

## Britain's Commitment Problem is Germany's Commitment Problem

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The gulf between Berlin and London on issues of European Union integration and economic policy seems as unbridgeable as ever. The two capitals keep rubbing up against the same old points of difference and each wonders why the other is being so intransigent. In December, things came to a head. EU leaders called a European Council summit meeting in order to address the crisis facing the eurozone. But the British prime minister vetoed the proposed solution and the Germans forged a new intergovernmental compromise without the UK.

Despite first appearances, the clash between the two countries is about more than EU or financial affairs. It is a symptom of a deeper, cultural disagreement over how best to deal with uncertainty. At the summit, this disagreement played out in particular over the question of “design commitment”—when to commit to a particular policy approach under conditions of uncertainty. Berlin demanded up-front commitment to a long-term institutional blueprint as the only means to bring certainty to a fluid environment. London, more studiously at ease with uncertainty, opposed an initiative that was aimed at reducing the leaders’ room for maneuver. Compromise would have been possible if only both sides had properly understood the roots of their differences.

The implications reach beyond Anglo-German relations. The summit debacle shows that not only London and Berlin but also the EU as an institution need to revisit their approaches to uncertainty. All European Union leaders must take a serious look at their joint decisionmaking, especially when it comes to summits. No matter how badly common action is required, rushing into long-lasting decisions is not the ideal approach. Indeed, the EU would be better served by keeping heads of state and government as far from technical and legislative decisions as possible. Summits should be places to build relationships and broad agreement, not force commitment.

### IT ALL FALLS APART

Historians will probably look back upon the December 2011 European Council summit debacle as inevitable. Germany and the UK, and particularly the center-right parties dominating each country’s governing coalition, have traditionally pursued starkly different ideas of European integration and economic policy. On the British side, the emphasis has long been on the European Union as a marketplace and forum for loose cooperation. On the German side, there is still a strong belief in

joint regulation and in pursuing a shared common good. The summit brought these latent disagreements to a head.

In an approach jointly agreed with Paris ahead of the summit, Berlin was pushing for the EU's existing Stability and Growth Pact to be [further strengthened](#).<sup>1</sup> This would improve the Union's ability to impose fiscal discipline upon lax members of the seventeen-strong eurozone as well as upon aspirant eurozone members from amongst the EU-27, thereby stabilizing the euro and reestablishing trust between member governments. The original 1997 pact established a 3 percent budget deficit ceiling and a maximum debt-to-GDP ratio of 60 percent but had been weakened over the years. The new version would include "automatic" sanctions against countries running excessive deficits, and the seventeen members of the eurozone would be obliged to introduce a debt-brake rule into their national constitutional law or equivalent.

The question arose as to whether this reform would require a change to the EU treaties. In his December report "Towards a Stronger Economic Union," President of the European Council Herman Van Rompuy had mooted the straightforward option of altering the EU treaties' Protocol 12 on deficit proceedings—a move that would avoid the national ratification procedures associated with full-blown treaty change. Germany rejected this proposal as the kind of legal trickery typical of the Brussels administration and insisted upon a more thorough approach. If the EU was to gain a role in blocking irresponsible national budgetary plans and in sanctioning excessive deficits, Berlin argued, it would require a solid basis in primary law. Without the democratic ratification procedures associated with treaty change, enforcement would prove impossible.

The British government shared the German concern about fiscal discipline in the euro area but was in disagreement over its centrality to the overall solution to the euro crisis. The British were keen to see quick and positive European action on issues overlooked by Berlin—a focus on economic growth and openness to the option of joint debt issuance by euro members, as well as awareness of the fact that not just budget deficits but trade deficits were part of the problem. To British eyes, Germany was not prepared to face up to the problems that its own export economy had caused for the euro, let alone to acknowledge its responsibilities to share euro members' debt liabilities.

The prospect of mainland European countries like Germany or France gaining a hold over the UK's economic policy, let alone actively trying to reduce the country's competitive advantage in the financial sector, filled the British government with gloom. The UK was predictably concerned about protecting its flexible regulatory regime at home, viewing as a threat plans for strengthening European financial supervision and for a European financial transaction tax. But as it got ready to accept the recommendations of the Vickers report on the separation of banks' retail and investment outfits and on their capital requirements, the government was also keen to impose domestic standards *higher* than the European norm. London worried that uniform EU rules ("maximum European harmonization") would oblige it to lower the capital-requirement standards it planned to introduce to help banks react better to future economic shocks.

