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Britain outside the EU?

The German View

by Almut Möller



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Summary / Zusammenfassung

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Germany's vision of the European Union is decidedly not one of a "Britainless Europe." But the new coalition government in Berlin is faced with a dilemma. In the coming months Germany will have to continue devoting a great deal of its energy to eurozone reform. Even with a limited approach, the German government will contribute to widening the gaps between the "ins" and "outs" of the Economic and Monetary Union. Berlin is therefore heading toward a choice that it would rather not make: between a more integrated eurozone and a wider Union in which all member states can find their places. This is a predicament that policy makers in Berlin are increasingly aware of. To avoid such a choice, Germany and Britain need to find common ground in the discussion of how the eurozone and the wider EU can be reconciled with one another.

Eine EU ohne Großbritannien?

Die deutsche Sicht

von Almut Möller

Deutschlands Vision für die EU schließt Großbritannien nicht aus. Die neue Koalitionsregierung in Berlin steht jedoch vor einem Dilemma. In den nächsten Monaten wird Berlin weiter viel Energie aufwenden müssen, um die Eurozone zu reformieren. Auch mit einem zaghaften Ansatz wird die deutsche Regierung dabei zur Verbreiterung der Kluft zwischen den Mitgliedern der Wirtschafts- und Währungsunion und den Nicht-Euro-Ländern beitragen. Berlin bewegt sich auf eine unliebsame Entscheidung zu: zwischen einer tiefer integrierten Eurozone und einer Union, in der alle Mitgliedsstaaten ihren Platz finden – eine Zwangslage, der sich Berliner Entscheidungsträger zunehmend bewusst sind. Um eine solche Entscheidung zu vermeiden, müssen Deutschland und Großbritannien eine gemeinsame Grundlage finden, wie man die Eurozone und die Union als Ganzes auch in Zukunft in Einklang bringen kann.

Britain outside the EU?

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Berlin would rather not have a British in/out question added to its already packed EU agenda. While David Cameron's speech in January 2013 did resonate with some in the German political arena, the attitude so far has been "let's cross that bridge when we come to it." If and when a UK in/out referendum happens—and whether it will result in Britain leaving the Union—is held to be a subject of speculation. There is a feeling in Berlin that London might need to face a fundamental choice about its EU membership—and a move that either leads to Britain staying in or getting out might turn out to be cathartic. Berlin believes its leverage on British public and stakeholders' opinions is limited, as is Germany's desire to offer tailor-made solutions for London to help it win its domestic campaign for Europe. Despite this, Germany's vision of the Union is not one of a "Britainless Europe." This presents the new coalition government in Berlin with a dilemma.

In the coming months Berlin will have to continue devoting a great deal of its energy to eurozone reform. The agreement founding the new German coalition government suggests that the grand coalition of Angela Merkel's Christian Democratic Union (CDU), its Bavarian sister party the Christian Social Union (CSU), and the Social Democratic Party (SPD) is likely to take a cautious approach toward further integration of the Economic and Monetary Union (EMU). But even with a limited approach, the German government will contribute to widening the gaps between the "ins" and "outs" of the eurozone. Berlin is therefore heading toward a choice that it would rather not make: between a more integrated eurozone and a wider Union in which all member states can find their place—a predicament that policy makers in Berlin are increasingly aware of. To avoid such a choice, Germany and Britain need to find com-

mon ground in the discussion of how the eurozone and the wider Union can be reconciled with one another.

Britain as a European Power, Germany as an EU Power

Germany has an interest in strong cooperation with Britain, in particular with regard to London's global ambitions. London is seen as a powerful ally in shaping Europe's opportunities in a globalizing world. Angela Merkel's vision of the EU is not inward looking but instead focuses on a future global role for Europe, with Germany a central figure. Trade, innovation, competitiveness, and a willingness to embrace the promises of globalization are often cited as strong bridges between Britain and Germany in Europe. While it is often overlooked in Britain that Germany, even under a conservative chancellor, remains committed to a social market economy, there is still room for cooperation on an outward looking economic agenda. With regard to European security, there is little doubt in Berlin that the British contribution is vital, otherwise Germany would be under even more pressure to contribute more to EU defense and security.

An argument often heard in Germany is that an EU without Britain would result in a shift of power within the Union toward France and the southern countries, a development detrimental to Berlin's interests. Yet, Britain's potential role as a spoiler within the Union is something that also worries Berlin. In particular there are concerns that a renegotiated UK-EU relationship would lead to other member states adopting a cherry picking approach to membership. If Germany is faced with a British "no" vote, it will have to find

new ways to work with Britain as a European power, but it would do so while remaining committed to EU interests. It is not clear whether both approaches are reconcilable.

