

# GERMANY AND THE EU: A NEW CYCLE?

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The verdict of the general election in Germany on 22 September 2013 helps to clarify Europe's political future, which it seems important to address in a constructive manner on the basis of the following three complementary observations.

## 1. The new coalition is likely to be more committed to European issues

First of all, the result of the election in Germany guarantees continuity in the country's European policy because the score achieved by Angela Merkel's party brings strong grass-roots support to the positions that she has been adopting at European Council meetings over the past few years. It also reminds us that the German people are attached to the euro and to the EU, because the new Euroskeptic "Alternative für Deutschland" party garnered only 4.7% of the vote and the far-right NDP party only 1%. The new coalition that Angela Merkel is going to be putting together looks set to be more pro-European than the previous one because the FDP's Liberals are leaving it and the SPD has little option but to join. It should also be a great deal broader, thus in a position to adopt structural decisions, and even to change the Basic Law if necessary.

More importantly, just like the French authorities, so the German authorities, too, now have four full years ahead of them without any national election in their path. Taken together with the renewal of the European Parliament and Commission in mid-2014, this new political situation is favourable to an in-depth debate and to ambitious initiatives as regards both the functioning and the policies of the EU and of the euro zone. It is to be hoped that, relying on the strength accruing to her from her victory, Angela Merkel will be able to make it even clearer that moving forward with European integration and deepening the EMU are in her country's national interest, so as to put paid to all the stigmatisation and bickering [in contradiction with the European spirit](#).

We certainly should not deduce from all of this that Germany's new government is likely to radically alter

its European policy. This, first and foremost, because Angela Merkel has already made a substantial effort to commit her country to aid plans, to tailor her stance to the ECB's innovative policy and to accept the principle of a European banking union. And second, because if the drop in pressure from the financial markets continues, it can cause those markets to lose the linchpin role they played in the recent past. Yet it seems possible that Germany's European policy may undergo a real revamp, especially if the country's partners get a better grasp of its expectations and interests, also in the light of the recent election.

## 2. The German authorities' position of strength must be better grasped

People often stress that Angela Merkel's election win has bolstered the position of strength that the German authorities currently occupy: above and beyond the size of the country (over 20% of the EU's overall GDP) and of its capacity for lending to countries in difficulty, this position of strength is due to its better performance in terms of growth (almost 1.5% in 2013) and of unemployment (roughly 5%). It is due also to the key role that it plays in the European response to what is currently the most important challenge facing us, namely the crisis in the euro zone - while in the field of military intervention, for instance, Germany is rather in a back-row seat.

But most of all, this position of strength in the economic and social spheres mirrors the weakness of the other member states, including those "under aid programmes" and Italy, but also France. Only if the French authorities continue to work to improve their country's performance in the fields of growth and employment will they regain an influence over these issues comparable to that wielded by Germany, and will the EU as

a whole benefit from a [more balanced Franco-German entente](#).

Yet the start of a new political cycle in Europe also demands that Germany's partners acquire a better understanding of the country's concerns, which they frequently underestimate. They are unquestionably familiar with the inhibitions linked to the burden of the country's history – even if it is sometimes only to poke fun at those inhibitions – which account for its rejection of a hegemonic position. But are they sufficiently aware of the concerns spawned by the loss of confidence caused by the budgetary and economic drifting which has affected a large number of member states since the euro was first launched, loss of confidence which now concerns their real ability to correct their positions in the longer term? Sufficiently aware of the fears sparked by the impact of the nuclear phase-out plan and the consequent energy transition on businesses' competitiveness and on consumer purchasing power? Sufficiently aware of the angst caused by demographic developments in Germany and then over its ability to maintain its industrial dynamism and to fund its spending on social welfare and on investment?

### 3. The German and European authorities could help the EU to progress in several areas

The advent of a new coalition in Berlin and greater awareness in Europe of Germany's strengths and weaknesses are liable to foster the right conditions for further progress on the EU's part.

First and foremost by adjusting the balance between stringency and growth initially adopted to tackle the crisis, but which has led to excessively drastic austerity policies. The painful efforts made by those countries under aid programmes and the increase in budgetary discipline in a large majority of the euro zone countries seem at this juncture to be sufficiently tangible to justify shifting the stress a little more towards support for growth, a move from which Germany itself would benefit. This should lead to new spending on investment both at the national and at the EU level, for instance in the field of youth training. Also, the recent election campaign and the formation of a left-leaning Bundestag should lead to the adoption of the minimum

wage principle in every job sector and in every region. In addition to its social virtues, this will also help to boost domestic demand while toning down the criticism of unfair salary competition practiced by German businesses in certain areas.

Further progress is also likely to occur in the euro zone on the basis of the guidelines contained in the document on stability and growth adopted by Angela Merkel and François Hollande on 30 May 2013, namely: the implementation of a complete banking union, which will mark a truly "federal leap" forward; greater coordination in the field of economic and fiscal policy, including on the basis of contractual arrangements; a strengthening of the [social dimension of the EMU](#), particularly in order to facilitate worker mobility; and an improvement in the [governance of the euro zone](#), which should rely on specific bodies.

And lastly, we may also be seeing further progress in the energy sphere. In announcing its nuclear phase-out plan, Germany has embarked on an energy transition that is also being undertaken by the other countries in the EU. It is a European challenge that needs to be addressed in common as we look ahead to 2020, especially with regard to the development of renewable energy. In particular, it is going to demand increased investment in infrastructures of common interest and the adoption of complementary energy mixes with a view to forging a fully-fledged "[European energy community](#)".

All in all, it is a good thing that the German election should have aroused so much interest in the rest of Europe: it's indeed because Germany and its partners will feel that they are active players in single destiny, embodied in particular in the single currency, that the EU will be able to move forward with determination in a new political, economic and social cycle.

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