A Life More Ordinary?

Ten theses on a normalization of Germany's role in the EU

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ABSTRACT

This paper presents a set of theses to argue that, two decades after German re-unification and the end of the Cold War, Germany is playing a changed role in the European Union. It argues that changes in the European Union, German domestic politics and in its bilateral diplomacy have resulted in the emergence of a normalized European policy. The paper explores the sources of these changes from enlargement, strains in the euro-zone and bilateral relations with France, through changed processes of policy-making to public opinion. Since Germany has played a leading role in the integration process, the paper's findings have wide implications for the future of the EU itself.

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Introduction

Germany's relationship with the European integration process has been of central importance to European politics over the post-war period. The relationship itself has been transformed over this time as both Germany and the wider Europe have experienced profound change. In the aftermath of the Second World War Germany was a defeated state subject to discriminatory provisions. Moreover, it was a divided state, reflected in the creation in 1949 of the Federal Republic of Germany (FRG, then West Germany) and of the German Democratic Republic (GDR, or East Germany). The international organisation of European politics at this time was centred on two challenges: resolving the 'German problem', which had been a major source of conflict on the European continent; and addressing the new challenges posed by the Cold War division of Europe into two blocs. The division of Germany was one of the clearest illustrations of the Cold War, and it became even more vivid with the construction of the Berlin Wall in 1961. European integration, together with transatlantic defence cooperation, was therefore an attempt to bring solutions to problems at whose epicentre lay Germany. Germany at this time was largely a passive player in bringing about these solutions, overshadowed by the victor powers and lacking the full trappings of a sovereign state. However, even as a passive player Germany's potential and its geographical location allowed it to influence the response to these challenges.

If we fast-forward to 2011 we find a completely different set of circumstances. Most obviously, German unification took place in 1990 as part of the dramatic upheavals associated with the end of the Cold War and the collapse of the Soviet empire. Germany has been rehabilitated internationally and, with the passage of time, is ruled by politicians who had no involvement in, nor any direct memory of, the war and the Nazi regime.

The West German economy enjoyed its economic miracle from the 1950s and remains central to the industrial base of the European Union (EU). The East German economy, by contrast, lost its showpiece status with the collapse of the communist trading block. It lost its competitiveness within a German context as a result of unification and has been in a state of re-construction ever since. The costs of unification presented a significant burden to the German economy, which was also experiencing a sluggish performance. At the start of 2011, by contrast, the German economy appears to be emerging from that period of sluggishness, following a series of major reforms to its social market economy, such as the *Hartz IV* reforms to welfare state provision, very modest wage settlements and a significant rise in the efficiency of most firms. Its current economic fortunes are especially striking in view of the crisis besetting significant parts of the euro-zone and beyond. Germany's structural economic power is plain to see, and arguably in a more convincing manner than was evident when Markovits and Reich (1997: 150-82) wrote on the topic a decade-and-a-half ago. Whether or not this manifest German economic power is the saviour of, or a threat to, the euro-zone is now a central issue

Of course, German economic power has been prominent in the EU for many decades. However, it was not linked to a political assertiveness. Rather, Germany was seen as 'semisovereign' (Katzenstein 1987; see also Green and Paterson 2005), as a kind of 'semi-Gulliver' (Bulmer and Paterson 1989), or as a 'tamed power' (Katzenstein 1997). More recent characterizations after the introduction of the euro-zone have emphasized Germany's status as an 'embedded hegemon' (Crawford 2007) and its growing assertiveness in advancing national interests. Gunther Hellmann has written of the 'normalization' of German politics and an emergent pattern of 'de-Europeanization by default' (1999; 2006). Germany's greater assertiveness derives from a range of developments that we discuss below. However, what is clear is that the self-restraint evident in the European policy of Helmut Kohl gave way under the Red-Green coalition led by Chancellor Gerhard Schröder to a preparedness to present policy in terms of national interests. Under the present German Chancellor, Angela Merkel, and especially since her re-election in 2009 at the head of a coalition with the Free Democrats, it has become clear that it is not just a shift in presentation but also in *Realpolitik*: that national interests and assertiveness have become more evident in policy practice. Merkel, a politician who was brought up in the GDR and symbolises a 'post-unification politics', has taken policy in a new direction. A more unilateral approach to EU policy has been apparent during the euro-zone crisis, putting into question Germany's previous role of 'benign hegemon' (Morisse-Schilbach 2011).

But why does such a change in German policy towards the EU matter? Of fundamental importance here is that it has been Germany which has been the most consistent supporter of European integration among the larger members since the 1950s. With all the indications that there is little enthusiasm in Germany or elsewhere for significant further advances in political integration or further enlargement, the EU has reached a kind of stability in its development. The Lisbon Treaty's implementation in December 2009 represents a new plateau for the EU's institutional development. The Franco-German relationship has lost momentum as the preferred vehicle of European policy. The enlarged EU of twenty-seven member states is more diffuse in its politics. And the Lisbon Treaty has created a more hydra-headed EU, where the President of the European Commission, José Manuel Barosso, now has competition from Herman Van Rompuy, the President of the European Council, and—in foreign policy—from Catherine Ashton, the EU's High Representative of the Union for Foreign Affairs and Security Policy. Hence as the largest member state in population terms and as the leading power in the EU any change in German European policy is likely to have a major impact on European politics.

In what follows we first take a short overview of German European policy, emphasizing what set it apart from other member states over the years. We then put forward ten theses relating to changes over the last decade but which have been crystallized by policy under Chancellor Merkel. Each of these theses relates to change in the features that defined Germany's prointegrationist tradition. The theses address changes to the EU context as well as to changing conduct within German politics. In other words, we argue that Germany's distinctiveness is now largely at an end: it has attained a 'life more ordinary' within the EU.¹

The EU and Germany: continuity and change

Understanding contemporary change in the relationship between Germany and the EU necessitates a longer-term perspective. The Nazi and wartime experiences, the division of Germany and Europe, German unification and the end of the Cold War: these were historical episodes of the first-order that punctuated the evolution of European politics. The Nazi and wartime experiences have, according to Markovits and Reich (1997), exerted an important influence over Germany's willingness to exert power or play a leadership role in the post-war period. The Federal Republic's political system was designed to place both external and internal institutional constraints on the Germany's ability to act in the manner of a sovereign state. Post-war German identity—a problematic concept until unification, in any case—was strongly embedded in a (West) European vocation. Thus, in the early post-war period it was in the strong interests of the federal government to accept the European solutions that were offered as a way of securing international rehabilitation. Reliance on NATO and transatlantic

relations for security in a bipolar world, and on European economic integration to provide a market for German goods, set an incremental pattern for the Bonn Republic's *Westbindung*.

