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## Changes in Germany's European Policy in the Face of Brexit

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### 5.1 Introduction

Germany's European policy,<sup>1</sup> though invariably geared towards ensuring national interests, has been subject to constant change in terms of objectives and means of action. The most significant and widely noticeable change is the evolution of Germany's European policy away from its Western anchoring (*Westbindung*) and the modesty and sensitivity of the "Bonn Republic" period towards an increasingly resolute expression

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<sup>1</sup>The term "European policy" is used here in its narrow sense to denote a country's policy on the European Union and unification processes. Cf. Olszyński, J. (2016), *Polityka europejska Niemiec w latach 2012–2013*, in Olszyński, J., Bielig, A., and Wandel, J. (ed.), *Niemcy i Polska w drodze do "Europa 2020"*, pp. 43–60.

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of national interests, coupled with a desire and ambition to play the key leadership role in the EU and be a global superpower under the priorities of today's "Berlin Republic".

Germany's European policy, paralleling the process of European integration, has evolved in step with external geopolitical and regional developments as well as the situation within Germany.

Due to the weakness of other actors in Europe and beyond, the global financial crisis of 2008–2009 and the eurozone crisis that began in 2010 markedly strengthened Germany's position and led it to take a leadership role in the EU "as a necessity". This role was formally decreed in a CDU/CSU-SPD coalition agreement when a new government was formed after parliamentary elections in 2013.

The German leadership of the EU, which steered clear of a hegemony, according to most politicians and experts, took on a cooperative tone and was adapted on an ongoing basis to new, radically difficult conditions and challenges. In addition to problems in the functioning of the eurozone, the Greek crisis, and the conflict in Ukraine, a migration crisis erupted, accompanied by growing Euroscepticism and nationalist and separatist tendencies in many EU member states. All these problems culminated with the decision of the British government, following a referendum, for the UK to leave the European Union, a prospect known as Brexit.

Germany's European policy and the country's leadership of the EU were confronted with a completely new challenge, an unprecedented, significant event in the history of European integration.

This chapter seeks to examine what adaptation reactions have appeared in Germany and what changes have taken place in German European policy in the face of Brexit. The problem has been made particularly relevant by the latest changes in international politics (including the implications of elections in the USA and France) as well as in domestic German politics (the formation of a new coalition government after the 24 September 2017 parliamentary elections).

## 5.2 Potential Changes (Shifts) in the EU and Germany Post-Brexit

### 5.2.1 Economic Changes

The challenges posed by Brexit to Germany's European policy are reflected by a set of some basic economic indicators.<sup>2</sup>

The EU's population will shrink by 64.4 million to around 450 million as a result of Brexit. The social profile of EU residents will change slightly, as Britain has a higher-than-average birth rate, high life expectancy, multiculturalism related to high immigration and considerable income stratification.<sup>3</sup>

The EU's economic potential as measured by GDP will be reduced significantly. The UK, with a GDP of EUR 2367 billion, is the second largest EU economy. Its GDP is roughly equivalent to the combined GDPs of the 20 smallest member countries. The EU's GDP will shrink by 13%. The average level of affluence will also decrease, as Britain's GDP per capita is about 8% higher than the EU average.<sup>4</sup>

When it comes to Britain's foreign trade with EU countries, it will certainly see trade-creation and trade-diversion effects opposite to those known from customs union theory. Trade volumes are likely to be reduced, which will result in a loss of jobs in both the EU and the UK. For the UK, the cost of changes in foreign trade conditions is being estimated at 1.3% of GDP in the next 10 years.<sup>5</sup>

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<sup>2</sup>Multivariate simulations of quantitative changes based on sophisticated econometric models are carried out to help shape government economic policy and build business strategies. Cf. Busch, B. (2017), *Produktions- und Lieferverflechtungen zwischen britischen Branchen, der EU und Deutschland*, "IW-Trends", 2/2017, pp. 61–82.

<sup>3</sup>According to *Deutschland in Zahlen*, Ausgabe 2017, IdW, Koeln.

<sup>4</sup>Ibidem, p. 136.

<sup>5</sup>Cf. Capuano, S. (2017), *Mögliche Konsequenzen des Brexit fuer die Handelsbeziehungen zwischen Grossbritannien und der EU*, "Aktuelle Berichte IAB", Nuernberg 2/2017.

