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Weakening of States in a  
Globalized World:  
Deconstructing a Paradox**

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## **Germany's Power and the Weakening of States in a Globalized World: Deconstructing a Paradox**

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**Germany's Power and the Weakening of States in a Globalised World :  
Deconstructing a Paradox**

ANNE-MARIE LE GLOANNEC

à paraître dans

German Politics, ainsi que dans Politische Vierteljahresschifte

It is somewhat ironical to ponder Germany's power at a time when radical changes due to globalisation vastly limit the efficiency of state actions worldwide. Certainly, Germany's resources increased with reunification – though the country has to bear the costs of reunification. An enumeration of the – possible – resources of German power provides us however with little understanding of the nature of German power, embedded as the country is in a European system from which it derives its strength. Hence only an analysis of this system fully renders the picture, contrarily to what neo-realists and liberals might assume. While Germany did exercise a semi-hegemony over Western Europe in the monetary area up to EMU, the further integration of the EC has altered the European structure and diffused Germany's power. I will argue here that only a particular configuration allowed Germany to devise one-sidedly the rules of EMU, which is absent from other schemes, such as defense, enlargement etc. This does not mean that power is absent from Germany's tool box : political credit in particular is abundant. Yet in a larger Europe, where coalitions are more issue-oriented, hence volatile than formerly, Germany's power will turn out to be more limited than its demands for recognition may lead us to believe.

It is somewhat ironical to ponder Germany's power at a time when radical changes due to globalisation vastly limit the efficiency of state actions worldwide. Certainly, it was legitimate for politicians and analysts as well as for the broader public, both inside and

outside the country, to examine the broad implications of Germany's reunification<sup>1</sup> for Europe and the world. Reunification actually did trigger thoughts, mingled sometimes with satisfaction, sometimes with concern, about the nature of Germany's power. The transfer of the capital to Berlin in 1999 and the coming of political age of a new generation rekindled all these thoughts and concerns. In any case, one wondered whether changes were to be expected and, if so, what kind. Generally it was assumed that, as a result of reunification, Germany would increase its power, becoming 'a' power, a political power, whereas formerly it had been primarily a centre of economic power. From the early 1990s, Germany's power became the focus of numerous articles and books – though the term was always more or less qualified, as one spoke of Germany as a *Zentralmacht* ('central power'), as a *Weltmacht wider Willen* ('world power against its will') or as a *Zivilmacht* ('civilian power')<sup>2</sup>. Chancellor Gerhard Schröder himself did not shun from referring to Germany as being an important power, a *grosse Macht* ('big power'). But he avoided the word *Grossmacht* ('Great Power'), a word laden with past history and certainly closer than *grosse Macht* to the concept of a superpower which was later coined : a *Grossmacht* it was not, rather a *grosse Macht* it was supposed to be<sup>3</sup>. The statement nonetheless went further than any to date from a German politician. Prior to Gerhard Schröder's election, Peter Katzenstein had written that '(t)he Germans have eliminated the concept of « power » from their political vocabulary'<sup>4</sup>. The statement has since then lost its validity.

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1. The word 'reunification' will be used here as it is more common, in English and French, than 'unification', which is used in German to stress the absence of similarity between the first unification, in 1871, and the process which took place in 1990.
  2. See Hans-Peter Schwarz, *Die Zentralmacht Europas. Deutschlands Rückkehr auf die Weltbühne* (Berlin: Siedler, 1994); Christian Hacke, *Die Außenpolitik der Bundesrepublik Deutschland. Weltmacht wider Willen?* Frankfurt am Main/Berlin: Ullstein, 1997); Hanns W. Maull, 'Zivilmacht Bundesrepublik Deutschland. Vierzehn Thesen für eine neue deutsche Aussenpolitik', in *Europapolitik*, 10/1992, pp. 269-278.
  3. 'Germany is well advised to see itself as a big power (*grosse Macht*) in Europe, as our neighbours have already long done'. Gerhard Schröder, in: 'Eine Außenpolitik des «Dritten Weges»?' In 'Forum: Auf dritten Wegen ins dritte Jahrtausend?' *Gewerkschaftliche Monatshefte*, Vol. 50, No. 7-8/ 1999, pp. 392-396. Gregor Schöllgen, however, refers to Germany as a *Grossmacht*: 'Zehn Jahre als europäische Grossmacht. Eine Bilanz deutscher Außenpolitik seit der Vereinigung', in: *Aus Politik und Zeitgeschichte*, n° B 24/2000, 9 June 2000. Gunther Hellmann also uses this word in his latest article: 'Rekonstruktion der «Hegemonie des Machtstaates Deutschland» unter modernen Bedingungen? Zwischenbilanzen nach zehn Jahren neuer deutscher Außenpolitik', paper presented at the 21st Congress of the Deutsche Vereinigung für Politische Wissenschaft, Halle/Saale, 1-5 October 2000, available at <http://www.rz.uni-frankfurt.de/fb03/prof/hellmann.html>. For an alternative viewpoint, one may look at Hartmut Elsenhans: 'Reif für die Weltpolitik? Gedanken zur außenpolitischen Elite Deutschlands', *Welt Trends*, n° 25, Winter 1999/2000, as well as the replies to Elsenhans in *Welt Trends*, n° 28, Fall 2000.
  4. Peter J. Katzenstein (ed.), *Tamed Power. Germany in Europe* (Ithaca and London: Cornell University Press, 1997), p. 2.

