

Letter from Europe (18-01)

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The new German question is who will govern in Berlin with whom and for how long. By mid-January a preliminary agreement on another “Grand Coalition” between Merkel’s CDU/CSU and Schulz’s SPD (which, however, is a lot less than “grand” considering that the two once big parties now hold only 56 percent of Bundestag seats). The draft begins with a long section on “Europe” that was immediately celebrated by European newspapers as a breakthrough away from Schäuble and “austerity” to Schulz and a “transfer union”. But this fails to appreciate the enormous significance of symbolic politics today, undoubtedly because the media are among its major producers and beneficiaries.

Above all, it is not yet clear if there will be another Merkel-led government at all. The draft agreement, 18 densely printed pages, will have to be approved by an SPD party convention, and only then coalition negotiations proper can begin. Their outcome, in turn, will be voted upon by the SPD membership. It is quite possible that an accident will happen in the way, resulting in the present SPD leadership disappearing, and forever. That “Europe” is given such a prominent position in the draft is above all to pull in the European-minded SPD party base. The thrust is that we as Germans owe Macron, the defender of European peace and prosperity against Trump and Le Pen, a positive response to his daring reform proposals. If this will do the job is, however, a wide-open question given that there is precious little in the agreement on bread-and-butter issues like precarious employment, health care, elder care, regional disparities, rising inequality and the like.

Moreover, it seems that the passages on “Europe” were drafted with the assistance of Commission President Juncker, working with his old buddy Schulz. This is important since

the Commission's reform proposals are in conflict with Macron's, who prefers an intergovernmental over a supranational approach. Merkel tends to side with the Commission since she prefers rule-based over negotiated policies, but sphinx that she is she won't say so publicly, in order to maintain the appearance of a happy marriage with the French. She also has to deliver something in return for her fellow heads of government having kept quiet before the German election, no doubt having been secretly promised all sorts of things once she was reelected. Merkel also has to show some sort of compassion with the Mediterranean member countries for their sufferings under the Euro monetary regime, as well as do public penance for her unilateral, exclusively domestically-oriented border opening in 2015 that swung the Brexit vote in favor of Leave and caused a rift with most other member states, especially in the East.

To be sure, nothing in the draft agreement will change the European fundamentals, neither politically nor economically, and it is precisely because of this that Merkel signed off on it. Germany will cover the lion's share of the losses in EU revenue caused by the British exit, but this will essentially be it. "Reform" negotiations will take a lot of time. A new German government will not be in place before Easter, if it all. In September there will be elections in Bavaria, before which nothing on "Europe" can happen. One year later, it will already be mid-term. By then Merkel's party will have picked her successor; the most likely scenario is that she will turn over the Chancellorship while hanging in as party leader until the 2021 election. Note that the SPD is promising its members that if they agree to another Grand Coalition, by the middle of the term the decision will be reviewed on the basis of progress made. Merkel, that is to say, will be a very lame duck very early, and she knows this. What she knows is that whatever European "reforms" will be envisaged in the final coalition agreement will require unanimity, and that when it comes to the present euro regime, the

Dutch and the Austrians and the Fins will protect her from being too passionately embraced by the French.

While all of this must be common knowledge among the players, nobody says it. This is because they understand that, in these times of capitalist decay, all politics is symbolic, and cannot be more than that. Merkel's French and Italian friends-cum-adversaries can win elections only if they can make their voters believe that they are dictating to Germany, rather than Germany dictating to them. (Mind you that Italy will vote already on March 4!) A Foreign Minister like Schulz can usefully create this impression as long as he lasts. Drawn-out negotiations, with ample opportunities for exciting day-to-day press coverage, featuring high hopes in spite of low results, and lots of ceremonial occasions in Brussels, Paris and Berlin, may do the trick much longer than idealistic political scientists believe. The main "European" ambition today is keeping Cinque Stelle, Le Pen, Mélenchon and their likes out of power, while keeping the euro and capital in it. With the help of the "pro-European" media this should not be altogether impossible.