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**DOMESTICATION OF GERMANY'S EUROPEAN POLICY AND
GERMAN LEADERSHIP IN THE EU: THE CASES OF EUROZONE
CRISIS AND REFUGEE CRISIS**

Abstract:

Germany's European policy and German influence in the EU have been subject to hot discussions in academic and political circles. The German influence in the EU took a new turn in recent years with federal government's readiness to enhance its leadership status in the EU and to undertake unilateral actions, when the EU has entered an era of multiple crises in view of severe challenges including the Eurozone crisis and the more recent refugee crisis. This paper discusses Germany's actorness in regards to the management of the Eurozone crisis and refugee crisis on the basis of the gradually increasing "domestication" of its European policy. It reveals that Germany's European policy throughout the two most prominent crises the EU has been lately challenged with, namely the Eurozone crisis and refugee crisis, has been largely shaped by the preferences of the influential domestic actors, who took into account the negative externalities that were likely to arise from the introduction of policies that would impose significant costs on them. Germany's unilateral actions and leadership role in the management of these two crises (including the making of the EU-Turkey deal on the management of the refugee crisis) should be evaluated in light of the constraints imposed by domestic constituencies.

Keywords:

Germany, Eurozone crisis, refugee crisis, EU, Turkey, European policy, domestication, migration

JEL Classification: F50, F59, F55

Introduction

Germany's European vocation and German influence in the EU have been subject to hot discussions in academic and political circles. A strong link exists between Germany's European policy and its influence in the EU considering "one of the key determinants of the future character and functioning of the EU is German *Europapolitik* (European policy)" (Hyde-Price and Jeffrey, 2001: 690). The German influence in the EU took a new turn in recent years with federal government's readiness to enhance its leadership status in the EU and to undertake unilateral actions, when the EU has entered an era of multiple crises in view of severe challenges including the Eurozone crisis and more recent refugee crisis.

This paper discusses Germany's actorness in regards to the management of the Eurozone crisis and refugee crisis on the basis of the gradually increasing "domestication" of its European policy. It reveals that in light of EU-wide crises and the negative externalities that were likely to arise, influential domestic actors paid increased attention to the key parameters of Germany's European policy thereby determining the content and boundaries of Germany's policies throughout these two eminent crises. The German federal government's unilateral actions throughout the Eurozone crisis and its leadership role in the making of the EU-Turkey "deal" on the management of irregular migration flows should be evaluated in light of the increasing domestication trend in the formation of Germany's European policy. The paper first examines the changing influence of the preferences and interests of domestic constituents in the formation of Germany's European policy throughout a priori selected eras, thereby paying particular attention to the era that was marked by the Eurozone crisis. It then studies both the external as well as internal factors that constrained the federal government's policy-making throughout the refugee crisis. The paper continues afterwards with the analysis of Germany's role in the formation of the cooperation between Turkey and the EU on the management of the refugee crisis by paying attention to the statements and gatherings of key representatives of the German federal government with Turkish counterparts, key EU institutions as well as relevant EU member states ahead of related European Council meetings and EU-Turkey summits. The paper then concludes with an analysis of the previous findings in light of the concept of "domestication".

Domestication of Germany's European Policy and German Influence in the EU

The analysis of the key parameters of Germany's European policy in the following four eras hints at significant shifts as well as continuities: the post-World War II era, German reunification, Gerhard Schröder's term as Chancellor during 1998-2005 and the Eurozone crisis (Turhan, 2014).

In the post-World War II era, the newly established Federal Republic was obliged to operate under unusual constraints. Its post-war occupation by the Allied Powers accompanied by its highly decentralized institutional engineering led to Germany's

characterization as a “semi-sovereign” state (Katzenstein, 1987). Germany’s limited external and internal sovereignty gave rise to its “foundational commitment to European integration” (Bulmer et al., 2010: 3). Germany acted in concert within a multilateral framework, and particularly, in close cooperation with France. This approach also provided the EU with solutions derived from Germany’s institutional architecture.

