



CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

The Year of Our Discontent: A Snapshot From Berlin

by Gary Soroka
October, 2016

POLICY PAPER

THE YEAR OF OUR DISCONTENT: A SNAPSHOT FROM BERLIN

by Gary Soroka
CGAI Fellow
October, 2016



CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

Prepared for the Canadian Global Affairs Institute
1600, 530 – 8th Avenue S.W., Calgary, AB T2P 3S8
www.cgai.ca

©2016 Canadian Global Affairs Institute
ISBN: 978-1-988493-05-3

▲ **Executive Summary**

The European Union faces enormous challenges, including flows of refugees, economic stagnation, terrorism, xenophobia, anti-Muslim bigotry and the rise of the far right, the Brexit. Strong leadership is needed but it is in short supply. Germany is the most capable, but it too has domestic problems that are preoccupying the political class, not least the prospect of a federal election next year. Despite all this, the country has shouldered its growing responsibilities in recent years with a new confidence and no one should underestimate what they can achieve.



It's been a terrible year in Europe. So bad, in fact, that Europe itself seems to many observers to be unravelling. Across the continent, extremist parties on the right are gaining politically and the mainstream political establishments are looking tired, timid and out of ideas. The goal of a “Europe strong and free”—a phrase that actually meant something for generations of Europeans—is looking tattered, if not downright ironic.¹

It is hard to know where to start. Perhaps with a caveat: visitors to Europe will be struck by the cultural richness, the beautiful public spaces, the functioning public transport systems, the livable cities, the cafés and restaurants filled with people enjoying themselves. The headlines about Europe do not adequately capture the reality lived by most people. Nevertheless, there is a general sense of foreboding, a feeling that events are slipping out of control.

The Germans take a back seat to no one when it comes to angst and gloom, but even they know they have had a pretty good run for the last few years. The economy has been doing well, unemployment is low by historical standards, and industrial innovation is high. As is self-confidence: at first reluctantly and then more readily, Germany has become the principal power on matters affecting the future of the European Union and that has given them the heft to step up to the global foreign policy big leagues.

Then, a series of shocks in the last year—inside Germany and beyond-- rattled the country. The most notable was Chancellor Merkel's decision to open Germany's doors to an unlimited number of refugees. A majority of Germans initially backed the decision--the media were full of stories about civic generosity and warmth that people rightly took pride in. Within days, though, the numbers began to swell and within weeks it looked like chaos. For the first time in her remarkable career, Merkel began to take heavy personal political hits, including from her own party and coalition partners. She was never known for the “vision thing”; on the contrary, she has always seemed the safest of safe hands—a scientist by training and she always appeared analytic, detached, and in full control of both her files and her emotions. Suddenly, without any public preparation, she announced an extraordinarily bold initiative based on values and not political expediency. Germans began to see her in a different light. Her ratings dropped as the pandemonium on the borders mounted. She took corrective action as soon as politically possible: without actually repudiating her original position, she supported tightening European borders and concluded a deal with President Erdogan on controlling flows through Turkey. The number of refugees reaching Europe overland was dramatically reduced and, despite continuing difficulties and political attacks from the right, the situation seemed under reasonable control.

The relative calm didn't last. After the shocking terrorist attacks in Belgium and France, it was Germany's turn, though not on the same scale. Beginning July 18, there were four attacks in one week. The first involved a 17 year-old Afghan refugee who seriously injured four people in a knife and axe attack on a German train before he was shot dead by police. Then, a troubled German-born 18 year-old of Iranian background killed nine people before killing himself; he had no apparent connection to terrorist groups. The third was a 21 year-old Syrian refugee who killed a woman with a machete in a restaurant where they were both employed; police do not



suspect a terrorist connection. Finally, a 27 year-old Syrian whose refugee claim had been rejected blew himself up outside a music festival, killing himself and injuring 12 others; police found Islamist videos of a “Salafist” nature on his mobile phone. Everyone expects more attacks in the future.

Although only two of the four events seem to have a connection to political extremism, all four involve someone with a Middle East or Muslim connection. The July attacks underline the concern of a great many Germans that the challenge of integrating so many people from very different cultures in such a short time is beyond German capabilities. They have also reignited the anti-Muslim far right Alternative for Germany (AfD) Party which had started to slide after electoral success in three state elections last March but then turned in very strong showings in two state elections in September.

