

Transcending Austerity? Macron, the German Election and the Future of Europe

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Over the past years, and in particular after the global financial crisis of 2008, Europe has been the arena of a vehement struggle between, at least, two opposing camps: those in favour of harsh austerity policies in the form of structural adjustment plans as applied to Greece, and those endorsing more expansive economic policies, aiming at supporting and protecting the European and the national markets in times of crisis. Mario Draghi, as head of the European Central Bank, has pushed the second option, a policy of quantitative easing and stimulating market liquidity. We can of course discuss the effectiveness of the ECB measures, but they have certainly been more in line with the United States' expansionist policies put in place by Obama's government and by the Federal Reserve than the European Commission's plan of cuts for Greece, Spain, Portugal and to some extent the whole eurozone.

The European élites, often portrayed as a monolithic group defending neoliberal and austerity policies undermining the guarantees of the Member States' job markets such as privatisation and extension of retirement age, are in reality a lot more diverse than they have been portrayed. Also among them there has been disagreement on which course to follow. Wolfgang Schäuble, the German minister of finance, is regarded as one of the main figures of the austerity camp, whereas Chancellor Angela Merkel often seemed to be holding a different position. As was the case during the [Greek crisis](#), Merkel appeared to be more in favour of political negotiation even at the price of softening austerity policies, but was met with resistance from her minister of finance. The position of the new German government to be formed after the September election will be key to assess the result of the battle that has been going on over European financial politics since almost ten years. The central question is if, in alliance with Macron, the next German chancellor will shift the country towards a more social vision of Europe. This outcome is decisive for the whole Eurozone and beyond.

France has chosen a president who is in favour of European integration, and at the same time in favour of internal reforms concerning labour legislation and the fiscal system in France, thus appearing more in line with German requests of respecting the 3 per cent deficit target as stipulated in the EU Treaties. This way he seems to take a step in the direction desired by the German government and of the majority of German public opinion. Will this make it possible for Merkel, or for Schulz, to sideline the adherents of hard austerity, such as Schäuble, and to unite France and Germany on a policy transcending the austerity concept we have experienced over the last years?

On 15 May, Emmanuel Macron made two relevant moves. The first, and the most innovative one, was the choice of his Prime Minister: Edouard Philippe, from the Republicans party. With this step Macron goes beyond the idea of the 'Grosse Koalition', breaking up divides between left and right and thus further undermining the role of traditional political parties. At the same day, he flew to Berlin to meet Angela Merkel to discuss a possible reform of the European Treaties and legislation. Is Macron ready to go beyond political divides also at the level of Franco-German relations, and more important, is Germany ready to follow him along this path? Is this really a moment of the beginning of a new phase of European politics, a moment



thus in which political differences matter less than broader, essential goals in order to secure a stable framework for the future of Europe? And, finally, will the German government, whichever it will be, understand the failure of austerity politics in Europe and engage in a serious debate about the redistribution of resources at the level of the eurozone, as Macron has asked for already?