Following the German reunification the additional population, new economic potentials and strategic proximity to the European periphery enhanced Germany’s aggregate structural capabilities. However, Germany maintained its commitment to multilateralism and European integration, and the traditional pattern of Franco-German alliance continued. In other words, unified Germany did not go “back to the future” (Anderson, 1999: 20) preferring to become a “tamed power” (Katzenstein, 1997: 1-48).

Alongside with continuing commitment to multilateralism, the post-reunification era signaled the emergence of a new trend in German political landscape: the domestication of Germany’s European policy. The 1992 Maastricht Treaty transferred many competences of the Member States to the EU institutions. Accordingly, domestic constituents started to demand stronger participation in the formulation of Germany’s European policy (Turhan, 2014). Due to increasing pressure from German *Länder* (states), the Article 23 of the Basic Law was revised to ensure *Länder’s* participation in EU policy-making in areas which fall within their legislative competence (Börzel, 2006: 71).

Gerhard Schröder’s term as Chancellor, from 1998 to 2005, further encouraged the domestication of Germany’s European policy. Schröder declared a “new normality” in Germany’s dialogue with the world (Engel, 2006: 95) that founded Germany’s foreign policy parameters predominantly on the pursuit of national interests and better representation of the interests of influential societal actors at the EU level. The increasing domestication of Germany’s European policy was for instance reflected in the formation of the Schröder government’s efforts to postpone the EU Directive on End-of-Life Vehicles to secure the interests of German car industry (Greenwood, 2011).

The Eurozone Crisis and Domestic Factors in the Making of Germany’s European Policy

The Eurozone crisis, which broke out in late 2009 increased the already existing asymmetrical interdependence between Germany and the rest of Europe. Throughout the Eurozone crisis, Germany had maintained huge trade surpluses rather than trade deficits contrary to many other Member States (The Local, 2014). Accordingly, many in Europe expected a German leadership that would agree to “transfers of resources [...] required to sustain the long-term viability of the European integration project” (Guerot, 2013: 1). The German government, under the leadership of Chancellor Angela Merkel, failed to meet these expectations by attaching hard conditions to

German help and steering the crisis with a readiness for solo actions. German unilateralism had been evident in actions such as the rejection debt mutualization in Europe with the introduction of Eurobonds and policies that bolster domestic spending in insolvent Member States and the initial reluctance to contribute to a € 750 billion aid package in order to set strict rules for financial aid (Turhan, 2014).

A closer look at the domestic politics reveals important insight into the key determinants of German conditionality in the crisis era. With the outbreak of the crisis the German Federal Constitutional Court (FCC) emerged as a leading actor in monitoring the compatibility of policy coordination at the EU level with national sovereignty (Bulmer and Paterson, 2011). The possibility of negative rulings by the FCC over the legality of bailout mechanisms had been an issue of great concern in Europe (Alexander, 2012), and constrained the policy options of the German federal government. German public opinion's increasing distrust in the EU and its vision of how to solve the crisis have also imposed constraints on Merkel government's room for maneuver. According to the Spring 2012 Eurobarometer survey, 61 percent of Germans mistrusted the EU and 58 percent believed that the EU had not acted effectively to combat the crisis (European Commission, 2012: 92).

Following the onset of the Eurozone crisis, key representatives of the German business world did also openly put emphasis on the application of strict conditionality concerning the handling of the crisis. Markus Kerber, Chief Executive of the Federation of German Industries (BDI), stated, "The Federal government should stick to its philosophy: no service without service in return" (Handelsblatt, 2012). When German media seized on a report in October 2013 that Germany's wealthy Quandt family, a major shareholder in BMW, had donated €690,000 to Merkel's party, the Christian Democratic Union of Germany (CDU), a family spokesperson explained this donation with "the very successful effort of the chancellor in resolving the Eurozone crisis" (IndustryWeek, 2013).

Thus, the Eurozone crisis fostered the domestication of Germany's European policy. Taking into account the negative policy externalities that were likely to arise from enhanced policy coordination at the EU level domestic actors defined their preferences more accurately and constrained the options of the German federal government concerning the making of the European policy.

