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Waiting for September: German-American Relations Between Elections

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How will Germany's federal election shape German-American relations in the coming months?

What can Germany do to contribute to current global foreign policy challenges?

Can German-American cooperation mitigate the economic crisis?

Built on common goals and values, the U.S.-European partnership is seen as a critical actor in resolving a wide array of global challenges; Germany is and can be an essential player in the partnership. That does not mean, however, that it is a perfect partnership. Having been content to allow the U.S. to be the security provider and economic consumer, Europe is now stumbling as it discovers that the U.S. cannot and will not fill these roles indefinitely. The new Obama administration has made it clear that it has high expectations of its partners: Policy recommendations and ideas, military commitments, and multilateral approaches to global economic challenges are just the beginning. Despite Europe's initial euphoria at Barack Obama's election, U.S. interests with the new administration will be largely the same; only the policies pursued will change. Europe's—and Germany's—opportunity to have a voice, to be a relevant player on the world stage, exists within its ability to be an effective partner in the Western alliance. The question is, will Europe and Germany take the initiative?

Since the beginning of the twenty-first century, German-American relations have experienced a rollercoaster of highs and lows. In the days following the 9/11 attacks, NATO invoked Article V (an armed attack against one shall be considered an attack against all allies) and the Bundestag, under the leadership of Chancellor Gerhard Schröder, committed German troops to take part in the international mission in Afghanistan. Later, as the United States prepared to overthrow Saddam Hussein's regime in Iraq in 2003, German critics were vociferous in their repudiation of such a plan—and of U.S. leadership—arguing the need to allow UN inspectors to complete their inspections. His position against the U.S. and an unpopular American policy put Schröder over the top in a close election. Germany and the U.S. disagreed on climate change, on relations with Russia, landmines, the International Criminal Court (ICC), and Boeing-Airbus (although economic relations for the most part were friendly). Now, with the candidacy and election of Barack Obama, German-American relations are again in an upswing. Obama's advisors are listening to and talking with their European counterparts, are changing course on climate change, and are beginning to withdraw U.S. forces from Iraq and focus on the conflict in Afghanistan; in these arenas, the Obama administration's policy preferences are in line with those of Germany. Indeed, in foreign policy, a majority of the German public is confident that the new U.S. president will “do the right thing” in the world and, thus, improve Germany's relations with the U.S.¹

Nevertheless, the two countries are diverging on economic policy despite the Obama administration's calls for action, causing strife in a time of economic upheaval and crisis. As the Obama administration and Democrat-controlled Congress try to spend their way out of a recession brought on by the failure to regulate the banking and housing industries, Chancellor Angela Merkel and her Grand Coalition refuse to submit to American calls for more stimulus spending (above the approximately €80 billion already spent) in Europe's largest economy and export champion. She argues that, with its social safety net, Germany is already spending on policies aimed at protecting and relieving workers hit by the global downturn. Furthermore, looking forward to the September election, Merkel is loathe to enact any policies that could be perceived as pandering to the U.S.—who many Germans feel is to blame for the global crisis. Already in April 2008, 72 percent of Germans felt that the U.S. exerted a negative influence on their economy.² Though this number could

increase with the worsening of the current economic situation, most Germans trust Barack Obama to find solutions to the economic crisis—fewer feel the same about Angela Merkel and even less for her challenger for the chancellery from the SPD, Foreign Minister Frank-Walter Steinmeier.³ Fears of trade wars and protectionism dominate discussions in Washington and Berlin. Even the G20 summit in April 2009 was unable to create broader policy unity between the U.S. and its European partners.

At a critical time in transatlantic relations, Germany runs the risk of being sidelined by its own inertia in foreign policy and steadfastness in refusing to adopt a more Keynesian deficit spending approach. What, then, should Germany do in order to avoid being sidelined and, further, what does the U.S. expect from Germany? How will Germany's federal elections shape German-American relations in the coming months?

The Challenges in Foreign and European Policy

The U.S. and Europe stand poised to act with a unified front on a number of foreign and security issues. NATO's sixtieth anniversary has been an opportunity to evaluate the mission of that organization and to encourage its use and effectiveness in Afghanistan. Challenged by internal divisions over its relations with its neighbors (primarily Russia and Turkey) and its increasing inability to speak with a common voice, the European Union needs Germany to be a strong member state if it does not want to cede its influence on the international stage. Progress may finally be made on climate change and energy security, if Germany and the U.S. can work with developing countries—and not be waylaid by the global economic crisis.

