

# Germany's U-turn over the EU's recovery funds was further evidence of its role as Europe's 'status quo power'

*In July 2020, Germany performed a major policy U-turn by agreeing to an unprecedented pandemic recovery package for EU member states. Peter Becker argues that while the decision was presented as a radical shift by Berlin, it provided further evidence of Germany's continuing role as Europe's 'status quo power'.*

The agreement of the European Council in July 2020 on the [2021-2027 EU budget](#) and the additional '[Next Generation EU](#)' European recovery plan marked a fundamental change in German European policy. Germany accepted major changes, especially with Next Generation EU, and agreed for the first time to take on common debt for the EU budget on an unprecedented scale.

Observers recognised '[a huge shift by Berlin](#)' and described the move as one of then-Chancellor Angela Merkel's '[biggest U-turns](#)'. However, the reasons for this fundamental change in German European policy remain controversial. Some have explained the U-turn as an example of '[policy-learning](#)' or as '[a shift in thinking](#)', while others have emphasised Germany's economic self-interest.

I argue that this turn in Germany's European policy is further evidence of its role as Europe's '[status quo-power](#)'. It might seem contradictory to recognise a fundamental change in Germany's policy as a sign of the country's adherence to the status quo. Yet, when the decision is put in the appropriate context, this is the logical conclusion to draw.

## What characterises a 'status quo power'?

The most important characteristic of a status quo power is that it seeks to preserve, maintain, and protect the existing order in which it operates. Its main interests are in maintaining the stability and continuity of the cornerstones and basic structures of the existing order for as long as possible.

It is satisfied with and values the status quo of politics and policies. In its eyes, this status quo has proven stable and successful. To strive for continuity and preserving the status quo, however, does not mean that no changes are possible at all. Rather, the value attached to the existing order limits the scope and thus the extent of changes that are acceptable to the status quo power.

The status quo power only reacts when it perceives its preferred order is at fundamental risk. Thus, being a status quo power is about making adjustments and gradual changes to restore or consolidate order and stability. However, a change of the order itself and its essential elements will be rejected.

A status quo power usually reacts in a problem-related way, i.e. to adjust the system to new challenges or in case of crisis in a limited way. Hence, a status quo power usually acts defensively, cautiously, and hesitantly – and only when adaptation or incremental change of the established order is necessary.

## Germany's U-turn in 2020

I argue that Germany's policy during the negotiations on the new EU budget and the European recovery plan corresponded with these indicators of a status quo power. First, Germany reacted *only when the fundamentals of the European order seemed to be at risk*. Very quickly after the outbreak of the Covid-19 pandemic in Europe in early March 2020, the socio-economic consequences and costs of the pandemic became apparent with sharp declines projected for growth and consequently drastically high unemployment figures.

Moreover, the return to national solutions including border closures and export bans at the beginning of the pandemic showed immediately and very clearly the negative consequences for Europe's single market. The danger of instability as well as different competitive conditions and thus a further drifting apart of European economies in the internal market grew.

Thus, it was no longer possible to stick to the status quo and adjustments were necessary. However, Germany was prepared for unavoidable concessions only when it perceived the effects of the pandemic crisis as threatening the very existence of fundamental institutions of European integration like the internal market and the cohesion of the EU-27.

Second, Germany reacted *only with delay, reluctantly and incrementally*. After the outbreak of the pandemic, Germany tried to demonstrate its willingness to show solidarity to its European partners, and to consolidate the cohesion of the internal market by sticking to the use of the EU's existing aid mechanisms and the concession to expand them significantly. Only when these instruments proved to be insufficient was Germany prepared to make further concessions.

However, Germany was only prepared to make these adjustments after France, still Germany's preferred partner in European policy, had clearly committed itself and demanded Corona-bonds in April 2020 – well aware that this demand would be a red line for the federal government.

At this point at the latest, Germany had to rethink its defensive, hesitant and merely reactive negotiating position and to work out a compromise solution together with France. Hence, the federal government was only prepared to correct its position at a late stage when adjustments were inevitable, i.e. when the cohesion of the EU and the special partnership with France were fundamentally at risk.

Finally, Germany *successfully insisted on restrictions*. Germany's readiness to changes and adaptations was limited to what was absolutely necessary. The federal government linked its policy change with specific limitations and boundaries for the new instruments. It insisted and was able to push through restrictions on the substantive scope of the new instruments and limited the functional reach of its concessions for further integration.

Germany agreed an additional European stimulus programme should be implemented within the framework of the EU budget and the additional funds should be connected with the European green deal and digitisation, hence with common EU objectives promising European added value and a modernisation of European policies.

The decisive restriction demanded by the federal government, however, was to emphasise the uniqueness and singularity of the new instruments. As a one-off solution, the concessions were not intended to signal a permanent integration step and thus a fundamental change. These restrictions in the scope and timing of all these measures had been red lines, at least in the domestic debate. Chancellor Merkel was only able to convince her parliamentary group of the necessity for the new recovery fund because she assured them that this would remain a one-off.

### **Still Europe's status quo power?**

Hence, instead of a groundbreaking and comprehensive reorientation of its policy towards a truly innovative European decision, Germany largely acted in line with its role as Europe's status quo power.

Germany was only ready for unavoidable concessions when it perceived the effects of the pandemic crisis as threatening the very existence of fundamental institutions of European integration, such as the internal market and the cohesion of the EU-27. Germany reacted only hesitantly and reluctantly; it was only prepared to adapt the status quo incrementally and in a limited way. And Germany insisted on significant constraints and substantive restrictions in the scope and duration of the new instruments, limiting the functional reach of its concessions for further integration.

Thus, despite its U-turn, Germany continued to act as Europe's status quo power throughout the summer of 2020. The primary aim of Germany's policy was to preserve the existing European order, its institutions, and their stability – and ultimately the cohesion of the EU-27.

**For more information, see the author's accompanying paper in the [Journal of European Public Policy](#)**

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*Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [European Council](#)*

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