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REDEFINING  
GERMAN SECURITY:  
PROSPECTS FOR  
*BUNDESWEHR* REFORM

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American Institute for Contemporary German Studies  
The Johns Hopkins University

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**The American Institute for Contemporary German Studies (AICGS)** is a center for advanced research, study, and discussion on the politics, culture, and society of the Federal Republic of Germany. Established in 1983 and affiliated with The Johns Hopkins University but governed by its own Board of Trustees, AICGS is a privately incorporated institute dedicated to independent, critical, and comprehensive analysis and assessment of current German issues. Its goals are to help develop a new generation of American scholars with a thorough understanding of contemporary Germany, deepen American knowledge and understanding of current German developments, contribute to American policy analysis of problems relating to Germany, and promote interdisciplinary and comparative research on Germany.

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## *P R E F A C E*

The changing framework of the transatlantic relationship during the past decade has been the subject of many conferences and reports on both sides of the ocean. The debate over the future of the European Union and the role of the world's remaining superpower has raised more questions than answers. AICGS believes that the ability to successfully manage this new era depends on the centrality of a close and effective German-American dialogue and partnership that serves to drive the transformation of European-American relations.

With this purpose in mind, the Institute has initiated a series of studies focused on American and German interests and policies that are likely to be at the top of our mutual agendas during the next few years. Drawing on the assistance of a diverse and distinguished set of German and American scholars and policy experts, our objective is to present assessments of key concerns surrounding the issues which will dominate the German-American agenda and therefore play an important role in the effort to accommodate change, shape new policies and achieve common goals. We wish to express our sincere gratitude to the German Marshall Fund of the United States for its generous support of this project.

This report on the future of Germany's *Bundeswehr* focuses on the evolving framework of both German security and defense policy as a cornerstone of the U.S.-European relationship. As NATO and the European Union move toward enlarged memberships in the next few years, securing the core of the Atlantic alliance is and will continue to be centrally built on the strength and capabilities of Germany's armed forces. While I do not expect that readers will agree with all aspects of the analysis or recommendations, I do hope that this report and those which follow will enhance the scope of discussion, debate and policy-making on both sides of the Atlantic, in keeping with the mission of AICGS.

Jackson Janes  
Executive Director  
American Institute for Contemporary German Studies

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## ***F O R E W O R D***

Questions of security have been central to the U.S.-German relationship since the beginning of the cold war. Now the relationship is facing new challenges and pressures in the wake of the dramatic changes in Europe's security environment over the last decade. How Germany deals with these new security challenges and the implications of changes in German force structure and capabilities for the United States was the main focus of the AICGS New Security Study Group.

A closer examination of capabilities, it was felt, was justified for several reasons. While many projects on European security issues focus on the broader security architecture, very few concentrate on the details of what is actually required in terms of implementation. More importantly, Germany is the key element in European security; what Germany does and what it is willing to take on to expand its security role will shape the future of European security and transatlantic military relations. The United States needs a reliable partner in Europe, and there is concern that political and fiscal pressures may prevent Germany from achieving its stated reform goals. If Germany is unable to create a military that is better suited to post-cold war realities—one that can shoulder its fair share of the defense and peacekeeping burdens within the Atlantic Alliance—the effectiveness of U.S. security cooperation in Europe will suffer.

Meeting over the course of a year, Study Group members met with policy experts, politicians, government officials, representatives of the media and the private sector to discuss key questions and to gather data. Workshops were organized in Washington D.C. and Berlin. Examined were issues such as current and projected acquisition programs, the impact of budget cuts, the implications for Germany's ability to keep up with American technical advances and Germany's ability to fulfill its commitments to the EU crisis reaction force and to NATO's Defense Capabilities Initiative (DCI).



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While not all members would concur with all of the points outlined in the report, there is a consensus on the main thrust of the Study Group's findings, namely, that due to a seriously under-funded defense budget, reform efforts will fall short of expectations unless a fundamental choice is made for either a deeper reform or for more resources to finance the current reform proposals. Germany is at a crossroads with regard to defense reform and must make some hard political choices; choosing the relatively painless option of "muddling through" today will prove to be far more painful in the future if such vacillations contribute to a crisis with its American and European allies. As the report states, however, Germany has come far in adjusting its policies to the new security environment we all face, though the debate on these issues is not just a German domestic debate. The United States has a stake in the outcome of Germany's deliberations as well. It is hoped that this report will give the American policy community a much clearer and more detailed picture of German plans, assumptions and expectations on defense over the next ten years, and it likewise will give the German policy community a similarly clear picture of American concerns about allied and German defense capabilities.

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September 2001

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## EXECUTIVE SUMMARY

Germany has been the linchpin of U.S. security policy in Europe for over five decades. With the exception of the military relationship with the United Kingdom, there is no allied military in Europe that has enjoyed a closer relationship and the degree of respect that the *Bundeswehr* has with the United States. During the cold war, the respect and influence the Federal Republic enjoyed in Washington and in the Alliance and beyond was tied in part to the strength and professionalism of the German *Bundeswehr*. Yet the post-cold war era is now entering its second decade, and major geostrategic changes are forcing a reevaluation of NATO militaries and of the overall strategy for peace. All western militaries are undergoing major reviews and restructuring to meet the new security challenges of the new century. Nowhere in NATO Europe has the debate over the structure and roles of the military been more important than in unified Germany.

### American Interests

From the American perspective, it is critical that Germany's military reforms succeed for the following reasons:

- The ability of NATO and the EU to successfully implement the plans that U.S. and European leaders have already agreed to, let alone assume any additional commitments in the future, hinge on a successful reform of the *Bundeswehr*. Germany's size and its pacesetter role give it critical mass. If Germany makes the shift, it will mean that Europe as a whole is making the shift. If Germany falters, reform will remain isolated to a few countries.
- In political terms, Germany's ability to successfully transform its military is an important pacesetter and barometer of Europe's political will and commitment to transform itself into a more active player in foreign policy and defense matters. War and more limited forms of the use of force have not been removed as a factor in the future European landscape. Force will remain an important component in diplomacy. A credible NATO and a credible European Security and Defense Policy (ESDP) must have credible military forces to back up their diplomatic efforts.

- If Germany can become part of a new European consensus backed up by a growing capability to act as a European coalition, it makes it far easier to deal with Europe as a more coherent political and strategic actor and to develop a more balanced partnership.
- A successful *Bundeswehr* reform will prevent the emergence of a mission gap between the U.S. and German militaries in Germany, which could encourage growing unilateralism in the United States. If Europe continues to be an economic giant but a political and security dwarf, then the United States will take the views of its European allies less seriously and will be more predisposed to go it alone. Alternatively, a mission gap could lead to a division of labor in which the United States provides the air and sea power, the lift, reconnaissance, intelligence, command and control while the Europeans provide the ground forces in combined operations. This division of labor would be politically unsustainable in Europe, which would view itself as cannon fodder for a Nintendo-like America far removed from the blood of the battlefield, directing strategy and operations with a minimum risk of American casualties.

### **A Decade of Change**

During the 1990s, Germany's security and defense policy underwent major modifications. These changes had two basic elements:

- A step-by-step withdrawal from the traditional culture of reticence (or, as some have called it, the "normalization" of Germany's defense and security policy). The normalization of the German strategic culture can be seen in the steady increase in the commitment to use force within an alliance context for more than simply the territorial defense of the NATO area. Moving from an avoidance of any military involvement in the Gulf War to the use of German military forces in Bosnia and Kosovo in less than ten years represents an important historical evolution in a short period of time. This evolution is critical to Europe's efforts to create an autonomous defense force.
- The restructuring and modernization of the armed forces. During the 1990s the *Bundeswehr* underwent a slow but steady

restructuring of its forces in the direction of creating lighter, more mobile forces capable of deploying rapidly into crisis areas. This resulted in a division of the *Bundeswehr* into two categories of forces:

- The **mobilization-dependent Main Defense Forces** (MDF), which were to form the backbone of national and alliance defense and whose structures and equipment by and large were understood as remaining unchanged.
- The **operational Crisis Reaction Forces** (CRF)—approximately 50,000 soldiers strong—that were to constitute the active component of national defense designed to protect the mobilization and deployment of the Main Defense Forces. They also were intended to become Germany’s real time contribution to NATO and WEU operations.

The crisis reaction force was planned to be operational by 2000 and fully equipped by 2009. This force was to be highly mobile, flexible and well-equipped for out-of-area missions. Its missions included contributions to multilateral crisis management, humanitarian interventions and peace enforcement operations.

### **Current Efforts at Military Reform**

Reform efforts stalled due to the lack of adequate funding. When the new Social Democratic-Green coalition took power in late 1998, the new Defense Minister, Rudolf Scharping, pledged a reform of the *Bundeswehr* and appointed a blue ribbon commission headed by former President Richard von Weizsäcker to come up with recommendations for the outlines of a new defense policy and force structure. When the report was delivered on the May 23, 2000, a confusing picture emerged. The Weizsäcker Commission made the case that the German armed forces should give up the separation between Main Defense Forces and Crisis Reaction Forces and that the overall force level should shrink to 220,000–240,000 soldiers. On the same day, the General Inspector of the Armed Forces presented a different paper, arguing for a larger force of 290,000 soldiers. One week later, Defense Minister Scharping came out with another paper that, while accepting most of the proposals made by the

Weizsäcker Commission, called for a total of 280,000 soldiers. In June 2000, the Cabinet approved Scharping's reform concept.

The Schröder government has endorsed a policy of *Bundeswehr* reform that has the following major elements:

- Reduce the *Bundeswehr* in terms of manpower to a level of 280,000 soldiers;
- Achieve the European Headline Goals by providing forces for the European Crisis Reaction Force of 60,000 troops for operations of up to one year or forces capable of sustaining two medium sized operations;
- Consolidate Main Forces and Rapid Reaction Forces into one Readiness Force of 150,000 troops; assign the remaining forces to the Basic Military Organization; maintain conscription;
- Modernize equipment with top priority given to strategic mobility and deployability and secondary priority given to command, control and communications.

