

CONSTRUCTING A GERMAN EUROPE?

99

GERMANY'S EUROPE DEBATE REVISITED

Timo Behr & Niklas Helwig

FIIA BRIEFING PAPER 99 • February 2012



ULKOPOLIITTINEN INSTITUUTTI
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FIIA Briefing Paper 99
February 2012



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- Germany's ambiguous role during the eurozone crisis has stoked fears that a more self-confident and dynamic Germany is threatening the political independence and economic well-being of its neighbours and will lead to a "German Europe".
- German weakness, not power, is the main challenge to EU integration. In order to build a supranational EU and a "European Germany", Germans will have to overhaul their Cold War institutions and traditions that have become a brake on EU integration.
- Germany's political elite continues to favour a federalist vision for the EU, but faces a somewhat more sceptical public as well as strong domestic veto players, such as the Federal Constitutional Court, which limit their pro-integrationist tendency.
- While Germany continues to support the use of the "Community method", Angela Merkel has increasingly resorted to the "Union method" that places function over form and prioritizes pragmatic problem-solving to address the current crisis.
- Germany's uncompromising attitude towards the eurozone crisis and its sometimes erratic foreign policy are the product of its deeply embedded stability culture and instinctive pacifism, rather than a sign of growing global ambitions.
- European partners will have to help Germany in its indispensable leadership role by jointly formulating a vision for the European integration project and by assisting Germany in adapting its political institutions and culture.

The European Union research programme
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Merkozy at work: The Franco-German axis has played a central role in addressing the euro crisis.

Photo: P. Segrette / Présidence de la République Française.

Germany, today, is Europe's "indispensable nation".¹ In the short run, Germany plays a central role in solving Europe's sovereign debt crisis. In the long run, the European project is bound to stall without an active German engine at its core. But confronted with today's challenges, Germany's European vocation appears to be waning. From Greece to Libya, and from the internal market to common defence, Germany has been blamed for playing an increasingly evasive, unpredictable and obstructionist role. Long gone are the days when Germany defined its national interests solely in European terms. Indeed, for Europe today, Germany appears to be as much a part of the problem as it is a part of the solution.

Germany's ambiguous attitude towards the EU has stoked fears that Europe might be faced with a revival of the "German Problem" of the early 20th century.² Once united, Germany was simply too big and too dynamic to be accommodated within a stable European state system. Inevitably, German dynamism threatened the political independence and economic well-being of its neighbours. To prevent Germany from becoming a menace to itself and others, German power needed to be contained. Europe was the solution. For many decades, Germans readily

accepted some limitations on their sovereignty and enthusiastically pursued the vision of a "European Germany".

With the end of the Cold War and German re-unification, Germany regained its full sovereignty and central place in Europe. This has made a new generation of German leaders less willing to accept outside constraints on their sovereignty or to shoulder the growing costs of European integration. With Germany's economic well-being and national security less dependent on others, Germany's new elite has been emboldened to pursue a more self-confident foreign policy. In the EU, this has meant that Germany now feels more comfortable in pursuing its narrow national self-interests. This has stoked fears that a re-unified and re-dynamised Germany is poised to impose a "German Europe".

However, not all analysts agree that German power is at the heart of today's crisis. Some, like Poland's foreign minister Radosław Sikorski, suggest that German weakness has been equally damaging. Germany's failures to adjust to the changing global context and its more central position in Europe have created a political vacuum in the EU. Germany, they suggest, can no longer hide from history and needs to "learn how to lead". In other words, not German strength, but German weakness is destabilizing Europe. This briefing paper analyzes the impact of German power and weakness on Europe by reviewing German debates and positions on EU integration, the euro and international affairs.

1 Timothy Garton Ash (2011), "Everywhere, the European project is stalling. It needs a new German engine", *The Guardian*, 15 June 2011.

