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## Investigating Possible FDP Impulses in Germany's European Policy

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The likely junior partner in Germany's new coalition, the FDP, achieved a historically strong result with 14.6 percent of the votes on Sunday. For the first time in eleven years, it is set to join the federal government. Given its strong result, FDP chairman Guido Westerwelle will reach out for key portfolios in the upcoming coalition negotiations, including some which will play a role in key German European affairs matters. Traditionally, the smaller coalition partner in the German government takes the Foreign Ministry. The FDP chairman is hence seen as the most likely candidate for the post of Foreign Minister.

Foreign or European affairs were strikingly absent from this summer's electoral campaign, which started shortly after the June 2009 European Parliamentary elections. With the exception of the Linkspartei which advocates a swift withdrawal from Afghanistan, none of the parties sought profile through foreign or European policy issues. Unsurprisingly, the FDP does not diverge decisively from the European policy conducted by the outgoing grand coalition.

### The Grand Questions of Integration

As far as EU deepening is concerned, the German Liberals fully converge with the CDU and the SPD in their support for the Lisbon Treaty. But like the other two parties, they have not put forward any further reaching proposals, neither for the EU as such nor with regard to specific policy challenges. Unless Chancellor Merkel changes her approach to EU affairs, chances are low that Germany will assume the much requested leadership role that would match its economic and political power in the EU. Interesting, though, is a sentence in Westerwelle's statement on the German Constitutional Courts' ruling on the Lisbon Treaty and the role of the national Parliaments in controlling competence transfers: the necessary democratic legitimation needs to come from citizens, not governments (quoted from *IP Global Edition 09/10*, 2009, p. 8). If taken literally, this idea could serve as the starting point for a debate tackling the fundamental problems of the legitimacy of European integration, revived but unresolved ever since the Constitutional Treaty failed its ratification in referenda in France and the Netherlands in May and June 2005. However, given the low profile the FDP has recently taken on EU issues, from today's point of view it seems more likely that the FDP will join the CDU in its executive-based approach to generate legitimacy of European decision-making by the output it produces, while not taking a pro-active stance on questions of input legitimacy (e.g. the role of the EP and European parties, direct forms of participation, etc.).

### Enlargement

Regarding the future widening of the EU, policies will not change in substance either. While remaining open to integration of the Balkan states, Germany will not do more than officially respect the fact that negotiations are underway with Turkey and emphasize that they will not automatically lead to Turkish EU membership. Leading FDP figures have recently repeated that they do not see Turkey as being ready for EU membership in a mid-term perspective, while not repeating the hostility towards Turkish EU membership that emerged in the party around 2002. As long as France keeps its sceptical stance on Turkey and continues to delay negotiations or as long as Turkey does not move decisively on key issues such as the Cyprus question, the new German government will see no need to express itself in a clearer way. If Turkey's EU membership becomes increasingly unlikely, the challenge for the German government (as the EU's largest member with a less strained relationship with Ankara than Paris for

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instance) will be to engage in as close and constructive a relationship with Turkey as possible, given its strategic importance as a major neighbouring power and a key partner in NATO.

### **Coping with the crisis**

As far as the further handling of the Economic and Financial crisis is concerned, a centre-right coalition will probably pursue most of what the grand coalition has done so far. While the FDP will probably be less obsessed with bankers' bonuses than the outgoing government was before the Pittsburgh G20 meeting, there are no signs so far that the Liberals intend to tackle some of the really pressing issues such as global imbalances, creating truly impactful supranational financial market supervision or tackling divergence in the Eurozone. Fiscal policy-wise, a German centre-right government will struggle with both parties' promises to lower income taxes, while attempting to reduce deficits and public debt. Much depends on which common stance both parties find in the coalition negotiations. Especially if Germany manages to reduce deficits below the current forecasts – there is increasing evidence that it will underscore the forecasts (4.6% of GDP in 2009 and 6% in 2010) – a German centre-right government would probably attempt to push fellow Eurozone members towards budget consolidation, while attempting to strengthen the coordination of structural reforms as part of overall economic policy coordination in the EU. It would thereby run into conflict with France for instance, which has a distinctly different position on the right exit strategy, given its strong reliance on domestic consumption. Hence the German answer to the question of how to tackle diverging competitiveness within the Eurozone will not change; each country should implement its own structural reforms, wage moderation and control – if not reduce – unit labour costs. Meanwhile, some of Germany's partners increasingly feel (and voice) that Germany's export-led growth strategy combined with budgetary consolidation contains elements of a beggar-thy-neighbour-policy.

### **Identifying who is in charge**

Pinpointing the name of the next Foreign Minister and reviewing his key statements on European affairs does not yet tell us much about who will actually be steering European Union matters in the next federal government. Two questions are usually raised after general elections; the first is who will act as the key coordinator of European affairs, the Foreign Ministry or the Chancellor's office. Under the outgoing grand coalition, tasks were formally shared between the Chancellor's office and the Foreign Ministry which acted as the coordinator, but we have seen that the former took the political lead especially under Germany's EU Council Presidency in 2007. The second question is who will have the lead on European economic affairs. Will tasks continue to be split between the Finance Ministry (concentrating on issues related to the Stability and Growth Pact) and the Ministry of Economics (which was responsible for most other matters of economic policy coordination in the EU such as the Lisbon Agenda etc. under the grand coalition)? Or will the Finance Ministry again become the key actor it used to be under the Red-Green coalition led by Schröder up to 2005? In this case, the Unit that moved from the Finance Ministry to the Economics Ministry with the start of the Grand Coalition could move back. Theoretically, both ministries could also be merged to form a single Ministry of Finance and Economics as is the case in some fellow EU member states, but this is against German tradition and would make satisfying both the CDU's and FDP's appetite for key economic portfolios more complicated. These are also points to be kept on the watch list during the coalition negotiations, in order to assess who is in the driving seat of Germany's future European policy.

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