

Policy Position

The original text was published in DER SPIEGEL, 16/2020. Translation: Kris Best.

We All Die Alone

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13 April 2020

#Corona
#Europe
#Solidarity

Europe is struggling in the face of the pandemic. Germany in particular fails to recognise the historic proportions of this undertaking, and has reduced itself to the role of the model student who cannot help but lecture others along the way.

Europe is not a dictatorship. Europe is not even a state. Europe is a multi-layered political system with overlapping structures of legitimation, interspersed with national borders. We are all too happy to whitewash it in the good times as a *Schicksalsgemeinschaft*, or ‘community of common destiny’, only to rediscover in the bad times how thin and flaky that whitewash really is. Accordingly, the European Union finds it difficult to take firm decisions under pressure. But in a crisis like the one we face today, that cannot be an excuse.

In many places on our continent, anger is growing at the European response to the pandemic. But this resistance is not directed against an illegitimate or misguided exercise of power, as it is elsewhere in the world. The anger of many Europeans in this crisis is directed against a different extreme: against a lack of political leadership, and of clarity and solidarity; against the failure to use the strength of our political unity to do good, and to prevent the worst.

Europe will emerge weakened from this crisis, as technical discussions once again eclipse politics. For experts, the package approved on Thursday by the Eurogroup may be quite acceptable, but the underlying political message remains fatal: Europe’s corona crisis policy up to now is nothing more than a continuation of the old euro crisis policy, driven by technocratic thinking and mistrust. Technocracy, however, is the enemy of clear political signalling, and mistrust is the greatest enemy of political integration. Europe is negotiating itself into its own irrelevance.

It is a cruel irony of history that Italy and Spain, the two largest euro crisis countries, were both the first and the most brutally affected by the

pandemic. But instead of compassion, Pavlovian conditioning has taken hold. Long-term solidarity with Italy? The question appears to be the same in the new crisis as in the old one. And because it has been a guiding principle of Germany's EU policy in the past decade to prevent the ultimate opening of the floodgates that common debt would represent, the old euro crisis script is suddenly back in play: liability and control must come together. In Germany, few have noticed the cynicism behind the use of these terms, which emerged in the euro crisis with respect to struggling loans in Italian banks, to refer to struggling patients in Italian hospitals. In Italy, on the other hand, many are feeling the ill-fitting coldness of the fiscal policy formulas.

In this respect, it also doesn't help that even the German Chancellor spoke at the beginning of this week of a 'symmetrical shock', in order to signal that the pandemic is equally affecting all Member States. Angela Merkel's assessment is correct – but where are the consequences?

From an economic policy perspective, a symmetrical shock must be followed by a symmetrical response, a real European response – whether through Eurobonds, the EU budget, or a jointly guaranteed rescue package. Of course, the technical design of these instruments is important. But the negotiation becomes politically dangerous when it gives the impression that in the end, it is all about the concepts of control and liability, and dodges any true solidarity. In order to find a solution commensurate with the pandemic shock, two factors would have been needed: clear leadership at the European level, and a clear commitment by Germany to first think European, not nationally. Germany could have done this. Yet it did not.

And why should it have? Germany has had exceptional luck in this crisis: a delayed outbreak of the pandemic allowed us to react early. Senior citizens were warned by the images coming out of Italy, and were able to self-isolate at the right time. The low death rate in Germany up to this point wouldn't have been possible without smart crisis policies – but it also had a lot to do with luck. Unfortunately, Germany has not understood its good fortune as such and therefore has not used it as an opportunity to display real European solidarity.

Instead, many in our country have taken the position of the model student in fiscal and health policy. We are well-organised and have prudently managed our economy, and that's why we have enough intensive care beds. We are well-organised and have prudently managed our economy, and that's why we can afford to pull out the 'big bazooka' in our crisis response. We are well-organised and have prudently managed our economy – and that's exactly why we must not carelessly jeopardise the rules of good organisation and prudent economic management.