Against this background, the question of treaty change was viewed with deep ambivalence by the UK. On the one hand, the government thought that immediate common action should take the form of grand moves to calm the markets. Practical efforts to fix the bloc's growth problems were more justified than Germany's quixotic brand of institutional fixation and legal theorizing. On the other hand, the prospect of treaty change did at least open scope for the UK to loosen its relationship with the bloc and increase its flexibility. Although the prime minister underlined his commitment to supporting the euro in a time of crisis, he also argued that a repatriation of competencies would be fair and justified.<sup>2</sup>

The other leaders did not agree. Early in the morning on December 9, with four or five hours of talks behind them, the summiteers were tense: after negotiating the substance of the rules on fiscal discipline, they finally got around to discussing the procedure by which these would be brought within the EU framework. The thorny question of treaty change was raised. The British prime minister made his case for a treaty protocol to safeguard national discretion on the strengthening and location of EU supervision agencies, on the issue of maximum harmonization, and on fiscal affairs, as well as on the application of EU supervisory rules to those financial services that operate in just one member state. He would veto the moves towards treaty change unless he had his way.

Surprised by these British demands, demands that seemed to have little to do with the effort to shore up the euro, the Italian premier, Mario Monti, was reportedly the first to block David Cameron. The other summiteers followed suit. Rather than pander to the British prime minister, the other leaders forged ahead with a commitment to agree to an intergovernmental treaty amongst themselves—one largely in line with the German blueprint. The British veto of treaty change had not blocked anything. Excluded from the new endeavor, the UK won no concessions. It remained exposed to the increasing political weight of the euro members while effectively reducing its scope to influence them in the future.

## THE CULTURAL ELEMENT

The debacle provided a good example of why diplomats so dislike summitry. As former U.S. secretary of state Dean Acheson once remarked: when a head of government makes a slip in negotiations, the “goal line is open behind him”—there is no opportunity to correct the mistake. In this case, David Cameron had actually made a particular effort to exclude his diplomats from the summit preparations. The prime minister is said not only to have sidelined his foreign minister, William Hague, on account of Hague's tricky euroskeptic views. He also refused to give British diplomats an early negotiating mandate fearing that preliminary negotiations would give the euroskeptic British press access to his protocol demands and therefore to a checklist by which to judge his performance at the summit.

Yet, the diplomat's misfortune is the academic's gain. Though at first blush, the December clash between the UK and Germany resulted from a cut-and-dry disagreement over European integration and economic policy, from an analytical point of view, this kind of summit debacle can highlight deeper cultural differences that diplomatic oiling usually obscures. After all, at summits, negotiating power is placed in the hands of national figures steeped in domestic politics and unused to disguising or softening their national characteristics.<sup>3</sup> The deeper points of difference that emerge at summits can reveal a new dimension to the mechanistic, everyday interactions between states.

This was certainly the case in December. Ultimately, without a soothing diplomatic influence, and in a highly uncertain and fluid environment, one point of cultural tension above all was underlined by the summit: the British have a very different attitude towards the unknown than do the Germans. Whilst the British typically pride themselves on their openness to uncertainty and unknowns, the Germans seek to reduce them.<sup>4</sup> Those two approaches do not readily mix.

## DEALING WITH UNCERTAINTY

Modes of dealing with uncertainty prized in one country have only negative connotations in the other. Positive notions such as “flexible” and “pragmatic” which the British use to define their European policy would likely find their German equivalent in the negative terms “*unverbindlich*” (unreliable and slippery) and “*strukturfrei*” (unstructured). To German tastes, the British acceptance of uncertainty is not a sign of worldliness or intellectual sophistication; it is above all evidence of a fear to commit. They instead prefer *gelebte Freiheit*, which means making free choices even if the full picture is not known, as opposed to the British *theoretische Freiheit*, or merely keeping your options open but never acting upon them. For Germans, the UK takes its embrace of fluidity and uncertainty ad absurdum, flitting from one meaningless European relationship to the next (“promiscuous bilateralism”).

