



# European Council: Federal Republic of Germany

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## 1 Introduction and Executive Summary

The Federal Republic of Germany (short form: Germany) is Europe's largest economy and second most populous nation (after Russia). As such, it is a key member of the continent's economic, political, and defense organizations. After its capitulation in 1945, Germany was occupied by the Allied Forces: USSR, USA, France and Great Britain, which led to the formation of two separate independent German States in 1949: the western Federal Republic of Germany (FRG) and the eastern German Democratic Republic (GDR). The democratic Federal Republic and the communist Democratic Republic each remained sovereign until the end of the Cold War, where the sudden decline of the USSR allowed for the Reunification of the two Germany's in 1990. Since then, due to the noticeably poorer economic situation in the East, Germany has expended considerable funds to bring eastern productivity and wages up to western standards [2]

Germany is federal parliamentary republic divided into 16 Administrative States (Bundeslaender). The Judicial Branch of Government is represented by 2 highest Courts, namely the Federal Court of Justice and the Federal Constitutional Court (Bundesverfassungsgericht), as well as many lesser state constitutional courts. Germany's Legislative Branch consists of two chambers of Parliament: the Federal Council (Bundesrat) composed of the representatives of the 16 Administrative States and the Bundestag, which represents the different political Parties. Finally the current Executive Branch of the German Government is made up of the President Frank-Walter Steinmeier, Chancellor Angela Merkel and her Cabinet of Ministers [2]

Angela Merkel has held the post of Chancellor since the 22nd of November, 2005. Her moderate political stance has garnered her a wide support base from all socioeconomic layers of the population. Adding her ability to avoid huge legal mistakes and the lack of political rivals cemented her stable position even further. She won the 2005 election by promising reform to lower the 11.5 percent unemployment rate. Merkel is known for using austerity measures both in Germany (in her first Term) and in the more recent Economic Crisis in Greece [3]

## 2 Societal and Economic History

As of July 2018 the population of Germany is about 80.5 million people, consisting 87.2 percent of ethnic Germans, 1.8 percent of people of Turkish descent and the rest being other ethnic minorities. A little more than half of the population identify themselves as Christian, while 37 percent do not identify with religion at all [2]

Since the "common" European currency came into existence in 1999 and bound the countries of the then EU even tighter financially, one of the biggest winners without doubt is Germany. Plagued by high government expenditure and high unemployment rates (both results of the Reunification with the underdeveloped East Germany), Germany had to take advantage of the new common currency to restore its economy, and so it did. By 2008 the annual expenditure of developing the former East Germany had fallen from 70 billion USD to



Fig. 1: Map of Germany

about 12 billion USD. After 2008 the growth rate of Germany's GDP increased drastically and was the top exporter of the world. Although China overtook Germany in the total amount of export haul, Germany has remained in the top 3 exporting countries in the world [4]

"Germany benefits from a highly skilled labor force, but, like its Western European neighbors, faces significant demographic challenges to sustained long-term growth. Low fertility rates and a large increase in net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms. Reforms launched by the government of Chancellor Gerhard SCHROEDER (1998-2005), deemed necessary to address chronically high unemployment and low average growth, contributed to strong economic growth and falling unemployment. These advances, as well as a government subsidized, reduced working hour scheme, help explain the relatively modest increase in unemployment during the 2008-09 recession - the deepest since World War II" [2]

## 3 Political Position

Angela Merkel has a very strong sense of realism and pragmatism in her way of doing politics and notoriously known for being a Centrist. Her Party, the Christian Democratic Union (CDU), is a moderate conservative political entity. The biggest challenges that she faced in her time as Chancellor were mostly economic and usually had something to do with the financial Crises happening in fellow EU-member state [5]