The Franco-German relationship lay at the heart of European integration, since alignment of these two states' interests was fundamental to all integrative steps from the Schuman Plan to agreement on European Monetary Union. Conversely, setbacks in European integration typically could be attributed to a failure to align interests between the two states or to be able to secure domestic support for them. The failure of de Gaulle's 1961 'Fouchet Plan' for Political Union on the part of the six European Community states and the initially unproductive Franco-German Treaty of 1963 illustrate the former case. The defeat of the European Defence Community in 1954 illustrates the latter.

With the exception of the ending of the Occupation Statute in 1955, the loosening of West Germany's external political constraints did not really commence until the period of international détente and Chancellor Willy Brandt's *Ostpolitik* in the 1970s; developments which also coincided with the EU developing foreign policy co-operation. Until this time the characterization of Germany as an economic giant but political pygmy had considerable validity. However, it was particularly under the Chancellorship of Helmut Schmidt, working with President Giscard d'Estaing, that the Franco-German relationship assumed striking importance and became an important vehicle both for German diplomacy in the EU and for leadership more generally in the EU. The creation of the European Council in 1974, and that body's launching of the European Monetary System later in the decade, set a pattern to be repeated at intervals, in particular with the launch of European Monetary Union as part of the 1992 Maastricht Treaty.

None the less, until the end of the Cold War a number of external constraints acted upon German diplomacy, foremost of which was the security challenge presented by the Cold War and the exposed position of West Berlin. When these constraints fell away as part of the international negotiations that took place after the fall of the Berlin Wall, thus paving the way for German unification, a changed set of international circumstances faced the Federal Republic. The end of the formal status of semi-sovereignty opened up new diplomatic options for the unified state. The response of Chancellor Helmut Kohl and his coalition was that German unity and European unification were two sides of the same coin. The Maastricht Treaty was therefore designed to bind Germany even more closely to the integration process, with the planned abandonment of the Deutsche Mark, one of the key symbols of (West) German pride, strikingly indicating the unified state's commitment to its European 'vocation'.

At the same time the ratification of the Maastricht Treaty precipitated the emergence of stronger domestic voices in the formulation of German European policy. Although they had existed for some time, including an occasionally less-than-coherent approach to policy within the federal government (see Bulmer and Paterson 1987: 25-42), the Federal Constitutional Court and the Bundesrat emerged as key players, with the Bundestag's potential role also enhanced. These changes led Sebastian Harnisch to develop his 'domestication' argument that German European and foreign policy were becoming more contingent on internal politics (Harnisch 2006). This argument was further developed by postulating that European policy had become 'weaker, leaner, meaner' as a result (Harnisch and Schieder 2006). Other analysts, as noted in the Introduction, have gone further and identified, for instance, a 'normalisation' in German power, basing this on conduct in newer areas of European policy such as immigration policy or on wider security policy developments, notably the Federal

Constitutional Court's 1994 ruling that paved the way for the deployment of German troops out of the NATO area (Hellmann 1999; 2006; see also 2010).

Given the centrality of economic integration to the EU, it is important to take into account Germany's economic performance. Whilst the West German economy's annual average GDP growth rates of 8 per cent in the 1950s fell back in later decades, especially in the 1970s, and became particularly sluggish in the early-2000s, the unified state's economy is the largest in the EU. It represented 20.9 per cent of the EU-27's gross domestic product in 2009.² Moreover, GDP growth rates had picked up in 2006-8 (approx 3-4 per cent in these years) before the financial crisis intervened. The key distinctiveness to the German economy's performance is arguably its export-orientation, particularly in manufactured goods. In 2007 it ran a €127 billion trade surplus with its EU partners as part of a €194.3 billion surplus with the rest of the world (Eurostat 2009: 96). This characteristic was captured by Wolfgang Hager's memorable notion of Germany as an 'extraordinary trader' (Hager 1980).

A number of key elements of continuity and change can therefore be drawn from this brief historical review. The end of the Cold War presented changed international challenges, particularly in the security domain. Under Chancellor Kohl integration policy demonstrated a wish to lock into continuation of the existing embedding of policy in the multilateral EU context. In the security policy domain, a changed policy emerged from the mid-1990s, with scope for military deployments 'out of area', including in Kosovo and, more recently, Afghanistan. These steps under the Red-Green coalition (1998-2005) were accompanied by a change of tone, as a younger generation of political leaders held office. At the same time, potential domestic veto-points emerged even if the mainstream of political thought remained supportive of the EU. Germany's economic strength has remained an important feature, although in the early-2000s a lack of dynamism weakened its international influence. There are signs that this dynamism has returned, albeit interrupted by the financial crisis. Under the Chancellorship of Angela Merkel a new more self-assured style of foreign and European policy has emerged (neues Selbstbewusstsein - Hellmann 2010: 1-4), though not yet in security policy where domestic sensibilities are a major constraint. In European policy this pattern has been most evident in the handling of the euro-zone crisis, as will be seen below.

In the next sections of the paper we present our ten theses to support our argument that we can observe a new German European policy, characterised by 'normalization'. We argue that normalization is characterised by a greater willingness to undertake unilateral démarches in the EU rather than following Franco-German bilateralism or multilateralism that served as the automatic reference-points in the past. Normalization may also be characterised by making compelling demands on the EU or by keeping certain items off the EU's agenda. It is characterised by the adoption of a discourse of the national interest in policy statements. Within Germany it is reflected in a contestation of European policy in domestic politics. Our argument is not that these approaches in Germany diplomacy have supplanted bilateralism or the 'Union method' of policy making. Rather, there is now a more balanced approach that entails a more calculating approach to assessing the utility of alternative bilateral, multilateral or 'core group' vehicles for policy.

