I enjoyed the panel.

I have a short remark. Uli Klose started with Radek Sikorski and the quote, and it's true, "It's wonderful Germany, the indispensable nation." Who doesn't love to hear this as a German?

But I wanted to extend a little bit. He also made an additional remark which is that I fear German inaction more than action. And I think that's a more important term to think about. Germany's role in crises, whether we were fast enough and responding properly or not. The inaction problem I think I also behind the whole question about leadership. And I think you brushed it aside a little bit by saying how dangerous it is

for Germany to speak about leadership, too. But think about inaction, and I think it's a lot to think about and to say about what Germany did not do and could have done in Libya and Syria now. Mr. Polenz said, "Yeah, we went to Vilnius after the meeting and had a joint European position." Great. But why hasn't this been done before the meeting? Isn't it strange that this happens after the meeting? And isn't Germany a big enough country as a member of the G-20 to make up its mind right on the spot? And that's also, you know, what I see as a point of inaction that is not worth a country of the weight of Germany. Let me put it that way. But the question that I have is do you believe that the German economic model, this very successful export model, is sustainable in the future? And I'm referring to this high-end manufacturing export success, great. But think about it, how vulnerable that position is -- high-end manufacturing. How South Korea catches up, how China catches up, how other nations catch up, and how Germany can sustain that type of model. And looking to the other side, a lot of the success was wage suppression -- real fundamental wage suppression. And that has to be corrected, too, for the sake of Germany as a society and for the rest of Europe. And for demand and all you need for Germany to be successful as an economic model. Thank you.

MS. HILL: Thank you, Dieter.

Peter Schoettle, who is at the center of the aisle here.

MR. SCHOETTLE: Thank you. Peter Schoettle, retired from Brookings.

A totally different question related to the election. Much of American electoral analysis is looking at which voting groups, blocks, vote for which candidate and how one candidate is trying to poach support from the other. You know, race, age, geographic area, jobs, et cetera. My question to you all is what are the key blocks supporting your parties, and what in this election is one of your leaders trying to grab voting blocks from the other? What positions have they proposed or policies have they proposed that would fracture the other candidate's party's electoral base and maybe increase their own base? So give us some insight into the power bases of your parties in the election.

MS. HILL: Thanks, Peter.

Hope Harrison from George Washington.

And thanks for a question about the elections.

MS. HARRISON: Thanks for this fascinating debate. I'm Hope Harrison from George Washington University and the Woodrow Wilson Center.

My question is about this issue of German leadership, which I am always fascinated by this as someone who looks at the intersection

of history and politics and the influence of history on policy. I'm fascinated by this. And I know this is a question you always get in the U.S. and not so much elsewhere, this question of leadership. And of course, leadership is maybe not all it's cracked up to be. The U.S. gets criticized a lot also for leadership. It's not an easy thing. And one could also argue that Germany has been leading. Certainly economically and financially it is calling the shots. Militarily, it's obviously much quieter, but the U.S. may be the only one who is worried about that.

My question is about the next generation of German leaders. I've talked to some younger diplomats who have expressed a frustration with this timidity of taking a more leadership role and who have also said they're really not trained in any way to take on leadership roles in foreign policy issues. Do you think that -- I know that Helmut Schmidt thinks it'll be another 100 years till Germany is comfortable in more of a leadership role, but I'd be curious what our German panelists think about this question of comfort with leadership and will that change? Has that changed already with some people in the next generation or do you see them being worried about this as well. Thank you.

MS. HILL: Maybe adding a link to that, to Peter's question, how much are generational issues playing in this election? I mean, obviously they play a role in many other electoral settings. We don't hear

too much about this but you keep alluding to the demographic questions in Germany, so it would be interesting to see how much that's playing out.

Ruprecht.

MR. POLENZ: Yeah. The question of voting blocks, the first answer is compared with let's say some decades ago there are not as many who are always voting for the same party. This means that these voting blocks have eroded to a large extent; that we have more and more last minute voters so the weeks we are now facing ahead of the elections are the decisive ones. In all the polls there are still some 40 percent of the people who say I don't know if they were asked today whom they will vote for on the 22nd.

