Introduction

After the Bundestag election of Autumn 2005 and disputes with Chancellor Gerhard Schröder over the setup of the new cabinet, 51-years old Angela Merkel, CDU leader, finally formed the grand coalition government (CDU/CSU-SPD) which she led since November. The new chancellor had not experience in foreign policy. Although as a leader of the Christian democratic opposition she travelled abroad several times, including the USA, she lacked diplomatic skills. However, she learned fast and in a similar vein to her predecessor G. Schröder (1998–2005), she showed a flair for foreign policy. Later, it actually became her flagship policy area. She transformed herself from an undervalued novice, nearly a parvenu in European echelons of power, to become the “Empress of Europe” or the “Lady of Europe” in less than nine years. The European policy was her springboard into international recognition and success. In the European Union, the Chancellor manoeuvred swiftly and boldly. Her scientific mind of a theoretical physicist and the ability of in-depth analysis of EU phenomena and processes facilitated decision making and her decisions were hardly ever risky or controversial.

In December 2005, her debut at the EU stage during the session of the European Council in Brussels turned out to be unexpectedly successful. After hours long debates, her conciliatory attitude helped to reach a compromise on the 2007–2013 budget. She earned Poland’s gratitude, since Poland became the largest EU beneficiary among new member states. Although during the Council session the French President Jacques Chirac demanded larger allocation for Poland, the western press considered the head of the German government to be orchestrator of the Brussels success (EU-Gipfel: Merkel vermittelt zwischen Chirac und Blair, 2005).

In the European politics, in a similar vein to her predecessor, the new chancellor fully identified herself with German national interests. Thus, it was possible to distinguish EU affairs of particular interest for the Chancellor and those that she considered secondary for the Federal Republic of Germany. The latter were left completely at the discretion of the European Commission and other EU services (Koszel, 2019). Stefan
Kornelius, the Merkel’s biographer and a journalist at “Süddeutsche Zeitung,” rightly described major principles adopted by the Chancellor in her external policy. He wrote: “Germany cannot solve their problems alone, since the country is (i) a party to alliances and coalitions, and (ii) Europe and the European Union, United States and NATO need to comply with the provisions of the UN Charter and obligations towards Israel. These were the most important points for the German Chancellor’s political activity. Her other political behaviours resulted from the friendship with France, the role of Poland, balance of interests in Europe, euro and preparedness to resort to military actions as a measure of last resort” (Kornelius, 2013, pp. 101–102).

1. Constitution for Europe and the Lisbon Treaty

Chancellor A. Merkel had to deal with the legacy related to the Constitutional Treaty after the previous SPD and Green party coalition. The patrons of the Constitution for Europe included Joschka Fischer, the leader of Die Grünen/Bündnis90, Chancellor G. Schröder, an SPD politician, and supporting him Johannes Rau, the German President. The Constitutional Treaty was signed on 29th October 2004. However, its ratification was rejected in France and in the Netherlands, respectively in May and in early June 2005.

The “Grand Coalition” Government decided to continue efforts to implement the Constitution for Europe. Germany’s determination was strong, since the Constitution for Europe could bring the Community closer to a political union, a setup that would appeal to Germans (Koszel, 2013, p. 208).

The uncompromised effort to push the Constitutional Treaty forward combined with the lack of experience in the Brussels’ politics, led Chancellor A. Merkel along a dead end street. She was right by saying that one cannot ignore the majority of EU Member States which ratified the treaty and she agreed to revise it, reduce its volume, and maintain its most important provisions. However, she failed to find the right way through. Then, in the eve of his run for the president in 2007, the French Minister of Internal Affairs Nicolas Sarkozy rushed to help. Sarkozy succeeded in convincing the German Chancellor that it did not make sense to insist on the term Constitution for Europe and it was better to replace it with a term that was more acceptable for the opposing parties (Great Britain, Poland, Spain), i.e. “simplified treaty” (traité simplifié), “reforming treaty,” or a “mini-treaty” containing the majority of provisions from the Constitution for Europe. The Sarkozy’s proposal was tempting as the new treaty would keep the essential content of the previous one and would not have to be the subject of referendum. In May 2006, once the proposal was supported by Spain, Germany gave in. On 27–28 May the same year, during a meeting of EU foreign ministers in Klosterneuburg, the head of the German diplomacy Frank-Walter Steinmeier admitted that it would be unthinkable to ask the French and Dutch societies to accept the treaty content of which had been unchanged (Maurer, 2007, pp. 3–8).

It was expected that the issue of the new treaty was to be finally resolved during the strong German presidency in the EU Council in the first half of 2007. Although with some difficulties, the solid preparation to negation and the personal engagement of the
Chancellor paved the way to agree on details. On 13th December 2007, the treaty was signed in Lisbon. However, Germany had all reasons to be moderately satisfied with the final effect. Although the treaty reaffirmed the strong position of Germany in the EU decision-making process, it also empowered intergovernmental cooperation between EU Member States and postponed federation as the preferred German model for the EU. Competence acts adopted by the Bundestag on 8th September 2009, after the ruling of the Federal Constitutional Court related to the Lisbon Treaty ratification, limited the freedom of the government to influence the European policy. According to the above, the implementation of the federation would stand in contradiction to the basic law. According to the ruling, each time the Bundestag would have to give their consent to the adoption of the EU law in Germany, in particular in the area of the criminal law or Bundeswehr foreign missions (Jungholt, 2009).

2. Financial crisis in the Eurozone

In the face of the 2008 financial crisis which spilled from across the ocean in the eurozone, Chancellor Merkel initially adopted false assumptions. She assumed that the states that had relaxed budget policies regarding their internal debt (Greece), or rash credit policies (Ireland, Spain, Portugal, Cyprus) brought the crisis on themselves and they ought to apply austerity measures to get out of trouble. Any international aid was to be treated as _ultima ratio_ and subject to numerous conditions. Although logical, the German recipe failed to take into consideration the depth of financial crisis in some states, in particular those in the south of Europe. The risk was that the crisis could spread onto other countries and endanger the existence of the eurozone (Enderlein, 2010, pp. 7–12).

