

# Geo-economics, German Leadership and a Fragmenting World

by Rob de Wijk

## I. Introduction

Fragmentation is likely to become the dominant theme for scholars studying international politics. At the global level, a multipolar world is emerging. At the regional level, the European Union and the Eurozone in particular face disintegration. At a local level, separatism threatens the unity of countries like Spain, the United Kingdom and Belgium. Other European countries, such as the Netherlands, have become polarized and politically fragmented. Fragmentation is the result of major global, regional and local changes as well as the financial crisis.

Another feature of geo-political change is the increased importance of geo-economics. As scarcity could threaten their economic security, emerging powers want unrestricted access to resources or nationally protectionist policies to guard their resource base. *Daniel Drezner* argues that new ideas are essential when leaders enter uncharted grounds.<sup>1</sup> After wars, financial crises and geo-political shifts, new ideas are a prerequisite for adaptation to new circumstances. A grand strategy is needed to steer countries and continents away from oblivion; but most governments are unable to adapt to changing circumstances, putting prosperity and security in jeopardy.

Consequently, the European Union needs leadership more than ever. Both the United Kingdom and France are incapable of leading. The UK is distancing itself from the European project, while France is stagnant and uncompetitive. There-

*Anmerkung der Schriftleitung:* Der Beitrag ist Teil eines auf das „Außenbild“ der Bundesrepublik Deutschland gerichteten Forums, in dessen Rahmen sich eine Reihe ausländischer Beobachter mit einer Frage beschäftigt, die hierzulande eher tabuisiert bleibt, dafür aber außerhalb Deutschlands umso größere Aufmerksamkeit findet: die nach einer etwaigen Führungsrolle des Landes im Rahmen der Europäischen Union und der erweiterten Staatengemeinschaft. Das Forum wurde im vergangenen Heft durch *Valéry Denoix de Saint Marc*, Paris, eingeleitet und findet nun seine Fortsetzung durch *Rob de Wijk*, Leiter des Haager *Centre for Strategic Studies* (HCSS) und Professor an der Universität Leiden.

1 *Drezner, D.W.:* The New World Order, in: Foreign Affairs, March/April 2007.

fore, it stands to reason that only Germany can take the helm. This, however, requires Germany to abandon its position as the “reluctant hegemon” and accept that effective diplomacy and hard power are two sides of the same coin.<sup>2</sup>

## II. Fragmentation and a multipolar world

There is little scholarly disagreement about the fact that a multipolar world is slowly emerging in which the United States and Europe will have to compete with China and other emerging powers as new centres of economic and consequently political and military power. Neo-realist International Relations scholars, including *Kenneth Waltz*, maintain that a multipolar system is less stable than a unipolar or bipolar one.<sup>3</sup> In a multipolar world there is heightened risk of misperceptions, which undermines trust and stability. Moreover, emerging powers will reshape the geo-political landscape because they are likely to be more assertive, casting an ever changing shadow on their region and the world.

Presently and of no surprise, China’s looming rise preoccupies state and non-state actors. China has increasingly become the focus of America’s geo-political attention, illustrated by US Secretary of State *Hillary Clinton’s* statement in *Foreign Policy*: “The Asia-Pacific has become a key driver of global politics”.<sup>4</sup>

Only China translates its increased economic power into military and political power. For historical, psychological and political reasons the Chinese leadership consider China’s ascendancy the restoration of a great power regaining its rightful place among superior nations. Until the middle ages, China was the most powerful country on the planet. By 1820, China still was the largest economy. In those days China’s GDP accounted for 32.9 percent of the world’s total. But due to the industrial revolution, the Western world developed rapidly and left China behind.

China acknowledges modern geo-political evolution. Their 2013 Defence White Paper states:

Since the beginning of the new century, profound and complex changes have taken place in the world (...) The global trends toward economic globalization and multipolarity are intensifying (...) There are signs of increasing hegemonism, power poli-

2 This term was coined by *W. Paterson* in 2011 and subsequently cited on the cover of *The Economist*.

3 *Waltz, K.*: Theory of International Politics, New York, 1979, ch. 8.

4 *Clinton, H.*: America’s Pacific Century, in: *Foreign Policy*, 11 (2011), 56-63.

tics and neo-interventionism. Local turmoil occurs frequently. Hot-spot issues keep cropping up. (...) Competition is intensifying in the international military field.<sup>5</sup>

The White Paper also recognizes the geo-political centre of gravity's shift towards the east:

The Asia-Pacific region has become an increasingly significant stage for world economic development and strategic interaction between major powers. The US is adjusting its Asia-Pacific security strategy, and the regional landscape is undergoing profound changes.<sup>6</sup>

A significant related trend in recent years has been the changing direction of international trade flows. Regarding trade flows, the center of gravity is shifting from the advanced economies of the OECD region to the BRIICS countries (Brazil, Russia, India, Indonesia, China and South Africa).

This is not to say that emerging powers are not interested in Europe. On the contrary. In February 2012, European Union officials went to Beijing in search of a Chinese contribution to the Eurozone rescue fund. With current annual trade flows between China and the EU amounting to more than \$600 bn., saving the Euro is in China's interest and China also greatly benefits from European research and development, its high-tech industry and its large internal market.

