

DIARY

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Berlin

‘Europe — quo vadis?’ is the topic for a conference convened by powerhouse global insurer Allianz in Berlin. After all, Berlin will have more influence on this question than Brussels. And what a splendid location for the meeting: on the Pariser Platz next to the Brandenburg Gate, which once divided East and West but is now the centre of a united and vibrant city. I have only seen one other Brandenburg Gate in my lifetime, when I visited an oil-rich sheik who had built a replica at the entrance to one of his sumptuous Middle Eastern palaces. It was impressive — as was his palace — but the original is better.

The conference participants are mainly financiers and business leaders from major European countries with a sprinkling from the rest of the world — the US, China, Japan and me. Many proposals are floated and discussed about lending to distressed banks, issuing jointly-guaranteed bonds and buying bonds from countries that nobody wants (bonds; that is). One way or another they all involve using ‘European’ (read German) money to help the countries struggling on the periphery. It reminds me of the days when I attended meetings of the Commonwealth’s Finance Ministers. There were always heated speeches about the need to increase foreign aid. The Commonwealth had more than 50 members, but only four of them actually gave foreign aid. So there was no shortage of proposals from the others as to how the donors should spend their money!

I feel sorry for Angela Merkel. She leads a country that is still paying the price for absorbing East Germany after it wasted 40 years on communism. It has undertaken a lot of welfare, budget and tax reform and, now that it looks like it is strong again, it is expected to underwrite a whole lot of countries that have refused to take similar measures. Most of all she has to sway public opinion for measures to pledge German credit, that is the German taxpayer, to help out Greece, Ireland, Spain and so on. She is criticised for proposing ‘austerity’. Has it not occurred to these countries that



with a little bit of ‘austerity’ they might have avoided their current predicament?

Joschka Fischer, the former German Foreign Minister and Green, puts the case for Europe most eloquently. It is not on economic grounds. He argues that the European project has given nations that previously tore each other apart in war a common purpose and a collective security that has ushered in peace and prosperity and seen off the communist menace. Things might have to get worse before governments realise it, but collectively they have no choice other than to save Europe, the West and civilised society. His robust defence of the West is music to my ears, but unlike anything I have ever heard an Australian Green say. I ask him his opinion of the Australian Greens. I cannot repeat his reply but it made me realise that our indigenous Greens are not only extreme by Australian standards. They are at the outer reaches of international Greenism as well.

My mind runs back to the first time I visited Berlin for an international finance meeting. It was 1999 and the topic was the Asian financial crisis. Because the international financial organisations didn’t see the crisis coming and failed to act with any urgency when it arrived, we resolved to set up a new body that was representative of the global economy including emerging economies such as China and India. Because of the number of members it was called the G20. We were one of the first groups to meet in the newly restored Reichstag. That night I enjoyed the company of my French counterpart Dominique Strauss-Kahn. Things have not gone so well for DSK since then. But the G20 has proven an enduring and useful

group. It first met as a group of Finance Ministers and central bankers. Now there is a leaders’ meeting as well. While I am in Berlin Julia Gillard has been lecturing the Europeans about economic reform at the G20 meeting in Mexico. Thankfully no one in Europe notices and I am not asked to give an opinion on how credible she is on the subject.

I take the opportunity to travel further into East Berlin to visit the headquarters of the Stasi, which administered state security under the Soviet puppet regime. The offices have been preserved untouched. They are grey, bleak and dispiriting. I am astounded to find that the Communist party sought to supplant every significant event of the religious calendar with its own — a ‘socialist’ naming ceremony, a ‘socialist’ coming of age ceremony, a ‘socialist’ wedding, and even a ‘socialist’ funeral. It would not be much of a send-off to die in the faith of dialectical materialism.

We also take the opportunity to visit Potsdam across the Glienicke Bridge which, during the Cold War, was where East and West swapped their spies. I am thrilled to see that the Cecilienhof, the site of the Potsdam Conference in July-August 1945, is so well preserved. By the time the ‘Big Three’ met to finalise the borders of post-war Europe and the administration of Germany Roosevelt had died, so the US was represented by Truman. During the conference Labour took office in Britain. Churchill had to return home. The photocall at the end of the conference records the big three as Truman, Stalin and Attlee. Stalin wasn’t bothered by elections. Churchill’s political defeat reminds us that in a democracy all political leaders are transient.

The European football quarter-final between Germany and Greece takes place while I am in Berlin. Tens of thousands of Berliners come out to the Tiergarten to watch the game, which is carried live on big screens around the Brandenburg Gate. There is a favourable outcome. Germany wins 4–2. If the Greeks are going to get the money they can at least let the Germans take the football glory.