Contrary to Chancellor A. Merkel, President N. Sarkozy had a better understanding of the threat and the need to act swiftly to prevent the destabilization of the eurozone. However, his proposal of a “bazooka approach” with a quick orchestration of a sizable rescue package supervised by the European Central Bank (ECB) and its immediate implementation were not well received in Berlin. There was a concern that the major part of the EU Financial Stability Facility would have to be provided by Germany and the independence of the ECB would be compromised. Moreover, it was understood that once financial support was offered to Greece, other countries, such as Ireland, Portugal and Spain, would request the same. The Chancellor objected to provide aid to Greece in the form of coordinated loans from other states in the single currency area (Enderlein, Gnath, Haas, 2016, p. 250). In her opinion, the best solution was for Greece to reduce consumption and implement austerity measures, especially in the area of an excessively generous social policy. Additionally, the German Chancellor was concerned about the stability of euro and German interests in Greece. The bankruptcy of Greece would be primarily detrimental to German banks which acquired Greek bonds for about EUR 40 billion (Meiers, 2015, p. 63).

The exacerbation of the Greek crisis coincided with the Bundestag election campaign in autumn 2009. Chancellor Merkel was concerned that the offer of a generous aid to Greece may deteriorate election opportunities for the Christian Democratic Par-
ty. She also knew that in May 2010 she would have to face difficult regional elections, in particular the important election to the Landtag of North Rhine-Westphalia. The victory of Christian democratic liberals was crucial to maintain the majority in the Bundesrat. The latter made A. Merkel additionally reserved, and consequently her position stiffened (Koszel, 2015, p. 80).

In March 2010, for the first time Greece had to resort to the Financial Stability Facility and the support of the Eurozone Member States, European Central Bank (ECB) and the International Monetary Fund (IMF). Germany was reluctant to lend to Greece, since it would be a major burden on the German budget (ca EUR 4 billion), and the ECB did not have such funds and credit rights. It was rather awkward for Germany to open commercial crediting for Athens (with interest of about 5%). The process of allocating loans to Greece and restoring their creditworthiness was dragging due to a rigid stance of the German government in general and A. Merkel in particular (Cziomer, 2013, p. 72).

Finally, with the imminent threat of major turbulences in the eurozone in consequence of the Greek economic crisis, Germany reluctantly joined in to rescue crisis-ridden states. The financial aid package included a Greek Loan Facility (GLF), European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF). Since 2012, the main source of financial aid for eurozone states was the EFSF. In May 2010, Greece received a financial package of EUR 110 billion, replenished with additional EUR 109 billion in July 2011. In November 2010, Ireland received EUR 85 billion, in May 2011 Portugal EUR 78 billion, and in March 2013 Cyprus EUR 10 billion.

In the middle of November 2011, preparation started to the EU Council summit scheduled for December to decide on further measures to combat the financial crisis in the eurozone. Chancellor Merkel still favoured internal debt, budget discipline and control over public spending. Germany tried to overthrow the French idea to convince the ECB to be more flexible and purchase bonds issued by indebted states. Moreover, with the support of Austria and the Netherlands, Germany rejected the second costly request to issue eurobonds, since the states were afraid of communitisation of debt. Thus, the solution to the crisis in the eurozone developed under a significant pressure of the German government. Finally, during the European Council session held in Brussels on of 8–9 December 2011 the majority of Members States supported the proposal. The solution was to form a “fiscal union” an intergovernmental agreement which circumvented the treaties. According to the agreement, members of the Eurogroup and some countries outside the group had to stick to the 60% public finance deficit and 3% budget deficit. Moreover, the rules had to be included in their constitutions (Höchler, 2013, p. 149). Formal agreements were put into the new intergovernmental treaty of 2nd March 2012 which defined rules for the strengthening of the finance discipline in the EU (Treaty on the stability, coordination and management in the Economic and Monetary Union).

Thus, Germany imposed the direction of the discussion on combating the growing crisis. While using the power of their economy, Germany managed to pushed forward austerity measures as the best recipe to help Europe out of the difficulties. The social cost of the victory, however, was exorbitant for southern European societies and torn
the fabric of their societies. Chancellor Merkel and Minister of Finance Wolfgang Schäuble became some of the least popular politicians and Greece, Spain and Italy. Their actions were frequently referred to as the rise of the Teutonic Fourth Reich which took care of their own interests only. We can agree with Kornelius that the eurozone financial crisis marked the best years of the German Chancellor. “If it was not for the wide spread of recession which gripped Germany and Europe, the Chancellor would not secure that much power to her country and would not raise to the position of the unquestioned leader of Europe […]. The crisis empowered Angela Merkel” (Kornelius, 2013, p. 111). In a similar vein, many German analysts wrote that the way Chancellor Merkel handled the eurozone crisis was based on an unquestioned approval of EU partners to German actions taken. This made Germany not only a Europe’s leader but a hegemon. Moreover, Berlin believed that the term was fully justified due to the contribution Germany made to rescue the eurozone (Crome, 20120, pp. 10–11; Franzke, 2012, pp. 20–210).

The resistance of the new French socialist president François Hollande, who did not share the German opinion that austerity policy was pivotal to combat the financial crisis, was a major surprise for Chancellor Merkel. The former believed that the austerity policy would lead to a deeper recession and it was better to stimulate economic growth and job creation in the eurozone. Once he won the support of Spain and Italy, Merkel had to agree to complement the fiscal pact with measures stimulating growth and employment in the EU. The European Council summit of 28–29 June 2012 decided on a “Compact for Growth and Jobs” (Conclusions of European Council, Brussels, 28–29/06/2012). Rumours has it that Merkel left the meeting enraged. Spanish sources informed that “show was moved by her first defeat” (De Miguel, Carbajosa, 2020).