The main problem with this broader and more ambitious approach is under-funding. Despite repeated claims by Defense Minister Scharping, most experts and observers agree that funding levels are inadequate for the reform he has launched. The hope that savings resulting from privatization of certain services, from selling and renting out military property and from using modern management techniques are surely reasonable. However, it often takes considerable time until such savings are realized, and some expected savings may never materialize. The situation is aggravated by over a decade of neglect in the field of procurement and maintenance.

### **Policy Options**

At this current juncture, Germany has three options:

- To continue with the ambitious reforms proposed by Defense Minister Scharping and agreed upon by the Cabinet in June 2000; this would necessitate additional funds of a magnitude of DM 2-3 billion per year from 2002 onwards and further increases (DM 4-6 billion per year) by the middle of the decade;

- To modify its ambitions and reduce the size of the *Bundeswehr* to a level that was proposed by the Weizsäcker Commission, or even lower. The rationale for this approach is to have armed forces Germany can afford and that are able to participate in international interventions with a substantial sized force; such a *Bundeswehr*, however, must be an all-volunteer, professional force—the conscript system will have to be abandoned;
- To muddle through and hope that time will bring an easing of the financial crisis.

Current German politics are leaning towards the third option. But of all three options, the third one is the worst. If the choice is muddling through, it means that Germany will not succeed in reforming the *Bundeswehr* and, much worse, it will also result in a huge waste of money. A *Bundeswehr* with a price tag of DM 45-46 billion per year yet unable to participate in major or medium sized international operations and unable to cooperate with its main allies would sooner or later run into a major crisis of legitimacy. Hence, the decision is more than overdue to take either the first or the second option, and to stop the current impasse.

### Conclusions

German forces in five years will be closer to where they should be than they are today, but they will still be short of allied expectations. The concept behind the reforms is a valid one, but the issue lies with inadequate funding levels. Projections regarding defense spending combined with the levels of savings to be obtained through privatization, efficiencies and selling of assets will still leave the *Bundeswehr* seriously underfunded. There is little prospect of political support for any serious increase in defense spending over this period, especially because the costs of rebuilding eastern Germany will continue to divert substantial funds from the treasury, and the convergence criteria of the European monetary integration will only further limit fiscal options.

Germany is clearly at a crossroads with regard to defense reform. The stakes are high and, ultimately, the credibility of both NATO and the emerging European Security and Defense Policy are on the line. The Schröder government's efforts to maintain conscription and to restructure



forces seem to avoid a choice that must be made. Given it is unlikely that adequate resources will be dedicated to defense, Germany must make some hard choices rather than attempt to muddle through. It cannot afford to maintain a conscript force and restructure at the same time, given the resource constraints it is facing. If it attempts to muddle through, it will fail to create the kind of force needed in the European security environment in the twenty-first century and will run the risk of creating a crisis with its European and Atlantic allies. It will also risk losing any meaningful capacity to use military force at all and thus become irrelevant to the United States and Britain and France as a serious military ally. This would mean a serious loss of influence within both the EU and NATO and would enhance the probability that the United States will become increasingly unilateralist in its policies.

Finally, regarding the American role in this debate, the U.S. stakes in the outcome of the German reform are too high for American officials to remain silent. This is not just a German domestic debate, but one with far-reaching implications for the future of the transatlantic relationship and, ultimately, the future American role in Europe. Other smaller NATO allies are more advanced in terms of transforming their defense forces along the lines agreed at the Washington Summit in 1999 and in accordance with the Alliance's new strategic concept than is Germany. At a time when Washington has pressed new NATO members as well as candidate countries—all of whom are poorer and face greater economic problems than Berlin does—to increase their defense spending to at least two percent of GDP, German defense spending has declined to below 1.5 percent of GDP. Washington as well as current and future allies have a right to ask why they should assume an increased burden at a time when Washington's closest partner and the biggest country in Europe continues to scale back its defense commitments and spending. Germany faces not only a growing credibility and capability gap with Washington, but with its closest allies in Europe as well. While this may set off defensive reactions in Berlin and new accusations of American bullying, the future stakes are too high for polite silence.

## Chapter I. Why Germany and the *Bundeswehr* Still Matter

During the cold war, the U.S.-German relationship was a linchpin in the overall U.S.-European relationship. Given the military threats facing western Europe, the strategic partnership between the U.S. and German militaries was a critical factor underpinning that relationship, a potent expression of the unity and purpose of NATO. With the exception of the military relationship with the United Kingdom (UK), there was no allied military in Europe that enjoyed a closer relationship and the degree of respect that the *Bundeswehr* enjoyed in the United States.

Since the end of the cold war, that unity of purpose and close cooperation, both strategically and militarily, has waned. As Europe has changed, so has the size and purpose of the U.S. and German military as well as their respective role and cooperation with one another. Not only has Russian military power been withdrawn over 1500 kilometers eastward, but NATO enlargement has encircled Germany with allies. German territory today no longer is threatened.

The current U.S. military presence in Germany is therefore much smaller and geared towards a different set of missions. Those missions include providing political reassurance through a peacetime strategic balance, deterrence and the territorial defense of an enlarged NATO as well as crisis management missions around and beyond Europe, potentially including the Persian Gulf.

The future size and role of the *Bundeswehr*, on the other hand, have been a source of debate and reevaluation in Germany throughout much of the last decade. Germany's defense posture has been geared to territorial defense (under conditions of highly mobile warfare). Therefore, the shift towards a more mobile and flexible set of forces to meet new demands posed a greater challenge to Germany than to many other European allies. That challenge was also complicated by political and historical sensitivities regarding the projection of German military power and Germany's own belief in a "culture of reticence" when contemplating the use of force. The term refers to a reluctance to consider the use of military force as a tool of policy. It was part of the collective identity of the Federal Republic of Germany and was meant to demonstrate the determination of the Germans to distance themselves from the militaristic past of the Third Reich.

Germany already has undergone two major reforms in an attempt to adapt the *Bundeswehr* to the post-cold war era (not counting the challenge of creating a unified German military following unification). Each reform reflected the sense of what was both actually needed and politically achievable at the time. The first reform, in the mid-1990s under Defense Minister R  he, left the *Bundeswehr* still largely focused on territorial defense but created a modest contingent of crisis reaction forces to allow Germany to participate in crisis management missions as well. It nevertheless broke several long-standing taboos and set a strategic direction.

Germany's military participation in Bosnia, the enlargement of NATO and the adoption of the Alliance's new strategic concept all relaxed the political constraints on Germany, creating greater strategic depth but also placing new demands on Germany to contribute to new missions beyond self-defense. Last year, Defense Minister Scharping responded to this changed situation by initiating a second, more radical reform that further reduced the *Bundeswehr* and further reoriented it away from territorial defense and towards crisis management and crisis prevention operations outside of Germany.

The question now is whether the current reform plan is the right one, and whether Germany will be able to implement it successfully. **From an American perspective, it is critical that Germany does so successfully for some basic reasons:**

- First, a successful reform of the *Bundeswehr* is crucial if Germany and the Alliance are to carry out the current military commitments that NATO and the EU have already assumed, let alone assume any additional commitments in the future. Germany is not just any country; the size of its economy and military make it the key country with an essential role to play in Europe. If the German military is weak and incapable of living up to its commitments, then NATO or ESDP cannot be successful.
- Second, in political terms Germany's ability to successfully transform its military is an important pacesetter and barometer of Europe's political will and commitment to transform itself into a more active player on defense issues, irrespective of whether those actions take place under a NATO, EU, UN or OSCE umbrella. The UK and France

already have made or are making the shift towards smaller, professional militaries capable of a broader spectrum of missions, including the projection of military power beyond their borders. Germany's ability to join this trend could create a critical mass politically in terms of defining a new European mainstream. All too often, other allies are happy to hide behind Germany, asking why they should spend more on defense to push through difficult and at times controversial reforms if one of Washington's key allies is not doing so.

- Third, traditionally the United States has relied on its bilateral ties with countries like France and the UK when contemplating military operations outside of Europe. If Germany can become part of a new European consensus backed up by a growing capability to act as a European coalition, it makes it far easier to deal with Europe as a more coherent political and strategic actor and to develop a more balanced partnership. While Germany will never be like the UK and France in this regard, its attempt to become a more normal European power will facilitate the emergence of a more global European strategic outlook as well as a willingness and ability to act in concert with the United States when common interests are at stake.
- Fourth and finally, a successful *Bundeswehr* reform will prevent the emergence of a mission gap between the U.S. and German militaries. A situation where the strategic mission of the U.S. military in Germany is decoupled from those of the *Bundeswehr* is neither politically or strategically sustainable in the longer term.

Politically and psychologically, Germany has come a long way over the last decade. Now it is a question of whether the capabilities, which take much longer to create, can catch up.

## **Chapter II. Changes in Germany's Security Policy and its Defense Posture in the 1990s**

During the 1990s, Germany's security and defense policy underwent major modifications. These changes had two basic elements: (1) a stepwise withdrawal from the traditional culture of reticence (or, as some have called it, the "normalization" of Germany's defense and security policy); and (2) the restructuring and modernization of the armed forces. "Normalization" came first, followed by the restructuring of the *Bundeswehr* later. Germany was not the only country that had to undergo fundamental changes in its security policy and in its defense posture. In fact, most western countries started to modernize their armed forces after 1990 in the direction of a smaller and lighter force structure. Yet the challenges Germany had to overcome, both in terms of culture and in terms of structural and budgetary reform, were comparatively larger.

The "culture of reticence" was part of the collective identity of the Federal Republic of Germany and was meant as a demonstration of the determination of the Germans to distance themselves from the militaristic past of the Third Reich. For mainly historical and psychological reasons, one should not expect an end of Germany's culture of restraint, but major modifications have already been made and much more is needed in the future. German policies and attitudes towards the use of force should be understood as a synthesis between Germany's own strategic culture, or its identity as a "civilian power" that reflects formative historical experiences on the one hand, and perceived external expectations and exigencies stemming from Germany's security environment on the other. This implies that any decision on the use of force will always be a vexing issue in Germany, even if a decision means participation in a collective military action responding to a clearly perceived threat to European collective interests or to key democratic norms, and one clearly endowed with the legitimacy of a UN Security Council mandate.

