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A broken monolith

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Briefly after the fall of the Berlin Wall in 1990, in view of an inevitable unification of Germany, the then President of France, Mitterrand, is said to have explained to Margaret Thatcher the reasons behind his resolved support for the introduction of a single currency: “Without a common currency all of us – the French and the English alike – will be subordinated to the will of Germany” – he said. Today that diagnosis sounds like a joke. It was euro that made Germany the most powerful EU member state, and made Angela Merkel the most influential European politician.

Paradoxically, such development has been greatly contributed to by the euro area crisis, which emerged in Europe with the threat of the bankruptcy of Greece in 2010 and is still

in place today. Indeed, the crisis has made the EU shrink to the group of euro area states, naturally dominated by Germany, owing to its economic potential. If in the EU-27 one could talk of a group of the politically most influential states, to which Poland aspired, there is only a single hegemon in the euro area, namely Germany. Thus the “ingenious” solution to the German issue, arrived at by the French political elite twenty years ago, proved to be a trap.

Today European integration does no longer concern mainly the EU – which some still find difficult to imagine – but rather the euro area, where, indeed, nothing can take place without the consent of Germany. A vision of such “northern” dictate gave rise to revolt on the part of the so-called Latin Europe, i.e. southern

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countries, which France wishes to lead politically. Only from such perspective, one can understand why dealing with euro crisis management has become the greatest challenge for German politics since reunification. The solution adopted on that matter will determine the future shape of Europe, on the one hand, and the position and the role of Germany, on the other.

The calm before the storm

From today's perspective, the first years of Chancellor Angela Merkel's term in the office (2005-2008) can be considered as the time of calm and political prosperity. In recapitulation, that was the time when Berlin managed to bring to the

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EU recovery from the stalemate it was thrown into by rejection of the constitutional treaty by the French and the Dutch. This recovery was most beneficial to Germany itself. The renewed Lisbon Treaty helped Germany attain the basic goal they had aimed at since reunification, by transferring upon it the dominant role in the EU decision-making process. Thus the central position of Germany was legitimised. Merkel also managed to introduce ambitious plans

concerning CO₂ emission reduction, which were accordant with the main line of German climate and energy policies, not least with the interests of German companies manufacturing costly renewable energy generation technologies. In eastern policies, the Chancellor was able with time to succumb to the dream of a new opening in the relations with Russia, owing to emergence in the Kremlin of liberal Medvedev. In internal policies, she calmly consumed the fruit of grand structural reforms carried out by her predecessor. Thus Merkel could have ruled happily ever after, supported from Paris by her closest ally,

Nicolas Sarkozy, if it has not been for euro crisis that hit in 2010, turning everything upside down. Since

spring that year, German policy has been in fact a permanent crisis management. Simultaneously Merkel has been increasingly accused that her policies consist in expedient putting out of fires, when the situation calls for a strategic change, a daring vision of what to do next. Now, after the landslide victory of Merkel in the parliamentary elections, such voices will grow even stronger. With such unambiguous dominance in internal policies,

everything should prompt her to undertake truly bold measures, bite the European bullet and perform a thorough reform of the entire European project. Many will be calling now on her for resolute acceleration.

Greek drama

Is the standing of the EU really so bad that it warrants a radical change? The crisis demystified the EU. It has brought to light the entire ugly mechanism of its functioning, which – on the example of such ailing states as Greece, Ireland or Hungary – proved to be far-removed from the declared ideas. In 2011, when Merkel and Sarkozy influenced removal from the office of Greek Prime Minister Papandreou, who wanted to hold a referendum on the painful reforms imposed on Greeks by Brussels, in an upsurge of sincerity Frank Schirrmacher, a co-editor of the leading German conservative newspaper “Frankfurter Allgemeine Zeitung”, wrote: “We are witness to a spectacle of degeneracy of those values and convictions that used to seem to embody the European idea”, by which he certainly meant democracy. The crisis also eroded the faith in economic power of the Union and single currency, and undermined the conviction that they are invulnerable pillars of the international financial and economic order. Given such situation, it was truly difficult

to contend that the EU – the bicycle to which Jean Monnet compared the European integration – can just move on forward as if nothing has happened.

