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# Bravo Merkel on campaigning for Sarko

37



By Wolfgang Münchau

Angela Merkel is helping Nicolas Sarkozy in his bid to win the French presidential elections. Her party, the Christian Democratic Union, is in campaigning mode as though it was fighting a state election back home in Germany. Should we condemn this as undue interference in the French electoral process? Absolutely not.

I consider the arrival of partisan party politics in Franco-German relations as one of the more welcome developments in the eurozone for a long time. In the past the quality of bilateral relations was largely determined by the chemistry between leaders, who often came from different ends of the political spectrum. Think of Helmut Schmidt and Valéry Giscard d'Estaing. Or Helmut Kohl and François Mitterrand.

The eurozone crisis has changed all this: bilateral relations have become more party political. The reason is that important policy decisions have shifted from the national to the eurozone level. Take the fiscal compact, recently signed by European Union leaders, most of whom are from the centre-right. The compact was Ms Merkel's idea; Mr Sarkozy strongly supports it. But François Hollande, the French Socialist presidential candidate, says that, if elected, he will renegotiate it.

Germany's Social Democrats last week came out in support of Mr Hollande and said they would seek to co-ordinate their policy stance with him. The German left has realised the fiscal compact is not so much a Franco-German project but a project of the right. Ms Merkel cannot ignore the SPD because she needs its votes for parliamentary ratification of the compact.

I do not think either Mr Hollande or the SPD will ultimately veto the compact. They will try to extract a commitment to balance its emphasis on fiscal discipline with an agenda for growth and employment. Mr Hollande might insist on exemptions from the deficit rules. He might even want to insert a hint of a eurobond and a fiscal union. (I never understood why the Spanish government in particular signed up to this compact without extracting any concessions. It was probably desperation and fear.)

The fiscal compact is clearly the most important issue in Franco-German relations right now. But there are more. The two countries are discussing whether and how to harmonise tax policies. A working group has been busy making proposals for a common corporate tax base. And both countries want to introduce a financial transactions tax. The SPD is intrigued by Mr Hollande's proposal for a top income tax bracket of 75 per cent – something the German left

would never dare suggest at home. They might also consider working together on the issue of a minimum wage.

What we are seeing here is the beginning of a process towards pan-European party politics. Past attempts to create EU-wide parties from scratch have all failed miserably. That leaves the alignment of national parties as a second-best option. In the European Parliament, national political parties have formed joint groups. I see no reason why parties should not form cross-border coalitions in policy areas reserved for national politics. After all, the eurozone has an intergovernmental and EU-wide dimension. So, for once, I salute Ms Merkel for her courage to break ranks.

Her motivation is, of course, self-interest. That is perfectly legitimate. The French elections are hugely important for her crisis strategy – if you want to call it that – and may even influence her re-election chances in 2013. If Mr Hollande were to become president, and were to be joined next year by Sigmar Gabriel, SPD chairman, as Germany's new chancellor, the politics of the eurozone crisis would be very different from how they would be if both Ms Merkel and Mr Sarkozy were re-elected.

The SPD has not yet nominated its candidate to challenge Ms Merkel. It will choose between three men. Mr Gabriel is popular in the party but may not be electable. Frank-Walter Steinmeier, the party's parliamentary floor leader and former foreign minister, has the most far-reaching ideas for eurozone governance but lost to Ms Merkel last time. Peer Steinbrück, a former finance minister, would be the most likely candidate if the goal was for the SPD to become a junior partner in a grand coalition with Ms Merkel.

The introduction of partisan politics into Franco-German relations raises a number of questions. It is not clear that Ms Merkel's support will benefit Mr Sarkozy. According to opinion polls, the Socialists are on course for one of the most crushing political victories in modern French history. A victory for Mr Hollande would throw the eurozone's anti-crisis policies wide open. I would welcome this. As it stands, the fiscal compact would land Spain in a debt trap from which it might never recover inside the eurozone. The French presidential vote is thus more than just a national poll. It is about the future of the eurozone.

And if Mr Hollande wins the election, he may well return the favour, and campaign against Ms Merkel in 2013.

[munchau@eurointelligence.com](mailto:munchau@eurointelligence.com)

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