

GERMANY DRIVES FOR A RENEWED EUROPEAN IDENTITY FROM JULY 1st.

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Germany is taking over the European Presidency on July 1st. The recent deal between Merkel and Macron on the Recovery Fund demonstrates a renewed Franco-German axis as the leading force in the EU. This is primarily due to the realisation by Merkel that, despite complications which have emerged in the traditional French relationship since it was once created, it is at present the only viable way to continue to promote the regeneration of Germany's own vital economic interests within the EU, and limit the dire consequences which have emerged in the Eurozone due to the pandemic. The Chancellor added however that this would take place in return for changes in the Treaties and by directing the core investments in the digital and the new green economies, in the context of Germany's intended future investment plans and its continuing strategic dominance of the EU.

Germany continues to identify its fate with that of Europe. And it is taking advantage of the pandemic crisis to secure and consolidate its own institutional superiority over the continent. All this will be done on July 1st under its telling Presidency slogan which is "Together Making Europe Strong Again".

At a first glance the recent sentence from the German Federal Constitutional Court suggests a crisis in the European construct of an ever closer union by pointing at the limits of European governance and the necessity to revise the Treaties. In reality it is a further institutional push by Germany to consolidate power within the EU, by handing her the key to a redefinition of the legal structure of the Eurozone with a majority voting system already gravitating around alliances dependent upon her, and that simply hands her legitimate power on a plate.

The Court's decision, by not defining the adoption of the QE programme unconstitutional on the one hand, and by heavily criticising a number of EU institutional bodies, (BE, ECJ) has de facto extended and sealed a political imprint on all non conventional monetary policies. Unfortunately there is a good deal of unhistorical thinking where the Community first, and the EU now, is concerned. In fact, it is precisely here, if nowhere else, that Germany's present policy building within the EU resembles the imprint, if not, the militaristic intent of the German Prussian Empire: it is not that history repeats itself, so much as human nature. When it was being built, many said that it was unique and sui generis. Moreover Bismarck sold the idea of the Empire to other states (the reluctant southern states of the time) by saying that it would contain Prussia, and did everything in his power to assure them that Prussia was satiated. The new Germany was to bind Prussia in and neutralise her. As Sir Bill Cash MP pointed out in his pamphlet in April 1990, "Arguments against Federalism" and again in his book "Against a Federal Europe" in 1991, it is difficult not to avoid the comparison with present day Germany in relation to the other states of the Union and the motives for closer integration. It is important to note Sir Paul Lever's recent book "Berlin rules" which is a magisterial account by the former British Ambassador to Germany. It can hardly be said that the German Empire contained Prussia. Over the forty years after its foundation, the Federal Empire witnessed massive centralization. The constitution contained federal and military elements and yet it was the centralizing elements which won out in the end. Indeed Prussian hegemony fitted into precisely the gap between the two since, where centralisation took place, it was invariably convergence with Prussia, yet the commitment to remain centralised allowed her to defend her

interests when she wanted to. As Bismark said " I have always found the word "Europe" on the lips of those who wanted something from other powers which they dared not demand in their own name".

It is essential to grasp the notion of 'political weight' to point out that even within a federal construct, the realities of power will predominate. The use of "Europe", a vague and undefinable term fits neatly into the all too German habit of using vague absolutes as political watchwords. The reference to "Europe" is thus evidence of the old German characteristic of being what Thomas Mann called "unpolitical". The plan to construct a political union in Europe on the model of the German Federal Republic betrays a defective level of political maturity evident in the primacy given to principle, the loyalty to fundamentals, to ruthless coherence instead of to balance, or to compromise which is always thought of as horsetrading, treachery and laziness. While Germany may have been forced to permit some seepage of sovereignty to EU institutions on some issues for the sake of having had to identify its fate with that of a European construct, she was never prepared to give ground on things that really mattered, monetary union in primis, making it clear time and again that ' in the field of monetary policy' the principle of subsidiarity does not apply. Monetary policy therefore, cannot take account of the needs of different regions or countries and fiscal policy must not obstruct it.

Germany's economic strength derives at present from the fact that she saturates the EU with her exports. She has consolidated by now her position via the Single Market, while gaining de facto control of the Single Market, by removing the competitiveness of weaker economies while insulating its workforce from competitively low wages abroad through the Social Chapter and minimum wage. The pandemic crisis has dramatically emphasized economic decline and rising unemployment on the periphery of the EU and its South who are now faced with having to finance the German stronghold.

The recently impending EU debt instruments and credit lines from the EU's bailout arm will fundamentally mean that the debt servicing would be done through funds allocated to the EU through contributions from the member states, based on their share in the EU budget. As a sweetener, Italy and Spain are intended to receive € 82 and € 77 billion respectively of the package in grants to get them to agree to these proposals. They are also in line to obtain another €91 and €77 billion in loans. Member states in financial difficulties will thus remain liable for their current debts and their increase in their debt stocks. However, who is to say that the poorer or more indebted countries of Europe are to be happy with a dominant Germany just because it is said to be good for Europe? This will be followed with EU taxation, including corporate tax and a European Defence Policy, which the member states will be expected to pay for, probably by QMV.

Can future European arrangements be built simply on the promise that Germany will now be more 'European' in the light of her recent Federal Court's decision? As Genscher, the former German Minister for Foreign Affairs once said "our actions, and above all *our thinking*, are of special significance for the future of our continent" ... and that "Germany's pre-eminent economic power is simply good for Europe". He also said " Germany will not bow to pressure. It has never bowed to pressure". It is Germany's export policy which has been on a massive scale, certainly good for Germany's dividends and political and economic muscle over other European member states. Presently, a number of member states are holding out, Austria in particular, and potentially Hungary as well.

In its Presidency from July, Germany can prove Genscher was wrong, but time will tell.

The Federal Court's decision would be proof of a spectacular failure of the EU project which has, by now, turned a European Germany into a German Europe, as was made clear in June 2016 in the book "From Brussels with Love". If integration in the EU accelerates, so will Germany's weight within it, particularly within an inner circle or club of Nordic countries which Germany would dominate.

Current policy in Europe must carry a healthwarning before these plans for a deeper integrated Europe stray into the darkest political territory.