Attitudes towards uncertainty clearly inform the UK's pick-and-choose approach to European integration and its laissez faire ideas of economic regulation, just as they do Germany's strong commitment to EU integration and its desire for economic *Ordnungspolitik*. But the differences run rather deeper than that. They define not only each country's preferred response to the euro crisis but also the way their respective leaders dealt with one another in December. Uncertainty is inherent in such basic modes of social interaction as communication, trust, and fairness.<sup>5</sup> It is easy to see how, without diplomatic oiling, Cameron and Merkel could have spent the evening talking at cross-purposes, failing to spot opportunities for compromise, and viewing each other's behavior as distinctly alien and hostile.

If the British-German summit clash was really inevitable, then it was not because of policy differences on financial regulation or European integration per se, but rather because of these deeper-seated differences.

## ***Communication: Accuracy versus Obfuscation***

Cameron is not the first of his countrymen to talk himself into a fix in European negotiations.<sup>6</sup> In German diplomatic circles, a short, informal paper of origins unknown has long been circulated explaining what British representatives mean when they claim to be speaking plainly. Its analysis is quite sound: rather than antagonize other negotiators by expressing their real opinions of an initiative, it reckons that the British prefer to signal at an approximation of the truth. For the British, giving an honest opinion is unnecessarily divisive, and they are happy to live with a degree of uncertainty in order to maintain good relations.

This approach is not without merit. It has been argued elsewhere that clarity about common rules and goals can be unnecessarily divisive. Some organizations function best if their constituent parts are able to reach their own interpretations.<sup>7</sup> Sadly, this does not pertain to EU negotiations. What the British consider a polite skirting of the issues is simply confusing to their counterparts. Other negotiators, more used to accuracy than uncertainty, take the British at face value and believe that they do indeed find the given initiative “most interesting.” It is a source of continual confusion and antagonism.<sup>8</sup>

At the December summit, Cameron’s efforts to communicate his position seem to have suffered from a similar problem. The prime minister had a clear list of demands, it’s true, but he was also prepared to accept a degree of uncertainty in how they were met. Diplomats speculate that he expected his European counterparts to not be completely forthright in their assurances to the UK. For the UK this kind of obfuscation is a perfectly acceptable means of maintaining good relations, and the British government regularly accepts assurances that it can present as a victory but that other governments know to be laughably leaky (think of the Charter of Fundamental Rights or the various EU financial supervision agencies). At the summit it had the opposite effect. EU governments that, like Germany, prize clarity over uncertainty would have found it hard to imagine another government willing to be duped in this way. They heard only a British prime minister making strident demands.

## ***Trust: Assurance versus Ignorance***

Cameron’s demands for legal safeguards to preserve the UK’s autonomy may not, therefore, have been quite as exacting as the other summiteers assumed and he may well have been prepared to accept a large amount of obfuscation in their assurances. But this in itself would have been problematic: Germany was aiming to draw up a priori controls and oversight procedures on national debt in order to reestablish trust and to end the years of cheating that flourished under the peer-to-peer review system. In the German view, the key to trust lies in accuracy, transparency, and oversight. The British idea that the key to harmonious relations lies in polite obfuscation and an

acceptance of inaccuracy, let alone that exactitude and certainty are unnecessarily divisive, was clearly out of place.

These views highlight a different understanding of how best to create trust. To the British mind, control structures like those the Germans were advocating give only a false sense of security.<sup>9</sup> In the British way of thinking, they actually encourage cheating and a lack of ownership on the part of the controlled. This is because these controls are motivated by a desire not to reestablish trust so much as to exercise mistrust: supervision is fuelled by a default assumption of guilt. This robs such controls of their cooperative spirit and encourages the supervised to cheat the supervisor. To the British, had the UK agreed to submit itself to such scrutiny and oversight, it would have equated to a tacit admission that the government was worthy of mistrust rather than that it had nothing to hide.