In addition China invests strategically in Europe. Together with interventions to save the Euro, this allows China to play an increasingly dominant role in Europe which in turn could affect the EU's geopolitical role. Beijing has invested in Germany's Schwerin-Parchim airport to turn it into a transit hub for Chinese freighters in Europe as well as in Athen's port of Piraeus, the port of Naples, and an air terminal just north of Rome for cargo from China. France and China have agreed that the French nuclear power company Areva will provide \$3.5 bn. worth of uranium to the Chinese company CNGPC, and the two countries have also signed an agreement to co-operate on cellular telecommunications. Portugal and China have signed commercial agreements that include the joint construction of optical fibre networks. In Ireland, China plans to create a manufacturing hub in Athlone that would be free of many EU tariffs and quotas on imported Chinese goods. For the state capitalist Chinese leadership, these lucrative investments are crucial to China's economic performance.

5 *Information Office of the State Council (The People's Republic of China): The Diversified Employment of China's Armed Forces*, Beijing, 2013.

6 *Ibid.*

This does not mean that China is aiming at a new kind of world dominance. China considers itself as a responsible world leader that emphasizes soft power and puts improving the welfare of its own people before interfering with world affairs. The Chinese leadership stresses peaceful rise. In the early 21<sup>st</sup> century President *Hu Jintao* and Prime Minister *Wen Jiabao* acknowledged that the rise of a new power often resulted in challenges to global political order and even war. Both leaders explained that China's rise will not pose a threat to peace and stability, and that other nations will benefit from it.

But the key issue is that as China rises, its global interests grow accordingly. China needs an annual economic growth rate of approximately 8 percent to satisfy domestic needs. Less growth could result in social instability, which in turn may lead to upheaval and ultimately political violence. As uprisings and revolutions are an essential part of China's rise, the ruling class is extremely careful to keep the social contract with the populace strong.

### III. Geo-economics

Industrialized and industrializing nations demand unrestricted access to resources, particularly energy supplies, critical materials and food, as a prerequisite for continued economic growth and socio-political stability. Countries with assured access to natural resources have an advantage over countries that are too dependent on imports.

Countries are rarely fully import dependent or fully self-sufficient. Usually they import certain commodities and export others. But countries with assured access to natural resources have a distinct advantage over countries that rely on imports. *Sanajaya Baru* argues that a factor contributing to the rise of China and India, and indeed the success of many industrializing countries, has been a transformation in those countries capabilities' to generate food and other resources required to sustain long-term economic growth.<sup>7</sup>

Between 2000 and 2008, China's consumption of metals, such as aluminium, copper, lead, nickel, tin and zinc, grew by an average of 16 percent per annum, whereas the demand for these metals in the rest of the world grew by an average of only one percent per annum.<sup>8</sup> Understandably, access to resources is now the

7 *Baru, S.*: Geo-economics and strategy, in: *Survival*, 54/3 (2012), 54.

8 *European Commission*: Roadmap to a Resource Efficient Europe, COM(2011) 571 final, Brussels, 2011.

key driver for China's foreign policy and increasingly so for the United States and other industrialized countries.

The resource issue triggered a new debate on geo-economics. Geo-economics, a term attributed to *Edward Luttwak*, refers to the tendency of emerging powers to focus on issues like access to raw materials and consequently the protection of Sea Lines of Communication (SLOCs) and trade routes.<sup>9</sup>

In the forecast *Global Trends 2030*, the US National Intelligence Council (NIC) observed that "demand for (...) resources will grow substantially owing to an increase in the global population. Tackling problems pertaining to one commodity will be linked to supply and demand for the others".<sup>10</sup> Moreover, the NIC considered the "food – water – energy", also called the "resource – energy – climate" nexus as a megatrend that cannot be ignored.

A recent HCSS report explained that throughout the 20<sup>th</sup> century, the growing world population led to an increase in the use of fossil fuels by a factor of 12, and to the extraction of 34 times more material resources. As a consequence, the Earth's climate is changing, fish stocks and forests are shrinking, the prices of energy resources and critical materials are rising, and species are becoming extinct. If the population grows as expected and the mean per capita consumption doubles by the year 2050, it is most probable that humanity will experience the limits to growth.<sup>11</sup>

Of particular importance is the food situation. Minor productivity gains in domestic food production fuel the fear that governments might not be able to feed their populations. Consequently, countries such as China, Saudi Arabia and others bought land in Africa and other parts of the world on which to grow crops and other essential food stuffs.

*Sarah Johnstone* and *Jeffrey Mazo* suggest a direct link between global warming and world food shortages with the Arabic uprisings that began in December 2010. In early 2011, the FAO Food Price Index reached a level slightly higher than the all time high of 2008, causing social unrest and consequently political and economical instability in many underdeveloped and developed countries around the world. *Johnstone* and *Mazo* argue that spiking food prices were "a

9 *Luttwak, E.*: From geopolitics to geo-economics: logic of conflict, grammar of commerce, in: *The National Interest*, 20 (1990).

10 *National Intelligence Council*: *Global Trends 2030: Alternative Worlds*, Washington, DC, 2012, ii.

11 *Weterings, R. et. al.*: *Resources for our future, key issues and best practices in resource efficiency*, The Hague, 2013, 11.

proximate factor behind the unrest, which in turn was due in part to the extreme weather throughout the globe over the past year".<sup>12</sup> Because of the increased demand from emerging economies, the increased demand for biofuels, extreme weather conditions and land grabs by countries in need of agricultural products, food prices are likely to keep climbing. Consequently, the Arab uprising could be the beginning of a protracted period of unrest throughout the world.

