

# Germany's foreign policy: What lessons can be learned from the Schröder years?

*By Charles Grant*

The German general election on September 18<sup>th</sup> is of massive interest to people all over the world. Because Germany is a large and influential EU member, its foreign policy matters not only to other European countries, but also those further afield, such as the Americans, the Russians and the Chinese. If the opinion polls are correct, and the German people elect a new government, the country's foreign policy will change.

The international record of Chancellor Gerhard Schröder's SPD-Green coalition has been very mixed. There have been achievements, but most of them came during the first term (1998 to 2002). There have been mistakes, too, mostly during the truncated second term (since October 2002). During the last three years Schröder has revived Germany's close relationship with France, in ways that damaged ties with the US, the UK and the countries of Central and Eastern Europe. The result has been a Germany with less diplomatic influence than it had seven years ago. One measure of Germany's relative weakness is that its campaign for a permanent seat on the UN Security Council (UNSC) never had much chance of succeeding.

Schröder and Joschka Fischer, his Green foreign minister, deserve credit for giving Germany a more 'normal' foreign policy. During most of the post-Second World War period, the ghost of Nazi militarism ensured that German foreign policy had a strongly pacifist tone. Thus during the time of Helmut Kohl's chancellorship, Germany was very reluctant to commit troops to international peacekeeping missions. And Germany never committed its forces to combat, thus staying out of the Gulf War coalition assembled by the US in 1990-91.

The Schröder government had the courage to argue that Germany should, like other middle-sized developed countries, be willing to reinforce foreign policy with the deployment of armed force. So Germany's airforce took part in the NATO-led bombing of Kosovo in 1999 and its special forces fought as part of the anti-Taliban coalition in Afghanistan two years later. Schröder and Fischer risked their careers by making the case for those interventions in the Bundestag, in the end winning the votes and the arguments. Partly as a result of those interventions, Germany has become a major provider of peacekeepers. In recent years it has sent troops to countries such as Bosnia, Kosovo and Afghanistan, and it has sometimes had as many as 10,000 soldiers serving abroad at any one time.

Normalisation has also meant a more assertive German foreign policy. Schröder, unlike other German post-war chancellors, has talked unashamedly about the German national interest. For example he has declared that Germany will no longer be the paymaster of the EU (though his actions on the EU budget have hitherto been much softer than his rhetoric). And he has campaigned hard for a German seat on the UNSC, against the traditional German line, which has been to favour an EU seat.

Overall, the attempt to forge a more normal foreign policy is commendable. However, any country which starts to promote its national interest in a more assertive manner is bound to ruffle feathers. The way in which

Schröder and Fischer have pushed German interests has certainly been clumsy at times. Thus for Schröder, normalisation has meant – among other things – being willing to stand up to the US. And it has meant being prepared to disregard the collective discipline embodied in international institutions such as NATO, the EU and the United Nations. Schröder's comment in August 2002 that, even if the UNSC voted to back an invasion of Iraq, his government would oppose war and follow the 'German way', was telling.

One definite foreign policy achievement has been the enlargement of the European Union. Like its predecessor, the Schröder government understood that Germany had a strategic interest in welcoming its former communist neighbours into the EU. Membership of the Union would ensure that the countries on Germany's doorstep would be peaceful, stable and prosperous. Schröder helped to persuade a reluctant France to accept that policy. However, German support for enlargement has not generated much goodwill in the countries concerned, because of Schröder's subsequent mishandling of relations with the East Europeans, of which more below.

Schröder and Fischer's support for Turkey's application for EU membership has been controversial. Despite the relative unpopularity of this cause in Germany, they argued that the EU would benefit strategically from embracing a large Muslim democracy that borders troubled areas such as the Caucasus and the Middle East. Without their support the EU would not have decided to open membership talks with Turkey on October 3<sup>rd</sup>.

Throughout the Schröder years, Germany's generally poor economic performance has undermined its diplomatic influence. Slow economic growth and high unemployment have fuelled protectionist pressure, thus annoying East European neighbours; they have made Germany reluctant to embrace the EU's Lisbon process of economic reform, with the result that the German government has been one of the foot-draggers; they have led to Germany breaching the budget deficit ceilings of the stability and growth pact, thus infuriating smaller countries such as the Netherlands which had respected the rules; and they reduced the ability of Germany to be generous to partners and neighbours, for example in negotiations on the EU budget.