When drawing up their own model of trust, the British instinctively reject “trust as assurance” in favor of a system based on uncertainty. Their alternative, “trust as ignorance,” relies on the idea that a blind eye should be turned to other parties on the explicit understanding that they will keep to the spirit of an agreement.<sup>10</sup> Of course, to succeed, such a system of trust would require each partner to develop a strong sense of fairness. After all, “trust as ignorance” opens the door to free riding by, according to psychologist Michael Smithson, “rendering the truster more mobile and able to establish cooperative relations [elsewhere] more quickly.”<sup>11</sup> And here too, the British prime minister undermined himself. At a summit where everyone was expected to do their fair share, he acted as a spoiler.

### ***Fairness: Fair Shares versus Fair Play***

In the days following the British veto, the reaction in Berlin took on a rather sharp tone. Many believed that the UK deserved to be sidelined in future discussions. Such judgments drew attention to a straightforward idea of fairness—“distributive fairness,” where individuals’ gains are proportionate to their investments. Those states prepared to put the most into achieving a common good should be sure of gaining the most from the outcomes. This is why the German position enjoyed such weight in negotiations that evening in December. And it is why, in the eyes of the Germans, the UK deserved to be sidelined.

Once again, the British have an alternative approach that is defined by their different attitude towards uncertainty. “Procedural fairness” measures fairness not against the proportionality of outcomes but rather the way those outcomes are reached. In this conception, trying to pinpoint fair shares is viewed as divisive. Individuals will actually put up with uncertain and unfavorable outcomes if they at least feel that they have had a fair hearing in the process. In the judicial system, for example, evidence from the United States shows that suspects would rather have the chance to address the jury and risk being found guilty than simply be let off by a judge.<sup>12</sup>

Given the importance to the British of receiving a fair hearing, Cameron would have felt his veto was fair: the weight automatically afforded the German position in discussions meant that no amount of reasonable argument on Britain's part (for example, on the question of maximum European harmonization and banks' capital requirements) would affect the outcome. If Cameron had felt he was being given a fair hearing, who knows what he might have signed up to?

## SCOPE FOR COMPROMISE: THE COMMITMENT QUESTION

From the perspective of these countries' differing philosophies of uncertainty, the most divisive issue on the summit's agenda—the German assertion that full treaty change was necessary if the euro crisis were to be resolved—could be understood not as a question of whether to transfer sovereignty to the European level but rather of when to commit to a rigid institutional approach in the face of conditions of financial and political uncertainty.

Germany's insistence that the EU commit up front to an institutional blueprint can be seen as motivated above all by a desire to reduce the number of unknowns in a fluid environment and to impose a degree of order on the uncertainties of the eurozone crisis. This demand for commitment was unacceptable to the UK, which believes situations of uncertainty should be dealt with by greater flexibility—commitments should be left open for as long as possible.

To view the clash as the result of such cultural differences is helpful not only because it reveals a new set of motivations behind old points of tension. It also highlights the scope for compromise between the two countries in a way that a focus on their superficial differences over EU integration and financial affairs could not.

At the December summit, the Germans could have recalibrated their need for commitment just as the British could have recalibrated their dislike of it. As a compromise position, Germany could have resisted the temptation to front-load definitive decisions on a policy or institutional setup, allowing the EU a greater degree of flexibility to test and hone the common approach before diving into decisionmaking. That approach would not have been entirely new for the EU.<sup>13</sup> In return for this initial flexibility, all governments, including the UK, could have bound themselves to the longer-term goal of finding a common European approach. In other words, the EU's up-front commitment to a certain, defined approach would be postponed in return for early commitment by all members to the process of at least finding one.

Would such a compromise have made sense, though, from the point of view of good and effective governance? Analysis from other fields suggests it would. Research on “design commitment”—finding the best point in time to commit to a definitive approach under conditions of uncertainty—suggests that the most successful organizations are indeed those that postpone commitment for as long as possible, but then reach a firm decision involving all parts of an organization.<sup>14</sup> Indeed, a

whole toolbox has been developed to permit this kind of “design postponement.” Successful planners, it seems, increase their room for trial and error by such basic means as: focusing initially on the broad parameters of their approach before gradually moving to the details; reducing sequentialism (whereby one decision automatically leads to another); and ensuring that the elements of a design develop discretely and in a modular manner rather than through “spillover.”<sup>15</sup>

It is odd that the EU-27, whose common policies once adopted are exceptionally hard to alter and refine, should not have made more of a study of this. Its lack of critical reflection has left the bloc with a political system resistant to even the most basic techniques of design postponement. The mechanisms of EU integration are practically the story of spillover and sequentialism (something theorists of integration term “neofunctionalism”). Sunset clauses, in which policy commitments are cancelled over time and only renewed if deemed absolutely necessary, and review clauses, which call for later scrutiny of a measure, sit uneasily in a process of political integration that has proved intolerant to reversals.

