

Germany as a Geo-economic Power

Berlin's March 2011 abstention on the UN Security Council vote on military intervention in Libya has raised questions about Germany's role in the international system. By abstaining on Security Council Resolution 1973, Germany broke with its Western allies and aligned itself with the four BRIC countries: Brazil, Russia, India, and China. Whether or not the decision signals a weakening of what Germans call the *Westbindung*, it illustrates the strength of Germany's ongoing reluctance to use military force as a foreign-policy tool even in a multilateral context and to prevent a humanitarian catastrophe. Over the past few years, as the number of German and civilian casualties has increased in Afghanistan, the German public has become more skeptical about the mission of the International Security Assistance Force (ISAF) in particular and about the deployment of German troops abroad in general.¹ Like Germany, other EU member states such as France and the United Kingdom are cutting their defense budgets, but Germany shares few of their aspirations to project power beyond Europe.

The abstention was particularly striking—and, for many people, surprising—because it follows a period in which Germany had appeared to become more assertive in its use of economic power within Europe. Under huge pressure from the German public, which blamed others for the eurozone crisis and fears the creation of a “transfer union” (in other words a European Union in which fiscally responsible member states pay for fiscally irresponsible ones), Chancellor Angela Merkel last spring was initially reluctant to bail out Greece, which was in danger of defaulting. She then insisted on tough conditions for the rescue package that was eventually agreed to in May, including the involvement of the International Monetary Fund. Some saw in Merkel's response to the Greek crisis

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a return to classical German great power politics. For example, the former Chancellor Helmut Schmidt accused the German government of “Wilhelmine pomposity” in its attitude towards France, to whom Germany has during the last year tended to dictate.² Meanwhile, according to *Le Monde*, President Nicolas Sarkozy told a friend that the Germans “haven’t changed.”³

However, as the threat from the crisis moved from the periphery closer to the center of Europe in the second half of last year, Germany was paradoxically also criticized for showing too little “leadership.”⁴ When it became apparent that the creation of the European Financial Stability Fund in May was not enough to reassure the bond markets, Germany came under increasing pressure to put its weight behind a major reform of eurozone economic governance. But, as Germany opposed various proposals that involved greater Europe-wide coordination of economic policy, it was criticized not so much for being expansionist as for being provincial. The philosopher Jürgen Habermas, for example, wrote of “the solipsistic mindset of this self-absorbed colossus in the middle of Europe.”⁵ In short, allusions by some to the *Kaiserreich* notwithstanding, it hardly seems as if Germany wants to become a great power again.

The central difficulty of explaining German foreign policy is how to understand this apparent contradiction between the harder edge of Germany’s pursuit of national interest within Europe and its continuing—and perhaps even increasing—reluctance to use military force or even to project power in a traditional sense in the wider world. The foreign policy of the post-reunification “Berlin Republic” increasingly seems to be qualitatively different from that of the pre-reunification “Bonn Republic.” But Germany is not simply returning to a pre-World War II mode of power—not least because the nature of power in international relations and particularly within Europe has changed so much since then. Rather, Germany seems to be emerging as a particularly pure example of a new form of power in international relations: a geo-economic power.

Germany as a “Civilian Power”

The Federal Republic has traditionally been understood as a “civilian power”—that is, one that, unlike a great power, uses multilateral institutions and economic cooperation to achieve its foreign-policy goals, avoids the use of military force except in limited circumstances and in a multilateral context, and thus helps to “civilize” international relations by strengthening international norms. The term—which is both descriptive and prescriptive—was coined by political analyst François Duchêne in the early 1970s to describe the European Union, and was subsequently applied to Germany and Japan by international relations professor Hanns W. Maull. In a 1990 *Foreign Affairs* essay, Maull wrote that Germany and Japan had become “prototypes” of “a new type of international power” that

accepted the necessity of cooperation with others in the pursuit of international objectives, concentrated on non-military and in particular on economic means to secure foreign-policy goals, and was willing to develop supranational structures to address critical issues of international management.⁶

Maull argued that Germany and Japan had become civilian powers largely by necessity rather than choice. Both defeated in World War II, they were forced to make territorial concessions, but because of the emergence of the Cold War, it would not have been in their national interest to make any territorial demands because it would have undermined stability. In the Cold War context, Germany and Japan also both renounced an autonomous security policy in favor of reliance on the United States—a relatively cheap and effective solution to their defense problems which allowed them to focus instead on economic growth. In short, the Federal Republic did not adopt a civilian power identity in an act of altruism. Rather, it did so because it saw it as the best way of achieving its own post-war foreign-policy ambitions and objectives.

