

**Summary:** As the eurozone faces crisis, European countries are looking to Germany to save the day. Some find themselves disappointed with the results. They have either overestimated German power or the country's willingness to wield the power it has. More than 20 years after unification Germany needs to modernize its foreign and security strategy. Without a rethink, Berlin risks losing influence on the world stage.

## The Limits of German Power

### *Europe demands Germans to the rescue — only to find a country in search of purpose and strategy*

by Thomas Kleine-Brockhoff & Hanns W. Maull

The success of the German economy may make Germany seem like a “rising power.” In many places, the country is viewed as a model: for industrial innovation and competitiveness, for social peace and intelligent crisis management strategies, and for responsible budgetary and financial policies. While others falter, Germany's power seems to grow, at least when measured economically. New categories have been used to describe Germany's international status. Writing in *The Guardian* in June 2011, Timothy Garton Ash called Germany Europe's “indispensable power,” a role that Madeleine Albright once attributed to the United States on the global stage. Adam Posen, writing in the March/April 2011 issue of *IP-Global Edition*, sees Germany as the “anchor economy of Europe.” The Federal Republic has never been credited with so much central problem-solving capacity as today.

Few of those who call upon Germany to rescue Europe, however, are satisfied with the results of German policy. For some, Germany is too passive and provincial, a view best summarized by Polish Foreign Minister Radoslaw Sikorski who famously said: “I fear German power less than I am beginning for fear German inaction.” For

others, Germany is inconsistent and overly dominant. Mark Leonard and Ulrike Guérot fear that we are witnessing *The New German Question*, and suspect Berlin of using this “unilateral moment” as an “economic hegemon” to abandon fundamental pillars of its foreign policy. An “unrestrained, unbound Germany,” they believe, is attempting to undermine the transatlantic post-war system as well as Europe's integrationist Maas-tricht system. A commercial power for which Europe has become too small is breaking the bonds of multilateralism. It is now seen as going global alone, searching for new markets, and cooperating with new powers.

This bleak vision of a new *Sonderweg* gives Germany's foreign policy too much credit. It assumes the country is using its current power surplus to reposition itself with the help of a well thought-out, if devious, strategy. But this is not the case.

Germans are visibly uncomfortable as the boss and brains of European economic affairs. With reunification, all of Germany's national goals were achieved; the transatlantic and European systems offered apparently resilient foundations for a lasting, sustainable foreign policy. What

European deputy Alexander Graf Lambsdorff calls “strategic complacency” became common. When the Federal Republic suddenly became an “indispensable power,” the country was unprepared for the promotion. It is not used to the idea that it must now take political responsibility for Europe as a whole; that a foreign-policy elite, which has only just begun to form, is expected to propose solutions for an entire continent; that German motives are viewed abroad with distrust and must be patiently explained; that the desire for German leadership is accompanied by discomfort about that very German leadership; that, finally, every word aimed at domestic audiences can make foreign policy waves. If Germany really is a hegemon, then it is an adolescent hegemon with an underdeveloped strategic culture. It is therefore worthwhile to look more carefully at the conditions of German power.

### Germany's Economic Power

In economic systems, the currency is money; in politics, the currency is power. Without power, there is no ability to shape events. Power allows states to influence the behavior of others and to achieve their own goals. But it is necessary to distinguish between *Machtgewicht* (weight of power), exercise of power, and influence.

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*Machtgewicht* forms the basis of all power. It rests on the resources that foreign policy can use in order to pursue its aims. In Germany's case, this is primarily its economic power, but there are political, diplomatic, military, and cultural power resources as well.

Germany's economic weight is based above all on the success of its export industry, which has made it the world's fourth-largest economy. The growth rates of Germany's export economy in 2009 and 2010 created the impression that the country was able to get things done, including in

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foreign policy. In addition, Germany's federal budget seems relatively solid, at least compared with other countries. Its debt load is viewed as more manageable by international financial markets than that of most other large Western industrial nations. Germany thus has weight because it is (still) considered credit-worthy and can take on more debt. Being less irresponsible than others is obviously a precarious basis for a claim to power.

