

How European is the new Germany?

Reflections on Germany's role in today's Europe. An essay.

Dr. Ulrike Guérot

1. The end of the Yalta and Maastricht legacy

Twenty years after German reunification, two orders that characterised the 20th century have begun to wane:

- The order of Yalta: as Europe engages with Russia, the US is withdrawing from Europe¹;
- The European order of Maastricht and the idea of an ever closer union: Europe is giving up on its both of its two goals - deepening towards a quasi-federal 'finality' and widening far into the east and south-east of Eurasia.

In the 'history of the West', 1949 to 1989 represented an exception that no longer exists. This period was also the era of a foreign policy of the Federal Republic of Germany in which transatlantic relations and European integration were not only two sides of the same coin but a paradigm and a credo. 20 years after unification, this era is conclusively over. Germany has grown up. In the process, a new 'German question' for the 21st century has emerged on the horizon: how European is Germany today? And how much European integration is still politically manageable in Germany?

In two key foreign policy speeches recently, both Foreign Minister Guido Westerwelle and Chancellor Merkel have given a clear commitment to European Integration. The question, however, is whether speeches like this will be enough to create a new German approach towards the rest of Europe, which increasingly resents German policy and fears the emergence of a nationalist Germany. During the euro crisis of last May, when all eyes were on Germany, Berlin seemed cold and unwilling to lead the Union. The perception in much of the rest of Europe is that

Germany is 'going it alone' or blocking attempts to develop common European policies, whether in relations with Russia or on visa-free policies for the Balkan countries. Germany seems to be shying away from shaping a global Europe. Berlin needs to answer the strategic question of what the new Germany wants now from Europe in the 21st century and what price it is ready to pay for it.

2. Germany and Europe: Past and Present

During the exceptional period between 1949 and 1989, Germany had been the central pillar of an ever closer Union. Supported by the US and bound by the legacy of World War II, Germany essentially fuelled European integration through four instruments: a strong Franco-German motor, advocacy on behalf of the smaller nations, a strong say over the Commission and, later, control of the European Parliament.

In essence, Germany bought power with money - in particular the power to shape the European system at large in line with its own ideas and needs. It both took advantage of and benefited from this - above all in the creation of the single market and the euro. At the same time, however, Germany also made sure that widening and deepening of the EU were synchronised. In doing so, Germany (unlike France, let alone the UK) was the only large country within Europe that was truly integrationist and was thus the central pillar of the EU. In a nutshell: Germany made Europe its '*raison d'état*'. German and European interests were the same. Germany and Europe had a symbiotic relationship.

Twenty years after reunification, Germany's relationship with Europe has profoundly changed. Germany's European identity has been gradually eroded since former German Chancellor Gerhard

¹ See Ivan Krastev and Mark Leonard (2010): The Spectre of a Multipolar Europe (ECFR/25), http://ecfr.eu/content/entry/the_spectre_of_a_multipolar_europe_publication/

Schröder's policy of 'normalisation'. Today, Germany openly defends its national interests in Europe. It feels overburdened and tired of leading the Union. The German public has lost its enthusiasm for European integration. The political system is fragmented and partially infected by a populist virus. Its media is inward-looking, Berlin-focused, and has autistic tendencies. Berlin has lost its ability to communicate with its European partners. This was especially apparent during the euro crisis in May, when the discrepancy between foreign and domestic media was striking. While neighbouring European countries waited for help from Germany – from their point of view the big winner in the eurozone - Germany felt betrayed in May 2010 when the euro umbrella was created.

Germany's Constitutional Court is more hostile than ever toward the European project, as the language of its ruling on the Lisbon treaty illustrates. Karlsruhe (where the Constitutional Court is located) has become a big hurdle for European policy in Germany. Meanwhile, Germany's industrial elites have long since turned their attention away from Europe and see the euro as, at best, a platform to shape global market strategies towards emerging BRIC economies. But although Germany's economic elites complain about their European partners' lack of productivity, they behave increasingly selfishly when it comes to the success of the German export industry – and they very easily overlook the somewhat parasitic position of these very same export dynamics within the European single market. Since the summer break, data showing an increase in domestic demand in Germany has made it easier for the German government to resist pressures by others to take steps increase economic convergence within the eurozone.

