

Europe's Reluctant Leader

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An Evolving Union

When U.S. President Barack Obama visited Europe early in 2016, he voiced concern about two central issues: recent political and economic strife in Europe and Germany's duty to take on a more active leadership role in these turbulent times. The political landscape in and around Europe has changed significantly over the past decade, leading to a realignment in the balance of power between the European institutions and the member states on the one hand, and among the individual member states on the other. In the process, Germany has become the central player in the European Union, even more so with the British vote in June 2016 to leave the EU. This evolving role comes with the potential for conflicts, misunderstandings and mishaps. Germany is now at a crossroads as it navigates its newfound position as a leader in Europe.

Hostages to History

Although Germany's role in World War II is widely seen as the defining moment of German and European history, the complications of its position in Europe predate that conflict by centuries. In the 16th century, Germany—or, more accurately, the collection of small German-speaking states in central Europe—attracted the attention of its neighbors because of its central geographical position, economic strength and high population density. Historian Brendan Simms has described “the paradox of German power and powerlessness in Europe.” Germany, according to Simms, was seen as “too important to be left solely to the Germans.”¹ Thus, Europeans occupied themselves for centuries with the question of “how to order the European centre in such a way that it was robust enough to

master domestic and external challenges without at the same time developing hegemonic tendencies.” German strength was not the only threat in this context; a weak Germany would translate quickly into instability for the continent. So European states shared an interest in keeping Germany a stable, but not overpowering, center for Europe.

In the first half of the 20th century, two world wars added another layer of complexity to the “German question.” Germany's unbridled aggression and perpetration of genocide left deep scars across Europe and the world. Furthermore, it created an identity crisis at home as Germans slowly came to terms with the atrocities that their country had committed. Not only did its neighbors fear a strong Germany, but Germany itself had lost its appetite for power and feared its own strength.

As a result of this shift, Germany's foreign policy changed tack. Political scientist Hans Kundnani explains that Germany shifted its focus to “international integration in multilateralist institutions—in particular NATO and what became the European Union.”² The Federal Republic prioritized setting international norms over pursuing its own interests abroad.

Leadership versus Responsibility

In large part because of this long history, Germany has not actively sought out its new leadership role and indeed has been reluctant to accept it. Germany's responsibility for the future of the European Union is often talked about on official occasions and at public gatherings, but political prudence and the general code of conduct preclude overt discussions of Germany's interests or power. Expressions such as

“hegemon” or “leading power” are studiously rejected, despite any friendly adjective one might be tempted to attach to them. However, in private conversations one notices that the new state of affairs is starting to change the way that Germans think about their role in the European Union and the world. Political elites in Berlin may be wary of certain labels, but in the rest of Europe people are less reserved when it comes to talking about Germany’s leadership role. Often Germany’s neighbors are critical of the Federal Republic and its strategy for taking on new responsibilities.

Germany’s evolution can best be explained as having three distinct phases: first, a phase of “reluctant leadership” between 2009 and 2013, followed by “confident leadership” between 2014 and 2015, and finally “lonely leadership” from 2015 to the present. Each of these phases began with an external shock and emerged as Germany developed its response.

When the Global Economy Gives You Lemons...

The global financial crisis set in motion dramatic changes in Europe. It began with the collapse of the American real estate market, and continued with convulsions of the banking system in the United States and around the world.

This crisis in the private sector soon created serious problems for public budgets. The strain was more than some EU member states could take, which could have led to their collapse and insolvency if the eurozone states had not acted together. They implemented a rescue policy against an extremely complex economic, political and legal backdrop.

There was no clear consensus in Europe about the root causes of or solution to the crisis. Furthermore, existing European treaties ruled out mutual financial assistance. The so-called “no-bailout clause” was considered one of the central pillars of the eurozone. Indeed, it was deemed to be one of the basic conditions under which the federal government was able to agree to the creation of a common currency. However, in the face of crisis, the German government was expected to throw this basic rule overboard in order to save the eurozone.

The government of Chancellor Angela Merkel deliberated for nearly a year before it committed itself wholeheartedly to saving the euro. At the time, many thought that this commitment was too little, too late, a criticism that has often been applied to German politics ever since. However, many other countries were also waiting to see what would happen and tried to stabilize the situation with a series of modest policy interventions. Germany’s economic and financial clout meant that it had to give its approval to any step forward, and many felt that its early ambivalence was counterproductive.

