



Will Germany rethink defence, too?

by Sophia Besch and Christian Odendahl

COVID-19 has forced Germany to rethink its economic orthodoxy. A similar rethink of its defence and security outlook will take time.

For the last decade, Germany has not lived up to its potential in Europe. Despite its economic and political weight, Berlin was unable to escape ‘small nation’ thinking. It failed to acknowledge that its export-focused and fiscally austere economic model could not be replicated in the eurozone as a whole. Germany also failed to shoulder its responsibilities for European security, often avoiding difficult decisions. Then came COVID-19, and Berlin’s economic approach was turned upside down. Germany’s security and defence policy, meanwhile, appears stuck in a rut – but the same forces that led to the shift in economic policy may ultimately drive change here too.

During the pandemic, Germany has provided wide-ranging support for its economy, its businesses and workers, with little concern for increasing its public debt. In early June, it announced an economic stimulus programme worth €130 billion, roughly 3.5 per cent of its GDP, when lockdowns and social distancing were eased. Most importantly, in April, Berlin agreed to a loan-based support scheme for struggling European countries; and then in May, Angela Merkel, together with Emmanuel Macron, proposed a €500 billion recovery fund for Europe involving fiscal transfers to the south (the size of the grants package was

reduced to €390 billion in the EU’s budget negotiations).

There are several reasons why Germany has changed course. First, this crisis called for an exceptional response. There was little doubt that governments everywhere would need to spend a lot to prop up their economies. The economic debate in Berlin has also moved on. The shift has been driven in part by a generational change, with internationally-educated economists and commentators replacing the old guard; and in part by Europe’s experience with the muted recovery from the euro crisis. It helps, too, that the German finance ministry is headed by the Social Democrats (SDP), who are more open to international economic thinking. But most importantly, Merkel decided that this was the best course of action for Germany and Europe. She fought for the European recovery fund within her party, and she led the debate rather than followed as she usually does.

The change in economic policy raises the question of whether Germany can make a similarly dramatic shift in defence policy. Signs that Germany might change its approach have existed for some time. At the 2014 Munich Security Conference, leading domestic politicians called for Germany to shoulder more

responsibility for defence. Merkel-watchers paid attention to her 2017 'beer tent' speech, when she said that it was time for Europe to "take our fate more into our own hands". The 2018 CDU-SPD coalition agreement allocated large sums to foreign policy think-tanks and research institutes to raise Berlin's capacity to undertake strategic analysis. And opinion polls have shown growing support for Germany to become more involved in defence policy, particularly among younger citizens.

It remains unclear, however, what a paradigm shift in defence policy would look like. Some may deem the NATO target for members to spend 2 per cent of GDP on defence a good indicator. Berlin is much criticised for not meeting this commitment, including by President Donald Trump, who insists that Germany "owes" NATO. Many European countries also feel that Berlin should contribute more to Europe's defence. While there is a growing consensus in Germany to spend more in order to satisfy allies and properly equip the *Bundeswehr*, a certain fatigue about the 2 per cent goal has also settled in. Most consider current plans to 'work towards' reaching the target in 2031 sufficient.

But lines in a budget do not add up to a strategy. Instead of the 2 per cent spending target, Germany's allies should ask Berlin what its priorities are for European security, and what role it wants to play. So far, the response consists of a distinctly German mix of multilateralism and working groups. In the run-up to its Council Presidency, Berlin proposed the 'Strategic Compass', a two-year EU process to assess threats to Europe and develop a strategy to counter them. It has also played a part in conceiving the #NATO2030 process to strengthen political consultation in the Alliance. The long timelines for these initiatives shows that Berlin considers them to be necessary, but not urgent. Such continued rumination on defence policy has been the cause of much frustration in Paris, where many feel that Europe is running out of time to prepare for an era of great power competition.

Like the economic debate, the defence debate in Berlin is moving, albeit more slowly. The security and defence brief was long the preserve of the CDU, whose messaging has been mixed: when Ursula von der Leyen was defence minister, Germany pushed hard for an EU 'defence union' (an ambition that has shrunk considerably in the wash of EU budget negotiations). Under Annegret Kramp-Karrenbauer the defence ministry has stressed Germany's transatlantic ties. Some may hope that a change in US leadership this November would allow Berlin to

go back to outsourcing most defence thinking to Washington.

Germany's opposition parties are vying for the next generation of voters. Polls show that German millennials have a much less romantic view of the transatlantic relationship than their elders. They are sceptical of US security guarantees to Europe. Reflecting that scepticism, the SPD is engaged in passionate but almost entirely inward-looking debates about sharing the burden of nuclear defence among NATO members. Younger Germans also want their country's foreign and security policy to prioritise environmental and global health challenges. The Greens are energised by the support of young voters, but their focus remains on climate change and they are unlikely to claim the defence ministry if they enter government after the next elections.

Events have not yet energised the German defence debate in the way that COVID-19 has activated economic discussions, not even, as many expected, the behaviour of Trump. An over-arching vision of European security and Germany's place in it has yet to emerge to replace Berlin's defence policy hedging. Meanwhile, the geopolitical and security implications of COVID-19 are severe. The pandemic will make countries in Europe's neighbourhood and beyond less resilient: long-lasting economic woes will encourage populism and armed conflict, and make them more vulnerable to the influence of countries hostile to European democracies.

Those who want to advance Germany's security debate should be encouraged by the progress economists have made. The shift in German economic policy happened slowly at first, then all at once. As external observers grew frustrated, the domestic debate matured, an alternative vision emerged and was defended in countless internal discussions. Then, when Germany, especially its chancellery, perceived a major threat to Europe's economy from COVID-19, the new approach was put into action. Germany's perception of threats to European security has not reached that critical point yet. Those with Europe's interests at heart should work to ensure that there is a plan ready for when it does.

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