Perhaps the failure is inevitable. The requirements of planning, coordination, and accountability necessarily make decisionmaking in a bloc of 27 members a rather inflexible and mechanistic process. Negotiators must report back to their political masters in the capitals and have no authority to bind their countries to loose initial understandings and commitments. It thus seems unlikely that British-style fuzzy communication will be used to maintain the initial abstraction of an EU policy, or “big bazooka” statements to set out the parameters of a joint approach, before a period of muddling through. It is even unlikely that we will see fair and open discussion in negotiations, even though this might break the sequentialism of the integration process.

## FEARFUL SUMMITRY

While overhauling the entire EU decisionmaking process to introduce the principles of design postponement is unlikely to work, such principles could well be integrated into European summit meetings. Meetings between the heads of state and government were initiated in the 1970s with a goal not dissimilar to that of design postponement: by developing close relations between leaders, the initiators hoped to create a mode of integration more flexible than the mainstream processes. They sought to produce a process in which commitments could be kept loose for as long as possible. But the aim was also to ensure that every member felt closely bound to the EU, and thus to the goal of eventually settling on a common approach. This is precisely the shape of the compromise set out above. Thus the fact that the European Council, an increasingly technical and inflexible body, was the scene of the British-German debacle suggests that something has gone seriously wrong with the practice of EU summitry.

In the wake of the European Council’s institutionalization under the Lisbon Treaty, there has been little effort to build rapport between leaders. The sense of summits as an effort to forge a close-knit and flexible community has faded and work has become mechanistic. Meetings no longer have a



social function but are an addition to a leader's normal working day, crammed in after usual business in national capitals is complete or on the weekend when the markets are closed. They are also typically briefer than previous summits, not because they are better organized than before—the small team around the European Council president is overstretched—but because they are viewed by participants as an inconvenience to be gotten through quickly. Most important, rather than having an informal and cohesive function, the European Council is viewed primarily as a legislative and technical body—a chamber to match the European Parliament.

By making the European Council into the bloc's highest technical and legislative body, the EU is breaking the rules of design postponement. The role of summitry is no longer to provide flexibility at the outset of the process towards a European policy and to bind all members into that process—it is just the reverse in fact. The European Council's foray into technical and legislative detail actually disrupts policy development because the finality of the summit decision negates the idea that relations between governments are a continuing process.<sup>16</sup> And it alienates those member states that do not want to commit up front to a rigid common policy, creating demands for “opt-outs” and a “two-tier Europe,” as witnessed by the British position. The EU is reaching definitive policy decisions too prematurely and thereby alienating many of its members.

## RECOMMENDATIONS

The lesson is clear: if the EU wishes to react better to uncertainties—and this seems to be the prime function of government these days—the heads of state and government should be kept as far from legislative and technical duties as possible. Leaders such as Merkel and Monti may harbor a desire to master the details of policy, but they should not try to make this the norm, even if it would give them the advantage in negotiations. It is dangerous to mix an irrational faith in “great leaders” with the powers usually reserved for a rational and deliberate decisionmaking process.

EU summits should instead be viewed as a simple community-building effort. The European Council should once again become a place where, according to one rather disparaging description of summitry, “heads of government, with their massive egos, their ignorance of the essential details and their ingrained belief in the value of back-slapping ambiguity” can get together.<sup>17</sup> It would mark a return to “summitry as theater,” in which the participants impress more by their “exemplary behavior” than by the substance of their decisions,<sup>18</sup> even creating a social glue in an otherwise mechanistic community.<sup>19</sup>

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<sup>1</sup> Janis Emmanouilidis, “All roads lead to Frankfurt – the results of an enigmatic summit,” European Policy Centre Analysis (Brussels: European Policy Centre, 2011), [http://www.epc.eu/documents/uploads/pub\\_1378\\_post-summit\\_analysis\\_-\\_12\\_december\\_2011.pdf](http://www.epc.eu/documents/uploads/pub_1378_post-summit_analysis_-_12_december_2011.pdf).