## Factors Shaping Germany's Security Culture:

### Internal Factors

1. *Role Concept:* German security policy reflects its own strategic culture and its foreign and security policy role concept. Put briefly, this role concept is built around a set of key norms that include:

- a firm commitment to membership in the community of western democracies (a commitment which implies both the integration of Germany into western security institutions and foreign policy support for fundamental democratic values);
- a determination to make amends for Germany's Nazi past;
- a generally skeptical attitude towards the use of force and the rejection of any unilateral power projection to pursue national German interests.

2. *History:* The particular German strategic culture and security policy role concept represents the product of historical experiences and lessons drawn from it. This experience is more complex than is generally recognized; it includes:

- the Weimar Republic experience of the armed forces as a "state within the state," with dubious loyalty to the democratic government;
- the Nazi experience of the military as a compliant follower of Hitler's ruthless quest for power and a willing tool of his aggressive foreign policy designs;
- the war experience of horrendous crimes and suffering;
- the experience of complete defeat and catastrophe; and
- the cold war experience, with its mixture of successful military deterrence combined with the threat of complete annihilation should major war between the two blocks ever have broken out in Europe. Germany could not have been defended, and an eventual western victory would still have left the country in ruins. Thus, war could hardly be won; it was to be avoided at almost all cost.

3. *Constitutional Constraints:* The quest for legitimacy in any use of force thus plays a particularly important role in German security policy. The *Grundgesetz* (Basic Law, or Constitution) outlaws any war of aggression but stipulates that Germany can participate in collective security systems if they serve world peace. For a long time, any deployment of German armed forces beyond NATO defense was considered to be unconstitutional. After the Gulf War in 1991, this interpretation was questioned and brought before the Constitutional Court. In its ruling of July 1994, the Court gave a green light to Germany's participation in multilateral military operations, provided:

- they ultimately served peaceful purposes;
  - they were conducted by collective security organizations such as the UN and OSCE (in which the Court, somewhat confusingly, also included NATO and the WEU); and
  - they were approved by a simple majority of the *Bundestag*.
- This ruling has settled the issue for now, although it should be noted that there remain elements of uncertainty in the ruling. Thus, while the Court did not stipulate a UN Security Council mandate as a necessary precondition for German participation in military actions, it is not clear whether it would condone military interventions **without** such a mandate.

### **External Factors**

*1. Threat Environment:* Since 1990, the threat environment that German security policies have to address has changed beyond recognition. Since unification, Germany has been surrounded by friendly states that either already belong to western political and security institutions (primarily the European Union and NATO) or want to join them as soon as possible. The new threat environment is thus very different, but the risks and dangers are nevertheless real. They include the risks of domestic and/or regional turmoil in central, eastern or southeastern Europe, or on the southern European periphery. Other sources of insecurity are the new security threats, such as international terrorism, organized crime, or mass migration. There is, however, a certain reluctance to dwell too much on risks analyses and threats in the German political system.

*2. Institutional Context:* This inherent feature of the new security environment—the need for security policy cooperation and coordination—squares well with Germany’s by now traditional preference for multilateral and even supranational policies, including security policy. From the very inception of Germany’s postwar security policy, the policy was built upon exchanging sovereignty (in the sense of a capacity for autonomous military action) for strong security guarantees. Germany’s integration into western security institutions (notably, NATO, WEU and the European Communities) has been extremely successful and enjoys broad and unquestioned political support both at home and abroad.

### **The Normalization of Germany’s Defense Policy**

To understand the magnitude of the changes that have occurred in the German strategic culture over the past decade, one has to recall that at the beginning of the 1990s Germany had abstained from any military involvement in the Gulf War. At that time, the German federal government followed the argument of then Foreign Minister Hans-Dietrich Genscher that the Basic Law precluded any participation in military actions other than individual or collective self-defense. Under pressure because of its military abstention during the Kuwait crisis in 1990/1991, Germany slowly has shifted her policy away from this position. The reticence was abandoned in a step-by-step approach: first as part of UN missions (mainly peacekeeping missions), then as part of humanitarian missions and eventually within NATO military operations in the former Yugoslavia. Table 1 lists the principal missions in which German soldiers have participated.

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Operation	German Contribution
UN Special Commission on Iraq (UNSCOM) (1991-1996)	Air Force performed all flights for UNSCOM personnel for almost six years; German experts participated in inspections.
UN Peacekeeping Operation (Chapter VI) in Cambodia (UNTAC) (1992-1993)	One medical unit (about 150 soldiers) and a field hospital.
UN Observer Mission in Georgia (1994)	Ten soldiers.
UN Humanitarian Intervention (Chapter VII) in Somalia (UNOSOM) (1993-1994)	1,700 soldiers (about 600 naval and 120 air force personnel).
International Humanitarian and peacekeeping operations in the former Yugoslavia	Airlift to Sarajevo (1992-1996); Air drops to Bosnia (1993); IFOR (1995-1996); SFOR I and II (1997 to date); KFOR (1999 to date); Humanitarian assistance in Macedonia and Albania (2001).
International Force East Timor (INTERFET) (Established by the UN Security Council with the task of supporting the political transition towards independence (1999-2000)	The <i>Bundeswehr</i> dispatched transport aircraft and medical personnel.

This participation started with relatively risk-free operations and was expanded incrementally to missions that involved some risks. Most attention was paid to post-conflict peace implementation forces in the former Yugoslavia, such as IFOR and SFOR in Bosnia and KFOR in Kosovo. Germany now stands among the most important contributors in the Balkans: it has committed some 2,369 men to SFOR II (U.S.: 4,600; France: 3,200; UK: 2,700) and some 4,900 to KFOR (U.S.: 7,000; France: 7,300; UK: 3,900; Italy 4,500).



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While these operations were part of peacekeeping or post-conflict reconstruction efforts with limited risks associated with them, Germany also has demonstrated its readiness to commit military forces to peace enforcement operations, as demonstrated in Table 2 below.

Operation	German Contribution
Enforcement of sanctions against Yugoslavia as part of the WEU/NATO "Sharp Guard" operation	Two naval vessels; Three reconnaissance aircraft.
Operation "deny flight" to implement the no-fly zone over Bosnia-Herzegovina	484 soldiers; Three NATO AWACs reconnaissance aircraft. <sup>1</sup>
NATO planning for the extraction of UN-PROFOR in Bosnia in 1994, which had the purpose of protecting and supporting the Franco-British Rapid Reaction Force	14 Tornado aircraft; Up to 12 transport aircraft; Naval units provided for "Sharp Guard"; Medical unit with 530 men and a field hospital in Croatia.
Summer 1995 NATO intervention against Bosnian Serbs	German Tornado aircraft flew their first combat missions. <sup>2</sup>
NATO air war against Yugoslavia over Kosovo in 1999	14 Tornado aircraft. <sup>3</sup>

<sup>1</sup> German participation was challenged by the opposition and part of the ruling coalition (FDP) but subsequently cleared by the Constitutional Court.

<sup>2</sup> The *Bundestag* cleared the operation with a vote of 386:258 (with eleven abstentions) on June 30, 1995, but the government ruled out the deployment of ground troops on historical grounds.

<sup>3</sup> Contrary to all previous missions (including UNOSOM II, which took place with a mandate from the UN Security Council based on Chapter VII of the UN Charter), in this case there was no mandate from the UN Security Council to legitimize German participation. The *Bundestag* cleared German participation with a vote of 500:62, with eighteen abstentions, on October 16, 1998.

The Kosovo campaign, however, also showed the limits of Germany's military "normalization." The nervousness within the ruling coalition as well as within the opposition parties became tangible after weeks of an air campaign that seemed to have yielded nothing. The fact that Yugoslav President Slobodan Milosevic gave in on June 3, 1999 relieved the German political leadership of the necessity of facing the vexing issue of either ending the bombing campaign without success or sending in ground troops.

The normalization of Germany's security and defense policy was not confined to defining the role of the *Bundeswehr* alone. On the contrary, the multilateralization of international interventions has always been at the heart of German policy. Knowing the limits of its military intervention capabilities—both in terms of capabilities and of political support—Germany has long been a strong political supporter of transatlantic integration and of European military integration. In 1988, it set up a Franco-German brigade with France, which after 1991, through the inclusion of Belgium, Spain and Luxembourg, developed into the Eurocorps. This corps, assigned both to NATO and (today) to the European Union, represents the core of an autonomous yet alliance-compatible European military force. While the political initiative for recent efforts to create an autonomous European military capability has come most visibly from the UK and France, Germany consistently has worked for this objective with France and has given the new project of a European intervention force its full support.

### **Restructuring of the *Bundeswehr***

In terms of its structures and its integration into NATO, the *Bundeswehr* of the old Federal Republic of Germany was a peculiar force. It had no national general staff or any other independent national headquarters, and its armed units were almost totally assigned to NATO. Its structure and equipment were geared towards a major conventional war in central Europe, which was supposed to remain confined to a limited territory. Germany's defense posture was not a static one; rather, it was geared towards maneuverability and mobility under conditions of a central European theater of war, i.e. heavy armor, and with great importance attached to offensive air force capabilities. However, it was geared to

operate only within a limited perimeter. The *Bundeswehr* was part of NATO's division of labor and, as a consequence, lacked important elements other armed forces maintained, such as the ability to project forces over big distances, light intervention forces, independent air defense and strategic reconnaissance capabilities.

In this post-cold war era, most modern states are adapting and reforming their armed forces. In most cases, a certain pattern of reform has emerged containing the following elements:

- **An orientation towards an intervention force able to project power in order to contribute to conflict prevention, stabilization, peacekeeping, peace-making or post-conflict reconstruction.** The main purpose of armed forces is seen as dissuading troublemakers from activities that can destabilize a whole region and to use military forces as a supplement to diplomatic efforts if the need arises.
- **Armed forces increasingly are understood as being part of an international coalition mandated by the UN Security Council or regional security organizations.** As a consequence, interoperability and joint procurement are seen as important cost savers. However, since the participation of all relevant states cannot be guaranteed for every intervention, intensive forms of division of labor—as was the case within NATO—cannot be taken for granted anymore, thus making it necessary for armed forces to pursue a broader spectrum of options by themselves.
- **The reduction in the overall number of soldiers and the shift towards light and highly mobile units.** Modern armed forces are designed to be leaner and meaner. Such steps often result in a shift from the draft system to professional armed forces, since full-scale mobilization is no longer considered necessary.
- **The relative loss of relevance of ground troops (army), accompanied by the growing relevance of air forces and navies (as well as marine infantry).** This is a trend visible with most armed forces in which the air force has gained importance as a consequence of the growing relevance of air power. Politically, however, this is based on a zero risk strategy of a few high-tech nations. Ongoing or recent operations such as in Afghanistan,

the Congo, Sierra Leone, Somalia, Rwanda and the former Yugoslavia provide evidence for the continuing relevance of ground forces in certain types of operations.