2 David P. Calleo (1978), *The German Problem Reconsidered*, Cambridge University Press.

POLITICAL PARTIES AND THE EU

Christian Democratic Union (CDU) / Christian Social Union (CSU)

- Historically strong proponent of a federal Europe (Konrad Adenauer; Helmut Kohl)
- Angela Merkel said to have less visionary and more pragmatic approach to the EU
- Strong support for subsidiarity has sometimes clashed with its federalist vision
- CSU and some CDU backbenchers have voiced criticism about euro membership and further integration (legal challenges against Lisbon/Greece bail-out fund)
- Officially supports further EU integration (e.g. election of Commission President)

Social Democratic party of Germany (SPD)

- Supports federal EU, but has been accused of opting for more intergovernmentalism under Gerhard Schröder (e.g. Maastricht criteria, budget negotiations)
- Critical of Merkel's crisis management, but strongly supports euro membership
- In favour of pooling liabilities in a "Solidarity Union", better involvement of EU institutions and strengthening of the demand side with an EU investment programme
- Advocates further federal solutions and concentration of power in EU Commission

The Greens (Die Grünen)

- Advocate of a strong federal vision for the EU (Fischer's Humboldt Speech)
- Launched common proposal with the SPD for solutions to the euro crisis
- Advocates "New Green Deal" and investments for crisis-hit countries

The Free Democratic Party (FDP)

- Traditionally committed to federal EU (Hans-Dietrich Genscher, Klaus Kinkel)
- Has been torn about bailing out other EU member states (anti-bailout campaign in Berlin elections; failed internal referendum on rescue measures for third countries)
- Declining popularity has reduced its role/influence as a coalition partner

The Left (Die Linke)

- Critical about the EU as an agent of neoliberalism and militarism

Visions of Europe

Traditionally, Germany has supported a supranational vision of the EU. Especially after reunification, Germany pursued a policy of "integrative balancing" of power within Europe. This meant that it was willing to transfer competences to the Union in order to level out imbalances of economic power between the member states. Germany favoured a strong European Commission and was willing to accept over proportional representation of smaller member states in the EU institutions. For a long time, these policies were backed by both a strong cross-party consensus on EU integration and a permissive consensus amongst the German public. However, some worry that these might have changed and that Germany, as a result, now favours intergovernmental solutions.³

German intellectuals remain instinctively pro-European, even though they have questioned the democratic nature of the EU. The German philosopher Jürgen Habermas promotes the idea of a democratic European polity with a strong role for the European Parliament. Decisions behind closed doors (either by the European Commission or the Council) stimulate resentment against Brussels and between the peoples of Europe. Similarly, Joschka Fischer sees Germany in an integrated Europe as the only way forward.⁴ However, he considers the legitimizing power of the European Parliament towards the national sovereigns as too weak. Surprisingly, he suggested a European Chamber of national parliamentarians in order to ensure the democratic oversight of the financial rescue measures. While Fischer remains a strong advocate of a more political Union, he accepts that getting there may require functional detours via an increased involvement of national parliaments or avant-garde groups of willing member states.⁵

3 Ulrike Guérot and Leonard, Mark (2011), "The new German question: How Europe can get the Germany it needs", European Council on Foreign Relations.

4 Jürgen Habermas, Joschka Fischer, Henrik Enderlein and Christian Calliess (2011), "Europa und die neue Deutsche Frage", in *Blätter für deutsche und internationale Politik* 5/2011.

5 See Joschka Fischer's "Humboldt Speech" from May 2000, "Vom Staatenverbund zur Föderation – Gedanken über die Finalität der europäischen Integration".

While some commentators identify a significant erosion of pro-European party political consensus in the light of the eurozone crisis,⁶ we still observe a strong overall support of the European project in general and of integrated solutions to the crisis in particular (see box on preceding page). Eurosceptic tendencies that have been on the rise in other member states over recent years exist only at the fringes of German party politics and are mostly represented by The Left and the CSU in Bavaria. The main opposition parties (the SPD and the Greens) do not try to fish for votes by demanding “less EU”, but by calling for more integration as the solutions.