But aside of that I would say my party, Christian Democrats, are still a bit stronger in rural areas. They are a bit stronger with Catholics. They are a bit stronger with elderly people. They are a bit stronger also in public service. But interestingly, the Greens are the second in public service. Public service people vote second for the Greens in Germany. And so you could elaborate maybe Hans-Ulrich Klose can tell about Social Democrats and maybe the Böll Foundation tells us a secret about where are the Green voters coming from. I have my idea.

(Laughter)

MR. POLENZ: Leadership in foreign policy. We are not in the Security Council. Britain and France are. And how do you think the Brits and the French would like to be led by Germany in foreign policy? So I think this is not the right question, and you have not in mind we should lead the French and the Brits. You think we should follow the Americans.

(Laughter)

MR. POLENZ: With a bit more speed. But this is not the same. And therefore, because we have a feeling that sometimes we need also to influence the decisions in Washington, that it is easier to do so if the Europeans have a similar position than as if we are trying to do it alone. And this is why we think we work on a stronger Europe speaking with one voice. And this is what we are trying to do.

And of course, if you are now talking about leadership, if you want others to follow, you have to have a clear course. And this was not so difficult in the times of the Cold War. The world was easier, to some extent, at least with regard to orientation. Now, we have, let's say, the normal shape of the world, ahead of World War I. Different, of course. It's much more difficult to get orientation. You feel it yourself as the United States, and we see that your leadership is sometimes very last minute. Very much last minute, especially in Libya. Especially in Libya.

I was with Hans-Ulrich Klose among those who criticized the decision of our government, but I criticized also the United States who did not know on Wednesday what should we vote on Friday in the Security Council. So it is more difficult now, and therefore, the idea and foreign security policy is still intergovernmental in the European Union. This means we have to get to common views. We have to have a very intense discussion amongst governments, and then we could move forward. Yes, we are too slow. And in my analysis, maybe you could comment on this also. The European Union as a whole, and Germany, in particular, we have not so many means to act against destructive and negative behavior in other regions, but we have a lot of means to give benefits to those who are behaving constructively -- market success, economic aid, and so on and so on. And with 28 or more, it is a question how Europe would be ever in a situation to use the means to punish negative behavior in other regions in the world. As democracies, we will be strong enough to defend ourselves and we have the NATO and it's fine. But to get an agreement with all the different interests and views to intervene here or there militarily, it's much more difficult.

MR. KLOSE: Can I? I would like to pick up what Dieter Dettke said, not following but contradicting.

He said that the German economy might be endangered by

different reasons. I think it makes a lot of sense to go a little bit deeper into this one. If you look at the economy of the United States and the economy of Germany, you can see enormous differences. One big point, for example, is that the German economy is to 80 percent small-sized and mid-sized companies, and only a few of the bigger ones. We have bigger ones, too.

The second big difference is our professional training system which does play a role. We still have different from the United States, very strong unions and we still have a cooperation between unions and the organizations of the entrepreneurs. That's the reason why I don't like the word "suppression" pressing down the wages. That's a question of arrangement between unions and the other side. And they decide on it.

The next difference is just take some figures. How much does industrial production contribute to the GDP of a country? That's a really interesting thing. In Britain, it's about 12-1/2 percent. In France, it is right now going a little bit down. It's 12 percent. In the United States, it's close to 14 percent. In Germany, it's close to 30 percent. So we are still a highly productive country. We are doing things that others don't do anymore. That is a big difference. And I think we should align this. We are still with our small-size companies, world market leaders in different fields. So I am pretty optimistic about our economy. Our biggest threat is

our demography. We don't have enough kids. We are an aging society. And one of our biggest political mistakes is that we allow a development that leaves about 50,000 school kids without a school diploma, which is a real shame. I mean, we need all of them, and all these 50,000, they are not less smart than the others. They have less chances because the family background is different -- far from education, migration, background. That is something that we have to take care of because the only possibility to overcome our shortage of active young men is use all the talents that we have.

And I just wanted to say this to show that we have something to do and we need a lot of reforming. As far as the school kids are concerned, the pity is the national government doesn't have any influence on this because it's a question of the states, the member states of the union.