- **Autarky of armed forces is considered to be of less relevance.** This means that more and more armed forces are deviating from the concept of total national defense, according to which armed forces have to become as independent as possible in terms of logistics and support. Today there are more initiatives outsourcing certain services and incorporating modern management methods.
- **Reduction of military budgets.** In most cases, the modernization of armed forces is expected to result in budget savings and in a lower share of defense expenditures as a proportion of GDP.
- **Changed image in society.** As a result of these reforms, the role of the armed forces—and the image of soldiers—in society is shifting. Armed forces can claim less societal relevance than before; their image is no longer that of the protector of the country but of the “armed diplomat” and provider of professional assistance in international and intra-state disputes.

The restructuring of the German armed forces has followed a similar path. Nonetheless, the German way was characterized by peculiarities that had to do with the circumstances of German unification as well as with the special strategic culture of reticence mentioned above. The first impulses towards restructuring came from the Two-plus-Four Treaty from September 12, 1990. In it, the united Germany committed itself to a reduction of its combined armed forces to an upper ceiling of 370,000 soldiers, which meant a reduction from over 600,000 to 370,000 soldiers within four years. The other European states followed suit by signing the Conventional Forces in Europe Treaty (CFE) in November 1990, which stipulated upper limits for strategically relevant items and, later in 1991, on manpower as well. But the costs of unification increased considerably during that time, and as a consequence, the *Bundeswehr* was reduced to 340,000 soldiers by 1993 and has shrunk since to less than 310,000 soldiers. Since then, budgetary constraints seemed to have become the main factor in shaping the restructuring of the *Bundeswehr*. Although there were auspicious attempts towards a conceptual reform of

the *Bundeswehr* in the 1990s, these reforms were rather half-hearted and muted by budgetary considerations.

A first attempt towards a deliberate reform was made in 1992, when the tasks of the *Bundeswehr* were defined as not only encompassing territorial defense and protection against blackmailing, but also as a means to further international peace in accordance with the UN Charter. In 1993 the first structural reform was agreed upon, according to which the *Bundeswehr* was divided into two different categories of forces:

- The **mobilization-dependent Main Defense Forces** (MDF), which were to form the backbone of national and alliance defense and whose structures and equipment by and large were understood as remaining unchanged.
- The **operational Crisis Reaction Forces** (CRF)—approximately 50,000 soldiers strong—that was to constitute the active component of national defense designed to protect the mobilization and deployment of the Main Defense Forces. They also were intended to become Germany's real time contribution to NATO and WEU operations.

The crisis reaction force was to be operational by 2000 and fully equipped by 2009. This force was to be highly mobile, flexible and well equipped for out-of-area missions. Its missions were to include contributions to multilateral crisis management, humanitarian interventions and peace enforcement operations. To enable the *Bundeswehr* to participate fully in peacekeeping operations, an initial unified operational command structure was established.

While this reform was rightly criticized for being not decisive enough, its implementation was limited by the reduction of the *Bundeswehr* budget during the years following German unification. While the defense budget was at DM 57.5 billion in 1990, it fell to DM 47.0 billion in 1999, which represented a drop from a share of 18.7 percent of the federal budget to just 9.7 percent, or from 2.9 percent of GDP to 1.3 percent. Even worse, most cuts were done at the expense of the investment side of the budget, since the reduction of manpower costs could not be implemented as rapidly and as thoroughly as many had hoped. As a consequence, the latitude for new investments decreased considerably. While the share of

investments as part of the total defense budget was at 30 percent during the 1980s—and as a rule should be at least one third of the overall defense budget—its respective share dropped to under 20 percent in 1998, while the share of staff expenses rose to more than 50 percent.

By the same token, the implementation of the Crisis Reaction Force concept turned out to be much more difficult and costlier than expected. In essence, the 1993 reform had turned out to be a failure. In November 1999, then Inspector General von Kirchbach reported that in order to sustain operations in Bosnia-Herzegovina and Kosovo, soldiers had to be collected from virtually all garrisons in Germany, with the resulting operational and budgetary implications. In 1999 the German Ground Forces (*Heer*) numbered 228,000 soldiers, half the number of the U.S. Army. In terms of availability for international interventions, their utility was extremely limited. The same was true for the German Air Force. During the bombing campaign against Yugoslavia in the spring of 1999, the limited role the German Air Force was able to play became evident. While the U.S. Air Force contributed about 80 percent of the air strikes, with the British and the France air forces picking up most of the rest, Germany was only able to contribute fourteen Tornado aircraft in an electronic warfare version.

When the Red-Green coalition government took over in late 1998, the new defense minister, Rudolph Scharping, criticized the outgoing Kohl government for being negligent in the field of reform, and he promised to be more consistent and forthcoming. Scharping wanted to ensure that the *Bundeswehr* would be able to contribute to the goals the alliance had set itself and to make it an integral part of any European defense capability. During the coalition negotiations, however, major disputes emerged between the Social Democratic Party and the Greens about the tasks and the future structure of the *Bundeswehr*. Since these problems could not be solved, the coalition agreement from October 20, 1998 stipulated the establishment of a blue-ribbon commission (*Wehrstrukturkommission*), which by outlining the basic elements of future defense policy and defense structures was to provide the basis for a broad consensus over defense policy. Its members were not only military and defense experts but also representatives of various segments of society (churches, trade unions, industrialists etc.). This commission was chaired

by former Federal President Richard von Weizsäcker. Part of the coalition agreement was that no major reform changes would be undertaken during the deliberations of the Commission.

The Commission began its work in 1999 and presented its report in May 2000. The findings were supposed to form the core of the Red-Green coalition's defense policy. When the report was delivered on May 23, 2000, a somewhat confusing picture emerged. The Weizsäcker Commission made the case that the German armed forces should give up the separation between Main Defense Forces and Crisis Reaction Forces and that the overall force level should shrink to 220,000–240,000 soldiers. On the same day, the General Inspector of the Armed Forces presented a different paper, arguing for a larger force of 290,000 soldiers. One week later, Defense Minister Scharping came out with another paper that, while accepting most of the proposals made by the Weizsäcker Commission, still called for a total of 280,000 soldiers. In June 2000 the Cabinet approved Scharping's reform concept.

### **Chapter III. Aspirations and Commitments of the Current German Government**

The success of the Red-Green coalition's efforts to reform the *Bundeswehr* has been greeted mostly with skepticism. In order to strike a fair balance, one has to look at the policy goals formulated in the Cabinet decision of June 2000 as well as at the commitments the German government has made both within NATO and within the WEU/EU context and their implementation. These commitments include those outlined in NATO's Defense Capabilities Initiative (DCI) from 1999 and the Headline Goals that were formulated on the occasion of the European Summits in Helsinki (late 1999), Feira (early 2000), Nice (late 2000) and Gothenburg (early 2001). The most important elements relate to the overall **size and structure of the *Bundeswehr***, the **size of its intervention forces**, the ambitions relating to **procurement, logistics and administrative structures**, and the **budgetary framework and the role of armaments industry**.

### **Size and Structure of the *Bundeswehr***

- **Manpower levels in the *Bundeswehr* will be reduced considerably:**
  - The *Bundeswehr* will total 280,000-282,000 soldiers;
    - 150,000 of them designated as Readiness Forces,
    - 108,000-110,000 soldiers assigned to the Basic Military Organization (BMO).
    - Around 22,000 positions will be established beyond the standing strength for career and functional training purposes and for enabling military personnel to acquire qualifications they can later use in civilian professions.
    - From the total 280,000-282,000 soldiers, around 200,000 will be professional soldiers or short service volunteers, and 80,000 will be conscripts.
  - The number of civilian personnel will be reduced to a figure between 80,000-90,000.
  - These figures put the future peacetime size of the *Bundeswehr* (including civilian personnel) at a total between 360,000-370,000.
  
- **The goal is to be able to provide NATO and the EU with forces capable of sustaining a major operation involving up to 60,000 troops for up to a year or for two medium-sized operations involving up to 10,000 troops each for several years, with a number of minor operations running in parallel.**
  - There will be no more separation between Main Forces and Crisis Reaction Forces. The Readiness Forces of 150,000 troops will be composed of 80,000 soldiers, who must be available and ready after a short period of preparation, and 70,000 soldiers at varying degrees of availability, earmarked to augment and/or relieve the forces in place.



## Redefining German Security: Prospects for *Bundeswehr* Reform

- Around 80,000 of the BMO soldiers will be chiefly responsible for ensuring the national command and control capability and the performance of national territorial tasks, basic logistic and medical support, military intelligence and central military training.
- The remaining 28,000–30,000 BMO soldiers will work at training and cadre-strength structures.

The resultant restructuring of the *Bundeswehr* has already begun. The Army, Navy and Air Force will become more focused on combat functions, while the supply functions are becoming concentrated in the BMO. Streamlining of command and control is under way. The position of the Chief of Staff (*Generalinspekteur*) of the *Bundeswehr* will be strengthened, giving him additional responsibilities for force planning as well as for mission planning and execution. German armed forces missions abroad will be planned and conducted by a Joint Operations Command. This command will also be available as an operation headquarters for Petersberg operations mounted via the political responsibility of the EU/WEU.

The tasks of the BMO will represent an enlargement and deepening of the activities that have been assumed by the central military agencies of the *Bundeswehr* so far. This will be done in order to form the Joint Support Service, which will report to the Chief of Staff of the Joint Support Service.

There will be one unified general control system. A strategic control element is being established to immediately support and advise the defense minister. The post of Information Technology (IT) Director has been established within the executive group. The responsibilities for the procurement and operation of IT software and hardware, which have hitherto often been split up between the users and the suppliers, will be merged and placed in his charge.