The Fiscal Pact and the Compact for Growth and Jobs were to form a basis for remedial actions to be later developed with the banking union and new investment to stimulate economic growth. The banking union (BU) was a priority and according to the report by Herman van Rompuy, the President of the European Council, adopted at the December 2012 session, initial steps were taken to legitimise and implement the BU. Consecutive systemic solutions implemented towards the BU empowered Germany and France and gave them a major influence on the BU. Initially, the BU was to have a supranational character. However, Germany, France and several other states disapproved the idea promoted by the European Commission. This weakened the role of the new structure in the Economic and Monetary Union. Chiefly under the influence of the Merkel Government, a decision was made to define rules for the Single Resolution Fund in an intergovernmental agreement instead of the secondary legislative act. The Single Resolution Board, its central body, started as an independent EU agency on 1st January 2015 and became fully operational in January 2016.

Detailed rules for the BU were agreed under a significant influence of the German government. Germany managed to establish several restrictive provisions for the restructuring of banks in the Eurozone. The provisions strengthened their position in decision making, but at the same time complicated the functioning of the Banking Union (Węc, 2014, p. 43).

Despite several attempts to rectify the situation, conditions and prospects for the European economy were hardly satisfactory in 2014. Economists agreed that the eas-
The most effective way to stimulate the economy is to invest in IT networks, transport and energy. To this end, in late November 2014, Paris and Berlin agreed to the investment plan announced by Jean-Claude Juncker, the then new President of the European Commission. The plan was based on the establishing of the “European Strategic Investment Fund” worth EUR 21 billion, where 5 billion was provided by the European Investment Bank (EIB) and the remaining 16 billion from the EU budget. The latter amount comprised EUR 8 billion in cash from the EU budget and an equal amount in EU guarantees. Considering that private investors might join in the Juncker’s plan, the total amount was expected to reach EUR 315 billion (315 Milliarden Euro, 2014).

To orchestrate investment worth EUR 315 billion, the European Commission and the European Investment Bank (EIB) created a new European Fund for Strategic Investment (EFSI) with the task of providing finance guarantees for projects benefiting the general public and implemented primarily by the private sector and in selected segments only by the public sector. The initial EFSI budget was EUR 21 billion, of which 16 billion was provided from the EU budget and 5 billion from the EIB (Europejski Fundusz, 2015).

Another form of aid channelled to crisis-ridden countries in the eurozone to avoid deflation was based on the decision of the European Central Bank to organise monthly purchase of bonds and other debt instruments of EUR 60 billion. The scheme began in March 2015 and was to continue until September 2016. The fresh money, as Mario Draghi, the President of the ECB expressed it, was to be offered in the form of preferential loans or investment capital to boost economic growth.

Despite criticism by German politicians and experts, the decision was made to continue the plan. Until the end of April 2016, the value of bonds purchased reached EUR 645 billion. Further consecutive monthly batches were increased to EUR 80 billion which continued until March 2017. The total amount spent was estimated at EUR 1.5 trillion. Billions of euro were pumped into the eurozone to encourage banks to offer preferential loans and to stimulate economic growth (EBC darowuje odsetki, 2015).

The 2017 presidential and parliamentary elections in France provided numerous reasons to discuss the future of the eurozone and development prospects for the European Union. The winner was Emmanuel Macron who headed La République En Marche! He was a young and energetic leader who clearly supported major reforms of the Eurozone and deepening of European integration already in his election campaign. He attempted to rectify the economic situation in France by instigating reforms aimed to make the domestic labour market more flexible. In his actions he was encouraged by Chancellor Merkel, since she assumed that economic success in France would improve the situation in the Eurozone in general, facilitate necessary reforms and add nouvel élan or a new momentum to the process of European integration.

In a series of his public pronouncements, the new French president spoke for a separate budget for the eurozone with the responsibility vested in the euro area ministers for economy and finance. While taking into account the cost of the reform, he opted for the increase of the EU budget and the transformation of the European Stability Mechanism. He called for an overhaul of the euro area until 2024 (Kubera, 2017).

German elections of 2017 prevented Chancellor Merkel from making comments regarding Macron’s statements, since she did not want her support to be used against
her in particular by Alternative for Germany (AfD). Berlin perceived Macron’s ideas with a mixture of admiration, envy and concern, concern that reforms proposed might go too far as the majority of cost would be borne by Germany.

In 2017, EU discussion focused on the establishing of the European Monetary Fund (EMF). The idea was tabled by Minister Schäuble whom Merkel treated with moderate approval. Although the idea continued to be discussed by politicians in following years, finally, further work focused on the establishing of the European Stability Mechanism.

The 2015 refugee crisis in Europe, Brexit, Islamic terrorist attacks in Belgium and France, the rise of demagogy and populism in Europe, and dragging negotiations in Germany to form a new government after the 2017 election pushed aside EU discussions on the reform of the euro area. Merkel was aware that the establishing of a separate budget for the eurozone was de facto an equivalent of German consent to develop the two-speed Europe, something which the German leader had objected for many years. This would mean a fracture to EU solidarity and pushing the already Eurosceptical Visegrad Group to the peripheries of Europe.

Major disruption related to the difficult internal situation in Germany after the 2017 election undermined the position of Chancellor Merkel in the European Union and reduced her influence on problem solving in the euro area. Then, the lead role was taken by the popular in Europe pro-reformist president Macron. He was in the forefront of actions implemented to stabilise the euro area. Unfortunately, the coronavirus pandemic slowed down efforts also made by the European Commission. The Eurozone summit statement of December 2019 “Deepening Europe’s Economic and Monetary Union: taking stock four years after the Five Presidents”, Report published in June 2019” confirmed the progress in developing the European Stability Mechanism and the agreement underlying it. They admitted a failure, since the Council failed to reach a consensus on the fiscal stability mechanism for the euro area and the reform of the euro area management. Parties concerned confirmed that the EMU was “incomplete” and its strengthening “was key to increase the role of Europe in the world, strengthen euro, and contribute to the building of an open, versatile and rule-based global economy” (Europejski semestr 2020).