I wanted to say something to your question. You know, the problem of our present elections, especially from a point of view of a social immigrant -- I'm a social immigrant -- we have a lot of parties in the center and on the left side of the spectrum and not many on the right side. You see, on the right side, democratic right side, maybe some parts of the liberals in Germany. In the center you have, of course, the Christian Democrats, who are a little Social Democratized more and more, which

makes it very difficult for the Social Democrats to be a Social Democratic Party besides this powerful Christian Democratic Party. And then you have the Greens. They are a Leftist Party -- center left. And now you have a Leftist Party, the Former Communists. That makes it difficult, so we have a lot of competition on one side and that explains to some extent the results of the social democrats that we had at the last election. I hope it's going to be a little bit better next time.

MS. HILL: Martin, what about some of the generational changes as well? What are your thoughts there?

MR. KLINGST: Yeah, well, there are generation changes, even though, you know, back to your question about the voting blocks. I think, first of all, we don't have the polling tradition you do have and that's also due to the different electoral systems. You need, you know, first to get your voters registered and then to get them to the voting or ballot box. So you look for micro trends. You know, the famous book from Penn about soccer moms under the Clinton era. You know, get the soccer moms and you win the election. And those micro trends, it's enormously interesting and I studied very intensively these micro trends, and especially in the last election. And then you need to get the voters in the panhandle of Florida, wherever that is, because if you get them you might change the whole demographics and constituency of Florida which never

happens in Germany.

What you can see, and what Ulrich Klose just said, I think the Social Democratic Party in Germany suffers till the 80s. First, it was the establishment of the Green Party. Then came the Left Party. So they lost part of their electorate to other parties. And if you take it as a bloc, it's still the biggest German bloc, but the success story of the conservative party is that they remained unified and don't have much competition on the right. And I think that makes the whole system difficult. But you see changing patterns.

I would also say, you know, the electorate of the Green Party is changing. It used to be the young revolutionaries; now it's the soccer moms of the suburbs. And it's going to be interesting. I, just as an observer from the outside pose this question, you know, the Green Party, when you see that they have now a wealthier electorate, a more well-established and bourgeois electorate and at the same time they have this, in my eyes, pretty ridiculous program about raising taxes, I will see how that is going to work out at the end of the day.

To the German economic model, I totally agree with you, Hans-Ulrich Klose. I think that the German model is sustainable. I think it's pretty successful, and you can see that others try to adopt it. And that has to do that suddenly countries comprehend that they need a

manufacture basis. Other countries have lost or ignored their manufacturing industry and now they try to desperately get them back. Obama makes a big fuss, you know, every time an American company is coming back to produce something here in America and says, okay, we need to produce here back home. I think, you know, there was a tendency in America to say the future is brain power. It's only brain power. We don't have to produce. The Chinese can produce things. We just are brain power. The British said we're going to be a financial power. Well, see where this led to. And I mean, I think you need to produce things that have a manufactural basis. I think that is a key.

To your question about leadership. I'm worried about the next generation, especially when it comes to foreign policy. You probably can answer that better than I do because as being a member of parliament, but I don't see very many young people being involved in politics and having a major interest for foreign policy.

I think, you know, when you look about leadership, as I said, I like Merkel's style -- moderation through modesty, but I think it's not the answer of all the challenges because if you have power and if you want to exercise leadership, you also have to have a political will to do something also in the longer term. And this is missing. And I think this has to be established again in Germany. The need to reform, the need to make

progress, to push things forward. Also, to go into conflict and to fight something through if you think that is the thing that has to be done. We sometimes tend to be too compromising and I think sometimes you need the political conflict and you get stronger once you have gone through this political conflict.

I think we will have those discussions concerning the pension fund, concerning immigration. I think immigration is a huge, huge debate in Germany because we are aging. We need new people. So I think --

MR. KLOSE: Can I add something to this? I'd like to say something nice about Merkel. Everything that he said right now was true for interior politics, but when you're looking at foreign policy, it is a great advantage to have a chancellor that never gets excited. Just imagine her getting excited and angry seeing a newspaper that shows her with a Hitler beard or something else. My goodness. It's very good that she's just normal and gets going and gives people the impression that she has things in her hand. So I wanted to say this for reasons of fairness.