But the present is not the only measure for economic power. Prospects for the future also play a significant role. Demography is an important variable. By 2060, Germany's population is expected to decline from 82 million people to around 65 million people; its share of the world population will fall drastically, from 4 percent at the beginning of the 20<sup>th</sup> century to around 0.75 percent by the mid-21<sup>st</sup> century.<sup>1</sup> The demographic and economic growth of emerging powers will also reduce Germany's share of the world's economic activity. By 2050, Germany may fall to tenth place in the ranks of economic powers.<sup>2</sup>

In short, Germany's economic power is considerable, but it is dependent on the economic cycle. And it is shrinking. Germany's global loss of importance goes hand-in-hand with its rise to become the central economic power of a weakening Europe. At the same time, its economic weight is based on perceptions and expectations for the future — in other words, on psychology, which is volatile and not very usable.

### Germany's Diplomatic and Military Power

The perception of Germany's growing power is based not least on the assumption that its ability to shape its environment has grown. There are two reasons for this: Russia's loss of influence in Europe and the United States' gradual disengagement from Europe. Europe's central power has

<sup>1</sup> Deutsche Stiftung Weltbevölkerung, Datenreport 2010; Population Reference Bureau, World Population 2010 Data Sheet, <http://www.prb.org>.

<sup>2</sup> Goldman Sachs, “Brics and Beyond,” Study of BRIC and N11 nations, November 23, 2007.

stepped into this vacuum, propelled by its recent growth spurt. But looking at the basis of the country's diplomatic and military resources, the limits of German power emerge quickly.

In contrast to France and Great Britain, Germany has no permanent seat on the UN Security Council, and will probably never get one. Germany is hardly a military power — and does not want to be one. Its refusal to possess nuclear weapons is an important expression of this self-limitation, which Germany has maintained even after reunification. Compared to other great and medium-sized powers, Germany has disproportionately reduced its defense spending over the last 20 years. In this global comparison, it has fallen further and further behind.<sup>3</sup> Consequently, the most recent *Bundeswehr* reforms are a product of the need to keep defense spending in check, not the result of a forward-looking foreign policy and security strategy.

### Germany's Soft Power

Germany can exercise influence through persuasion and by setting examples. In other words, through “soft power,” as Joseph S. Nye defines it in *Soft Power: The Means to Success in World Politics*. The attractiveness of certain aspects of German culture, its social practices and norms, as well as its products, form “power resources,” which enhance Berlin's ability to get other countries to do what it would like them to do, voluntarily and out of conviction — possibly without even actually asking them.

The rough parameters of soft power are measurable. In an April 2010 survey by the BBC World Service, 59 percent of those questioned said Germany has a “positive influence” on the world. But it is not clear what factors led to this assessment. It probably involves a mixture of Goethe and Mesut Özil, Mercedes and green tech, dealing with the past and multilateralism. Soft power creates attraction, but attraction alone is not power — and products may shape Germany's image, but they do not necessarily lead to support for German policies. It is therefore necessary to turn international respect into influence.

Some people see a contradiction between soft and hard power, with a comparison of the former to the latter being

<sup>3</sup> Stockholm International Peace Research Institute (SIPRI), “The SIPRI Military Expenditure Database,” <http://milexdata.sipri.org/result.php4>. The share of arms expenditures has fallen from 2.6 percent of GDP in 1988 to 1.4 percent in 2009, more than in any other Western country.

that of Heidi Klum to *Die Hard*-era Bruce Willis: power through seduction versus power through brute force. Europeans, especially Germans, seem to prefer soft power, while Americans are partial to hard power. But hard and soft power actually complement each other. In *American Power in the 21<sup>st</sup> Century*, European diplomat Robert Cooper points out that every constitution is guarded by an army that protects the foundations of the state against foreign intruders. “Soft power,” writes Cooper, “is the velvet glove, but behind it there is always the iron fist.” It is therefore an illusion to believe that Germany can replace its military power with a reservoir of soft power. If one wants to not only acquire and display soft power, but also to use it, something needs to be offered: resources that allow others to achieve their goals. And a country will want to have hard power at its disposal to fall back on if needed.