It was generally recognized that an increase in territory and population alone would not arithmetically strengthen Germany's clout, that the country would have to bear the costs of reunification and would therefore run into temporary difficulties, and that an increase in GNP was not to be immediately expected. Nonetheless, most analysts, in Germany and abroad, considered that the transformation of Germany's status in Europe would bring about changes. Reunification – which entailed the removal of those constraints which had weighed on the country – had a «liberating effect on the *potential* for German diplomacy», as two well-known observers of Germany put it<sup>5</sup>. Reunited and sovereign, Germany was returning to the centre of Europe as its 'Zentralmacht', a 'Gulliver' (to borrow Helga Haftendorn's slogan), 'in theory... free', as Hanns Maull wrote, 'to return to the role of one of Europe's Great Powers'<sup>6</sup>. Some indeed lamented Germany's reticence to exercise power, as two famous book-titles exemplified, or – and it may be somewhat different – its reticence to take over responsibilities. Others, on the contrary, in particular some politicians and public opinion in countries surrounding Germany, feared its renewed clout. But, in any case, most analysts thought that Germany's power had increased, not weakened<sup>7</sup>. Behind analyses of the more immediate impact of reunification lurked the issue of the longer-term changes it would bring about – in Germany's internal fabric as well as its power. Yet another manner to analyse changes in the light of reunification was to wonder whether the reunified Germany was going to alter its commitments.

Certainly a reunited Germany did not put into question its membership in NATO, let alone in the European Community or in any other organization. A number of those who wrote in the following decade stressed that Germany remained embedded in the international system, all the more so as globalisation was advancing swiftly. In this respect, multilateralism

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5. Simon Bulmer and William E. Paterson, 'Germany in the European Union : gentle giant or emergent leader ?' In: International Affairs 72:1 (1996), p. 30. See also Helga Haftendorn's apt remark that 'There can be no doubt that the disappearance of the structures of post-war Europe will fundamentally change the conditions of German foreign policy'. Helga Haftendorn, 'Gulliver in der Mitte Europas. Internationale Verflechtungen und nationale Handlungsmöglichkeiten', in : Karl Kaiser and Hanns W. Maull (eds), Deutschlands neue Außenpolitik, Bd. 1 : Grundlagen (Munich : Oldenbourg Verlag/ Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik, 1994), p. 129
  6. See Hans-Peter Schwarz, Die Zentralmacht Europas, op. cit.; Helga Haftendorn, see footnote 2. Bulmer and Paterson also referred to Gulliver, see footnote 2. The last quotation is from Hanns W. Maull, 'Germany and the Use of Force : Still a « Civilian Power «'? In : Survival, 42 :2 (Summer 2000), p. 69.
  7. Gregor Schöllgen, Angst vor der Macht. Die Deutschen und ihre Außenpolitik, op.cit ; Christian Hacke, Die Außenpolitik der Bundesrepublik Deutschland, op. cit. Among others, Arnulf Baring and Hans-Peter Schwarz have called for a stronger role for Germany. See Arnulf Baring : Deutschland, was nun ?, (Munich : Goldmann Verlag, 1992) and Hans-Peter Schwarz op. cit., as well as, outside

as well as the integration of Europe remained – more than ever – the name of the game which the federal government was ready to play. Nonetheless, within this framework, the question remained open as to whether it would entirely stick to former priorities or subtly reformulate some of its interests and whether it would change its style or modify some of the substance of its foreign policy. As Karl Kaiser and Hanns Maull put it: ‘Doesn’t it mean a new foreign policy which can say ‘no’?’<sup>8</sup>. The very notion of interests was eventually reformulated, as the expression ‘national interest’ – qualified and singular – became somewhat popular in political discourse. The same Karl Kaiser, a long-time analyst of Germany’s foreign policy and an advocate of multilateralism, contended in 1994 that Germany’s foreign policy had now to face ‘the challenge of defending, more than formerly, its own viewpoint which will stand for the interests of the country in multilateral frameworks’.<sup>9</sup>

The issue was therefore how change and continuity were going to combine with one another, how much change and how much continuity were to be expected? Another way of putting the question was to ponder Germany’s ‘normalisation’. As Germany was liberating itself from previous constraints, it was becoming a more ‘normal’ country, a country like any other country in Western Europe at least<sup>10</sup>. Did this mean that it was to liberate itself from its previous commitments, at least from what has been called ‘excessive’ or ‘reflexive multilateralism’, which led it to privilege integration over sovereignty, a sovereignty that it did not have until 1990?<sup>11</sup> And did ‘normalization’ mean not only the recovery of sovereignty, but also its assertion?

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Germany, Andrei S. Markovits and Simon Reich : The German Predicament : Memory and Power in the New Europe (Ithaca and London : Cornell University Press, 1997).

8. Kaiser and Maull, ‘Einleitung : Die Suche nach Kontinuität in einer Welt des Wandels’, in : Kaiser and Maull (eds), Deutschlands neue Außenpolitik, Bd. 1 : Grundlagen, op.cit. p. XXIV.
9. Kaiser, ‘Das vereinigte Deutschland in der internationalen Politik’, in : Kaiser and Maull, op. cit. pp. 8 and 9.
10. See i.a. Philip H. Gordon, ‘The Normalization of German Foreign Policy’, Orbis 38 (Spring 1994), pp. 225-243; Gunther Hellmann, ‘Nationale Normalität als Zukunft ? Zur Außenpolitik der Berliner Republik’, in : Blätter für deutsche und internationale Politik 44 : 7 (July 1999), pp. 837-847. Philip Gordon has provided a definition of normalization, meaning the attenuation of the constraints which have weighed on Germany since World War II and the development of an international behaviour more like that of other large Western states. I will refrain from using this notion, as it may be implicitly, willingly or not, normative and as it is, moreover, used in the internal debate, referring to Germany’s past.
11. Cf. Jeffrey J. Anderson and John B. Goodman, ‘Mars or Minerva ? A United Germany in a Post-Cold War Europe’, in : Robert O. Keohane, Joseph S. Nye and Stanley Hoffmann (eds), After the Cold War : International Institutions and State Strategies in Europe, 1989-1991 (Cambridge : Harvard University Press, 1993), pp. 23-24; Anderson, ‘Hard Interests, Soft Power, and Germany’s Changing Role in Europe’, in : Peter Katzenstein (ed.), Tamed Power, op. cit., pp. 80-107 ; and Anderson, German Unification and the Union of Europe. The Domestic Politics of Integration Policy (Cambridge : Cambridge University Press, 1999), p. 227.