The ten theses that follow are presented in sharp terms for the purpose of debate. Our argument is that some of the analyses of European policy undertaken in the late-1990s were influenced by the Kohl legacy of multilateralism through the Maastricht Treaty (for instance Katzenstein's 'Tamed Power' thesis 1997). Similarly, analyses of the Schröder era paid considerable amount of attention to a changed policy *narrative* of national interests, although

the evidence of a change in policy substance was rather limited. Moreover, Hellman's 'de-Europeanization by default' thesis was not entirely convincing because of its reliance on two cases – asylum and defence policy – which were open to question since they related to policy areas that had originated in a more intergovernmental structure outside the 'first pillar' of the EU. Our argument, as set out in the following theses, is that the evidence base for a new German European policy is now much greater.

Thesis 1: The love affair is over

European integration has, for most of the post-war period, been an article of faith in German foreign policy, with a strong normative commitment underlying it. Our first thesis is that this idealistic attachment to a common destiny (*Schicksalsgemeinschaft*), as still represented in the European policy of Chancellor Helmut Kohl, has given way to a more interest-oriented approach. This shift was evident in the discourse of Kohl's successor, Gerhard Schröder. Two quotes from Schröder illustrated this new approach (both cited from Hellmann 2002):

Ist es ein Widerspruch zu unserem Engagement in Europa, in dem wir fest verankert sind, wenn wir gleichzeitig sagen, es gibt deutsche Interessen? (ARD 9 August 2002).

... die neue Generation konnte 'ohne Schuldenkomplexe' in die Zukunft blicken und 'unbefangener die eigenen Interessen vertreten'.

These two quotes are part of a wider shift in the narrative of European policy that occurred under Schröder's chancellorship (see also Hyde-Price and Jeffery 2001). It was rather later, in the midst of the Greek euro-zone crisis, that a senior official adviser to Chancellor Merkel expressed the logical consequence of this shift in discourse: 'The love affair [with Europe] is over' (Traynor 2010).

It is important to note that we are not arguing that there has been a palpable shift to a purely national interest oriented policy. First, the narrative initially did not correspond to the practice of European policy. In the Agenda 2000 negotiations on the EU's financial perspectives in 1999, for instance, the Schröder government did not push the issue of German contributions to the EU budget in the kind of robust defence of national interests that tends to characterize British politicians (of whatever stripe) on this matter. In 2005 Chancellor Merkel also played a brokering role in the subsequent financial perspectives negotiations. Similarly, in the specific area of integration policy it should not be forgotten that it was under Schröder's coalition that his Foreign Minister, Joschka Fischer (2000), set out in his Humboldt lecture a vision of the EU that was integration-friendly and designed to shape the agenda for the Constitutional Convention. The Grand Coalition under Merkel also played a decisive role in salvaging what became the Lisbon Treaty from the wreckage after the French and Dutch referendum results halted the original Constitutional Treaty (Bulmer 2010). Hence it is important to maintain a balance through interrogating the evidence against both integration policy and the substance of EU policy.

What seems less contestable, however, is that the generation of politicians who were prepared to make ideological pro-integration speeches has now more or less passed. Neither of the last two chancellors has been inclined to such speeches. Joschka Fischer was arguably the last senior minister to make a high-profile speech of this nature, and it is interesting that he has been a vocal critic of Chancellor Merkel in the press over her conduct of policy relating to the euro-zone crisis (e.g. Fischer 2010). An additional component to this shift from instinctive pro-integrationism has been the consequences of unification upon German identity.

Pro-Europeanism had no historic roots in Eastern Germany and while there was a short lived enthusiasm for the EU at the time of German unity among east Germans, it quickly eroded when the EU failed to live up to their hopes of economic and social security In more recent years the strength of the post-communist Party of Democratic Socialism (PDS; now die Linke), who alone among German parties have pursued a consistently Eurosceptic line, has further weakened support for European integration in Eastern Germany The result is that Germany is hardly contested as the dominant identity narrative in that part of the country, given the failure of a European identity to take root (Weidenfeld 2010: 171-205) The result is that 'Die Verbundenheit mit der Nation ist seit 1990 deutlich gestiegen, während die Verbundenheit mit der Europaieschen Union weitgehend stagniert und ausserdem in manchen Indikatoren starken Schwankungen unterworfen ist' (Weidenfeld 2010: 200).

This change in identity has been particularly clear in the European policy of Merkel, in view of her Eastern German background. As has become evident in the period since the Lisbon Treaty was put into practice in December 2009 there are no further plans for European integration except under the specific circumstances of maintaining a sustainable euro-zone: an aim which is decidedly in German interests. Furthermore, since the end of the Red-Green coalition in 2005 Germany's traditional embrace of successive EU enlargement candidates has come to a much more cautious stance with Turkey's candidacy. In short, European policy has become more self-assured and more guided by Germany's interests.

Thesis 2: Enlargement

Germany has been a consistent supporter of enlargement alongside its traditional support for deeper integration. Enlargement by opening new markets corresponded to Germany's role as an 'extraordinary trader' (Hager 1980). The very positive experience of Germany with European integration convinced its political elites of the benefits of membership for the new democracies that emerged first in southern Europe and then after the end of the Cold War in Eastern Europe. Participation in European integration had been a central element in Germany's 'long road to the west' (Winkler and Sager 2006), and the collapse of communism offered the opportunity of moving the west further east: first to Eastern Germany and then to the states of east and central Europe.

The vision that Germany would be able to fully realise its European vocation in this new Europe, surrounded for the first time by fellow members of the European Union, was close to the heart of the many pro-Europeans in the German political elite. The reality has been somewhat different. German unity and 'the enlargement without accession' (Spence 1991) to include Eastern Germany has weakened affective ties to the EU (see Thesis 1).Whilst it is true that EU enlargement has extended the west eastwards it has altered Germany's geopolitical location from the eastern rim of western Europe to the central location in the new Europe. Without wishing to overplay this element, it certainly does nothing, particularly when combined with Germany's economic strength, to diminish the perception of Germany both internally and externally as Europe's central power (Schwarz, 1994). Germany's energy dependence on Russia has reopened the ancient dilemma for German foreign policy as to whether to favour its central European neighbours, now fellow EU members, or Russia.

