

# Germany as seen by the other EU member states three years into the euro crisis

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## Where to place the Germans?

Earlier this year, we convened colleagues from think tanks across the EU to discuss what has been framed as “the new German question”. How does Berlin’s centre-stage role in overcoming the euro malaise play out in its relations with its fellow EU members? Is it fair to say that Berlin is considered part of the problem as much as it is a key to the solution?

As little as two years ago, this question would have seemed an act of extreme parochialism. Back then, the Lisbon Treaty had just come into force, and the talk was all about the European Union’s emergence as a global player. Examining member states’ relations to Germany would have been pure introspective indulgence. Since then, the European Union has indeed begun creating waves worldwide, but for the wrong reasons. Observers overseas ask how the EU-27 could embark on an ambitious project such as the Economic and Monetary Union without being ready to acknowledge the scale and the consequences of their undertaking, and without sufficiently knowing one another. What once would have counted as introspection has now – absurdly – become a matter of global importance. What does Berlin want, and what do fellow EU members think Germany wants?

Our discussions and the publication “Germany as Viewed by other EU Member States” that followed in the summer suggested the picture across

the EU was rather diverse. This is a more interesting finding than it might first appear, given that most countries seem to find common ground in their concerns about Germany. Indeed, an overall anti-German feeling was not a theme we found in the essays, leaving aside public opinion in countries most affected by the crisis. While all member states in one way or another seemed to create their own EU identity in relation to Germany, suggesting that Germany indeed matters, they did it in different ways.

Among the factors that played a role were the history of the bilateral relationship with Germany, current economic ties, the place a country takes in a Union of differentiated integration (Eurozone member or not) as well as its ambitions, its political weight in European summitry, its attitudes towards German proposals to overcome the crisis, and the degree to which a country’s citizens are negatively affected by the economic downturn. Even large, long-standing member states such as France, Italy and the UK base their identities in EU affairs in contradistinction to Germany, allowing them to justify a shift of burdens onto Berlin given its ‘special responsibilities’. In this way, European integration was founded less on the goal of overcoming differences than on cementing them, and Germany’s subsequent economic successes and political prominence have been deeply troubling to its old partners.

This in turn has both positive and negative implications for Germany’s

standing in the EU. Gallup polling data collected and analysed for the report suggest that Germany can be appreciated and respected for its leadership skills without necessarily being popular – indeed a certain degree of unpopularity may be a necessary condition of leadership, and German leaders still have to learn this lesson. Thus it appears that other member states are aware that they have passed a burden onto the Federal Republic, and respect it as such, but are not prepared to like it. This picture is further fragmented according to the size of the member state, and thus whether it can properly interact with the style of EU decision-making that has emerged in the context of the crisis. Smaller countries such as Finland, while singing from the same hymn sheet as Berlin in terms of substance, often felt politically marginalized in what is considered a step back to national point-scoring and power-plays in the course of the crisis.

In general, member states relativise the question of German dominance by taking the long view. A recurrent theme in the papers was that while this clearly is Berlin’s moment, it will probably be a fleeting one: Germany’s current weight reflects only the conjuncture of extraordinary domestic and international economic factors. Like all EU members, Germany has no natural leadership position or authority in the EU. But this kind of big-picture perspective was also a source of concern for some governments. Germany’s role in the EU is

being assessed not only against the background of its euro policy but in the wider context of the question "Is Berlin going it alone now?" Berlin's abstention from the UN Security Council vote on Libya in 2011 created confusion, as did the economic ties of the top-ranking global exporter with countries such as China and Russia. This highlights the tensions between demands that Germany become a 'normal' member state, showing leadership rather than preferring collective responsibility, and a fear that this might also entail greater unilateralism.