With the election of President Obama, observers expected to see a measureable thawing in transatlantic foreign policy; as a candidate, Obama announced in Berlin, "America has no better partner than Europe." Welcomed by Germans of all political stripes, Obama's election was thought to hail a new era in German-American relations. Already the Obama administration is more consultative and multilateral than its predecessor; as such, it also expects and demands more from its allies, a corollary unanticipated by some. In his first 100 days as president, Obama put his own mark on U.S. foreign policy—but to what extent have German-American relations changed? How is Germany reacting to a fresh voice of American leadership on issues such as NATO and Afghanistan; and relations between the European Union and Europe's neighbors?

Theaters of Potential Cooperation or Tension

NATO AND AFGHANISTAN

The NATO-led International Security Assistance Force (ISAF) in Afghanistan is at a crucial point since it began more than seven years ago. With increased Taliban and al-Qaeda activity in Afghanistan and now also in Pakistan, President Obama has

made this theater one of his foci; his main foreign policy priority is ensuring that the security, development, and political successes made thus far in the country are not lost and that civilian reconstruction is enhanced. Obama's changes in strategy—broadening the conflict to include nuclear Pakistan, appointing Richard Holbrooke as special envoy to Afghanistan and Pakistan (now approached as "AfPak") to emphasize a regional approach to the conflict, committing an additional 17,000 troops to the region, and enhancing civilian efforts in Afghanistan—are intended to focus American efforts on fighting al-Qaeda and stabilizing the region, but are also intended to rebuild civil society in a country long divided by clan warfare and Islamic extremists. For both Germany and the U.S., there is agreement of the need for long-term stability to be under "Afghan ownership" and training of Afghan police and an Afghan army have also assumed a high priority.

Cooperation in on-the-ground efforts highlights the difference between Western involvement in Afghanistan versus in Pakistan, an arms-length conflict without troops or much external military input from the U.S. and Europe. Even as Coalition members met in Brussels in early June to discuss a strategy for the increased troop presence in Afghanistan, Pakistan's military offensive against the Taliban in the northwest province's Swat valley continued. Seen as a testament to Pakistan's commitment to the fight against terrorism by the U.S., and broadly supported by Pakistanis, the conflict nonetheless continues to destabilize the region, with over 2 million refugees living in schools and tent cities. As Pakistan looks to stabilize the northwest provinces and begin reconstruction efforts, the U.S. has contributed nearly half of all pledged international aid, but is calling on its allies—including Germany—to help with the effort. Reconstruction will be vital in preventing the refugee camps from fomenting unrest and possible extremism.

EUROPE AND ITS NEIGHBORS

American and German relations with Russia are influenced by their interests vis-à-vis Russia: for the U.S., security and energy cooperation; for Germany, energy resources and a market for German goods, especially as Germany is Russia's largest trading partner. Russia has been trying to reassert itself as a major global player (as evidenced by its conflict with Georgia in summer 2008 and pipeline disputes in winter 2009), although the downward economic spiral that Russia now finds itself in could have major ramifications for the country's ability to fully engage internationally. Still, as a member of the United Nations Security Council, Russia has a voice in security affairs and the U.S. will need to build on Germany's good relationship with its eastern neighbor in order to engage Russia on challenges such as nuclear proliferation in Iran. Whether Russia engages more willingly with NATO or with the EU remains to be seen; either way, Germany will be instrumental in improving western relations with Russia.

Conversely, Germany's usefulness in the relationship with Turkey is not as straightforward. President Obama's trip to Turkey in April 2008 is a strong indicator of the Obama administration's pragmatic approach toward Europe. As Germany was during the Cold War, Turkey is of geostrategic importance to the U.S. as an actor in the Middle East and in Europe, and as an example of a secular, democratic, Muslim-majority state. Unless they work with Turkey, the EU and Germany risk seeing their own influence wane with a very pragmatic U.S. administration.