How many times we have heard the – repeated *ad nauseam* – statement of Monnet, one of the founding fathers of the post-war integration, that the Union is like a bicycle that will topple over unless we keep pedalling it. This comparison was intended to make us realize that integration is in constant motion; it is a process of perpetual change. Perhaps this is neither the wisest nor the most convincing example. But if we are to stick to it, the crisis made the present-day Union resemble a bicycle that failed to work. We can neither junk it nor buy a new one. Therefore we have to disassemble and reassemble it back again. In the process, some old parts will prove useless, while we will need to invent some new ones. This is how the dilemma of the present situation can be understood. A question remains, who is to perform such an indispensable, albeit risky, operation?

In isolation

A natural answer is: Germany. The problem is that many things can be said about Merkel, but definitely not that she is a revolutionary, a politician capable of meeting grand strategic challenges and taking risks. Her approach to the euro crisis can be described in terms of crisis

management guided by at least three fundamental goals. First, to satisfy in a controlled way the needs of financial markets and prevent bankruptcies of the states and large banks. Second, to prevent crisis escalation in the southern states, as such escalation would be bound to lead to their social and political collapse. And last but not least, to secure to Germans a stable and safe growth in the times of the crisis. The latter is the main secret behind the landslide election success of Merkel.

Viewed from such perspective, any arguments persuading Berlin to use Germany's natural domination to perform a thorough clean-up in Europe must appear delusive. First of all, who could Germans count on to assist them in such robust "jerk on the reins"? The shrinking of the European integration just to the euro area made Germany a potential hegemon owing to its economic advantage, but at the same time doomed it to political loneliness. The hegemony signifies the ability to act on your own. Thus Germany, whose potential was previously hidden behind the backs of the French, would have to take the front seat and design new integration conditions on its own. This would inevitably turn the old ally - Paris, into a critical reviewer of German policies, or even an explicit competitor or opponent. This has practically already happened. So in the face of the growing opposition in the south, where would Germany be

supposed to look for an ally of its resolved policies? The United Kingdom is not interested in any involvement in the internal affairs of the euro area. Poland, another large European member state, also remains outside the euro area. Moreover, there is much to indicate that the alleged pro-German inclination of Polish politics in recent years in reality seem to be grossly overestimated. Underneath the rapprochement rhetoric, the actual routes taken by Warsaw and Berlin diverge on such issues as euro, energy policy and defence strategy. Therefore, amidst louder and louder admonitions, calls on Germany to be bold and assume responsibility for the future of Europe, Germany would have to take a plunge as regards European integration; a plunge into deep waters or an empty swimming pool? Given such great unknown, from the viewpoint of a German voter and taxpayer, Merkel's cautiousness seems an invaluable virtue.

What Merkel can't do?

Internal limitations constitute one more determinant making the "most powerful woman in Europe" build her policies on conservative, expedient measures. The boundary conditions of the European policies of Germany in dealing with the crisis are demarcated by the Federal Constitutional Court of Karlsruhe, the German Parliament and euro-sceptical public opinion.

Pragmatic Merkel has, or sometimes it is simply more comfortable for her, to stick to those boundaries. The role of the Constitutional Court in influencing the European policies of Berlin is indeed something unique. The Court's judgments are capable of stopping any political project of the government, if such project proves incompatible with German constitution. In practice such threat is a serious weapon, particularly so because the Court's judgments cannot be appealed against, and political independence of the judges remains inviolable. Karlsruhe is something to be reckoned with. The Parliament is yet another problem – this is a political body, so everything there is up to the majority held by the government. Nevertheless, as regards major European decisions, particularly those relating to the use of state funding for the benefit of other EU member states – for example to aid Greece, which is sinking in crisis – there is not automatism. The rule of parliamentary legitimacy is taken very seriously in Germany. Before each European Summit the Chancellor has to present to the Parliament her/his objectives, and face parliamentary criticism after return. Such

