

COMMENTARY

Germany in the EU after Merkel: A view from Italy



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Date: 10/11/2021

As Germany moves into a new political era after Merkel, Italy remains confident about the country's leadership role in the EU - as long as it is willing to engage meaningfully with other member states besides France and can raise the bar on foreign policy matters.

The German elections were expected to be a potentially destabilising factor for the entire EU. This was due both to the certainty of the end of the Merkel era, after 16 years of uninterrupted Chancellorship, and to the uncertainty around the outcome, given the swinging polls in the months preceding the elections. However, Germany's political system has proved to be resilient. The ongoing negotiations for the formation of a new government promise to leave Berlin as the driver's seat of European integration. That's good news for Italy, as long as Germany engages with willing and able member states besides France and raise the bar on foreign policy matters.

When analysing the impact of the vote on Berlin's role in the EU, one needs to differentiate between two aspects: the end of Angela Merkel's tenure and the prospects for the next German government. Regarding the former, Chancellor Merkel has in many ways been a unifying force for Europe. Many times she helped build a consensus in the European Council among the leaders of Northern and Southern European countries, founding members and countries that joined the Union after 2004. The most recent example were the negotiations for the NextGenerationEU recovery package. She also promoted agreement between EU member states towards common goals, such as with the launch of Permanent Structured Cooperation (PESCO) in the field of defence. It seems unlikely that the new Chancellor can play the same role, with the same level of gravitas, and some are starting to look elsewhere – notably at Mario Draghi – to find a possible heir.

At the same time, Angela Merkel has been hesitant when it comes to important decisions in economic governance and foreign policy, taking a wait-and-see attitude that, on many occasions, condemned the EU to inaction. In the end, this was interpreted as a lack of vision for the future of Europe and a preference for ensuring incremental progress rather than betting on a grand strategy. This approach is partly a consequence of her cautious political character – and therefore it might change with the next Chancellor. However, it was also the result of structural factors that will remain in the next legislature. The new Chancellor will continue to be the leader of a coalition government. Merkel's successor will also be forced to find compromises among different parties while trying to accommodate the expectations of the powerful Länder. At the same time, the new Chancellor will have to maintain the balance between the commitments of EU membership and Germany's constitutional constraints. Two cases in point are the potential re-introduction of the debt brake after its suspension in 2020, which might clash with the new EU approach to debt rules aimed at supporting green and growth capital investments, and the strict limitations on the use of military force, which might hamper Germany's contribution to a boosted EU defence.

The first obstacle that needs to be overcome is the formation of a coalition and the agreement on a common programme for the next four years. Many in Italy and elsewhere worried that lengthy negotiations would paralyse the EU in a crucial phase, when the priorities are to cope with the aftermath of the Afghan crisis and the recovery from the COVID-19 pandemic, and in view of a possible stalemate in the French elections next spring.

However, by now it seems that none of the parties involved in the coalition talks – the SPD, the Greens and the FDP – has an interest in prolonging this process beyond Christmas, even if it would imply a difficult temporary compromise ranging from a minimum wage to the pace of the energy transition, and the relationship with China. On their side, the EU and national capitals need to get ready to face the institutional and

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political implications of a so-called traffic light coalition led by former SPD leader Olaf Scholz.

At the institutional level, the most powerful European political family, the European People's Party (EPP), would lose an important seat in the European Council. However, the European Council would still include eight national leaders affiliated with the conservatives, compared to seven leaders affiliated with the Party of European Socialists and six with the Alliance of Liberals and Democrats for Europe. The EPP will also profit from the fact that the next president of the European Parliament will come from its own ranks, in strict observance of the alternating term of two and a half years between the two major political parties. The Party of European Socialists would thus be excluded from all top EU positions despite being the second biggest political force in Europe, with the partial compensation of the post of High Representative being occupied by Josep Borrell.

The end of the Merkel era will also affect Commission President Ursula von der Leyen. She stands to lose a close ally in the midst of her mandate, given her strong personal and political bond with former Chancellor Merkel. This could lead to a consolidation of the link between the Commission and France for the implementation of the EU's Strategic Agenda, thus expanding the room of manoeuvre of Paris and making it harder for member states like Italy to exercise a more meaningful role in setting the EU's priorities.

The coalition agreement and the allocation of cabinet posts will also have an impact on European policies, and Italy. If FDP leader Christian Lindner becomes the next Finance Minister, Germany's position on the reform of the EU's fiscal rules will likely harden and swing in favour of a severe fiscal adjustment after the unprecedented increase of national public debts to cope with the COVID-19 pandemic. This goes against the interests of Italy, but also of other countries like France and Spain. At the same time, the SPD and the Greens might push for loosening deficit and debt thresholds to invest in social and green priorities, which is more in line with Italy's position. Scholz's Chancellorship is reassuring for Italian stakeholders, especially due to his central role in the negotiations that led to the adoption of NextGenerationEU, of which Italy is the first beneficiary. From his side, Scholz sees in Mario Draghi a guarantor for a collaborative pro-European government in Rome and a strong leader for the implementation of the national plan for recovery and resilience and the related reforms.

FDP and Greens have also insisted on the need to conduct a more value-based foreign policy. Many are expecting the new government to adopt a more assertive position towards China and Russia on the promotion of respect for human rights.

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alliance, which has been negatively impacted both by the initiative to negotiate an EU-China Investment Deal under the German Presidency of the EU Council and the Nord Stream 2 project. At the same time, Italy would not be in favour of a head-on collision with China and Russia, nor of an uncompromising position on international free trade, as the fight of the Greens against, for example, the EU-MERCOSUR agreement seems to suggest.

All parties of the traffic light coalition are in favour of a defence union and a European army, but their position on the level of Germany's commitment to defence spending and participation in military operations is not clear. Italy would benefit from a stronger stance of Germany on defence matters. It would serve as a counterweight for French leadership and even as a trigger to establish a core group of member states willing and able to take further steps in the development of European defence capabilities.

All German political forces have confirmed their firm pro-European stance and their commitment to reinforcing EU institutions, with the only notable exception being the extreme-right AfD. Therefore, seen from Rome, the current situation does not entail major risks for the EU through the weakening of German domestic politics. Berlin is expected to remain a key element of the Franco-German engine in favour of EU integration. We have experienced the downsides of Germany being dominant during the 2008-2011 economic and financial crisis and subsequent euro crisis; and those of Germany being reluctant in foreign policy matters. The best scenario for the next four years would be a renewed Germany that acts as a driving force for the EU, both internally, by promoting the integration process in an inclusive way and externally, making Europe a more effective actor on the global stage.

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