This observation is supported by war games and intelligence studies concluding that over the next 20 to 30 years, vulnerable regions – particularly sub-Saharan Africa, the Middle East and South and South East Asia – will face the prospect of food shortages, water crises and catastrophic flooding that could demand humanitarian relief or a military response.<sup>13</sup>

In addition, the world's largest oil reserves, together with trans-national pipelines and major shipping routes, all lie within a 'zone of instability' that encircles the globe. This zone of instability faces numerous challenges, including the proliferation of weapons of mass destruction and related technologies, as well as a growing risk of terrorism, organized crime and piracy. The Arab Uprisings contributed to the growing instability.

Regional instability might affect emerging powers' interests and could require interventions. Local conflicts could be the cause of migration, which poses a threat to the socio-political stability of industrialized liberal democracies. Climate change could lead to new resource conflicts as well. It is estimated that the Arctic region contains thirteen percent of the world's unproven oil reserves and thirty percent of the world's unproven gas reserves. Melting ice caps make these reserves more accessible and concurrently signal regional and international competition for these resources.

#### IV. The EU's resource challenge

As the quest for resources drives modern geo-politics, the emphasis of countries around the globe no longer is territorial defence but the defence of interests. Yet unlike the EU, China has translated economic success into geo-political power. Now that China is taking advantage of its booming economy to strengthen its

12 *Mazo, J.*: Climate Conflict: How Global Warming Threatens Security and What to Do About It, London, 2010.

13 *Sullivan, E.* et al.: National Security and the Threat of Climate Change, Alexandria, 2007, 6; *Oxfam International*: The Right to Survive: The Humanitarian Challenge for the 21st Century, Oxford, 2009, 4.

geo-political power, the EU's reluctance to turn its economic might into effective power policies might be unsustainable.

The Western industrialized nations are extremely vulnerable to disruptions in the supply of resources. A report by the European Union identified 14 critical minerals, and observes:

[M]any emerging economies are pursuing industrial development strategies by means of trade, taxation and investment instruments aimed at reserving their resource base for their exclusive use. This trend has become apparent through an increasing number of government measures such as export taxes, quotas, subsidies etc. In some cases, the situation is further compounded by a high level of concentration of the production in a few countries.<sup>14</sup>

The report continues:

[T]heir high supply risk is mainly due to the fact that a high share of the worldwide production comes from China (antimony, fluorspar, gallium, germanium, graphite, indium, magnesium, rare earths, tungsten), Russia (PGM), the Democratic Republic of Congo (cobalt, tantalum) and Brazil (niobium and tantalum). This production concentration, in many cases, is compounded by low substitutability and low recycling rates.<sup>15</sup>

Disruptions can be caused by regional conflict, resource nationalism, and protective measures by suppliers and consumers. In resource-rich countries, resource nationalism and broader nationalistic appeals could lead to emotional and irrational confrontational policies. Venezuela's resource nationalism hinted at a shifting energy landscape when President *Chávez* threatened America with an oil boycott and threatened the gold and oil industries with nationalisation and expropriation. *Chavez* was expected to strike a deal with China when Beijing decided to build similar power plants. Such a deal would be clearly anti-US. The same holds true for Iran's export freezes. Other countries, including Australia, increased taxes on revenues with the Minerals Resource Rent Tax.<sup>16</sup>

A notable example of resource nationalism is the Chinese export quota for rare earth minerals. China produces 97 per cent of the world's rare earths, elements critical to high tech and green tech manufacturing. In 2010, Beijing imposed export quotas and raised tariffs on exports. As a result, China's exports burst through the \$100,000-per-ton mark in early 2011, up almost nine-fold from the

14 *European Commission*: Report of the Ad-hoc Working Group on defining critical raw materials, Critical raw materials for the EU, Brussels, 2010, 5.

15 *Ibid.*, 7.

16 Cf. the *Maplecroft Resource Nationalism Index*.

year before. In 2013, the Ministry of Commerce allowed 31,001 tons to be exported, causing strains on the international resource market. An important but much overlooked development is the London Metal Exchange which was sold for 180 times its annual earnings to the Hong Kong Exchanges & Clearing. The acquisition will secure and control a substantial flow of metals into the Chinese industry for potentially lower costs than the rest of the world.<sup>17</sup>

Western policy makers underestimate anti-western feelings as a motivating factor in the geo-politics of emerging economies. In addition, the Chinese model of autocracy and state capitalism is extremely attractive to other governments. Most resource rich countries are state capitalist. Implicitly, these governments of rising powers have very large stakes in key industries, including mining companies. Resulting resource nationalistic strategies not only upset the traditional market orientation of western powers, most notably the EU, but bring resource issues into the realm of power politics. In the eyes of many governmental leaders, the recent global financial crisis proved that China's 'model' is superior to the Western neo-liberal capitalist system. Indeed, as China's wealth grows, Beijing's soft power may supplant that of America and Europe.

A clear example of the challenge to Western world order is the 2012 agreement of the BRICS bloc on the capital structure for a proposed development bank that aims to reduce their reliance on Western financial institutions. Officials from Brazil, China, India, Russia and South Africa agreed on a total capital of \$50 billion, shared equally among them, in New Delhi.

This is compounded by the problem of material criticality, which is a considerable challenge to the EU. As major reserves of critical materials can only be found in a limited number of countries, diversification of exporters is not an option. For critical metals, such as rare earths and platinum group metals but also base metals, the Union relies almost entirely on imports. In 2008, about 80 percent of raw zinc and aluminium, 83 percent of iron ore and 74 per cent of copper used in EU industries came from outside Europe. EU policy aimed at improving resource efficiency and promoting recycling has begun to alleviate this dependency, but the EU's reliance on imports of minerals and metals remains high.<sup>18</sup>

To address these issues, the efficient use of resources must be made a top priority. Some progress has been made: the world economy in 2005 extracted some

17 *Rademaker, M.*: A strategic coup? Blog entry, The Hague Centre for Strategic Studies.