For the European Union, including Germany, the cost levels should be significantly lower due to differences in potential and the possibility of easier shifts in supplies and sales to other markets.

Losses are set to result from the UK's exit from the EU customs union. Non-tariff trade barriers will appear even if Britain's future agreement with the EU provides for duty-free trade. A typical example of non-tariff barriers is the need to confirm the origin of goods, a requirement that can prove to be extremely troublesome and expensive under the current conditions of fragmented production. This in particular applies to the chemical and automotive industries in the case of Britain, and to oil processing, the coking industry, the metal industry and auto-making in the case of the EU and Germany.<sup>6</sup> The need to recognise the standards and procedures for admitting each individual product to the market (after Britain's exit from the single market) will be another troublesome and cost-intensive factor.

Even though Britain's involvement in intra-EU trade (42% in exports, 53% in imports) is lower than Germany's, it is of great importance to the UK economy. This in particular applies to the trade of services. Britain's services-dominated economy (79% of the workforce, 80% of GDP) has a surplus of EUR 22 billion in the trade of services and a deficit of around EUR 12 billion in the trade of goods.<sup>7</sup> This means that getting rid of comprehensive regulations governing the provision of services in the single internal market may have a painful effect on Britain.

However, some preliminary assessments of the economic impact of Brexit are for the most part optimistic. Immediately after the Brexit referendum, economic sentiment in the UK slumped, but it quickly rebounded. Share prices before long sprang back to levels higher than before the referendum. The pound depreciated by around 10%, leading to a surge in exports. In all, the UK's 2017 GDP growth was expected to be close to original projections.<sup>8</sup> For the time being, there has

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<sup>6</sup>Ibid., p. 5 and Busch, B. (2017), op. cit.

<sup>7</sup>Capuano, S. (2017), op. cit., p. 4.

<sup>8</sup>Cf. Mathes, J. (2017), *Der Brexit ist ein Rueckschritt fuer die europaeische Integration*, <https://www.iwd.de>. Accessed 3 July 2017.

essentially been no flight of capital from London's City financial district. Several banks have announced moves to Dublin, Paris or Frankfurt, but this has not been a massive trend and involves a more distant future.<sup>9</sup>

The most immediately visible economic effect of Brexit for the European Union will be the loss of the UK contribution to the budget. This contribution, taking into account the so-called UK rebate, is GBP 12.9 billion a year. Britain is the third largest contributor to the EU budget, after Germany and France. Its net contribution is around EUR 10 billion, or 7% of the EU budget, making Britain the second largest net contributor to the bloc's coffers.<sup>10</sup>

### 5.2.2 Non-economic Changes

In formal and institutional terms, Brexit will change how individual EU institutions function and operate. As a result of Brexit, 72 European Parliament seats will be vacated, in addition to 24 seats each on the European Economic and Social Committee and the Committee of the Regions, and there will be 29 votes less in the European Council.

A far more important implication of Brexit is the threat of an imbalance after only two of the EU's "big three" powers remain in the bloc. One concrete change in voting procedures, under the Lisbon Treaty, will be that a group of countries with strict public finance discipline and supportive of free trade (Britain, Germany, the Netherlands, Austria and Finland) will lose a blocking minority (at least 75% of the EU population). The group of Mediterranean countries, with protectionist and interventionist preferences, meanwhile, will see their role grow to about 42%, which may pose a threat to EU economic and trade policies.<sup>11</sup>

The most spectacular shift will take place in the EU's military potential. The British armed forces, which consist of the three

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<sup>9</sup>Ibid., p. 2.

<sup>10</sup><https://europa.eu/revenue-income-pl>. Accessed 15 October 2017.

<sup>11</sup>See Sinn, H. W. (2017), Die Bedeutung des Brexit fuer Deutschland und Europa, *Frankfurter Allgemeine Zeitung*, 16 March 2017.

world-renowned components: the Royal Navy, the British Army and the Royal Air Force (RAF), are now 178,000 strong and the second largest in Europe (and the 28th largest in the world), endowed with a budget of GBP 35 billion (1.9% of GDP), the second biggest worldwide.<sup>12</sup> Britain's armed forces are well equipped and experienced and have a tradition going back centuries. This, combined with the country's special relations with the USA, determines its high military value and position as number two in NATO. In addition, the UK is a nuclear superpower. It is an EU member country that strongly defends the unity of NATO and has always opposed ideas to transfer defence and security policy making to the EU level.