3. Conflict in Ukraine

Due to very good relations between Germany and Russia, Ukraine which had been independent since 1991 was practically non-existent in German politics and economic policy. Under the pressure of Poland and the Eastern Partnership, Berlin agreed to an association agreement. To avoid friction with Russia, it was not designed, however, as an interlude to the Ukraine’s accession to the EU (Wieliński, 2012). Despite the fact that the agreement was initialled on 19th July 2012, on 21st November 2013 the Ukrainian government announced that the preparation to sign the association agreement was suspended together with the discussion on deepened comprehensive free trade relations with the European Union. Russia put it very bluntly that they would not allow for an agreement that could provide for a firm link between Kiev and the EU. Russia
had already tried to blackmail Kiev threatening it with the closing of the gas tap and
discriminatory treatment to Ukrainian goods on the Russian market. In response the
Ukrainian society went to streets and blood was shed on barricades in Kiev.

In February 2014, a swift Weimar Triangle mission under the aegis of Germany
(F.-W. Steimeier, R. Sikorski, L. Fabius) forced the Ukrainian president Viktor Ya-
nukovych to leave the country. It appeased the situation but not for long. In March
2014, Russia annexed Crimea which forced the EU and the US to impose econom-
ic sanctions and suspend Russia’s membership in G-8 (Entschlossene Reaktion der
EU-Außenminister, 2014).

Since the beginning of the Crimea crisis, Chancellor Merkel tried to keep calm.
Her reaction to Putin’s proclamation of Russia’s Crimea was reserved. She called EU
Member States to remain united and merely stated that the annexation was a breach
of the international law. In parallel to sanctions, the dialogue with Moscow continued.
Following a parliamentary discussion in Bundestag on 19th March 2014, it was clear
that any military action would not be an option, but no one knew where Putin would
stop and how far the EU should go with their concessions. The intention was to use
all possible instruments, i.e. continue the dialogue with Moscow, expand sanctions
against Russia, if needed, and to continue a financial aid for Ukraine (Rinke, 2014,
pp. 33–45).

The Normandy Format talks were to prevent the escalation of the conflict after
the annexation of Crimea and the eruption of fights in the eastern part of Ukraine in
April 2014. The format was established on 6th June 2014 during a meeting between
A. Merkel, F. Hollande, president of Ukraine Peter Poroshenko and Vladimir Pu-
tin. The meeting coincided with the anniversary of allied forces landing in northern
France. The Normandy Format talks established a contact group involving Ukraine,
Russia and the OSCE, to which they invited representatives of the separatist Donetsk
People’s Republic and Luhansk People’s Republic. In early June, the group agreed
on cease fire which failed shortly after. Although, under the pressure from Merkel
and Hollande the first agreement was made between Poroshenko and Putin in Minsk
on 5th September. However, it turned out shortly that the agreement was not to be
respected.

With the escalation of the conflict in the eastern part of Ukraine, European leaders
headed by Merkel intensified their efforts to reach a diplomatic solution to the prob-
lem. On 12th February 2015, the second Minsk agreement was signed to impose cease
fire and withdraw heavy vehicles from the frontline. A. Merkel was the main person
responsible for the negotiation. After a series of exhaustive trips to Moscow, Kiev
and Washington, during a 16-hours marathon, she threatened to end the talks if sepa-
ratists intend to boycott the agreement. For certain, the second Minsk agreement was
Merkel’s success reached at the price of physical and mental exhaustion. She managed
to maintain the wobbly unity of the EU regarding sanctions against Russia and prevent
a noisy propaganda and offensive behaviour in her own country of those who claimed
they “understood Russia” (Russlandversteher).

In summer 2015, the war in the eastern part of Ukraine ceased to be a primary topic
on the international diplomatic agenda and it was replaced with the growing refugee
crisis, civil war in Syria and the Brexit referendum in the United Kingdom. The main
parties responsible for further negotiations in the second half of 2015 was on the shoulders of the “Normandy Four” and the contact group in Donbas.

Instead of the fights in eastern Ukraine, the Russia’s intervention in the civil war in Syria in support of President Bashar al-Assad was the main point on the agenda of the Normandy Four meeting in Berlin on 19th October 2016. Before the meeting, Chancellor A. Merkel met presidents of Ukraine and France to determine their joint position against President W. Putin. To the disappointment of the Chancellor, the joint meeting failed to reach a consensus regarding the conflict in eastern Ukraine, apart perhaps a “roadmap” to respect the Minsk agreement. Merkel and Hollande demanded unrestricted access of OSCE observers to border crossings, release of hostages, and restoration of water supply to Luhansk and the area. Merkel insisted to include a provision on a special status of Donbas in the “roadmap.” Together with President Hollande, the Chancellor rejected the Poroshenko’s proposal to send an armed police mission to borders in eastern Ukraine under the auspices of the OSCE (Merkel sieht Russland in der Verantwortung, 2016).

Negotiations on the Donbas conflict involving the Normandy Four were resumed in Paris on 9th December 2019. The main supporter of the summit was Ukrainian President Volodymyr Zelensky, who took the highest office in country shortly after his successful election in May 2019. Conclusions of the summit were included in the “Overall agreed conclusions of the Paris Summit in the Normandy format of 9th December 2019.” The document defined conditions necessary to hold local elections in self-proclaimed republics, according to the Ukrainian law and under the supervision of the OSCE. The last point of the agreement stated that within four months political and military issues would be agreed to reflect the Minsk agreements (Wołyński, Tanasijczuk, 2020).