18 *Weterings, R. et. al.*: Resources for our future, key issues and best practices in resource efficiency, The Hague, 2013, 11.

30% fewer resources to produce € 1 of GDP than it did in 1980. However, in absolute terms, resource extraction is still growing due to population increases and economic growth. Substitution product development is another feasible remedy, but only in certain cases. For example, scientists believe that there will be no substitute for phosphates, which is noteworthy as phosphates are indispensable in fertilizers.

While most emerging powers consider the resource problem a question of power politics, most European nations and the European Union think of raw materials in terms of trade policy. A soft power, the EU's focus on trade is explainable. Natural resources are geographically unevenly distributed over the globe; while some countries enjoy a rich resource endowment, others have limited or no domestic supplies. Trade has helped alleviate some of these disparities. As both emerging and established powers see the resource issue as a zero sum game, scarcity is becoming a major source of geo-political strife, putting the stability of the entire system at risk.

The energy revolution that is taking place in the US with the exploration of shale gas and oil could have a profound impact on the global system as well. The International Energy Agency concluded in its *World Energy Outlook 2012* that

by around 2020, the United States is projected to become the largest global oil producer (overtaking Saudi Arabia until the mid-2020s) and starts to see the impact of new fuel-efficiency measures in transport. The result is a continued fall in US oil imports, to the extent that North America becomes a net oil exporter around 2030. This accelerates the switch in direction of international oil trade towards Asia, putting a focus on the security of the strategic routes that bring Middle East oil to Asian markets.<sup>19</sup>

The shale revolution facilitates America's 'rebalancing' towards Asia, decreases the strategic importance of oil and gas producing countries for the US and reduces the strategic importance of Europe.

## V. Resource nationalism and hard power politics

Resource nationalism and hard power politics are now two sides of the same coin. Beijing is already pursuing increasingly assertive policies in an attempt to gain access to raw materials in Africa. Countries could try to acquire bases in resource-rich countries and could transfer arms to resource-rich or transit coun-

<sup>19</sup> *International Energy Agency: World Energy Outlook 2012*, Paris, 2012, 1.

tries. China is one of the biggest arms suppliers to resource-rich African states such as Sudan and Zimbabwe. This development could turn the Indian Ocean into the flashpoint of future geo-political strife.<sup>20</sup>

China's hunger for resources explains the numerous incidents with regional powers around the South China Sea and with Japan, underscoring the importance of the observations of the IEA on the security of strategic routes. As there are numerous potential flashpoints some observers argue that war cannot be ruled out.<sup>21</sup>

Among the many incidents is the 2010 Senkaku Boat Collision that made headlines all over the world. The incident occurred on 7 September 2010 when a Chinese trawler collided with a Japanese Coast Guard patrol boat near the uninhabited but disputed, resource-rich Senkaku Islands. It was reported that subsequently China halted exports of rare earth minerals to Japan, in an attempt to damage its economy. The ban was lifted at the end of October 2010.

A similar incident took place in the South China Sea. In April 2012, the Philippine navy tried to arrest Chinese fishermen in the Scarborough Shoal, an area contested by both nations. The Chinese were accused of taking/poaching government-protected marine species from the area. On 7 May 2012, Chinese Vice Foreign Minister *Fu Ying* complained about the incident, warned citizens against travel to the Philippines and raised trade barriers on imported pineapples and bananas. The dispute went on for some time until things calmed down. Nevertheless, the pattern was clear: disputed areas led to a confrontation with political, military and economic implications.

*Alastair Iain Johnston* argues that China's new assertiveness underestimates the degree of assertiveness in certain policies in the past.<sup>22</sup> This may be true, but the key issue is not that Chinese rhetoric has sharply increased, but that the People's Liberation Army (PLA) invested in the build-up of its armed forces and that China's defence expenditure grew more than most other countries. According to the Stockholm International Peace Research Institute (SIPRI), between 1998 and 2010, global military expenditure increased every year in real terms.<sup>23</sup> With an

20 This argument is elaborated by *Kaplan, R.D.*: *Monsoon: The Indian Ocean and the Future of American Power*, New York, 2010.

21 *Dobbins, J.*: War with China, in: *Survival* 54/4 (2012), 12.

22 *Johnston, A.I.*: How new and assertive is China's new assertiveness?, in: *International Security*, 37/4 (2013), 7.

23 *Perlo-Freemant, S./Solmirando, C.*: *Global developments in military expenditure*, SIPRI Yearbook 2012, Oxford, 2012, 149–161.

increase of 170 percent, China had the fastest growing defence budget by far. In comparison, between 1998 and 2010 the US budget grew by 59 percent, Russia's budget by 79 per cent with Germany's budget declining by 3.7 percent. After 2010, the majority of countries including even the United States decreased their defence spending. Simultaneously, China, South Korea, Russia, Saudi Arabia and Turkey increased theirs.

In 2010, a discussion started over extra-regional ambitions. It was argued that China could set up its first permanent naval base in the Middle East. Gradually the navy moved from fixed-shore facilities to shore-to-ship replenishment. This marked a shift from a brown water navy into a blue water navy capable of operating outside the first and second island chains. The deployment of a Chinese warship to the seas off Somalia to join the battle against piracy fits this concept as well.

