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The Federal Republic of Germany and the European Union crisis. The example of Grexit and Brexit

Abstract: The paper discusses the issue of the present role of Germany in the European Union. The leadership of the Federal Republic of Germany is analyzed on the example of political activity with reference to Brexit and Grexit. The paper addresses two significant issues, that of whether the FRG seeks to be the European leader, and whether being a leader is actually advantageous for Germany. The analysis leads to the conclusion that Germany is the leader in European policy and that this position is ambivalent.

Key words: hegemony, leadership, Germany, Grexit, Brexit

Introduction

The crisis in the European Union is a complex phenomenon manifested in many fields, such as the 2008 global financial crunch, migration crisis, problems with terrorism and the threat of Grexit and Brexit. Both terms were coined by merging the words Greece and Britain respectively, and exit, to refer to Greece and the UK leaving the European Union (Musiał-Karg, Lesiewicz, 2015, p. 111). In all these crisis situations, decisions pertaining to the entire community were made by the Chancellor of Germany, Angela Merkel. Her opinions and decisions had an impact on the European Union's policies. The economy of the Federal Republic of Germany (FRG) is the most developed in the whole of the European Union, Germany is the EU's biggest exporter and the main net contributor to the budget of the European Union (*Niemcy...*, 2015). It may therefore be presumed that this powerful economy and the resulting financial outlays ensure Germany's influence on the EU and member states. Both the media and academic circles have recently begun to conceptualize the growing position of Germany in Europe. Germany has been described in this discourse as a hegemon against its own will, a liberal hegemon, a lost power, and a pragmatic power. The objective of this study is to determine

whether the crisis in the European Union fosters implementation of the German *raison d'état* and whether it entrenches the FRG as a European leader. Whereas the concept of the *raison d'état* is synonymous with national interest, they are not equivalent. The former is a more lofty concept and a value of a higher order, whereas national interest is directly connected with the interests of citizens. In international relations, national interest can be defined as the paramount activities a state conducts abroad (Kałużna, Rosicki, 2013, p. 124). Another question is that of the role of the FRG in Europe. In the context of German politics, the so-called German issue arises. Twenty years after reunification, Germany has become a power again and plays a key role in Europe, assuming the central position in the Old Continent (Cichocki, 2012, p. 1). The FRG may either use its position to try to enhance European integration or to maintain the *status quo*, which allows it to implement its own policy within the framework of the EU.

This paper puts forward the hypothesis that the dominant role of the FRG in the EU puts it in an unfavorable position. In order to verify or falsify this hypothesis, the theories of hegemony and political leadership will be discussed and, in the final section of the paper, current EU crises, the German attitude to these crises and the outcomes of this attitude will be analyzed.

Hegemony and political leadership

In mass media discourse hegemony is defined in colloquial terms as being synonymous with domination and superiority. In academic terms, hegemony is a highly extensive and capacious category from the field of political science or, to be more precise, from the theory of international relations. Renowned specialist in international relations and author of his own theory of hegemony, Andrzej Gałganek identifies three approaches to defining hegemony: cyclical theories, linear theories and oscillation theories (Gałganek, 2006, p. 7).

Cyclical theories assume a relation between international relations and time and space, where time is cyclical. Processes are assumed to be recurrent. Among the most popular representatives of this approach is the long cycles theory, developed by Polish-American political scientist Georg Modelski, and the hegemonic stability theory authored by American historian and economist Charles P. Kindleberger (Gałganek, 2006, pp. 11–13).

Modelski's theory assumes the operation of a cyclical process whereby a change of hegemon occurs. This is a permanent relation, rather than a coincidence, making it possible to analyze international relations (Modelski, 1987, p. 7). According to Modelski, the long cycle encompasses four stages: (1) *global war*; (2) domination of a *world power*; (3) *delegitimation* where one power's domination is undermined by another one; and (4) *deconcentration* when the dominant power loses its position (Modelski, 1987, p. 66). The current cycle with the US as hegemon was initiated by World Wars I and II. According to Modelski, this cycle lasted until the 1970s and there is no hegemon at present (Modelski, 1987, p. 97). It is forecasted that, after the profound trauma of the two world wars, there will be no more global wars and the role of new hegemon will be assumed by a state capable of dominating by virtue of its technological development, and without using military force.