This balance of power within the EU will change after Brexit. It is no coincidence that the first initiatives by Germany and France to deepen European integration have focused on Common Security and Defence Policy (CSDP).<sup>13</sup>

Qualitative changes are set to take place within the EU in less tangible areas such as ideology, law, politics and image.

Certainly, Brexit will deprive the EU of a member state that supports a free market, free international trade and doctrines underlying these trends and processes. A group of states with a preference for statist and protectionist policies, led by France, will see their role grow. Impulses from Anglo-Saxon common law will cease in the EU and a socio-economic model calling for a Europe more strongly geared towards social welfare will encounter fewer objections.

Politically, Brexit will markedly reduce the EU's role in the world. The EU is set to lose a member state that is a permanent member of the UN Security Council, a member of the G7 and G20 groups, and a balancing factor within the bloc as part of the Germany-France-Britain triangle. Such a "fragmentation" of forces may produce negative implications in various aspects of international politics, especially in the longer term. The European Union is set to see its position weakened

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<sup>12</sup>Brytyjskie siły zbrojne, [www.psz.pl](http://www.psz.pl). Accessed 16 October 2017.

<sup>13</sup>Szabart, K. (2017), *Unia Europejska "dwóch prędkości"? Niemcy i WPBiO po Brexicie*, BIZ No. 281, [www.iz.poznan.pl](http://www.iz.poznan.pl). Accessed 3 July 2017.

against those of the USA, China and Russia in terms of the system of global powers. Britain itself is also set to lose politically.<sup>14</sup>

All the shifts and negative effects of Brexit are combined with reputation damage for the European integration process. Previously treated as irreversible, this process is now being questioned. A question is being asked whether this model of the European order is still valid. This question is being asked both outside the European Union, in the main centres of world politics, and inside the bloc, where there is a growing lack of trust in EU bodies and criticism of the integration process, either in its entirety or in part. With the looming departure of Britain from the EU, the term “disintegration” has taken on a new, realistic dimension, and it cannot be ruled out that other EU members could be tempted to copy this scenario, resulting in a domino effect.<sup>15</sup>

For Germany, Brexit generally means that its position in the EU will increase in relation to other member states, but it also means increased leadership responsibility for the country.

## 5.3 Prospects for Germany's European Policy Post-Brexit

### 5.3.1 First Reactions and Opinions in Germany

The news of the British public supporting Brexit in a referendum was met with an immediate, diverse response, including emotional reactions, in Germany.<sup>16</sup>

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<sup>14</sup>See Moeller, A. (2016), *Die EU ohne Grossbritannien: politische Folgefragen*, <http://www.bpb.de/internationales/europa/brexit/228804>. Accessed 3 July 2017.

<sup>15</sup>Grosse, T. G. (2017), *Ku Europie dwóch prędkości. Strategia Niemiec wobec integracji europejskiej*, CAKJ, Kraków; Lippert, B. (2016), *Die EU zwischen der Integration und "Souveränitätsreflexen"*, <http://www.bpb.de.internationales/europa>. Accessed 3 July 2017; and Moeller A. (2016), op. cit.

<sup>16</sup>The day after the referendum, leaders from EU institutions (including the president of the European Commission, the chief of the European Council, the head of the European Parliament, and the prime minister of the Netherlands, the country holding the rotating EU presidency at the time) declared that the European Union would continue as a bloc of 27 member states and that Brexit would not be the beginning of the end of the EU, <https://www.salon24.pl>. Accessed 16 October 2017.

Chancellor Merkel, in her first comment, said that the UK's decision to leave the European Union "is a watershed event for Europe and for the European process of unification and integration", and she appealed for calm and prudence.<sup>17</sup> She also said that "Germany has a special interest and a special responsibility in European unity succeeding".<sup>18</sup> In broad terms, she was speaking on behalf of the entire German government.

In more detailed terms, there were distinct divisions within the federal government in the face of Brexit. The government coalition parties profiled their positions, driven by their traditional views and an ongoing election campaign.