China's recent naval base policy for the Indian Ocean is also consistent with this development. In Pakistan, China showed interest in building such a base (including a listening post) in Gwadar and a deep-water port in Pasni. On the southern coast of Sri Lanka, China planned to build a fuelling station and other facilities were planned in Bangladesh and Burma as well. Moreover, Beijing is one of the biggest arms suppliers to the resource-rich African states such as Sudan and Zimbabwe.

To support its future expeditionary operations, China is producing expeditionary capabilities including its first carrier, the Liaoning, originally known as the Admiral Kuznetsov class multirole aircraft carrier Riga for the Soviet Navy. The carrier was purchased in 1998, completely rebuilt and refitted, and commissioned as part of the People's Liberation Army's Navy (PLAN) on 25 September 2012. In 2008, General *Qian Lihua* confirmed plans to build a small fleet of aircraft carriers for the purpose of regional defence. As the Chinese White Paper observes:

The PLAN endeavours to accelerate the modernization of its forces for comprehensive offshore operations, develop advanced submarines, destroyers and frigates, and improve integrated electronic and information systems. Furthermore, China is developing the blue-water capabilities to conduct mobile operations, cooperate internationally and counter non-traditional security threats, as well as to enhance its capabilities of strategic deterrence and counterattack.<sup>24</sup>

24 *The People's Republic of China: The Diversified Employment of China's Armed Forces*, Beijing.

## VI. Global fragmentation

Geo-economics is an important source of fragmentation at the global level. Resource rich countries and big major consumers could form blocks to advance geo-political interests. The formation of new blocks will increase the negative effects of multipolarity. In his book “Rising Powers, Shrinking Planet”, *Michael T. Klare* warns of the destabilizing effects of “proto-blocks” led by the United States, Japan, Russia and China.<sup>25</sup> As an example, in November 2008, Russian warships sailed into a Venezuelan port in the first deployment of its kind in the Caribbean since the end of the Cold War. Miscommunications are more likely when gun boat diplomacy is employed in boundary disputes over resources, such as in the East China Sea, the South China Sea, and the North Pole region.

Moreover, the rise of a multipolar world challenges the post-Second World War order. The victors of the war assumed veto powers and permanent seats in the UN Security Council, a situation now contested by emerging powers such as India. Due the outdated composition of the Council, its legitimacy is weakened. Strategic collaborations, or ‘clubs,’ have emerged on the global landscape. The rise of the G20, the N-11, the G2 of China and the United States and, of course, the BRICS, is a result of economic development. Regarding climate issues, strategic collaborations emerge as well. In contrast to the UN, these strategic collaborations lobby others on single issues. As specific issues are dealt with outside the UN-context, the UN itself could lose out.

In other words, the international rules based system derived from multinational institutions and international law will likely become less ‘Western’. Moreover, there is a sharp difference between the US and emerging powers, and the EU over ‘world governance’. Without rejecting the concept of multilateralism, Americans and most emerging powers do not see any source of democratic legitimacy higher than the constitutional nation state. The Americans are instrumental multi-lateralists who reject the subordination of American interests to international bodies or international law. This approach requires large armed forces for the defence of the nation’s interests, regardless of coalition contributions.

Thus, Europeans, Americans and emerging powers differ in regard to the challenges ahead and the way they should be dealt with. Most EU Member States are only willing to contribute to ‘soft’ humanitarian missions and reject high intensity, sustained combat operations. Some Member States like France and the United

25 *Klare, M.T.*: Rising Powers, Shrinking Planet: The New Geopolitics of Energy, New York, 2008.

Kingdom still invest in military capabilities for ‘hard’ combat missions and have the political will to use them to defend their interests. But the 2011 Libyan war demonstrated that their armed forces are too small for such operations.

In addition, emerging powers have a more traditional stance on sovereignty and non-interference. For example, the UN accepted the principles of the Responsibility to Protect (R2P) in 2009. The principle of R2P stipulates that the state bears primary responsibility for protecting the entirety of its population from genocide, war crimes, crimes against humanity and ethnic cleansing and their incitement, and that the international community has a responsibility to take collective action to protect anyone from such crimes if states fail in doing so.<sup>26</sup> During both the Libyan and Syrian crises, China and Russia opposed Western interventions aimed at protecting the populace in those countries.

The reluctance to apply the R2P principle can be explained by Chinese and Russian fears that Western nations could one day feel obliged to actively support break-away regions such as Tibet and Chechnya and other North Caucasian republics. A strict interpretation of the non-interference principle will give China and Russia a freer hand in those regions. In addition, countries like China and Russia have bad memories of Western interventionist policies. Their mistrust was reinforced when, in spite of a mandate that prohibited inciting regime change in Libya, NATO nevertheless removed the Libyan leader Gadhafi from power. The West carried out regime changes in Kosovo, Afghanistan and Iraq as well. For China and Russia this was an important motivating factor to veto any UN Security Council Resolution mandating an intervention in Syria in 2012 and 2013. This view is supported by *Samual Charap*, explaining that Russia, for reasons that have little to do with Syria, was never going to be part of a solution. The reason is that Russia “does not believe that the Security Council should be in the business of either implicitly or explicitly endorsing the removal of a sitting government.”<sup>27</sup> Russia fears that one day Russia itself might be the target of such interventions. In addition, emerging autocracies have a narrower view on human rights or view, as China does, individual human rights as alien to their collective and domestic cultures.