To answer these questions, analysts attempted to examine German power through the prism of its resources, somewhat like, Hans Morgenthau, one of the founding fathers of the study of international relations did. From this perspective, one of the main sources of Germany's power was economic. Yet deducing power from resources – economic or not – may be somewhat venturesome. While most analysts underline the difficulties encountered by Germany in the wake of reunification, difficulties deemed temporary, though severely affecting the economy and finances of the country, the main problem of converting economic power into political clout was sometimes, but not always, acknowledged. As William Paterson has stressed, it does not suffice to enumerate the possible sources of power and to extrapolate from economic to political power because 'the political impact of economic standing is notoriously difficult to measure *inter alia* because economic power, unlike military power, is often in private hand'.<sup>12</sup> It is true that certain economic resources, such as the budgetary ones, may be directly transferable into political power, enabling governments, for example, to provide side-payments to others. But power also accrues from other, non-economic resources, such as the internal make-up of countries, their political and administrative organization and personnel, the support of public opinion, and, last but not least, the credit that foreign governments and public opinions are ready to give a particular government or state. Most importantly, power results from the will of political leaders to use these resources.<sup>13</sup> Does this type of analysis, however, suffice to account for Germany's or for any other country's power ?

As a vast body of literature on the topic shows, the particular configuration of this globalised world, the dynamics of a globalised economy in particular, the spread and interconnections of flows of all sorts and the development of a multi-tiered governance limit the power of states and the efficiency of their actions. Is it possible in this context to speak, if at all, of great powers ? Germany certainly does not belong to the category of 'middle powers', as Gunther Hellmann aptly points out, but rather to that of states 'which one would hardly call today Great Powers (*Grossmächte*) though they behave as big powers (*grosse Mächte*), in other words those states which declare themselves fit for the « G8 » or for the « Contact Group » and which practise an ad-hoc diplomacy in exclusive circuits, beyond

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12. William E. Paterson, 'Beyond Semi-Sovereignty : The New Germany in the New Europe', in : German Politics 5 : 2 (August 1996), p. 173.

13. See in particular Paterson, 'Beyond Semi-Sovereignty', op. cit.

official international organisations, such as the UN or the OSCE, or again the EU or NATO'.<sup>14</sup> Yet we may still wonder what are big powers, if we look at the role and action of the Contact Group to which Germany belonged, but in which a single state - the United States, by far the most powerful state in the world – was able to impose its policies on all others.

As most authors writing on Germany's role in the post-Cold War era have argued, the lesson appears to be that, save for the United States or some so-called rogue states, German governments like most others can only act within multilateral frameworks<sup>15</sup>. The country is embedded in a network of organisations and institutions, intergovernmental or supranational, from which it derives resources and power and which help to shape its identity, as the constructivist approach stresses. It would vastly suffer from severing its roots in those organizations, were it ever to do so. In other words, unless one considers suicide as a choice, leaving NATO never was a choice for a reunified Germany, and very few raised this demand. A *Sonderweg*, a unilateral policy, would have weakened, not strengthened it, by depriving it of means of action and influence<sup>16</sup>. One could even argue that a long-time membership and practice of international organisations has turned to the country's advantage. As Gregor Schöllgen and Chancellor Schröder after him have contended, Germany's long practice in international organisations, the knowledge and flair that its diplomats have acquired over years in tackling the many constraints that limited its margin of manoeuvre during the Cold War have endowed it with a kind of comparative advantage, a know-how about dealing with limitations in multilateral frameworks<sup>17</sup>.

In other words, an enumeration of the – possible – sources of German power may provide us with little understanding of the nature of German power, of its structures and hence of the capacity for Germany to shape its environment, embedded as it is in a system,

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14. Gunther Hellmann : « Nationale Normalität als Zukunft ? », p. 341 (translated by AMLG).

15. See, for example, the four volumes edited by the Deutsche Gesellschaft für Auswärtige Politik : Deutschlands neue Aussenpolitik, 1<sup>st</sup> vol. Grundlagen (edited by Kaiser and Maull), 2<sup>nd</sup> vol. Herausforderungen (edited by Kaiser and Maull), 3<sup>rd</sup> vol. Interessen und Strategien (edited by Kaiser and Joachim Krause), and 4<sup>th</sup> vol. Institutionen und Ressourcen (edited by Kaiser and Wolf-Dieter Eberwein) (Munich : Oldenbourg, 1994, 1995, 1996 and 1998).

16. In this respect, I disagree entirely with Hanns Maull, who writes in an otherwise very thoughtful article: 'In theory, Germany was (after unification) free to return to the role of one of Europe's Great Powers', 'Germany and the Use of Force', op. cit., p. 69. As to the construction of identities through international interaction, see – as most exemplary on this topic – Peter J. Katzenstein (ed.), Tamed Power, op. cit.

17. Gregor Schöllgen, 'Die Berliner Republik als internationaler Akteur. Gibt es noch eine deutsche Interessenpolitik?', in Außenpolitik, 2/1998, pp. 27-37; Schröder, 'Eine Außenpolitik des 'Dritten Weges?'



