

## Mr Macron's EU vision

In a long speech the French President sought to wrestle the EU agenda his way at the moment of maximum weakness for Germany following her election.

His speech was very like that of the President of the EU Commission. He seeks an EU budget, Finance Minister and much more integration. He wants a stronger EU foreign policy backed by EU forces. The speech was well received in Brussels.

The problem he still faces is this vision will only happen on German terms. Mrs Merkel is weakened by her election losses. If she survives as head of a wobbly three party coalition there will be severe limits on her room to move the German position in the direction France wants. Like Mr Macron she is happy to move to political union. Unlike Mr Macron she will need to concentrate on common economic policies as a discipline on the Eurozone. She will not be able to offer a proper transfer union channelling German money to the poorer EU regions on a bigger scale. She will not want a proper common budget, as Germany would be the main paymaster of that.

The traditional German position is they want more European control of national budgets and more EU pressures for structural reform in the deficit countries. That is very much the view of the Free Democrats that Mrs Merkel now needs as supporters. She will also have to trim over migrant numbers, where her old coalition partners the CSU have strong views and were badly bruised by her policies in the election.

So Mr Macron will get more EU power but not more EU money. Money after all is going to be short assuming the UK leaves without paying the future bills. Meanwhile Mrs Merkel has to get used to having just 200 MPs in her party in a Parliament of 709. Even with the CSU who are now unhappy allies, she only has 246. Germany will be weaker, but that does make Germany more compliant to France, given the direction France wants to go in. Without the UK helping pay the bills Germany will become more of a budget hawk. The rest of the EU will soon run out of German money to spend, which will limit their integrationist ambitions a bit.