The European Union needs Germany to be a strong leader within the Union—as a founding member, most populous country, and economic engine, Germany is well suited to do so. By acting within the EU framework, Germany has the opportunity to be involved on the international stage before its September elections without bearing the brunt of domestic political consequences. Of course, other member states may object to such a role for Germany within the EU. If, as some have suggested, it is truly a “make or break” time for the Union, then the EU must make some effort to overcome enlargement fatigue, treaty indecision, and the east-west political disparities—and Germany should respond accordingly.

U.S. Expectations and Reactions

The U.S. expects action at all levels—policy recommendations, personnel commitments, financial resources. Obama has often said that he wants analysis from a variety of viewpoints as he shapes his administration's policies; this is certainly the case with regard to Germany. Senior officials from the new administration, including Vice President Joseph Biden at the Munich Security Conference and Secretary of State Hillary Clinton in Brussels, not to mention the president himself, have visited Germany and Europe looking for policy suggestions and indica-

tors of countries' willingness to contribute in the AfPak theater. Politically, the U.S. is less willing to engage in a global conflict without seeking greater international contributions. Obama has emphasized the threat to global security if the mission in Afghanistan and Pakistan fails and cites ways to build civil society—but wants partners.

In response to U.S. expectations, Germany has been slow to act. Some experts at a recent AICGS conference in Berlin suggested that, in a moment of nearly unprecedented openness to new ideas, Chancellor Angela Merkel and her ministers in the Grand Coalition are waiting for Washington to ask for their help. Although Germany has committed additional troops to provide security during Afghanistan's election in summer 2009 and will send AWACS planes and personnel to the country (pending Bundestag approval), some question whether this is enough. With only months to go before the September elections, the war is a political weight domestically. Although both NATO and NATO's presence in Afghanistan are supported by the German public (with 84 percent and 61 percent in favor, respectively), German involvement in Afghanistan remains unpopular. With only 32 percent of Germans wanting to keep a German presence in Afghanistan,⁴ CDU and SPD leaders are reluctant to make any new commitments to ISAF for fear of the political repercussions in the September election—and as such have agreed to extend the Bundeswehr's Afghanistan mandate until the end of 2009, rather than its original date for renegotiation in the fall.

NATO, too, may fall behind on Afghanistan. Despite displays of unity at the sixtieth anniversary summit in April 2009, NATO member states lack a unity of purpose and a unified willingness to act. Some have suggested that NATO may not survive the Afghanistan test and could be replaced by loose coalitions. Although certainly facing challenges, NATO is still a strong military and political alliance and will likely weather the crisis—but will need to make significant changes to its operations and mission in order to do so. The U.S. military is frustrated by the national caveats placed on German (and other European) troop actions and the disjointed command structure on the ground. NATO needs a stronger willingness and operational ability to act as a unified alliance—not only in military affairs, but also in reconstruction and civilian efforts—both in NATO engagements and in neighboring conflicts (such as in Pakistan). With France re-joining the military command, lack of consensus on enlargement, and different reactions to Russia, NATO in the twenty-first century must consider how it will evolve to meet contemporary and future needs. Member states will need to examine what they are best able to contribute to the alliance and develop a new strategic concept; relying on the U.S. to provide security for the twenty-eight member state alliance is both unrealistic and politically unfeasible in the U.S.

The Challenges of a Global Economic Crisis

Perhaps even more pressing than concerns about Afghanistan, NATO, the European Union, Russia, and Turkey, are the financial crisis and global recession. American and German reactions to the 2008 financial crisis and ensuing global economic downturn are politically similar, but differ among the publics—with Germany's crisis and reaction lagging three months behind the United States. Although both countries passed legislation (e.g., the Troubled Assets Relief Program (TARP), the Financial Market Stabilization Fund (*Sonderfonds Finanzmarktstabilisierung*, SoFFin) to bail out troubled banks and financial services in the hopes of rebuilding confidence and injecting cash and credit back into the economies, the scope of the bailouts differs on the surface.