As Maull himself acknowledged, the concept of a civilian power was in many ways similar to that of the “trading state” that Richard Rosecrance had developed a few years earlier.⁷ Rosecrance argued that in the 1970s and 1980s, driven by the “the declining value of fixed productive assets,” states for whom a traditional strategy was no longer feasible, either because of size or their recent experience with conflict, had increasingly adopted strategies based on augmenting their share of world trade rather than traditional military power or territorial expansion. As a result, there had emerged “a new political prototype” of states that sought their vocation through international commerce rather than territorial expansion. Other foreign-policy analysts have specifically applied the concept of a trading state to Germany.⁸

However, although civilian powers like Germany were in practice often also trading states, civilian powers differ conceptually from trading states in terms of their ultimate objective. In particular, Maull’s version of civilian power was very much influenced by the sociologist Norbert Elias’ theory of the civilizing process in politics and society.⁹ For Maull, the overriding foreign-policy objective of a civilian power is not simply to improve economic performance or prosperity but to civilize international relations through the development of the international rule of law. In other words, a civilian power aims to make international politics like domestic politics. In particular, by avoiding the use of force except collectively and with international legitimacy, it aims to help develop a multilateral monopoly on the use of force analogous to the state’s domestic monopoly.

Although the concept of civilian power was meant to describe an ideal position, it proved useful in explaining German foreign policy after 1990. Some, both in and outside Germany, had feared that after reunification, Germany would once again pursue territorial expansion and return to the use of traditional

military power politics. In other words, the period of the division of Germany would turn out to be an aberration and the traditional “German question” would once again re-emerge. In fact, however, nothing of the sort happened. Rather, under Helmut Kohl, Germany remained committed to the European integration process which had begun in the 1950s. In 1992, Germany signed the Maastricht Treaty, which completed the creation of a single European market and laid the foundation for the European Monetary Union and, along with it, abolished another aspect of national sovereignty. This seemed to bear out Maull’s argument that Germany had changed so much—in particular, it now defined its national interest in terms of integration and interdependence—that a return to the old policies had become impossible.

An important shift did take place in German security policy during the 1990s. After the Gulf War in 1991, Germany came under increasing pressure from its NATO allies, particularly the United States, to play a more active role in resolving conflicts around the world. In response, it took a series of small steps toward greater involvement in international peacekeeping missions. Initially there was a constitutional obstacle: Article 87a of the Basic Law prevented German troops from taking part in “out-of-area” operations. But in 1994, the Constitutional Court ruled that Germany could take part in out-of-area operations provided they were sanctioned by the United Nations and were specifically approved by the *Bundestag*. German troops subsequently took part in UN peacekeeping and eventually combat operations in the Balkans.

This shift in German policy on the use of force culminated in the Kosovo war in 1999, in which Gerhard Schröder’s center-left “red-green” coalition agreed to send four German Tornado bombers on missions over Serbia as part of the NATO military intervention—the first major combat mission in the history of the Federal Republic. For Germany, this was a huge step, and was preceded by a tortuous and emotive debate focused largely on German identity after Auschwitz. Unlike previous operations in which German troops had been involved, Operation Allied Force did not have a mandate from the UN Security Council. However, like the previous steps taken in the 1990s toward greater use of military force, the decision to send troops into combat had taken place in a multilateral framework—indeed, it had been at the request of NATO allies—and could be seen as contributing to, rather than undermining, “civilizing” international relations. A decade after reunification, therefore, Germany’s civilian power identity seemed as strong as ever.¹⁰

The Weakening of Germany’s “Civilian Power” Identity

During the last decade, however, Germany’s civilian power identity has weakened. In particular, Germany has begun to break with this identity in

two important ways. First, it has become less multilateral. Although the Federal Republic's multilateralism was always "attritional"—in other words, it was a way to achieve its foreign-policy objectives, above all sovereignty and reunification—this approach was so successful that over the years it became a kind of reflex for the German foreign-policy establishment.¹¹ During the last decade, however, there has been a shift to a more contingent multilateralism.