Enlargement has brought a large number of small and much poorer members into the EU. The sheer increase in numbers and the diversity of their preferences has made the aggregation of preferences much more difficult (see Thesis 3). Within the Council of Ministers enlargement has tilted power away from the larger, richer member states. Contrary to

assumptions that their influence would be limited by diversity and limited intra-regional coordination (see Goetz 2005: 254), analysis of Council voting data led to Thomson to conclude that 'small member states have enjoyed considerable influence over decision outcomes in the European Union, both in the EU 15 and in the enlarged EU' (Thomson 2010: 255).

Germany had, as part of its European vocation, been reluctant to fully exploit the advantages of its size in negotiations, preferring often to rely on side-payments to persuade smaller and poorer partners. Budgetary constraints and domestic opposition to the paymaster role now make side-payments extremely difficult for German governments. Traditionally size and power issues were muffled in the EU by the power-taming properties of the EU's institutional complex where the smaller members saw the Commission as their ally. However, dealing with increasing demands from poorer members has made Germany less of a reflexive multilateralist (Anderson and Goodman 1993: 60) and more likely to combine with other large net payers, such as Britain, to defend its budgetary interests. Alongside these net payer alliances Germany now presents its financial interests in a much more direct form, and without the moderating pro-integrationist discourse of the past. To summarize, enlargement has changed German material interests. Moreover, for the first time there is extreme reluctance in the present government to contemplate Turkey's accession to the EU, as distinct from a privileged partnership.

Thesis 3: The Franco-German motor has lost traction

The Franco-German relationship has been at the core of Germany's European policy since its inception and until recently German European policy was normally presented in a Franco German form. Crucially 'if a Franco-German deal could be stitched together even on issues difficult for one or both, the other participants would normally fall in line' (Wallace 1986: 162). Germany's European vocation required a partner and France was accorded the position of senior or indispensable partner. Over time the balance of adjustment altered in favour of Germany. It can be argued that Schmidt was the dominant partner in policy terms in the Schmidt-Giscard d'Estaing relationship but he was always careful to act as if this were not the case, and Helmut Kohl often remarked that he bowed three times to the tricolour in deference to the relationship.

Despite being the most highly institutionalised bilateral relationship in the world its influence was not a constant but subject to fluctuation (Paterson 2008) according to the constellation of issues, governmental composition (French cohabitation normally weakened it) and personalities. Alongside a long list of Franco-German agreements there is a list of issues where agreement proved elusive including the European Defence Community and institutional differences at the Nice European Council in 2000. The key point, however, was that where agreement was reached it was normally accepted by the other members; a quality which made the Franco-German vehicle the strategic spine of German European policy and very attractive to German policy makers. This quality began to fray when the two states used it not as a motor to promote further integration but as an *arrière-garde* to defend their narrow national interests. Here the most striking example is the defiance of the Stability and Growth Pact rules by France and Germany in 2001/2. As Joachim Schild points out 'Leadership claims in the EU must be built on exemplary behaviour in a rule bound system' (Schild 2010: 1376).

The expansion of the EU to 27 has been associated with a loss of traction for the Franco-German relationship that became immediately visible in the Iraq crisis when a cleavage between 'old' and 'new' Europe left France and Germany exposed. The rejection of Franco-German leadership by the central and East Europeans reflected not only their desired closeness to the United States but their understandable dislike of a '*directoire*' approach which was not helped by President Chirac's brusque admonition to them to say nothing.

The logic of a 'shrinking core and an expanding periphery' (Dyson and Goetz 2003) weakens the structural power of the Franco-German relationship. This is clearly visible in both the Council of Ministers and the European Parliament. In the EP their share of the MEP's has fallen from 29.7 per cent to 23.4 per cent; in the Council their combined weighted votes no longer constitute by themselves a blocking minority (Schild 2010: 1374). A new qualified majority voting system, introduced by the Lisbon Treaty, will be implemented from 2014. One of the two rules is population based, thus giving Germany more weight than France when such votes are called. A decline in Franco-German power need not be a logical consequence of enlargement in the European Council, by contrast, because this institution is less bound by rules and formal voting. However, if the two political leaders are unable to agree on policy initiatives—as has happened intermittently under Merkel and Sarkozy, such as at times during the euro-zone crisis or over the Union for the Mediterranean—it loses influence here as well.

One response to the loss of Franco-German traction in the EU is to pursue 'differentiated integration' (Dyson and Sepos 2010). A number of commentators have suggested that a move to differentiated integration now has significant momentum (e.g. Stephens 2011). It is true that differentiated integration offers one way out of the shrinking core/expanding periphery scenario and it may turn out to be inescapable in relation to the resolution of the euro-zone crisis but it has costs. One cost is the sensibilities of those excluded and Chancellor Merkel and President Sarkozy have had to expend a lot of diplomatic effort on Poland in the run up to the March 2011 euro-zone meeting. It also means that a number of Germany's sound money allies, like the UK and Sweden, are outside negotiations. It was noticeable that Chancellor Merkel wanted to involve the IMF and non euro-zone members of the EU in supporting the German position on the resolution of the crisis and only moved gradually to a euro-zone solution, which necessitated some concession to the language of French preferences while continuing to insist on the substance of German policies.

Reinforcing differentiated integration looks likely in relation to the resolution of the eurozone crisis. However, we do not take on board Stephens' argument that a wider trend towards a 'two-speed Europe' is likely. In the Area of Freedom Security and Justice, for instance, a different variant of differentiated integration is practised, although with Germany also playing a leading role (see Thesis 10). The fact is that a more variegated pattern of differentiation is likely but with Germany central to all of them. Consequently, it has a choice of venues through which to pursue its policy goals.

The Franco-German relationship will continue to be important especially within the eurozone but its decreasing traction will encourage the federal government on occasions to remain focused on the German position and to build up ad hoc alliances. Germany's increasingly visible strength will impose new pressures on the Franco German relationship. And precisely because of Germany's strength France needs the bilateral relationship because it is clear that Germany is willing to go it alone if this is the best way to defend its interests.

