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OF EUROPEAN HOPES AND GERMAN CONTINUITY *

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After the regional election in Bavaria, the outcome of the Federal election is harder to predict than ever. While the CDU's Bavarian junior partner was able to secure a large majority of the votes, the coalition partner FDP has been left behind, receiving a mere 3.3% of the votes. In practice, this means they are no longer represented in the Bavarian parliament. The Chancellor appears untroubled by these developments. While her opponent, SPD candidate Peer Steinbrück is showing everyone his middle finger, the Chancellor is confidently asserting "Deutschland geht es gut!" (Germany is doing well!). All opinion polls reflect her strong position; as many voters see it, the adroit Merkel has steered Germany safely through the crisis. The rest of Europe is likewise convinced of Merkel's victory, overlooking the fact that the future German government will only be determined through backroom deals after all the votes have been counted. The complex party politics and intrigues are all part of the horse-trading that will characterize the night of the 22nd September.

Europe is awaiting the outcome of these deals with baited breath and the hope that the newly elected German government will provide a farsighted vision of Europe that

goes beyond Chancellor Angela Merkel's "step-by-step" approach and single-minded insistence on austerity policy. Will Germany move on questions like the banking union, the European growth strategy and commitment to a European foreign policy?

The answer to these questions, it seems, is likely to disappoint. Any German politician is unlikely to be willing to make domestically unpopular short-term sacrifices in the name of some uncertain future vision of Europe. Germany is limited by specific constraints, many of which are overlooked by the outside world. There is a gap between European expectations of a more forceful and constructive German role and the German capacity to meet these expectations. Moreover, divergences between Germany and its partners run much deeper than disagreements on political and economic tactics or the scope or sequencing of reform.

On the issue of the banking union, seen as the key to stabilizing the Eurozone, many Europeans hope that Germany will change its counterproductive behavior which is delaying a resolution of the crisis. It is nonetheless true that Germany faces specific constitutional hurdles when it comes to the question of banking union and



the ESM. Berlin sees treaty change as a precondition for any kind of banking union, without which it is likely to be rejected by the Constitutional Court in Karlsruhe. These legal and political hurdles will not disappear overnight – even under a new German government.

Many across Europe, particularly in the crisis-struck southern part of the continent, are calling for an end to austerity and a more growth-orientated recovery strategy. Germany, the economic engine of Europe, is coming under pressure to led measures to stimulate the European economy. However, it is difficult for Germans to understand why Germany should radically alter an economic policy that is domestically successful. Rather, they see themselves as a model to be emulated. Furthermore, as the electoral discussions on income inequality have demonstrated Germans feel they are far less well-off than their southern neighbors assume. Germany is also a country marred by painfully low incomes, decaying infrastructure, empty local and regional budgets, an aging population and a shrinking workforce.

Thirdly, Germany has long been hesitant to fully commit to the Common Foreign and Security Policy of the European Union. Europe continues to be divided on foreign policy issues most recently demonstrated by the Syrian crisis. It is, however, farfetched to hope for radical deviation from this cause. Germany cannot provide a strategic vision for Europe as it lacks a foreign policy strategy itself. Across the German political spectrum this is a common characteristic.

Germany may be central to European politics but it sees itself as a role model for others to emulate, rather than as a power with an obligation to lead. Even though Germany will continue taking emergency measures to ensure the survival of the Euro, whatever the outcome of the elections, German politicians are unlikely to usher in a change in direction. Rather, the decisive time for the EU will be after the European elections in 2014, with Germany neither the only player nor the dominant one.