Perhaps the most dramatic break with multilateralism came in 2002 when Gerhard Schröder declared that Germany would not support the Iraq war regardless of what was decided at the UN Security Council—a uniquely unilateral action in the history of the Federal Republic up to that point.¹² Although the rhetoric has softened since Angela Merkel took over as chancellor in 2005, the less instinctively multilateral approach begun by Schröder has continued. A striking example was foreign minister Guido Westerwelle's call to remove U.S. nuclear weapons from Germany last year. Instead of negotiating the removal of the weapons through the North Atlantic Council, NATO's decisionmaking body, as other countries such as Greece have done, he chose to make the demand publicly, apparently in order to win points with German voters. (That this approach came not from a left-wing party but from the leader of the Free Democrats, the party of Helmut Kohl's foreign minister Hans-Dietrich Genscher, illustrates the extent to which German foreign policy has changed.)

While Germany now seeks more power within multilateral institutions (for example, since the time of the Schröder government, Germany has actively sought a permanent seat on the UN Security Council), it has become less willing to transfer sovereignty to them. In the case of the European Union, this is partly because of an increase in popular euroscepticism. According to an opinion poll in January, only 41 percent saw Europe as Germany's future, down from 53 percent the previous April.¹³ The judiciary has also become more eurosceptic. In a landmark decision in June 2009, the *Bundesverfassungsgericht*, Germany's constitutional court, approved the Lisbon Treaty but also imposed limits on the further transfer of sovereignty to Brussels in a long list of policy areas including security, fiscal, and social policy.¹⁴

These changes in public opinion and the attitude of the constitutional court reflect a deeper structural shift in Germany's role in the world. Put simply, Germany no longer needs multilateral institutions in the way it used to. For example, it relies on NATO much less than it did during the Cold War, when West Germany was dependent on the alliance for its security. In short, Germany is less constrained than it used to be, and this new freedom means that it can be more

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selectively multilateral. It now operates through multilateral institutions when it suits it to do so, and bilaterally when it does not.

Since reunification, German elites do not perceive European integration as imperative.

Similarly, now that Germany has achieved reunification, elites do not perceive European integration as an existential imperative in the way they used to. Although Germany's export economy still needs European markets—60 percent of German exports still go to the eurozone—its trade is increasingly with emerging economies outside Europe. In particular, German exports to China grew by more than 70 percent in the 18 months from the beginning of 2009 to mid-2010. Goldman

Sachs has projected that, if these trends remained unchanged for the next 18 months, exports to China would be roughly at the same level as exports to France by the end of 2011. Meanwhile, as enlargement has made it harder to coordinate EU policy with France, it is increasingly tempting for Germany to pursue bilateral “special relationships” with other powers such as China and Russia instead.

The removal of its pre-reunification constraints has allowed Germany to increasingly define its national interest in economic terms. In a sense, this has actually further strengthened Germany's identity as a trading state. Before reunification, the Federal Republic had eschewed military power, but had nevertheless pursued some traditional foreign-policy objectives. In particular, it sought territorial expansion in the limited sense that it sought reunification, although it pursued this objective through multilateral cooperation and economic power. With reunification, however, Germany has become “strategically saturated.”¹⁵

At the same time, the costs of reunification have put Germany under greater economic pressure and therefore made it harder for Germany to pursue other non-economic foreign-policy goals. In particular since Schröder took over as chancellor in 1998, the chancellery has become more active in promoting the interests of business, for example by bringing large trade delegations on visits abroad. Business then has exerted significant influence on key elements of German foreign policy: energy companies like E.ON Ruhrgas have influenced policy towards Russia; automakers such as BMW have influenced policy towards China; and manufacturers of technology and machinery such as Siemens have influenced policy towards Iran.

