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Germany Cannot Replace the US, But Europe Can Live with Trump

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There is ample evidence that there has been a major shift toward a greater international role for Germany and that the public is gradually accepting such a bigger role. Germany has emerged as the pivotal economic and political power in today's crisis-ridden Europe, so far unable, however, to lead militarily. It has assumed the role of the central geo-economic power in the governance of Europe and in its macroeconomic management. Together with France, it became the chief-facilitator in the Ukrainian crisis and in dealing with Russia, and took on a more re-assertive stance as crisis manager at the EU's periphery, namely in the fight against ISIL in Syria and Iraq; by providing six Tornados for reconnaissance purposes, a frigate to join the French carrier group in the eastern Mediterranean, and more troops to support French forces in Mali Berlin broadly interpreted UNSC resolutions and adopted an expansive definition of self-defense and the *jus ad bellum* thereby coming closer to its larger military allies, like the US, the UK and France.¹ And, it finally played the role of the benign hegemon that unsuccessfully tried to lead by attraction and solidarity but certainly accepted greater risk sharing (refugee crisis).

All this happened at a time when two of the three main Western security providers have rather become reluctant actors on the international stage themselves. The UK, after the Brexit, has probably dropped out of global crisis management for quite a while, leaving France as the only country in Europe that can credibly project force abroad. And the US, under President Obama, has significantly retrenched from global commitments (and defending allies), realizing that the new post-post-Cold War world order has also constraint US choices for global leadership, which may appear hypocritical if it demands more of others than of itself.²

With the election of Trump, however, the debate about Germany's new leadership role has gained additional momentum, leaving us with three fundamental questions. How likely is it that, if the new administration in Washington is abdicating the US' role as the leader of the free world, Germany will replace this kind of leadership? Will European member states be more willing to

¹ Eric Langland, Germany's Vote to strike ISIL in Syria Signals a Shift in its Approach to International Law, DGAPkompakt, 14 (June 2016).

² Richard Haas, The Case for Sovereign Obligation, in: Foreign Affairs (December 12, 2016).

follow German leadership and Berlin either become even more active in the defense and security field or follow Paris to take the lead? And how likely is it that that Russia and China will test American and European power in their neighborhoods?

Europe after Brexit and the election of Trump

There is no doubt that the election of Donald Trump not only sent shockwaves around the world but has increased the risk of an unsettled future US relationship to the world and its European allies. Europeans and Americans alike worry about the future transatlantic relationship, placing either hopes in an already overwhelmed Germany to form a sort of anti-Trump coalition (as the last beacon of the liberal international order) or suggesting that this change will downgrade US-German relations and leave the US to second place behind Germany's EU partners.

Both scenarios overdo and don't get the realities. Germany will of course not replace the US because it still lacks the resources; with a defense budget one-twentieth that of the US in 2015 (according to the International Institute for Strategic Studies), no nuclear deterrent and comparatively smaller ambitions the country has neither the ability nor the aspiration to act as the world's liberal hegemon. Secondly, Germany since the end of the Cold War has been incrementally moving towards Europe anyway; this trend might only be reinforced by the new administration in the US.

The current situation thus involves both opportunities and risks in equal measure, but needs to be put in perspective. There is a great risk of incoherence and incidents and the US becoming a less reliable and predictable partner, but there won't be a complete overhaul of US foreign policy. And though it is true that Germany is certainly not in the position to replace the US militarily, it is not expedient at all at this "hinge moment" in transatlantic relations to revert to these stereotype pictures of a country that does not reach NATO's 2 percent target on defense (anyway an overrated benchmark), whose capabilities are in a disastrous condition and a function of its strategic culture, and whose self-conception is still that of a "force for peace".³ More important than just looking at numbers and singling out Germany for its low defense expenditures is the obvious paradigm shift in Berlin's willingness to push things into the right direction. For the first time since unification Berlin is set to increase its defense budget (by 8 % in 2017 compared to 2016) and advance EU defense cooperation.