Thesis 4: A 'policy of interests' becomes less calculable

Germany's European policy has always been characterized by a complex 'domestic politics'. One facet has been the fragmented picture of responsibilities within the federal government (for other facets, see the following theses). The origins of this situation lie in the launch of the European Coal and Steel Community (ECSC) at a time when there was no foreign minister (Koerfer 1988). Consequently, responsibility for this policy area was assigned to the federal economics ministry, while Chancellor Adenauer oversaw the foreign policy aspect. The Foreign Office was something of a latecomer to European integration and unable to attain exclusive control over the policy area. Indeed, internally it did not have a European policy division until 1992. Reinforced by coalition politics and the constitutional principle of ministerial autonomy the federal government has had two ministries responsible for coordination (the Foreign Office and the federal economics ministry – except 1998-2005 when the finance ministry replaced the economics ministry – see Bulmer, Maurer and Paterson 2001; Grünhage 2007).

Alongside these formal coordination points, the Chancellor's Office has acquired an increasingly important role in policy-making. This development partly reflects the growth in importance of the European Council, now an institution in its own right under the Lisbon Treaty. A range of substantive EU policies, such as the Common Foreign and Security Policy, the Lisbon Strategy/Europe 2020 on competitiveness, the Area of Freedom Security and Justice, are formally overseen by the European Council. And this oversight is in addition to its centrality to past institutional reform episodes, the euro-zone, the financial perspectives debates every seven years and a host of issues to which EU leaders must react. Not surprisingly, with these meetings to prepare for as well as bilateral summitry with European partners, the Chancellor's Office has become a key player alongside the other two ministries. If the Chancellor wishes to play a leading policy role s/he may do so using the constitutional power to set policy guidelines (the *Richtlinienkompetenz*), and for party-political reasons will not wish to rely on officials from a ministry held by another coalition partner. During Schröder's chancellorship some detailed policies, such as relating to EU initiatives impacting on the motor industry, became matters of detailed policy concern.

The predictability of German European policy was always potentially problematic if ministers diverged because coordination tends to occur at a late stage of the process: not untypically after divergent positions have already been heard in Brussels negotiations. Both in process and substantive terms the decline of a pro-integration narrative is likely to make German European policy more incalculable. First, there is the potential for discord between Berlin ministries. Second, there is fact that the shifting agenda of German interests, as perceived within the Chancellor's Office, lacks the consistently pro-integration narrative of the past. Indeed, this is part of a pattern amongst the larger states, since it is already a feature of the 'hyper-activist' policy of President Sarkozy, whilst the UK's coalition government finds Prime Minister Cameron trying to balance his more pro-European coalition partners, with a set of Euro-sceptic Conservative backbenchers. However, unlike these two states (and especially the UK because of its non-membership of the euro), it is Germany that is central to all key policy debates. Thus a more interest-driven policy may be less consistent in nature, less shielded by an overarching pro-integrationist narrative and possibly exacerbated by polyphonic tendencies arising from multiple coordination points in the federal government.

Thesis 5: The Bundesländer as constraint (from 'let us in' to 'leave us alone')³

The German *Länder* had been subject to a diffuse impact from the integration process right from the creation of the ECSC (Grünhage 2007: Chapter 5). However, this impact had been handled through a set of rather *ad hoc* mechanisms of cooperation between their

governments, both inside and outside the *Bundesrat* as well as with the assistance of an observer located in Brussels with a view to anticipating proposals that would affect their interests. The growing importance of the structural funds, the impact of the single market and, in particular, a general frustration that the federal government seemed willing to give up *Länder* competencies to the EU without giving them formal participation rights in subsequent policy decisions resulted in a fight-back during the Maastricht negotiations. With the ensuing (Maastricht) Treaty on European Union necessitating approval by the *Länder* governments (as the members of the Bundesrat), the opportunity arose to compel the federal government to provide participation rights. This was a key change brought about by reform to Article 23 of the Basic Law. In short, this was the 'let us in' moment. With rights to participate in German policy-making when their substantive constitutional competencies are affected, and in key policy areas to be members of the German delegation in Council negotiations, their role in European policy became much more active rather than overwhelmingly passive. Further, rights were secured to participate in domestic preparations for the negotiation of EU treaty reforms.

During the subsequent rounds of negotiation - leading to the Amsterdam, Nice and Lisbon Treaties – they took full opportunity to exploit the new powers. They limited Helmut Kohl's efforts to agree to the introduction of more qualified majority voting in the Council at the 1997 Amsterdam European Council, notably in Justice and Home Affairs, where they held domestic competencies (Bösche 2006: 60-8). In the negotiations leading to the Constitutional Treaty they also articulated clear wishes, such as the inclusion of a catalogue of competencies that is designed to make a transparent division of policy responsibilities between the EU and the member states (see Bulmer 2010: 58-9). Thus a 'leave us alone' episode has followed on after the conferral of new powers through Article 23. A view developed on the part of Länder governments that the EU should stop interfering with their powers. It was especially popular in southern Länder, notably Bavaria but also Baden-Württemberg, where a preference emerged for greater autonomy to pursue their own solutions both domestically and in the EU context (Jeffery 2004: 608). During the period when Edmund Stoiber was minister president of Bavaria (1993-2007) a distinct Euro-sceptic tone was set in Munich. It has been from within Stoiber's party, the Bavarian Christian Social Union (CSU) that some Euro-sceptic voices have continued to be heard, notably with the challenge made to the Federal Constitutional Court (FCC) by Peter Gauweiler, one of its Bundestag deputies, as to whether the Lisbon Treaty was compliant with the German constitution, the Basic Law.

The *Länder* have therefore become part of the array of domestic actors that, albeit under the very specific circumstances of treaty reform, may have veto powers. Nevertheless, they have other powers over more routine policy and can therefore introduce further domestic contingency into German European policy. These powers are not new but they are, we argue, an integral part of the normalization of German European policy, since until the 1990s domestic support for integrationist steps was virtually automatic in a way that set Germany apart from France or the UK.

Thesis 6: The Federal Constitutional Court as 'Herren der Verträge' (masters of the treaties)

The arbitrary and lawless nature of the Third Reich led to a strong commitment to the legal order as embodied in the *Rechtstaat* in the Federal Republic, with the FCC viewed as the guarantor of the constitution. It is a self-confident, prestigious institution with very definite views on its role, and that has led to a certain rivalry with another self-confident institution, the European Court of Justice (ECJ). This latent rivalry was already apparent in the 1980s but

attained a new quality in the judgement of the FCC of 12th October 1993 on the compatibility of the Maastricht Treaty with the German Basic Law (Bundesverfassungsgericht 1993). The plaintiffs to the FCC argued that the Maastricht Treaty compromised the powers of the Bundestag .In its judgement the FCC emphasized the role of national parliaments in policing the boundaries of the EU's powers and reserved to itself the right to rule on disputes over competences, a view that was not welcomed in the ECJ. The judgement also required the Bundestag to specifically authorise Germany joining the euro-zone.