However, when the federal government finally and reluctantly reached its decision on how to resolve the crisis, there was an immediate outcry. Germany’s strategy centered on legal

Germany’s Role in the Greek Bailout

In 2010, Germany led the way in establishing a bailout program, which provided Greece with a 110 billion euro loan on the condition that it implement certain austerity measures. As a result of continuing economic shakiness, Germany, along with the majority of other EU countries, passed two subsequent bailout packages. Not only has Germany politically led the bailout effort to aid Greece, it is also the largest creditor, contributing 57.23 billion euros in the form of loans.

and systemic approaches to crisis management, which proponents of an economics-based solution considered to be flawed. Those advocates believed, instead, that crises should be addressed by stimulating the economies of the affected states, which would require significant financial resources. However, the German government believed that such a strategy would not address the root of the problem. It argued that the fundamental problem was wanton deficit spending by governments. If this was not resolved, no sum of money would lead to any appreciable improvement over the status quo.

Despite opposition from some quarters, Germany was not alone in its approach to crisis resolution. For example, the Netherlands, Finland and Austria agreed with the German strategy that emphasized cutting costs and reforming state structures. These states saw little need for financial stimulus to foster economic growth, particularly when compared with the deficit spending defended by many economists. Some critics argue that such a stimulus translates to “buying your way out of the crisis.” Those countries that did not share the German austerity approach, especially France and Italy, were only gradually able to influence the course of events. Germany’s dominant role has led to a great deal of frustration and strife in Europe.

Taming the Russian Bear

On the heels of the euro crisis, another external shock drew attention away from the financial meltdown. The Ukrainian crisis began in 2013 with then-President Viktor Yanukovich suddenly refusing to sign a trade agreement between the European Union and a politically divided Ukraine. In Kiev, this led to protesters occupying the capital city’s central Maidan Square. Protests intensified and sometimes led to bloodshed and death. Ukraine slid into a conflict between those advocating pro-Western policies and those favoring closer ties with Russia.

From the beginning, the Russian government played an active role in the escalation. This involvement began with Russian opposition to the EU-Ukraine trade agreement, and culminated with the annexation of Crimea and the military destabilization of eastern Ukraine. Years of European-Ukrainian and Russo-European rapprochement went up in smoke. Europe reeled from the violence as it grappled with the appropriate response to counter Russian President Vladimir Putin's threats and aggression. Above all, the situation revived fears of a revanchist Russia among the EU's eastern member states.

Germany's Response to the Ukraine Crisis

From the beginning, the German government has condemned Russia's actions in Ukraine. While Merkel has remained in contact with Putin, attempting to convince him to leave Ukraine, she has also driven EU economic sanctions, which were first imposed in 2014. Further, Germany initiated talks between Ukraine and Russia in 2014, which culminated in the Geneva deal. Germany also played a key role in the Minsk Agreements in 2014 and 2015.

In recent years, Germans sought to forge closer economic ties with Russia. They quickly found themselves at the forefront of a crisis management effort as the Russo-European relationship deteriorated. For the political class in Berlin, this crisis was also a kind of internal stress test. Many in both the public and private sectors had worked for years to establish good relations with Russia's political and business communities, but they were forced to accept that these improved relations might not be permanent. They had not anticipated Putin's aggression, and they were powerless to stop him. However, it was precisely the combination of European policy know-how and competence in the area of the Eastern Partnership that enabled Berlin to manage this crisis effectively. In the face of Russian aggression, Germany entered a phase of confident leadership in the European Union.

Two elements of the European response to Russian aggression were of central importance: the joint presence of Germany and France at all negotiations and the decision to counter Russian military might with the power of the European internal market. In order for the approach to work, all of the 28 member states of the European Union had to be persuaded to adopt the sanctions strategy. Although some found the commitment difficult, all 28 states ultimately agreed to

the sanctions. Russian aggression continues to be a largely abstract problem for some southern member states, especially those with weak economies. These states argue that they should not have to accept the losses from the battered Russian market. Rome has been particularly critical of the sanctions policy. Italy experienced losses in the agricultural exports sector as a result of the sanctions, which have been felt deeply given the current struggles of the Italian economy. Nevertheless, the European Union as a whole remains committed to its policy on Russia, and the EU has maintained unity despite internal disagreements and ongoing attempts by Moscow to create discord among the European member countries.

A Crisis of Conscience and Capacity

However, widespread support for Germany over its handling of the Ukraine crisis was short-lived. The German government experienced its loneliest moments when Europe faced its next shock. Refugees, and migrants more generally, are not a new phenomenon in Europe. For years, Italy has been the front line of these migration flows, receiving thousands of refugees per year from Africa and the Middle East.

Germany's Response to the Refugee Crisis

The German government has led the way during the refugee crisis by adopting and maintaining an open-door policy. While this has proved publicly unpopular, Chancellor Merkel has remained steadfast in her commitment, allowing more than 1 million refugees into the country. In order to handle the influx, the German government has worked toward speeding up the refugee approval and rejection process, as well as increasing overall immigration capacity. Merkel also spearheaded the EU deal with Turkey in March 2016.