I would like to say something about leadership and keeping active in foreign policy. That actually is a problem because, you see, people who are active in security foreign policy have to be outside the country very often. And even in times when Parliament does not sit, they

don't normally have too much time to go into their constituencies. Normally, they go to the United States or to Russia or to China, wherever because these people have to look at what the world looks like and get a smell of what's going on outside. And sometimes, the party in the constituency gets angry about this. We had three young people in the Social Democratic Parliamentary group in Bundestag that we lost after one period because they decided to go to the Foreign Relations Committee and the next time they were not nominated again for Parliament, and that shows what the problem is. I mean, I was lucky enough. I was mayor of the City of Hamburg so people knew me so they were nicer to me, but that is a problem. You probably can confirm that.

MS. POLENZ: Yeah, absolutely. This is, unfortunately, true. And when I started, since '94 when I joined the Parliament, I was in the Foreign Affairs Committee. And my first visit here I heard from American colleagues that they had the problems to travel also. And I thought, fortunately in Germany it's not so much the case but in between it's just the same.

MS. HILL: Well, Jack, I mean, this is one area that you and your organization are actually contending with. You might be one of the reasons why so many people thought the difficulties that Hans-Ulrich has talked about because you've been extremely good at giving people

opportunities to come here to the United States, a platform, and also for short-term scholarships. I mean, how has your experience been? You've been actually trying to do outreach to this new group of foreign policy leaders in Germany. How does this resonate? I mean, obviously as we all know, we're in the middle of a foreign policy debate here in the United States, but many of our own Congress people do not get points for being well versed in the intricacies of what's happening in Syria, let alone in Germany or elsewhere, but much more what's happening in their own backyard. I mean, how do you see this playing out?

MR. JANES: Well, obviously, we get preselected people who take it upon themselves to take the initiative to come, and therefore, wind up with us, be it you two or be it the fellows that come to the institute. So there is a supply chain. But how that funnels back into your political system and the reward system that goes with it is a different matter. And the same thing is the case over here.

Now, what we try to do here in Washington is to try and figure out how we can take the relevancy factor of Germany or Germany within Europe and tie that to an interest for example with your colleagues on the Hill. Sometimes you have to go around three corners to get there, whereas in your case I think that the United States is a greater sun on the horizon of Germany than the opposite way around. That's the way it is;

that's the way it's going to be.

So I think we see a supply coming through but you have to work that much harder to keep it going. But if I'm hearing you correctly, both of you, as you leave the Bundestag, Ruprecht, after 20 years, and Uli, longer, are you concerned because you look at this election campaign. A lot of people call it a very sleepy campaign. There doesn't seem to be any foreign policy issue that really is driving the election, at least that's what you seem to suggest despite the Syria situation. Is that something that means -- and I want to come back to my original question -- whoever wins this election, whether it's the Greens and the CDU or whether it's the Grand Coalition or whether it's the current, does it change the parameters of German foreign policy thinking whatsoever? And in which way it might change? I would like to know. Because I don't -- I take what you say as a truth; that there is a consensus across all the parties.

MR. POLENZ: Not all.

MR. KLOSE: Not all.

MR. JANES: Well, let's leave the left out. But there is a consensus.

MR. POLENZ: This is the question.

MR. JANES: But what would we expect from one of those three different coalitions -- back Green, Grand, Current. What would be

the difference as far as we're concerned when we look across the Atlantic? Would we expect something different or would they all basically deliver the same capacity that we need?

MR. POLENZ: If the next government is formed out of these four parties -- Christian Democrats, Social Democrats, Liberals, and Greens, you will not see a difference. If there would be the idea to take whatever kind of coalition is the Left, it might cause problems.

MR. JANES: I can see that.

MR. KLOSE: To make it quite clear, we never had a positive voting of the Leftist party on Europe and they still recommended we should leave NATO. That's the end of the story.

MS. HILL: Okay. So two big issues to look out for.

We have Klaus Linsenmeier here from the Heinrich Böll Foundation, who is not a member of any parliament and is the member of a nonprofit, nongovernmental organization, just to make that clear. But there was a number of questions related to the Green Party and Heinrich Böll's associate. And perhaps you might like to make a couple of comments and then I'll take another question from the audience.

MR. LINSENMEIER: Just a few notes to add on the questions that have been posted before on the electorate of the Greens and what we are or what the Green Party is predominately always has

been a city party or urban party. And it's true what Martin said that there has been some radical inspirations in this, but if you look into the biography of the actors, they always have been middle class and from what you say, a bourgeoisie background. So we are urban -- very much an urban movement and our strongholds are the university cities, if you look at the mayors of the university cities. And this leads to another factor which is very important for us. We have the better educated ones. The Green voters are the best educated ones and this again is leading to another factor which has been mentioned already -- they are the better-offs.