Likewise, the publics' responses to the economic crisis vary. Whereas in the U.S. consumer confidence is low, unemployment is high, and populist anger against CEOs and bankers is rampant in the public discourse, in Germany the broader public's daily life is relatively untouched by the crisis to-date. The economic crisis has magnified the differences in the U.S. and Germany's social welfare and labor policies, which largely account for the differences in approaching stimulus packages and government spending. Despite calls from the U.S. for more and larger stimulus spending in Germany and the EU, Germans do not want to spend more and risk the subsequent deficits and inflation—especially at the behest of the U.S., who many Germans perceive as the party to blame for the onset of the global downturn. Germany strives to maintain a balanced budget, opposing deficit spending, and it was a difficult political decision when leaders decided to forego a balanced budget—quite a different mindset from that in the U.S. While the U.S. typically adopts a pragmatic approach to economics, adapting policies as need dictates, German economic policy favors stability and continuity above all, fearful of increasing uncertainty in the markets. These two approaches to economic policy cannot be underestimated in the current crisis.

Still, Germany is an important part of the global trading system and, with its export dependency, cannot risk antagonizing its trading partners and encouraging trade protectionism. The U.S. "Buy American" provision caused alarm in business communities on both sides of the Atlantic. As American taxpayers spend more to support the global system, they will expect the same from their partners, including Germany. Germany should not allow itself to be paralyzed by its election, especially as OECD figures indicate that unemployment could rise to almost 12 percent by the end of 2010⁵ and GDP fall by 6.2 percent in 2009.⁶

Differing Approaches to the Economic Crisis

BAILOUTS AND STIMULUS SPENDING

Following the collapse of Lehman Brothers and its impact on the global financial markets, the American and German governments passed legislation to protect those financial services industries

deemed "too big to fail"—Citibank, AIG, Hypo Real Estate, and several *Landesbanken* such as Bayern LB and HSH Nordbank, among others—by allowing the government to assume responsibility for bad financial risks. In the United States, TARP provided \$700 billion to the U.S. Treasury to buy troubled or "toxic" assets from banks, especially mortgage-backed securities, a sector largely at the center of the crisis. The immediate intent of this was to shore up investors' confidence, as reflected in the stock market, and cause credit to flow again. In Germany, the government passed a bank bailout bill, SoFFin, in October 2008 with the same intention as that in the U.S.—to stabilize the banking industry by guaranteeing risky loans and reviving credit. Worth nearly €500 billion, the plan also allows the government to have a stake in banks, thereby injecting state funds into the banking industry without pursuing outright nationalization.

Bailout packages were supplemented by stimulus packages in the beginning of 2009—and even earlier. Already in spring 2008, President George W. Bush and Congress passed a \$600 tax rebate per eligible taxpayer intended to encourage consumer spending. In fall 2008, Germany also passed an approximately €30 billion stimulus bill. Stimulus spending really took off in 2009, however, with President Obama signing Congress' \$787 billion stimulus bill aimed at job creation through public spending in support of health care, education, energy, and public works and Germany passing its own €50 billion stimulus plan in January 2009. (The EU as a whole has pledged €257 billion for stimulus packages.) However, the differences in scope of the two stimulus bills are indicative of different approaches to the economic downturn. Failure to understand the differences could lead to greater tensions between the U.S. and Germany.

While Germany's stimulus spending is far below the U.S. amount, its automatic stabilizers make up for a significant part of the difference. Options such as *Kurzarbeit* (short work) allow companies to reduce employees' hours and wages, with the missing wages made up by the welfare state—without the full cost of unemployment. Automatic stabilizers act as a buffer for consumer spending in Germany, preventing the large dependence on consumerism that drives the U.S. economy. While the stability that automatic stabilizers provide during the downward side of a recession is certainly beneficial, there is some debate about their use once a recession has bottomed out, with concerns that automatic stabilizers act as a friction against recovery by preventing the most innovative and efficient companies from hiring the best workers, who are still tied to their old firms by *Kurzarbeit*.

To get a more accurate idea of stimulus spending, figures should include automatic stabilizers. Without these stabilizers, Germany's stimulus spending is 1.5 percent of GDP and the U.S.' stimulus spending is 2 percent; with stabilizers however, Germany and the U.S. are spending 3.2 percent and 3.5 percent of GDP, respectively.⁷ Americans, often with a deep sense of fairness, object to the differences in stimulus spending across the Atlantic, perceiving (incorrectly) the U.S. is again shouldering

the burden for global problems—when figures indicate that this is inaccurate.

