



Germany and the European Union

The Anniversary of the reunification of Germany falls within a few days of the opening of the Frankfurt Book Fair, where the Arab World is guest of honour. This coincidence is, perhaps, complimentary with relations between Germany and the Arab countries. In almost all Arab countries the four German Foundations have long-term activities for development.

How will the Arab intellectuals who participate in the Book Fair, find Germany after 15 years of unity? Germany is now, with France, one of the two main leaders of the European Union. Both of them were among the six countries that in 1957, founded the European Common Market which gradually developed to become the European Union that now comprises twenty five countries.

Germany is now the

biggest contributor to the 122 billion dollars budget of the European Union and the leader of the 12 members of the Euro-Group. Together with France, Germany looks upon the union as a means of achieving real integration, with its own constitution, parliament, and unified diplomatic and judicial services. It believes that national interests should be sacrificed for the sake of a federation.

This standing is in contrast to the newly-admitted Eastern European bloc whose members look upon the union as a channel for aid and investments while Germany and the western countries are not opposed to this. They believe it must not come at their expense. Billions of dollars are following from western countries, to the figure of 26 billion dollars.

Within the union Germany is facing a number of challenges.

Recently the Polish Parliament passed unanimously a resolution demanding compensation for damages suffered during the World War II. Chancellor Schroeder visited Warsaw in August to attend the 60th Anniversary of the Warsaw uprising. There was then hope that the gesture would pave the way for improved relations between the two countries, which had been badly damaged last December when Poland joined Spain in blocking the new constitution of the European Union.

What about the situation inside Germany: True Schroeder's Social Democrat's Party suffered some losses in regional elections, but this defeat was expected. It came as a result of the Chancellor's programme for economic reform, due to be applied in January 2005. He launched last



Dr. Eng. Nader Riad
Consultant to - Parliamentary
Committee for Industry & Energy
Chairman - Industry
Committee - German - Arab
Chamber of Industry & Commerce

year the agenda for the 2010 programme to

improve the country's economy and reduce its 4.6 million unemployed.

In his policy speech to the German Parliament, Schroeder defended the reforms known as Hartz IV. The reforms will cut unemployment benefits. He insisted the changes are crucial for reducing unemployment, reforming the social welfare system and making Germany more competitive. What Schroeder is trying to do is to change work practices and reduce the cost of the generous social welfare system. The reforms aim at creating more jobs, attracting investment and kick-starting consumer spending. By reducing the length of time in which the unemployed receive benefit, he is compelling the unemployed to accept any job offered, instead of enjoying the benefit of the unemployment pay. In fact, that crazily generous

benefit was an active disincentive to seek work.

There is no doubt about the immensity of the task in 1989 of rebuilding East Germany, a process that has cost the west in its first stage 160 billion dollars from tax payers. West Germans are feeling the brunt and they believe that the proposed reform programme is the result of the reunification. No wonder that in a recent poll showed that 20% of the Germans would like the Berlin wall back, 12% of those who had grown up in East Germany agreed.

No doubt, tensions are increasing between East and West over the direction of economic reform. There seems to be less jobs for Eastern Germany's young people. Moreover, there is the complaint that Treuhand, the agency charged with the privatisation of Eastern

Germany since reunification, has restructured the region's economy. It closed down many of the enterprises or sold them to West German companies. This led to an unprecedented unemployment in a part of the country that had never experienced such social insecurity.

The Arab visitor to the Frankfurt Fair may encounter some demonstrations against the reforms proposed by Schroeder. But as an English economist writes that Germans seem to regard the solutions of the economic situation as problems. One can see that a lot of East Germany is thriving. Many of the cities look spruce, have the appearance of concerted activities and do not present the spectacle of despair; as an English journalist puts it, "It is thrilling to see how much of East Germany has been transformed".