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practice is unheard of in Polish Parliament. Moreover, German policy in the EU is increasingly becoming hostage of the public opinion, which is adverse to single currency or even European integration in general. A majority of Germans think that everybody in the EU cheats on them and take advantage of them. There is no single policy more unpopular than the one providing for transfers of German money to southern countries of Europe. Fear of financial destabilisation of Germany is so great that if some relevant research is to be trusted, a statistical German fears outbreak of inflation more than getting cancer. In 2010, when it turned out that Greece was on the brink of bankruptcy, Merkel tried to navigate between those moods saying different things in German Parliament than in Brussels. She eventually agreed to allocate 480 billion euro in aid to ailing euro area states, but many in Germany did not forget that double-dealing of hers. Therefore, since that time Merkel has stuck to a general rule: no financial assistance without structural reforms, which in the south has become synonymous with German occupation of a new, economic variety. Although rioters in the streets of Athens and Lisbon started

burning photos of Merkel accompanied with Nazi insignia, her assertiveness was much liked in Germany.

Germany (not)leaving Europe

In contrast to what is commonly thought of the German monolith, in Germany there is no uniform outlook on how to deal with the crisis in Europe. The temptation of a German Europe is as powerful as the temptation to break away from Europe. This is the nature of the qualitative change that has taken place in German awareness in recent years. On the one hand, there are those for whom the crisis provides an opportunity for Germany to make an integration quantum leap. In their opinion, the debts of euro area states should be boldly communitised, a single federal European budget should be established and the monetary union should be transformed into a single political organism, with a single parliament and a single government. Under such scenario, Germany would be in the avant-garde of dissolution of traditional national states into some new form of the United States of Europe. Such solution will be demanded by leftist, intellectual power base of the German Social-Democrats and the Green. It also enjoys support of a part of Christian-Democrats, who have not yet abandoned the mirage of a European federation built German way.

However, first and foremost they all lack an answer to one fundamental question: how can such new European structure assume democratic legitimacy, if any conscious observer has to admit that a thought of a single, universal European democracy remains a fairy tale. On the other hand, there are those who think that the crisis, forces Germany to consolidate its own state, defend own constitution and own economic model, regardless of the costs for others in Europe. Therefore, the economic achievements of Germany have to be defended against the greediness of anonymous financial markets, which seized not only globalization processes but also the EU and euro. The rules of German democracy and the rights of German citizens need to be defended too. As a consequence, it is inevitable for Germans to distance themselves from common currency and Brussels. In exchange they can truly make good use of their economic advantage and base the future on global outlets. Such conviction is shared not only by the voters of the Alternative for Germany, a euro-sceptical party, which in recent elections was surprisingly successful given German circumstances – established just a few months ago it came within a whisker of entering the parliament. Such ideas are close to the hearts of many supporters of the Christian- Democrats and rightist media. Since that time Merkel has been able to navigate

between those two divergent approaches. Nevertheless in practice such straddled approach has been perceived in Europe as indecisiveness. Now, with such massive voters' support, if she manages to establish a stable majority, Merkel is in potentially beneficial position to finally make a strategic choice of one of the two options. Will she opt for integration quantum leap for Germany? This would necessitate far-reaching compromises to be made with southern states. This would also entail a necessity to reform own state, including constitutional amendments and abandonment of some part of own economic and social model. Or perhaps, feeling the sceptical moods of the public behind her back, Merkel will take the route of defending the interests of the German state, citizens and economy, even at the cost of distancing herself from own European commitments? But then, how will she be able to save euro, which she has already announced to be *the raison d'état* of German policies? Certainly now the choir of voices persuading Germany to decide will be even more powerful, and to meet those growing expectations Berlin can – traditionally – propose a discussion about amendments to EU treaties. As to the substance, Merkel's behaviours are rather unlikely to change. She will most likely walk her own bitten path, making small steps without defining her final goal.

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