At the same time, however, a second, subtle shift has also taken place that has to do with the *way* Germany uses its economic power since the European single

currency was created in 1999. Since the creation of the euro, the imbalances between eurozone economies, in particular between countries with trade surpluses (for example, Germany) and countries with trade deficits (such as Greece), have grown. As one economist has put it, “the structural differences between a low-inflation, slow growing core and higher inflation periphery were supposed to narrow following the introduction of the single currency. In reality, these differences grew.”¹⁶ Between 1997 and 2007, Germany’s trade surplus with the rest of the eurozone went from €28 billion to €109 billion, almost quadrupling. In the decade since the creation of the euro, Germany’s economy has become “structurally reliant on foreign demand for its growth.”¹⁷

These imbalances, and in particular the increasing dependence of Germany on exports, have led to a perception of a divergence of interests within the eurozone, which came to a head in 2010 after the economic crisis turned into a sovereign debt crisis in member states on the European periphery such as Greece and Ireland. Because Germany tends to blame others for the crisis and see its own economy as a model, it refuses to take steps to reduce its reliance on export growth or to loosen monetary policy, despite being urged to do so by other member states. Germany has been accused of imposing deflationary pressures on the eurozone that may help to maintain the competitiveness of its own exports but could make it harder for debtor countries to grow their way out of recession—what George Soros has called a “Procrustean bed.”¹⁸ As a result, many in southern European member states increasingly see Germany as a rival rather than a partner.¹⁹

Of course, Germany is not solely to blame for this shift from cooperation to competition within the eurozone. Nevertheless, economic *cooperation*—and the transfer of sovereignty as a pre-condition of this—is a key characteristic of a civilian power or trading state. It appears, however, that Germany is not only increasingly defining its national interest in economic terms, but also increasingly using its economic power to impose its own preferences on others in the context of a perceived zero-sum competition within the eurozone, rather than to promote greater cooperation in a perceived win-win situation.²⁰ Given these shifts, it has become harder to claim that Germany still “civilizes” international relations in the way Maull suggested. The concept of civilian power is still valid as a normative concept; however, it no longer adequately describes Germany as a foreign-policy actor.

Normality and Germany

Although it is becoming increasingly clear that Germany’s civilian power has weakened, it is much harder to describe the kind of foreign-policy actor that Germany has become. One concept that has been used to try to capture the shift

in German foreign policy since reunification is “normality.” Germany, it is suggested, is becoming more “normal.” The concept of normality—often opposed to the idea of a German *Sonderweg*, or special path—has been associated with the Berlin Republic since its inception. Like the concept of civilian power, it is both descriptive and prescriptive: most of those who use it support the perceived shift in German foreign policy that they are attempting to capture. However, it is difficult to define a “normal” foreign policy in a clear and meaningful way. Those who apply the concept to German foreign policy usually define normality by referring to France and the United Kingdom—two states that are comparable to Germany in size but have their own particularities arising from their own geographies and histories.²¹ For example, unlike Germany, both have extensive former colonies, a nuclear deterrent, and a permanent seat on the UN Security Council (the concept of normality is therefore often used by those who support Germany’s bid for a Security Council seat).

Unsurprisingly, because normality is such a problematic concept, it is often used inconsistently. In particular, it is not clear whether the pre-unification Bonn Republic—and many of the aspects of German foreign policy associated with its civilian power identity—should be regarded as “normal” or “abnormal.” In one sense, the Federal Republic pursued an “abnormal” foreign policy prior to reunification because of its commitment to multilateralism and economic cooperation rather than military force. In another sense, however, it pursued a “normal” foreign policy because it committed to the West and broke with the tradition of the *Sonderweg*. Those who use the concept of normality in a prescriptive sense often want to have it both ways: they argue for a German foreign policy that is more like that of France and the United Kingdom in terms of selective multilateralism and the pursuit of narrowly-defined national interests, but do not accept that, given Germany’s unique geography and history, this undermines the *Westbindung*.

In the last decade, Germany seems to have reversed direction about the use of force.

In addition, the concept of normality only captures part of German foreign policy and therefore, even when used descriptively, can only be applied selectively. Those who describe the shift in German foreign policy in these terms tend to focus on Germany’s pursuit of national interests and its selective multilateralism. However, if one defines normality by reference to France and the United Kingdom, it would seem to follow that Germany remains stubbornly and

perhaps even increasingly “abnormal” in other aspects of foreign policy—especially security and defense policy. In the 1990s and in particular around

the time of the Kosovo war in 1999, German security and defense policy looked to be converging with that of France and the United Kingdom as it reconciled itself to the use of military force as an instrument of foreign policy. In the last decade, however, Germany seems to have reversed direction. After September 11, Chancellor Schröder promised Germany's "unlimited solidarity" to the United States, committing troops to Operation Enduring Freedom and subsequently to the ISAF mission in Afghanistan. Germany still has around 5,000 troops in Afghanistan, although they are stationed mainly in the relatively peaceful north of the country and operate under strict caveats.

