Europe is looking to Germany on 22 September. Many 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 policies. Europeans want Germany, the largest and most powerful economy in the EU, to accept the responsibilities of political leadership commensurate with its economic clout. In particular, they want substantial German movement on three specific fronts: building a solid banking union; a growth strategy; and a greater commitment to European foreign policy.

However, the Germany that many in Europe hope for is not on offer. It is hard to imagine any new government coalition providing enlightened leadership of a kind that accepts significant short-term sacrifices to buy into a far more uncertain vision of long-term political stability. 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. Berlin quite simply lacks the political ambition to provide clear leadership in turbulent times. Rather, it hopes to influence events by force of example, influencing others to transpose the German model of thriftiness at home and competitiveness abroad into their own financial, economic, and political cultures.

All the opinion polls strongly suggest that Merkel’s centre-right Christian Democratic Union (CDU) will emerge as the overwhelming electoral victor. There is no real Wechselstimmung, or mood for change, in Germany. As many voters see it, the adroit Merkel has steered Germany through the crisis without running their country into trouble or Europe into the ground. Voters want to keep her experience and the stability she offers.

The main question therefore appears to be not whether Merkel will remain in office, but rather what coalition she will lead. There is quite a wide range of options for possible government coalitions, reaching from a grand coalition between the CDU/CSU and the SPD, to a “traffic light” coalition between the SPD, the Greens, and the FDP. Despite Merkel’s extraordinary personal popularity and her party’s overwhelming lead, the result in terms of the full parliamentary arithmetic and the ensuing options for government coalitions mean that the outcome is impossible to
Impact of the elections on Europe

Whoever takes charge once the new government is formed, they are unlikely to try to meet the ambitious European expectations, as the divergences between Germany and its partners run much deeper than disagreements on political and economic tactics, or the scope or sequencing of reform. They are fundamentally the reflection of conflicting readings of European and national reality. Germany is unlikely to change directions on the three key issues mentioned, namely, banking union, growth strategy and European foreign policy.

The banking union is often seen as a key to the solution of the crisis and the stabilising of the European project. But Germany is seen as dragging its feet on the issue, defending national controls and resisting the European Commission’s plans for a common banking resolution authority, as well as direct bank recapitalisation via the European Stability Mechanism (ESM).

Leading European policymakers accept that Germany does indeed face specific constitutional hurdles when it comes to the question of banking union and the ESM. The outgoing German government’s view is that further change of the EU treaties is necessary before the transfer of new powers to Brussels required for banking union can be initiated. Berlin fears that without this, the banking union would be challenged in the Constitutional Court in Karlsruhe. These legal and political hurdles mean Germany is likely to continue dithering on banking union even after the elections. It is hard to see where the political drive could come from – unless a resumption of dangerous market instability were to force a reluctant Germany to act.

Many, especially in the southern states of Europe, think that Germany should do more to act as Europe’s economic engine in order to stimulate the European economy as a whole. In short, the call is for a U-turn in German economic policy both domestically and within the wider Eurozone.

However, such calls clash radically with three deeply held German convictions. Germans are convinced that their own economy is doing very well, due to hard work and tough policy choices. Therefore they continue to emphasise austerity as the route to economic success and as a model for others to follow. Furthermore, Germany feels that they are far less well-off than their southern neighbours seem to assume. The Germany of wealth co-exists with a much poorer and less visible country marred by painfully low incomes, decaying infrastructure, empty local and regional budgets, an ageing population and a shrinking workforce. The German domestic debate is focused increasingly on income disparities, growing poverty at home and the social tensions these trends are producing.

The third specific request from European policymakers is for a clear German commitment to a common European foreign policy. Europe cannot have a strategic focus without Germany, but Germany itself lacks such a focus. For half a century after World War II, Germany has been taught – and taught itself – to avoid autonomous strategic thinking on a global scale, preferring commerce to diplomacy. This is unlikely to change in the future.

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.

This article draws on material in the author’s recent European Council on Foreign Relations policy brief. It was prepared with the help of Sophia Becker, Intern at ECFR Berlin.

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