The biggest obstacle to more integrated European solutions is, however, the German Federal Constitutional Court. In its rulings on the Lisbon Treaty in 2009 it reminded the legislature of its “responsibility for integration”. The court in Karlsruhe welcomes Germany’s participation in the EU “after the devastating wars in particular between the European peoples”. Yet, it upholds the importance of “the right to free and equal participation in public authority”, so that all decisions that imply a transfer of competences to the European level have to be backed up by the German parliament.

These two distinct lines of argumentation (self-determination by integration in the European project versus defence of constitutional democracy) are at the very heart of the historically derived responsibility of the court to protect the German people from their own leaders. However, as EU integration with the Lisbon Treaty deepened, the court has now drawn some red lines. With the court’s latest ruling on the EU financial rescue package of May 2010, the court set further limits on EU integration. All participation in financial rescue mechanisms that carry risks for the German taxpayer require the agreement of the Bundestag. Further transfers of the parliament’s core competences that could impinge on its budget sovereignty would eventually require the first constitutional referendum in German history. As a consequence, the German constitutional court will, in the future, be the elephant in the negotiation rooms in Brussels.

6 Simon Bulmer & William E. Paterson (2010), “Germany and the European Union: from tamed power to normalized power?”, *International Affairs*, 86:5.

But what about the German public? For Habermas, the inability of the German leadership to provide the public with a vision for the European project is a serious problem. Merkel’s “public opinion-driven pragmatism of power”⁷ misses the core of a democratic process in which the political parties have the responsibility to “participate in the formation of the political will of the people”.⁸ When considering public opinion polls on the benefits of EU membership, the picture is mixed. In general, Germans are close to the EU average when evaluating the benefits of EU membership, although the rates have declined since the start of the euro crisis. Polls have not been so low since the failed referenda in France and the Netherlands. However, contrary to what some commentators suggest, there has been no massive decline in public support. Nevertheless, there is a risk that the end of the “permissive consensus”, where the elites could strike deals on the EU-level unconstrained from the public at home, could suddenly change into an “opinion polls-driven EU policy”.

All in all, there is little evidence that the pro-integrationist discourse in Germany might change. Despite nuanced differences in positions, the cross-party consensus in the Bundestag on European integration is still strong. Yet, the wider public opinion and, above all, the German Constitutional Court might constrain Germany’s executive at the EU level and force them to follow a more “contingent” multilateralism.