Fundamental differences over the principle of non-interference between the West and China, Russia and other emerging powers such as Brazil, is a formidable

26 Outcome Document of the 2005 United Nations World Summit (A/RES/60/1, 138-140) and the Secretary-General's 2009 Report (A/63/677) on Implementing the Responsibility to Protect.

27 *Charap, S.*: Russia, Syria and the Doctrine of Intervention, in: *Survival*, 55/1 (2013), 36.

obstacle to reaching consensus in the UN Security Council. As the West's power base erodes over fear and mistrust, it will be harder to reach decisions in favour of intervention. Consequently, the strict interpretation of sovereignty by rising powers will make it harder for Western powers to obtain a UN mandate for intervention and even other actions under UN auspices in support of the R2P principle. In the eyes of the West, this will be a step back and a threat to international institutions, international law and international principles. By definition, global change goes at the expense of global order, which currently reflects Western supremacy.

## VII. Europe's fragmentation

How should Europe react to the geo-economic challenges? The real question is what Europe can do. As most EU Member States become more and more politically dysfunctional, the answer is probably very little. First, differences in transatlantic political cultures and capabilities are formidable obstacles for transatlantic cooperation and the use of hard power. Europe's ability to project hard power is further affected by its political crisis. As a matter of fact, the EU sovereign debt crisis is perniciously affecting institutions and politics. Democratically led governments were unable to solve the crisis. Instead, with the promise not to allow the collapse of the Euro, the director of the European Central Bank, *Mario Draghi*, a non-elected technocrat, saved the Euro in 2012.

Second, politically, mentally and strategically, Europe is out of tune with the reality of global change. This rise in multipolarity goes hand in hand with the rise of state capitalism and hard power politics, but geo-economics is alien to Europe's political and strategic culture. Fragmentation exacerbates the threat to its economic security and societal as well as political stability.

Europe is undeniably facing fragmentation that weakens its attempts to become a strong global player. First, the EU faces collapse. If the Euro collapses, the EU might collapse with it. Furthermore, an "exit" of the UK might lead to similar developments. In January 2013, Prime Minister *David Cameron* gave a speech on Europe in which he promised to hold a referendum to decide the future of his country's EU membership. He called for a renegotiation of the terms of British EU membership. The reactions to *Cameron's* ideas were mostly far from positive. *Angela Merkel* told reporters that being part of Europe involved compromise:

Europe also always means that you have to find fair compromises. In this context, we are of course ready also to talk about British wishes but one must keep in mind that other countries also have other wishes.

Foreign Minister *Guido Westerwelle* argued that Britain should “remain an active and constructive part of the European Union” and warned against cherry-picking. *Cameron* was motivated by the threat of an anti-EU Independence Party gaining increasing support in the UK. Within his own ranks, he had to cope with a growing group of Eurosceptics. By blaming the EU for the UK’s bad economy, he hoped to divert attention from his own policies. The sceptics maintain that Brussels will solve the sovereign debt crisis by imposing more rules and regulations on the Member States. They argue that those regulations will hurt the City of London, one of the world’s major financial hubs. Consequently the UK’s economy will be further weakened and its sovereignty restricted. This interpretation proved short-sighted when the British banking sector collapsed in 2008. Then, government revenues dried up at the juncture in which they were most critical, a financial crisis requiring bank bail outs.

In an attempt to appease the Eurosceptics, *Cameron* did not tell the whole story. Even when the UK leaves the EU, it still has to comply with most EU rules and regulations. Were they to do otherwise, the UK would lose access to a market of over 400 million consumers. Presently, exports to the continent account for 50 percent of total exports. Switzerland is a good example of what would become of the UK. Switzerland is not a member of the EU but it has to comply with all internal market regulations. Moreover, the damage to the UK could be graver if it were denied access to EU trade agreements. President *Obama* warned the British that if the UK leaves Europe it will exclude itself from a US-EU trade and investment partnership because it was very unlikely that Washington would make a separate deal with Britain. In this case the UK could lose hundreds of billions of pounds per year.

However unlikely, a UK exit could be a step toward a collapse of the EU. For example, Eurosceptics have become a powerful force in Dutch politics also. *Geert Wilders’* populist right wing Freedom Party (PVV) and the left wing socialist party are against European integration and oppose any *Diktat* from Brussels. Like *Cameron*, they blame the dismal state of the economy on Brussels. *Wilders* asked the London-based Lombard Street Research to calculate the costs of a Dutch exit. Unsurprisingly, the conclusion was that the cost would be acceptable. Furthermore, even mainstream parties like the liberal VVD, which in 2012 formed a coalition government with the social democratic PvdA, are in-

creasingly Eurosceptic. Eurosceptics resist the prospect of a transfer union where the prosperous north must pay for the mistakes of the poor south. In the Netherlands, the discussion on the EU is highly politicized and basically fact free. A UK exit would almost certainly trigger a debate on a Dutch exit. The key difference is that unlike the UK, the Netherlands is part of the Eurozone. As a consequence, a Dutch exit risks being even more deleterious than an exit by the UK.