### **Berlin and Paris**

Schröder's biggest problems have arisen from the way he has handled relations with France. Kohl had maintained friendly relations with France, the UK, the US and the East European countries. During the Kohl years, Germany balanced its close ties with France in EU policies with a strong Atlanticism in security policy. But the election of Jacques Chirac in 1995 led to a weakening of the Franco-German bond, while Kohl's departure three years later virtually ended the special character of that relationship. The adverse consequences of the Franco-German disconnect were evident: at the Nice summit in 2000 the lack of co-ordination between France and Germany was one reason why the summit went on for four days and nights, and why many of the final compromises in the Nice treaty were so clumsy. For example, Chirac and Schröder rowed over whether Germany should have more votes than France in the EU's Council of Ministers – with Chirac winning the day by maintaining parity.

The French were becoming worried about the rise of both Germany and Britain. Germany had close relations with the East Europeans that were due to join the EU and seemed likely to dominate the post-enlargement Union. Schröder seemed to care more about asserting the German interest than Franco-German symbolism. Britain, too, had become a concern since Tony Blair's election in 1997. Blair's pro-European policies, for example on EU defence, had boosted Britain's standing in the EU.

Chirac saw that a revived Franco-German alliance would be an effective means of restoring French influence. So after Schröder's narrow re-election in September 2002, Chirac wooed him with all his charm. Chirac had chosen a good moment. With a smaller majority in the Bundestag, Schröder was weakened politically. And he was questioning his previously strong ties to Britain. Schröder reckoned that his attempts to work with Blair on economic reform had damaged him at home; many of his SPD colleagues regarded Blair as a Thatcherite neo-liberal. Moreover, many Germans were asking whether a Britain that refused to join the euro was an adequate partner for pro-EU Germany. And as the crisis in Iraq loomed, Blair seemed to have put his foreign policy under American tutelage. German public opinion was strongly against using force to depose Saddam Hussein – yet Blair seemed likely to follow President Bush down the military route.

As Chirac wooed, Schröder swooned. The first sign of this new alliance came at the October 2002 EU summit, when Schröder backed Chirac's plan to fix EU agricultural spending at current levels until 2013. This deal has effectively put off a much-needed overhaul of EU farm policy until after that date. Then the French and German governments teamed up for a series of interventions in the EU's constitutional convention. And in early 2003, together with Russia's Vladimir Putin, Schröder and Chirac took a common stance against war in Iraq.

The Bush administration was furious, not so much because France and Germany opposed the war, but because of the way they opposed it. They directed all their diplomatic resources to preventing Bush and his allies from

winning an endorsement of the war in the UN Security Council – and they succeeded. Europe split into two deeply hostile camps, and Schröder – like Chirac in the anti-war camp, and Blair, José Maria Aznar and Silvio Berlusconi on the other side – must take his share of the blame for way the EU mishandled Iraq.

The Kohl regime had managed to be strongly Francophile without antagonising the US. To be fair to Schröder, he had to cope with a more difficult strategic environment. After the Cold War, Germany had fewer incentives to back the US on questions of security. The Iraq War presented a tough choice for Germany, but given the way in which Bush's aggressive unilateralism had enflamed German public opinion, it would have been virtually impossible for any German government to support the US over Iraq. Nevertheless, the manner in which Schröder tilted German policy in an anti-American direction proved damaging to German interests. Bush believed that Schröder had misled him over the position that Germany would take on Iraq, and decided that he could not trust the man. For more than a year after the Iraq War he refused to speak to Schröder on the phone or meet him one-to-one.

During that antagonistic phase in German-American relations, Fischer succeeded in keeping lines open to Washington. Although Fischer hails from the left, and most figures in the Bush administration from the right, there was some ideological convergence between them. Americans liked Fischer's idealism, while he understood that the neo-conservatives shared an objective with most Europeans, namely the expansion of democracy. Thus in 2004 Fischer made a point of supporting Bush's initiative to promote democracy in Arab countries. Despite playing a constructive role at such times, Fischer's overall influence on German foreign policy diminished during the coalition's second term. Schröder had learned the ropes and decided to take charge of key relationships such as those with Paris, Washington, Moscow and Beijing.

