

# The two faces of Germany: how Germany's support for refugees could counteract criticism of its handling of the Greek debt crisis

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*Throughout the Greek debt crisis, the majority of criticism from those who support a more lenient deal for Greece has been directed at Germany. As [Simon Reich](#) writes, however, Germany has also taken on a leading role in the migration crisis that has developed in southern Europe during 2015, which has placed a disproportionate burden on Greece due to its status as a transit route for refugees. He argues that German willingness to accept high numbers of asylum seekers could go some way toward counterbalancing the rise of anti-German sentiments that has occurred during the debt crisis, and that these twin crises represent the two 'faces' of Germany: the old and the new.*



Almost two decades ago, Andy Markovits and I published a book entitled [The German Predicament: Memory and Power in the New Europe](#). The English language version was inexplicably translated into Dutch and (more understandably) [German](#), where it generated a fair degree of attention. As authors, we prefer to believe that the German sales were based on our provocative argument. The truth may have been that any sales were accounted for by Joschka Fischer's prologue about what he would do if he ever became Germany's Foreign Minister. The fact that he was appointed to that job soon after the book's publication didn't hurt either.

Our central argument in that book was that a recently reunited Germany was at a threshold between its inglorious past and its promising future. Germany's past was, of course, characterised by militarism, illiberalism, xenophobia, anti-Semitism and statism. Its evolution under the Federal Republic was an explicit rejection of all those values in terms of both its domestic and foreign policies. A profound commitment to democratic values, a federalist system, a Germany embedded in the periodically expanding EU state structure, and a continued abiding refusal to commit to any combat role abroad starkly contrasted with its old ways.

Yet, we pointed out, that shift generated a fascinating paradox. Nobody trusted the intentions of the old, aggressive Germany – in its various incarnations from Bismarck to Hitler. The history of late-nineteenth and twentieth century Europe had been one of containing German expansionist ambitions, what historians referred to as '[The German Question](#)'. But, as Markovits and I demonstrated, the new democratic and capitalist Germany was far more trusted by its neighbours. The result was that the new Germany was, we argued, far more powerful than it had been in its prior incarnations – and would be in the future.

## The Greek financial crisis and the first face of Germany

Two sets of events over the last twelve months appear to have reinforced that view of expanded German power, although the two faces of Germany – old and new – have each come to the fore. Each involves Greece, albeit in very different ways.

The recurring and much publicised one that has been most discussed has been the question of the Greek bailout. In this case the Germans, in the guise of German Finance Minister [Wolfgang Schäuble](#), have consistently taken a forthright and unforgiving position with regards to Greek debt. He has consistently played 'bad cop' to Angela Merkel's good one, chiding the Greeks for their spendthrift fiscal behaviour, suggesting they leave the euro (at least for a while) and subsequently demanding that they continue to impose painful reforms.

Of course, Schäuble's position masks the fact that the Germans themselves were a willing party to any Greek financial malfeasance for well over the last decade. When the euro was created in 1999, strict laws were created about budgetary expenditures that all partners enforce. Members of the Eurozone have to respect the [Stability and](#)

[Growth Pact](#), which sets agreed limits on [deficits](#) and [national debt](#). Each member country has to stay within the limits on government deficits (3 per cent of GDP) and debt (60 per cent of GDP). Eurozone member states face fines if they exceed these amounts. If a country broke the rules in three consecutive years, the [European Commission](#) could impose a hefty fine of up to 0.5 per cent of its GDP.

Greece became a member in 2001 and inherited these rules. But it was an unspoken secret that Greece was unable to meet these requirements. Like other members, it routinely ignored them. Indeed, [proceedings](#) were initiated against Greece as early as 2005 but were abandoned, largely for political reasons. If countries like France and Germany (with debt in excess of [60 per cent](#) by 2006) could flout the rules, then why not Greece, a small economy that was far less important to the health of Europe's economy?

The pact's guidelines were reformed in 2011 to allow for greater flexibility. Nonetheless, everyone – including the Germans – carried on, pretending that Greece's behaviour was acceptable when it clearly wasn't. In part this pretence was maintained because German and French banks had spent years pouring tens of billions of euros into Greece in search of profit, ignoring the [growing mountain](#) of Greek debt.



Their investment behaviour was reckless. But the banks anticipated that they wouldn't have to pay the bills if things didn't work out. They would snare the benefits but avoid the costs – what economists call "[moral hazard](#)". And they were right. In 2012 many French and German banks faced oblivion under a mountain of Greek debt. By this year, all but a small fraction of the debt had been moved from their balance sheets to those of their governments and to international creditors. The [exposure of these banks](#) has now been significantly reduced. But even after a final agreement has been reached, the Germans (among others) still believe that the [final agreement](#) can't even – or simply won't – be implemented by any Greek government. The new Greek elections add a new layer of uncertainty to that issue.

