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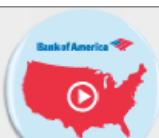
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Europe

Germany's election

A black–yellow (and purple) triumph

Oct 1st 2009 | BERLIN

From *The Economist* print edition

The centre-right parties may have won, but the new government could still be wary of liberal reforms



Reuters

THIS was a change election. No, it wasn't. It was a triumph for Angela Merkel. Actually, she was humiliated. What Germans really want, after a recession caused by greedy bankers, is a bracing draught of economic liberalism. Or perhaps they don't.

These are all plausible readings of the outcome of the German election on September 27th. The voters threw out the four-year-old "grand coalition" between Ms Merkel's Christian Democratic Union (CDU) and the Social Democratic Party (SPD). The SPD, which had its worst showing since the 1930s, limps into opposition after 11 years in power. The CDU looks good only by comparison: its share of the vote—including that of the Christian Social Union (CSU), its Bavarian sibling, which did especially badly—was the lowest in 60 years. But Ms Merkel will keep her job and get the coalition partner she wanted: the liberal Free Democratic Party (FDP), which secured its best result ever.

The new marriage, which pairs Ms Merkel with the FDP's leader, Guido Westerwelle, will not be like the old. With its preference for "private over state" and "freedom before equality", the FDP's demands will be very different from the SPD's. It siphoned as many as

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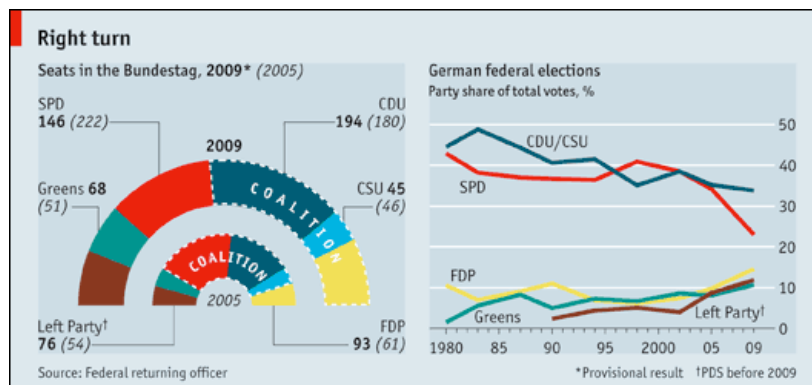
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1.1m votes away from the CDU by calling for tax cuts and, even more important, offering itself as a tougher-minded alternative to grand-coalition mush. Just a third of the FDP's new voters were attracted by the promise of lower taxes, according to a poll by Infratest dimap; more than half were lured by its reputation for economic competence.

That does not mean that the new government has a clear mandate for liberal reforms. To win, the "black-yellow" tandem needed Ms Merkel's mushiness, too. The CDU took more than half a million votes that went to the SPD in 2005, largely because she positioned herself as more pro-equality and pro-state than the liberals. Immediately after the election she promised to remain so. The new government will pursue both "economic sense and social balance", she insisted. "No one has to worry." Even though the CDU's vote fell, its weight in government will grow. Ms Merkel feels almost as vindicated by the vote as Mr Westerwelle.



The contest between his ambition and her caution will determine Germany's course over the next four years. Caution may well have the upper hand. Ms Merkel's survival instinct argues for it: she ran as a radical reformer in 2005 and nearly lost. So do Germany's consensus-seeking culture and its tattered public finances. The government will run a record budget deficit next year; under a new constitutional amendment, it has to be cut almost to zero by 2016. The government's first task will be to stabilise a fragile economic recovery, fending off the credit crunch and coping with a rise in unemployment. It will have neither the time nor the energy left for deeper reforms.

This may contain Mr Westerwelle's ambitions, but it will not suppress them. He has a price, which is "implementation of as many liberal positions as possible". He will be supported by the CDU's "economic wing", which was marginalised during the four-year cohabitation with the SPD. The FDP's liberal instincts will condition the government's behaviour, often in unspectacular ways. Unlike the grand coalition, it will not gnaw away at earlier reforms and might think harder about whether to bail out companies like Opel. In promoting research, it is likely to improve conditions for all rather than subsidise pet technologies. Reforms likely to bring the opposition on to the streets will not get past Ms Merkel, but that leaves plenty for a liberal-leaning government to work on.

Exactly what will become clearer as Ms Merkel and Mr Westerwelle haggle over a coalition agreement and the distribution of cabinet seats (with Horst Seehofer, the CSU's leader, clamouring for a share too). If the FDP leader does not secure tax reform he will have won nothing; the CSU is almost as insistent on tax cuts as he is. The trick will be to reconcile tax reform with the need to withdraw fiscal stimulus as the economy recovers and to balance the budget. The FDP sees tax cuts as a prelude to deeper reforms, such as shifting responsibility for pensions and health from the state to citizens, but this may not find favour with the cautious Ms Merkel.

Mr Westerwelle is expected to become foreign minister, which is the traditional role for the leader of the coalition's junior partner (see [article](#)). The FDP is also likely to get one of the two top economic jobs, either the economics ministry, now occupied by the CSU's superstar, Karl-Theodor zu Guttenberg, or the finance ministry, being vacated by the SPD's Peer Steinbrück. Sabine Leutheusser-Schnarrenberger, who quit as justice minister in 1996 over a decision to allow

eavesdropping on citizens, may return to her old job. She would dampen the CDU's enthusiasm for expanding police powers.