CLIMATE CHANGE'S ROLE IN THE ECONOMY

One issue on which Germany undoubtedly demonstrates leadership is climate change. Across all German political parties, climate change and environmental protection (though not nuclear energy) are non-issues, so ingrained are they in German society. The American public—and politicians—have reversed course on climate change since the 1990s, when lack of popular support for the Kyoto Protocol left the U.S. sidelined in the climate debate. Now in 2009, the U.S. Congress is debating legislation that would help mitigate the U.S. contribution to climate change—but support is again waning in light of the economic crisis. Indeed, in January 2009 85 percent of Americans said that strengthening the U.S. economy should be a top domestic priority, while only 41 percent said that protecting the environment should be a top priority (and 30 percent want to deal with global warming).⁸ With the Copenhagen Climate Change Conference approaching, the politics of U.S. participation in an international agreement are starting to emerge. The on-going presidential transition and a tight time-frame will make it almost impossible for the U.S. to pass a domestic bill before the end of 2009. While some analysts have argued that lacking U.S. domestic climate legislation would hinder the negotiations in Copenhagen, others allege that different bills emerging from the U.S. House and Senate would enable U.S. negotiators to use the differences to leverage its position at the conference, without being confronted by unpalatable concessions.

Germany, who has been able to fairly effectively integrate climate change and environmental protection into its economic policies, can be a voice for best practices and policy recommendations. With climate change a priority in the European Union, and if it can regain momentum in the U.S., the transatlantic alliance can take the lead on climate change internationally and with greater authority and legitimacy than previously. A unified position also gives the EU and the U.S. greater leverage in climate negotiations vis-à-vis India and China, without which no climate treaty is possible or practical. Given the impact of climate change on energy policy—and thus security policy—and on new economic policies that emphasize green jobs and energy efficiency, this is a crucial issue for the German-American partnership to undertake.

FEARS OF PROTECTIONISM

The economic and political logic behind both countries' responses to the economic crisis is in keeping with their political realities, though this is sometimes not apparent to the other country. Leaders on both sides of the Atlantic are enacting policies in line with their constituencies' interests. Ultimately,

however, political will and, indeed, nationalism may cause these interests to diverge to a point where greater tensions emerge in the transatlantic relationship. In this environment, protectionism is a concern for the German-American partnership.

Rather than an ideological reaction to trade disputes and protectionism, the Obama administration's pragmatic and internationalist approach to the economic crisis is likely to help alleviate popular rhetoric favoring American businesses. Still, nearly half of all Americans think trade is bad for the country⁹ and a majority of the public supported the "Buy American" clause in the stimulus package. Furthermore, there are indications that the number of trade skeptics in the House of Representatives is growing and support for the Doha Round has steeply declined. The U.S. and Germany know firsthand the cost of a transatlantic rift and know the importance of communication across the Atlantic, particularly on issues that cross the Atlantic such as GM/Opel. Germany, with its export dependency and high trade surplus, is harder hit during a recession than most other countries—and stands to lose the most from American protectionist measures. Both German and American leaders must be pragmatic in avoiding trade protectionism; in the case of Germany, the chancellor candidates must avoid using American support of the "Buy American" clause as an election tool (as Schröder did with the Iraq War), which risks driving a wedge between the U.S. and Germany.

German and American Expectations

Both the U.S. and Germany expect cooperation, communication, and commitment in solving the global economic crisis. Each recognizes that it cannot bear the burden alone—for the U.S., the price tag is too high; for Germany, the loss of export markets would be devastating. President Obama and Chancellor Merkel must be pragmatic in their approaches to stimulus spending, bailouts, and trade.

The Grand Coalition is constrained, however, by the upcoming election, caught between cooperative governing and campaigning. What happens in the economy—and the government's response—during the summer will likely decide the election. Although Germans were hit later with the impact of the economic crisis, OECD statistics (cited above) indicate that the German economy will contract and unemployment will rise in the coming months. Both Merkel and Steinmeier must be proactive and global-minded in leading Germany through this crisis, not rehashing Schröder's 2003 strategy of blaming the U.S., which would again be as detrimental to the German-American relationship as it was then. Germany cannot simply wait out the election before acting and will need a greater dialogue with its citizens to explain the scope of the crisis and the best way forward.

The German Federal Election: A September Surprise?