The potential fragmentation of Member States also threatens European unity. Once again, the UK is an example, because Scottish independence is a likely scenario. The same holds true for the question of Catalan independence, the breakup of Belgium, and increased autonomy for Northern Italy. In all cases solidarity is at stake. Separatist movements believe they are economically better off alone. Scottish nationalists argue that an independent Scottish parliament could attract investment through lower taxes and could utilize oil revenues more efficiently. On 23 January 2013, the Catalan Parliament adopted by a vote of 85 to 41 (with 25 abstentions) the, “Declaration of Sovereignty and of the Right to Decide of the Catalan People”. There are certainly cultural and historical arguments of Catalan independence, but of course there are economic stakes. Separatists argue that for the past ten years, Catalonia has led the ranking of tax audits from 2004 until 2011, but has received too little in return. Separatist politicians maintain that Catalan citizens are put under pressure to finance the rest of the state. In Belgium, a large portion of the “rich” Flemish-speaking population no longer wants to support the “poor” French-speaking Walloons. Economic reasons are also a driving force for separatism in the rich northern part of Italy.

There is a clear link between the sovereign debt crisis which started in 2008, Euroscepticism, separatism, and populism. During crises there is a tendency to identify a scapegoat. Populist leaders find it easy to blame others for the mistakes of their own country. This explains the rise of populism in most EU countries imbuing a spirit of fragmentation first at the Member State level and then to the EU itself.

### VIII. Postmodern Europe

Fragmentation suggests that Europe cannot cope with the major geo-political changes taking place. In addition, the fallout of the sovereign debt crisis demonstrates how foreign the concept of power politics is to post-modern Europe. This special position has a number of important characteristics. First, EU Member States accept mutual interference in each other's domestic affairs. As a result, the distinction between domestic and foreign affairs has been blurred, borders be-

came irrelevant, and the concept of sovereignty weakened. Second, the obsolescence of force as an instrument for resolving disputes is accepted in most Member States. Only the United Kingdom and France take initiatives for interventions. In general, Member States codify and monitor self-imposed rules of behavior. Finally, transparency, mutual openness, interdependency and mutual vulnerability<sup>28</sup> have become the pillars of security.

Over half a century, Europeans created a post-modern system with specific characteristics which rendered the use of force as an instrument for resolving disputes obsolete. This once served Europe very well, but now it inhibits Europe from adapting to today's multipolar world in which power politics have become the norm. On the one hand, the post-modern era can be explained as Europe's collective departure from centuries of disputes, division and war. On the other hand post-modernity explains why the EU cannot turn its economic power into geopolitical power. Europe considers itself as a moral power and an example for the rest of the world. But the key issue is that this preference for soft-power does not fit into the modern context of power politics that is growing stronger with the rise of emerging economies. In today's world, shaping power is a prerequisite for economic development and societal and political stability. Shaping power requires a strong economy, a strong military and the political will to exercise power.

Moreover, as a model the EU has lost much of its attraction. The European Council on Foreign Relations argued in a 2009 paper that:

The EU's China strategy is based on an anachronistic belief that China, under the influence of European engagement, will liberalise its economy, improve the rule of law and democratise its politics. (...) Yet (...) China's foreign and domestic policy has evolved in a way that has paid little heed to European values, and today Beijing regularly contravenes or even undermines them.<sup>29</sup>

European influence has thus declined. First, Europe's diminishing appeal means it can no longer set an example for regional development abroad, further undermining their power to shape the international agenda.

Second, the EU's political crisis will weaken the transatlantic link that has been a prerequisite for effective geo-politics. The shift of focus and more selective US engagement, means that the US will be increasingly reluctant to embark on any military adventures in support of Europe. Selective engagement means increased

28 Cooper, R.: The new liberal imperialism, in: The Observer, 7 April 2002.

29 Fox, J./Godement, F.: The EU needs a new China strategy, Council of Foreign Relations, 2009.

isolation for a fragmented and weakened Europe. During the plenary session of the UN General Assembly in September 2013, President *Obama* warned,

The notion of American empire may be useful propaganda, but it isn't borne out by America's current policy or by public opinion. Indeed, (...) the danger for the world is not an America that is too eager to immerse itself in the affairs of other countries or to take on every problem in the region as its own. The danger for the world is that the United States, after a decade of war (...) creating a vacuum of leadership that no other nation is ready to fill.<sup>30</sup>

The shale revolution mentioned above could reinforce the President's argument. Washington is unlikely to abandon its allies in Europe, but it will tend to emphasize the principle of leading from behind.

Third, American leaders are neither willing nor able to accept the fundamental characteristics of the post-modern world. On the one hand, after the end of the Cold War, the differences between American and European outlooks and goals became quite apparent. Whilst some Member States of the EU participated in the wars in Afghanistan, Iraq and Libya, the European conceptual and tactical approach diverged. On the other hand, the United States has developed into an empire that will not defend its interests by enlarging its sphere of influence through contest, but by imposing its rules and values on other states. This self-imposed mission is not present in Europe.

Fourth, the EU is unable to become a key geo-economical player, despite the fact that the unrestricted availability of critical materials is key to Europe's economic survival. If the EU wants to defend its position in a rapidly changing world, it will have to strengthen the transatlantic relationship and accept the new realities of the geo-political landscape. Transatlantic relations can only be strengthened by increasing contributions to international peace and security. Moreover, credible defences are a prerequisite for turning the EU's economic power into geo-political power. In late February 2010, then US Defence Secretary *Robert Gates* rightly argued that Europe was turning into a "free rider":

The demilitarization of Europe – where large swaths of the general public and political class are averse to military force and the risks that goes with it – has gone from a blessing in the twentieth century to an impediment to achieving real security and lasting peace in the twenty-first century.<sup>31</sup>

30 Remarks by President *Obama* at the U.N. General Assembly in 2013.

31 *Dempsey, J.*: Letter from Europe. Shaping Policy by Playing Safe, in: The New York Times online, 3 March 2010.

