

## **Moments of Truth – A new neo-Gaullist Germany?**

**Riccardo Perissich**

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**G**ermany has changed. Or has it? Thomas de Mazière, a leading German politician from Chancellor Merkel's party has created some sensation by declaring that Germany will now defend her national interest "like France, the UK and Italy". In phrasing his remarks, Mr. de Mazière displayed the usual disregard for small countries: who would dare to suggest that Denmark, the Netherlands, and even tiny Luxemburg (to mention but a few) have not always done anything other than defend their 'national interests'? It is astonishing how national politicians are capable of deluding themselves and their audience; if the politician happens to come from Germany, the impact is inevitably greater. The notion that in the past Germany has not defended its national interest does not stand up. One has only to remember the epic battles on monetary matters between the French and German finance ministers before the creation of the euro, or the nonchalance with which Germany disregarded the Stability Pact when it suited her. One can also mention the systematic contempt towards the European Commission – witness the mediocrity of German Commissioners after Walter Hallstein – or the willingness to join forces with France to derail the liberalisation of energy markets.

The European process is based on compromises; when it comes to selling them to national electorates, countries behave differently. France feels compelled to declare victory; Germany has more often chosen to stress the concessions that it made, adding that they were painful but necessary for the sake of 'Europe'.

The reality is very different.

Riccardo Perissich is Executive Vice-President of the Council for the United States and Italy and former Director General for the Internal Market and Industry in the European Commission. The views expressed are those of the author writing in a personal capacity and do not represent those of EuropEos or CEPS.

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A statistical-historical study could easily demonstrate that in the majority of cases it is the German point of view that carried the day. This is even true for agriculture. The Common Agricultural Policy would have had less perverse effects – and would have been less costly – had it not to provide for the high prices required by German farmers. Some will remember the almost farcical episodes when in one room the German finance minister was fuming about excessive expenditure, while next door his agricultural colleague (usually from Bavaria) was arguing fiercely for higher prices. The ‘paymaster syndrome’ is another example. There is no doubt that Germany is a big contributor (although proportionally smaller, for instance, than the Netherlands), but no German government has ever attempted to explain to public opinion that the financial cost is very modest in comparison with the enormous benefits, political as well as economic, that the country has drawn from European integration. By and large, the spread of Teutonic virtue around Europe has been good for everybody.

Unfortunately, German politicians, instead of building on its successes, have instilled in their electorate the perverse belief that Europe is a price that they are called upon to pay for their past sins. After reunification and to generations after the war, it is not surprising that this looks unjust. When the young Helmut Kohl was waving the European flag on the Franco-German border, many of his successors were either not yet born, or were learning Russian in Communist schools.

Perhaps Mr. de Mazière used the wrong term. Instead of “national interest” – something we all pursue – he should have spoken of “opposition to the sharing of sovereignty”. There, speaking of France and the UK (but not of Italy), he would have been on safer ground. In both the British and the French case there is a reluctance to accept new transfers of power to ‘Europe’ even if it would be in ‘the national interest’. The difference is that, while this ideological opposition is absolute in the UK, the French have shown themselves to be more amenable. Germany has never in the past regarded ‘integration’ as problem in itself and has always been willing to enter into ‘European’ compromises, as long as they satisfied its perceived national interest. Is this the ‘change’ Mr. de Mazière is talking about and that creates so much sensation? If that were the case, we would all face a very serious problem. When the Maastricht Treaty was negotiated, Chancellor Kohl asked that monetary union be complemented by deeper political integration. France made sure that this did not happen. Admittedly, Germany was vague in defining what it meant by ‘political union’, but many others, particularly France, have only themselves to blame for this possible surge of ‘German Gaullism’.