In 2009 the FCC ruled on a challenge to the constitutionality of the Lisbon Treaty, holding that the Treaty was in conformity with the Basic Law (Bundesverfassungsgericht 2009). In the absence of a European 'demos', it expressed considerable scepticism about the European Parliament, an institution accorded new powers by the Lisbon Treaty. It called for a strengthening of the control powers of the Bundestag especially in the area of the flexibility clause, passerelles or any future proposals entailing the transfer of sovereignty. Here the Court required new legislation to be passed to grant the Bundestag appropriate powers before ratification of the Lisbon Treaty could finally take place. The Court also enumerated a long list of areas in which the state should have sovereignty.

As anticipated by Becker and Maurer (2009), possible recourse to the FCC is now one of the framing elements of German European policy. It has been striking in the euro-zone crisis how the possibility of a negative ruling by the FCC has strengthened Chancellor Merkel's cautious instinct. The FCC is a domestic German institution but, as with the policy pronouncements of the Bundesbank of old, its rulings have an impact not only on German European policy but more widely as its veto power in the German system means it cannot be ignored. The FCC has therefore not only set a new tone in German European policy but has opened up scope for greater contestation of policy in the Bundestag as a result of the reforms insisted on in its judgment.

Thesis 7: The End of Permissive Consensus

For most of the history of the Federal Republic European integration has been seen to provide convincing answers to the material and normative concerns of the Federal Republic. It catered for Germany's hyper export orientation and allowed Germany to play an important role even before it achieved full sovereignty in 1990. It also provided a way of dealing with the past and establishing friendly relations with other European member states. In the first two decades of the Federal Republic there was some opposition (see Thesis 8) because closer integration was seen to compromise the prospects of German Unity. This opposition withered on the vine as German unity became an even more unlikely prospect though ironically it can be argued that European integration, by transforming the perception of Germany, actually helped facilitate German unity in 1990.

By the late 1960s there was a firm European consensus and Germany was conventionally portrayed as possessing a 'Europeanised identity' (Katzenstein 1997). This identity allowed German governments to press ahead with integration and to place themselves at the centre of European bargains rather than taking a position explicitly determined by the national interest. Germany's interest and the European interest were viewed as co-extensive; Germany had a 'European vocation' (Paterson 2010). There was some public concern about Germany's paymaster role but it was low-level grumbling easily drowned by the elite chorus.

In the period since German unity there has been a creeping erosion of support at a mass level, with the elite largely retaining their more pro-European preferences. As we have seen

German unity brought in an additional quarter of the population who never developed a Europeanised identity. Economic and Monetary Union never commanded a majority in public opinion due to attachment to the Deutsche Mark, but had strong elite support. It was an especial disappointment to the East Germans who had had such a positive experience with the D-Mark. The liberalising agenda of the Single Market collided with entrenched German practices and contributed to a *Europamüdigkeit* (tiredness with Europe) and public disquiet about the cost/benefit balance of EU membership (Jeffery and Paterson 2004). Overall German public opinion figures on the benefits of membership, having held up well, dropped 10 percentage points between 2009 and 2010 to 50 per cent, 3 per cent below the EU average (Eurobarometer 73, August September 2010).

The euro-zone crisis has had a dramatic impact on German public opinion with the red top press leading a ferocious attack on the arrangements for propping up the economies in trouble. These attacks were reflected in public opinion which was overwhelmingly hostile and where generalized support for the EU had been dropping even before the red top campaign. The result was that public opinion impacted on both the actions of the government and the political parties (see Thesis 8). Unlike the past mass opinion was seen as salient and elite pro-European opinion while still formally present had been subject to some 'hollowing out'. Also noticeable was the way in which Chancellor Merkel, no doubt influenced by the crucial May 2010 state election in North Rhine Westphalia, pandered to public opinion rather than trying to shape it. Equally striking were the 'dogs that did not bark'. Germany benefits hugely from the euro-zone and the 'benefit discourse' used to be the political weapon of first resort from a political elite confident in its Europeanism This time it was only deployed by the chancellor after all other avenues had been tried and had failed. Perhaps even more surprisingly the voice of German industry which benefits so hugely from the euro-zone was strangely muted.

The erosion of the permissive consensus in Germany will not lead to demands for withdrawal but will be associated with a sharper more assertive style explicitly stressing Germany's interests.

Thesis 8: The Fraying of the Party Political Consensus.

Differing views of the potential impact of closer European integration on German unity moved the Social Democratic Party until the mid-1950s and then the Free Democratic Party until the mid-1960s to oppose the first steps in European integration (Bulmer and Paterson 1987: 123-64). Since then there has been a broad consensus that reflects the weak incentives in the German system for polarizing party policy around the principles of integration (Lees 2002). Euroscepticism was a marginal phenomenon which had some adherents in the Bavarian CSU and was the official policy of the PDS. The PDS became more Eurosceptic when it merged with some of the left in western Germany to form Die Linke. Lacking other channels of influence some members of the CSU and die Linke were serial appellants to the Federal Constitutional Court.

If Euroscepticism remained marginal the European identity of the main political parties was perceptibly weakening. The CDU for so long the natural home of the most pro-European elements in Germany now has only two figures, Peter Altmaier and Elmar Brok, who would be classed as EU enthusiasts. European policy played no discernible part in the 2009 federal election. This lack of positive engagement with the EU by the political parties was exposed when the storm hit with the euro-zone crisis. The position for supporting the euro was not advanced in the initial phases with any degree of conviction. The marked unpopularity of the

750 bn euro facility for assisting the weaker euro-zone members contributed to the defeat of the ruling coalition in the North Rhine Westphalian Land election of May 2010 and to the SPD abstaining in the Bundestag debate on granting the facility. The party politicisation of European policy has proved to be contagious and the FDP, which has a very low poll rating in a year in which there are 7 Land elections, has tried to benefit from the unpopularity of any further rescue plan by criticising in very strong terms the idea of Eurobonds. In a position paper of the parliamentary party it unanimously rejected the idea of any qualitative or quantitative expansion of the current rescue facility. This position provoked strong criticism from Hans-Dietrich Genscher, the former foreign minister, and the FDP MEP's (Spiegel on line 22/01/2011). Despite its obvious populist appeal it is an odd position to take for the party of German business which does so well out of the euro-zone. It illustrates just how strong the populist pressures are.