Finally, Germany has more or less given up on Franco-German relations because it now has its own political power as well as the economic power it always had. The former 'symmetry of asymmetries' (e.g. German economic power vs. French nuclear power) no longer exists. But although Germany has more power today than it used to, France still has the capacity to block the European system. The former tandem therefore no longer works. Unfortunately, France has also become a difficult country. As a result, Germany feels Europe is holding it back and that it increasingly wants to go global alone - faster, further and better. In short, Germany does not want to lead the EU any longer. It no longer sees itself as Europe's architect and conductor but as its victim. In fact, in an ideal world, Germany would love to be a big Switzerland in the middle of Europe: economically interconnected in all directions, but politically self-sufficient and unaccountable.

Recently, the German government has started to react to the criticism of its behaviour it has faced since the euro crisis. The real challenge now is to win back the support of German elites and the German public for a so-called solidarity union at a crucial moment when important decisions will have to be taken, especially on

how to make the euro safety umbrella permanent and develop the EU's financial framework.

To be sure: Germany is not solely responsible for the current state of the EU. The diseases of nationalist and centrifugal forces – including the rise of populism - have spread all over the EU. In fact, it can be argued that Germany's withdrawal from Europe is actually a reaction to the previous French, Dutch, British, Hungarian or Italian pullback. The European consensus has held together longer in Germany than elsewhere. However, simply because it is the biggest and economically most important country of the EU, Germany is key to reversing this anti-European trend. The EU can cope with a dysfunctional Cyprus or even UK but not with a dysfunctional Germany located in its heart. We therefore need to once again make it attractive for Germany to be a European motor instead of a brake. We need to put an end to the perception in the 'Berlin Republic' that it no longer needs Europe in the way it used to. Above all, Germany needs to do a cost-benefit analysis of Europe in order to understand the true political and economic price of its European policy.

3. Why Germany fell out of love with Europe²

It is possible to trace the reasons for the changes in the German attitude to Europe on both sides of the relationship.

- First, Europe has changed. Deepening and widening are no longer synchronized as they used to be. The EU has become bigger, more complex and slower, and this has profoundly changed the (perceived) German cost-benefit-balance with respect to Europe for the worse. The best example of this is the ongoing, populist-tainted debate in Germany about its position as a 'net contributor' to the EU. It seems as if pursuing its interests through the EU system has become too tiring and too expensive for Germany. Moreover, Germany still considers its interests as being almost identical to those of the EU.

- Second, Germany has changed. It is now simply older and poorer, with social tensions that its neighbours do not see because Germany likes to celebrate itself as an export champion. For most of Europe, Germany is the big winner of the euro; whereas for many Germans today, Germany is a victim of the euro and of Europe. This is the matrix that explains the German government's limited room for manoeuvre in European policy – and its current behaviour and in particular its demand to re-negotiate of the Stability and Growth Pact. The outside image of a wealthy, exporting Germany does not correspond to the fatigue felt by large parts of the German

² With reference to Wolfgang Proissl, Why Germany fell out of love with Europe, Bruegel Essay, July 2010.

population. On the other hand, many young people in Germany – for example, those who have taken part in programmes like Erasmus - take European integration for granted and have forgotten the enormous effort it took to create the political project that is Europe.

All these factors have led to an erosion of the previous foreign policy paradigms of the old Federal Republic – including the idea of European integration and transatlantic relations as two sides of the same coin – as a constitutive frame for Germany and a basis for its political identity. This shift has taken place gradually during the past two decades but came to surface suddenly during the financial and euro crisis.

This new reality has created fears among other European partner countries about a new, nationalist Germany. However, the changes in Germany did not happen by design let alone because of a ‘nationalist’ master plan in Berlin. On the one hand, they are a result of the ‘normalisation’ of Germany after 1989 and the expression of a basically innocent new national identity. On the other hand, they are the result of a lack of a strategic vision for a global Europe in the 21st century – and the role of the unified Germany in that Europe. A first attempt to create such a vision was the famous paper on a ‘core Europe’ by Wolfgang Schäuble and Karl Lamers published in 1994³. However, this vision was not accepted in France at the time and is now out of date, as both Germany and Europe have changed significantly since then. The time has now come to re-define the role of Germany in - and for - a global Europe.