The fact that Germany has decided that it has ‘come of age’, is not necessarily a bad thing. However, it also has to explain what kind of Europe it wants and what role Germany sees for itself in Europe. Basically, there are only two options. One is to aim at more integration and lead the way in that direction: something the Germans have until now declined to do, at least openly. The other is to come to the conclusion

that a new, unified and successfully reformed Germany can do its own thing and face the world alone. The willingness to compromise on the Greek crisis is a step in the first direction; the reluctance to work for a common policy on energy and Russia points the other way. The 'European' option poses a major challenge to Germany. Leadership cannot be reduced to lecturing: it requires vision. The 'lecturing' capacity displayed by Helmut Schmidt in the 70s was more eloquent and compelling than Angela Merkel's, but he only managed to irritate everybody until he decided to endorse new imaginative proposals that led to the creation of the European Monetary System.

The architecture of the Lisbon Treaty was based on two assumptions: that the main task facing the EU was to strengthen its capacity to act at international level and that the instruments provided by the existing treaties for the governance of the euro area were adequate. While the first assumption remains valid, the second has been overturned by the financial crisis. The Lisbon Treaty contains little new ammunition to improve economic governance. The only significant arm is the existence of a full-time chairman of the European Council capable of proposing and brokering compromises. If the Commission had not lost some of its authority, it could have fulfilled that task, with the additional advantage of having available intellectual resources to elaborate proposals and the administrative capacity to implement decisions. Given the institutional vacuum, it will not be easy to redefine the governance of the eurozone in a way that will convince the markets and rest of the world that Europe is on a steady path towards financial stability and sustainable growth. Germany will fight hard for stricter rules and stronger enforcement. It has many good reasons to do so.

However, this will be insufficient if some progress is not made on three other fronts that are all difficult to sell to the electorate, which is currently in nationalistic mood. First, there is the necessity, as advocated by Mario Monti, of strengthening the single market, particularly in the service sector, with less nationalism, more competition and better regulation. For financial services, this requires a degree of transparency and centralisation that may conflict with the opacity of the German banking system. Second, the introduction of stricter rules will have to be complemented by the development of new common instruments of solidarity, possibly requiring a bigger common budget. Third and more importantly, these would be changes of a 'federalist' nature. It would be unrealistic to think that stricter rules and sanctions could work successfully if based on the present system of 'peer review', or that solidarity can be handled as a sum of 'national gifts': they would require a stronger central political authority. All this would not amount to a fully-fledged federal Europe, but would constitute a new step in that direction. Such an evolution may well lead to a smaller Union than the present one, but we should shed few tears over that. Most of all, it would require the type of imagination and leadership that presided over the Schuman plan in the 50s and the creation of the euro.



**E u r o p E o s**  
C o m m e n t a r y

To choose the ‘national’ way would probably be easier from a domestic political point of view, because the blame could be put on the failures of other countries; a temptation populist politicians can hardly resist. When German leaders travel around the world, they are the only Europeans to be taken seriously; this can only increase their self-confidence. However, a neo-Gaullist policy is only conceivable if based on the assumption that the present Union has reached a cruising speed and can survive without more integration. The French Gaullists held that view in the 70s and had to change their mind. Indeed, France was confronted with the same dilemma between a ‘European’ and a ‘national’ option and thought that it could have it both ways. The result has been a European process that has moved two steps forwards and one step backwards at a painfully slow speed. That option is no longer open. The rest of the world is not willing to leave us alone and wait for us to solve our own problems. More importantly, the euro has changed the situation drastically. In the past we could afford the leisure of moving the pendulum back and forth on market integration. The euro is different: you cannot have ‘a bit less of it’.

Leadership and imagination are two commodities that are in short supply in Berlin, as well as in Paris and other capitals. However, one can still take comfort in something Jean Monnet said: “European integration is born in crisis and builds upon them”. The dramatic decisions that were taken on 9<sup>th</sup> May 2010,<sup>1</sup> the 60<sup>th</sup> anniversary of the Schuman declaration, vindicate his words. In any event, a disaffected public, in Berlin and elsewhere, deserves at least one thing: to be told the truth.

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<sup>1</sup> European finance ministers agreed to a €750 billion rescue package to bolster the eurozone in a meeting on Sunday, 9<sup>th</sup> May 2010.