

Tuesday July 14th 2009

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Those selfish Germans

Apr 30th 2009
From *The Economist* print edition

As Germany becomes "normal", it looks a bit more national and a bit less European

Illustration by Peter Schrank



ON MAY 1st ten countries celebrate their fifth birthday as members of the European Union. It ought to be quite a party: the enlargement of 2004 to take in countries like Poland and Hungary marked a rare moment of strategic wisdom. Alas, the anniversary has already been overshadowed by an act of petty selfishness on the part of Germany.

The German government announced this week that it was keeping labour restrictions on workers from the eight east European countries that joined in 2004 (the other two new members, Cyprus and Malta, were tiddlers that escaped the restrictions). The controls were meant to fall away in 2009, but Germany invoked a clause allowing two more years in case of "serious labour-market disturbances", or the threat of them. The idea that free movement by Poles or Slovaks would threaten "serious" disruption is nonsense. Germany still has shortages of skilled labour in some areas, and it hardly looks like El Dorado to hordes of unskilled migrants: the latest forecast is that the economy will shrink by 6% this year. The decision to keep labour controls is purely political. Germany faces elections to the European Parliament in June and a national poll in the autumn.

Only one other country, Austria, still keeps its labour market closed to the 2004 entrants. But nobody ever accused Austria of being visionary. Germany is meant to be different. More than any other country, it made EU expansion possible. As the union's biggest paymaster, Germany agreed to foot the

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lion's share of the bill. And it was the Germans who persuaded the reluctant French to expand the club. So is Germany now a "normal" (ie, selfish) country, more attuned to national than to European interests? That is a fashionable charge among federalists. As an example, they criticise the German chancellor, Angela Merkel, for her timid response to the economic crisis, for vetoing a common European fund to bail out banks and for resisting a joint EU stimulus.



Ms Merkel is from the Christian Democratic Union (CDU), but her grand-coalition partner, the Social Democratic Party (SPD), also disappoints pro-Europeans. The SPD finance minister, Peer Steinbrück, spent months calling the economic crisis an "American problem". Although he has conceded that euro-area countries might be bailed out before they go bust, he will not be drawn on how. Prominent federalists like Joschka Fischer, a former German foreign minister, have called on Germany to support joint euro-area bonds, though these might damage the country's own high credit rating. Other examples offered by insiders include a European food bank for the poor, mooted at one summit. The SPD foreign minister, Frank-Walter Steinmeier, who will stand against Ms Merkel this autumn, shot the idea down, saying that each country should "take care of its own poor".

One senior European politician comments that federalists have short memories. The true turning-point for Germany was 1998, he says, when Gerhard Schröder defeated the CDU's Helmut Kohl for the chancellorship. During his campaign, Mr Schröder accused Mr Kohl of putting European interests ahead of German ones. He had a point: Mr Kohl pushed through the single currency even though most German voters opposed it, and nasty EU rows about money usually ended with Mr Kohl pulling out Germany's chequebook. Mr Schröder was less community-minded, happy to shout, "Germany is not paying for this one," at summits. It was under Mr Schröder that Germany began its quest for a permanent seat on the UN Security Council, after years of seeking a single place for the EU.

Today the picture is mixed. Ms Merkel is less impatient at EU summits than Mr Schröder. But, unlike Mr Kohl, she brings no retinue of smaller countries as allies to every meeting. And despite the recent display of Franco-German unity at the G20 gathering in London, she neither trusts nor likes France's Nicolas Sarkozy.

In search of German logic

Germany's closed labour market may look like a detail amid global economic turmoil. But it matters. It represents a surrender to populist introspection and a betrayal of the logic of Europe's open borders. That is a shame, as Germany has stood up for free trade and the EU's internal market in other fields, slapping down protectionist proposals from France and taking it on the chin when domestic stimulus schemes like its car-scrapping bonus sucked in cars made in eastern Europe.

The labour restrictions are in truth a symptom of a deeper malaise. Tensions within the grand coalition define "everything" in EU affairs, complains a minister from a neighbouring country. Another sighs that "what we see now in Germany is less and less one government, and more and more two parties".

This is perverting otherwise sound initiatives. At a foreign ministers' meeting on April 27th, Germany sounded the alarm about instability in Ukraine, on the EU's eastern border. German diplomats say privately that Russia is playing alarming games by issuing passports to Ukrainian citizens. Germany wants the EU to consider such steps as opening an EU office in Crimea, a part of Ukraine some Russian nationalists covet, or asking Russia to recognise Ukrainian territorial integrity. Coming from German diplomats, this amounts to welcome realism. But, notes an EU minister, concrete action to anchor Ukraine to the West and to Europe is limited by tensions in Berlin. The (CDU) interior minister will not hear of looser visa rules for Ukrainians as a carrot for good behaviour. The (SPD) finance minister opposes spending German money to prop up Ukraine's economy.

Germany is not about to turn away from Europe. One senior figure concedes that the labour restrictions respond to "fears that are not so logical". That is not good enough. Europe needs a bit of German logic to function. So does Germany.

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