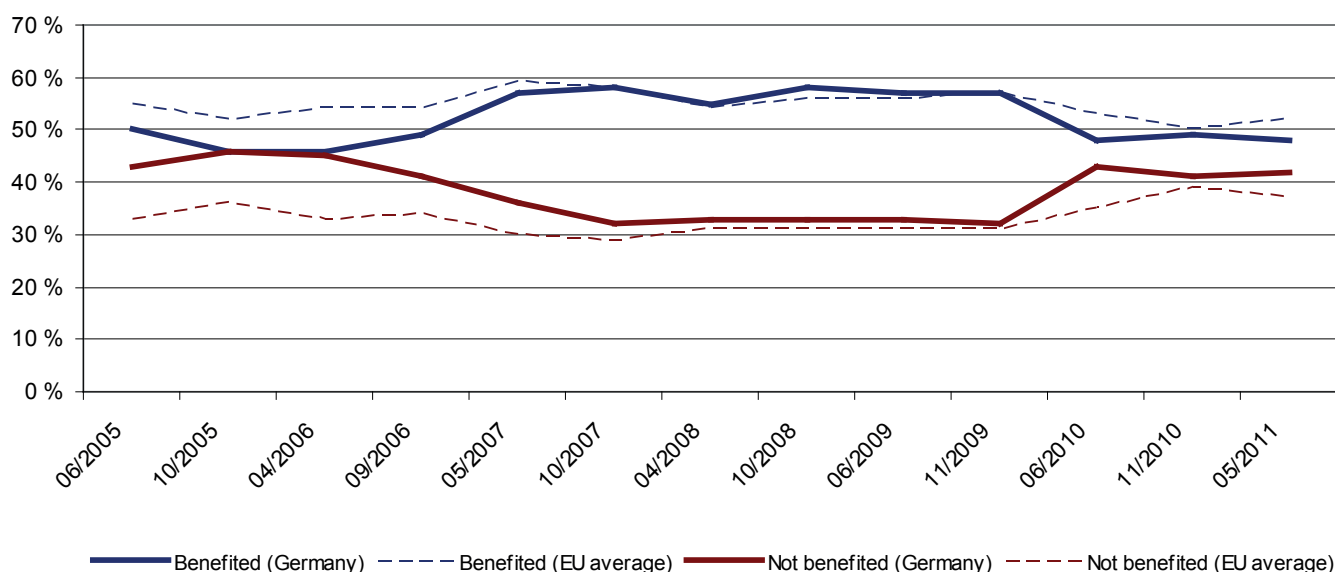
The “Union method” at work

Merkel’s idea of the “Union method” is the implementation of “contingent” multilateralism: supranational where possible, intergovernmental where needed. The new approach is at odds with the “reflexive” multilateralism that used to dominate German EU policy. This was based on the pursuit of consensual solutions and a strong role for the European Commission, rather than opting for bilateral summitry and dictating common solutions. Narrow, short-term goals were not the centre of attention, but rather the long-term vision of building common European institutions. German interests were served

7 Habermas, Jürgen (2011), “Ein Pakt für oder gegen Europa?”, in *Süddeutsche Zeitung*, 7 April 2011.

8 Article 21, German Basic Law.

Graph 1: Would you say that your country has on balance benefited from EU membership? Source: Eurobarometer.



by shaping the “regional milieu”, while safeguarding the interests of small member states.

From Konrad Adenauer and Charles de Gaulle to Helmut Kohl and François Mitterrand, the close partnership of France and Germany has always been the motor of the European integration process. However, under Gerhard Schröder and Jacques Chirac the focus of the Franco-German partnership shifted towards preserving narrow national interests, such as the financing of the common agricultural policy and close ties with Russia, while sidelining smaller member states. Merkel had the ambition to break with this style of politics. The revival of the Weimar Triangle with France and Poland and the active support of the Lisbon Treaty during the German Presidency in 2007 symbolized this turn.

The EU’s common defence policy is a case in point for Germany following its interest in promoting common EU institutions. Austerity measures require member states to pool and share their capabilities. In contrast to the British-French bilateral cooperation, Germany is pursuing a multinational approach. Back in 2010 Germany pushed for a corresponding initiative together with Sweden (the Ghent initiative), which was followed by an assessment of possible common projects by the European Defence Agency.

However, with time, Merkel has opted for more intergovernmental solutions. After being the main driving force behind the adoption of the Lisbon Treaty, Germany has played only a minor role in its

implementation. The rather reserved Herman van Rompuy seems to be the perfect choice for Merkel as the President of the European Council. He was already the preferred candidate of Germany and France in 2009 and has acted as a broker in the service of the big member states.

The European Council has flourished as the “cockpit” of the EU, entering more and more into details of decision-making. A focus on the big decisions made by the heads of state and government in the European Council also means neglecting the other community institutions – nowhere more visible than with the European External Action Service. Once the great hope, especially for smaller member states, to align EU presence in the world, its setting up was more or less ignored by Germany. Germany did not push for a stronger community-oriented EU foreign policy either, and nor did it attempt to retain influence over the new structures. This paved the way for the UK and France to pull the strings in the post-Lisbon architecture.⁹