One contentious element of the *Bundeswehr* reform has always been the **conscript system**. The Weizsäcker Commission was not able to generate a consensus on that score. While a majority of Commission members favored the retention of the draft, a minority continued to support its abolition. On another point, the members seemed to have agreed that the smaller the *Bundeswehr* becomes, the less reasonable it is to stick to

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the conscript system, but they disagreed on whether this threshold would already be reached if the suggested strength of the armed forces (240,000 soldiers) would be implemented. Opponents of the conscript system argue that with such a low number of soldiers, the amount of conscripts to be drawn each year might become too small to create a just system of selection. But if a just system was applied, the length of the service would be reduced to only a few months, which would make no sense at all from a military standpoint. On the other side, the proponents of the draft argued that the draft system was the best way to make the professional arm of the *Bundeswehr* attractive to young soldiers. Without the conscript system, the armed forces would not have enough candidates for a voluntary service. It was also stated that the draft should be maintained for reasons unrelated to strategic concerns, such as the possible consequences for the health system or for domestic political purposes. The collective German memory still sees the *Reichswehr* of the Weimar Republic as a negative example: a voluntary, professional army that became a refuge and breeding ground for right-wing extremists.

### **The Size of the Operational Force**

The most important part of the reform was the size of the operational force the *Bundeswehr* could marshal in case of an international crisis or emergency. The Weizsäcker Commission recommended that the *Bundeswehr* should be able and ready to participate in up to two crises with operational forces at the following scale:

- Two brigade-size operational Army contingents with the requisite support and command elements, i.e., up to 16,000 soldiers. Given the necessity of rotation, this would mean around 80,000 soldiers in the army.
- Two operational Air Force contingents with a total of 90 to 100 combat aircraft, 10 ground based air defense squadrons and aerial refueling and airlift components. Such a force would mean around 45,000 soldiers serving in the Air Force.
- Two operational Navy contingents composed of ships, submarines and aircraft capable of conducting combined naval

warfare operations. In terms of manpower, the Commission recommended a navy numbering 15,000 soldiers.

- Two operational Medical Service units with mobile hospitals and medical evacuation capabilities. A specific number of soldiers serving in the Medical Service was not named, since the above-mentioned figures for the Army, the Air Force, and the Navy were supposed to include medical personnel.

The Weizsäcker Commission concluded that sustaining operations of that size for a period of up to one year would necessitate the enlargement of the operational forces of the *Bundeswehr* from 60,000 to a total of 140,000 men.

The Cabinet decision of June 2000 added 20,000 more soldiers to that list, enabling the new *Bundeswehr* to conduct considerably larger operations. According to the **current *Bundeswehr* planning**, these forces should be distributed among the individual branches as follows:

- **Army (*Heer*):** five mechanized divisions, one air mobile division, one special operations division and one Army Headquarters that would dispose of independent battlefield support troops and logistic units. If broken down, these divisions and the Army HQ will be composed of nine readily active and three non-active mechanized brigades, two parachute brigades, two logistic brigades, one mountain infantry brigade, one mechanized airborne brigade, one air-defense brigade and one NBC-protection brigade. The German contingent in the Franco-German brigade has to be taken into account as well. A total of 134,000 soldiers will serve in the Army.
- **Air Force (*Luftwaffe*):** The Air Force will retain four divisions, each with one reconnaissance wing, four fighter bomber wings, three fighter wings and four air defense missile wings. There will be one Air Transport Command with three air transport wings and a new Headquarters for the operational command of air forces. In addition, two support and maintenance regiments and a center for logistics will be

established. A total of 51,000 soldiers will serve in the Air Force.

- **Navy (*Marine*):** The German Navy will be reduced. There will be one Navy air wing composed of ASW aircraft, helicopter and naval fighter bombers. The Navy will retain one Frigate fleet with the necessary support ships, one speedboat and Corvette fleet with the necessary support element, one mine-warfare fleet and one submarine fleet. Approximately 20,000 soldiers will serve in the Navy.

These figures have to be seen against the backdrop of **international commitments, both within NATO and the European Union**. The total operational force of 160,000 soldiers is supposed to be assigned to NATO, and a major component of it will be part of the European Rapid Reaction Force, for which the “European Headline Goals” had been adopted at the European Council in December 1999. According to the decision made in Helsinki, the Headline Goals of the EU are to encompass a corps-sized army component (i.e. 50,000-60,000 soldiers) with adequate air force and navy elements (another 25,000-30,000 soldiers). Germany already has pledged to contribute 20 percent to the total army component (i.e. 12,000 army soldiers and their equipment) and an additional 6,000 soldiers for the navy and the air force component. In total, Germany has pledged an annual rotation of up to 54,000 soldiers from its armed forces for the EU’s Rapid Reaction Force, with 18,000 serving at any given time. The German contribution will remain assigned to NATO. The German contribution also is to include an Operation Headquarters and a Force Headquarters.

In June 1999 Germany and France agreed to let the already existing Eurocorps form the core of a European crisis reaction force, which was ready for both NATO and the EU. As a test, the staff of Eurocorps served as the core of the KFOR-Headquarter in Kosovo.

### **Modernization of the *Bundeswehr* Equipment**

The reform of the *Bundeswehr* would be incomplete without a major modernization of its equipment, both with regard to weapons systems as well as to command and control, logistics and management. The

respective German debate is closely linked to the debate within NATO and the EU about the necessities for military reform. As in other countries, too, the following areas have been identified as being subject either to national or to European procurement efforts:

- **transportation aircraft**, which allow for the projection of forces to distances within Europe or outside of Europe;
- **logistics of power projection** (e.g. refueling capabilities for aircraft and other forms of infrastructure);
- **command and control systems**, especially mobile European headquarters, which so far do not exist;
- **extended air defense systems**, including TMD;
- a **medium-sized battle tank** as well as highly mobile **armored personal carriers**;
- new **intelligence capabilities**, both in the strategic and in the tactical area;
- a **future fighter aircraft** generation (Tornado successor);
- precise **stand-off ammunition** for aircraft;
- **armored helicopters**.

In order to further this process, NATO launched the **Defense Capabilities Initiative (DCI)** in 1999. The Defense Capabilities Initiative focused primarily on strategic mobility and deployability, sustainability (i.e. lethality of weapons and ammunition), engagement and survivability, and command and control (C<sup>4</sup>IRS = Command, Control, Communication, Computers, Intelligence, Reconnaissance, and Surveillance).

- The German government has put its **top priority under DCI on strategic mobility and deployability**. In particular, the aim is to build up and manage air and sea transport capacities, mostly in cooperation with the European partners. To better achieve these goals, the German government has started cooperative initiatives, such as the Franco-German initiative for a European Air Transport Command. The ambition is to have at the end of this decade a European lift capacity available and an airlift command with permanently pooled and subordinated European strategic airlift and air-to-air refueling assets. In this regard, the German government as well as other European governments have decided

to jointly develop and procure a Future Transport Aircraft (A-400M).

- Second priority is given to C<sup>4</sup>IRS, i.e. high-performance, compatible communication and command and control facilities as well as intelligence, reconnaissance, and surveillance. These are considered as crucial for interoperability and a basic requirement for establishing a joint and combined system network. Germany also is part of a Franco-German initiative for a European satellite-based reconnaissance capacity. The *Bundeswehr* will acquire a spaceborne reconnaissance capability (SAR-Lupe) of its own, with the aim of improving Germany's capacity to assess political and military situations and to supplement Alliance capabilities. The SAR-Lupe is to be operational by 2004.

At the same time, old and heavy equipment is being sorted out in order to create latitude for investments. The number of main battle tanks is being cut by 35 percent, armored infantry vehicles will be reduced by 25 percent, anti-tank systems even by 45 percent. The savings resulting from that will be limited, however.

On March 16, 2001 the Inspector General/Chief of Staff Harald Kujat produced a paper outlining in large detail the concept of procurement and equipment for the next fifteen years (*Material- und Ausrüstungskonzept*). He listed 213 different procurement, modernization and upgrading programs, which have to be implemented either at short notice (between 2001 and 2006), in a medium term perspective (2007-2012) or in a long-term perspective, i.e. after 2013. The projects were organized around the basic logic that was behind the DCI-concept, i.e., strengthening strategic mobility and deployability, effective engagement, survivability, C<sup>4</sup>IRS, and sustainability. The concept paper attempts to apply a comprehensive approach by which the German Armed Forces are to be modernized in a way that would make them able to cooperate both within NATO and a European Crisis Reaction Force. The paper itself is by-and-large being credited as representing a thoughtful and strategically ambitious concept. If implemented in time, it would make Germany's armed forces a reliable partner able to catch up with the Revolution in Military Affairs (RMA):

**Deployability:** Here the biggest task is to render the German Armed Forces able to project power over long distances. Among the main systems envisioned are the Future Transport Aircraft (FTA) that will constitute the military version of Airbus A400, the light transport helicopter NH 90, the naval support vessel Etrus, a project for rendering A-310 MRTT planes the capability for air-refueling, and a few other programs aimed at supporting power projection.

**Sustainability:** Under this category the concept paper lists programs that should enable the German armed forces to operate in remote areas for some time. Mainly logistic- and transport systems as well as engineering equipment, mine-clearing equipment, bridge-laying devices, water purification devices and many other projects are listed (around forty individual projects).

**Engagement Efficacy:** These are programs designed to increase the efficiency of deployed forces, in particular through precise stand-off weapons, smart artillery ammunition, electronic warfare capabilities, tactical command, control and surveillance capabilities, extended air-defense, the use of fighter helicopters and stealth technology, as well as the development of new naval vessels for different kinds of support missions. The concept paper lists around eighty-six different programs for all three services, ranging from new Aerodrome Surveillance Radar (ASR-S) to various types of Unmanned Aerial Vehicles (UAV), HARM upgrades, Multiple Launch Rocket Systems (MLRS), laser guided missiles, upgrades for armored infantry vehicles, to different classes of frigates and corvettes.

**Survivability:** These are programs intended to enhance the security of employed troops under intervention scenarios. The concept paper lists twenty-two different programs in the field of NBC-protection, counter-electronic warfare, anti-submarine warfare, explosive ordnance disposal, search and rescue equipment for combat situations, protection against torpedoes, and other areas that are critical for achieving a high degree of survivability even in remote places.

