

Facing an Uncertain Future

Is Germany ready for a rethink?

Ten years ago, Germany's place in the world seemed clear. At the time, the main debates about German foreign policy centred on its participation in NATO "out-of-area" operations. In the 1990s, Germany had seemed to be gradually moving towards "normality" in its attitude to the use of military force, culminating in its participation in the intervention against Serbia in 1999 and the deployment in Afghanistan from 2001 onwards. But in the 2000s, it became increasingly sceptical about the use of military force again, though as part of a backlash against military intervention across the West after the failure of the invasion of Iraq in 2003.

However, since the euro crisis began in 2010, Germany's future has become progressively more uncertain. The crisis prompted a renewed debate about German "hegemony" in Europe, which intensified following the refugee crisis in 2015. Since the election of Donald Trump as president of the United States in 2016, the future of the Atlantic alliance and the "liberal international order" is itself uncertain. So at a time when everything seems to be in flux – several analysts like Wolfgang Streeck have described the current period as a Gramscian "interregnum" – what will Germany do?

Though many foreign-policy analysts tend to ignore them, the problems in the EU that emerged in the wake of the euro crisis have not been solved.



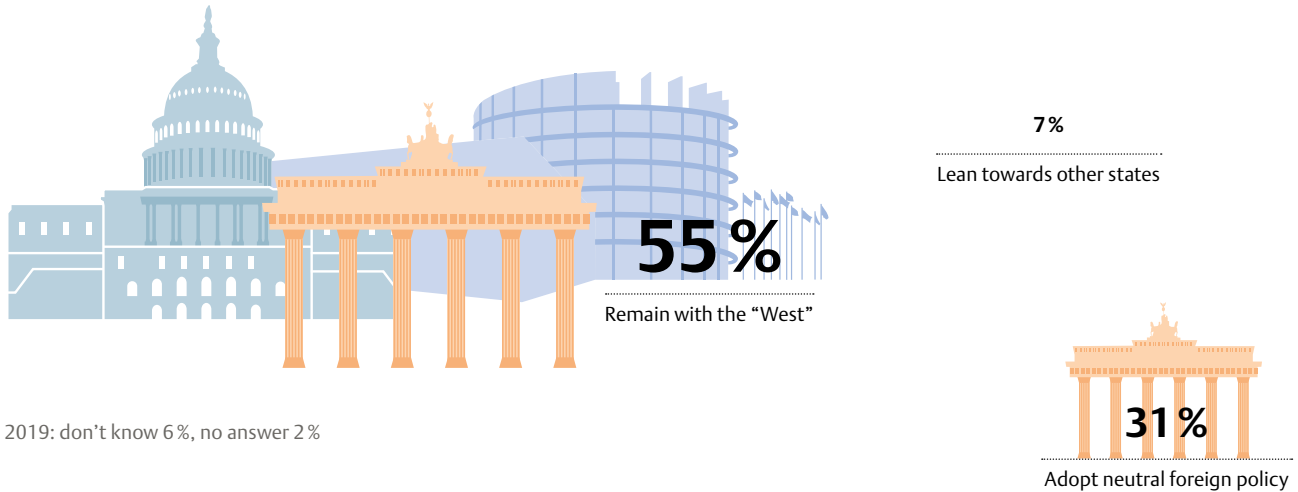
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Although the turmoil in the UK has led to a renewed rhetorical commitment to the European project, integration remains stalled. In the meantime, Germany remains in a problematic position of "semi-hegemony". What this means in practice is that it is powerful enough to make the rules but not to enforce them. Meanwhile other member states are powerful enough to break the rules but not to change them.

The series of shocks the EU has faced since 2010 could have been an opportunity. In the euro crisis, southern member states accused Germany of failing to show enough "solidarity" with them. But in the

Would you prefer for German foreign policy to remain anchored in the “West” or should it adopt a neutral foreign policy?



refugee crisis, it was suddenly Germany that needed “solidarity” from other member states. This could have led to a grand bargain based on a shared understanding of rights and responsibilities between EU member states that are members of both the euro and Schengen areas – a de facto “core”. But Germany sought to de-link, rather than link, the two sets of issues. As a result, Europe remains entrapped, as Claus Offe has put it.

The election of Trump may turn out to have been the biggest strategic shock of all for Europe – and creates a particularly difficult dilemma for Berlin. Germany’s position of “semi-hegemony” within Europe was dependent on a particular configuration of the liberal international order in which it was able to “free ride”. In particular, the United States acted as a security provider – which made military power essentially irrelevant in relations between European countries – and a consumer of last resort. It is now less willing to do so and may abandon its hegemonic role altogether.