The most important source of soft power is legitimacy. Citizens only subject themselves to the state's monopoly of force if they consider the state legitimate. The United States and the Soviet Union were both superpowers, but U.S. superiority was based on something the Soviet Union lacked: the soft power of legitimacy.

The sister of legitimacy is trust. Maintaining and nourishing trust in Germany — both at home and abroad — is an important requirement for ensuring the power bases of German foreign policy. As with a currency, a state's power resources are based on the perceptions of others: it is powerful if others regard it as so. And the allure of power can easily dissipate if it is not proven and used.

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In recent months, Germany has experienced a major test of its resources of trust. Germany's economic philosophy is controversial within the eurozone. Still, its partners trust that Berlin is seeking a stable, but not a German, Europe. The intensity of the discussion and some of the accusations against Berlin, however, show that Germany is using up its supply of trust. Power is also the absence, or at least the containment, of counterforces. From the German perspective, if a debate is raging in Portugal and Ireland about whether German guarantees are really a new type of Marshall Plan or just a Versailles diktat without war, something is wrong.

### Exercising Power and Influence

The *exercise of power* is a dimension of power that, according to Max Weber's classic definition, has to do with overcoming resistance or resisting others. The latter form of exercising power blocks, but does not mold — and unfortunately, the power to block is much easier to use than the power to shape. The power to shape is much more difficult to gain. To achieve effects, great resources of power must often be cleverly deployed for long periods of time. The exercise of power is about bringing the weight of both hard and soft power to bear on the international stage. The question is, what resources should be employed? How should they be connected with each other? How can they be increased by entering into alliances? How can opponents be outmaneuvered and veto powers be undermined? Intelligently-employed resources of power produce “influence” — the dimension of power that is ultimately decisive. *Machtgewicht*, the weight of power, can have an effect even without targeted efforts at influence, and therefore cannot be equated with the exercise of power. Conversely, exercising power does not guarantee influence.

## Exercising power does not guarantee influence.

In *The Nerves of Government*, Karl W. Deutsch defined power as an actor's ability not to have to learn. From this perspective, there is hardly a nation state today that is really powerful — and certainly not Germany. Conversely, learning can lead to power. For German foreign policy,

this means that it could exercise more influence if it would simply make the effort. The British have demonstrated how this works. After World War II, the decline of the former empire was accompanied by a successful attempt to continue to exert disproportionate influence. Nuclear weapons and a few divisions that were well-equipped and (generally) deployed intelligently in cooperation with powerful allies allowed Great Britain to maintain the status of a global military power. Furthermore, soft power ensures a leading role in the world — for example, a generous development budget and well-orchestrated cultural appeal, centered around the BBC World Service. The British have invested in foreign-policy education and think tanks, and thus created an elite that can increase its global influence. They are disproportionately represented in international organizations, dominate the worldwide debate on the reform of development policies, and have mastered the art of strategizing even in difficult moments. Germany could learn from the British experience because the bases of German power are equally fluid and dependent on situation and perception.

### Investments in Power

The waning power of German foreign policy can certainly be compensated for, but at a price. Targeted investments are needed in power and its responsible use. Three measures should be part of a systematic *power investment policy*: the promotion of people and institutions, a strengthening of the bases of soft as well as hard power, and global communication.

*People and institutions*: It is an established view in foreign policy discourse that Germany's strategic community “is conspicuously underdeveloped” in relation to the country's political power.<sup>4</sup> The Federal Republic has almost no institutions with a mandate to train civilians as strategists, and few think tanks; the number of German think tank graduates who work in European and U.S. institutions is extremely small; philanthropists who invest in internationally-versed elites and global discourse are rare; and top positions in international organizations or regional development banks are difficult to fill. The compartmentalization of the German system worsens the problem. Fresh intellectual supply is suppressed, as Constanze Stelzen-

<sup>4</sup> Constanze Stelzenmüller, “Die selbstgefesselte Republik,” *Internationale Politik*, January/February 2010, pg.79.

müller points out, because the door between government and civil society is not revolving, but closed firmly.<sup>5</sup> A reform of German foreign policy should therefore target “human capital.” The atrophying “strategic culture” must be given new life through investments in smart people and well-constructed institutions.