However, opposition to the mission in Afghanistan has gradually grown as German and civilian casualties have increased. Since 2007, opinion polls have consistently shown that a majority of Germans want their troops to be withdrawn from Afghanistan. A critical juncture came in September 2009, when a German colonel called in a U.S. air strike in Kunduz that killed dozens of civilians. The incident made many Germans realize that the *Bundeswehr* was fighting a war in Afghanistan rather than simply taking part in a "stabilization operation." In addition to the trauma of Afghanistan, the perceived failure of the Iraq war—which Germany opposed—has reinforced opposition to involvement of German troops in "out-of-area" operations. The abstention in the Security Council on Libya was a striking contrast to Germany's active involvement in the Kosovo war—a humanitarian intervention that did not even have a Security Council mandate.

To some extent, the German shift away from the use of military force is part of a Europe-wide trend: U.S. Secretary of Defense Robert Gates, for example, has spoken of the "demilitarization of Europe."²² Nevertheless, even after making big defense cuts in 2010, France and the United Kingdom will continue to spend significantly more than Germany as a proportion of GDP, and still aim to project power in the world, as the treaties on defense cooperation they signed last November and the military intervention in Libya this year illustrate. Germany, on the other hand, is increasingly a consumer rather than a provider of security.²³ This "abnormality" is reflected in the way German politicians justify security-policy choices. For example, they defend Germany's refusal to deploy more troops in Afghanistan or lift the caveats under which they operate to support military intervention in Libya by using the language not of normality but of German exceptionalism. In matters of war and peace, it seems, Germans do not want to be "normal." In the end, therefore, the idea of normality is inadequate to capture the complex shift in the foreign policy of the Federal Republic since reunification.

Germany and "Geo-economics"

A different way of understanding the peculiarity of German power is through Edward Luttwak's concept of "geo-economics." In an essay in *The National*

Interest in 1990—almost exactly the same time that Maull was classifying Germany as a civilian power—Luttwak described how, in some parts of world, the role of military power was diminishing and “methods of commerce” were “displacing military methods”—“with disposable capital in lieu of firepower, civilian innovation in lieu of military–technical advancement, and market penetration in lieu of garrisons and bases.”²⁴ In a way, he was describing a similar transformation as Maull. However, Luttwak argued that, although states were increasingly using one kind of *tool* rather than another, international relations would continue to follow the “logic of conflict,” which was “adversarial, zero–sum, and paradoxical.”²⁵ The neologism “geo-economics” was meant to capture this “admixture of the logic of conflict with the methods of commerce—or, as Clausewitz would have written, the logic of war in the grammar of commerce.”²⁶

The events of the next two decades seemed to disprove Luttwak’s thesis of a shift from geopolitics to geo-economics. First the regional and ethnic conflicts of

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the 1990s and then 9/11 forced Western states to use military power. As we have seen, even states such as Germany that had for various reasons been reluctant to use military force came under increasing pressure to contribute to conflict resolution, not just financially but also in terms of troops on the ground. In fact, in the first decade of the post-Cold War world, it seemed as if conventional military power

was more important than it had been previously, not less. However, subsequent developments—in particular the shift in the global distribution of power away from the United States toward rising powers such as China—seem to have vindicated Luttwak’s argument. Two decades after he wrote the essay, his thesis seems to be a good way of explaining the actions of some states. It seems particularly apt given the apparent return of zero–sum competition between EU member states.

Like Maull, Luttwak was describing a general shift in the nature of power in international relations. However, he did not suggest that this shift would be universal or that it would take place everywhere at the same speed. It would not take place in “those unfortunate parts of the world where armed confrontations or civil strife persist for purely regional or internal reasons” and was most likely to take place where it was no longer possible to resort to military force, or as Luttwak put it, there was no “superior modality.”²⁷ One could therefore particularly expect geo-economics—i.e., the methods of commerce—to play a greater role in the West, especially within the European Union. Luttwak also

suggested that some states would be more “geo-economically active” than others: “The propensity of states to act geo-economically will vary greatly.”²⁸

The concept of geo-economics now seems particularly helpful as a way of describing the foreign policy of Germany, which has become more willing to impose its economic preferences on others within the European Union in the context of a discourse of zero-sum competition between the fiscally responsible and the fiscally irresponsible. For example, instead of accepting a moderate increase in inflation, which could harm the global competitiveness of its exports, Germany has insisted on austerity throughout the eurozone, even though this undermines the ability of states on the periphery to grow and threatens the overall cohesion of the European Union. In Luttwak’s terms, Germany is applying the methods of commerce within a logic of conflict. In short, it may be helpful to understand Germany as a geo-economic power instead of (or perhaps as well as) a civilian power.