Let's nevertheless think about what only recently seemed to be unthinkable and Trump will radically change American foreign policy. On climate change, the Iran deal or pending multilateral trade agreements changes and modifications would have been likely under any Republican administration, but what about the implications of another reset with Russia and the new President's hold on China?

Russia as No. 1 concern

³ Hans Kundnani, *Merkel and whose army?*, Foreign Policy (December 13, 2016).

The greatest concern is Russia. Taking Trump at his campaign words means that he would declare NATO obsolete if European allies were not contributing enough to their own defense. The transatlantic partners could then end up in the paradoxical situation where the US would pursue exactly the policy of appeasement towards Russia which traditionally Germany has been blamed for by Washington while Berlin would have to fend-off a resurgent Russia and become more hawkish – an unlikely scenario. Or, much more likely, an equally complacent Europe and the US would give up on integrating its Eastern periphery and accept the geopolitical realities of spheres of influence in Central Asia, the Caucasus and, until recently, Ukraine, a return to balance of power politics, and a security architecture for Europe more amenable to Russia. Germany, following its dual-track approach of engaging and being tough with Moscow at the same time, in that case might still convince its European partners to maintain the Minsk-linked sanctions on Russia even without the new US administration to follow suit; the latest decision of six government heads to stick to the economic sanctions pointed into that direction and was even followed by considerations in Berlin to impose additional sanctions by the European Council on those who are responsible for the atrocities in Syria⁴ However, a (remote) prospect of EU and NATO membership for Ukraine and other eastern countries would shrivel.

One cannot completely rule out that Trump finds a *fait accompli* with Russia of not interfering into each other's domestic affairs after his questioning of the purpose and viability of NATO. Such a deal would also imply a managed relaxation of tensions, including a full and respected role for Russia in Bush's Sen. "Europe whole and free". One reason for this is that he might not see it as an immediate security threat to the US (as it is to Europe) and the economic stakes aren't very high either. Another reason is that at least some of the cabinet members in the new administration want to bring down the European integration project and exploit nationalistic and populist sentiments against it. More importantly, however, Trump seems to be approaching Europe as a transactional, very pragmatic rather than value-based relationship – an approach that Russia (and China) will like as it sees Europe as a matter of just dividing land between spheres of influence anyway.

What is more likely, however, is that Republicans will not allow to let such radical changes happen and that Trump – having few fixed policy positions – will change his mind about them once being in office and surrounded by at least some experienced cabinet members who won't give up on America's pivotal role in the world. As a compromise the new administration would then try to accommodate Russian interests by giving up on NATO enlargement and (maybe) missile defense and accepting the new status quo in Crimea and Eastern Ukraine, but not put into question article 5. And it will probably end US support for the Assad opposition after the latest proposal for a peace plan by Russia, Turkey and Iran without the US and UN but not completely break away from the region. In both cases, Berlin is likely to support a new assessment of Russia's long-term interests and areas of possible accommodation.

Defense at last?

⁴ Franziska Brantner, Norbert Roettgen, Europe must end its silence on Syria, European Council on Foreign Relations, December 2nd, 2016.

Nevertheless, even this more realistic scenario could still encourage Russia to escalate conflict if it is not getting its way and test the new administration's limits. Europeans, with Berlin and Paris taking the lead, therefore are well advised to develop concrete proposals for a permanent and more efficient EU military force and contingency planning on the Baltics and eastern Europe in case of similar incursions as in Ukraine⁵ - which will also serve the ambition to become a more credible actor to the south. Apart from deepening defense cooperation on a flexible basis (such as the France-UK military alliance and the increasing German-UK cooperation), their security and defense strategy needs to be based on three elements:

First, Europe as a whole has to pay more for defense and Germany in particular must follow Merkel's commitment to expand defense spending significantly and move toward the NATO target of 2 percent of GDP. Deeper European defense integration, with planning as if Europe's militaries were a single force to which each contributes national combat units, anchored in multinational corps structures with multinational command, logistics, maintenance and training, is necessary, allowing countries to do away with all redundant structures and units and at the same time free up budgetary means to invest in the strategic enablers which until now the US has to provide for nearly every European operation.