*Hard and soft power:* An investment in power includes instruments of state force — that is, the Bundeswehr, border patrol, and police and intelligence agencies. The recent intervention in Libya proves once again that the use of the military, with all of its risks and dangers, is sometimes unavoidable and can have positive effects. In the future, too, German foreign policy will have to have the military capabilities to be able to take steps against actors who threaten to use military means. Such a reform would begin with an awareness that Germany has raked in a peace dividend since 1989, but must now deal with a backlog of investment. New sources of soft power will also need to be found, such as those that can grow out of the networked society. Princeton professor Anne-Marie Slaughter believes that, in tomorrow’s world, “the state with the most connections will be the central player, able to set the global agenda and unlock innovation and sustainable growth.”<sup>6</sup> If we accept this idea, we will need to reconsider how Germany uses its economic networks, its immigrants, its foreign students, its technology exports, its billions in development aid, and its influence on environmental policy.

*Global communication:* When Germany acted in the shadows, it did not necessarily have to explain itself. But the European crisis is now making totally new demands on Germany’s “public diplomacy.” Leadership must be communicated. It was essential that German president Christian Wulff went to Athens to speak to the Greek parliament; why he only did so 18 months after the start of the Greek crisis was incomprehensible. Such communication mistakes undermine Germany’s European policy.

### Foreign Policy on Autopilot

Any policy of investment in power will fail, or even be dangerous, as long as German foreign policy has no clear concept of its purposes and goals. This has been the most striking deficiency of the past years: a lack of what is called

<sup>5</sup> Ibid.

<sup>6</sup> “America’s Edge: Power in the Networked World,” *Foreign Affairs*, Jan/Feb 2009, pg. 95.

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“purpose” in the Anglo-Saxon world. Since reunification, Germany has exhibited mental laziness by falsely believing that peace and prosperity would always be automatically guaranteed — although the European and international political arenas are changing dramatically.

If foreign policy is on autopilot and no manual course corrections are in the offing, diplomats take default positions. These include the belief that the foreign policy of an export nation should encourage exports. Where other strategic priorities are lacking, foreign trade promotion quickly mutates to the central pillar of foreign policy — and Germany is reduced, in theoretical discourse, to what Hans Kundnani calls a “trading state.”<sup>7</sup> It is difficult to ignore the fact that economic cost-benefit calculations are typical of European policy. The fact that Berlin builds bilateral relations with the newly emerging economic powers and calls them “strategic” barely seems worth questioning. Many now agree with Kundnani’s assessment of Germany as a “geo-economic power” that imposes its own economic preferences on others, even its partners in the eurozone.

Questions of trade are undeniably important for an export nation. But global bilateralism has brought the Federal Republic to the limits of its power and created needless competition with its traditional allies. It should be the other way around: It is only when Berlin finds a common path with its Western allies vis-à-vis Beijing or New Delhi that the necessary weight will exist to be able to exert influence. It is therefore not export promotion that belongs at the center of foreign policy, but stewardship of the global order. Prosperity and security are above all not the results of deft trade promotion overseas. Rather, they arise after

<sup>7</sup> “Germany as a Geo-Economic Power,” *The Washington Quarterly*, Summer 2011, pg. 31 et seq. See also Richard Rosecrance, *The Rise of the Trading State*, Basic Books, 1986.

decades-long efforts toward an open and rule-bound global economy, international security, and a functional European and international order. Foreign policy thus requires long-term orientation and sustainable goals. It needs a vision for the future in order to give direction to everyday decisions.