The nature of a geo-economic power is determined by the relationship between the state and business. As Luttwak acknowledges, “while states occupy virtually all of the world’s political space, they occupy only a fraction of the total economic space.”²⁹ He suggests that forms of co-existence between geo-economically active states and private economic actors will vary: it is intense in some cases and distant in others. Sometimes states “guide” large companies for their own geo-economic purposes and other times companies seek to manipulate politicians or bureaucracies. The relationship between the German state and business would seem to be an example of what Luttwak calls “reciprocal manipulation.”³⁰ German companies lobby the German government to make policy that promotes their interests; they in turn help politicians maximize growth and in particular employment levels—the key measure of success in German politics.

This co-existence is particularly intense between the state—especially the economics ministry—and exporters, which have provided nearly half of German GDP and two-thirds of Germany’s total GDP growth over the past decade. This disproportionate contribution of exports to growth means that German politicians are particularly dependent on exporters. However, because much of this growth has come from exports to economies such as China and Russia, where the state dominates business, exporters are also conversely dependent on the German government. As exports have increased as a share of GDP in the last decade, particularly since the Schröder government, German exporters seem

Over the last decade, German exporters seem to have exerted greater influence on foreign policy.

to have exerted greater influence on German foreign policy. Thus German policy within the eurozone has increasingly focused on price stability at the expense of European integration as a political project. Meanwhile, German policy toward authoritarian states elsewhere in the world, such as China, has tended to focus on trade at the expense of human rights, democracy, and the rule of law.

Of course, Germany is not the only geo-economically active state in the world. Other states, such as China, also use geo-economic power. Indeed, there are striking parallels between China and Germany: both are manufacturer/exporters that have huge surpluses of saving over investment and have recently tended to impose deflationary pressures on their trading partners (the United States for China, the eurozone for Germany).³¹ China, however, ultimately

aspires to be a great power. Although it currently relies primarily on economic power in its rise, it is also committed to the use of military power.³² (An influential concept among Chinese foreign-policy analysts is that of “comprehensive national power”—the idea that a successful foreign policy must be based on a “balanced power-profile” which includes military, political, and economic power.³³)

In that sense, Chinese foreign policy can be seen as a kind of neo-mercantilism.

Germany, on the other hand, is unique in

its combination of economic assertiveness and military abstinence. In a sense, therefore, it may be the purest example of a geo-economic power in the world today.

In the future, we can expect Germany to be increasingly willing to take decisions independently of—and sometimes in opposition to—its allies and partners, as it did during the Libya crisis. It is likely to pursue its national interests—defined above all else in economic terms—more assertively than it used to, while being more reluctant to transfer sovereignty to multilateral institutions. At the same time, however, it is likely to be reluctant to devote resources to solving international crises and in particular to use force, except where its economic interests are directly threatened. While the key aspiration of a civilian power is to civilize international relations, a geo-economic power is more likely to “hollow out” the international system.

The United States could, as a result, come into conflict with Germany in two ways. First, it could have disagreements about economic policy, as in last year’s standoff between the two countries at the G-20 on issues such as stimulus spending and domestic demand. Secondly, it could struggle to persuade Germany

The size of Germany’s economy and interdependence is creating instability within Europe.

to play an active role commensurate with its size and economic power on global security issues and on crisis management. Germany could be simply unwilling to provide resources, as in Afghanistan, or it could actively undermine initiatives led or supported by the United States, as in Libya. In this case, much will depend on Germany's role in the UN Security Council, where it has campaigned for a permanent seat since the Schröder government.