Berlin has been one of the key proponents of building permanent and autonomous planning structures to prepare and conduct military operations. The Baltic states and Poland, so far being rather skeptical about the proposal might now value a stronger EU defense cooperation beyond low-risk crisis management. Russia certainly has no ambitions to provoke Article 5 scenarios, but it has been substantially successful, at least in military terms, in carrying out a series of carefully prepared campaigns in Ukraine and Syria and will not cease its efforts to have more frozen conflicts. While trying everything possible to find deals that stabilize the results on the ground, Berlin must increase its ongoing efforts to contribute to the NATO deterrence in the Baltics and Poland – a step of more than largely symbolic character as it will put German soldiers on the frontline in an armed conflict. And it should make sure that Brexit does not prevent the UK from participating in exercises and operations that are conducted outside the CSDP framework.

Second, Franco-German relations need to become more indicative of the trajectory that European partners will choose. The center of gravity may be shifting to Berlin in these days, but Germany cannot do without French partnership. France needs to take the lead on making CSDP operational and holding Germany to its ambitions to boost defense spending. That is why Berlin should listen carefully to Paris pushing for defense spending to be taken out of deficit calculations and a European defense fund that would allow European partners to pool investments. At this pivotal moment for Europe both countries remain the crucial partners and main drivers for future European defense, including the idea of a European military headquarters.

Third, even the nuclear dimension, as the most radical and least credible proposal, has to be put in perspective. Though a European nuclear deterrent seems unrealistic, one should not rule out the chance that France after the Brexit at one stage might consider a formal proposal seriously; French and British nuclear weapons have been part of a European strategy of deterrence since

⁵ Chris Miller, US-Russian relations in the next presidency, GMF Policy Brief (December 2016).

NATO's Ottawa declaration of 1974 anyway. And as Germany has agreed not to develop and acquire nuclear weapons under the NPT and the Two Plus Four Treaty it is likely that it would be willing to pay its price for the French force de frappe and to do everything possible to keep the UK involved on any plans for a European nuclear deterrence.

The strengthening of all these elements serves two goals for Europeans: to convince the US to maintain NATO by stepping up their own contribution to collective defense, and to project power in their own broad neighborhood, where the Obama administration already made it clear that the US wants a new burden sharing.⁶ While on collective defense, a reduced US involvement would have a disastrous impact on NATO's defense guarantee (Article 5), Europeans could certainly compensate more for a further retreat from the Greater Middle East; Germany's key argument for introducing joint EU structures is that the EU has to play a bigger role in stabilizing the African continent. Rather than fearing Trump's plans to become even more energy-independent and less interested in any sort of nation-building in the region (a notion that is shared by Europeans!), Europe should worry about his simultaneous yearning for a decisive strike against ISIS. The much greater risk is that any incident there could provoke the next administration to act disproportionately to draw the world's attention to America's greatness and leadership even if it will never be able to destroy the terrorist group's ability to resist, nor alter its ideology.⁷

Consequences of an economic confrontation with China

This is also true for Asia-Pacific due to the President-elect's view on trade which can have implications for security in the region as well. Trump's announcement to withdraw from TPP (and other multilateral trade agreements such as TTIP) while at the same time scaling up protectionist measures and squeezing economic concessions from China on trade and alleged currency manipulations will – at least temporarily – increase output growth, possibly reaching 4%, by driving up the price of import-competing goods and triggering higher inflation (with the Fed's independence coming under attack). This will have positive impacts for the world economy, including Europe, particularly as Trump's new protectionism is not directed against Europe. Germany can also live with greater price movements on the bond markets as increasing interest rates on 10-year bonds will not really impact conditions for raising capital; the privilege of negative interest rates for German bonds in the past also had negative impacts for savers on the other side. Finally, Trump's election can even have a positive impact on Berlin's economic policy as it makes the argument more credible that more German investments are as necessary for the Eurozone's healing as better microeconomic management by the countries of the South.

There will, however, be serious implications for the US' economic and strategic interests in the region in the medium run by giving Beijing leeway for its own geopolitical interests. As Russia, Beijing will be eager to fill the power vacuum left by the US geopolitical withdrawal. The consequences could be a double backlash to the US interests: Economically, more countries

⁶ Barry Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Cornell Studies in Security Affairs), Cornell University Press 2014.