The conflict in eastern Ukraine can be added to the list of “frozen” conflicts. Since the middle of 2014, the lead idea of the Merkel’s politics was primarily to maintain the communication channel with Russia and press Moscow for concessions in Donbas. She was aware that a sustainable agreement was actually not feasible and a breakthrough in the process would require radical concessions of both Moscow and Kiev. However, the two capitals were not ready for them due to an inherent conflict of interests. Russia’s long-term political goals towards Ukraine had remained unchanged, and to block reforms and prevent closure with the West these issues were in the forefront of the agenda. Another goal was to restore Russia’s influence in Kiev. The Russian Federation wanted Ukraine to recognise the annexation of Crimea and they also wanted to use Donbas as an instrument to control Ukraine. However, Ukraine headed by P. Poroshenko and W. Zelensky did not make any major concessions as regards strategic issues: Ukraine disapproved federalisation of their state, and it did not want to resign from the pro-western development in their foreign policy and acceptance to the loss of Crimea and destabilisation of their territorial integrity. While being aware of conflicting interests, supported by Steinmeier and later by Heiko Maas, the German Chancellor tried to achieve secondary goals within the Normandy format: prevent bloodshed in the east of Ukraine, orchestrate release of hostages, provide humanitarian aid and establish control over the situation through the OSCE mission.
4. Brexit

From the beginning of the accession of Great Britain to the European Communities (1973), Germany knew well that the United Kingdom would not be the driver for European integration. Euroscepticism of prime ministers Margaret Thatcher, John Mayor and pro-European Tony Blair and Gordon Brown was hardly acceptable for Bonn and then for Berlin. We should remember that, while signing the Treaty of Maastricht, Great Britain did not accept a single currency, refused to join the Schengen Area, objected to the inclusion of the Western European Union to the EU as its military arm, rejected the draft Constitution for Europe, and did not accept the Charter of Fundamental Rights (British Protocol).

After ten years of the premiership of T. Blair and the Labour Party government, the Conservative Party (together with liberals) won the election of 2010 and Eurosceptical David Cameron became the prime minister. Already at the European Council summit of 8–9 December 2011, when the decision was made to adopt the fiscal pact, Cameron threatened to veto changes to the Lisbon Treaty, and his consent to reforms in the euro area was conditional subject to special guarantees that kept London-based financial services secured.

This was heavily criticised in Germany, since Cameron was perceived as a person detrimental to European solidarity in times of hardship. During the visit of the British prime minister to Berlin in June 2012, Merkel refrained from criticism and did not even try to influence British decisions. This might have encouraged the British prime minister. In his speech of 23rd January 2013, Cameron for the first time mentioned the possibility of Great Britain leaving the EU and holding a referendum. He criticised European bureaucracy, fossilised EU institutions, and the functioning of the euro area. He demanded more competition and innovation on the markets. He believed changes to EU treaties were necessary in the direction he desired (David Cameron’s EU speech, 2013).

After the parliamentary elections of 8th May 2015 when the Conservative Party won the majority in the parliament and could form a government, Cameron with his new mandate started pushing EU leaders to agree on the reform of treaties, or else Great Britain would hold a referendum on its EU membership by 2017. Chancellor Merkel implicated that she was prepared to make concessions but rejected the possibility to negotiate EU fundamental freedoms, in particular the free flow of people. For certain, the prime minister was in a difficult position. To please eurosceptics in his own party he would have to demand a major revision of EU treaties, something that his EU partners opposed.

Germans approached the British prime minister’s enunciation with much distance and pragmatism. They treated it as an element of his internal political struggle (growing influence of anti-EU the UK Independence Party, anti-EU sentiments among some Conservative Party members) and a means to exert pressure on Brussels. They were aware of the different position of the United Kingdom in the EU and that in the past they had to be prepared to alternative and provisional solutions for London. They also shared some of British reservations regarding excessive omnipotent powers of EU institutions, competition, and the need to strengthen subsidiarity. Chancellor Merkel believed that a compromise was possible and did not exclude the revision of treaties.
On 29th May 2015, after a meeting with Cameron in Berlin, it was agreed that it was possible to start the negotiation aimed at the revision of treaties, but Germans put it bluntly that they would not agree to solutions that undermine the backbone of the EU, namely the Single European Market. They shared the opinion of the prime minister as regards the abuse of social schemes by people employed in rich EU Member States, the need for the reform of the migration policy and new regulations for the labour market (*Merkel kommt Cameron entgegen*, 2015).

Germany accepted the idea that a referendum would be held on the British Islands, but at the same time, they tried to do a lot to avoid the risk of failure and to meet Cameron’s expectations. After hours of difficult debates, on 18–19 February 2016, the negotiation of the agreement was finally completed, and the prime minister assessed it as beneficial for all parties concerned. The agreement restricted access to social benefits for immigrants from other EU Member States, left the responsibility for the British finance sector in the hands of the Bank of England, euro was declared not to be the only official currency in the EU, and Great Britain was to be exempted from further deepening of the European integration. This satisfied Chancellor Merkel who believed that Great Britain did not gain that much, as there were hardly any extraordinary concessions by the EU, and most importantly it was possible to keep the United Kingdom in the EU (*EU-Gipfel*, 2016).

The result of the British referendum of 23rd June 2016 (51.9% to 48.1%) was a shock for both the United Kingdom and the European Union. Cameron’s strategy failed, as he had been convinced that EU membership supporters would win. He had to resign and was replaced by Theresa May, who up until that time aptly manoeuvred between Brexit supporters and opponents. From the very beginning her position was clear that the UK’s exit from the EU was irreversible (Brexit is Brexit) and would take place according to EU procedures in 2019.

The victory of Brexit advocates caused a strong reaction in Germany with the debate on its reasons, exit procedure, and long-term consequences for the European integration. Merkel did not hide the fact that it was a “blow for Europe.” Contrary to her social democratic coalition partner, who demanded speedy Brexit, Merkel opted for reasonable and calm talks with London. Her major worry was to maintain unity of the remaining 27 Member States. The unequivocal support from her partners gave her some piece of mind. She made it very clear to premier Th. May, who made her first foreign trip to Berlin on 16th July 2016, that Brexit would not take place on British terms. At the same time, Germany inferred that the prestigious defeat of European integration might become a new beginning that would stimulate rapid development of the European Union in the following years. The determination of Berlin and Paris to tighten cooperation grew stronger.

On 29th March 2017, the Brexit procedure was instigated, but from its beginning Germany were of the opinion that the process will weaken the EU politically, economically, and security-wise as well. At the same time, the German Chancellor declared that the negotiations would be fast and fair (*Rada Europejska* (art. 50), 2017; Bielawska, 2020, pp. 347–348).

