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## GERMANY'S MERZ LOSES LEVERAGE AS COALITION TALKS SPUTTER

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For Friedrich Merz, the hard part begins now.

The incoming conservative chancellor began coalition talks with the Social Democrats by giving them exactly what center-left parties have always wanted, reaching a landmark deal to unleash hundreds of billions of euros in new borrowing to bolster Germanys military and infrastructure, including funds for green energy.

For Merz, long a preacher of fiscal discipline, the borrowing deal was a historic policy reversal □ one that was easy for the Social Democratic Party (SPD) to endorse. But pressure is now growing on Merz from inside his own conservative alliance to secure traditional right-wing policy concessions in return, particularly on migration and cuts to welfare.

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