Competing Visions over the Notion of EU Membership

Even with an increasingly global outlook and growing confidence in shaping the eurozone according to its own preferences, Germany continues to focus on the economic health of all members of the eurozone. This is seen as a necessity for the German economic model with its strong focus on exports. Berlin has to consider its fellow eurozone members, both in terms of the substance of German policies and the style it adopts in negotiations. The 2009–13 coalition government of Chancellor Merkel arguably did not always get the intra-eurozone communication right. The vital eurozone interests lead Germany to carefully weigh its priorities, and makes it especially perceptive to intended or unintended spoilers. For now, the so-far opaque British claim for “less Europe” is being largely ignored as Merkel and her new coalition continue to shape their ideas for “more Europe” within the eurozone. But if London’s claims infringe on Germany’s vital interests, Berlin is likely to side with the eurozone. As much as Berlin might wish for German and British agendas to be reconcilable under the EU umbrella, this might be too difficult. Saving the eurozone through further integration may come at the price of losing Britain and weakening the wider EU.

Britain as a Spoiler or Partner?

Policy makers in Berlin are well aware of the often-fierce debates in Britain about the EU. Berlin acknowledges that the nature of EU membership is again changing with the need to further integrate the eurozone and understands that these developments run counter to British preferences. The German government itself faces domestic challenges over Europe and understands the challenges of navigating public opinion. For now, however, the German domestic front seems peaceful. In the September 2013 elections, a majority of Germans

demonstrated that they trust Merkel’s abilities to manage the eurozone crisis. However, it is questionable whether the German public is aware of the fundamental choices on economic and social policies that are currently being discussed as part of efforts to save the euro, since the previous government and most of the opposition parties largely shied away from public debate on these choices.

What is noted with surprise in Berlin is that while Germany has become more pragmatic toward EU affairs and more outward looking, the British debate appears to have become more ideological, less pragmatic, and more inward looking. Policy makers in Berlin are having trouble reading London’s signals and wonder where Britain is headed. A wave of visits by officials and politicians from London, not all of them proving successful, has not added clarity. Despite some problems and remaining hesitancy, Berlin has gained confidence in leading EU debates, and as a result expects to be challenged over its European policies. However, there is a limited appetite for conversations with British visitors who seem to suffer from a fundamental lack of understanding of the German position and the wider debate elsewhere in the EU.

London has to work harder to establish itself as a credible voice in the debate over EU reform and demonstrate that it is not acting purely out of national self-interest. This relates both to the British government’s ongoing “Balance of Competences Review” and the wider reform agenda that Cameron outlined in his January 2013 Europe speech. While Germany has a tradition of discussing subsidiarity—and therefore potentially has a lot to contribute to a competence debate (especially given its powerful federal states)—the timing of the initiative was met with indignation in Berlin. It was seen as a rather divisive exercise at a time when Germany was investing a lot of energy into fighting centrifugal forces within the EU. To German ears it sounds rather strange to hear from Britain that the EU needs to reform. Berlin has spent four years heavily engaged in EU reform, or more precisely, eurozone reform. From a Berlin point of view, ideas on how to bridge the widening gaps between the “ins” and “outs” of the eurozone would be more useful than stirring up the sensitive

question of competences as the British “Balance of Competences Review” does.

The “eurozone”/“non-eurozone” division will increasingly shape British-German relations in the EU. Britain and Germany will have to find a joint agenda that allows them to bridge the widening gaps. This cooperation could form part of a positive agenda for the British government as it campaigns in any British in/out referendum.

A Britainless EU—What Would it Mean for Germany?

An EU without Britain is not in Germany’s interest. Even the process of disengagement would be messy. The negotiations for withdrawal would not only be legally challenging, they would absorb a lot of political energy, especially from Germany, which would likely play a central role in negotiations. A British withdrawal would have spillover effects not only on a number of EU policies but on fundamental debates over the future path of the EU. Having invested a lot of energy and resources into saving the eurozone from collapse, Berlin would find itself confronted with yet another period of EU change and reform—and one that, unlike eurozone reform, would be largely beyond its control.

A British exit would also mean the loss of one of the EU’s most ambitious international and military players. If the EU continues to build its own foreign and security policies, then Germany would be increasingly pressed by Paris, Warsaw, and others to do a lot more to compensate for Britain leaving these structures.

Finally, Germany would have to continue to engage Britain as a non-EU member. A major European country would find itself placed outside of the Union’s institutions, procedures, and many if not all of its legal arrangements. Ironically, in continuing to engage with London, Berlin risks weakening the institutions and structures of the Union on which it places such great emphasis.

Berlin, however, would be well-advised to prepare for such a prospect.

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This article is one in an ongoing series on “Britainless Europe,” edited by Almut Möller and Tim Oliver, published with the IP Journal. You may also want to read the [introduction to the series](#) as well as other views on the website of [IP Journal](#).

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