⁷ Richard Sokolsky, Aaron Miller, *Donald Trump's Middle East Promises: Can he keep them?* Carnegie Endowment for International Peace (December 5, 2016).

could start giving up their traditionally rather neutral position between China and the US and rebalancing toward Beijing, while countries relying on the US' security umbrella (like Japan) might think of other strategic options. At the same time the idea of disrupting commerce with China would not only negatively affect US manufacturing supply chains with Chinese facilities (which cannot simply be disrupted by huge new tariffs anyway) but also have a huge impact on the US budget deficit being primarily financed by Chinese currency reserves.

Germany is likely to leverage the US to renegotiate pending agreements like TPP and TTIP to reduce the US trade deficit and support trade liberalization. Though it will take advantage vis-à-vis US competitors by focusing on trade agreements with ASEAN countries and Japan, it also has to think of long-term political and geo-strategic consequences of a declining US role in Asia-Pacific and send out a clear signal to Trump that it is the common transatlantic interest not only to engage China but also to avoid its economic dominance by rebalancing the economic energy of Asia and the complexity of regional security issues.⁸ The same is true for TTIP, which will probably be in the freezer for quite some time, but would have had positive impacts on European growth and certainly increase transatlantic leverage towards a more assertive China as well. Put in perspective, Trump's call for more reciprocity and "equal opportunity" is plausible and legitimate in the case of China – which would suffer even more from economic disruption than the US. His accusation of currency manipulation, however, is overstating the recent development of Chinese account surpluses and therefore seems to be rather a bargaining chip for the next administration than a real asset which could have actual consequences. The same is true for the threat of a 45% punitive tariff, which the administration probably will be using to start negotiations with Beijing on its dumping practices and aggressive investment politics overseas.

Europeans and Americans alike have an interest to make a stance against China on these issues – as they already had under the Obama administration – and achieve as much free trade as possible under a fair "rules-based" system. Germany's openness to Chinese investment is waning quickly, potentially chilling the bilateral diplomatic relations. At the same time Berlin is realizing that it must push harder to convince its own public of the benefits of a TTIP agreement and the new administration in Washington of how important transatlantic unity is to support the global economic system (not by ending but mending its institutions) and make deals with China. The real China deal is about how to mitigate the resulting dangers of a more serious conflict in form of a potential military conflict and avoid that the current mutual deterrence – with the US having a comparative advantage in offshore naval power and China in land-based missile systems – is becoming unstable.

Conclusion - Europe can live with Trump

What do all these developments mean for Germany's role in Europe and the world and particularly transatlantic relations?

First, taking into consideration the uncertainties, constraints and choice sets available to Germany as the currently most powerful country in Europe, it is obvious that Germany today is

⁸ Kevin Nealer, Is this the end of Free Trade?, CSIS Commentary (November 10, 2016).

more willing to exert leadership than ever before even in the military field - provided it receives support of its major European partners. There is great chance that the current metamorphosis of Europe away from rules and expert-driven to events/crises-driven processes may bring Europeans, particularly France and Germany (maybe also the UK), closer together again as the prospects of gradual coalescence into a wider European identity are waning and those of a more pragmatic institutional set-up are increasing. And as Germany's identity is tied only loosely to its polity, this makes it well-prepared for today's Europe and the world as well.

Second, Berlin can engage the new administration in Washington on a couple of issues (like the Iran deal), explain to it not only their own merits, but also the implications for the Atlantic partnership, and particularly shape the president's thoughts on Putin – and maybe China as well. If engaging fails, however, one can only hope for the best that Germany will still be willing to take principled positions and push back as well. The greatest challenge in 2017 for European integration is not coming from Trump's policies towards Europe, Russia or the Middle East, but from the populist and Eurosceptic movements in Europe – certainly being inspired by his election. And it is obvious that the solution to this challenge first of all needs a strong stance on security policy. It is hard to think of a red-red-green coalition (as the only potential alternative to a CDU-led coalition) to take such a stance.