**C<sup>4</sup>IRS:** This is the most ambitious and important aspect, since it is here that the impact of new technologies can be most felt. In the field of

**command, control, communication, and computer (C<sup>4</sup>)** alone there are twenty-two ambitious projects, ranging from integrated command systems for the different services to a satellite communications system for the *Bundeswehr*, various attempts to harmonize existing command and control systems and to allow for the latest standard of information technology being applied to all areas of the *Bundeswehr*. A leading German software company, for instance, was commissioned to rearrange the whole logistics system. In August 2000 the new position of an information technology (IT) director was introduced in the Ministry of Defense. In the field of **intelligence, reconnaissance, and surveillance**, twenty-six different programs are under development. The most prominent among them is the satellite-based Synthetic Aperture Radar (SAR-Lupe), which alone will cost the German taxpayer DM 700-800 million and which, in connection with the French optical Helios II satellites, is supposed to become the cornerstone of a European reconnaissance system. Other programs focus on new systems for signal intelligence, on various UAVs, on airborne tactical reconnaissance systems, on Allied Ground Surveillance systems and many more.

On the whole, the concept paper by General Kujat is a sound description of how to reform the German armed forces in a way that allows for both the new challenges to be met and for new technologies (RMA) to be applied. Reactions to his paper—which so far has not been published by the Ministry—were quite positive, but there were instances where individual systems noted in the paper were subject to criticism.

Great hopes are being attached to cooperative procurement efforts both within Europe and on the transatlantic level. It is hoped that the envisaged foundation of the European Armaments Agency in 2001 will help to procure armaments more effectively and more economically.

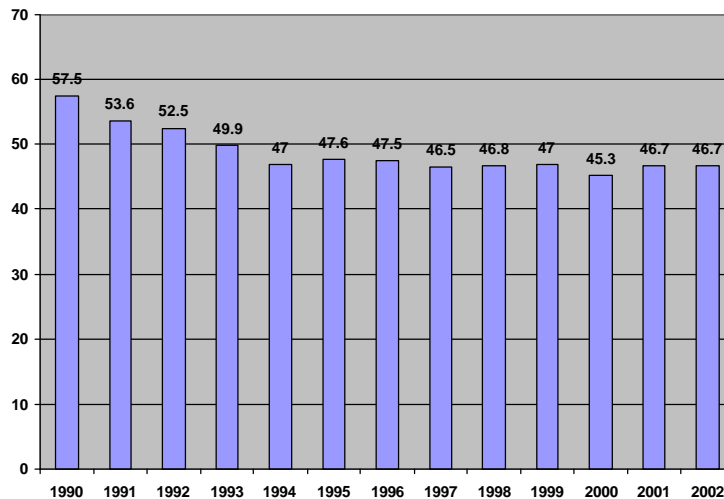
### **Budgetary Framework and the Role of Industry.**

The *Bundeswehr* reform and the international commitments of Germany can only be realized when funding is secured. Since German unification, total expenditures for the armed forces have decreased considerably (see Graph 1). Starting with DM 57.535 billion in 1990, the budget dropped to DM 47.554 in 1995 and was at DM 45.333 billion in 2000. In terms of the investment budget, which is the source from



which procurement, research and development and infrastructure are being funded, the loss was felt even more. Although the total number of staff was reduced by 166,000, the share of personnel expenditures since 1990 has increased from 46 percent to almost 52 percent—and the share of investment budgets has decreased accordingly, from 32 percent in 1990 to less than 24 percent in 2001. In 1994 it was just at 21 percent. The picture is even bleaker if put into absolute figures: in 1990 the *Bundeswehr* had DM 18.5 billion available for procurement, research and development and infrastructure; in 2001 this figure was just DM 11.2 billion, i.e., a drop of 40 percent. The amount earmarked for procurement thus dropped from DM 12 billion to somewhere in the area of DM 7 billion.

**Graph 1: Decline of German Defense Budget in the 1990s  
(in billion DM)**

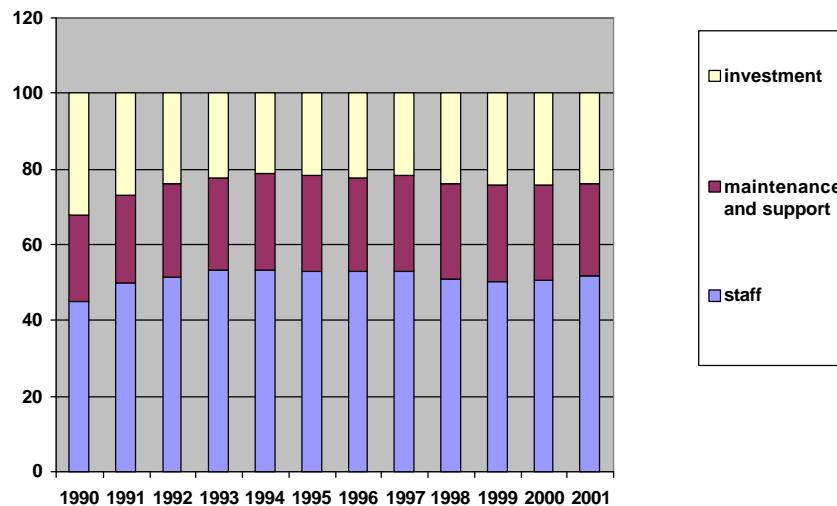


The German Defense Ministry has claimed that with the year 2001 the actual defense expenditures will rise, allowing space for increasing the budget for procurement. For 2001, an increase of 3.2 percent was announced. In the same year, the investment share of the budget was supposed to be pitched at 25 percent, which was touted as an increase, too. In reality, things look quite different. In 2001 the overall defense budget of DM 46.862 billion was, indeed, DM 1.53 billion larger than the previous year's budget. However, this increase was the result of the inclusion of the expenditures for the German KFOR contingent into the

regular budget of the Ministry of Defense (which so far had had its own special budget of DM 2 billion within the Federal Budget). The increase of DM 1.53 billion is just enough to cover the additional expenditures earmarked for the KFOR contribution, which meanwhile has dropped below DM 2 billion.

The picture becomes quite unsettling when one looks at the share of funds devoted to investments. As was stated earlier, the investment budget encompasses not only the expenditures for procurement. Indeed, procurement is only one part of the total investment budget. To be more specific, in 2000 only 15.25 percent of the total *Bundeswehr* budget was devoted to procurement (i.e. DM 6.913 billion or just around 60 percent of the investment budget), and this share went down further, to 14.6 percent in 2001 (i.e. DM 6.842 billion). In 2002 the overall budget will drop again, to DM 46.5 billion, with a concomitant drop in the budget figures for procurement. In all, a total of DM 45.7 billion has been envisaged for the year 2003.

**Graph 2: The Respective Shares for Staff, Maintenance and Investment Expenditures in the German Defense Budget Between 1990 and 2001 (in percent)**



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Redefining German Security: Prospects for *Bundeswehr* Reform

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This drop in the *Bundeswehr* budget is a reflection of the overall plight of the German federal budget, but it also reflects the relative decline in defense matters for which not only the current Red-Green coalition is responsible, but its predecessor as well. Unlike the United States, which has been running budget surpluses for a number of years, Germany still has to finance new debts each year at an amount tantamount to around 10 percent of the overall budget. It is against this background that German Defense Minister Rudolph Scharping has initiated some programs that should help to overcome the budgetary crisis. The basic idea is to save money by:

- Reorganizing the *Bundeswehr* and its civilian service in a more efficient way, especially by making full use of information technology;
- Outsourcing certain services to private companies;
- Offering services the *Bundeswehr* could provide for private customers;
- Cooperating with small and medium sized industries in qualitatively new ways in order to make procurement more effective;
- Selling or renting *Bundeswehr* real estate.

This concept is in the process of being implemented in a step-by-step fashion. Major steps towards this goal were:

- The Framework Agreement with Industry on Innovation, Investment and Effectiveness of the *Bundeswehr* of December 15, 2000;
- The decision to close fifty-nine bases to a low of 462 in early 2001;
- The creation of the Association for Development, Procurement and Operations, a private entity whose purpose is advising the Minister of Defense and organizing the processes of development, procurement and operation;
- The Framework Agreement with the Finance Ministry June 14, 2000 that makes it possible for the Ministry of Defense to keep all savings resulting from structural reforms and from more efficiency and cooperation with industry within the defense

budget. It also enables the Ministry of Defense to use 80 percent of the income generated by the sale and renting of real estate for *Bundeswehr* purposes. Furthermore, it allows the *Bundeswehr* to use savings resulting from leasing and outsourcing for their own purposes instead of returning them to the Ministry of Finance.

Public announcements by the German Ministry of Defense have indicated that there will be tangible increases in defense expenditures. In anticipating those savings, an agreement between the Ministry of Finance and the Ministry of Defense was made on May 29, 2001 according to which the *Bundeswehr* budget will not be reduced to 45.7 billion DM in 2003 (as originally intended) but will be stabilized at DM 46.2 billion, which is still below the current level of expenditure.

#### **Chapter IV. The *Bundeswehr* Reform: A Glass Half Empty or Half Full?**

Both in the political field as well in the scholarly debate, the *Bundeswehr* reform of the Red-Green coalition has been received with more skepticism than with enthusiasm. While many observers credit Defense Minister Scharping with being on the right track, they criticize him for lacking the necessary political clout and financial support needed to pursue his ambitious reforms. Others even doubt whether the direction of the reform was well chosen. While it would be too early to arrive at a final assessment, since the reform will not be concluded before 2006, it might be useful to put up the most relevant questions and to look for at least preliminary conclusions. In the main, everything boils down to two related questions (or sets of questions):

- Is the German military reform sufficiently far-reaching to reflect the ongoing changes in the strategic and regional environment? This question relates to the adequacy of the structures and of the conscript system as well as to the procurement plans and the suitability of the *Bundeswehr* reform both with regard to NATO's and the EU's ambitions.

- Is the *Bundeswehr* reform funded adequately? Are the concepts for funding the *Bundeswehr* realistic, and is it reasonable to expect major savings from organizational changes?