The hegemonic stability theory assumes that a hegemon present in the global system stabilizes the economic situation on the global market, first and foremost, and ensures political equilibrium. It is necessary to have a hegemon, as it would be difficult to maintain a state of equilibrium in the global economic system otherwise, and this equilibrium is beneficial for all. A significant element of this theory is cost that the hegemon has to constantly bear in order to sustain the global system. The hegemon must not shirk this responsibility, since this would result in an international crisis (Gałganek, 2006, p. 13). What is most important for the topic of this paper is the issue of the constantly rising costs of maintaining hegemony, which does not have to directly translate into gaining the biggest benefits.

Immanuel Wallerstein formulated the world-systems theory, classified as an oscillation theory. The decisive factor of domination in his theory is economic advantage, which precedes military or political domination. The primary fields of economic domination include agriculture and industry, trade and finance (Gałganek, 2006, p. 17). Wallerstein claimed that hegemony can be achieved in two ways: by either ensuring that only one apparatus of power exists (a world-system is transformed into world-empire) or ensuring the above-mentioned economic domination, whereby political goals can also be achieved (Wallerstein, 2007, p. 87).

Critical hegemony theory is a linear theory. It is crucial inasmuch as it broadens the perspectives of definitions of hegemony. Alongside political, military and economic aspects, that of culture is added (Gałganek, 2006, p. 20). The concept of cultural hegemony was formulated in the

early 20th century by Italian Marxist and philosopher, Antonio Gramsci. He believed that it is possible to achieve hegemony by imposing a vision of the world and its interpretation by the ruling class (Gramsci, 1991, p. 454).

Hegemony theory offers a perspective that may be useful when analyzing the role of Germany in contemporary Europe. It is also important to take the formal aspect into account of who is actually responsible for ruling the European Union. The European Union abounds in political elites that can be divided into three categories: (1) politicians from member states who represent the policies of their respective countries (e.g. diplomats, heads of member states' governments and their ministers), (2) officials working in EU institutions who formally do not represent interests of their countries of origin but the interests of the EU (e.g. MEPs), and (3) EU officials responsible for ensuring the interests of the Community (e.g. the President of the European Commission and President of the European Council). The EU is primarily ruled by the persons holding the highest offices, including the above-mentioned President of the European Commission, President of the European Council, and High Representative of the Union for Foreign Affairs and Security Policy. Next to them there are the leaders of member countries, with the Chancellor of Germany and French President at the helm, who are crucial in the EU (Sielski, 2013, pp. 99–100).

Jerzy Sielski used the attributes of power (durability, possibility of strategic decision making, extensive political support, holding the highest offices) to examine who plays the role of EU political leader. The result he obtained unanimously indicated that these are the representatives of state authorities. The main factor in justifying this conclusion was that only they have the competence to make strategic decisions, a competence that is directly related to financing the joint European budget, which is primarily generated by the contributions of member states (Sielski, 2013, p. 103).

Germany and the crisis in Greece

The financial crisis started in the US but has had a big impact on the economies of other countries, in particular developed and emerging economies, including European countries (Adamczyk, 2012, p. 23). The first indications of a serious crisis in Greece emerged in 2009, when Ath-

ens raised the alarm about its constantly growing budget deficit. Further concerns were raised by poor ratings, deeming Greece to be financially unreliable. This adverse economic situation stemmed from falsification of data, made in order to quickly join the eurozone, and from excessive public spending (Koszel, 2015, p. 8).

