

Merkel's EU plans in spotlight as she faces German MPs for first time

Chancellor caution in response to Emmanuel Macron's desire for radical leap forward



German chancellor Angela Merkel talks to German national soccer players at Eppan, Italy. Photograph: Guido Bergmann/EPA

After 13 years in power there is little that chancellor Angela Merkel has yet to do. Yet Wednesday marks a premiere for the German leader: the first-ever question-and-answer session between a chancellor and MPs in the Bundestag.

No one in Berlin expects a House of Commons-style roasting, particularly given Merkel's fire-blanket rhetorical ability. And yet hopes are high that the session will help return a pulse - and public attention - to German parliamentary democracy.

Leaders of the far-right Alternative für Deutschland (AfD) are licking their lips at the prospect of blaming the chancellor for a growing scandal over major mistakes in the asylum system following the 2015 refugee surge. European allies, meanwhile, hope she will use the opportunity to fill in the many blanks in her vision for the future of the EU.

Eight months have passed since French president Emmanuel Macron's Sorbonne speech urging the EU be salvaged with a radical leap forward. Even by sober Merkel standards, the chancellor's responses to date have fallen short, held back first by elections, then extended coalition talks and now by uncomfortable new political insecurities.

Not even a sprawling two-page interview with Germany's Frankfurter Allgemeine at the weekend provided all the answers on how far the bloc's powerful leader is prepared to follow Macron on reforms.

ESM fund

A headline proposal of his plan is to transform the ESM bailout fund, born in the euro crisis, into a long-term European Monetary Fund (EMF) to offer member states short- and long-term loans in exchange for reforms. Reflecting disagreement around the continent, Paris and Berlin are still at odds over the terms of the loans, the size of the pot and the EMF's legal basis.

Germany's already limited enthusiasm for the EU executive has been dampened even more since the Macron proposals

Merkel says she is open to an EMF giving conditional, limited, reform-linked 30-year loans, as well as shorter-term loans to EU countries "that get into difficulty through external factors".

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Wednesday marks a premiere for German leader Angela Merkel: the first-ever question-and-answer session between a chancellor and MPs in the Bundestag. File photograph: Leonhard Foeger/Reuters

The conditions for such shorter-term loans is looser than the “existential” risk required to activate ESM intervention, and has seen ears prick up in Germany. Fearful of a “transfer union” at German expense, many here are wary of the legal basis of any new fund.

The ESM is an intergovernmental construct, outside EU law, and Berlin wants to avoid placing the EMF entirely under the purview of the European Commission.

Germany’s already limited enthusiasm for the EU executive has been dampened even more since the Macron proposals, framed in many circles in Germany as an additional attempt to pickpocket German taxpayers.

Merkel argues the new fund should be “organised between states” and come under “the corresponding rights of national parliaments”. It should act as a second pillar of economic stability in the EU, she suggests, overseeing budgets as well as doling out loans.

That would make it the equal of the commission, infringing on its powers to examine states’ competitiveness and adherence to euro debt rules.

Germany is ready to make a greater financial contribution to the post-Brexit EU budget

She backs the idea of closing development gaps between member states by deploying an “innovation budget for the euro zone”. But, again given personal misgivings and fiscal hawks breathing down her neck, Merkel remains cautious.

She proposes a fund with a “low, double-digit” billion capacity to be introduced on a staggered basis, to evaluate its efficacy. And she left open a major question: whether or not it should be managed inside or outside the EU budget.

Germany is ready to make a greater financial contribution to the post-Brexit EU budget but, with an eye on the ascendant conservative camp inside her Christian Democrats (CDU), the Eurosceptic AfD and the populist *Bild* tabloid, “how much more is relative”.

‘First answer’

After waiting eight months, the Élysée Palace made the most of the German leader’s “first answer” to Macron’s far-reaching proposals, calling it a “positive move which shows the commitment to Europe of the chancellor and her government”.

At home, indicating the narrow corridor the chancellor has to tread, the modest Merkel proposals annoyed in equal measure both the pro-Macron and anti-transfer union camps.

Christian Lindner, head of the liberal Free Democrats (FDP), suggested Merkel is backing an “overdraft” for wobbly EU neighbours and called for a “return to stability rules”.

Today’s Bundestag question time will likely be dominated by the political fallout of Germany’s asylum scandal and her push for common EU asylum rules. Less interest is likely to be given to her noteworthy backing at the weekend for common EU election lists and a joint EU military intervention force.

But after letting countless opportunities pass, Wednesday’s Bundestag question time provides an ideal stage to put a bit more meat on the bones of Germany’s EU plan.

“Compared to grand words Macron chose, Merkel’s draft appears rather meagre,” noted the *Süddeutsche Zeitung* on Tuesday. To achieve a compromise, the French leader will have to come down off his rhetorical roof, it added, while

“Angela Merkel will have to climb a few stairs”.

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