Given the new saliency of public opinion and the prospect of further bumps on the road in the euro-zone crisis, the party politicisation of European policy seems likely to continue. European policy had ceased to be a matter of faith for the political elite as the generation with direct experience or memory of the war has been replaced but in the absence of a crisis it was business as usual. The euro-zone crisis has acted as a tipping point and politicisation seems set to continue. This politicisation will be further facilitated by the new provisions on parliamentary approval of European legislation arising from the Lisbon Treaty judgment of the FCC. These provisions are calculated to encourage a more active role on the part of the Bundestag (Integrationsverantwortungsgesetz, IntVG, 22nd Sept 2009; for analysis see Gröning-von Thünau 2010).

Thesis 9: Money matters: balancing financial imperatives and European policy

The very considerable costs of German unification have been a contributory factor to a wider fiscal crisis that has hit home over the last decade but has been accumulating ever since the 1960s. This fiscal crisis of the state makes a striking contrast with the healthy trading performance of the economy. Wolfgang Streeck (2009: 3-40) has identified four components of the fiscal crisis: very high non-wage labour costs; the need to consolidate public finances; the need to re-orient the tax burden away from corporations towards consumption and income tax; and the need to increase public investment. It is the second of these which is particularly important to German European policy. An earlier propensity of German governments in the pre-unification period to 'cheque-book diplomacy' has already died out. However, the slow but very significant accumulation of public debt had grown from under 20 per cent of gross domestic product in 1960 to over 60 per cent in 2006 even prior to the financial crisis. A federal finance ministry paper (2009, 3) predicted the figure would reach 83 per cent in 2013: well in excess of the 60 per cent requirement set down in the Maastricht Treaty to qualify for membership of the euro-zone. The high levels of debt, demographic change and social security commitments, together with the reformed provisions of the EU's Stability and Growth Pact, necessitated governmental action. They were then made more urgent by the financial crisis. The consequence has been to create a new balanced-budget rule, embodied in Article 115 of the Basic Law, and taking effect in 2011 (Federal finance ministry 2009). Against this constitutional backdrop the German government is acutely aware of the need to rein in expenditure. This requirement will necessarily impact on European policy: on the preparedness to undertake bail-outs in the euro-zone, as has been seen (and including the terms of the schemes); on the EU financial perspectives and budgetary negotiations; and in encouraging fiscal orthodoxy on fellow member states.

If the consequences of Germany's fiscal situation were clear internationally in the Greek and Irish euro-zone bailouts, it is important to recall the domestic corollary. Reducing public debt will place a burden upon German taxpayers or result in public expenditure reductions at a time when social welfare benefits have been reduced and healthcare contributions are rising. It is for these reasons that German public opinion and the red top press were highly critical of the euro-zone bail-out for Greece. Thus it is not just that the government must be extremely circumspect about entering into new financial commitments through the EU or the euro-zone, but also that public opinion will not allow it to do so without some clear justification.

Absent a pro-European narrative, it is clear that German policy in the euro-zone is going to be stark and insistent on exporting this fiscal restraint to partner states. And that is precisely what it did in February 2011, after finally managing to launch a Franco-German initiative on the euro-zone crisis (Pact for Competitiveness 2011). After resisting for decades French ideas of 'economic governance' as a counter-balance to monetary union, a joint initiative for a 'competitiveness pact' proposed such measures as embedding debt rules into national constitutions (sounds familiar?), pension reforms, abolishing wage indexation, a common basis for corporate taxation plus a minimum rate of investment in research and development, infrastructure and education. Moreover, whilst some of these measures were being considered by the Commission, these were to be part of an EU system, whereas the Franco-German proposals were to be operated under Article 136 TFEU for euro-zone countries only. These proposals revealed a strong German influence and a willingness to use differentiated integration, thus prompting opposition amongst some partners about both the content and the proposed process. As euractiv (2011) reported at the time: 'Merkel made clear that agreement on these measures, designed to align economic policies more closely with Berlin's, must be sealed in March before she will agree to strengthening the rescue fund for debt-stricken eurozone countries'.

Thesis 9 therefore argues that Berlin is seeking to constrain its financing of European integration and when it does commit resources will do so on the basis of strict conditionality on its partners following fiscal constraint. Germany's European diplomacy will consequently be more abrasive than in the past.

Thesis 10: Germany and the EU – power re-cast?

Historically, Germany had been a reluctant power in the EU. The shadow of history reflected in pre-unification semi-sovereignty had served to limit the Bonn government's preparedness to act alone or to block agreement on high profile issues. Instead, as noted earlier, German initiatives tended to be undertaken jointly with France or occasionally another state (e.g. Italy with the Genscher-Colombo Plan that culminated in the 1983 Solemn Declaration on European Union). Close Franco-German choreography characterised European policy initiatives immediately after unification as well, with Chancellor Kohl following what by then had become a routine in the foreground of the negotiations leading to the Maastricht Treaty. Thus German power had a rather unusual character. It was distinguished by the number of integrationist initiatives launched, and on which there was a prominent German imprint, in particular on the character of the European Central Bank Statute and other features in the design of European Monetary Union. As a major initiator of integrationist steps, successive federal governments were able to influence the character of subsequent governance through 'shaping the rules' (Bulmer 1997). As has been seen, such initiatives generally commanded widespread consent in the German political system, at least until the Maastricht Treaty. Moreover, these integrationist initiatives tended to over-shadow occasional instances when the federal government played a more defensive role in pursuing

its national interests. The underlying structural power of Germany in economic terms became an issue at times, notably with the Bundesbank's interest rate policy tending to dictate interest rates in other participating states in the European Monetary System. This was a particular problem in the early-1990s when German interest rates rose to reflect the costs of German unification but spread to other states which had completely different domestic monetarypolicy needs.