One of the most notable features of the debate about German European policy has been the prevalence of what might be termed national narcissism. Governments, politicians and commentators across the EU have delighted in raking up their domestic histories and examining what the current crisis says about them as a people. Narcissistic individualism has of course become a theme of modern living, but there is nothing reassuring about the idea that Europolitics has now joined the mainstream. Whenever other walks of life have gone from being a cosy community of nobodies to the preserve of self-obsessed status-seekers, disaster has followed. A spirit of selflessness formerly gave groups, and indeed the European Union, sufficient cohesion to absorb unexpected challenges and enough modesty to turn back if their goals became dangerously unrealistic.

### **The debate in 2013: a battle of ideas not axes?**

In sum, the picture before the summer about the ways Germany is being perceived was mixed, and it said as much about Germany as it did about its fellow EU members. Yet, the crisis continues to loom, and while the

main concerns in the first two years of the crisis were centered around intergovernmental issues such as support for Greece and institutional questions such as the reform of the Eurozone, 2012 has brought the lack of competitiveness of Europe's economies to the fore. As EU members negotiate leftist and rightist remedies to bring European economies back on track and to strengthen the euro regime, it is therefore time to revisit the "German question" at the end of 2012 and look at the extent to which the parameters of perceptions of Germany have changed over the past six months.

In some respects, the situation looks much as it did before. Time is not playing to Chancellor Merkel's advantage. There is first and foremost the psychological factor: the more summits are being convened, the more Germany is being perceived as the dominant player; and the more summits are concluded without a tangible result, the more Germany gets the blame. The negotiations on the "banking union" are a case in point. At the same time, the German economy is still hardly affected by the crisis (arguably, its exports are rather benefiting from it), while budget cuts have kicked in in other EU member states, taking European citizens onto the streets and bringing the social question back to the table. How to generate growth in European Union member states has become the major challenge – and hasn't Germany argued so far for a policy of consolidating national budgets, with little creativity and generosity to help trigger growth and competitiveness?

And this is the crucial development. In the course of 2012, debates and coalitions have started to shape around ideology rather than axes. This is particularly true for the Franco-German tandem. Relations between Paris

and Berlin have become politicized to a degree that Berlin does not always find easy. The "Weimar Plus" format that convened in Paris in November 2012 is a case in point. The invitation extended to Italy and Spain, lobbied for by Paris, made Berlin wary about the prospect of being marginalized by "the South" joining forces not only in economic and monetary policy, but by creating facts in other policy areas as well. Poland, as much as its current leadership and Berlin desire it to be at the core, in this context as a non-Euro member is de facto only second guard. By the end of 2012, and despite the glossy prospect of the celebrations surrounding the adoption of the Élysée Treaty in January 2013, it looks like Paris is balancing its perceived loss of clout with Germany through other larger Eurozone members.

### **Core Europe taking shape: Replacing one evil with another?**

Thanks to the emergence of these new fault-lines, Berlin is facing the nightmare of a "differentiated union" that is not able to bridge its centrifugal forces any longer. Under the pressure of the crisis, Euro-zone governments are forced to actively work on widening gaps between the "ins" and the different types of "outs" of the Eurozone. The hope is that differentiation will bring the Eurozone back on track and make it more inclusive again in the end. For now, it looks however that if the new Eurozone prevails, the inner cohesion of the wider Union risks being stretched beyond limits.

Berlin has never really favoured a differentiated approach to building the EU. Now Chancellor Merkel, under the pressure of the crisis, finds herself at the forefront of a trend that in the end might mean replacing one evil with another. It does not help that the German Chancellor continues to

insist in various settings across Europe that she desires all countries to move in the same direction, depicting only Britain as the odd man out. In reality, the rifts are obvious within the Eurozone as well as between “ins”, “pre-ins”, and “outs”. And there is a risk that they will be widening even more as long as Germany and other members let this new level of differentiation happen without a real strategy. Such a strategy would have to openly address the problems and the divisive potential of a multiple-speed Europe, while coming up with suggestions how to limit its negative impact.