In large parts of Europe, however, Germany is not seen as the model student in economics. Other countries take a more disrespectful perspective towards the presumed over-achiever. Isn't the success of the German economy in the past decade primarily due to its current account surpluses? Wasn't Germany the driver behind the austerity mantra in the currency union? Didn't Germany profit at the expense of other countries during the crisis?

Distorted images of this kind don't do justice to Germany's role in the past decade. But it is true that we have to ask ourselves whether it would have been better for European cohesion if the euro crisis policy had been less strict and if Germany had

invested more in its own country. The mistrust from the other Europeans has not come out of nowhere. It's a thin line between export strength and beggar thy neighbor. And Germany has never made a serious attempt to complement its *de facto* dominance in European economic policy with the associated solidarity.

Hegemony is traditionally based in either coercion or benevolence. Germany may have implicitly claimed the role as Europe's economic hegemon during and after the euro crisis and in the following years, but has always explicitly denied it at the same time. The coercion factor, which Berlin always tactically redirected via Brussels and the framework of European treaties and regulations, was accordingly diffuse. Similarly diffuse was also the benevolence factor, which was not entirely absent, and which Berlin – tactically also wise – redirected via Frankfurt and the expansive monetary policy of the European Central Bank or via loans from the European Stability Mechanism. What stuck was the image of the solidarity-lacking Germans and their religion of *Ordnungspolitik*.

In the fall of 2017, French President Emmanuel Macron gave Germany the opportunity to rethink its own role and make a positive contribution to the further development of Europe with his Sorbonne speech. We know what the outcome has been.

The corona crisis has given Germany a second chance to come back to a wise, successful long-term EU policy. Germany had the opportunity to take on a more nuanced political position. Germany's firm, sometimes described as 'hard', positioning in the euro-crisis could have even received an additional air of legitimacy if we had shown empathy now. Empathy may not be a classical category of European economic policy, but that's exactly the point. This is not an economic policy crisis, but a societal breakdown.

Granted: the other countries haven't made it easy for us. As correct as corona bonds would be, morally elevating a fiscal policy instrument as the only true answer to a societal breakdown is not helpful. Bonds will not save Europe. They do not answer the central political questions of what exactly will be financed, who decides on the expenditures, and what actual transfers are involved. Bonds don't work without politics. It was foreseeable that a debate fixated on corona bonds would result in exactly the kind of technocratic compromise which is not economically wrong, but which conveys a political coldness. We should have learned from the euro crisis that a technocratic, apolitical Europe promotes its own disintegration.

Only one European institution currently offers some form of orientation – the European Central Bank (ECB), which has in fact succeeded in formulating a clear answer within its tightly restricted mandate. In this respect, the political independence of the ECB is both its greatest strength and its greatest weakness. It can do what is right, beyond any form of political pressure. But for exactly that reason, it is constantly under criticism.

In this crisis, the Bundesbank and its President Jens Weidmann deserve great respect; perceiving the true scope of the crisis, they have silently acquiesced to the ECB response, which they probably would have strongly combated just a few months ago. Why isn't such consideration for what is truly important, this breaking free from old reflexes, also possible in other policy areas?

The economic consequences of a botched crisis response in Europe would be massi-

ve. Many clever texts on the economic policy necessity of Eurobonds have described them in detail. But the political consequences would be far greater. Italy is already the member of the European Union with the lowest level of trust into the European Union. Whoever is left alone in their darkest moment will not forget it.

With the lethargic hyper-pragmatism of the euro crisis years, Europe will not be able to defeat the pandemic nor shape the economic reconstruction. Not to even mention dealing with other pressing questions, such as the situation of refugees on the Greek islands, the response to the autocratic excesses in countries such as Hungary or Poland, climate change, or Europe's security policy positioning in the world.

This continent looks back at a long history of battles against an excess of political authority. Today it is more important than ever to demand political leadership. As Europe is not a dictatorship, let alone a state, the way forward must be through the Member States.

This battle is difficult. But it is a battle worth fighting. Germany must now take responsibility. Anything else would be a failure of historical proportion.



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