During the Iraq crisis, most of the Central and East European members-states joined the American camp. Schröder did not antagonise these countries directly. But his strong support for Chirac's anti-war stance ended up harming relations with the East Europeans nonetheless. First, Chirac insulted them, famously saying after one EU summit that East European leaders were "not very well brought up" and "childish". Germany was by implication associated with Chirac's offensive comments. Second, Russia's Vladimir Putin joined Schröder and Chirac in their anti-war coalition. Since the East Europeans had only recently escaped Russian domination, and since the Putin regime was starting to display anti-democratic tendencies, this alliance caused shivers throughout the region.

Germany's reputation in Central and Eastern Europe had already waned since the days of Helmut Kohl. Kohl had always maintained close ties with the EU's smaller members, and also with the future members from Central and Eastern Europe. Schröder and Fischer have appeared to take these countries less seriously. German-Polish relations have been particularly strained in recent years, often over issues dating back to the Second World War. The East Europeans view the Schröder government as more arrogant than that of Kohl. For example on one occasion during the negotiation of the EU's constitutional treaty, Fischer said that if Warsaw did not lift its opposition to the 'double majority' voting rule favoured by Germany, Berlin would cut back its contribution to EU regional aid for Poland.

During the past few years, Germany's refusal to accept the economic consequences of enlargement has only worsened its relations with the East European countries. Thus in 2004 the Schröder government decided that it would deny these countries' citizens the right to seek work in Germany until seven years after EU accession. And it has responded to the low rates of corporation tax in some East European countries by talking of using the EU to set minimum rates.

### **The primacy of *realpolitik***

Schröder's stance on Russia has, like his stance on America, upset friends and allies. Any German leader needs a close and constructive partnership with Russia, given Germany's dependency on Russian energy, Russia's geo-strategic importance, and their shared history. Schröder's close personal relationship with Putin has at times benefited the EU as much as Germany. During the crisis in Ukraine in November 2004, Schröder helped to persuade Putin to accept a re-run of the flawed presidential elections. However, Schröder's single-minded and sometimes unsubtle support for Putin has not gone down well in Eastern Europe. For example Putin invited Schröder and Chirac to the July 2005 celebration of the 750<sup>th</sup> anniversary of Kaliningrad – but gave no invitation to the leaders of Poland and Lithuania, despite the fact that those countries border Kaliningrad. Schröder's presence in Kaliningrad seemed to demonstrate once again that he gave a much greater priority to relations with Russia than the EU's new members.

The foreign policies of all western governments need to strike a balance between promoting the national interest and respecting principles such as human rights and democracy. Schröder – more than Fischer – has leaned heavily towards *realpolitik*, not only in Russia but also in China. Schröder has refused to criticise the Chinese government's human rights record in public. Germany has been very successful in supplying China with the

machine tools that it needs to build its industrial muscle. Of the roughly €50 billion of goods and services that the EU exports to China every year, €20 billion are German. The quality of German goods rather than German diplomacy explains that success. However, German government involvement may help German companies to win some infrastructure projects.

Senior German officials admit quite openly that commercial interest is the main driver of policy towards China. That attitude led the German government to overlook the strategic significance of China's rise, and its impact on East Asia. America and Japan are just two of the countries concerned about the military implications of China becoming an economic superpower. During 2004 Schröder and Chirac worked hard to persuade the EU to lift its arms embargo on China, and almost succeeded. However, the prospect of the EU removing its embargo enraged cross-party opinion in the US and provoked threats of retaliation against the EU. In March 2005 the EU announced a postponement of the lifting of the embargo. Whatever the rights and wrongs of that embargo, Schröder and Chirac were foolish to propose lifting it without first, discussing the issue with the US, and second, asking for something in return from the Chinese, such as the release of political prisoners. This episode reinforced the view of many Americans that the Europeans' foreign policy is driven by commerce not principle, and that they are incapable of thinking strategically.

### **Seven suggestions for the future**

A new German government will be formed in Berlin next October. Here are seven suggested guidelines for its foreign policy:

