

**M**any an accusation was hurled at Germany during the resolution of the eurozone crisis, including too much focus on structural reforms, disregard for the social implications of austerity, ignorance of the political costs of public expenditure cuts. Indeed, by the time the last German election came around, many Europeans (the author included), had hoped for a measured readjustment of Germany's eurozone policies – a social balancing out of sorts. **When it became clear that the Social Democrats (who had impressed with a strong chapter on Europe during the coalition negotiations) would also take charge of the ministry of finance, hopes ran high. These hopes were disappointed by the new finance minister, Olaf Scholz,** himself, who contently [announced](#): 'Everywhere in Europe I said: a German finance minister is a German finance minister, regardless of his party card.' Evidently, the spirit of Wolfgang Schäuble would continue to haunt the Eurozone.

A perfect opportunity to show a new social democratic direction for Europe was the Commission's flagship initiative of a European Pillar of Social Rights, which presented a suitable legislative vehicle to inject the Eurozone's lifeless social dimension with some dynamism. However, **Germany's official welcoming of the pillar seems rather declaratory when judging the red lines it draws, which effectively preclude any binding and ambitious follow-up to the initiative.** Its positioning towards this initiative also illuminates cornerstones of German policies and thus lends evidence of what to expect from Germany for the further development of the Eurozone's social dimension. With European Parliamentary elections coming up and the German Council presidency in sight in 2020, it seems opportune to contemplate what to expect from Germany for the Eurozone's social dimension.

**Strengthening social rights and improving living conditions in the Eurozone is not an urgent matter for Germany itself, as it can act out of a position of socio-economic strength.** Although the current political turmoil might overshadow this, [2018 was a year of record employment and unemployment numbers](#), and the grand coalition managed to present a budget that simultaneously raised investments and [decreased sovereign debt](#). Accordingly, Social Europe is [not a priority](#) for the Federal Ministry for Labour and Social Affairs and remained absent from the Ministry's priority list, which was presented in spring of 2018.

**Broader conceptual debates in German ministries notably circumnavigate the question of the currency union's social dimension. Instead, digitalisation and**

## **demographic change are accorded the majority of German bureaucratic headspace.**

For Europe, this translates into the German call to update social acquis, taking account of the transformative trends that are repeated ad infinitum. However, a proposal for such updates has not yet appeared. In the absence of any positive vision for social Europe articulated by German authorities, it is instructive to look at two cornerstones that are shaping current German policy stances. One is directed at the Eurozone and one at the national level.

## **Cornerstones of German Policy towards a Social Dimension**

At the European level, the protection of the post-crisis governance structures of the Eurozone constitutes Germany's foremost priority. Above all, this concerns the mechanisms institutionalising austerity and structural reforms. In essence, no proposal to strengthen social Europe must relieve the incentives for structural reform of member states struggling to meet the stipulations of the Stability and Growth Pact. **The mantra of avoiding moral hazard has thus seeped into the realm of social policy. This constraint is reflected in German discourse**, which still follows a [narrative of virtuous savers and undeserving rule-breakers](#). Accordingly, what is propagated as a remedy for the social malaise still prevalent in many former crisis countries falls into the category of 'help them to help themselves' –, for example through improved financial stability provided by a finalised banking union. Other supported initiatives, such as the revision of the Posted Workers Directive, received a social painting but were notably challenged as unjust by those countries most affected by it.

On the national level, the dominant mantra is one of protection of the domestic institutional arrangement from any outside pressures for adjustment. It is informed by three distinct concerns: (1) legal concerns that revolve around the compatibility of EU legislation with German Basic Law. **The German Constitutional Court has repeatedly [confirmed its opinion that European Institutions could neither unilaterally appropriate competencies from its member states nor violate their constitutional identity](#)**. Yet, not only do member states retain the primary competence over social policy, but the German constitution also explicitly enshrines the social partners' rights to collective bargaining. These legal constraints severely limit the space for effective action and preclude the most ambitious proposals, such as those for EU-wide wage-coordination processes. (2) Beyond these legal concerns, German authorities fear that European commitments might exert a downward pressure on its social system and disregard its inherited institutional particularities. (3) Lastly, a red line issue for the German government is the idea of a transfer, which opposes [German economic orthodoxy](#) and is politically toxic.

**Assuming no major political shake-up in Germany and a continuation of the Grand Coalition under Angela Merkel leading Germany into its Council presidency in 2020, no great leaps for the vision of a credible social dimension of the Eurozone can be expected.** As recent agreements with France have shown, Germany remains on the fence when it comes to tangible reforms of the Eurozone. In the absence of domestic incentives – and considering the many political and legal constraints the government faces – the chances for German enthusiasm for legislative initiatives towards a social Union seem dim.

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beyond  
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