European and international, from which it derives its strength. Quite mechanical in itself, a mere enumeration of resources does not render a full picture. Rather it is necessary to turn to an analysis of the European structure to capture the nature of Germany's power. In this context, an analysis of Germany's power in the pre-1989 – so-called Cold War – era might be fruitful. As a divided state borrowing its security from outside sources, Germany was an exceptional state, a semi-sovereign state. Yet it did gain in power and exercised a considerable influence both on its partners and on the European system for nearly three decades. In 1990, it turned out to be an exception again, but in the reverse sense: not only did it regain its formal sovereignty, but it was also the single state on the European continent that increased its territory and population while elsewhere federations broke up, violently or otherwise. Nowadays it is just a state like any other, semi-sovereign 'in the same way that all states except, arguably, the United States are'<sup>18</sup>. Is it indeed more powerful than it used to be? Is Germany a Gulliver or just a little 'more equal' than others? And what is Germany's power in a system, the structure of which has been dramatically modified not only by reunification, but also by the introduction of an economic and monetary union? What is the nature of this power in a globalised world and in an integrated Europe? My argument here will be that the changes which the European system has undergone in the past decade are more far-reaching than Germany's reunification, so that the structure of German power has changed and this power has become more diffused and arguably diluted. While the country could earlier on exercise a semi-hegemony over Western Europe in the monetary area, the further integration of the EC has altered the European structure and deprived Germany of a major power resource. Certainly, other kinds of changes have taken place, changes which I will call circumstantial – a term which implies that they will not necessarily last –, like the current German government's attempt to exercise its clout in Europe. The combination of both circumstantial and structural changes – which I shall call henceforth systemic so as to apply the adjective structural only to 'structural power' (as defined below) – may be awkward, somewhat paradoxical. We may be led to believe that the country definitely has more power than formerly, yet this impression may actually be misleading.

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18. Paterson, 'Beyond Semi-Sovereignty', op. cit., referring to Katzenstein's famous book.

### *Semi-hegemony and the diffusion of power*

It has often been said that integration served Germany well, whether in multinational fora, such as NATO, or in the supranational venture that is the European Community/Union. After the war, the leaders of Germany, a country diminished both politically and economically, had few other choices than to pursue a policy aimed first and foremost at restoring the credit and sovereignty of their country – albeit the course which the Social-Democratic Party under Kurt Schumacher’s leadership sought to steer. Actually Germany succeeded in obtaining both or rather it gradually gathered respectability and increased its margin of manoeuvre, short of the ultimate sovereignty which came with reunification. In so doing, it also assured its security, both political and economic, by gaining access to American protection and to European markets. It also shaped its new identity based on cooperation, interaction and integration within intergovernmental and supranational organizations, as the constructivist approach has shown. The Atlanticist identity of the German military is evidence for this if need be.

Within these frameworks, Germany increased its power, not through the sheer fact of being a member of NATO and the European Community/Union, but rather because it set up the biggest and most efficient army on the European continent while becoming its most important economy and a major economic power worldwide. Yet it became a major military and economic contributor *because* it was integrated, *because* it fitted the European and world economy. It also became the United States’ major ally on the continent *because* it was indispensable to the defence of the Western part of the continent. For this reason too, it may be said that integration served the country well. And in turn, Germany’s major military and economic role was accepted by its neighbours and partners *because* it was embedded within multinational or supranational settings. In the military area, the Bundeswehr was an integral part of NATO – to an extent unmatched by any other army – and in the economic area, the German economy was enmeshed with the other economies of the European Community.

In this latter dimension, the socio-economic system of the Federal Republic was very well adapted to the world market both in producing goods that were bought world-wide and having an institutional framework that facilitated and benefited from a strongly export-

oriented policy, a formula which came to be known as ‘the virtuous circle’<sup>19</sup>. Germany specialised in the production of high-quality equipment and chemical products that remained in almost limitless international demand, regardless of price. Far from hindering exports, the strong currency and higher prices led to increased growth, higher wages, and, ultimately, internal stability. External growth and internal stability thus complemented each other. But, while the Bundeswehr was closely integrated within NATO, indeed it the most closely integrated of all NATO armies, Germany’s increasing economic might raised problems<sup>20</sup>. Put simply, its wealth brought some disadvantages to its partners. In trade, in particular, German surpluses meant deficits for others. In the 1970s and 1980s, these imbalances threatened to undermine the cohesion of the European Community : for the system to last, « the weak ha(d) to be either bribed or forced to continue playing a game they los(t) »<sup>21</sup>. At the same time, especially from the 1970s on, the Federal Republic constrained the fiscal policies of its partners, through the increasingly close intra-Community trade relations – and Germany’s partners’ deficits – and through stricter monetary rules, such as the ‘Snake’ and later the European Monetary System (EMS). A system of fixed parities compelled the other members of these arrangements to pursue tight monetary policies in spite of their growing trade deficits with the Federal Republic and in spite of their own, different preferences. In other words, Germany’s partners had to adopt Germany’s deflationary policy.

Though the gains and losses that accrued from Community arrangements cannot be measured simply in terms of trade surpluses and budget contributions and therefore do not lend themselves to a cost-benefit analysis, it can be said that Germany thus came to dominate the European economies by the mere virtue of its ‘structural’, ‘non-intentional power’, as well as by the fact that it shaped major decisions in the Community through its ‘constitutive power’. This is to take up the distinctions established by Simon Bulmer who, following Stefano Guzzini, establishes four categories of power. Two of these - ‘deliberate power’ and ‘institutional’ or ‘constitutive power’, which refers to efforts to shape the constitutive rules of

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19. Bernard Keizer, ‘La République fédérale d’Allemagne : puissance extérieure’, in : Statistiques et Etudes financières, hors série (Paris : Ministère de l’Economie, Direction de la prévision, 1980), p. 35

20. I have already developed this analysis in : ‘The Implications of German Unification’, in Paul B. Stares (ed.), The New Germany and the New Europe (Washington, D.C. : The Brookings Institution, 1992), pp. 251-278, from which this is taken, as well as in ‘Les fortunes d’un modèle’, in : A.-M. Le Gloannec (ed.), L’Allemagne après la guerre froide. Le vainqueur entravé (Brussels: Editions Complexe, 1993), pp. 17-70 and ‘The Purpose of German Power’, in Zaki Laidi (ed.), Power and Purpose after the Cold War (Oxford/Providence : Berg, 1994), pp. 35-53.

