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From Status Quo Power to Reform Engine

Germany's Future Role in the European Union

Ronja Kempin and Nicolai von Ondarza

One of the self-imposed goals of Germany's new Federal Government is to shift the priority of its European policy from a focus on European Union (EU) cohesion towards its reform and deepening. The first window of opportunity for this will open as early as spring 2022. In order to achieve the desired reform of the EU, however, Germany must change four aspects of its approach to European policy. It must strike a new balance between crisis mode and reform agenda; combine the community method with differentiated integration; engage in more active intra-European diplomacy to forge a reform coalition; and create concrete initiatives to operationalise the ambition for European sovereignty.

The new German government has set itself the goal of strengthening and deepening the EU, and 2022 presents a favourable window of opportunity to this end. During France's EU Council Presidency in the first half of the year, President Emmanuel Macron plans to reform important EU policy areas, namely the Schengen area as well as climate, digital and social policy.

The French Council Presidency is closely linked to the *Conference on the Future of Europe*. Here, Germany held itself back until its new government was in place at the end of 2021. However, the new government has upgraded the importance of the conference, aiming to use this format to provide a strong impetus for reform, including the ambition to turn the body into a new constitutional convention. The final report of the Conference will be negotiated until 9 May 2022, but the crucial phase comes afterwards.

After citizens put forward their recommendations, the task will be to negotiate how the EU institutions will deal with their proposals and whether – as called for in the German government's coalition agreement – they can be a catalyst for further deepening of the EU (see SWP Comment 19/2021).

Moreover, the balance of power in the EU has shifted in favour of deepening the level of integration. In Italy, Prime Minister Mario Draghi is pursuing a decidedly pro-integration course and in the Netherlands, the Rutte IV government is now open to greater deepening. The number of countries that want to steer the EU towards expanded common ground and integration is larger than it has been for a long time.

At the same time, 2022 could herald the return of the community method. In January, the current European Commission under Ursula von der Leyen began the sec-



ond half of its term of office. Major legislative projects – including the Green Deal/Fit for 55 package and digitisation – have been put on the table and now need to be negotiated between the European Parliament (EP), the EU Council and the European Commission. After years of crisis in which the EU sought and found answers outside of its regular structures, ambitious legislation is now back as the core focus of the Union’s agenda and at the centre of its claim that it is a global rule-maker.

However, the dispute with Poland over rule of law stands in the way of a positive dynamic of reform. Warsaw’s attempt to turn this conflict into a debate about the competences of EU institutions and the binding nature of EU law is forcing Brussels and member states to reveal their positions on the institutional structure of the EU.

And of course, crises and their management will continue to dominate the European agenda in 2022. The further course of the Covid-19 pandemic continues to pressure the Union to find common political and economic responses. In terms of foreign and security policy, the EU is challenged by Russia on its eastern border; and it must also continue to determine its course in the great power competition between the US and China.

In order to take advantage of the opportunities that present themselves, the German government must quickly assume a (co-)leadership role. But to do so, it must redefine Germany’s role in European policy.

Moving on from Germany as a Status Quo Power

Germany’s role in European politics in recent years was that of a status quo power. The governments led by Chancellor Angela Merkel between 2005 and 2021 were challenged to find ways to guide the EU through various crises. In the process, the focus of European policy increasingly shifted from technocratic rule-making to being driven by events and power politics. It underwent the shift from a regulatory body to a political

body (Luuk van Middelaar), perpetually managing crises with innovative instruments – sometimes outside of the EU treaties – to contain existential threats to the Union. Out of the enlightened realisation that Germany is only doing well if Europe is doing well (Angela Merkel), a policy of status quo preservation ensued. This course – pursued in light of the failure to ratify the Constitutional Treaty and the difficulty in ratifying the Lisbon Treaty – was geared towards keeping the EU together, while avoiding any unnecessary risks with EU reforms that could divide the member states.

As a result of this policy, in the last decade the EU has only developed when immediate crises needed to be tackled. Examples of this are the unfinished banking union and the negotiations on the EU’s common asylum system, which is still not concluded. Non-crisis-driven reform processes such as the “Leaders’ Agenda” of then-European Council President Donald Tusk, meanwhile, came to nothing. While crisis management has strengthened the position of important member states – first and foremost, Germany –, the power of EU institutions has abated. This is exemplified in the fact that the adoption of EU legislation has diminished over each legislative period since 2009, with the most significant drop in EU legislative agreements being observed during the pandemic. Individual member states have been able to use blockades in the EU’s political system to push through their national interests. The German government, for example, successfully fended off initiatives to share financial risks. Ultimately, Germany’s approach to preserving cohesion by championing the status quo has not only failed to contain centrifugal forces in the EU, it has actually strengthened them.