<sup>2</sup> James Forsyth “Extended interview with David Cameron,” *Spectator online*, July 7, 2011, <http://www.spectator.co.uk/coffeehouse/7078283/web-exclusive-extended-interview-with-david-ameron.html>.

<sup>3</sup> On the dangers of summitry, see: Jan Melissen, “Summit diplomacy coming of age,” Discussion Papers in Diplomacy (The Hague: Netherlands Institute of International Relations “Clingendael,” 2003), [http://www.clingendael.nl/publications/2003/20030500\\_cli\\_paper\\_dip\\_issue86.pdf](http://www.clingendael.nl/publications/2003/20030500_cli_paper_dip_issue86.pdf); George Ball, *Diplomacy for a Crowded World* (London: Bodley Head, 1976).

<sup>4</sup> For an overview based on Hofstede’s dimensions of culture see: Nikolai Reynolds, *Factors Influencing Business Relationships in Agri-Food Chains* (Cologne: EUL Verlag, 2010), 51.

<sup>5</sup> See for example: Michael Smithson, “Social theories of ignorance,” in *Agnology: The Cultural Production of Ignorance*, edited by Robert Proctor and Londa Schiebinger (Stanford, CA: Stanford University Press, 2008), [http://psychology3.anu.edu.au/people/smithson/details/Pubs/Smithson\\_agno\\_ch9.pdf](http://psychology3.anu.edu.au/people/smithson/details/Pubs/Smithson_agno_ch9.pdf).

<sup>6</sup> Melissen (2003), 3.

<sup>7</sup> Eric Eisenberg, “Jamming: Transcendence through Organizing,” *Communication Research*, vol. 17, no. 2 (April 1990), 139–164.

<sup>8</sup> On politeness and inaccuracy: Penelope Brown and Stephen Levinson, *Politeness: Some Universals in Language Usage* (Cambridge: Cambridge University Press, 1987); Carol Warren and Barbara Laslett, “Privacy and Secrecy: A Conceptual Comparison,” *Journal of Social Issues*, vol. 33, issue 3 (Summer 1977), 43–51.

<sup>9</sup> Smithson (2008).

<sup>10</sup> For an exposition: Toshio Yamagishi and Midori Yamagishi, “Trust and commitment in the United States and Japan,” *Motivation and Emotion*, vol. 18, no. 2 (1994), 129–166.

<sup>11</sup> Smithson (2008), 222.

<sup>12</sup> E. Allan Lind and Tom R. Tyler, *The Social Psychology of Procedural Justice* (New York: Plenum, 1988).

<sup>13</sup> Thomas Christiansen and Knud Erik Jørgensen, “The Amsterdam Process: A Structurationist Perspective on EU Treaty Reform,” *European Integration online Papers* (EIoP), vol. 3, no. 1 (1999), <http://eiop.or.at/eiop/texte/1999-001a.htm>.

<sup>14</sup> On design commitment in a dynamic context: Shantanu Bhattacharya, V. Krishnan and Vijay Mahajan, “Managing New Product Definition in Highly Dynamic Environments,” *Management Science*, vol. 44, no. 11 (November 1998), 50–64.

<sup>15</sup> Harold Thimbleby, “Delaying Commitment,” *IEEE Software*, vol. 5, issue 3 (May 1988), 78–86.

<sup>16</sup> Ball (1976), 40.

<sup>17</sup> Watt in G. R. Berridge, *Diplomacy: Theory and Practice* (London: Palgrave, 2002), 171

<sup>18</sup> Carl Death, “Summit theatre: exemplary governmentality and environmental diplomacy in Johannesburg and Copenhagen,” *Environmental Politics*, vol. 20, no. 1 (2011), 1–19.

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<sup>19</sup> On the importance of such social relations: Tilo Schabert, *How World Politics is Made: France and the Reunification of Germany* (Columbia, MO: University of Missouri Press, 2009).