Despite Merkel’s engagement in the 2017 election campaign and government negotiation, Germany requested London to make wider concessions. On different occa-
Germany emphasised that negotiations would be decisive and methodical, and they requested Great Britain to abandon their major expectations. The Chancellor herself tried to pacify emotions. She did not want to confront the British directly and she tried to impose the same approach on other partners. She was perceived by the Tory and British media as the chief advocate of a “good deal” with London (Pressekonferenz von Bundeskanzlerin, 2017).

After establishing the main points of the agreement (budget, status of employees from EU in Great Britain, regulations on border with Northern Ireland, principles of future cooperation), on 25th November 2018, during an extraordinary summit of the European Council, EU heads of state approved a 584-page “Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community” elaborated by EU and British negotiators.

On 1st February 2020, Great Britain ceased to be an EU Member State, but the transition period continued until the end of the year. During that time, the parties were involved in tough negotiations on future trade rules. Chancellor Merkel, who took over the presidency in the Council on behalf of Germany in the second half of 2020, made it clear that she was prepared for hard Brexit, i.e. Britain leaving the EU without any specific agreements. She also sent a warning to London that if Great Britain would not offer comparable conditions to those of the EU regarding the natural environment, labour market and social standards, “the relationship would become less tight” (Gąsiorowski, 2020). It seems that the warning produced a desired result. During the 11-months transition period, Great Britain did not have a voting right in EU institutions and still had to contribute to the EU budget, comply with EU laws and regulations, and be a part of the European single market and customs union.

4. The issue of refugees

In the second decade of the 21st c., the German European policy faced a major challenge, namely the refugee crisis, which resulted from Arab revolutions and the civil war in Libya and Syria. In 2015, thousands of refugees, chiefly from Syria, together with the migration wave from Afghanistan, Iraq, Eritrea and Somalia, but also from the Balkans (Kosovo, Albania, Serbia, Macedonia), tried to reach wealthy EU Member States, primarily Germany, Sweden and Benelux in search for shelter and asylum. In August 2015, the German Minister of Internal Affairs Thomas de Maizière stated that still the same year Germany could expect 800 thou. refugees, as the situation worsened dramatically in Syria, Northern Iraq and Afghanistan. On 25th August, the Federal Office for Migration and Refugees (BAMF) declared that no EU refugee and asylum seeker regulations would apply to Syrian citizens. It was a consequence of the agreement between A. Merkel and Austrian Chancellor Werner Faymann on the temporary suspension of the Dublin Convention and acceptance of asylum seekers beyond routine bureaucratic procedures. It was the reaction to the march of thousands of migrants towards Austria from Budapest where they had camped at the Keleti train station for many days. It was a one-off action on humanitarian grounds caused by an
extraordinary situation. It was, however, received abroad as an encouragement for the massive inflow of migrants to Germany (Hildebrandt, Ulrich, 2015).

During the summer press conference in Berlin on 31\textsuperscript{st} August, Chancellor Merkel was very optimistic and tried to convince journalists that Germany would handle the refugee issue (\textit{wir schaffen das!}), as the country was strong and capable of overcoming all challenges it faced. On 4\textsuperscript{th} September, after consultations with the Prime Minister of Hungary Victor Orban, German Chancellor declared that refugees would not be sent back and that it was a joint position agreed with the SPD, the coalition partner.

It was clear that the Chancellor’s optimistic overview divided the German society. She had a strong support in the parliament, since combating xenophobia and remaining open to foreigners were included in political agendas of the Left, the Green, and SPD. Nevertheless, she faced major problems in her own political camp. Since Bavaria found it difficult to handle such a concentration of refugees, Horst Seehofer, the premier and head of CSU, criticised the liberal policy of the government and demanded drastic steps to be taken to curb the uncontrolled inflow of migrants.

For certain, while handling refugees in a spectacular fashion, Germany improved its image in the world as a country free from racial hatred and ethnic prejudices. The majority of citizens were for the new “welcoming culture” (\textit{Wilkommenskultur}). However, many opinion-making media and experts believed that the influx of migrants exceeded the German’s absorption capacity. Opponents argued that the Federal Republic of Germany was increasingly confronted with demographic problems (ageing society) and, already at that time, faced shortage of a million employees (Kröhnert, Olst van, Klingholz).

While acting under the internal pressure, on 13\textsuperscript{th} September, the German government restored border control following provisions of the Schengen Agreement. The asylum law was tightened and on 15\textsuperscript{th} October 2015 Bundestag adopted a new package of laws with the vast majority of votes, laws which significantly limited access of asylum seekers to social benefits and expedited deportation procedures (\textit{Asylverfahrensbeschleunigungsgesetz}, 2015).

The more people passed through to Germany and Austria, the more Germany pressed for a just distribution of migrants among EU Member States. Based on two decisions of the Council of 14\textsuperscript{th} and 22\textsuperscript{nd} September, the meeting of EU foreign ministers agreed on the distribution of 40 thousand and 120 thousand migrants in Greece and Italy and other countries in migration crisis. While taking into account relocation indexes calculated by the European Commission it was agreed that over 40 thousand people would be relocated to Germany (Potyrała, Wojciechowski, 2015).

According to pessimistic expert opinions, the inflow of refugees to Germany in 2015–2016 exceeded their greatest expectations as it reached 1.1 million people. It went far beyond the country’s absorption capacity, and local governments and institutions were not capable to handle it. The German approach was so liberal that even refugees were not surprised that Germany was heavily criticised by European capitals from Athens to Warsaw and London, especially when Germany demanded others to respect decisions of 14\textsuperscript{th} and 22\textsuperscript{nd} September 2015 regarding the relocation of refugees to individual EU Member States. This triggered a conflict between the German leader and Donald Tusk, the President of the European Council.
Beginning in summer 2015, with the escalation of the refugee crisis, Germany remained involved in continuous consultations with France. Based on the French experience, President F. Hollande knew very well that an uncontrolled wave of migrants and problems related to them can be a dangerous explosive mixture. He successfully convinced Chancellor Merkel to stop the migration wave by using Turkey. The German government reluctantly agreed to the solutions, as they were aware that the price of the agreement with the authoritarian Turkish president Recep Tayyip Erdoğan would be high (Koszel, 2016, p. 151).