Shifts in the goals and interests of German European policy

Like its predecessor – as expressed in the 2018 coalition agreement –, the new Federal Government has declared its ambition to work towards strengthening and

deepening the EU. Berlin's fundamental interest in a democratic Union capable of taking action has not changed. However, a shift in Germany's European policy self-image is clearly discernible in the coalition agreement: it wants to move away from being a status quo power and move towards becoming a driver of further deepening. The word "cohesion" ("*Zusammenhalt*" in German) does not appear once in the agreement's chapter on "Germany's responsibility for Europe and the world", but a "federal European state" is mentioned as the long-term goal of the integration process. The government also emphasises its willingness to amend the treaties. Its ambition to pursue a more active European policy is also expressed in the declarations that it wants to take a quicker and clearer stance on the rule of law and, if necessary, to move forward with groups of states in terms of integration policy – both policy approaches have been avoided by Germany since the mid-2010s.

The interests of the Federal Republic should be assessed differently. The crises of the past decade have anchored EU policy in social consciousness. In central areas of public life, the EU has assumed more responsibilities (even if this has not been reflected in an increase in competences). These include, for example, procuring vaccines and constructing an infrastructure for digital vaccination certificates, but also securing the external borders.

Added to this is the increased relevance of existing Union competences. The German government's major goals to transform and modernise its economy in the climate, energy, digital and transportation fields can only be realised within the EU framework. However, a Union that takes such far-reaching decisions on the transformation and repositioning of its economy will become further politicised and inevitably require a greater capacity to act and greater democratic legitimacy.

Last but not least, the power of the EU on the international stage diminishes almost daily if it is not united. Moscow and Washington negotiate the future of European

security over the heads of EU Europeans. In the competition between China and the US, Europe could become a pawn rather than a player. Under these conditions, German risk assessment steers it from the status quo and pushes it to deepen and strengthen the EU.

Four Visions for the EU

This change to Germany's interests and goals in its European policy is confronted with an EU whose institutions and members continue to have very different objectives. Four visions for the further development of the Union rival one another.

Since 2017, Emmanuel Macron has been advocating for comprehensive reform of the EU. According to him, the Union must be able to better protect its citizens – in economic policy as well as social, climate or even security and defence policy. Here, the creation of a sovereign Europe must go hand in hand with a comprehensive political and institutional relaunch of integration.

In contrast, Commission President von der Leyen relies on the binding effect of large transformation projects. At the core of her Commission's agenda are the Green Deal and the Digital Strategy, two major projects to restructure the European economy. Both projects are based on the Single Market and use the classic instrument of integration through EU legislation. During the pandemic, the Commission also pushed to express visible signs of European solidarity and sovereignty through joint vaccine procurement, support for short-time working benefits and, last but not least, the reconstruction fund.

A different focus is set by the proponents of the maxim of "*good governance*". They include several Nordic member states, such as Denmark, Sweden, Finland, and, with a slight shift with the new government, the Netherlands. According to them, the EU should concentrate on implementing the strategic agenda of the European Council and addressing the practical problems of citizens. However, these states are largely

opposed to further deepening or institutional debates, such as those taking place as part of the *Conference on the Future of Europe*. Instead, in their view, both the EU and its member states should strengthen themselves through good governance, competitiveness and output legitimacy.

The governments of Poland and Hungary have completely different interests, demanding a return to intergovernmentalism and to a focus on economic cooperation. They are supported by EU-sceptical parties with good electoral chances in other countries, for example in Italy and northern Europe. From their point of view, EU competences already go too far. These forces want to abolish the principle of majority votes in the Council, cut back on Brussels' competences and eliminate the primacy of EU law over national constitutional law. They argue that the EU should focus on economic cooperation and leave value-based decisions to its member states.

Guidelines for the New German European Policy

While Germany's EU policy has so far focused on striking a balance between these different aspirations, the traffic light coalition seems to want to position itself between Emmanuel Macron's reform initiatives and the Commission's modernisation agenda. However, in order to establish itself as a vanguard of European policy, Germany must change its strategy in four areas:

Balancing crisis management and reforms

First, the German government must find a new balance between crisis management and long-term reform. In order to prevent Germany, and the EU as a whole, from being once again absorbed by crisis management, it should draw up a European policy reform compass as soon as possible and formulate its own dedicated agenda for the future of the EU. Building on the goals of the coalition agreement, this could also set

the tone of future climate, digital and social policy initiatives. This, in turn, could be important for the legislative projects of the Union and also contribute to its deepening by setting building blocks for the transformation of the European economy. Such an agenda would also require concrete ideas, for example on the question of how the democratic legitimacy of these far-reaching decisions can be strengthened.

If it wants to be a champion of integration, the German government would need to abandon the path of consensus orientation and path dependency. In the past, with a view to maintaining cohesion and safeguarding German national interests, it was often sufficient to build up blockade minorities or to point out an existential threat in a moment of crisis in a "controlled panic" in order to push through instruments such as the European Stability Mechanism (ESM). A reform policy without an acute threat, on the other hand, requires intensive negotiations to balance interests, transfers of sovereignty, and political and financial burden-sharing. Not least in Germany, this requires much more active European policy communication of the goals, trade-offs and advantages of EU deepening.