The Green voters are -- I wouldn't say left. I would rather say they are kind of progressive in the tendency. It's kind of culturally progressive because being that good off in economic terms and being progressive or left contradicts to a certain extent. But I would say they are culturally progressive and philanthropically oriented because they can afford it, to be frank, and to think of the future environment, et cetera. We have been able to reach out also to rural areas as it has been shown in the Barton Wittenbach elections a couple of years ago where they are progressively attracting also rural population. But at the end of the day that pattern as it has been described, also one of the features is partly in the public service where we are pretty strongly represented.

MS. HILL: Now, there were a couple of other people in the audience who wanted to come in, and we've got the last 15 minutes. Gale Mattox from AICGS here. There was a gentleman here at the back and a gentleman just behind Klaus. Yes, and Steve Larrabee at the back.

MS. MATTOX: Yes, Gale Mattox, AICGS and the U.S. Naval Academy.

We've talked a lot about Syria. You've mentioned Libya. I think Hans-Ulrich mentioned Kosovo even. But, of course, there is a place where the Germans do have boots on the ground and that is in Afghanistan. So my question would be whether or not and what kind of impact you think that Afghanistan conflict and the German participation in that has made for Germany, for German leadership, for public perceptions, particularly of the military. Germany has had -- a lot of Americans don't realize -- has been the third largest force throughout the conflict in Afghanistan, and it's already stood up and said that it will take a very prominent role in the post-2014 if there is an alliance post-2014.

So I guess I'd just like to hear from you all about your feeling about the impact of Afghanistan.

MS. HILL: Thanks, Gale. That was a good reminder.

The gentleman here in the aisle. Please introduce yourself as well.

MR. LIVINGSTON: Thank you. I'm Jerry Livingston from the German Historical Institute.

I have a question for Mr. Klose and also one for Mr. Polenz, but first I think we owe both of them congratulations on long 20 years and 30 years of public service in the German Bundestag during which they've accomplished a huge amount and their country I'm sure is grateful for that.

My question to Mr. Polenz is the following. Why are the Germans opposed to Europe as a transfer union when the Federal Republic itself is a big transfer union where the wealthy (inaudible) financing the poor ones like Berlin, Zaland, Mecklenburg, and Forpomen?

And my two questions, really, they're related to Mr. Klose, are the following. First, do you think the SPD made a mistake 20 years ago in the early '90s that it had not taken to hits ranks the fellow travelers of the SED in East Germany the way the CDU took into its ranks many of the fellow travelers of the NSDAP back in the late '40s and 1950s? And related to that, why is the SPD not willing to enter into a coalition on the federal level with the Left when it enters into coalitions with the Left on the allant level?

MS. HILL: Okay. A couple of big questions.

The gentleman down here. Cathy, in the third row back.

Thanks.

MR. REDIKER Thank you. Doug Rediker from the Peterson Institute for International Economics. Three quick questions, if I could.

First of all, we heard nothing about AFD as a party, and I'm curious what your thoughts are about whether they will actually reach a threshold where they would be in parliament.

Second of all, we're hearing a lot about the question of there won't be a large or any meaningful shift depending on whether any of these four parties are in the coalition or not. And the question I have for you is do you believe or could you speculate off the record -- this is Washington -- about the ministerial shifts that could actually take place in terms of personalities at ministries like the Foreign Ministry and the Finance Ministry in the various scenarios?

And the third question is we hear a lot about the IMF as either an indispensable actor in the Troika from the position of the Bundestag in the German government, and we also hear certainly from the currently finance minister that may not be the case moving forward. So I wonder if you have any views on whether the IMF in the Troika is a necessary actor moving forward or whether that's open for discussion certainly post-election.

MS. HILL: Lots of tricky questions. I don't want to ruin them. We're actually on the record for this event, so maybe you two could get

together in the corridor on the way out.

There were two more questions at the back, and I'm sorry we're going to have to take the last question. Steve Larrabee from RAND and then the other gentleman who I can't really see very well but I can see his hand.