On 18th March 2016, during a meeting of the European Council, the agreement was reached to stop the irregular migration. The cost of Turkish effort to block the flow of migrants and relocate them was estimated at EUR 6 billion until 2018 (Konkluzje Rady Europejskiej (17–18 marca 2016)). However, Chancellor Merkel and her party received a serious political blow. Brexit supporters were given additional arguments, and European populist and demagogue groupings grew in power. In Germany, irreconcilable human rights supporters considered the collaboration with president Erdoğan equal to the betrayal of ideals and a cynical trade off. On top of that, the pressure from right wing extremists was growing. So far moderate and concentrated on Germany leaving the eurozone, the Alternative for Germany transformed into a radical anti-immigration party. On 13th March 2016, the party won a double digit support in elections to regional parliaments in Rhineland-Palatinate, Saxony-Anhalt, and Baden-Württemberg and in the 2017 Bundestag election (12.6%).

While trying to implement a comprehensive Europe-wide solution, Chancellor A. Merkel successfully defended and Europeanised her vision of migration crisis management. However, the way she did it was perceived by many countries as “moral blackmailing.” It did not matter much that the Germans were right and provided all ethical and moral arguments, as they were not able to convince to them their European allies and win their support. Until today, Merkel has maintained her position of 2015 and overoptimistically stated that the situation would never repeat itself in the future.

5. Coronavirus epidemic

The COVID-19 epidemic caused by coronavirus SARS-CoV-2 erupted in Wuhan, China, in November 2019. On 11th March 2020, it was recognised by the World Health Organisation (WHO) as the pandemic. Since the middle of February 2020, it started spreading in the EU. Already on 2nd March 2020, the President of the European Commission Ursula von der Leyen launched a coronavirus response team to provide Europe-wide coordination of anti-epidemic measures (Remarks by President, 2020). They started bulk procurement of vaccines, facial masks, and respirators, and provided an ongoing monitoring of the COVID-19 statistics in cooperation with the European Medicines Agency.

For the export oriented German economy, the pandemic meant a disaster: production brought to a halt, and the breakdown of supply chains and cooperation links. At the federal and individual state level, governments were well-equipped with legal instruments to combat such phenomena, but the scale was larger than anyone could
have imagined. On 16th June 2020, the number of infected people reached 188,343, including 173,100 cured and 8,902 deaths. A special team was established to deal with the crisis (Kleine Corona-Kabinett) headed by Chancellor Merkel and consisting of federal ministers of defence, finance, internal affairs, foreign affairs, health and the head of the German Chancellery. Independently from the government, the team provided an ongoing assessment of the situation and implemented remedial measures (Franzke, 2020, p. 327).

Due to the spread of the disease and a growing number of deaths, the country introduced consecutive restrictions for the general public. On 2nd November and then in the middle of December 2020, Germany imposed a country-wide lockdown.

Since March 2020, in numerous television pronouncements which included a merit-based and calm analysis of the epidemic and threats to the society, the Chancellor evoked respect and trust among German citizens. She did not hide the fact that the crisis had been the most difficult one for Germany since the Second World War and it was a challenge for democracy. She underlined that while responding to coronavirus her government was guided by democratic principles of transparency, professionalism, communication and respect to the life of individuals.

The epidemic crisis coincided with the Merkel’s preparation to retire from politics, and the German presidency in the EU Council in the second half of 2020 was to mark her divorce with Great Politics. Despite several attempts by her ambitious opponents in her own political camp to gradually separate the Chancellor from decision-making processes, she returned to the main arena and became the face of German fight against coronavirus.

Initially, the German effort to combat COVID-19 raised doubt in the EU, as the country banned the export of medical equipment. The perception of the fact was particularly negative in Italy, especially in Lombardy which struggled with the epidemic that reached an unprecedented scale in Europe. When Russia and China offered to provide assistance to Italy while criticising with much satisfaction the lack of solidarity among EU Member States, in March 2020, the German government hastily decided to lift the export ban. Moreover, when the pandemic worsened in Austria, France, Spain, and Italy, Germany offered their medical assistance and opened their hospitals to patients from the above-mentioned countries and sent mobile medical teams. Chancellor Merkel supported the idea proposed and implemented by the European Commission to establish a joint procurement mechanism and import vaccine to prevent competition between particular EU Member States and possibly disadvantageous situation in less well-off countries in the EU. However, it created a rift when Germany bought additional 30 million doses of the vaccine from BioNtech and Pfizer beyond the joint procurement system (Gibadlo, 2020, p. 300).

Undoubtedly, from the beginning of the epidemic, Chancellor Merkel was aware that the struggle would be extremely costly. However, the problem was how to designate such a considerable funding. In April 2020, the German leader proposed to increase the EU budget in 2021–2027 and declared that Germany was ready to increase their contribution. In a similar vain to the Eurozone crisis, for obvious reasons she rejected the idea of a Eurobond issue, although the idea was supported by southern EU Member States and vividly contested by the Netherlands (Einlenken, 2020).
The worsening of the epidemic and prospects of economic breakdown in the EU forced Merkel to change plans. On 19th May 2020, Chancellor Merkel and President Macron announced their joint proposal to establish a common fund of EUR 500 billion. The fund was to be fuelled by loans contracted by the European Commission on financial markets using corona bonds (Darum geht’s beim Merkel-Macron-Plan, 2020).

The Germany’s consent to issue corona bonds and the breach of German financial dogma by Chancellor Merkel was pivotal for the European Commission to swiftly launch preparations to develop specific solutions. The German presidency in the EU Council in the second half of 2020 had to deal with problems caused by a painful divorce with Great Britain, EU budget, and combat with COVID-19, topics which topped agendas of meetings that lasted several days. During an extraordinary European Council meeting of 17–21 July, Merkel and the Charles Michel, the then President of the Council, succeeded to compromise various interests of Member States and make important decisions (Nadzwyczajne posiedzenie Rady Europejskiej, 2020).