In the context of uncertainty about the US security guarantee to Europe, Germany’s strategic community has been divided between Atlanticists and “post-Atlanticists”. Whereas Atlanticists tend to underestimate the structural shift that is taking place in American foreign policy, “post-Atlanticists” tend to underestimate how difficult it will be for Europe to achieve “strategic autonomy” as an

alternative to the US security guarantee. Worse, even tentative steps by Europe to increase independence may themselves further undermine American commitment.

However, while the Berlin Blob talks about the need to respond to new threats in an increasingly dangerous world, the German public appears more worried about losing its identity as a Friedensmacht, or “force for peace”. Even with the uncertainty about the US security guarantee, Germans simply do not feel threatened. Many will now see any increase in “responsibility” – especially a dramatic increase in defence spending – as a concession to Trump and what he stands for.

The future of Germany’s relationship with China is also connected to its role in Europe and its relationship with the United States. During the last decade, Germany has become increasingly dependent on China as an export market – particularly after demand from within Europe slowed after the euro crisis began. This in turn led to a close political relationship between Berlin and Beijing. The post-crisis divide between surplus and deficit countries cut across the West and aligned China and Germany.

As China bought up Mittelstand companies and took an authoritarian turn under Xi Jinping, Germany seemed to be becoming more sceptical of China and more open to a tougher approach

based on greater transatlantic coordination. However, the election of Trump has renewed the idea of Europe as a separate pole in a multipolar world that would triangulate between China and the United States – in particular, many see China as a more promising partner on climate change – and more recently the German government even seems to have become less enthusiastic about the tougher European approach that seemed to be emerging.

Behind these interlocking foreign policy challenges lies Germany’s unyielding commitment to its export-based economic model, which is widely seen as a success – even as its vulnerabilities have become apparent during the last decade. That economic model has made it harder to correct the macroeconomic imbalances within the Eurozone and to make the single currency sustainable. Furthermore, it has angered Americans and made Germany particularly vulnerable to Trump’s attacks, and so dependent on an authoritarian China.

Perhaps the greatest challenge Germany therefore faces is to rethink that economic model. That would be good not just for Germany’s NATO allies and EU partners, who would benefit from an increase in internal demand, but also for Germany itself. Germany’s obsession with “competitiveness” has led to an increase in inequality that is fuelling political volatility. Its infrastructure

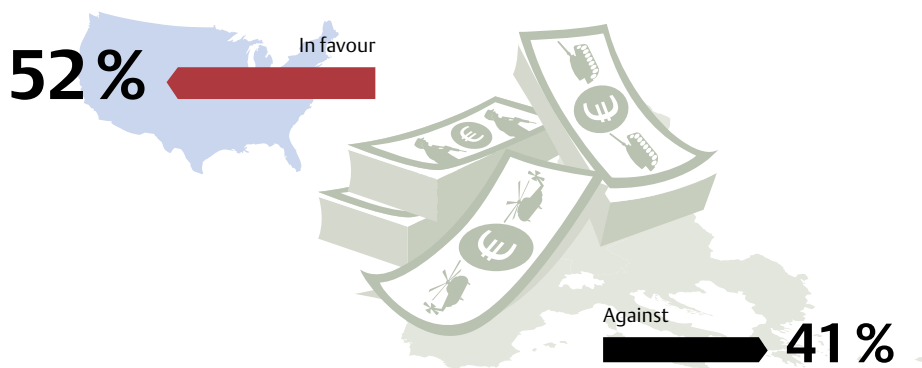
is crumbling and badly needs investment. But the consensus in the centre ground of politics around Germany’s identity as an Exportnation, or “export nation”, prevents such a rethink.

The question is whether Germany will be prepared to undertake such a rethink before it is too late. The United States is gradually withdrawing from the role as hegemon that it has played since the end of World War II. It seems increasingly reluctant to provide global public goods like security and economic demand as it once did – particularly for Europe, which it rightly thinks ought to be able to take care of itself. Yet as everything changes around them, Germans seem to think they can remain the same.

Many see this as an expression of Germany’s commitment to liberalism – and even of German “leadership” as the country is increasingly surrounded by “illiberal” forces. But this kind of binary thinking is a mistake. If Germany really wants to save the liberal international order, it must change its own role within it. In economic terms, that means increasing domestic demand and reducing its dependence on exports. In security terms, it means going much further in providing security for Europe – or, if it is unwilling to do so, asking itself what price it is willing to pay others to do so on its behalf.



Should Germany strive for greater independence from the United States in defence matters, even if this meant more than doubling defence spending?



2019: don't know 5%, no answer 2%