MR. LARRABEE: Steve Larrabee, RAND.

I'm going to make a couple of observations to which I would ask the panel to respond.

SPEAKER: Could you speak out a bit?

MS. HILL: Speak into the mic.

MR. LARRABEE: I'm going to make a couple of observations about things but I'm not going to put them in the form of questions but I would like your comments on it. The first one has to do with the generations and the differences in the way we perceive each other. And one of the things that strikes me the most is the fact that the United States, once a kind of beacon to try to draw students to the United States, now has undertaken a number of steps which, in fact, block students from coming here either financially, or even intellectually. More and more students I find in Europe don't want to come to the United States for some ideological reasons, but mostly because the process of getting here is so difficult and oftentimes humiliating. We have gotten

ourselves into a position where instead of attracting some of the best students, we are forcing them away. A lot of this has to do with 9/11, the difficulty of getting visas and so forth, but it also positively has to do with the way the EU -- and I say this to your credit -- has offered more possibilities is to a lot of students through the ERASMUS programs and so forth. But this seems to me very different than in the '50 and '60s you had a whole pop elite in Germany -- the Tao Summers, Helmut Schmidt, people like that. You all know them. They are your colleagues who studied in the United States. Many of them went to Harvard, Henry Kissinger's program, and so forth. We've cut back on all those type of things which it seems to me weakened the bonds between the two countries. And I think if we had -- the Fulbright Program was much bigger 20 years ago than it is today. So I think that is one thing that is quite different, and I think personally quite destructive for the German-American relationship.

MS. HILL: Thanks, Steve. So that's a plea for more support for our transatlantic exchanges, more of the things that Jack has been doing.

And so you have the last question.

MR. MUELLER: Thank you. And I'll make it quick.

It's Jackson Mueller from the Securities Industry and

Financial Markets Association.

I'd really like to focus my questions on the European Commission proposal to implement a financial transaction tax. I know Germany is one of the main backers of the tax, and I'd be interested in knowing how big of a political issue in Germany the financial transaction tax is. Does it possibly present a Grand Coalition from forming? And if a Grand Coalition cannot form, does Germany back away or step aside from supporting the financial transaction tax?

MS. HILL: Well, it's a very technical question.

I was actually going to ask Jack if he wanted to go first just to kind of mix things up a little bit, but we'll definitely, Jack, you obviously don't have to respond to that but there are other issues there that I think you would like to say something on.

MR. JANES: Well, I think just briefly, Gale brings up a very good point. I think that's an experience that we share with Germany -- the Afghanistan story. And I hope, Ruprecht, Uli, that as we go forward, that we look at the narrative of what we tried to do in Afghanistan even where it came up short and try to figure out what that means for both sides of this equation because I think it's a very important one. Germany, as Gale points out, did stay the course, and I know it left some scars. And the question -- and it left some scars here as you're seeing right now in the

debate in Congress over Syria. So I plea for a way for us to think that through as to what it is that the lessons of Afghanistan leave you and leave us, and I think it's very important that we discuss that as we go forward.

Beyond that, I think the questions that we've all raised here - - Steve's point about students and to some extent I think the way that we solve our problems together, it leaves me thinking that the fact -- and Jerry pointed this out -- that you two are leaving and you're passing the baton to the next generation in the Bundestag. There's a generation in the American Congress most of which have been there since 1991. So there is a great deal of generational change going on that's going to require us trying to reforge the narrative. And I come back to what I said before as to why and how we move forward together on issues that are going to be extremely challenging for both societies.

I just want to add my applauds to both of you for the terrific service that you've given to all of us on both sides of the Atlantic, and I thank you for it.

MR. KLOSE: Well, I would like to say something to your question about Afghanistan. When Afghanistan started, it started immediately after 9/11, and it started because the Afghan government did not want to surrender Osama bin Laden and his followers. And it had a

mandate of the United Nations because it was a real attack on the United States. I think it was correct and it was a good thing that Chancellor Schroeder offered solidarity. I was a little bit hesitating about the word "unlimited" because in military affairs saying unlimited is something. But it was okay.