The Social Democrats (SPD) spoke in favour of neutralising the implications of Brexit by radically deepening EU integration in security and migration policies as well as the monetary union. SPD leader Sigmar Gabriel and the former German president of the European Parliament, Martin Schulz, announced a 10-point plan for EU reforms under the heading of "Founding Europe Anew".<sup>19</sup> The plan called for boosting public investment in the EU, increasing democracy (a second chamber of parliament) and bringing greater transparency to EU institutions in terms of procedures used. A document published on 27 June 2016 by the then German Foreign Minister Frank-Walter Steinmeier and French Foreign Minister Jean-Marc Ayrault, entitled "A Strong Europe in an Uncertain World", complemented and added precision to the SPD's position.<sup>20</sup> It argued that interested member states should deepen cooperation: in foreign and security policy (e.g. by jointly planning and conducting military operations, establishing naval forces and increasing the powers of the European prosecution service); in migration and asylum policy (by setting up a common border protection

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<sup>17</sup>Ibid., p. 1.

<sup>18</sup>Ibid., p. 2. To underline the cooperative nature of Germany's leadership role, she invited the French president and the Italian prime minister to urgent consultations.

<sup>19</sup>According to Frymark, K., and Popławski, K. (2016), *Niemcy wobec Brexitu: powrót sporu o Europę dwóch prędkości*, "Analizy OSW", 29 June 2016, <https://www.osw.waw.pl>. Accessed 16 October 2017.

<sup>20</sup>Ibid., p. 5.



service and a common system of entry permits, by establishing a European Asylum Agency, and by launching a mechanism for the distribution of refugees); and in the economy (by unifying corporate taxation systems, joint taxation of transnational corporations, and increased convergence in the energy sector, the digital economy and vocational education). The German Social Democrats proceeded from the assumption that deeper cooperation of some countries would lead to the emergence of a two- or multi-speed Europe.

Chancellor Merkel's CDU/CSU, meanwhile, has on the whole been urging EU cohesion and unity. Merkel's general proposals for deeper security and economic cooperation in the face of Brexit have raised no controversy among EU countries. An EU reform should be gradual and acceptable to all 27 member states. In particular, according to the CDU and Merkel, it is necessary to strive for a Europe closer to its citizens (economic reforms should help reduce the gap between those who have benefitted the most from globalisation and those who have lost out) and for increased readiness to take greater responsibility for EU foreign policy (individual member states will be unable to cope with crisis challenges on their own).<sup>21</sup> Merkel has argued that Germany and France bear special responsibility for the EU's success, though the EU27 is strong enough to overcome multifaceted damage done by Brexit.

German politicians, experts and media outlets alike predominately voiced critical and pessimistic views and assessments after the British referendum. It was interpreted as a sign of constructive criticism, a symbol of opposition to leaders, a triumph of populism and a protest against a declining quality of society in Britain. Some highly critical assessments were expressed, including suggestions that would Brexit mark the "beginning of the end of the European Union",<sup>22</sup> that it would harm the German car industry, and that it would represent a major shock to Germany and the EU as a whole. Juergen Matthes of the German Economic Institute (IdW) described Brexit as a clear step backward in European integration, while Prof. Hans-Werner Sinn from

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<sup>21</sup>Ibid., p. 4.

<sup>22</sup>[wallstreet-online.de](http://wallstreet-online.de).

Munich called Brexit a “medium-sized disaster” (*mittlere Katastrophe*), saying that it is not about the departure of just one of the member states, but of the EU’s second largest economy, a UN Security Council member, a nuclear weapon power, and a member state counterbalancing a statist France.<sup>23</sup>

Some German media outlets also published opinions highlighting the positive aspects of Brexit for the EU and Germany. These included the fact that Brexit could be an opportunity for the German city of Frankfurt am Main to become the financial capital of Europe, that the German stock exchange might gain importance, that US businesses would take a greater interest in Germany’s stable and predictable economy, that an opportunity would present itself to create a European army, that this might be the last chance to introduce reforms and fend off technocracy in the EU.