### **Is the Concept the Right One?**

Is the reform heading into the right direction, and will it suffice to turn the *Bundeswehr* into an effective force that will be able to project power for conflict prevention, stabilization, peacekeeping, peace-making or post-conflict reconstruction within an international cooperative framework? There should be no doubt that the current *Bundeswehr* reform is increasing the ability of the German armed forces to participate in international crises, and that is a net gain in terms of intervention capabilities. This increase is mainly brought about by the creation of two army divisions and of further independent brigades for air mobile and for special operations, the creation of an Army headquarters geared for such interventions and the provision of various flexible army, navy and air force units for battlefield missions, transport, intelligence, logistics, support, air defense, NBC-defense, engineering, and electronic warfare that could be drawn upon in case of a crisis. This reform clearly will help the German armed forces to gain considerably more flexibility in order to provide forces for international interventions either under a UN-mandate or as part of NATO allied defense operations. The main problem has been that the structure of the *Bundeswehr* was seen as an obstacle against flexible deployment of forces.

In the United States, but also in Europe, critics argue that the German armed forces will not become light and mobile enough, and that there are no substantial stand-off and power projection capabilities envisioned. According to this argument, cuts in forces should go far deeper than the Ministry of Defense or even the Weizsäcker Commission have proposed. In particular, the retention of five mechanized Army divisions and of air superiority and fighter-bomber wings is regarded as an indication that the *Bundeswehr* is still geared towards a contingency that is no longer relevant. This argument is in principle correct; however, the retention of mechanized units on such a scale is often justified with the geographical situation of Germany and her neighbors. As the argument goes, so long as the political situations in Russia and Belarus have not reached a level

where one can exclude the possibility that Poland and other new NATO members might become subject to military threats, there is some reason to retain mechanized army units on such a scale. One might ask, however, whether the possibility of a revival of a Russian military threat—which is becoming a less likely contingency from year to year—is sufficient enough a reason to sustain such a large mechanized force on a permanent ready status.

By the same token, the issue of conscript service has been raised. As the United States and all the other major militaries in Europe have abandoned conscription in favor of professional armies, Germany's clinging to the draft is often depicted as an anomaly. It is also argued that it might create serious problems for U.S. forces operating with German forces in coalition warfare. Modern armed forces, so this argument goes, should be professional and volunteer in nature. Conscripts come at a cost to the *Bundeswehr* in terms of training, and they also impose opportunity costs. As communications systems, weapons systems, and operations of military forces become ever more technical, it grows more expensive for any military to train troops in only the basic skills without retaining their service for more demanding tasks. Thus, in addition to the social challenges of retaining support for selective service, the *Bundeswehr* is paying to train conscripts who rapidly leave the force and incur an additional opportunity cost, since those conscripts do not stay to gain more sophisticated military skills. One counter-argument to this, however, is that the conscript system is the best way to secure a steady flow of new volunteers for a professional army.

There is also an inherent relationship between the overall size of the *Bundeswehr* and the retention of the conscript system. In case of a further shrinking of the *Bundeswehr*—in particular, if the size would go below the figures the Weizsäcker Commission proposed, i.e., 220,000-240,000 soldiers—either no fairness principle could be applied among draftees, or the draft period has to be shortened to such a degree that the conscripts would no longer be of any use.

Another point of criticism is whether or not the right decisions have been taken in the field of procurement. Here the main criteria are: (a) whether the procurement strategies actually invest in capabilities needed for force projection; and (b) whether the degree of interoperability is

being increased. With regard to the procurement strategies, the decisions that have been made are, in principle, pointing in the right direction. The *Bundeswehr* is ready to invest in strategic transport capabilities and in strategic reconnaissance, in the field of precision-guided ammunition, armored personnel carriers and the whole area of information technology. It is also improving its air mobility, its ability to sustain operations in remote areas and is at least partially set to invest in extended air defense. The thrust of this procurement strategy is to increase interoperability and to go for joint procurement efforts and for common education programs.

With regard to interoperability, there is a growing tendency in Germany to strive either for common procurement decisions among Europeans or on a transatlantic scale, or to go for co-development and co-production projects, mainly on a European level but, if possible, on a transatlantic level as well. Consequently, the German government has supported the recent consolidation of the European air and space industry (creation of EADS and BAE Systems). Among the transatlantic armaments projects, currently only the Medium Extended Air Defense System (MEADS) is being pursued by the German government—albeit with less enthusiasm than a few of years ago.

There is one element of interoperability that deserves further attention. An important question to raise is whether or not the *Bundeswehr* will keep pace with those technological developments within the U.S. armed forces that are often being summed up under the acronym RMA (Revolution in Military Affairs). It is argued that the technological changes occurring in the means of warfare under RMA are driving U.S. forces to a very different end point than the one Germany appears to be headed toward. Those weapons systems the United States is purchasing will provide important advantages in information dominance, joint military operations, and stand-off combat. These technologies will eventually allow fewer and more dispersed U.S. forces to concentrate more firepower with greater precision directed further from the battlefield and under real-time control. These innovations are certainly not a panacea for every security challenge, but they will permit U.S. forces to take fewer military casualties and inflict fewer civilian casualties in the course of prosecuting wars.

That the U.S. chooses to set a standard other allied and friendly states will struggle to remain compatible with does not, however, create an obligation for other states to follow where the U.S. innovation will lead. But without much further adaptation in European forces, militaries cooperating within NATO will lose the ability to fight together. Losing the ability to fight as peers (or near peers) in military coalitions with the United States could have very damaging effects for Germany as well as for other European states in the transatlantic relationship. Also, the United States might be less influenced by the views of its European allies if they lack the capability to contribute to important military tasks in crises. As a consequence, as the war in Kosovo demonstrated, states that do not contribute to the high end of warfighting capabilities are unlikely to play a determining role in the strategy for managing conflict.

The procurement strategy of the *Bundeswehr* reflects the intention to catch up with RMA. If successfully implemented, the *Bundeswehr* would still be far behind the United States in terms of its ability to project power worldwide and to make use of the whole spectrum of advantages RMA is offering. Yet, it will be able to serve as a partner to the United States and other modern armed forces under different scenarios.

### **The Budget Crisis**

By and large the reform of the *Bundeswehr* as envisaged by Defense Minister Rudolf Scharping is set to increase the ability of German armed forces to contribute to international interventions by institutional and organizational reforms, by creating units that are ready for such operations and are able to operate in an international environment, and by embarking on procurement strategies that should help to overcome existing deficiencies. The reform is not totally geared towards a pure intervention force (be it outside NATO or as part of NATO defense), as suggested by the Weizsäcker Commission. Rather, it takes into account the possibility of defending its immediate allies in the east in a way that might necessitate keeping somewhat more heavy forces. The current *Bundeswehr* reform is also wedded to the idea that the conscript system should be maintained for reasons not primarily related to strategic concerns. The main problem with this broader and more ambitious approach is under-funding. Despite repeated claims by Defense Minister Scharping, most experts and



observers agree that funding levels are inadequate for the reform he has launched.

The size of under-funding is difficult to establish, but the dimensions are daunting. The current budget is considered by many analysts to be in the range of DM 2-3 billion short of requirements for armament investment. This figure does not cover the fact that according to General Kujat's concept paper on procurement and equipment, by 2006 the amount to be spent for procurement must increase. One independent source is even claiming that the procurement programs listed by General Kujat would amount to a total of DM 200 billion to be spent between 2001 and 2015. Given the fact that the current budget figures suggest that the annual amount to be spent for procurement could hardly rise beyond DM 7 billion, there will be a shortage of DM 100 billion or of DM 7 billion per year.

General Kujat himself seems to support these very alarming figures. In an article he wrote earlier this year, Kujat claimed that the more modest approach of the Weizsäcker Commission would have presupposed not only an initial boost in funding, but also a regular annual budget in the vicinity of DM 50 billion. The more ambitious approach by Minister Scharping, however, would amount to a budget somewhat between DM 50-52 billion, i.e., between DM 4-6 billion more to be spent annually for defense purposes than currently envisaged.

Things are further aggravated by the fact that funding for the *Bundeswehr*—especially for procurement, operations, and maintenance costs—has been neglected for a whole decade. The shortage already is felt everywhere in the *Bundeswehr* and will continue to be felt. There are numerous reports about missing ammunition, lack of fuel and spare parts. Many German tanks, fighter aircraft, helicopters and naval craft are being cannibalized in order to make other systems workable. The backlog was estimated by the Weizsäcker Commission at DM 30 billion; other sources even put it at DM 50 billion.

Defense Minister Rudolph Scharping has indicated on various occasions that he sees no major financial problem, and that additional funds resulting from the base closures, rationalization, privatization and from selling and renting out of *Bundeswehr* property will suffice to finance

the reform. It was estimated that savings from rationalization might be put at DM 340-390 million per year, with the income resulting from the sale or rent of property pitched at DM 1.0 billion for 2001 and at DM 1.2 billion in 2002.

So far, most of these expectations have not been fulfilled. The hope that savings resulting from privatization of certain services, from selling and renting out premises and from using modern management techniques are surely reasonable, but it often takes considerable time until such savings are realized. Some might never materialize.

- Experiences with **base closings** in the United States, for instance, have shown that it takes years to achieve real savings. The U.S. Defense Department does not estimate savings for base closures to exceed estimated costs within six years of the decision to close a base, even without including community assistance costs. All of the activities associated with base closings in the United States are likely to occur in equal or greater measure in Germany, and any efficiencies gained are likely to be offset with a greater expectation of social support than exists in the United States.
- **Privatization**, while generally reducing the cost of some services in the medium and long term, is management-intensive and also costly in the near-term. Research needs to be conducted to identify firms that provide similar services, contracts need to be drawn up, military leaders need to be trained to oversee private-sector work, civilian personnel positions need to be eliminated, etc. Transitions from military provision of health care, social services, equipment repair, property maintenance, education, and other services can be costly. Studies made for the U.S. Department of Defense suggested that U.S. savings could be between 20-40 percent through outsourcing. In practice, the U.S. experience in the past five years of privatization, which has resulted in 37 percent of commercial activities being outsourced, has been that the Department of Defense overestimated the magnitude of savings and vastly underestimated the extent to which it involves transferring (rather than actually saving) money. The \$2.5 billion per year that DOD had been expecting from outsourcing has not materialized.