- ★ Germany will not be able to restore its position as one of the EU's natural leaders so long as its economy continues to stagnate. Therefore the next government should undertake a round of structural reform that is designed to increase the country's long-term growth potential. At the same time the government should take a lead in reinvigorating the EU's Lisbon process of economic reform. That would help repair relations with some of the countries most committed to economic reform, such as Britain and the East Europeans. Furthermore, as the largest country in the euro, Germany should try to restore the credibility of the euro-zone's economic management. Germany should therefore respect the budgetary rules of the stability and growth pact. That would help to revive German influence with those of its partners that have been annoyed by its breaking the rules.
- ★ Relations with France should remain central to Germany's European policy. Without close Franco-German co-operation, the EU can achieve very little. But this alliance should be less exclusive and exclusionary than it has been under Schröder. On some issues Germany will need to work with France and the UK in a triangle, while at other times Italy, Spain, Poland and/or smaller countries should be involved. In an EU of 27 countries, smaller groups will inevitably get together to discuss and work on specific issues. Berlin needs to pay more attention to the East European capitals, which, if cultivated, will be happy to look to Germany as a source of leadership.
- ★ Germany needs a better relationship with the US. Given the growth of assertive nationalism in the US in recent years, and the hostility of German public opinion towards America, there is no chance of reviving the kind of cosy transatlantic relationship that existed in the Kohl years. But Schröder and some of his ministers have at times been needlessly antagonistic. Chirac and Blair have taken extreme positions on how the EU should deal with the US. To exaggerate somewhat, one believes in opposition for opposition's sake, the other believes in never criticising American actions, however misguided they may be. Most Europeans would be happy to see the EU take a middle way: generally supportive of the US, but ready to oppose it on big issues when it is mistaken. Germany's leaders should help to define that middle way. In particular they should help to restrain the instinctive anti-Americanism of many French politicians.
- ★ On Russia and China, Germany should work towards common European policies. All the EU members have similar interests in Russia: they want it to become a stable and prosperous democracy that respects the rule of law, seeks peaceful solutions to problems such as Chechnya, and enjoys friendly relations with its neighbours. If the EU's governments concerted their efforts, they would have more leverage over Russia than they have today, with different capitals competing for Putin's favours. EU policy on Russia should favour as much contact as possible, so that the two sides can together tackle common problems. But the EU should also make clear to the Russians that the pace of their integration into transatlantic and European institutions will depend on the degree to which their leadership appears to share European values. The EU governments should also work harder to forge a common approach to China. They should use issues such as the arms embargo and the awarding of 'market economy status' (which China wants badly) as bargaining chips to achieve EU objectives. These include an improvement in the human rights situation, confidence-building measures between China and its neighbours, and market access for European companies.



- ★ If the parties which form the next German government have campaigned on an electoral platform of opposition to full Turkish membership, they should still allow the EU to start talks with Turkey on October 3<sup>rd</sup>, as planned. That would not be hypocritical, because the framework for those talks, set by the European Council, does not preclude an outcome that would be less than full Turkish membership. If Germany forced the EU to renege on its promise to negotiate with Turkey, the impact on both the reform process in Turkey, and on Germany's relations with key allies like the UK and the US, would be very damaging. So the new German government should not rush into taking a rigid position on the final outcome of those talks. After all, the talks are likely to last for at least ten years, any EU member can veto them at any stage, and nobody now has any idea what Turkey, the EU or the world will look like in 2015.
- ★ Germany must remain central to the story of European integration, as it always has been. An EU of 27 or more countries will surely include more 'variable geometry', with not every country taking part in every policy. Today there are *avant-garde* groups for the euro, the Schengen area and some military matters, such as the 'battlegroups'. Germany should – like France and other fundamentally integrationist countries – think seriously about using the treaties' 'enhanced co-operation' procedure, which allows the creation of *avant-garde* groups in closely-defined circumstances. In Berlin and Paris there is already talk of using this procedure to create a 'European public prosecutor', or to harmonise corporate tax bases, or to build up the institutions of the Euro Group. More *avant-gardes* would help to show that Europe can continue to build some sort of political union, even on the legal base of the existing treaties. And that in turn would make the prospect of further enlargement less traumatic to those in the most integrationist countries. Of course such *avant-gardes* should be open to other member-states joining at a later stage, so long as they meet the required criteria.
- ★ Finally, Germany has a key role to play in the EU as both a large country and a *communautaire* member. Britain and France, though large and influential, are not very community-minded. Spain and Italy, though quite *communautaire*, are less influential than Britain or France. The smaller countries generally regard EU institutions, and notably the Commission, as defenders of their interests against the tendency of the big countries to dominate. Traditionally, Germany played an important role in supporting the Commission. To some extent that tradition has flagged in the Schröder years, with Germany adopting a more arrogant – or Franco-British – attitude to the Commission. If Germany gave more support to the Commission, the whole Union would benefit from the strengthening of that crucial institution. And Germany would directly benefit through improved relations with smaller countries.

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September 2<sup>nd</sup> 2005*