The problem we had in Afghanistan -- one problem was at the beginning some of our soldiers sent to Afghanistan had the feeling that they were seen by the German public as kind of development aids and some of them would have some guns with them. And over time they became real soldiers and really became engaged in Afghanistan and we have had casualties over there, and I think all together it was a good common activity of European countries, the United States, and other countries -- Australia and some others that were engaged. Personally, I believe that I decided in favor without knowing too much about Afghanistan, actually. And from a point of view of today, I wish I would have read more about history, more about the tribal structure of the country to understand what was going on, more about the neighborhood, and conflicts that have been present in this area over centuries. Probably if we had done more research and studied the problems more intensively, some things we would have made different. Nevertheless, I think Afghanistan was proof that we can cooperate and we did it. I hope that

when we pull out things continue to be stable, but it's a hope. It's a hope, it's not a guarantee.

I would like to say something to students in the United States and students in Europe. My impression is that the United States still is a very attractive country for students from Europe and also from Germany. The biggest obstacle to go over is that studying in the United States is extremely expensive compared with the situation in Germany, for example, where accepting the cost of living, the books you don't pay anything, no fees. And when you go over there, to Harvard, I guess, it takes about \$50,000 a year or half a year.

SPEAKER: At least.

MR. KLOSE: Maybe even more. I know it because one of my grandsons, he's now going in a few weeks for seven months to Santa Cruz studying modern history over there. I'm very happy about that, but it's not easy and he has been collecting money to support him.

(Laughter)

MR. KLOSE: That's okay. That's okay. It's a pity because I feel that we should have more exchange on the economic level. And please continue to continue exchange programs on the level of school kids.

I, myself, I am an exchange school kid in Clinton, Iowa, and it has a major impact on my life. And I think it's one of the best programs

that the United States started after the catastrophe of World War II.

Your question, was it a mistake not to take in the former members of the SED into the Social Democratic Party. From a very practical point of view probably yes, but had we taken all the former members of the SED, then the Social Democrats in the former GDR would have been a better SED, not Social Democrats. And this is something they would have had the majority over there. And this is something that we didn't want to risk. I think it was a good idea.

The second question that you asked, I answered it already. I cannot imagine a coalition with the Leftist Party that does not have a positive vote for the European Project and recommends that we should leave NATO. And as long as they don't change it, they are not a coalition partner. It's as simple as that.

MS. HILL: Martin, there were a couple of technical sets of questions, and I don't want to put you on the spot but you have been looking at so many of these issues yourself. So perhaps you want to take a stab at them.

MR. KLINGST: I cannot say much about the financial transaction tanks, but I don't think it would not be a major problem among the Grand Coalition. I think it's more a debate issue would be between the Liberal Party and the Social Democrats, if they should join a coalition

because as far as I know, it's more the Liberal Party that has major objections to it.

Afghanistan I think would teach us a lesson about the question of nation building and whether we are up to it, we can live up to the expectations. I don't think that we do because it will probably be a project over several generations, and no one has the breadth to go this long distance with all the victims along the roadside, with all the financial means you have to invest. And since Obama framed the famous phrase "nation building starts at home," I think Afghanistan will teach us a lesson for further interventions.

I think back to the question about colleges, I agree it's much too expensive here. I think there are too many bureaucratic hurdles. It's sometimes very difficult to get a visa from what I hear, but I would urge Europeans and Americans to keep up and even to improve their exchange programs. I was also an exchange student, high school student, in Arvada, Colorado, a suburb of Denver, and it was a very -- it was a fine year and I still have the best memories. As a matter of fact, I'm still in touch with my former host family.

I wanted to say one thing to the question of competitiveness and if the German model can sustain the model. There is one debate. You might have heard it. Obama mentioned it twice in his last state of the

union speech, and that is the vocational training. And I have just visited the new VW factory in Chattanooga and they have built their own school to teach mechnronics to young Americans because this is an important profession, especially in the car industry. And there is one thing in the United States that I've always heard. I heard it at the Democratic Convention; I heard it at the Republican Convention at different panels. That employers, big employers, were complaining about not finding the skilled workers they need in the United States. There are -- and that's debatable, but there are between three and six million unfilled jobs because they cannot find the skilled workers. And I think this is a debate here, and I think it should be a continuing debate because I think there is, as we can learn from you, you might learn something from us, and I think that the question about vocational training is probably an important one.