Clearly, such a Union needs a great deal of trust and mutual respect, especially as the glue of rules jointly adopted by all members gets weaker. Countries that see themselves as part of the “European core” yet are not members of the Eurozone feel de facto marginalized – Sweden and Poland being notable examples; and countries such as the Netherlands feel isolated from Germany within the core. However, building trust has become an even bigger challenge under the conditions of the crisis in the course of which communication and exchange have been undermined.

### **Lessons for the Union – and Germany**

A Union that overcomes the crisis needs a great deal of mutual respect. The past three years provide a number of lessons for Germany and its fellow EU members:

*First*, there is no point in being nostalgic for the old days of consensus-based Brussels decision-making. Back then, mutual respect for national sensibilities was used primarily as a means to block action. This was the product of a very German conception of European integration, in which na-

tional sovereignty was shared in order to prevent hasty action. In the current political and economic context, however, inaction is not an option. Further cooperation will impinge upon core areas of national sovereignty of Eurozone members, but it has become unavoidable. The member states must therefore find an imaginative form of mutual respect that promotes action rather than prevents it. Chancellor Merkel, while working on a more integrated Eurozone, should acknowledge more openly that it is for the time being widening the gaps. A strategy of differentiation should acknowledge that there are different ways for Europeans to work together – the integrationist approach only being one of them.

*Second*, the decision-making setup in the course of the crisis – the “Union method” ascribed to the German Chancellor – lends itself unnecessarily to a regressive form of international relations. The assumption amongst its proponents is presumably that this re-weighting in favour of intergovernmentalism implies a respect between governments. In reality, intergovernmentalism has undermined both trust and legitimacy. If the larger member states are going to eschew the Commission and Parliament, they must be aware that this can lead to situations of dominance – dominance that undermines the inclusive potential of disagreement that often played out in Franco-German relations. The worst thing that can happen in such a climate is, to give an example, that the institutional proposals on the future of the EU emanating from the German capital are perceived as tactical moves and as bargaining chip – bluntly, as cheap talk, or at least as a sign of a divided German government.

*Third*, governments, and Germany in particular, must be more open with one another about their own weak-

nesses. Germany knows full well that the rules of its *Ordoliberalismus* cannot always be respected, but still fails to communicate their limitations. After all, the Union making it out of the crisis cannot be a German one. What we have seen indeed over these past months is a politicization of what in the German context has looked most of the time like a legalistic approach to solve the crisis: Presidential elections in France made François Hollande succeed on a Socialist platform, and the European Left is rallying to campaign on a joint platform in the 2014 parliamentary elections.

*Fourth*, governments must be more open with the electorate about the true extent of their powers and free choices. The slogan advocated strongly by the German Chancellor in both the domestic and European contexts has been that “there is no choice”. This is a false proposition, since politics is the art of choice. Translated to the European level, such irresponsible domestic debates that can be found across the EU impinge on governments’ room for manoeuvre, reducing the available options. While it is the responsibility of governments across Europe to communicate better on European affairs with their electorates, they will also have to be more responsive to citizens’ choices. In the German context, this will kick in heavily as Angela Merkel continues to negotiate the future governance of the Eurozone in Brussels next year while simultaneously fighting the battle for the Bundestag at home. While her domestic constituency has always mattered in her euro policy over the last three years, the opposition parties (with the exception of *Die Linke*) have until recently been rather consensual about the government’s vague notion of the need for “more Europe”. By the end of 2012 however, the opposition parties all got into election gear. The other EU members must understand

that the federal election campaign in Germany will even more than in 2012 shape Chancellor Merkel's interventions in Brussels.

The way that Germany and the other member states treat one another now will have implications for their own treatment long after this moment of crisis has passed. This gives each a stake in fostering a generalised sense of mutual respect. In short, the 'Union method' and 'multi-speed integration' are already being used to excuse exclusion and fragmentation within the EU. Germany, at the heart of these developments, badly needs to develop a new style of interaction, before it too falls victim to these trends.

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