### 5.3.2 Germany’s European Strategy in the Context of Brexit

Both best- and worst-case scenarios were considered in the context of Germany’s strategy on continued European integration amid efforts to prevent Brexit from breaking up the EU. As German politicians prepared to hold talks to form a new government coalition, prospects ranged from gradual, flexible and non-divisive EU reforms (under a concept advanced by the CDU and Merkel) to attempts to deepen integration by going ahead with the idea of a two- or multi-speed Europe (a concept urged by the German, French and Italian Social Democrats, backed by French President Emmanuel Macron).

Regardless of how the situation was to develop in the course of further negotiations, politicians and game theory experts generally expected Britain to secure a status similar to that of Norway in relations with the EU.

The German strategy began taking shape on the basis of the country’s former positions, while also taking into account new, diverse challenges.

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<sup>23</sup>Sinn H.-W. (2016), op. cit., and Matthes J. (2017), op. cit.

Chancellor Merkel found herself working under external pressure from the US president as well as the French president and his southern European allies within the eurozone. Domestically, she was forced to reconcile the interests of potential coalition partners during government formation talks.

US President Donald Trump at the start of his presidency made some critical remarks about Germany and indirectly spoke in favour of disintegration trends in Europe.<sup>24</sup> The fact that Europe can no longer count on the USA in security issues to the same extent as in the past, appears to make the prospect of modifications in EU defence policy more likely.<sup>25</sup> Expected further US policy in this area will probably make it difficult for Germany to choose methods of action to preserve the unity of the EU, but it is also likely to lead to a situation in which German leadership methods in this organisation will become more flexible.

The opposite appears to be true of the French president, who, allied with the Social Democrats, is a strong advocate of a multi-speed Europe and pushing for protectionist and interventionist policies to improve the economy and reform the eurozone and to shape economic relations with EU partners, including post-Brexit Britain.

Merkel has found herself in a difficult situation in which she is determined to help President Macron confront Marine Le Pen's increasingly popular National Front party in presidential elections in 2022. This means that Germany is likely to strike a compromise on a multi-speed EU, a scenario inviting a conflict with Eastern European countries.<sup>26</sup> Merkel signalled such a position in a statement at an informal EU summit in Malta on 3 February 2017 when she said that "there will be an EU with different speeds, that not everyone will take part in the same levels of integration".<sup>27</sup>

Merkel is beginning to use this argument as a means of exerting negotiation pressure on countries wary of deeper integration (under a

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<sup>24</sup>See Grosse, T. G. (2017), op. cit., p. 10.

<sup>25</sup>See Bielecki, J. (2017), *Polska - Niemcy: znikająca wspólnota interesów*, <http://www.rp.pl/analizy/309219867>. Accessed 28 September 2017.

<sup>26</sup>Ibid., p. 2.

<sup>27</sup>Grosse, T. G. (2017), op. cit., p. 7.

compromising approach) and to stop disintegration processes provoked by Britain's exit from the EU.

Meanwhile, the Free Democratic Party (FDP) and the Greens, the CDU's would-be coalition partners, at the time of the government formation talks, voiced opinions that could work in favour of an optimistic scenario in terms of Germany's European policy.

The FDP was clearly opposed to ideas of deepening integration around the eurozone. The party was not only against ideas such as a separate budget and a common eurozone finance minister, but insisted that some elements of eurozone architecture, such as the European Stability Mechanism, should be scrapped.<sup>28</sup>

The Greens were more moderate when it came to both the future shape of the EU and the bloc's eastern policy.

The German strategy covered issues including economic improvement in the eurozone, the migration crisis and an offensive towards closer integration in EU defence policy.<sup>29</sup>

The new German government was likely to follow the main directions of the country's economic policy domestically and within the EU. This also applies to austerity policies and a gradual reduction in the monetary expansion of the European Central Bank (ECB). In terms of closer eurozone integration towards a fiscal union, Merkel's cautious and non-confrontational stand will likely be modified to take into account calls for a common budget, a common eurozone finance minister and common ECB bonds.<sup>30</sup> As a result, Germany will probably support a compromise on partial implementation of fiscal union objectives.

According to the German line of reasoning, economic revival in the eurozone would be promoted—apart from cohesion policy and the so-called Juncker Plan—by new instruments, including deeper

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<sup>28</sup>Haszczyński, J. (2017), *Pociąg z Merkel nam nie odjedzie*, <http://www.rp.pl/wybory-w-Niemczech>. Accessed 21 September 2017.