However, as discussed in the migration chapter of *Newpolitik*, the flow of refugees reached an unprecedented level in 2015. After an intermediate stop in Turkey, hundreds of thousands of people seeking refuge made their way via Greece to other destinations in Europe. Most hoped to reach Sweden, Denmark, Germany or Austria. As some states turned their backs, closing their borders and failing to provide basic necessities to the refugees, Merkel reacted swiftly and decided to keep Germany's borders open. For Syrian refugees, Germany also suspended the Dublin Regulation, which stipulates that asylum claims must be processed in the first EU state in which

a person enters. With its open borders and relatively welcoming policy, the Federal Republic may have raised the hopes of many other desperate people who fled from Afghanistan, Iraq and Syria. Other migrants joined the refugees, some from the Balkans and others from Africa and parts of the Middle East, seeking to escape bleak economic and political prospects in their home countries.

Some states with large inflows of refugees, like Germany, quickly reached their systemic and logistical capacity. German policymakers and officials faced a situation for which they were simply not prepared. More than 1 million people arrived within a year, and administrative processes were too slow to adjust to the increased migration flows.

While Merkel has called for a common European solution, many EU member states did not want to take on any of the shared responsibility. Some states were still recovering from the economic crisis. Some were up against strong right-wing populist parties. Others preferred to set their own refugee policies. These reactions were also due in part to resentment that had accumulated during the euro crisis, when Germany had taken on a similarly prominent (albeit reluctant) leadership role.

Due to pushback from some EU member states, the German government failed in its first attempt to find a common European solution to the refugee crisis. This was not a failure of the European institutions—that is, the European Commission and the European Parliament—but rather due to opposition from individual member states, which clearly rejected Germany's primary goal of sharing the burden. Few member states wanted to accept distributional quotas for refugees.

Berlin then attempted to forge a coalition of the most affected countries, including both destination and transit countries. However, in the meantime the political pressure had reached a point where many countries began to develop an “every man for himself” attitude, closing borders and imposing harsh new asylum policies. The Schengen Area, one of the pillars of the European Union, was in danger of collapsing, much like the eurozone a few years earlier. It was at this same point that political pressure in Germany increased as Merkel decided, in a moment of high political drama, to act in accordance with humanitarian policy and keep Germany's borders open.

The popularity of the chancellor, who for many years had seemed unassailable, began to wane, even within her own party. The Christian Social Union (CSU), the sister party of Merkel's Christian Democratic Union (CDU), repeatedly attacked her and her migration policy. European neighbors also criticized Merkel's approach. Hungarian Prime Minister Viktor Orbán has accused her of “moral imperialism.”³ Many have argued that her welcoming approach exacerbated the

situation by encouraging more refugees, as well as economic migrants, to come to Europe.

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Because other EU states were opposed to burden-sharing within the European Union, the federal government turned its attention to slowing migration flows along the Aegean route between Turkey and Greece. Although the plan that finally emerged was framed as European and given the go-ahead by the EU, it was a fundamentally German project, formulated in the Office of the Federal Chancellor and negotiated by Merkel herself. The deal rests on two pillars. The first is an international agreement with Turkey, promising far-reaching financial assistance to support the millions of refugees living in that country. The agreement also enshrines the so-called “one-in, one-out” principle, meaning that people who enter Greece without a visa will be sent back to Turkey, and that for every returnee, one refugee in Turkey will be permitted to enter the EU legally. The second pillar involves far-reaching improvements on an intra-European level, beginning within the Schengen zone, in migration and asylum policy and the internal security architecture. The EU still has a long way to go, but the first effects of these measures are already visible. In the months following the agreement, the number of new arrivals declined rapidly from the same period in 2015, thus averting the collapse of the Schengen Area for the time being.

The Merkel government managed to do what few observers would have thought possible a few months earlier: develop and pursue an effective pan-European path to solving the refugee crisis. Although Germany has achieved results, this was the federal government's loneliest hour in its history as a member of the European Union. It faced displeasure, mistrust and fear from across Europe. Some corners even felt quiet satisfaction about the difficulties faced by oversized Germany, a country that in other recent crises had been so impressively self-confident. Berlin quickly became the “lonely leader.”

Striking a Strategic Balance

Berlin will continue to play a central role in European politics, and this role will become even more pronounced with Britain's exit from the EU. Although the United Kingdom has played little or no part in the management of various European crises in recent years, its exit will disturb the current balance of power in the EU. This inevitable increase in German visibility is frightening to Berlin, perhaps rightly so given Europe's longstanding discomfort with "the German question."