New pressure for effective problem-solving arose with the eurozone crisis and caused the revamp of the Franco-German motor. From the Deauville summit in 2010 to the “shuttle summitry” of recent

9 Germany has been largely marginalized within the new service, with Germans heading a mere 7 EU delegations compared with 9 in the case of the UK and 15 in the case of France.

months, “Merkozy” dictated the course of the eurozone. Merkel’s decision to campaign for Sarkozy’s re-election underlines the importance of this partnership. Small member-state interests are not a prime concern: the European Stability Mechanism (ESM) foresees that urgent decisions can be made by an 85% majority of the capital subscription. With no special rules for a blocking minority, this means that the largest contributors, Germany, France and Italy, effectively retain a veto.

A greater focus on pragmatic problem-solving is the main feature of the “Union method” at work. After the “constitutional moment” of the Lisbon Treaty, the European idea is now downsized and described as “coordinated action in a spirit of solidarity – each of us in the area for which we are responsible but all working towards the same goal”.¹⁰ Commentators see this “form follows function” approach as the logical consequence of EU enlargement. It is not Germany’s “normality” nor changes in domestic opinion that have led to a more intergovernmental EU policy. Rather, Germany was forced to adjust to the post-enlargement reality, in which more actors around the table call for a more functional approach to EU politics. In addition, the eurozone crisis created a need for leadership, eventually fulfilled by the Franco-German couple. The result is Merkel’s “Union method” and the European Council as the main problem-solving body.

Germany and the euro

Germany’s handling of the eurozone crisis has been widely interpreted as signalling yet another shift in German attitudes towards Europe. By refusing to underwrite the debt of troubled southern European economies, Angela Merkel has broken with Germany’s customary role as “Europe’s paymaster”.

Similarly, Merkel’s mercurial and abrasive leadership and her unrelenting insistence on harsh austerity measures contrast with the consensual style and soft tones of her predecessors. This attitude has drawn criticism from the likes of Luxembourg’s Prime Minister Jean-Claude Juncker, who commented that “Germany thinks a bit simple, is un-European in how

it handles business at the European level, and designates certain discussions as taboo zones”.¹¹

A large number of Anglo-Saxon analysts have faulted Germany’s current economic model and growth path for being fundamentally at odds with the common currency. According to this argument, it has been Germany’s overreliance on export-led growth and its excessive balance of payments surplus that have fuelled the indebtedness of peripheral economies. By exercising extreme wage moderation and reaping the gains from an undervalued real exchange rate, Germany has destroyed the competitiveness of Europe’s periphery. Moreover, Germany’s insistence on a one-sided adjustment is bound to “relegate weaker Euro nations to third world status”.¹² Rather than being a model, Germany’s export addiction and competitiveness are seen as destroying the eurozone.

While there is some truth to this argument, it is hardly new. German economic thinking has long been driven by *Ordoliberalism*, a German variation of neo-liberalism. Ordoliberalism emerged in post-war Germany as a reaction to the hyperinflation and political instability of the Weimar Republic and the Third Reich and has laid the intellectual foundation for Germany’s social market economy. Its hallmarks have been a strong focus on price stability and market fundamentals and a rejection of Keynesian anti-cyclic spending. Germany’s “stability culture” and obsession with fiscal prudence is a direct consequence of Ordoliberalist thinking; as has been Germany’s pursuit of export-led growth. However, Ordoliberalism is essentially a theory about how to run national economies, blinding German economists to balance of payment problems. This has instilled a belief among German policy-makers that what Europe now needs above all is a dose of German sobriety and competitiveness.

Although Ordoliberalism has been contested at various stages of post-war German history, it still guides German economic thinking, especially on the right. German experiments with Keynesian demand management and counter-cyclical spending during the SPD-led governments of the 1960s and 70s have

10 Angela Merkel’s speech in the College of Europe, Bruges, 2 November 2010.

11 *Die Zeit* (2010), “Bundesregierung weist Juncker-Kritik zurück”, *Die Zeit-Online*, 8 December 2010.