The U.S., in turn, expects action from Germany—but still understands the limits that the government faces. The Obama administration's openness to input and new approaches is a boon to Germany and Europe, who have taken the lead on regulating the financial sector. This crisis is thus also an opportunity to shape a common policy that benefits both sides of the Atlantic.

Even as the height of campaign season—and the attendant pause in new government policies and initiatives—begins, the outcome of September's election is far from certain. June's European Parliament (EP) elections were seen as a test for September's federal elections. Across the EU, center-right (and farther right) parties won, with center-left social democratic parties losing the most. Within Germany's representation in the EP, the CDU and CSU lost seats, likely gained by the Free Democrats (FDP); the SPD stayed the same and the Greens and Left Party gained only one seat each.¹⁰ Indeed, the larger results can be interpreted as a referendum on Europeans' views on economic recovery, and Germans' own reservations on greater government involvement in business and the economy (as the CDU/CSU have recently done) and the SPD's spending proposals. Even more telling, candidates from the opposition parties, particularly the FDP and the Greens, gained seats, reflecting divisions within the larger parties themselves.

Political Concerns for Foreign Policy

The two German *Volksparteien* (people's parties), the CDU and SPD, differ on their policy approaches toward NATO and Russia, while sharing similar views on Afghanistan. Traditionally, the SPD has been more eastern-looking (as evidenced by policies such as *Ostpolitik* and *Annäherung durch Verflechtung*, or rapprochement through engagement) and more conciliatory toward Russia. Former chancellor Schröder's personal relationship with Vladimir Putin speaks to the party's Russian friendliness. This coincides with NATO enlargement policy, opposed by the SPD for fear of antagonizing its trading partner in the east. Conversely, the CDU—especially with Merkel as its leader—is distrustful of Russia and wary of its authoritarian-leaning leadership. It is pragmatic in its dealings with Russia and its eastern neighbors, as evidenced by the CDU's stance on NATO enlargement, which cites the security concerns of bringing unstable countries into the military alliance.

On Afghanistan, leaders in both parties agree on the necessity of German involvement in policing and reconstruction missions,

despite the public's resistance. On all of these foreign policy issues, the current Grand Coalition government will be unlikely to act before the September election, unless confronted by crisis. The government's purposeful extension of the Bundeswehr Afghan mandate to the end of the year effectively diminished Afghanistan as a campaign issue.

Domestic Political Consequences of the Economic Crisis

On economic policy, the differences between the parties are more apparent. Both the CDU and SPD are engaging in classic campaign rhetoric designed to appeal to voters' conservative or social democratic economic principles. Merkel and the CDU are touting tax cuts as the best solution to reinvigorate the country's stagnating economy (ignoring the fact that the government will need that tax revenue to pay for the bailouts and stimulus spending enacted in 2008 and early 2009); Foreign Minister Steinmeier and his party want enhanced social spending (even in the face of greater social liabilities with rising unemployment). Current polls indicate that the CDU is perceived as the best party to cope with the economic crisis, including protecting and creating jobs and pursuing a sensible tax policy. Even on the issue of protecting and expanding pensions, the SPD's banner issue, the electorate has more confidence in the CDU.¹¹

The real question is the impact that the smaller German parties will have on the election, in light of the economic crisis. General perceptions that the CDU and SPD do not greatly differ has led to a surge in the polls (and in the EP elections) for the FDP and the Greens. The pro-market FDP is gaining ground with middle class voters wary of the Grand Coalition's intervention in the markets. Such appeal with voters could allow the FDP to push the CDU on a path toward a small government/pro-business approach—or it may weaken the CDU's electoral advantage come September if increasing numbers defect from the CDU. The Green Party, too, hopes to draw in voters with its "Green New Deal," pulling supporters from the SPD. The ultimate impact of the smaller parties remains to be seen. Will their successes in the EP elections cause the CDU and SPD to adopt more pro-market or environmental platforms? Will trends continue such that the growing FDP could return to government as a coalition partner with the CDU/CSU, with Germany adopting a business-friendly, lower tax economic plan? Or will the Grand Coalition continue with Steinmeier as Vice Chancellor?¹² The U.S. must wait to find out what "color" its German partner will take.

2009: The Continuation of a Partnership Or the Beginning of a New Era?