The European Union is a legal community based on finely balanced common institutions. In one of these institutions, namely the European Council, the representatives of the member states—at least in theory—make decisions on the basis of equality. The qualifier is necessary: Although (or perhaps precisely because) member states have a right to veto on many issues, over the years a system of consensus, compromise and inclusion has developed. This gives all the members the opportunity to see themselves as part of a common process, even if a few member states have more influence than others in de facto terms. For many years, Germany was considered a master of navigating this system, creating balance and reconciliation through restraint. With regard to both the process and the results, Germany has been most successful when it has combined its own strengths with an inward-looking approach to integration with the EU. Berlin should continue to follow this path in the years ahead.

Germany should share credit for its successes, especially with the European institutions

German political elites are acutely aware of the power they wield. They have tested their strength in the face of German, European and global challenges and discovered that they are capable of effecting real change. However, leaders must not abandon their traditional approach entirely. Power and the ability to compromise should be combined, which means going back to a stronger and more systematic approach to building coalitions.

The Franco-German partnership is a classic example of such an alliance. For many years, it might have been best described by the saying, "The reports of my death have been greatly exaggerated." The periodic cries of doom and destruction and the valedictory utterances are an enduring part of this friendship. And so are the regular attempts by both countries

to find other friendships, options and room to maneuver. But none has hitherto proved to be as stable, reliable and fruitful as the Franco-German friendship. It will also be indispensable in order to hold the European Union together through the British exit and beyond, and to ensure long-term stability and peace.

However, a strong partnership with France will not be sufficient. There are many other members of the European Union that also share interests with the Federal Republic. Almut Möller and Joseph Janning of the European Council on Foreign Relations named a few of these partners, including the Netherlands, Scandinavian states, the Benelux countries and Austria, in their paper entitled "Leading from the center: Germany's new role in Europe."⁴ Enlisting these countries' support in a more resolute and systematic manner—and at earlier stages—to develop solutions will yield positive results for Germany. A number of other EU member states are now trying to improve their bilateral relations with Berlin, and Germany should try to foster these relationships as well.

Germany has a good chance of improving its reputation in Europe and relationships with its neighbors. According to a 2015 Bertelsmann Stiftung Eupinions survey, 55 percent of Europeans found German leadership to be "good," while 45 percent found it to be "bad."⁵ These numbers suggest that Germany still stands at a crossroads in Europe, and also that it has a chance to improve its relationships with its neighbors.

Finally, Berlin should resist the temptation to accept praise for what it has achieved. If its leadership style is integrational and invisible, it will become far more effective on the European level. Germany should share credit for its successes, especially with the European institutions. In recent years, Berlin has repeatedly criticized the European Commission. However, in the context of the German "invisibility strategy," it would be prudent to treat European institutions with more respect.

The concept of an integrational leadership style was outlined by German Defense Minister Ursula von der Leyen in a speech given to the Munich Security Conference in 2015. She described this approach as "leading from the center," and emphasized the significance of a common European approach of inclusion, cooperation and burden-sharing. At the same time, she rejected the idea of a leadership style based on the American type of situation-dependent coalition building. This analysis can also be applied beyond security policy to European policymaking in its entirety.

However, this is no easy task. External shocks can impact the EU suddenly and unexpectedly. The nature and the structure of the crises vary significantly—just like the instruments needed to resolve them. The internal political structure of the Federal Republic is parliamentary and federal, and does not have a strong executive bias. The German federal government requires robust internal support in order to be effective.

In keeping with its new role, it must now try to achieve a greater degree of European coordination. It does not have a great deal of time, and resources are limited. This is a test of Germany's willingness to embrace and evolve into its new role.

Furthermore, Germany's EU policy is part of a larger picture, and Germany also faces growing demands in foreign and security affairs. For many years, Germany's international partners have urged it to play a greater role on the global stage. German policymakers must balance their allies' expectations with the views of the electorate, which generally disapproves of military engagement. This criticism will not disappear overnight. However, as Daniel Keohane observed, leading figures, including the federal president, the foreign minister and the minister of defense, have been trying to prepare the general public for the challenges that lie ahead.⁶ These efforts may slowly change public perception at home about Germany's prominent position in the world.

Henry Kissinger once argued that Germany was "too big for Europe, but too small for the world."⁷ In the end, Berlin has no choice if it wants to solve this dilemma. It must now try to use its strengths to support the European Union in order to enable Europe to effectively address European and global challenges.

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ABOUT NEWPOLITIK

Newpolitik provides in-depth analysis of German foreign and domestic policy issues for policymakers beyond Berlin.

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