### Ideas for German Policymaking

A strategy cannot just be written up and enacted. Analyzing the current age of transition and molding it into a German strategy will be a difficult process. A simple thought experiment might help: What if Germany's foreign policy planners had to start from scratch with only a blank sheet of paper? What if their task was to ensure that Germany would continue to exercise influence tomorrow? Which principles of German foreign policy would best be adapted to an era of uncertainties?

Ensuring the public good would first require maintaining peace and political order, as well as protecting the state and society from external threats. The planners would therefore propose building the armed forces and, so that all this does not become too expensive, joining a powerful alliance. They would make sure that neighbors were friends, and if possible members of the alliance. The second goal would be to ensure the bases of prosperity. For this, the foreign policy architects would seek integrated markets that cover as wide an area as possible (but at least Europe), and that have the same or similar investment conditions and cost structures. At the global level, they would ask for free markets and free trade. Given the limits of each state's own power, they would want to use the leverage of reliable treaties and mutual obligation with as many countries as possible. They would prefer these forms of exercising power because they act as multipliers and are therefore especially useful for making Germany's influence disproportionately felt.

Which principles of German foreign policy would best be adapted to an era of uncertainties?

The basic pillars of German foreign policy are threatening to fall apart, even if the institutional setup theoretically continues to reflect German interests.

This all sounds suspiciously familiar. It sounds like the European Union, the Western alliance, and multilateralism. This is no coincidence. Germany is a status quo power, and thus not interested in radical disruptions. In the past, it developed functional instruments for its policies. Can the compass of German foreign policy be rediscovered simply by staying on course? Is the new strategy the same as the old? Must committed Europeans simply invoke continental unification, transatlanticists Atlanticism, and globalists multilateralism?

The problem with too much traditionalism is the current political environment. The European Union is in trouble, the Western alliance cannot escape its permanent crisis, and multilateralism is eroding, and thus also in crisis. In other words, the basic pillars of German foreign policy are threatening to fall apart, even if the institutional setup theoretically continues to reflect German interests. So there can be no simple "Keep it up!" The greatest challenge to any foreign policy strategy will therefore be the mastery of this triple crisis. How can the Federal Republic modernize institutions and instruments while at the same time maintaining them?

### Modernizing German Multilateralism

Traditionally, German foreign policy has reflexively sought cooperation with others, preferably within a legal framework and permanent institutions. This was remarkably successful within the context of multilateralism: The European community became a vehicle for Germany's economic and political comeback, NATO guaranteed its security, and the entry into the United Nations sealed the Federal Republic's international rehabilitation and its return to world politics.

However, the multilateral imperative comes at a price. It aims for cooperative partners and vital international institutions, and thus requires “effective” multilateralism. But the reality increasingly looks different: A narrow domestic calculus dominates everywhere. International cooperation is eroding. Many international organizations, above all the United Nations, appear crisis-plagued and overwhelmed. Emerging markets are usually consumers of order and not yet producers. They resist commitment, in the hope that they will later be able to negotiate better terms as their power grows. Some even obstruct nonbinding agreements — as evidenced by the failure of the global climate change agreement in Copenhagen in 2009. World trade negotiations are collapsing.

Germany has not yet reacted to this structural change in international politics in a way that fits its multilateral set of tools. Creativity and flexibility are now needed. Normative structures cannot only be established through the United Nations. Multilateralism can turn groups of states into willing partners. Minilateralism, invitation-only clubs, bottom-up approaches, the inclusion of private partners — a lot is possible. The level of regulation will not always be in line with German ideas. Cooperation will become nonbinding. Effectiveness, not legal structures, should henceforth be at the center of German efforts. A pragmatic multilateralism could thus flourish. But this pragmatism should have an important goal from the German perspective: It would be the vehicle to ensure responsible cooperation for new powers in the international order.

#### **Adjusting Alliances and Strategic Partnerships**

The Federal Republic is only a historical nanosecond away from the end of the neatly strategic constellation in which its most important trading partners were also its most important strategic partners. In the past, Germany did business with the Netherlands, the United States, and of course France. France will soon be replaced by China as the most important consumer of German products. This changing of the guard in the export economy could have far-reaching consequences. The pressure for a strategic reorientation of the Federal Republic that is just beginning to be perceptible will grow. United Europe, with its 500 million customers, already seems limiting to some, and the euro is an expensive burden to maintain. The United States, from this perspective, is at best entering a long phase of stagnation. No one wants to allow himself to be drawn

into the strategic competition between a declining and ascending superpower.