<sup>29</sup>See Grosse, T. G. (2017), op. cit., pp. 13–20.

<sup>30</sup>The aforementioned economist H. W. Sinn has voiced a view that Germany will be forced to support the fiscal union because this will enable it to hide expected losses generated by the monetary union. See Kozieł, H. (2017), *Niemiecki dryf ku unii fiskalnej*, <http://www.rp.pl/gospodarka309209909>. Accessed 21 September 2017.

integration in energy policy (regulatory changes towards reducing carbon emissions would encourage new investment projects) and a common EU defence policy. This last element of strategy followed up on an earlier German government position and is also designed to be a means of preventing further decomposition of the EU in the wake of Brexit. After Britain's exit from the EU, a common European defence policy would become a realistic project.

Guidelines in this area were adopted at a European Council meeting in November 2016 and confirmed at an EU summit in December 2016. They provided for<sup>31</sup>: the establishment of a non-military mission headquarters; the launch of battle groups (numbering around 1000 troops from different member states) and a Eurocorps (7000 officers and 60,000 troops); the establishment of a European Defence Fund (to provide credit for arms purchases and military research)<sup>32</sup>; and the introduction of the so-called European Defence Semester (annual reviews of military capabilities and defence potential).

The plan to enhance the Common Security and Defence Policy (CSDP) was praised for its breakthrough role in this area, while being criticised for its insufficient scope and the risk of generating further divisions within the EU into richer and less affluent countries. The latter countries could have problems taking advantage of CSDP and continuing offset programmes in their own industries.

The German government supported the idea of developing the CSDP, describing it as a key pillar of German security and a platform for articulating Germany's strategic interests. It said that the CSDP "may be the last attempt to achieve the global ambitions of the EU in the current institutional form"<sup>33</sup>.

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<sup>31</sup>Grosse, T. G. (2017), *op. cit.*, p. 17.

<sup>32</sup>The EDF will start operating under the EU's new financial framework after 2021 and will be endowed with an annual research budget of around EUR 500 million plus an additional EUR 5 million for the purchase of weapons; EUR 90 million has been set aside for the pilot programme in 2017–2019. *Ibid.*, p. 14.

<sup>33</sup>Szubart, K. (2017), Unia Europejska "dwóch prędkości"? Niemcy i WPBiO po Brexicie, "Biuletyn Instytutu Zachodniego No. 281", [www.iz.poznan.pl](http://www.iz.poznan.pl). Accessed 21 September 2017.

Although Brexit was in part evidently provoked by the migration crisis in Europe and the UK, Britain's impending departure has only indirectly influenced the new migration strategy of the EU and Germany. The original German stance on migration and the refugee crisis, based on a gesture by Chancellor Merkel to open the border in the summer of 2015, was criticised on many sides and consequently modified as migration assumed unexpected proportions. Internally, regulations were introduced in Germany to stem the influx of immigrants, coupled with a faster deportation procedure for those who have committed criminal offences. Externally, Chancellor Merkel, on the EU's behalf, in the spring of 2016 brokered a deal with Turkey that stopped the massive inflow of migrants and refugees via the Turkish–Greek route and initiated work on a new migration and asylum policy. Germany's strategic thinking evolved from full openness and liberalism to restrictions and controls to stem the tide of migrants.

Chancellor Merkel laid down a set of guidelines for shaping future EU-British relations<sup>34</sup>:

- decisions should be made jointly by all 27 member countries;
- the German government will pay special attention to the interests of German citizens and enterprises;
- Britain, after leaving the EU, should be given less favourable terms of developing business relations with the EU than those it enjoyed in its role as a member state;
- the four fundamental EU freedoms must be guaranteed in market access negotiations: movement of persons, services, capital and goods.

Experts from the German Economic Institute defined three critical negotiation areas for detailed discussions. In their opinion, access to the EU single internal market, the freedom of movement of persons and UK payments to the EU budget remained to be discussed. Depending on what kind of negotiation strategy were to be used: a hard Brexit (uncompromising approach) or a soft exit (with the EU and the UK

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<sup>34</sup>Frymark, K., and Popławski, K. (2016), *op. cit.*, p. 4.

tending to compromise), different options of negotiation outcomes appeared to be possible: from a relationship based on WTO rules (both sides uncompromising) to the most-expected and apparently most realistic option involving “Norway-plus status” (tendency to compromise), in which Britain would continue contributing to the EU budget in exchange for access to the single internal market and some limited freedom of the movement of persons.<sup>35</sup>

Future German government strategy on Brexit will likely be defined as ranging between “deterrence” of possible future imitation to ensuring minimum possible damage on both sides. Chancellor Merkel has been quoted as recommending staying “calm, composed and determined, while taking into account the need for a partnership between the new European Union and Britain”.