4. Towards a post-romantic Europe

Germany is moving away from a romantic view of its role in Europe that was driven by history and now wants to strike a hard-headed deal with the rest of Europe about who pays what. The message from Berlin is that German history is no longer the driving force and the fuel for European integration. This constitutes a new sobriety for Europe. The nostalgia-free and post-romantic Europe is about everybody’s interests. Germany is no longer willing to create Europe at any price and no longer willing to pay for each and every European compromise. This is legitimate. However, it is also new. The rest of Europe still needs to get accustomed to hearing such language from Berlin. After all, it’s not just what you say but also how you say it – and the current German tone tends to be too sharp and is therefore inappropriate.

Tone is especially important when it comes to negotiations about the euro safety umbrella and the German requests. The single currency needs to be completed by an element of fiscal regulation – something that was necessary from the very beginning

but has been avoided for too long. Making the European Financial Stability Fund (EFSF) permanent would be a logical step towards a ‘solidarity union’, but from a German point of view it is important that it does not become a ‘transfer union’. Essentially, the German negotiation tactic is to trade a permanent EFSF and a German readiness to back the credibility of the euro - and thus to provide limited fiscal solidarity - for a structured default or insolvency mechanism and automatic sanctions for deficit transgressors, with the involvement of the private sector.

Germany therefore also wants treaty change, which is highly problematic. So far Germany is quite isolated. However, if other eurozone countries want to find a compromise, they will need to accommodate the new, post-romantic Germany and accept its political and domestic economic constraints. So far, Germany hasn’t considered the price it would have to pay if the euro were to be broken up. On the other hand, whether Europe lives up to its global potential or not will to a large extent be decided in Berlin. It is also a new reality that nothing in Europe can be done without - let alone against - Germany. Therefore, Germany will play a key role in all strategic policy areas relevant to the task of creating a global Europe in the 21st century - be it EU relations to great powers such as China, Russia or India; the shaping of a new European security architecture, the launch of an effective European External Action Service or a fully integrated European energy market and a common European energy policy.

Germany must decide whether it wants to outgrow the EU and to go global alone or to be the main actor - and the main winner - in leading the whole of Europe into a new global role in the 21st century. This story – which could be entitled ‘Making the new Europe’ - would probably be a compelling one to tell the German people. Germans could take pride in deciding where the tectonic plates of the new Europe click into place with a unified Germany firmly locked into its middle - instead of trying to go global alone, putting the euro at risk, shying away from their European responsibility and, thus, torpedoing the potential of a global Europe. But although it would be a great story, it still needs somebody in Berlin to ask for a script – and it needs European partners to help Berlin to draft it.

³ Wolfgang Schäuble und Karl Lamers, Überlegungen zur europäischen Politik, www.educlu.de/upload/schaublelamers94.pdf.

About the author:

Ulrike Guérot joined the European Council on Foreign Relations in July 2007 as a Senior Research Fellow and Head of the Berlin Office. Previously she was Senior Transatlantic Fellow with the German Marshall Fund (2004-2007), and prior to that she headed the European Union unit at the German Council on Foreign Relations (DGAP) in Berlin (2000-2003).

Ulrike has also worked as an Assistant Professor on European studies at Johns Hopkins University, as a Senior Research Fellow at Notre Europe in Paris, and as a staff member of the German Bundestag's Commission on External Affairs. She published widely on European and transatlantic issues in various journals and newspapers, and frequently comments on EU issues in the media. She has been awarded the prestigious 'Ordre pour le Merite' for her engagement on European integration.

ulrike.guerot@ecfr.eu

About this paper:

This discussion paper marks the beginning of a series of events and publications on Germany's future role in Europe. It seeks to frame the discussion for a broad public discussion in Germany and beyond. The program aims at two basic targets:

- To begin a broad discussion on the German role in Europe.
- To bring forward ideas on how to reintegrate Germany into the process of developing a globally assertive and responsible Europe.

The ECFR-Program on Germany in Europe is supported by the Stiftung Mercator.

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ECFR Berlin Office
Reinhardtstraße 19, 10117 Berlin
T: +49 (0)30 32505100 / F: +49 (0)30 325051011
E: berlin@ecfr.eu W: www.ecfr.eu

ECFR Deutschland GmbH; Geschäftsführer: Dick Oosting
Amtsgericht Charlottenburg HRB 128119 B;
Steuernummer: 127/603/54318