The first, in Mecklenburg-Vorpommern, saw the AfD win 22% of the vote. More significantly, they finished ahead of Merkel’s CDU party (20%), and this in her own home state. A state of the former East Germany, M-V has almost no Muslims and has received massive amounts of subsidization from the rest of Germany and the EU; the result may reflect simmering resentments at the loss of their “way of life” when the wall came down, among other factors, but it also reflects a discouraging and persistent strain of racism and xenophobia especially evident in the former East German states.

Two weeks later, came the Berlin elections (Berlin is one of three German city-states) and the AfD won 14.2 % of the vote, with their strongest support coming in the former East Berlin areas of the city. Much of the commentary focused on the major losses of Merkel’s CDU party which, for the first time in its history, slipped below 20% support. The rise of the AfD has unsettled German politics. Although very strong majorities supported centrist and left-wing parties, the rise of the AfD has broken post-war societal taboos; though not acceptable to the great majority of Germans, xenophobia and nationalism have entered political discourse. Criticism of Merkel and her refugee policy has started speculation about whether she can stay on as CDU leader, though the ranks of potential challengers are exceedingly thin. Merkel’s easiest out would be to establish an upper limit for how many refugees Germany will accept per year; her coalition partner CSU party proposes a limit of 200,000 and polls show a majority of Germans from all parties, except the Greens, support an upper limit of some form. Merkel insists she will not change course ² which, extraordinary politician that she is, may be a prelude to doing so stealthily.

Economic self-confidence has also been shaken. Germany is rightfully proud of its manufacturing and financial sectors, its reliability, and the broad consensus in the country to make the economy work. So, it is deeply upsetting that two of its titans have stumbled badly. The Deutsche Bank has, for a number of years, been floundering. It seems that every time there is a new financial scandal somewhere in the world, Deutsche Bank has been caught in the middle. It is now fighting a \$14 billion fine in the USA for activities related to mortgage-backed securities, which is separate from the over \$9 billion it has already paid out in fines and claim



settlements since 2008. For years, there have been cries of mismanagement (which seems increasingly to be MBA-speak for getting caught) and, despite changes at the top, the bank is far from out of the woods. Then there is Volkswagen, which had been roaring from success to success with hopes of becoming the largest automobile company in the world. First, there was the emissions scandal where a lab in the USA discovered that VW had been cheating (“mismanagement” again?) on its diesel engine emissions tests for years. The settlement with regulators and consumers will cost almost \$15 billion. (There are now allegations that the venerable Bosch company—another industrial icon--has been implicated in the cheating.) More recently, VW had to shut down production of two of its main lines for a few days because of a bitter dispute with a supplier who refused to ship parts needed for production. People wondered how it could ever have been allowed to go so far. The German economy remains strong but the German “brand” has taken a hit.

The next federal election is due in September 2017. Although a long way off, the electioneering is starting up. The opposition parties can attack the Government on the basis of what they have stood for since 2013 in the legislature. As is usual in coalition governments, it is much more difficult for parties in government to differentiate themselves in the minds of the voters. The Social Democrats (SPD) have the hardest job. Party leader Sigmar Gabriel, for example, cannot exploit disagreements he had with Merkel over her refugee policy since, in the electorate’s mind, he was Vice-Chancellor of the Government that opened the door.³ Moreover, Merkel is generally seen as the black widow spider of coalition governance; after a mating of convenience, her coalition partners have a history of waking up dead. Coalitions generally work well in Germany, but they start to fray as elections draw closer, even in the best of times—and these are times that demand strong German leadership at home and in Europe.

Brexit is a case in point. The Merkel Government has made it clear that it wants to take Britons by their vote. Out means out; preparations for the legal divorce have started in earnest in different German ministries. Britain has been told in clear terms that it cannot start free trade negotiations with third countries until it is out of the EU. Germany has to walk a fine line: on the one hand, they want to avoid giving Britain any concessions that would strengthen the hand of anti-EU forces in other countries; on the other, they want to avoid anything that smacks of “punishment” since the relationship with the UK, including on foreign policy, is too important.