21. Wolfgang Hager, ‘Germany as an Extraordinary Trader’, in : Wilfrid L. Kohl and Giorgio Basevi (eds), West Germany : A European and Global Power (Lexington : Lexington Books, 1980), pp. 5 and 15-16.

the European Union – are intentional, involving the deliberate projection of national interests. The other two categories are not intentional. The first category is called (too vaguely, in my view) ‘unintentional’, which may be equated with ‘structural power », while the second is called ‘empowerment’, referring to the fact that ‘the EU facilitates the disposition of a German agent power’, notably through the similarities in their respective political systems.<sup>22</sup> These categories will be useful here. It may be necessary, however, to introduce another category of power, that of semi-hegemony, which combines ‘economic dominance’, i.e. structural power, with an ideological dimension of power. The latter dimension is absent from most works on Germany, though it is undergoing a kind of comeback. Andrei Markovits and Simon Reich have applied to the exercise of German power in Europe a well-known political science notion, that of hegemony, i.e. of legitimate leadership. To characterise the exercise of German power in one area, that of economic and monetary affairs, I will make use of the notion of *semi-hegemony*.<sup>23</sup> A sixth notion, that of political credit, will be introduced towards the end of this paper.

The notion of semi-hegemony allows us to answer the following question. If the relationship between Germany and its partners was asymmetrical, if the latter suffered from

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22. See, expanding on Stefano Guzzini’s ‘Structural Power: The Limits of Neo-Realist Analysis’, International Organization, n° 47 (Summer 1993), pp. 443-478, Bulmer, ‘Shaping the rules? The Constitutive Politics of the European Union and German Power’, in Katzenstein, Tamed Power, op. cit., p. 76; Bulmer and Paterson, ‘Gentle Giant or Emerging Leader?’ op. cit.; and Paterson, ‘Beyond Semi-Sovereignty: The new Germany in the New Europe’, op. cit. The notion of « economic dominance » was coined by François Perroux, L’économie du XXème siècle (Paris: PUF, 3<sup>ème</sup> édition, 1969). Michael Kreile elaborates on this concept in: ‘Will Germany Assume a Leadership Role in the European Union?’, in: Bertel Heurlin (ed.), Germany in Europe in the Nineties, op. cit. The concept of structural power is used by Susan Strange among others.
23. The concept has not been applied often to the Federal Republic. As Arnulf Baring notes in « Germany, What Now? », in: Baring (ed.), Germany’s New Position in Europe. Problems and Perspectives (Oxford/Providence: Berg, 1994), p. 17 (footnote 5): ‘Germany’s precarious situation as a « demi-hegemon » in Europe was first described by Ludwig Dehio’ in 1961 while Jochen Thies and Hans-Peter Schwarz had applied it ‘to the external situation of the reunited Germany’. Others have spoken of a hegemon. See in particular Markovits and Reich, ‘Should Europe Fear the Germans’, in: German Politics and Society no. 23 (1991) and The German Predicament, op. cit. as well as Reinhard Rode, ‘Deutschland: Weltwirtschaftsmacht oder überforderter Euro-Hegemon’, in: Leviathan 19 (Juni 1991), pp. 229-246; William Wallace, ‘Germany as a « natural hegemon »’ in: The World Today, 1995; and Gunther Hellmann, ‘Rekonstruktion der « Hegemonie des Machtstaates Deutschland » unter modernen Bedingungen?’, op. cit. Hellmann, however, does not offer a definition or a discussion of the concept. For reasons made explicit in this article, I prefer to use the term semi-hegemon (or demi-hegemon, although semi-hegemon may also refer to the semi-sovereign or the semi-Gulliver idea that other authors have described). See my « Les fortunes d’un modèle », op. cit. In the other two articles quoted in footnote 20, I describe the mechanisms of German structural power and ideological domination without, however, using the concept of hegemony or semi-hegemony, introduced in L’Allemagne après la guerre froide. Charlie Jeffery and William Paterson resort to Markovits’ and Reich’s approach to develop their own concept of empowerment in ‘Germany’s Power in Europe’ (Birmingham: University of Birmingham, Jean Monnet European Centre of Excellence and School of Social Sciences, The Birmingham Discussion Papers, n° ESRC-IGS2000/10), 64 pp.

trade deficit and from a deflationary policy they did not want at first, how did the system function? Certainly, as the hub of all kinds of commercial and financial networks and the anchor of monetary stability, Germany retained a kind of veto power over all EC enterprises. This structural power might have been ill taken by Germany's partners, if it had not been *legitimized* through acceptance. Several facts favored this acceptance of Germany's structural power. First, as often emphasized in the literature on German power, Germany made side payments, whether under the guise of financial contributions to the EC budget, including the creation of a new regional fund in exchange for subscribing to the Single European Act, or through direct loans, such as one to Italy in the 1970s. Germany thus helped countries with balance-of-trade deficits to go on abiding by the rules of the game or bribed them into accepting further constraints. Put differently, the role of politicians was to allay the effects of the structural power that the country exercised. There were two actors, the Bundesbank, the role of which was to take decisions according to national parameters – decisions which affected other countries and which they perceived negatively – and the government, which had to take decisions fitting broader interests and soothe these countries. Contrary to much of the literature on Germany's power in Europe, I would not call this policy 'selfless' or imply that it was meant to satisfy other countries' expectations, though the latter is less misconceived. Germany's political authorities did so in order to keep the system functioning, a system which benefited Germany. Their objective was to sustain a system in which Germany's economic dominance threatened the overall balance - commercial, financial and political<sup>24</sup>.