The new budget of 2021–2027 was to reach 1.073 trillion euro. Next Generation EU was a programme expected to provide the Union with necessary measures to counteract challenges of the COVID-19 pandemic. The EU agreed that the European Commission would be allowed to borrow EUR 750 billion on financial markets. A large part of the fund (90%) was the Recovery and Resilience Facility. Funds generated by the sales of bonds were to be divided into two components: EUR 407.5 billion distributed among Member States in the form of non-returnable grants, and EUR 386 billion as loans. The maturity of the bonds should fall at the end of 2058. Additionally, the SURE programme proposed by the European Commission was adopted on 2nd April 2020. The objective of the programme was to mitigate negative socio-economic consequences of the pandemic. SURE funds should provide EUR 100 billion available for all Member States. The level of support was agreed in consultation with EU capitals (Długofalowy budżet UE na lata 2021–2027, 2020).

The successful adoption of the largest ever EU budget and the Recovery and Resilience Facility of the total EUR 1.8 trillion by the meeting of the European Council in December 2020 was a masterpiece of the German presidency in the EU Council. After the completion of tough negotiations that continued until the very last moment, Merkel was to say that “a weight was off her shoulders.” Primarily, she had to convince leaders of the so called Frugal Four (Denmark, Sweden, Netherlands and Austria) that the response to the coronavirus crisis had to be extraordinary and there was no time to tighten their belts. Additionally, the goal was to overcome the resistance of Poland and Hungary, countries which for weeks rejected the possibility of linking EU funds with the rule of law and blocked EU fight with coronavirus and the implementation of the Multiannual Financial Framework. They gave in after lengthy negotiations at the summit (Unia Europejska, 2020). In their conclusions, the European Council recalls that the European Union, its Member States and institutions are all committed to promoting and respecting the values on which the union is founded, including the rule of law, as laid down in the Treaties.” The objective of the Regulation on the general regime of conditionality for the protection of the Union budget, including Next Generation EU, its sound financial management and the EU financial interests. The Union budget, in-
cluding Next Generation EU, must be protected against any kind of fraud, corruption and conflict of interests” (Posiedzenie Rady Europejskiej 10 i 11 grudnia 2020 r.).

The German media were in agreement that the impasse in negotiations was overcome due to the determination of Chancellor Merkel. She was praised for her conciliatory skills. She admitted herself that due to the epidemic it was possible to implement only 30% of goals set for the presidency. She regretted that it was not possible to commence the “Conference on the future of Europe” which was expected to instigate in-depth reforms of the EU (Merkels kluger Schachzug, 2020).

On 31st May 2021, the European Council received formal notifications from all 27 Member States that they approved the own resources decision. Since national ratification procedures were completed, the EU could start distributing funds through the Recovery and Resilience Facility.

Summary

For the European Union, the first two decades of the 21st c. were marked by long-lasting and overlapping crises. Although similar phenomena occurred in the past (e.g. empty chair crisis of 1965), those were one-off incidents that could be solved very quickly to recover the Community’s equilibrium. This time, in European politics, Chancellor A. Merkel faced problems that were only partially caused by the failure of EU systemic solutions and were primarily the consequence of the international situation.

The aversion of the German Chancellor to radical changes and a conciliatory politics style contributed to the sense of stability and security. Christoph Strack, a Deutsche Welle commentator, compared her to an old Volkswagen Beetle: “unadorned, a little awkward but reliable” (Struck, 2020). For many years, she was able to manoeuvre efficiently between frequently conflicting interests, firmly defended European values against demagogy and populism, and did not hesitate to tarnish her image to maintain unity of the European Union, the Union which struggled against piling up conflicts and problems.

Once she realised that she made a mistake, she was able to withdraw from the drafting of the Constitution for Europe. Although controversial, she did not allow for a raft in the euro area and a gap between the north and south of Europe. Although Russia played a major role in her plans to solidify European and global security, she did not hesitate to take the lead of other politicians who maintained sanctions against Russia for the breach of the international law, annexation of Crimea, and military action in Donbas. She was prepared to make concessions to keep the United Kingdom in the European Union, but when it turned out to be impossible, she excluded any chance that Brexit could take place on British terms. She refused to an unambiguous proposal made by Premier Th. May to determine terms of the British divorce with the EU bilaterally between Berlin and London, and she supported the EU team of negotiators headed by M. Barnier.

In 2015, probably for the first time she left cold calculations aside and in breach of EU asylum and migration policy she showed her openness and compassion for thousands of refugees that sought shelter in Germany. She had to pay a high price for the lack of consultations with EU partners and later attempts to force the relocation of migrants. She was subject to largely justified criticism.
In 2020, the catastrophic situation in Europe caused by the COVID-19 pandemic forced the Chancellor to put aside historically-driven German reservations to the Eurobond issue, and she decided to support the large EU anti-coronavirus programme. It was paradoxical that her major success in European politics did not have much bearing on her domestic political rating. In the latest election to Bundestag on 27th September, CDU/CSU faced their historical defeat with mere support of 24.1%, a fact that was also mentioned as one of Chancellor Merkel’s failures.

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Chancellor Angela Merkel's achievements and failures...


The aim of the article was to analyse the Germany’s European policy under the rule of Chancellor A. Merkel in terms of solving emerging crises in the European Union in the 21st century. The author presented a thesis that despite the scale of problems, Chancellor Merkel was successful in finding solutions favourable to Europe. Her methods were often controversial and debatable, but she was able to break the resistance of her opponents. After Brexit, her greatest objectives were to maintain the cohesion of Member States and to guide the EU safely through the COVID-19 epidemic.

**Key words:** Angela Merkel, European Union, Germany’s European policy in the 21st century

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Słowa kluczowe: Angela Merkel, Unia Europejska, polityka europejska Niemiec w XXI wieku