It will likely be months –possibly late-Spring 2017--before the UK invokes Article 50 of the EU treaty that will formally begin the two-year countdown to a full exit. EU leaders at first demanded that negotiations should begin without delay—even though the UK was in complete disarray--but backed off as it became clear that the EU itself has no clear strategy. Eastern European members may be ready to give the UK more concessions than others in exchange for allowing their citizens now working in the UK (and sending money home) to stay and work there; some capitals wouldn’t mind extending the “passporting” that allows the UK financial services sector to do business throughout the EU, while others would oppose this, not least in the hopes of attracting big financial houses to their own countries. German Vice-Chancellor Sigmar Gabriel said in his summer interview⁴ that the UK would not be allowed to keep the



“nice things” related to Europe while taking no responsibility for the rest. He added that if this were allowed to happen and other states tried to follow the UK example, then Europe would go “down the drain”.⁵ More recently in London, EU Parliamentary President Martin Schulz (from Gabriel’s SPD Party) also rejected an “a la carte” negotiation.⁶

EU Leaders met in an “informal” Summit (without the UK) in Bratislava on September 16 to discuss the Brexit as part of a larger approach to the future of the EU itself. The Bratislava Declaration⁷ said almost nothing about the Brexit, referring only to the decision by one member to leave. Instead, it talked mainly of the need to establish better control of external borders and migration flows, increased cooperation on security, measures to fight youth unemployment, and other worthy objectives. Looming over everything, though, was the need to reconnect people across Europe with the European Union and the real benefits that membership brings. Despite the bland Declaration language, two German priorities took a beating: Eastern European states led by Hungary said no to taking more migrants, with support from Austria who have taken more than their share but say they cannot do more; and Italian Prime Minister Renzi led the attack on the economic austerity policies Germany is forcing on member states, a position supported by others in Europe who argue that German support for an expansionary policy would provide a major economic and political boost to the EU as a whole.

The crisis of the EU could provide an opening to a longer-term strategy to move the EU to a more systematic, variable geometry, a set of concentric circles of integration. Each circle would have a set menu of obligations and benefits and countries would be able to join the group that best suits their national capabilities and aspirations. To some extent, these differentiations already exist but there is an argument that they should be made more systematic and rigorous.⁸ Certainly, it is a stretch to blather on about common European values when countries like Poland and Hungary are flouting fundamental democratic principles and EU solidarity while others display high levels of corruption and bad governance. Which is why an EU of concentric circles would be difficult to establish—it would require a degree of honesty about individual member states that almost everyone would want to avoid. And besides: there are still many true believers in Germany and elsewhere who believe the Brexit and similar anti-EU sentiments only show that European political integration has not gone far enough, quickly enough. Despite the pitfalls, however, there is a growing recognition that something substantial must be done to reform the EU and shore up public support.

The Brexit result is symptomatic of another trend that worries the Germans who, for obvious reasons, are deeply distrustful of aggressive nationalism. Germans are dismayed to see large sections of the public in countries like Russia, Turkey, Great Britain and the United States support leaders (or leader wannabees) who promise to restore their countries to previous heights of glory and power. Germans are particularly anxious about Trump whose loose talk about NATO and everything else makes him look like something dreamed up by the Brothers Grimm. Despite differences on some specifics, these leaders exhibit some disturbing similarities: appeals to nationalism with strong elements of xenophobia and bigotry; rejection of international rules and codes of behaviour developed over decades of negotiation and



cooperation; portrayal of opponents as conspirators and any critical media as liars; and a readiness to peddle outright lies as the truth. We see the same characteristics in the AfD and other right-wing and extremist parties in the EU, a number of whom receive financial, political and moral support from Putin's Russia.

Commentators in Germany and elsewhere point out that, despite the far right's manipulation of fear for its own political purposes, there are real issues of economic hardship and insecurity in all our countries that governments have not adequately addressed. Growing income inequalities with extreme concentrations of wealth in relatively few hands exacerbate the tensions. Germany, too, is heading in this direction, though a generous social safety net offsets some of the problems. Massive flows of money—including booty from tax evasion and corruption—are driving up property prices in many cities and making them unaffordable for the people living there. Rather than a serious discussion of policies to address these challenges, the far right is offering cheap nationalism and a redirection of fear and anger towards those least able to defend themselves. The threats to civilized discourse, to the foundations of a healthy democracy, are real and growing.

Against the background of resurgent nativism, Canada, and Germany (despite the rise of the AfD) can be seen as notable counter examples. Germany has become a pivotal international player and has done so without actually seeking the power that comes with its new status. It is now shouldering enormous responsibilities with a confidence that was unimaginable only a few years ago.