Germany’s answer to the global shift in importance was, until now, to invoke the transatlantic partnership, while at the same time proclaiming “strategic partnerships” with some of the new powers — traditional alliance politics hitched to bilateralism. This will not be a sufficient strategy for the future. In the September/October 2011 issue of *IP-Global Edition*, Hans-Ulrich Klose and Ruprecht Polenz rightly point out how nonstrategic Berlin’s new “strategic partnerships” with the new economic powers are. The only really “strategic” relationships are those with countries whose definitions of interests and assessments of problems are compatible, whose values and state structures are comparable, and who therefore base their relationships with the Federal Republic on reliability and predictability, trust and treaties — in short, its European and North American partners. A future German strategy must therefore ask to what extent the globalization of political relationships is to be seen as a German task or a European community undertaking. It must determine what the German role should be within the Western system.

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#### **Creating a New Europe Policy**

A central paradox of foreign policy consists in Germany’s need to transfer sovereignty in order to maintain influence without being certain that the addressees of this transfer of sovereignty are actually able to effectively pursue common goals. Germany needs strong partners and capable international business institutions. But these are no longer so easy to find.

The paradox is of course most dramatic in Europe, and the current debt crisis has forced Berlin to face it. As Hans-Dietrich Genscher wrote in a September 2011 article in the Berlin daily *Der Tagesspiegel*, overcoming the crisis requires “European initiatives right now, not someday!” Europe’s future development requires “the willingness to transfer additional responsibilities to the Union.” But the transfer of sovereignty to an institution in crisis is clearly difficult. Many German politicians have two reactions to this dilemma: they first purport to be victims of the excesses of others, and then try to be Europe’s schoolmaster. They see Europe as a sort of correctional facility for other countries. They thus follow the path of a German Europe. If this attitude were to prevail, it would be one of the most dangerous strategic errors in decades.

Redefining what a European Germany should be is therefore the most important goal of the strategic processes that Germany now needs. Europe must be restructured, and this will not succeed without raising Europe to where it belongs: at the center of the state’s *raison d’être*. In the end, none of this will be possible without leadership. Those who would leave the political idea of Europe to the bookkeepers, financial markets, and central banks will have gambled it all away. The perception of growing power allows some politicians to conceive of the conceptual and institutional framework of German foreign policy as a corset. The euro and Europe, NATO and the Western alliance, the United Nations and multilateralism: all of this has somehow become too constricting. At the same time, the Federal Republic has had its best experiences within these foreign-policy frameworks.

The brilliance of the founding generation in Bonn consisted of their accepting a foreign policy without alternatives as their own desired and preferred solution, and shaping it creatively in such a way that the implementation of practical constraints became a journey to new shores. This is true again today. The established guidelines of German foreign policy will only be preserved if they are reinvented politically and adapted to the times.

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#### About The EuroFuture Project

The German Marshall Fund of the United States understands the twin crisis in Europe and the United States to be a defining moment that will shape the transatlantic partnership and its interactions with the wider world for the long term. GMF’s EuroFuture Project therefore aims to understand and explore the economic, governance and geostrategic dimensions of the EuroCrisis from a transatlantic perspective. The Project addresses the impact, implications, and ripple effects of the crisis — in Europe, for the United States and the world.

GMF does this through a combination of initiatives on both sides of the Atlantic, including large and small convening, regional seminars, study tours, paper series, polling, briefings, and media interviews. The Project also integrates its work on the EuroCrisis into several of GMF’s existing programs. The Project is led by Thomas Kleine-Brockhoff, Senior Transatlantic Fellow and Senior Director for Strategy. The group of GMF experts involved in the project consists of several Transatlantic Fellows as well as program staff on both sides of the Atlantic.