12 George Soros (2012), “How to save Europe and the World”, Speech at World Economic Forum Davos, 28 January 2012.

been largely classified as a failure. Similarly, most German economists agree that the period of deficit spending and rising prices that followed German re-unification has been catastrophic for the German economy. Indeed, by the early 2000s, Germany appeared to be the sick man of Europe. To revive the economy, Gerhard Schröder's red-green coalition adopted a number of structural reforms that reduced labour costs and improved the flexibility of the labour market. But rather than breaking with Germany's postwar economic traditions, their aim was to restore German industry to its pre-unification economic competitiveness.

Today, both the FDP and the CDU continue to follow Ordoliberalist guidelines, although they have been forced to accept a more activist role for the European Central Bank. Both the SPD and the Greens, however, have grown more critical of a singular focus on supply-side management (see box). The SPD now favours a European Redemption Fund that would require a certain amount of debt mutualisation, while a number of party heavyweights support the idea of Eurobonds.¹³

The SPD has also rallied for an increase in domestic wages and supports the principle of a Marshall Plan for the European periphery. In some ways, Germany's party political spectrum now reflects the ideological divisions that have emerged in other European countries. Nevertheless, few see an alternative to Germany's traditional growth model, given its long-term structural problems. In Angela Merkel's words, "Germany is an over-indebted, export-oriented economy with an ageing, shrinking population. It cannot boost consumption at the expense of exports".¹⁴

At the level of the German public and business elite, anti-euro attitudes also appear to be on the rise. At times, German policy-makers have been tempted to ride this wave of popular scepticism over the euro. This explains, for example, the blustering of Volker Kauder, chairman of the CDU parliamentary group, that "Europe speaks German now!" But whether these occasional bouts of populism indicate the end

of German solidarity and a fundamental change to Germany's paymaster role in Europe remains unclear.

When it comes to Germany's business elites, there are few indications for an overall drop in support for the euro. Indeed, recent remarks by Linde CEO Wolfgang Reitzle that Germany should consider leaving the eurozone have been the exception. A survey of 500 business executives in December 2011 showed that a full 78% supported an economic and fiscal union to fight the euro crisis, while only 11% expected that the current crisis would lead to a collapse of the eurozone.¹⁵ German businesses are also generally supportive of the way in which the German government has addressed the current crisis and see few alternatives to Germany's current reliance on export-led growth. This sentiment has been clearly expressed in an interview with Norbert Walter, former chief economist of Deutsche Bank, who argued that "Germany would be well advised to deploy its strengths where its markets are. We cannot sell either our cars, our airplanes, our pills, our CAT scanners or our trucks in the domestic market. The volumes for effective production can only be achieved if we view the whole world as our market".¹⁶

On the other hand, the extent of public support for the common currency has been somewhat contested. While one survey indicated that 76% of Germans "do not trust" the euro, another recorded that 63% of the German public "support" the euro.¹⁷ Additional fuel has been added to this debate by the anti-euro campaign of part of the German media. Throughout the current crisis, Germany's largest daily tabloid, *Bild*, has shaped public perceptions by running headlines like "Never again Europe's paymaster!" and "Why don't you sell your islands, you bankruptcy Greeks". Nevertheless, it is easy to over-exaggerate the impact of the crisis on public opinion. A majority of Germans have been sceptical about the common currency since its very inception. Moreover, Germany's paymaster status has been widely debated and criticized in the mainstream

13 Sigmar Gabriel & Frank Walter Steinmeier "Verantwortung für Europa", Offener Brief, 18 July 2011.

14 *Financial Times*, "We all want to put the global economy back on its feet", 28 March 2009.