In 2008, the world witnessed the historic election of Barack Obama as President of the United States. It witnessed China's rising star at the Olympics. It saw tensions between Russia and

Georgia escalate. And it witnessed the global financial order come crashing down, to a level of crisis that may not yet have reached the trough. As during the forty year Cold War in the

twentieth century, the U.S.-German relationship has a role in addressing the twenty-first century challenges ahead.

How Can Germany Matter?

As a mid-sized power, Germany has neither the capability nor the will to undertake the same sized role as the United States in global challenges. The U.S. far outspends Germany and the EU on defense and, as the lone superpower, is a guarantor of security in theaters across the globe. Furthermore, the American economy is so intertwined with the global economy, as witnessed in 2008, that its recovery is essential to reviving investment and development across the globe.

Germany cannot be expected to be engaged on the same scale. The European Union, however, as a collective even larger than the U.S. in population and in GDP, is a venue in which Germany can demonstrate leadership and truly be an engine for European engagement. As the most populous country with the largest economy—and at the center of an enlarged EU—Germany can reinvigorate the European experiment. In doing so, Germany benefits not only from its position within the EU, but from the EU position in the world. Greater European cohesion on Common Foreign and Security Policy (CFSP) and on fiscal policy can strengthen the Atlantic partnership by providing the U.S. with a stronger partner, willing—and more able—to confront common challenges. The Obama administration would be impatient with a paralyzed Union, and might turn to other partners and other venues for cooperation. It is in Germany's interest to ensure its own relevancy internationally by being a leader within Europe. Inaction will only sideline Germany, not only if Germany is unable to deliver on promises and expectations, but also if it fails to take initiative and waits for requests from its partners and allies. Indeed, even now Germany is presented with the opportunity to demonstrate its commitment to the fight against extremism by contributing to international relief aid in Pakistan—and encouraging its European partners to do so as well. That Europeans are slow to contribute will not be seen positively in Washington.

The U.S. and Germany are experiencing a honeymoon period between the two elections, but the real work—and test—of their

relationship will come after Germany elects a new government. The leadership that the German people elect will have different ramifications for the country's relations with the U.S. While the European Parliament election bodes well for the center-right parties, state elections in 2008 in Hamburg and Hessen gave no clear indicator of the federal outcome. Hamburg elected a CDU-Green coalition and Hessen, after a redo, a CDU-FDP. The elections in Saarland, Saxony, and Thuringia in August 2009 will be better bellwethers for the September federal election. Current federal polls show the CDU in the lead, followed by the SPD, suggesting that another Grand Coalition may be likely.

Until then, Germany cannot allow itself to focus only on domestic troubles or electoral concerns, at the risk of losing its voice in Washington and its perceived value as a partner. With the new Obama administration, the German-American relationship cannot rely on rhetoric of shared values or history; it must be a pragmatic relationship based on meeting common goals. In the foreign policy realm, this means effective cooperation in Afghanistan and within NATO and coordinated approaches toward Europe's neighbors (especially Russia and Turkey). Now that the U.S. seems to be on board, transatlantic pressure on developing countries to enact policies designed to mitigate climate change and green economic policies in Germany and the U.S. that emerge from the economic crisis will have a chance to positively impact climate change. Likewise, meeting common goals is essential in economic policy, as the world confronts the greatest downturn since the 1930s. This will require better communication between Washington and Berlin (and Brussels) in order to understand the other sides' policies—and to avoid the slippery slope of blame and protectionism.

Looking beyond September, Germany will remain a valuable partner to the U.S., with the ability to lead on a number of issues, and contribute to even more. Within both the CDU and SPD, the popular sentiment is one of friendliness to the U.S. and Obama. The German-American relationship can flourish in 2009 and beyond—but both partners will need to be proactive players in confronting the challenges facing both sides of the Atlantic.

NOTES

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AICGS' project on "The Election in Germany: Status Quo or Radical Change?", supported by the German Marshall Fund of the United States, tracks the German election and analyzes different outcomes' implications for German domestic politics, Germany's role in Europe, and transatlantic relations. Bringing together policymakers and representatives of the business, academic, and media communities in the U.S. and Germany for a series of conferences and roundtable discussions in Washington, D.C. and Berlin, the project touches on all three AICGS program areas (Foreign & Domestic Policy; Business & Economics; and Society, Culture, & Politics). Additional analyses are available on AICGS' website.

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