There were two possible scenarios for getting out of the crisis. France suggested joint international activities aimed at improving the situation of the entire EU, whereas Germany proposed a scenario focusing on adopting strict austerity measures and reduction of internal debt; a financial bailout was to be the last resort (Barabasz, Koszel, Księżniakiewicz, 2016, p. 10). Initially, German activity was primarily interpreted in terms of pursuing Germany's own particular interest, which was supposedly evidenced by German reluctance to form a fund that would secure EU member states in the manner adopted by the US (Koszel, 2011, p. 111). In 2010, the first aid package for Greece was agreed. An amount of EUR 110 billion was to be received by Athens over three years, more than EUR 22 billion of which came from the budget of Germany, and an additional EUR 30 billion was to be provided by the International Monetary Fund. In order to obtain these funds, the Greek government was obliged to launch stringent austerity measures (Koszel, 2015, p. 9). From the point of view of Greeks, this translated into increased taxes, job reductions, freezing of pensions and a longer working week (Skarżyńska, 2011). These austerity measures met with great resistance from Greek society, who staged protests in Greek cities. Nevertheless, they were approved and implemented by the government of Jorgos Papandreou as planned. The implementation of the aid program was also resisted in Germany, where Chancellor Angela Merkel found it difficult to win approval for it. Criticized by the opposition (Die Linke, SPD, the Greens), she could not win support from her coalition members (FDP), either, and even from her own party (CDU/CSU). Despite this resistance, the government kept persuading public opinion that it was necessary to aid Greece for fear of the crisis spreading to other eurozone members (Koszel, 2015, p. 13). 2015 marked a turning point for Greece. It witnessed the spread of the crisis in Greece, where the reforms implemented turned out to be insufficient. This led to a further increase in the budget deficit and another election in Greece. The leader of SYRIZA, a radical left-wing party, Alexis Tsipras was appointed Prime Minister. He endeavored to renegotiate earlier agreements, in order to mitigate the austerity measures. These negotiations failed to bring any results, and the situation in Greece continued to deteriorate. The Greek

Prime Minister organized a referendum where he asked his compatriots whether they were for or against the adoption of agreements struck with the European Central Bank, the International Monetary Fund and the European Commission. 61.31% of voters were against further austerity measures, while 38.69% opted for accepting the proposal from Brussels. The referendum had the desired influence on the EU authorities. Greek government officials accepted the new conditions and received another tranche of a multi-billion aid program. Greece was kept in the eurozone, despite suggestions by many economists from different countries to do the opposite (Koszel, 2015, pp. 15–16). In 2016, Greece was still plagued with problems. In December that year, labor unions organized strikes, triggered by the reform of the labor market required by European creditors, which curbed labor union privileges (Orłowski, 2016). Nevertheless, at a meeting with the German Chancellor, the Greek Prime Minister made yet another attempt at negotiation, pointing to positive forecasts of a big GDP increase in that and the following year (Michalak, 2016).

From the point of view of Germany's interests, the main benefit is retaining stability in the eurozone, which is a long-running German project ensuring economic gains, and also a matter of honor. Greece is also significant, due to its location in Europe. Greece is a part of the continent's southern border, which is important in the view of the present migrant crisis in Europe. It is also emphasized that Greece is of strategic importance in NATO, which protects the Mediterranean region (Koszel, 2015, p. 17).

Germany and Brexit

Paraphrasing a classic quotation, it can be said that the specter of Brexit is haunting Europe. The proposal to hold a referendum, whereby UK citizens would decide about their fate, was made by the then UK Prime Minister, David Cameron in 2013. He announced that if UK citizens again decided that the Conservatives should rule the country, they would organize a referendum on the future of the United Kingdom in EU structures. It was not without significance that the popularity of the United Kingdom Independence Party (UKIP) and its leader, chief Euroskeptic Nigel Farage, was growing. Falling poll results of the Tories, accompanied by the growing support for UKIP led the former to try to take over the electorate of Farage's party (*Brexit...*, 2016). The referendum