Back to a final question at the beginning, you know, we are facing an election and what I hope for my country is that one day there will be a new generation hopefully of leaders that hopefully have the boldness to tackle the tough issues and don't shy away. I'm sometimes afraid that too few young people join politics and join public service. I think that Germany does not do a good job in finding young, engaged, well-educated young people and to prepare them for an international career. We don't have always the top people in top positions, and we don't

actually propose very many Germans to those positions. We still let the French, the British, and others go ahead, but I think we should join, and also while we have a lot of talented people, but we should also prepare them better for those international careers.

MS. HILL: Well, somebody who was extremely well-prepared for his international career is Ruprecht Polenz. I join everybody else in thanking you and Hans-Ulrich Klose for your service in the Bundestag, but these must be bittersweet moments for both of you 12 days before the election and then kind of new futures open up for both of you.

You just got off a plane to come here, so the last word is yours as everybody leaves the auditorium.

MR. POLENZ: Thank you. Of course, there is a life after politics, at least I hope so.

(Laughter)

MR. POLENZ: First to the questions. Financial transaction tax is no problem between Social Democrats and Christian Democrats. We both want a fiscal financial transaction tax and the difficulties are probably more outside Germany than inside Germany.

With regard to posts in the next government, I can't be helpful. I don't know. But of course, IMF is necessary, especially if we

want -- from a German standpoint, I think it is very necessary to have the IMF because otherwise only we would be the bad guys.

(Laughter)

MR. POLENZ: The next point, the European Union, a transfer union, why are we opposing it? Because we have this very sophisticated fiscal transfer arrangement between the federal level and the state level and even in between the states, between the cities and local and smaller communities. The simple answer is because Europe is not a state. And we have, for instance, common taxes between state and the federal level, and we will never have common taxes between the European level and the member state probably.

With regard to Afghanistan, I agree to what Hans-Ulrich Klose said. I would just add -- this has also to do with leadership, Mr. Klingst -- that we had in Parliament all over the years a majority from let's say 70 percent of the votes in favor of our engagement. At least in the last seven, eight years we had 70 percent in the population against -- 70 percent in the population against. So we can stand up if you think it is necessary. And I'm convinced that we will continue.

With regards to the students, I will finish with an anecdote because it is important for good relationships that people know each other. In my first or second visit as a member of Parliament in New York, it was

in winter and I was walking around and I saw a parking slot and the parking fee was quite high. And I wanted to take a picture because I wanted to show it to my fellow members of the City Council of Muenster where I had belonged to before, and while I was preparing my camera a man came out of the box and asked, "What are you doing?" And I explained in my even more broken English at these days, and suddenly he switched to German. Why? Because he had served with the armed forces at Heidelberg. And I had these meetings also with cab drivers and others. And in between I know we had some 15 million Americans living for quite a while in Germany with the armed forces. Of course, this will not be repeated. Even if they are telling nice stories to their grandchildren, this will vanish to some extent.

You have described the problems with the students, and yes, we need to do something on that. Maybe more with fees because we can maybe also discuss if a student from the United States can study in Germany without a fee, why could we not have agreements on a similar basis to some extent? I don't know. But I would also emphasize that we have probably much more people who are working in companies -- Germans in the United States, Americans in Germany -- than before, and we should not forget these people. And in many, especially in internationally engaged companies, they have always a branch also in the

United States. My second son is working for Bayer Leverkusen and of course he has been in the United States. Now he's in Singapore, but he has worked here as well. So we should not underestimate these kind of new connections and especially if our TAFTA project will be successful we will see more of that.

So in the end I'm very, very grateful for my work, especially in foreign politics, and especially what I could do to help establish good German-American relations because this was one of the main reasons why I wanted to be in foreign politics.

Thank you very much.

MS. HILL: Thank you. Thank you to the panel.

(Applause)

MS. HILL: Now, I know Hans-Ulrich Klose in particular has another meeting to go to and I hope that many of you will see Hans-Ulrich and Ruprecht at other events around town. We also want to thank again Jack Janes and our colleagues from AICGS along with (inaudible) for helping us to do this. On October 4th, we hope to have a reprise of what happened in the elections, what does this all mean? So hopefully we'll see some of you back again. And Martin Klingst, thank you for joining the panel, and we hope we also gave you some things to write about. And thank you to everybody else in the audience for participating so actively.

You're all free to go. Thank you.

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