The second fact that contributed to the legitimisation of German power is that Germany increasingly became a model, at least in some areas. Certainly in the 1970s, many believed that this model could not be successfully imitated by others. One reason for this scepticism was the belief that if other countries successfully copied the German model, the formula could no longer be applied to the Federal Republic. Germany would thus lose its position as a major exporter. Moreover, the model's success appeared to rest, at least in part, on German social and cultural traits, something which made its adoption by other countries questionable. By the 1980s, however, the original scepticism about the applicability of the German model had dissipated and other countries had come to consider some of its characteristics worth adopting. First and foremost, deflationary politics became increasingly

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24. Jeffery and Paterson use the word 'selfless' in their otherwise extremely nuanced and stimulating analysis ('Germany's Power in Europe', op. cit. p. 33). Anderson speaks of a way of meeting other countries' expectations, see 'Hard Interests, Soft Power, and Germany's Changing Role in Europe', in : Katzenstein, *Tamed Power*, op. cit., p. 85.

widely accepted. France was the first country, among the inflationary ones, to follow Germany's lead, after the disastrous two-year attempt to establish 'socialism in one country' between 1981 and 1983. Other characteristics of the German socio-economic system were praised as well and adapted if not adopted. Hence, for example, closer cooperation between banks and industry, the German system of vocational training, and the practice of conflict-resolution by gathering employers and trade unions around the same table were advocated by successive French governments – until these practices were themselves transformed in the wake of reunification and globalization! In short, many actors abroad began to realise that Germany's success rested both on a combination of macroeconomic and microeconomic traits, all worth imitating.

This amounted to a clear reversal of the previous widespread rejection, on the French Left, for example, of the German model which Chancellor Schmidt had advocated in the 1970s. This increasing acceptance of the German model certainly eased the problems associated with German dominance within the Community. Those countries – France, first and foremost - that accepted Germany as a model more easily accepted the country's position. There was very little talk of France leaving the EMS, while Great Britain, for example, hardly accepted either the German model or the European Community. Certainly there was some criticism, even in France. But it became more muted – although it rebounded in more recent years, in the form of the criticism directed against *la pensée unique* - that is, against deflationary policies and the necessity to take heed of economic constraints and international markets. In any case, the adoption of Germany's economic model was due to a combination of factors – in particular, to the idea that there was literally no choice but to abide by EC rules to tie in German power (i.e. to accept Germany's dominance and influence as a way to reduce it!), as well as to the influence of some agents, in particular that of the business elite on the *classe politique* in France, a detailed study of which still remains to be done.

Germany's economic dominance, however, did not translate into political leadership within the European Community. Domestic and international factors account for this lack of German leadership. First of all - this has been well documented by Simon Bulmer and William Paterson among others - a number of peculiarities of the German system, sectorization, for example, undermined the overall coherence of German policy. Also, while West Germany did not even seek political power because it was not expected to do so, the European Community prevented West Germany or, theoretically, any other country, from

bidding for hegemony by pooling resources and decision-making. To that extent, the European Community functioned – and still functions – as a mechanism for the *diffusion of power* – to coin an expression akin to that of the *balance of power* which formerly dominated the continent. At best Germany shared initiatives with other governments, mainly the French, to devise monetary arrangements or launch intergovernmental conferences.

In any case, Germany did not exert and could not exert a political hegemony over Europe, not only because it did not have the resources to do so, for instance the credit, which its neighbours denied it, but also because the mechanism of diffusion of power prevented it from doing so. It exercised a limited kind of hegemony in the monetary area, the reason why it is preferable to call it a semi-hegemony.<sup>25</sup> This was made possible not only because the country had the resources - i.e. a strong currency backed by a strong economy and a tight monetary and fiscal policy – for so doing, but also because the European system allowed it. The monetary arrangement, which had been devised outside the European Community framework, did not amount to a monetary union. Power was not shared nor pooled in a supranational institution as would later be the case. Various currencies were merely pegged to the Deutsche Mark – though the margins of exchange-rate fluctuation were defined by common agreement. The burden of adjusting economic and budgetary policies to maintain the parity of these currencies with the DM was borne by the other states, not by Germany. The monetary system allowed for a semi-hegemony, instead of diffusing power as the European Community did.

### ***The diffusion of power and the definition of short-term interests***

The institution of an Economic and Monetary Union (EMU) was precisely intended to reverse this unilateral system. EMU has indeed dramatically changed the system of power in Europe, diffusing and diluting German power in the monetary and economic dimension as well. Yet just as the weaker members of the monetary arrangements had to be bribed to stay in the old system, the Federal Republic of Germany had to expect advantages from the future EMU to accept it, that is to agree to give up its monetary independence and the Deutsche Mark. Besides gaining acceptance from its partners, which worried about reunification, and

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25. Markovits and Reich exaggerate the resources of Germany and under-estimate the role of the European Community/Union in their otherwise stimulating interpretation.

thereby consolidating political stability in Europe, Germany could expect through EMU and the accompanying creation of supranational frameworks to secure increased monetary and economic stability, although not automatically. Stability would ensue from the institutionalisation of the German economic and monetary model, which had already been adopted in a number of countries in the 80s. However, this institutionalisation meant going a step further in establishing the German economic and monetary system as the prevailing model in Europe, because it anchored this model *de jure* in Europe, it enshrined it in a constitution. Actually, several devices were designed to establish EMU following the German model. Since Germany was the essential pivot of the mechanism, the German government retained a veto power over the whole venture and could thus impose its blueprint on its partners. The criteria for entry and, even more so, the so-called Stability Pact and the independence of the European Central Bank all bear the mark of German decision-makers. To these points one could also add the nomination, for better or for worse, of Wim Duisenberg as head of the ECB. Germany played a crucial role in shaping the rules of EMU. It exerted a constitutive power, backed by its structural power, and the necessity to have Europe's main currency and main economy inside the new European arrangements and not outside of them. As a result, the German government created an environment which it hoped to be congenial as possible for the German economy, ensuring as best as it could that German preferences for low inflation and a stable currency – would subsequently be respected.