The sale of property is thus an area where the largest immediate profits were expected. Yet, the fact is that the *Bundeswehr* has already sold 5,000 of the 9,000 pieces of property it owns, and the pieces sold were more valuable than those that remain. Future sales, therefore, are unlikely to generate a great deal of income.

It has to be assumed that the activities identified by Minister Scharping to save money will actually **cost** money in the coming several years and will only result in savings after a longer time period. They most likely cannot produce savings in the time frame that the Defense Ministry is expecting them in order to fund *Bundeswehr* reform. In its 2000/2001 Strategic Survey, IISS concludes that “German efforts to free up funds through rationalization, privatization and property sales have been anemic and unavailing.” (P. 106)

The reforms are likely to be further imperiled by an unreliable funding stream from the Schröder government. Finance Minister Hans Eichel has agreed that the *Bundeswehr* can keep any savings produced for the coming year but has not made a firm commitment over the longer term (when savings are more likely to materialize). The Defense Ministry remains in a weak political position within the political context of the German policymaking process, and the Red-Green coalition is unlikely to give a priority to defense, given that it faces making unpalatable cuts in social spending as it continues to spend large amounts for the reconstruction of eastern Germany, while remaining within the fiscal constraints of the European monetary system. The Finance Minister remains a dominant player in this process, and neither the Chancellor nor the rest of the Social Democratic leadership is willing to make defense a priority or push to shape public opinion in this direction.

Some pressure is now being exerted by the opposition Christian Democrats, who have threatened to block German involvement in the crisis in Macedonia unless the government boosts the military budget, but this seems more a tactical play than a serious policy priority. Pressure is also coming from within the *Bundeswehr*, as operational deficiencies become more apparent. In addition, key European allies as well as the United States continue to point to the commitments made by the German government in both the Headline Goals and NATO’s DCI.

It is most unlikely that the public will press for increases in defense spending. The public continues to see unemployment, right wing extremism, the state of the economy, and party finance scandals as the top political priorities.

### **Three Options for German Policy**

It is not useful to debate whether the glass is half full or half empty. Rather, the point is that Germany has embarked on a reform of the *Bundeswehr* that is guided by a reasonable concept but which is lacking money to a degree that the fulfillment of this reform is endangered. At the current juncture, Germany has three options:

- To continue with the ambitious reforms proposed by Defense Minister Scharping and agreed upon by the Cabinet in June 2000. This would necessitate additional funds of a magnitude of DM 2-3 billion per year from 2002 onwards and the commitment to increase the budgetary level by DM 4-6 billion in the middle of the decade;
- To cut down its ambitions and to reduce the size of the *Bundeswehr* to the level proposed by the Weizsäcker Commission, or even lower. The rationale for this approach is to have armed forces Germany can afford and that are able to participate in international interventions with a substantial sized force; such a *Bundeswehr*, however, must be an all-volunteer, professional force—the conscript system will have to be abandoned;
- To muddle through and to hope that time will bring an easing of the financial crisis.

The current policy of the Red-Green coalition is leaning towards the third option. However, of all three options, the third one is the worst. If continued, it means that Germany will not succeed in reforming the *Bundeswehr* and, much worse, will also result in a huge waste of money. A *Bundeswehr* with a price tag of DM 45-46 billion per year yet unable to participate in major or medium sized international operations and unable to cooperate with its main allies would sooner or later run into a major crisis of legitimacy. Hence, the decision is more than overdue to take either the first or the second option, and to stop the current impasse.

### **Party Reactions on Bundeswehr Reform**

Over the past decade, German political parties have struggled to come to terms with the new security environment. Events such as the Gulf War, the early war in Yugoslavia, Bosnia and Kosovo have challenged their fundamental positions on security and on the utility of force. Differences exist on very basic assumptions about German security. For example, the Greens see the function (and thus the capabilities) of the *Bundeswehr* chiefly in its use for crisis prevention and oppose using German military force as an instrument of power projection or in support of any global military interests. But the Green party's support for military force as *ultima ratio* in the wake of the atrocities in Kosovo was a significant departure from their earlier anti-military stance, though some members of the party's left wing continue to oppose the use of any military force. On the opposite end of the spectrum, the conservative CDU/CSU affirm that military capabilities determine the political room for maneuverability of a state; it protects German national interests and gives Germany more weight and position in the international community. Generally, however, differences between those parties that do support *Bundeswehr* reform are ones primarily of scale (e.g. in personnel) and of financing (CDU/CSU support increases in defense spending, the Greens oppose).

#### SPD-Green Coalition

In principle, both the SPD and Greens were in agreement with the assessment of the Weizsäcker Commission that given the changes in the security environment, territorial and alliance defense, while still an important mission of the *Bundeswehr*, nevertheless were of less importance than crisis prevention and crisis management. But differences lay beneath the surface. The SPD still emphasized the need for territorial and alliance defense, despite the growing focus on crisis management, and it continues to be more supportive of conscription than its coalition partner. Such a mission structure and support for conscription keep the personnel numbers high, while the SPD's coalition partner, the Greens, are committed to a reduction of forces as well as the elimination of conscription. However, the Greens chose not to make conscription a point of debate within the coalition.

CDU/CSU

The opposition CDU/CSU party has been consistently critical of the government's efforts at reform, but it has been unable to muster significant political weight in the *Bundeswehr* reform debate against the present government for several reasons. First of all, as a coalition partner in the previous government, they have been blamed for the disrepair and lack of funding for the *Bundeswehr* over the last decade. Secondly, the CDU/CSU supports the current government's cost-cutting measures and efforts to reduce spending; to urge the government to increase defense spending at a time when all federal sectors (including social programs) were being cut back would not have been a politically defensible position. Thirdly, Scharping did not announce radical reform measures; hewing close to the status quo leaves the opposition with less to criticize. The major weakness of the government reform plan, the financing of the reform, remains the core of the CDU/CSU's criticism of the Schröder government. Important to watch will be the party's position on conscription. A firm supporter of conscription in the past, the CDU/CSU appears to be moving towards abandoning its position on this issue.

FDP

The FDP is a strong supporter of *Bundeswehr* reform efforts but is also highly skeptical that current spending levels are sufficient to the task. Initially, the FDP supported conscription, but on September 19, 2000 the party leadership announced that it had changed its position and now favored the elimination of the draft.

PDS

The PDS remains firmly committed to an anti-military, pacifistic position. As such, it opposes the use of German military force for any use other than territorial defense.

Given this political context, it seems highly probable that a Germany still struggling with the costs and social challenges of unification is unlikely to make defense a priority when, in the words of the Weizsäcker Commission, "For the first time in its history, Germany is surrounded on all sides solely by allies and integration partners and faces no threat to its territory from neighbors." Absent a major political initiative by the Schröder government, *Bundeswehr* reform will be unaffordable as currently planned.

## CHAPTER V. CONCLUSIONS

This study has surveyed the current state and medium term prospects for reform of the *Bundeswehr* as well as the perspectives of Germany's key allies. The following major conclusions emerge:

- Germany has come a long way since unification in 1990. The strategic culture has been substantially modified from that of a culture of reticence and of a civilian power to one where the use of force outside of territorial defense is now considered acceptable, although under highly circumscribed conditions. This important evolution, given Germany's historical experience, should be appreciated by the United States and its European partners.
- While it has come a long way, the new strategic environment and the state of European integration require that it accelerate its military reform and adaptation. ESDP will not be a serious policy unless Germany moves more quickly and dramatically toward creating the kinds of forces required for the European Rapid Reaction Force to have real teeth. Expectations from outside partners, both in Europe and in the United States, will continue to demand change as current appraisals in these countries of the state of German military reform remain negative and skeptical.
- German forces in five years will be closer to where they should be than they are today, but they will still be short of allied expectations. The concept behind the reforms is a valid one, but the issue lies with inadequate funding levels. Projections regarding defense spending combined with the levels of savings to be obtained through privatization, efficiencies and selling of assets will still leave the *Bundeswehr* seriously under-funded. There is little prospect of political support for any serious increase in defense spending over this period, especially as the costs of rebuilding eastern Germany will continue to divert substantial funds from the treasury. The convergence criteria of the European monetary integration will only further limit fiscal options.
- Germany is clearly at a crossroads with regard to defense reform. The stakes are high, and ultimately the credibility of both NATO and the emerging European Security and Defense Policy are on the line.

The Schröder government's efforts to maintain conscription and to restructure forces seem to avoid a choice which must be made. Given it is unlikely that adequate resources will be dedicated to defense, Germany must make some hard choices rather than attempt to muddle through. It cannot afford to maintain a conscript force and restructure at the same time, given the resource constraints it is facing. If it attempts to muddle through, it will fail to create the kind of force needed in the European security environment in the twenty-first century and will run the risk of creating a crisis with its European and Atlantic allies. It will also risk losing any meaningful capacity to use military force at all and thus become irrelevant to both the United States and Britain and France as a serious military ally. This would mean a serious loss of influence within both the EU and NATO and would enhance the probability that the United States will become increasingly unilateralist in its policies.

- Finally, what should the American role be in this debate? When the new U.S. Ambassador to Germany, Daniel Coats, offered some critical remarks about the low levels of German defense spending in his Senate confirmation hearings, the response from the German government was critical and defensive. Ambassador Coats, however, was only voicing a consensus of concern in Washington about the lagging pace of German military reform. The U.S. stakes in the outcome of the German reform are too high for American officials to remain silent. This is not just a German domestic debate but one with far reaching implications for the future of the trans-Atlantic relationship and, ultimately, the future American role in Europe. Other smaller, NATO allies are more advanced in terms of transforming their defense forces along the lines agreed at the Washington summit in 1999 and in accordance with the Alliance's new strategic concept than is Germany. At a time when Washington has pressed new NATO members as well as candidate countries—all of whom are poorer and face greater economic problems than Berlin does—to increase their defense spending to at least two percent of GDP, German defense spending has declined to below 1.5 percent of GDP. Washington, as well as current and future allies, have a right to ask why they should assume an increased burden at a time when Washington's closest partner and



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largest ally in Europe continues to scale back its defense commitments and spending. Germany faces not only a growing credibility and capability gap with Washington, but with its closest allies in Europe as well.

The stakes are high, both for Germany and its allies. Difficult choices must be made. Now is the time to make those choices.

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