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"MUTTI" HAS WON HER THIRD TERM: now what?

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No European elections have been followed as closely as the last German parliamentary polls on 22 September. As the German policies have been shaping the way Europe acts over the past years, it has become widely agreed that the German voters' preferences are not any more an exclusively national affair. It happens, at another scale, with the US presidential elections as people around the world would like to have an opinion on who is going to rule the most powerful nation in the world. The result of the ongoing coalition talks (that Christian Democrats are leading with the Social Democrats and should these fail with the Greens) will have political, economic and possibly social impacts on the lives of the citizens throughout Europe. Germany has grown from Europe's economical powerhouse to a forceful political actor on all European decision levels. It is particularly clear that there is a *primus inter pares* in the room, when the EU member states are taking important decisions on the economic future of Europe. With the success of their own tough reforms and sustained economic performance, the confidence of the Germans has grown and the once shy giant is enforcing its vision in Europe.

Although we are increasingly living in a more German Europe, it does not mean that this has been something that the German government has been consciously seeking. Although they are undoubtedly cocky because of their economic success, it has never been a deliberate German policy to try to impose itself on Europe or to "colonise" it, as some argue. On the contrary, Germany has grown to be a reluctant forerunner because of the absence of other potential leaders. France, its structural other half in the "engine" that lies on the foundation of the European Union is suffering from economic and political stagnation. The French-German engine has stopped working as efficiently as it used to be, and as such, German dominance may be seen as a byproduct of the French failure to step up to the plate.

This is neither to say that Germany is not pro-European. Angela Merkel and her governments have been one of the most pro-European among their counterparts for years. Germany may have been taking its time, ensuring that conditionality is in place, but it has held out a solidary hand to its ailing partners. As Joaquín Almunia, the Spanish Commissioner has recently rightly pointed out in a conference at CIDOB's headquarters in Barcelona- the German government has and is even doing more for Europe than it can publicly reveal to its voters. One can wonder whether this is a sustainable political strategy in the domestic context but it is at the same time difficult to disagree that it has provided some success. Europe has

just about been kept afloat and we see modest economic recovering in most parts of Europe. Neither is Angela Merkel a die-hard neoliberal as some of her European opponents would like to label her. Her election programme included important parts from the traditional issues of the Social Democrats and the Greens, such as increased social spending, minimum salary, rental controls, closing of nuclear facilities, and so on.

Germany is doing well, has been Angela Merkel's leading slogan and her voters agree. Although the Christian Democrats did not manage to get the absolute majority necessary for going it alone, she did win the plebiscitary by landslide. She was just left 5 seats from absolute majority, a result that surpassed even the most optimistic predictions. Merkel is weakened though by the fact that her favourite coalition partner – the Free Democrats – failed to gain any seats in the Bundestag. She will now have to look either to the Social Democrats (her preference) or even to the Greens, if the negotiations with the former fail, for the formation of the government.

It is doubtful, however, whether it will matter too much from the "European" point of view, that she will not be able to continue with a right-wing coalition. Angela Merkel has already come on record saying that Europe's reforms must continue and that her commitment to the economic reform agenda has not lessened. Also and anyway, notwithstanding differences of view on domestic issues, there has been a strong domestic political consensus around German vision on Europe's way out of the crisis.

Merkel has started negotiating with the Social Democrat party, who won the second largest number of seats in the Bundestag. Sigmar Gabriel, the Chairman of the SPD has said that the "grand coalition" will not be automatic, as the success will depend on what the Christian Democrats can offer them in return. The SPD is understandably careful about entering such a deal with the latter, as they were very much seen as junior partner and their popularity suffered badly during the "grand coalition" of 2005-2009. The Social Democrats will want to discuss issues such as the likely upcoming third rescue package for Greece and the conditions for the Eurozone banking union, preferring at least on paper more solidarity with the rest of Europe. However, while the negotiations will be undoubtedly difficult, it will have to be seen how much the Social Democrats are willing to rock the boat. The tough reforms that the German government is so proud of were carried out under the Social Democrat Chancellor Schroeder. Also, the party have been voting in favour of Merkel's proposals on European economic issues during the past legislature, making their criticism of Merkel's approach sound hypocritical.

Further, as pointed out in a recent ECFR paper by Ulrike Guérot, it is important to remember that the Germany that Europeans want may not be on offer. While the Europeans may desire a Germany who takes a more robust role in supporting European political and economic integration, the German voter wants neither more financial nor power transfers to Europe. He/she has a clear vision as to what they want Europe to do and this means to broadly follow Angela Merkel's austerity recipe. This recipe may end up watered down during the coalition talks, as for the reasons mentioned above, and the SPD may achieve a softer approach on austerity or push Merkel for more fiscal integration on the European level. However, let us not fool ourselves. The renewed mandate for Merkel will translate into more painful reforms for Southern Europe - before more money would be agreed to be injected into ailing economies.