was held on June 23, 2016. 52% of the British voted for leaving the EU, 48% were for remaining. Voter turnout amounted to 71.8% of eligible voters. Importantly, although the referendum was only an expression of citizen opinions, its results translated into an actual political vision. Being in favor of staying in the EU, PM David Cameron stepped down and entrusted Theresa May with the mission of forming a new government. She announced that she would pursue the will of the people (Hunt, Wheeler, 2016). For Cameron, the referendum was a means to pressure the EU to grant further privileges to the British. The prospect of making more concessions to the UK, which has demanded special treatment (e.g. British rebate) since the beginning of its membership of the European integration project, was not received well in different European capital cities. At present, talks about the details of leaving the EU are under way. The situation is unprecedented, as Art. 50 of the Treaty of the European Union has never been used before and there are no related experiences to draw on. There have emerged different visions of how to pursue the European project in Germany. The CDU/CSU and Angela Merkel favor slow negotiations with the UK, whereas SPD is in favor of taking speedy measures to lead to the UK's exit. Given the possible departure of the UK from EU structures, a question emerges of the future of the European project. Two scenarios of further cooperation among European countries are conceivable. One refers to a vision of a Community with 27 countries, cohesion and speaking in a single voice, to prevent further initiatives that threaten the European project. Another vision talks about a two-speed Europe. The meeting the founding states held might have been a negative signal for the remaining countries (Morozowski, 2016, pp. 2–3). Although Angela Merkel has adopted a consensual approach to the UK's decision, she is very clear about the consequences of the choice the British made: "It must and will make a noticeable difference whether a country wants to be a member of the family of the European Union or not. Whoever wants to leave this family can't expect to do away with all of its responsibilities while keeping the privileges" (Mikulska, 2016).

The unfavorable position the UK has found itself in after its decision to leave the EU may send a warning signal to other countries thinking of taking a similar course. This is particularly important in the face of growing Euroskeptic sentiments in Europe. Another factor of significance concerns the election agenda and elections scheduled in France, the Netherlands and Germany in 2017 (Umland, 2016).

Conclusions

The role of Germany as a leader is confirmed, among other things, by the fact that the voice of Berlin was typically the main voice in the European Union. Yet, has Germany's leading position been advantageous for it? There is no unequivocal answer to this. It might have been advantageous, because Germany, who is the biggest contributor to the European budget, benefits most from a stable single internal market, as the biggest economy and the biggest exporter. According to the hegemonic stability theory, Germany has to bear these costs in order to retain the entire system and ensure equilibrium. The European Union is an important project for Germany, primarily in order to continue its policy of taking responsibility for its actions. Germany is in a difficult position now. There are opinions that Germany has never been so powerful before, and that it has obtained this position thanks to its strong economy (Barabasz, Koszel, Księżniakiewicz, 2016, pp. 248–249). Yet its easily noticeable increasing power has become a problem to other countries. Voices that Germany has become a new hegemon mean the governments of other countries look unfavorably at Berlin. This may be detrimental to German endeavors to become a permanent member of the UN Security Council (Cichocki, 2012, p. 6). The FRG reluctantly takes the role of leader and the great political responsibility and huge financial burden it involves. Germany is a federation where a plethora of different interests clash. In order to gain support, the authorities have to balance their policies between citizens' interests and giving priority to the European project (Riedel, 2015, p. 21). This is particularly important in view of the parliamentary elections to be held in Germany in 2017.

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Republika Federalna Niemiec wobec kryzysu (w) Unii Europejskiej na przykładzie Grexitu i Brexitu

Streszczenie

Artykuł odpowiada na pytanie dotyczące bieżącej roli Niemiec w Unii Europejskiej. Kwestia przywództwa Republiki Federalnej Niemiec została poddana analizie na przykładzie działalności politycznej w sprawie Brexitu i Grexitu. Istotny z punktu widzenia artykułu jest zarówno wątek tego czy RFN dąży do bycia liderem europejskim jak i czy bycie liderem jest dla nich korzystne. Wnioski płynące z analizy to przede wszystkim fakt, iż Niemcy są liderem polityki europejskiej oraz to, że jest to dla nich ambiwalentna sytuacja.

Słowa kluczowe: hegemonia, przywództwo, Niemcy, Grexit, Brexit

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