German Foreign Minister Frank-Walter Steinmeier, in an article this summer in *Foreign Affairs* magazine⁹, writes that Germany “did not seek its new role on the international stage. Rather, it emerged as a central player by remaining stable as the world around it changed.” He goes on to characterize Germany as a “reflective power” writing that “even as it adapts, a belief in the importance of restraint, deliberation and peaceful negotiation will continue to guide its interactions with the rest of the world.”

These are words that most Canadians would be very comfortable with, and there is considerable consonance of views these days between Canada and Germany. There is a feeling here that Canada is “back in the game” after the 2015 federal election and that is welcome news because the forces of moderation and democratic governance need all the help they can get. Canada has much to offer the world, but perhaps our greatest contribution will be to show that a tolerant, open and multicultural society can be made to work for all our citizens.



¹ See Der Spiegel Online, 2016-07-17 “Krisenjahr 2016: Was für ein Chaos” for a survey with links to the leading crises of the past year. <<http://www.spiegel.de/politik/ausland/terror-putschversuch-brexit-donald-trump-das-krisenjahr-2016-a-1103373.html>>

² Bannas, Gunther and Schaefers, Manfred (September 5, 2016). CDU nach Landtagswahl: Schlimmer geht immer. Frankfurter Allgemeine Newspaper. <<http://www.faz.net/aktuell/politik/inland/negative-prognosen-fuer-cdu-bei-der-landtagswahl-in-berlin-14422036.html>>

³ See “Sommerinterview mit SPD-Chef Sigmar Gabriel”. August 7, 2016. <<http://www.ardmediathek.de/tv/Bericht-aus-Berlin/Sommerinterview-mit-SPD-Chef-Sigmar-Gabr/Das-Erste/Video?bcastId=340982&documentId=11073162>>

⁴ See report on Bloomberg News, August 22, 2016. <<http://www.bloomberg.com/news/articles/2016-08-22/europe-plans-for-life-after-brexit-as-merkel-meets-allies-at-sea>>

⁵ Gabriel, op. cit

⁶ Reported in Euronews, September 25, 2016. <<http://de.euronews.com/2016/09/23/schulz-plaediert-in-london-fuer-konstruktive-brexit-verhandlungen-und-baldige>>

⁷ European Council, September 16, 2016. <http://www.consilium.europa.eu/press-releases-pdf/2016/9/47244647412_en.pdf>

⁸ Ideas like this have been in the air for a while, but there appear to be few concrete proposals for what it may look like in practice. See for example Dirk Kurbjuweit “Europe’s Zero Hour Presents An Opportunity”. June 24, 2016. Der Spiegel Online. <<http://www.spiegel.de/international/europe/brexit-presents-europe-with-opportunity-for-improvement-a-1099608.html>>

⁹ Steinmeier, Frank-Walter. “Germany’s New Global Role: Berlin Steps Up”. July/August, 2016 Issue. Foreign Affairs. Available on the website of the German Foreign Ministry. <http://www.auswaertiges-amt.de/DE/Infoservice/Presse/Interviews/2016/160615_BM_ForeignAffairs.html>

▲ About the Author

Born in Montreal, Gary Soroka was educated in Canada and the University of Edinburgh where he received his PhD in Political Philosophy. In 1976, he joined the Department of External Affairs and held a number of positions in Ottawa and at Canadian missions abroad. He spent most of his career as a specialist in the area of foreign policy before retiring in 2009.

Dr. Soroka is married to Sabine Sparwasser, a member of the German Foreign Service, and they are currently living in Berlin, Germany.

▲ Canadian Global Affairs Institute

The Canadian Global Affairs Institute focuses on the entire range of Canada's international relations in all its forms including (in partnership with the University of Calgary's School of Public Policy), trade investment and international capacity building. Successor to the Canadian Defence and Foreign Affairs Institute (CDFAI, which was established in 2001), the Institute works to inform Canadians about the importance of having a respected and influential voice in those parts of the globe where Canada has significant interests due to trade and investment, origins of Canada's population, geographic security (and especially security of North America in conjunction with the United States) or the peace and freedom of allied nations. The Institute aims to demonstrate to Canadians the importance of comprehensive foreign, defence and trade policies which both express our values and represent our interests.

The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the International Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

In all its activities the Institute is a charitable, non-partisan, non-advocacy organization that provides a platform for a variety of viewpoints. It is supported financially by the contributions of individuals, foundations, and corporations. Conclusions or opinions expressed in Institute publications and programs are those of the author(s) and do not necessarily reflect the views of Institute staff, fellows, directors, advisors or any individuals or organizations that provide financial support to the Institute.