The Refugee Crisis, Domestic Politics and the Continuance of Germany's Constrained European Policy

The Syrian refugee crisis has in fact started off as a crisis of the European periphery and the Middle East and North Africa (MENA) region in late spring 2011 with Syrians finding refuge in neighbouring countries and remained largely a "non-European" crisis until April 2015. However, following the death of almost 850 Syrian refugees as a result of the shipwreck off the Italian island of Lampedusa on 19 April 2015, the term

“European migrant crisis” has been increasingly used by both the European political circles as well as the media (Anghel et al., 2016).

In the aftermath of the Lampedusa event, the European Council carried an extraordinary meeting on 23 April 2015 in Brussels, where the heads of state or government of the Member States emphasized their commitment to strengthen their presence at the sea to save lives and set up a preliminary voluntary pilot project on resettlement across the EU to support frontline Member States (European Council, 2015a). In a similar vein, the ordinary European Council gathering of 25-26 June 2015 particularly endorsed its commitment to realize temporary and exceptional relocation over two years from frontline Member States to other Member States and to provide the frontline countries with additional financial support (European Council, 2015b). However, only few Member States have shown interest in the implementation of those commitments stated in the conclusions of the European Council summits.

In light of the lack of commitment of Member States for relocation from the EU's frontline and the non-implementation of common minimum standards for asylum in the EU (Die Bundeskanzlerin, 2015), Berlin unilaterally suspended the Dublin regulations for Syrian refugees in August 2015. This meant that the German government waived its right to send back thousands of Syrian refugees who entered Germany via frontline member states such as Greece or Italy. Germany's decision to unilaterally abandon its rights stemming from the Dublin System, coupled with its economic power, made the country a prime destination for Syrian refugees, with around 160,000 having arrived just in August 2015 (The Guardian, 2015) and 230,000 in September 2015 (Bild, 2015). Actually, the initial German thought was that its unilateral suspension of the Dublin regulations accompanied by its open-door policy was going to enhance the solidarity among Member States in regards to more commitment to relocation (Die Bundesregierung, 2015). However, despite German efforts, by the end of November 2015, merely 184 asylum seekers were relocated from Greece and Italy (Carrera et al., 2015).

The unprecedented flow of Syrian refugees to Germany accompanied by the majority of the European states' hesitance to apply an open-door policy led to the domestication of Germany's policy concerning the management of the refugee crisis and the formation of the preferences of German societal actors in light of possible negative externalities that were likely to arise from the open-door policy. The open-door policy above all diminished the popularity of Chancellor Merkel, which was reflected in the gradually decreasing support for Merkel's party, Christian Democratic Union of Germany (CDU). Whereas according to a Forsa poll Merkel's CDU would have won 43 percent of the vote, if the federal elections were to take place on 12 August 2015, the support for CDU decreased to 36 percent on 4 November 2015 (Wahlrecht.de, 2017). Throughout this period, Germany's Euroskeptic political party AfD almost tripled its votes from 3 percent to 8 percent (Wahlrecht.de, 2017). Close observers of German domestic politics even argued that Merkel was unlikely “to survive another year if immigration continues at 2015 levels” (Janning, 2016). The already difficult situation for the German Chancellor and her party was further

exacerbated by the critical voices that emerged from within the German business world. For example, Ulrich Grillo, the President of the influential BDI, leading lobbying organization of the German industry, stated that Germany was experiencing an uncontrolled flow of refugees and needed to discuss ways to re-route the flow and integrate the already existing refugees into the German society (Die Welt, 2016).

Germany's Role in the Formation of the EU-Turkey Refugee Deal

The preferences of domestic constituency accompanied by the lack of EU-level commitment to relocation and upcoming local and federal elections (in March 2016 and September 2017, respectively) in Germany constrained Merkel's policy options in regards to the management of the refugee crisis leading her to take unilateral actions and reach out to Turkey for dealing with the crisis. While Germany became the prime destination for refugees from Syria, particularly following its temporary withdrawal of the Dublin System, Turkey rose as a major actor in the management of the crisis as a key transit and destination country.