The functioning of EMU which do not need further explanation here has so far not matched these expectations. One should however underline that with a new coalition in power in Berlin, political preferences have changed somewhat. Hence, Chancellor Schröder let it be known that a weak Euro might be in Germany's interest. Simon Bulmer argues that the adoption of German rules and norms empowers the country by facilitating the articulation of German interests.<sup>26</sup> But what is one to make of this argument if and when these interests, subjectively defined, change abruptly? In any case, the fate of the European currency since its inception shows that the mechanisms which Germany devised are not necessarily conducive to the transposition of German policies to the European level. As the dominant economy in Europe, the country plays an important role and is a major parameter in the European decision-making process. However, German decision-makers, central bankers or politicians, cannot shape policy outcomes as they formerly did within the EMS, since, in the EMU, these

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26. Bulmer, 'Shaping the Rules ? The Constitutive Politics of the European Union and German Power ?', in : Katzenstein , Tamed Power, op. cit. p. 50.



outcomes are basically the product of a number of inputs, economic and political, German and non-German. In other words, Germany's power has changed. Its structural power has certainly become more diffuse, more diluted, more tolerable to its partners, which sometimes criticised Germany's monetary semi-hegemony over Europe. At the same time, it has become a less useful tool in the hands of German decision-makers. Germany exercised strong constitutive power in the foundation process of EMU. However, once the rules of EMU had been devised, the process has largely escaped German will, showing the limits of empowerment. In this sense, Germany's power in Europe has changed. Whereas formerly it occupied a semi-hegemonic role in one limited, but nonetheless very important, area, the situation is now one in which it has a more diffuse power in all areas.

Moreover, the creation of EMU may prove to be the last major case of the exercise of constitutive power by a German government – at least in these European frameworks! For the foreseeable future, where the issue is that of the revamping of European institutions, EU enlargement, or the constitution of a European defence, the Federal Republic does not have the capacity to shape any other constitutive rule in the same way it did the EMU rules. As far as European defence is concerned, the major breakthrough, both in terms of institutions and in terms of means, occurred because both British and French governments agreed on the primary question of creating a defence dimension within the European framework. Germany joined the initiative only later. Despite the creation of a German rapid reaction force (*Krisenreaktionskräfte* – KKK), which will comprise up to 150,000 men, its military capabilities are also more limited and less suitable for projection than the British or the French ones. The drastic cuts in the German defence budget will not allow for major changes in this situation, at least not under the present coalition. As for enlargement and closer integration, Germany certainly has some weight. In particular, it retains a power of veto, as shown, for instance, by the limitations it placed on the transfer of provisions pertaining to security and home affairs from the third to the first, 'Community' pillar in the Amsterdam Treaty. But here the mechanism of power diffusion operates fully, depriving any federal government of the capacity to shape rules decisively or single-handedly and enabling other states, big or small, also to exercise influence. Certainly a parallel may be drawn between the two cases of devising the EMU rules and the use of a veto-power during the Amsterdam negotiations, since in both cases, German federal authorities, non-governmental or non-federal agents exerted a decisive influence on EU affairs, the Länder in the latter case and the

Bundesbank in the former.<sup>27</sup> Yet preventing the introduction of qualified majority voting in provisions pertaining to security and home affairs is, by scope, intent and nature, very different from devising EMU rules. The latter is an overwhelming case of Germany shaping EU rules, the former is only one of many instances of member states, Germany or others, using their veto power.

In other words, as a consequence of the diffusion of power within the EU, Germany's exercise of decisive influence over the terms of EMU may have been exceptional and its constitutive, or institutional, power may turn out to be much more limited than this case would suggest. Yet power is not absent from Germany's tool box. First, its structural power still exists. This structural power, as we have seen, provides the country with means of influence. Though structural power by itself is not sufficient to allow the exercise of intentional power, it is necessary to provide the means for it, giving an actor a key role without which German authorities, for example, could not have blackmailed their partners into accepting their own version of EMU. And regardless of the strains placed on German finances by the burden of reunification, the country remains the main economy on the continent, in terms of GDP, of financial resources, or of the multiplicity and presence of social actors abroad. Moreover, these actors - economic, social, political, whether they are lobbies, enterprises, party-political foundations, the Federal Constitutional Court or the Länder - develop and maintain channels of communications, build up and extend connections and contacts, and propagate norms, standards, guidelines and even models. In short, they reproduce to some extent the German institutional fabric, which Simon Bulmer considers as being at the root of empowerment. Yet the question of how connections and contacts, the propagation of norms and rules, and institutional transfer and adaptation translate into political power - if they do - still begs explanation.<sup>28</sup> One hypothesis is that political connections and political credit may accrue from these various channels. If so, this would mean that in an age of global networks, Germany derives comparative advantages from its

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27. As Jeffery and Paterson underline in 'Germany's Power in Europe', op. cit., p. 15..

28. Two research programmes should be mentioned here - 'One or Several Europes' conducted by the Institute of German Studies of the University of Birmingham and 'The Role of Non-State Actors in Transnational Relations : The Case of Germany', which is being carried out at the Centre Marc Bloch, Berlin. The conclusion that Simon Bulmer draws from the existence of a 'nice fit' between German and EC/EU institutions may be hasty : see, e.g. Eiko R. Thielemann, 'Institutional limits of a « Europe of the Regions »: EC state-aid control meets German federalism', in : Journal of European Public Policy 6 : 3 (September 1999), pp. 399-418. In a forthcoming book, Maria Green Cowles, James Caporaso and Thomas Risse also show the absence of such a nice fit : see Maria Green Cowles, James Caporaso and Thomas Risse (eds) : Transforming Europe. Europeanization and Domestic Change, Ithaca, NY : Cornell University Press, 2001.

specific, dispersed institutional make-up. But, again, who would derive benefits from these comparative advantages – non-governmental institutions or the government? And, in the former case, would the government be able to draw on this. Is it also not possible that institutional dispersion means incoherence, the inability of the government to arbitrate between various requirements and interests ? (If this were the case, Germany would be one of the first post-modern states). In other words, how do resources – structural power – and agents – state and non-state – combine? Can governments in fact still devise a clear policy-line and exercise deliberate power in the EC/EU? Is the veto-power of the Länder, which are able to prevent the further transfer of sovereignty to the EU in certain areas, a source of strength, as sometimes argued, or a source of weakness ? In other words, does the diffusion of power – inside the country, through the multiplicity of non-state actors, and outside the country, through the particular mechanism of the EU - allow for German leadership in Europe ?