15 Claudio de Luca (2011), "Angela die Grosse", *Capital*, 13 December 2012.

16 Norbert Walter (2009), Deutsche Bank Research, Talking Points, 23 June 2009.

17 Daniel Gross & Felix Roth (2011), "Do Germans support the euro?", CEPS Working Document 359.



The German and Indian representatives during a vote in the UN Security Council. Germany abstained on resolution 1973 on the establishment of a no-fly-zone in Libya together with Brazil, Russia, India and China. Photo: JC McIlwaine / UN Photo.

media since the 1970s. This suggests that German public opinion alone is unlikely to sink the euro.

The global temptation

Germany's growing assertiveness in Europe has been matched by what many commentators perceive as an increasingly erratic, unpredictable and unilateralist tendency in German foreign policy. Examples of this abound: Germany's campaign for a permanent seat on the UN Security Council; its reluctance to shoulder a military burden in Afghanistan; its special relationship with Russia; and above all, Germany's refusal at the UN Security Council to endorse international interventions in Iraq and Libya. The list of issues on which Germany has diverged from its traditional partners is getting longer. To many, these actions signal a steady weakening of Germany's *Westbindung*. Instead, Germany has shown an increasing tendency to act in concert with the BRIC countries and has been reluctant to shoulder its share of the burden on international security issues.

These trends have been noted with growing alarm by both domestic and foreign commentators. Germany's recent abstention from UNSC resolution 1973 on Libya has been seen as another watershed in this regard, as it pitted Germany against the US, France and Britain and aligned it with China, Russia, India and Brazil. In the aftermath of the vote, *The New York Times* concluded that "Germany has entered a new era of ambivalence and nationalist calcula-

tions", while the European Council on Foreign Relations characterized Germany's new foreign policy as "non-aligned" and "neo-mercantilist". Inside Germany, the criticism has been similarly devastating. Former Foreign Minister Joschka Fischer lamented Germany's "scandalous mistake" at the UN, while philosopher Jürgen Habermas identified a "self-absorbed and normatively bankrupt mentality" as the main hallmark of "the self-centred colossus in the middle of Europe".

One group of analysts has argued that due to the combined forces of German reunification and EU enlargement, Germany has turned into a geopolitically saturated country that no longer faces any existential external threats. With the end of its frontline status and the passing of the post-war generation, Germany lost its old strategic compass. But Germany's new elite has found it excruciatingly difficult to develop a new vision for Germany's role and purpose in the world. This is largely due to Germany's ill-developed strategic culture and intuitive pacifism that continue to define the terms of the debate.

As a result, Germany has tended towards strategic complacency and a passive foreign policy. Alliance decisions are no longer seen as pressing matters of collective security, but are driven by domestic opinion and an outdated public morality. Germany, so the argument goes, has lost its international purpose and turned into a greater Switzerland that cares little for the outside world and has become a free-rider on international security issues.

This argument, however, grossly underestimates the level of strategic adaptation that Germany has experienced since the end of the Cold War. Germany's armed forces and strategic culture have been dramatically transformed over the past decade. The country's contributions to military crisis management missions from Kosovo to Afghanistan, while controversial at home, have been a testimony to its gradual maturing as a strategic player that now openly defines its military as an "instrument of foreign policy".

Nor has German foreign policy been devoid of solidarity with its partners. Germany has placed the cohesion of the Atlantic alliance over its narrow national interests when addressing issues from Iranian nuclear proliferation to Afghan state-building and Russia's war with Georgia. And while Germany's alliance solidarity might have grown less reflexive, it has been the main catalyst for its strategic adaptation since the end of the Cold War.

Another argument suggests that hard-nosed interests rather than introspection and strategic complacency are driving a realignment of German foreign policy. According to this argument, Germany's growing export dependency is forcing it to loosen its European ties and to "go global alone".¹⁸ With China soon to replace France as the prime destination of German exports and with Russian energy providing the life-blood of German industry, both are now key partners of the Berlin Republic.