The Greeks have been left feeling [humiliated](#). Their government has now predictably fallen and the dominant image of Germany in Greece is that of [Nazis](#) aggressively exerting control. Indeed, in recounting the behaviour of prior German regimes, the Greeks have even gone to the (largely symbolic) extent of demanding 279 billion euros in [reparation payments](#) for the Nazi occupation of Greece during World War Two. The imagery and language is chilling, however misplaced the sentiment.

### **Greece's migrant crisis and the second face of Germany**

There is, however, a second German-Greek story this year – the crisis regarding [migration and asylum flows](#). Like the financial crisis, the European refugee crisis is a multilateral problem involving many countries, international organisations, and non-state actors (although in this case it is NGOs rather than bankers). In this story both the Greeks and the Germans again play a central role. But in this case nobody is emphasising the bilateral relationship – or the fact that both events and policies are highlighting the face of the rather more benign 'new' Germany.

Europe has been besieged by a flow of migrants and refugees fleeing war and deprivation for which it is ill prepared. The aggregate figures grow daily at an astonishing rate. Over [107,000 migrants](#) reached the EU's borders in July alone. As a major transit route, Greece is overwhelmed. It has become the main arrival point for migrants

heading for the EU. With several days left in the month of August, Amnesty International [reported](#) that over 33,000 people had landed on the small island of Lesbos alone that month. The figure for the year already stood at more than 93,000 for 2015 with four months to go, seven times the 12,187 arrivals during all of 2014. More than 160,000 migrants and refugees have entered Greece as a whole so far this year, compared to 45,412 in 2014. Greece has experienced more arrivals than any other EU country.

The response of other European countries has varied significantly. Hungary's right-wing government is busy erecting a [175 kilometre fence](#) to keep out migrants on its Serbian border, even though it is only a transit country rather than a destination for most migrants. The British and French have focused on [squabbles](#) about the relatively few migrants who might get access to Britain through the [Eurotunnel](#) at Calais. They finally agreed on [establishing](#) a 'command and control' centre there, entailing an [increase in security measures](#) designed to keep migrants out.

And all the members of the EU have been [disputing](#) how many refugees, migrants and asylum seekers each country should accept in reducing the current burden primarily borne by Greece, Italy and Malta, with many Eastern European countries avowedly refusing to shoulder any of the burden. German requests for a more equitable, mandatory distribution in the spring were resoundingly rebuffed. A voluntary one was established instead with the British [opting out](#) of the scheme. Not altogether surprisingly, it has had little positive effect. The proposed aggregate distribution figure of 40,000 in the spring was revised down to 32,500 in the summer. More than [ten times that number](#) have arrived at the EU's borders so far this year, demonstrating the inadequacy of that response.

In the face of this lack of cooperation, the Germans have offered a stunning contrast. They have remained resolute in their willingness to accept refugees in percentages far beyond their proportion of the EU's total population. Indeed, German officials expect up to [800,000 people](#) to seek asylum there by the end of 2015 compared to the 626,000 who arrived in all 28 EU states last year. About 83,000 people arrived in Germany in July seeking asylum or status as refugees and 39,000 people applied for asylum in Germany. Another 50,000 arrived in the first half of August.

Putting these figures in perspective and highlighting the contrast, by June of this year, according to Eurostat figures, the European Union's statistics office, Hungary had registered 32,800 refugees this year, Italy 15,200, France 14,800, Sweden 11,400, Austria 9,700 and Britain 7,300. So, clearly, the Germans are taking a leadership position on the issue – and bearing a significant financial burden.

Germany's interior minister, Thomas de Maiziere, has repeatedly [insisted](#) that the country will be challenged, but not overwhelmed, by this number. It will work to process asylum applications faster, change procedures and increase accommodation for new arrivals. Indeed, Germany's bi-partisan political leadership has been conspicuous in its [support](#) for the policy – and in condemning the harassment of newly arrived migrants by fringe groups. Merkel [condemned](#) violent protests as "shameful" and "vile". Even the right-wing, avowedly Christian tabloid *Bild* has [weighed in](#) to support this policy and oppose any harassment of asylum seekers and migrants. In contrast to neo-Nazi claims that refugees should be refused entry, the dominant criticism has been that the government has not acted fast enough to assist refugees. Refugees from the Syrian war will be given [primary consideration](#), regardless of how they entered Europe.

It is hard to quantify the redistributive effect of these policies between Greece and Germany at this point. But it is clear that the Germans have been and will remain willing to accept some of Greece's burden. It's true that upwards of 40 per cent of those arriving in Germany are from the Balkans rather than across the Mediterranean – and so that portion may not alleviate any of the Greek burden. Still, this show of leadership is far more consistent with the new face of Germany – one lost in the harsh language over debts and fiscal responsibility.

One can legitimately argue that, on balance, the alleviation of the cost of accepting refugees from Greece does not outweigh those imposed on the Greeks resulting from debt repayment and the burden they will bear as a result of the promised domestic reforms. Still, when it comes to the Greeks and the Germans, it is truly a case of taking with one hand and giving with the other.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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## **About the author**

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