Uniting the community method and differentiation

Secondly, in order to be able to implement this agenda for the future, Germany should offer a mix of measures to its partners: it should propose to them to strengthen instruments that do not require a change to EU treaties and with which they can break the taboo of primary law reform in the long run. The German government should opt for an approach that contributes to significantly upgrading the EU institutions. It should closely cooperate with the Commission and engage in robust discussions in the Council and the EP, particularly with respect to the upcoming negotiations on the Green Deal, Digital Agenda, social policy projects and the Single Market. Even with explicit German support, the road to this goal is long, rocky and fraught with

risks. For it to culminate in a constitutional convention — or the coalition agreement’s objective of a European federal state — will remain a distant goal for the time being. In contrast, a more active shaping of the EU, in which integration is achieved through joint transformation of the economy and thus also through public debate, can create the preconditions for support of treaty changes in the medium-term. Treaty change — until now taboo — should no longer be a blockade to EU reform.

Nevertheless, even the German government is unlikely to succeed in convincing all 26 EU partners to take part in all further steps towards deepening. A serious push for integration will therefore only be achieved within groups of member states. But this need not be in contradiction to the community method. The EU Treaty, with the possibility of enhanced cooperation in internal policies as well as the Permanent Structured Cooperation in security and defence policy, has enough means at its disposal to allow groups of member states to make progress using the community institutions and to shape this differentiation in such a way that others can follow.

Fostering active intra-European diplomacy

Thirdly, Germany needs partners for its reform agenda. Berlin should therefore intensify its dialogue with various states and groups of states while further developing intra-European diplomatic relations on a bi- and minilateral level. Given its economic and political weight, Germany is already at the centre of European diplomacy. In following the maxim of cohesion, the Federal Republic has pursued this role with two objectives: on the one hand, it has acted as a bridge-builder, bringing about compromises between different camps in the EU, especially in acute crises. Thus Germany — with the exception of the Weimar Triangle — is not a member of the minilateral formats such as the Visegrád Group, the “New Hanseatic League” or the “Frugal Four”. On the other hand, this has helped

the Federal Republic to present the position of its own national interests in EU negotiations as “moderate” and, for example, with the help of the “Frugal Four”, to act as a mediator rather than a veto player in EU budget negotiations.

As a reform-oriented power, however, Berlin will need to forge active coalitions rather than block minorities. France remains the most important partner here, particularly when it comes to transforming the results of the *Conference on the Future of Europe* into integration impetus or into shaping strategic sovereignty. But the Franco-German motor has always worked best when Germany and France represented different camps within the EU. This is no longer the case in the more heterogeneous EU-27. The creation of the recovery fund, the greatest Franco-German success of the last ten years, has shown that the involvement of other states is just as important. Germany should therefore increasingly cultivate active intra-European diplomacy with “like-minded countries” and groups, but also approach Poland, the Nordic countries and Italy with the aim of pursuing joint initiatives in order to bring together as many supporters as possible. If necessary, this should involve forming groups of countries willing to forge ahead via differentiated integration. One option for this would also be the reactivation of the “Ventotene” format between Germany, France and Italy. Cooperation under this umbrella ended after the Lega came to power in Italy in 2018; with Mario Draghi, however, new life could be breathed into this triumvirate. Italy’s prime minister recently expressed his willingness to support EU reform by signing the Franco-Italian Quirinal Treaty. Establishing reform coalitions thus requires Germany to be a different kind of bridge builder — one that strengthens supranational institutions and brings national governments together in groups that want to consolidate the EU and move forward with concrete projects.

Operationalising strategic sovereignty

ests of its members and its citizens internationally can remain credible internally and continue to deepen in the long-term.

The fourth major task is to operationalise the desired goal of “European strategic sovereignty”. In the last decade, there have been enough “wake-up calls” indicating that Europeans need their own instruments of power lest they become a pawn and not an actor in the geostrategic competition between the US and China. The humiliation during the Trump years, the poorly coordinated withdrawal from Afghanistan, the ring of crises in the neighbourhood and, most recently, the negotiations between Moscow and Washington without independent European participation have shown how insufficient the EU is in the eyes of its geopolitical competitors.

During the German EU Presidency, Berlin initiated the development of a Strategic Compass (see SWP Comment 3/2022) for the EU’s security and defence policy. In addition, it has repeatedly put forward ideas on how decision-making procedures in EU foreign policy could be made more flexible. Both processes must be consistently completed by the traffic light government.

However, it must also provide answers to operational questions: when and where would Germany deploy military and/or civilian missions within the framework of the EU? For which military purposes does it want to use joint armament projects? And is it prepared to export these and other military goods, currently to Ukraine, for example?

However, solidarity in practice is not limited to the realm of hard security policy. It also extends to cases like Lithuania – which should be able to count on EU assistance in the face of Chinese threats – and to the case of refugee policy – a field in which Berlin has all too often refused to share the burden with its partners on the EU’s southern periphery. Politically, the conviction must prevail in Berlin that only a Union that can also represent the inter-

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