Stronger German-Turkish cooperation on the management of irregular migration in Europe and its wider periphery became necessary as both countries have started to act as key actors in the accommodation of Syrian refugees and the management of the influx of migrants (Turhan, 2015). Against this background, Merkel linked the protection of the EU's external borders to the successful management of the refugee crisis, particularly in cooperation with Turkey, during a joint address to the European Parliament (EP) on 7 October 2015 together with the then French President François Hollande (European Parliament, 2015). In accordance with this statement, the European Council endorsed on 15 October 2015 the Joint Action Plan with Turkey initially prepared by the European Commission (EC) to foster EU-Turkish cooperation in the management of the refugee crisis by tackling the root causes of the refugee crisis, providing EU support for Syrian refugees residing in Turkey under temporary protection and averting irregular migration flows to the EU (European Commission, 2015).

Following the endorsement of the Joint Action Plan by the European Council, Merkel put particular effort into the identification of the conditions and framework of the EU-Turkey cooperation on the management of the refugee crisis and into the attainment of Turkey's commitment to prevent irregular migration flows to the EU with side-payments. On the eve of the 29 November 2015 EU-Turkey Summit in Brussels, where the Joint Action Plan was activated by both parties with the identification of the initial conditions and framework of the EU-Turkey cooperation, Chancellor Merkel met with President Recep Tayyip Erdoğan on 18 October and 16 November and with Cypriot President Nicos Anastasiades on 23 October - concerning the negotiation chapters to be opened in Turkey's accession talks with the EU in exchange for the making of the EU-Turkey refugee deal. German Chancellor's impact on the

conclusions of the 29 November EU-Turkey Summit is also demonstrated by the statement of the then Prime Minister Ahmet Davutoğlu, who thanked ahead of the summit to Donald Tusk, President of the European Council, Juncker and Merkel for their “attitude open to cooperation” (HDN, 2015).

The conclusions of the 29 November 2015 EU-Turkey Summit had been reshaped by 18 March 2016 bilateral summit between Turkey and the EU (Turhan, 2016) , where additional side-payments were promised by the European leaders to Ankara in exchange of cooperation on the elimination of irregular migration flows to the EU (European Council, 2016). The conclusions of 18 March summit were to a great extent sculpted by the German federal government by means of various minilateral and bilateral meetings. Between December 2015 and 18 March 2016, Chancellor Merkel met with key representatives of the Turkish government on 17 December 2015 during a mini-summit on migration, on 22 January 2016 during German-Turkish intergovernmental consultations, on 2 February 2016 as part of an official visit to Ankara to discuss the framework of the EU-Turkey deal on the management of the refugee flows, and on 6 March 2016 together with Tusk and Mark Rutte, Head of the then Dutch Presidency of the Council to prepare a trilateral proposal on the scope, conditions and framework of the EU-Turkey cooperation on refugee crisis to be submitted to the European Council for approval (Die Bundeskanzlerin, 2016). The trilateral proposal then had been to a great extent approved by the rest of the Member States during the EU-Turkey summit of 18 March 2016.

Conclusion

This paper reveals that the steady progress of European integration accompanied by competence transfer from the national to the EU level culminated in the domestication of Germany’s European policy: in other words, leading societal actors started to carefully assess the implications of steps towards further integration in the EU for the realization of their goals. In doing so, they defined their preferences precisely and constrained the actions of the federal government.

Germany’s European policy throughout the two most prominent crises the EU has been lately challenged with, namely the Eurozone crisis and refugee crisis, has been largely shaped by the preferences of the influential domestic actors, who took into account the negative externalities that were likely to arise from the introduction of policies that would impose significant costs on them. Germany’s unilateral actions and leadership role in the management of these two crises (including the making of the EU-Turkey deal on the management of the refugee crisis) should be evaluated in light of the constraints imposed by domestic constituencies.

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