Faced with a sclerotic Europe and an economy that is structurally reliant on export-led growth, German politicians are looking towards the emerging powers for solutions. German foreign policy has adjusted to these needs by focusing on trade promotion and strategic partnerships instead of human rights and global governance. Germany, in the words of one analyst, has turned into a "geo-economic power" that has forsaken its former "civilian power" status.¹⁹ A stronger focus on bilateralism, the growth of German arms exports, and a willingness to accommodate Russia and China have been the consequences.

18 Ulrike Guérot & Mark Leonard (2011), *The New German Question: How Europe can get the Germany it needs*, ECFR Policy Brief 30, April 2011.

19 Hans Kundnani (2011), *Germany as a Geo-economic Power*, *The Washington Quarterly*, Summer 2011.

However, the case for a geo-economic Germany appears tenuous at best. Within Germany, none of the major political parties or actors is openly advocating a geo-political realignment, or a singular focus on trade issues. Public opinion, similarly, remains most favourable towards the Western Alliance. More importantly, the economics behind this is unclear. While German exports to the BRIC countries have grown strongly over the past decade, together they only make up a paltry 10.5% of German exports (China 5.6%), compared with 71% for Europe. The picture is similar when it comes to German foreign direct investment. In 2007, German FDI stocks in China stood at a mere US\$ 20 billion, compared with US \$740 billion for Europe.²⁰ While German businesses are undoubtedly tempted by the future potential of the developing world, these figures suggest that, for the time being, it is unlikely that the German flag will follow trade in foreign policy.

On closer inspection, Germany's changing foreign policy appears to be driven neither by a provincial isolationism nor by a diabolical plot to go global alone. While it is true that German foreign policy has lacked a grand narrative, neither NATO nor the EU have been able to fill this vacuum by providing a clear framework for action. Faced with a less constraining, less certain and more complex international environment, German policy-makers have been forced to make difficult policy choices and at times have been pushed to take the lead. Inevitably, they have stumbled, given Germany's underdeveloped strategic culture and immaturity as a major power. But there is little to suggest that German power is seeking to undermine the transatlantic post-war settlement.

Of power and weakness

The evidence collected in this paper suggests that Europe's problem today may not derive from a more "normal" and dynamic Germany, but from a Germany that feels too fragile and insecure to take its place at the centre of Europe. It is not a revival of German power that threatens to beget a "German Europe", but Germany's enduring weakness that has forced it to abandon its vision for a "European

20 Deutsche Bundesbank (2009), "Bestanderhebung über Direktinvestitionen", April 2009.

Germany”. Today, rather than acting as a grown-up responsible power, Germany continues to cling to its role as a hobbled giant.

The reasons for this are structural. Germany never wanted to lead. But given Germany’s growth and importance at the heart of Europe, others inevitably depend on its decisions. Moreover, European enlargement has weakened the ability of the EU institutions to function as the motor of European integration. Some are now pushing Germany to fill the void. Recently, Poland’s foreign minister forcefully pleaded for a more active German role in Europe by stating: “You may not fail to lead. Not dominate, but to lead in reform. [...] Poland will support you.”

But Germany’s postwar institutions, strategic culture and economic principles have all prevented it from taking on this very role. Changing these, inevitably, will be painfully slow. In the meantime, the German government has opted for a policy of short-term problem-solving in the form of Merkel’s “Union method”. But by failing to embed this new approach within a comprehensive vision for Europe’s future, German actions inevitably appear threatening and domineering to the rest of Europe.

This suggests that two challenges lie ahead. First, German politicians need to reassure their European partners by re-articulating Germany’s commitment and long-term vision for a common European future. Second, Germany’s European partners need to help Germany adjust its political institutions and culture to its new role within Europe and the world. While this might appear counter-intuitive, today a more “normal” and strengthened Germany is Europe’s best guarantee against a return of the German Problem.

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ISBN 978-951-769-333-2

ISSN 1795-8059

Cover photo: Deutsches Bundesarchiv

Language editing: Lynn Nikkanen

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