Ms Merkel wants to wrap up the coalition talks by November 9th so that the new government is in place for the 20th anniversary of the fall of the Berlin Wall. But that may not be the final word. Little that is risky will be attempted before next May's election in North Rhine-Westphalia, the most populous state, where a CDU-FDP government faces a challenge from the wounded SPD. The state's premier, Jürgen Rüttgers, who styles himself the "workers' leader", is warning his colleagues in Berlin against burdening people with "unreasonable demands". They will heed him. A loss in North Rhine-Westphalia would demoralise the new government and erase its majority in the Bundesrat, the upper house. Boldness can wait.

The woes of the *Volksparteien*, the three large parties that have dominated German politics since the war, seem hardly less urgent to their leaders than those of the country. Their combined share of the vote fell to its lowest ever. The gainers were the three small opposition parties, the anti-censorship Pirate Party, which startlingly captured 2% of the vote, and the ranks of non-voters, which hit a new record.

The SPD's bloodletting has already started. Its chairman and general secretary are departing and power is flowing to the party's left wing. Frank-Walter Steinmeier, foreign minister in the grand coalition and the defeated candidate for chancellor, will head the opposition in the Bundestag, but his influence is ebbing. The SPD will spend much of the next four years sorting out its relations with the ex-communist Left Party, with which it refused to govern this time. In 2013 it could yet return to power at the head of a left-wing coalition that includes the Left Party and the Greens.

The victorious Ms Merkel need fear no putsch, but that may make political renewal harder. The CDU and CSU must arrest their slide even as they juggle the responsibilities of government. It is not easy to achieve resurrection while still alive.

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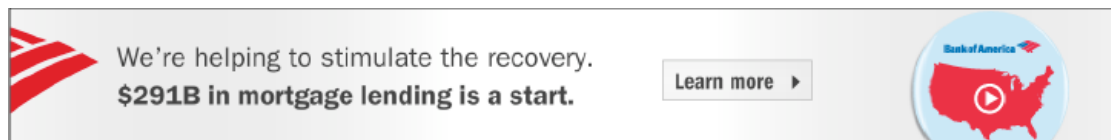
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Europe

Guido Westerwelle

Off to the Auswärtiges Amt

Oct 1st 2009 | BERLIN

From *The Economist* print edition

What to expect of the Free Democrats' leader as foreign minister



Thumbs up for Guido

AFP IT IS hard to imagine anything upsetting Guido Westerwelle. But just a day after leading his liberal Free Democratic Party (FDP) to its best-ever result in a federal election and back into government after 11 years in opposition, he wobbled. Asked a question in English by a BBC correspondent at a press conference, he hesitated, wondering whether to risk an answer or take evasive action, then fired back that, in Germany, "it is normal to speak German." The press pounced. "The scene did not whet one's appetite for more," remarked the online edition of *Die Welt*.

It was not an auspicious moment for the man expected to be foreign minister in Chancellor Angela Merkel's new government. Mr Westerwelle is a skilled political jouster. Long scorned as the political wing of the merchant class, the FDP fashioned its election victory under his management by appealing to voters of all ages, especially the young. It won some 13% of the working-class vote, almost as much as its 15% overall share. Mr Westerwelle sounds passionate about lightening the tax burden on ordinary working Germans. But foreign policy is not his forte.

He has tried to correct this, with speeches and interviews meant to make him a worthy successor to such past FDP luminaries as Hans-Dietrich Genscher and Walter Scheel. But there is little reason to expect a break with policies set by Ms Merkel and the outgoing (Social Democratic) foreign minister, Frank-Walter Steinmeier. Mr Westerwelle takes a special interest in disarmament (which should endear him to Barack Obama) and in Poland (also a priority for Ms Merkel). He wants all American nuclear weapons to be removed from Germany. On Russia, he says that "for all the justified criticism, Germany needs and wants the partnership with Russia," hoping to please all. He has been equivocal about Turkish entry into the European Union.

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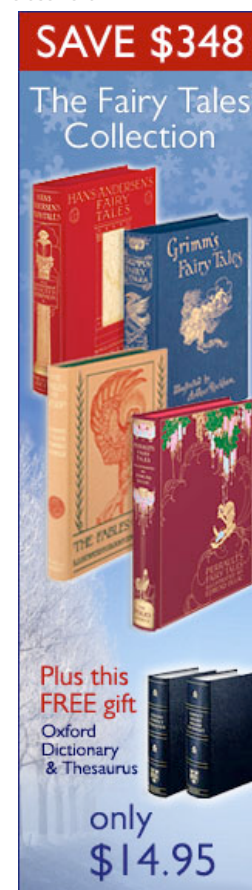
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Mr Westerwelle has reinvented himself before. In earlier campaigns he barnstormed in a "Guidomobile", inscribed the number 18 on the soles of his shoes (the share of the vote he hoped the FDP would win) and even appeared on reality TV, earning himself the nickname "fun Guido". But he has sobered up, gained gravitas and mended fences with FDP leaders who found him callow and too single-minded about cutting taxes. Now he adds education and the defence of civil liberties to his list of priorities for the new government.

Mr Westerwelle gets on well with Ms Merkel. In 2004 he publicly came out as gay when he took his partner to her 50th birthday party. The two leaders address each other with the familiar *du* and exchanged text messages even when he was in opposition. That bodes well for their co-operation on foreign policy. Now Mr Westerwelle needs only to learn a bit of diplomacy.

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