The Emergence of the German Geo-economic Question

From 1871 onwards, a unified Germany posed a problem for Europe. Its size and central location—the so-called *Mittellage*—meant that it was too powerful for a balance of power but not powerful enough to exercise hegemony. Germany created instability in Europe through its very existence. The “German question” appeared to have been resolved after World War II by the division of Germany and by the integration of the Federal Republic into the West through NATO and the European Union. With the transformation of Europe since the end of the Cold War, Germany has in a sense returned to the *Mittellage* in a geographic sense. However, whereas in the past Germany faced potential enemies on all sides and feared encirclement, it is now surrounded on all sides by NATO allies and EU partners. Germany's post-reunification “strategic saturation” and the interdependence of its economy with that of its neighbors in all directions means that it no longer seeks territorial expansion and no longer feels threatened. In geopolitical terms, Germany is benign.

However, the size of Germany's economy, and the interdependence between it and those around it, is now creating instability within Europe. After reunification, Germany became bigger, but was initially economically weaker as it struggled to deal with the costs of assimilating East Germany. Moreover, it saw its interests as being aligned with its NATO allies and EU

partners. But during the last decade, as the German economy has recovered and a zero-sum discourse has returned within the European Union, Germany has become more willing to impose its preferences on others. Within the context of the European Union, Germany's economy is too big for any of its neighbors such as France to challenge (the “colossus” to which Habermas referred), but not big enough for Germany to exercise hegemony. In short, what appears to have happened is that the “German question” was resolved in geopolitical terms but has re-emerged in geo-economic form.

The “German question” was resolved geopolitically, but has re-emerged in geo-economic form.

Notes

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13. Thomas Petersen, “Gemeinsames Interesse an Europa in Gefahr,” *Frankfurter Allgemeine Zeitung*, January 25, 2011, <http://www.faz.net/s/Rub99C3EECA60D84C08AD6B3E60C4EA807F/Doc~EAE005CA324524217B16D205CA47FBE88~ATpl~Ecommon~Scontent.html>.
14. For the full text of the judgment, see http://www.bundesverfassungsgericht.de/entscheidungen/es20090630_2bve000208en.html.
15. Alexander Graf Lambsdorff, quoted in “Duell der Titanen,” *Der Spiegel*, May 10, 2010.
16. Simon Tilford, “How to save the euro,” Centre for European Reform, September 2010, p. 3, http://www.cer.org.uk/pdf/essay_euro_tilford_14sept10.pdf.
17. *Ibid.*, p. 6.
18. George Soros, speech at Humboldt University, Berlin, June 23, 2010, http://www.georgesoros.com/interviews-speeches/entry/george_soros_speech_at_humboldt_university/.

19. See for example José-Ignacio Torreblanca, "Spain braces itself for a crisis made in Germany," *Financial Times*, November 29, 2010, <http://www.ft.com/cms/s/0/bb515190-fbf2-11df-b7e9-00144feab49a.html#ixzz1FuTwGqF3>.
20. On "zero-sum" competition in international relations since the economic crisis, see Gideon Rachman, *Zero-Sum World: Politics, Power and Prosperity after the Crash* (London, 2010).
21. See for example Timothy Garton Ash, "Berlin has cut the motor, but now Europe is stalled," *The Guardian*, March 31, 2010, <http://www.guardian.co.uk/commentisfree/2010/mar/31/germany-europe-unity-self-interest>. Garton Ash writes that "Germany has become a 'normal' nation, like France and Britain."
22. Robert Gates, speech at the National Defense University, Washington, D.C., February 23, 2010, <http://www.defense.gov/speeches/speech.aspx?speechid=1423>.
23. I am grateful to James Rogers for this point.
24. Edward Luttwak, "From geopolitics to geo-economics," *The National Interest*, Summer 1990, pp. 17–24. Reprinted in *The New Shape of World Politics* (New York: Norton, 1999), pp. 177–186. Here p. 177.
25. *Ibid.*, p. 178.
26. *Ibid.*, p. 180.
27. *Ibid.*, p. 177.
28. *Ibid.*, p. 184.
29. *Ibid.*, p. 185.
30. *Ibid.*
31. See Martin Wolf, "China and Germany unite to impose global deflation," *Financial Times*, March 16, 2010, <http://www.ft.com/cms/s/0/cd01f69e-3134-11df-8e6f-00144feabdc0.html>.
32. Luttwak, "From geopolitics to geo-economics," *The New Shape of World Politics*, p. 183.
33. See Mark Leonard, *What Does China Think?* (London: PublicAffairs, 2008), pp. 84–86.