The conduct of German power in the EU has now changed. First, as already noted, the discourse of interests has changed the diplomatic language. Secondly, with political integration reaching a plateau the integrationist pattern of institutional export has declined. Thirdly, as the euro-zone crisis has shown there is a greater propensity to launch initiatives without consultation. For instance, the German proposal that sovereign debt bondholders might share some of the losses (by taking a so-called haircut) created ripple effects on the markets and immediately made borrowing more expensive for weaker fellow euro-zone states: scarcely the solidaristic behaviour practised in the past (Nielsen 2010). The explicit conditionality set out in the 'Competitiveness Pact' of February 2011 (see Thesis 9), making any enhanced bail-out provision dependent on agreeing to German rules on balanced budgets, displayed this hard-nosed approach to policy in very stark terms.

A more calculating approach is evident in other policy areas as well. In the Area of Freedom Security and Justice (AFSJ) German policy makers have succeeded in strengthening security provisions through utilising differentiated integration when some member states have been obstructive to EU-wide solutions. This pattern took shape almost by accident with the Schengen Convention but then took on a more explicit form with the later Prüm Convention (Bulmer 2011). At German initiative slow EU procedures were by-passed by establishing an intergovernmental arrangement for coordinating police and other data exchange before significant parts were then incorporated into the EU during the 2007 German presidency (Kietz 2007). This kind of venue-shopping can be seen as part of a new approach to exercising power.

In a harsher economic and financial climate, but one in which the German export economy performs well, the more robust language and practice of European policy in Berlin is going to make diplomacy more abrasive. And this approach has the support of a more critical public opinion. With the pro-integrationist elite rhetoric a thing of the past, German power can be seen as re-cast. The euro-zone crisis accordingly has led Morisse-Schilbach (2011: 40) to conclude that Berlin's policy was 'bad news for those who hope to see Germany maintain its status as benign hegemon in tomorrow's EMU'.

Conclusion

Our ten theses have made the case that Germany has become a more normalized member state. We argue that it is now adopting a wide range of diplomatic tools rather than the more skewed set in the past. National interests are more explicitly to the fore. And European policy is more contested in the domestic arena. This policy turn has been brought about by three broad sets of circumstances explored in the ten theses: changed international circumstances; changed domestic political, judicial and fiscal circumstances; and generational change. As suggested by Morisse-Schilbach (2011), Germany's status as benign hegemon is possibly giving way to a more assertive policy. Such a development would run alongside its economy's considerable structural power within the EU as the core economy in the eurozone. Our first major conclusion, therefore, is that a major change has come about in German

European policy some twenty years after the more obvious timing for punctuated evolution, namely German unification and the end of the Cold War.

In the immediate aftermath of German unification the coalition of Chancellor Helmut Kohl exported the pre-integrationist views of the German political elite. The institutional export of monetary policy structures was designed to allay the concerns of EU partners. Now, however, the exhaustion ensuing from a decade of EU constitutional debate, the more diffuse set of interests in the EU of 27 states and, domestically, a declining enthusiasm for integration accompanied by an increased number of veto players has changed the constellation of German European policy in a rather fundamental way. Pro-integrationist rhetoric is no longer seen to be the trump card.

Instead it is more likely that we are going to experience a different pattern of European diplomacy, for which the signs have already been emerging. Its characteristics are likely to be less predictable than in the past, less governed by an overall strategic vision for the EU, more guided by venue shopping to find the best forum for articulating German interests – whether it is the EU, differentiated integration (as evidenced by the formations in relation to the euro-zone or the AFSJ), bilateralism or some other international arena. In whatever European forum it is active, Germany holds a very strong position; hence it has a range of policy options.

Whether this new European policy has a joined-up strategic narrative or is a series of ad hoc tactical calculations seems to fall increasingly to the Federal Chancellor's Office and the personal orientation of the Chancellor: the 'third' coordinating point for Berlin's European policy. A second conclusion, therefore, is that the era of Germany 'leading from behind' has passed and that its policy is now highly visible. There is a certain irony here that this has occurred under Chancellor Merkel, a politician noted for self restraint and who has sometimes been criticised for not being visible enough in domestic policy. Our last conclusion is that Berlin's European policy has already become less predictable and this is likely to continue. Without a pro-integration narrative it is likely to be a less 'comfortable' policy for fellow EU members.

But what of the wider significance of these conclusions? Here we argue that the ramifications could be quite significant. Contrary to the expectation that treaty reform would enable the EU to be purposive and retain efficiency following the enlargements of 2004 and 2007 the signs are rather different. Instead there is concern about a 'leaderless Europe' (Hayward 2008): 'Particularly since its enlargement to twenty seven members from January 2007 the EU clearly has an excess of entrenched 'veto players' as described by George Tsebelis' (Hayward 2008: 8). The EU's institutional structure appears if anything to be more dysfunctional. The member governments' policies do not reveal a coherent set of preferences. In some member states—but not Ireland and Greece—domestic actors beyond government seem disengaged from European policy.

At the EU level the strengthening of the European Council through the Lisbon Treaty has led to institutional re-balancing. The new post of High Representative of the Union for Foreign Affairs and Security Policy is yet to make the EU more effective internationally. The eurozone crisis has not helped the second Barroso Commission to assert itself. But if the European Council's greater importance suggests that we should look to member governments for leadership in the EU, the situation here looks no more promising. Berlusconi's Italian government is beset with domestic problems. Prime Minister Cameron has been accused by his Liberal Democrat coalition partners of moving the UK towards an 'empty chair' policy characterised by policy disengagement from the EU (e.g. over the future of the euro-zone) except on the all-important issue of budgetary contributions (Parker, Spiegel and Chaffin 2011). French influence appears to have waned somewhat, in part because of turbulent relations between President Sarkozy and Chancellor Merkel. What is clear from all this is that the scope for German leadership has increased, while that for many other actors appears to have decreased. But this German leadership, as we argued above, is likely to be rather more calculating than in the past. It is for these reasons that Germany's changed European policy matters.

In short, our findings lead us to observe Germany leading 'a life more ordinary'.

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¹ For a more detailed and differently-structured argument about normalization in German European policy, see Bulmer and Paterson (2010).

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³ With acknowledgment to Charlie Jeffery for the subheading: see Jeffery 2004: 606.