If it does, as volatile coalitions may become the rule in a wider Europe made up to almost 30 members, Germany will have to rely more than ever on coalition-building, on its capacity to arbitrate between various agents taking part in the decision-making process. Credit and capabilities are essential for this task. Credit may derive from Germany's specific location and make-up. Even if it turns out that the multiplicity and actions of agents of all sorts outside the country do not produce many advantages to Germany, at least credit may be one of them, credit based on an appreciation of Germany's capabilities and expectation of positive results. Whether Germany's credit has increased since reunification is difficult to measure, though the number and importance of state visits to Bonn and nowadays Berlin may provide some indication.<sup>29</sup> But credit alone is not enough – the willingness and capacity to strike coalitions and to mediate or arbitrate between actors is also required. The previous German government was good at building coalitions in Europe, against the French if necessary, as the example of Wim Duisenberg's nomination as head of the ECB underlined. As to the current government, it demonstrated its ability at diplomatic intermediation in 1999 when, using its connections and credit, it brought Russia back in the Balkan game, negotiated, with Russia, Serbia and the Finnish EU presidency, the end of the NATO strikes against Serbia and launched a Stability

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29. See e.g. Elizabeth Pond and David Schoenbaum, The German Question and Other German Questions, op. cit., p. 210.

Pact for the Balkans, taking in a sense a revenge for being shunned by its French and British partners during the Rambouillet negotiations on Kosovo.

However arbitration may prove to be difficult and the difficulty of the enterprise may in turn deter the government, in particular where other resources, such as financial or public support, are required. At a time of limited financial resources and dwindling public enthusiasm for European integration, the current coalition as well as the previous one have sometimes preferred to adopt a give-and-take approach to the EU<sup>30</sup> rather than ‘footing the bill’, as Chancellor Schröder more or less put it, regardless of how crucial it was to help the broader EU system function in the interest of Germany itself. Certainly, former Chancellor Kohl had been the first one to complain about the size of Germany’s contribution to the EU budget. Yet Chancellor Schroeder was somewhat cruder in expressing this sentiment, complaining as he did about German money being ‘wasted’ (*verbraten*)<sup>31</sup> and declaring the reduction of the German budgetary contribution to be a major policy goal ahead of the 1999 EU Berlin Summit, at which, however, he eventually limited his demand, preferring the summit to succeed under the German presidency.

In other words, since reunification German governments have sometimes preferred to define Germany’s interests in terms of short-term, possession goals rather than in terms of long-term milieu goals – to combine the categories provided by Martin Wight and the dichotomy introduced by Arnold Wolfers – though both Chancellor Kohl and Chancellor Schroeder committed their country to European integration. One might add that never has a government so clearly spoken of national interests as though national interests had not led previous governments in the fifty years of partition. As we all know, the defence of national interests – especially those which are conceived of as short-term returns on investment – should not be misconstrued as hegemony or leadership. On the contrary, such behaviour may indicate weakness, an inability to lead, that is to arbitrate between sectoral interests. It remains to be seen whether short-termism is a temporary approach, linked to a conjunction of limited public support and financial resources and whether other developments, be it is the consolidation of public finances, the resurgence of public support for European integration and enlargement, or the willingness of a German government to demonstrate leadership, may

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30. See the very informative book by Anderson : *German Unification and the Union of Europe*, op. cit.

31. Rede des Bundeskanzlers auf der Bundesdelegiertenkonferenz der SPD zur Europawahl 1999 am 8. Dezember 1998 in Saarbrücken, quoted by Hellmann, ‘Rekonstruktion der «Hegemonie des Machtstaates Deutschland »’ op. cit., p. 63.

alter the definition of German interests, this time in favour of broader, European parameters. Another conceivable, 'hybrid' outcome is that in spite of consolidated finances and renewed public support for the EU, future German governments lose the taste or the willingness to take broader, European parameters into consideration. If so, we would have a combination of structural power, however diffused it might be, and of a give-and-take European policy which might deprive Germany of the necessary backing of its partners.

Short-termism may not just correspond to the personal preferences of today's political leaders, such as Chancellor Schröder. It may also very well be the name of the future, more fluid game in the EU. In a wider and more diverse Europe, coalitions, as mentioned earlier, will be easier to strike than it will be to maintain a Franco-German axis which meets the resolute opposition of smaller countries. Short-termism also stems from the technicalities of current and future negotiations. Simon Bulmer, Charlie Jeffery and William Paterson have stressed this evolution.<sup>32</sup> If short-term attitudes, as I expect, become more characteristic of EU politics in the future, it is likely that the federal government will go on stressing its thirst for a 'return on investments'. At the same time, the use of deliberate power by the German government may turn out to be much more difficult than expected. This is explained not only by dwindling resources, such as financial resources, which, for instance, limit Germany's military clout, but also by the very nature of the European system which ensures an extreme diffusion of power and in which governments must form coalitions with others in order to achieve their policy objectives. In this scenario, the federal government might be better advised to eschew the deployment of deliberate in favour of other types of power.

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32. Bulmer, Jeffery and Paterson, Germany's European diplomacy. Shaping the regional milieu (Manchester and New York : Manchester University Press, 2000), pp. 8 and 53.