### 5.3.3 New Character of German Leadership?

Brexit will significantly change Germany's position in the European Union in many areas and add to disproportions in geopolitical potential with regard to France, the bloc's second-largest member. Germany's share of the EU population and the bloc's economic and military potential will increase markedly, and the country's role in culture, science and technology will grow as well. The German socio-economic model (*soziale Marktwirtschaft*) and the country's legal system will become even more dominant in the European Union, with no counterbalance from the Anglo-Saxon model. The EU will be increasingly identified with Germany.

Overall, in quantitative terms, Germany's leadership of the European Union stands to be strengthened. At this point, it is impossible to predict whether there will also be qualitative changes, i.e. changes in the nature of leadership, and how profound they may be. This depends on multiple factors inside Germany and externally, both within the EU and globally.

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<sup>35</sup>Die Loesung heisst Norwegen, <https://www.iwd.de/artikel/322535>. Accessed 3 July 2017.

Historically, the process of European integration, which in its initial stages was essentially “an idea for systematically limiting Germany’s role in Europe”, with time became a tool for increasing the country’s dominance.<sup>36</sup> It led to Germany taking over a leadership role, first out of necessity (2010–2012) and then (from 2013 onwards) in a conscious and purposeful process, amid declarations of assuming responsibility for the success of the European project. Eventually, a situation developed where Germany felt compelled to use its growing power to stop the EU from breaking up in the face of Brexit. Politicians and experts agree that German leadership in the EU is not hegemonic and that Brexit does not change that.

The German government, in its own interest amid efforts to prevent attempts to revive the so-called German question,<sup>37</sup> is trying to transform its negatively perceived semi-hegemonic position into an EU leadership role defined in terms of cooperative leadership. Former German Foreign Minister Joschka Fischer has said: “Europe will never work along the lines of a hegemony. If anyone seeks to be hegemonic, then everyone, or almost everyone, else unites against them. So the EU will never pan out as a German project”.<sup>38</sup>

Germany’s leadership role every now and then causes an increasingly large group of EU countries to feel frustrated and dissatisfied. The Slovaks, Czechs and Hungarians have joined the Spaniards, Italians and Greeks in “feeling harmed and angered” by Chancellor Merkel. There are well-known fears of German dominance in Poland, and even France sometimes feels humiliated.<sup>39</sup>

Demands to strengthen German leadership in Europe, including in the context of Brexit, have coexisted with proposals to limit its hegemonic position. At the same time, calls for a decisive German stance in Brexit negotiations have been accompanied by appeals

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<sup>36</sup>Grosse, T. G. (2017), op. cit., p. 10.

<sup>37</sup>See Kędzierski, M. (2016), *Europejskie Niemcy w niemieckiej Europie*, [www.psz.pl](http://www.psz.pl). Accessed 3 July 2017.

<sup>38</sup>Fischer, J. (2015), *Fatale Entscheidung fuer ein deutsches Europa*, *Sueddeutsche Zeitung*, 26 July 2015.

<sup>39</sup>Kędzierski M. (2016), op. cit., p. 6.



for more empathy, magnanimity and benevolence on the part of Germany.<sup>40</sup>

But of particular importance in the context of the future shape of the EU is the imperative of cooperation between all member states. Germany is acting as a team leader. It will be working for the benefit of the whole team in this role as long as the right conditions are created for that.

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<sup>40</sup>This involves, for example, suggestions that the German government should avoid playing a role as a teacher and fastidious judge who demands that rules are dutifully followed and punishes any transgressions; and that instead it should create conditions for an enhanced atmosphere of trust. Cf. Maul, H. W. (2015), *Uebermaechtig und verwundbar. Deutschlands Rolle in Europa*, *Internationale Politik*, No. 5, pp. 132–136.

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