Germany’s Future Lies in Europe

The effort to defend Europe’s single currency has changed the continent’s make-up overnight. First, the bailout of Greece, then the huge $1-trillion aid package that will be made available to Eurozone countries facing instability. A big step toward a more centralized, federalist Europe was taken. The path toward a fiscal union is particularly hard to sell in Germany; the memory of the hyperinflation of the 1920s is still powerful. Until now, German Chancellor Angela Merkel has defended her support of the aid package with the so-called “TINA” argument: “There Is No Alternative.” This negative rhetoric will not be enough to convince the population. Instead, Germans should be convinced by their leadership that the euro is existentially important for them. Here are 10 reasons why:

1. What strengthens Europe also strengthens Germany. A vital EU safeguards German interests, making an economically powerful Germany the European pivot. The creation of the European Union healed political wounds after World War II, allowed Germany to reconcile with its neighbors, and led to an unprecedented period of peace and security in Europe. All of Europe has benefited from this – and none more than the reunited Germany.

2. German interests are best protected by open markets, a stable political framework, and economic prosperity in Europe and beyond. This alone is the foundation on which German businesses leverage their excellent international competitiveness.

3. The EU has advanced the opening of European markets, which have served as the foundation of German economic success. As a result, Germany and Europe have experienced an era of extraordinary success over the course of the last half-century.

4. The economic and monetary union is better than its reputation in Germany. It has helped Germany deal with the stresses of post-1989 reunification. An extended period of wage restraint, social peace, and an innovative entrepreneurial class that has invented new products and discovered new markets has contributed to this development. As a result, the reunited Germany has once again become globally competitive.

5. If prices, wages, and, consequently, real buying power and living conditions converge within the EU, and a new middle class emerges in Eastern Europe, Germany will become the largest beneficiary of the European Union, allowing German businesses to enjoy the benefits of a domestic market of 500 million people. Indeed, since the advent of the industrial age, Germany has never had better marketing conditions.

6. The euro has not caused hidden inflation, contrary to what many Germans suspect. In fact, Europe’s single currency has led to a long phase of price stability. The euro has deprived member states of the option of reacting to the competitive advantages of German firms by devaluing their national currencies. Thus, the euro has been a catalyst for change and modernization, especially in the less competitive
regions of Europe. More competitive countries, Germany among them, have to adjust less because they have already done so in the past. Therefore, Germany enjoys an export boom, not only within Europe, but globally. This has been a massive boost for employment in Germany.

7. New actors have stepped onto the world stage, including China, India, Russia, and Brazil. As a consequence, Europe’s position is weakening. On the other hand, due to its economic power and size, Germany has become Europe’s dominant economic power. With power, however, comes responsibility. The biggest beneficiary of a peaceful, stable, and prosperous Europe with a common economic space for 500 million people must also be an anchor and guarantor of the European integration process. That is true in good times and in bad.

8. The pursuit of a narrow national interest does not serve Germany well in its European role. Germany’s interest is best served when it looks out for all of Europe. To do so it must help to produce European “public goods.” Such goods include stability, solidarity, and the commitment to solve conflict through cooperation.

9. Germany must continue to lead Europe to a higher level of integration. After World War II, a goal of European policy was to integrate Germany into a larger structure in order to contain it. The creation of Europe meant the emergence of a system of continental checks and balances. During the current Great Recession, Europe suddenly longs for German leadership. That has not happened since the Napoleonic Wars. It is a reality of a transformed Europe that sees Germany as a partner and no longer as a threat. The benign side of Germany’s power is the discovery of the age of integration in Europe. The political challenge of the day is to harness this power.

10. Environmental and demographic challenges, cross-continental migration, and the financial market crises are examples of the same stark fact: national solutions are no longer sufficient to address global problems. If Europe wants to influence global decision-making, it can only do so on the basis of a closer union. Whoever allows for the economic disintegration of Europe destroys Europe’s status as a global power. Germany must play its part in Europe in order for Europe to play its part on the world stage.

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