In June 2011, *Gates* used his final policy address in Europe to warn the Europeans that they face “the very real possibility of collective military irrelevance” and “the real possibility for a dim, if not dismal future for the transatlantic Alliance.” He said that Washington was becoming financially unable and politically unwilling to bear the brunt of their defence:

The blunt reality is that there will be dwindling appetite and patience in the US Congress – and in the American body politic at large – to expend increasingly precious funds on behalf of nations that are apparently unwilling to devote the necessary resources or make the necessary changes to be serious and capable partners in their own defence. Nations apparently willing and eager for American taxpayers to assume the growing security burden left by reductions in European defence budgets. Indeed, if current trends in the decline of European defence capabilities are not halted and reversed, future US political leaders – those for whom the Cold War was not the formative experience that it was for me – may not consider the return on America’s investment in NATO worth.<sup>32</sup>

Europe’s ongoing cuts in defence spending have restricted its military capabilities. *Bastian Giegerich* and *Alexander Nicoll* explain how ten European countries (UK, France, Germany, Italy, Spain, Turkey, the Netherlands, Greece, Poland and Norway) account for 91 percent of the defence expenditures of European NATO countries. They add that the top four accounted for 67 percent. Between 2006 and 2010, the collective spending of those countries fell 7 percent in real terms.<sup>33</sup> Due to the debt crisis, the decline of the budgets accelerated in most countries after 2010. Nearly all of the most capable Member States face drastic budget cuts. Germany will reduce its defence budget by 25 percent, while the United Kingdom will do so by 8 percent.<sup>34</sup>

Faced with America’s huge budget deficit, the Pentagon also announced a cut in defence spending by nearly \$260 bn. over the next five years. “The focus on the Asia-Pacific region places a renewed emphasis on air and naval forces while sustaining ground force presence,” said America’s current Defence Secretary *Leon Panetta* in his report to Congress.<sup>35</sup> He indicated that Europe should bear a larger part of the defence burden.

The military operations against *Gadhafi’s* troops in Libya revealed two major weaknesses. First, the participation of only ten NATO countries in the actual

32 Speech delivered by the Secretary of Defence *Robert M. Gates* at SDA Agenda, Brussels, 10 June 2011.

33 *Giegerich, B./Nicol, A.*: The struggle for value in European defence, in: *Survival* 54/1 (2012), 55–56.

34 *Gordon, J.* et al.: NATO and the Challenge of Austerity, in: *Survival* 54/1 (2012), 121.

35 *Department of Defence*: Defence budget priorities and choices 2012, Arlington, 2012.

combat operations exposed Europe's political weakness, or more precisely, the splintered nature of the stalled debate on the Common Foreign and Security Policy. Second, European nations could not carry out operations independently from the United States. During Operation Unified Protector in Libya, 80 percent of the critical command, control, communications, intelligence, and reconnaissance (C4ISR) was provided by the United States. America did not take part in the actual combat operations, but chose to "lead from behind". The Libyan operation demonstrated that without American intelligence, fuelling and targeting capabilities, the Franco-British-led expedition would not have been possible.

In addition, as the number of deployable European troops for expeditionary operations remains too low, European countries could not have carried out a ground offensive against Libya. Approximately 100,000 out of 1.2 million troops can be used for expeditionary combat operations. As a large part of those troops was deployed in Afghanistan, the number of available troops for other operations was further reduced. This is unlikely to change in the near future. Seven countries (France, Germany, Italy, Spain, the Netherlands and the UK) have the highest portion of deployable forces and together they represent the bulk of NATO-Europe's defence spending.

These figures, taken together with the experiences of recent military operations, indicate that without the support of the US, Europe can no longer adequately protect the security and prosperity of its citizens. As its 'shaping power' weakens, Europe will find it increasingly difficult to protect European interests. As has been argued before, however, the key issue in global politics will be the nexus between rising powers, the depletion of scarce resources and global climate change. Europe can therefore hardly afford such weakness.

At present only the US is capable of power projection. Geopolitical change shaped America's power projection capabilities. Countries like China have developed Anti Access/Area Denial (A2/AD) capabilities to prevent American forces from defending their interests in a particular region. In response, the US developed the *Air-Sea Battle* concept, indicating that geo-politics had become once more a powerful driver for force restructuring and doctrine development. Such a transformation will bring back policies of counterbalancing.

In conclusion, if Europeans do not improve their defence efforts, hard power will become increasingly difficult to exercise. This has important consequences. As the shaping power of the West is weakened, it will be increasingly difficult to protect its interests. This will make the West, especially Europe, more reluctant to use its armed forces when its vital interests are not directly affected.

## IX. The future use of armed force

Remarkably, the aforementioned disappointing results of stabilization operations and military interventions might be good news for post-modern Europe, as they trigger new debates about the right balance between military means and political objectives.

What happened? The idea that sovereignty should be set aside when regimes terrorize the population and deny them basic human rights and democracy became firmly rooted in the West during the 1990s. Due to geo-political changes thinking on sovereignty and interference entered a new stage. In 1998 the emphasis shifted from multilateral, mandated interventions on moral grounds, to mostly unilateral operations without a UN mandate to defend vital interests. In this period the United States took advantage of its hegemonic power. But due to the limited success of the interventions in Iraq and Afghanistan as well as the rise of emerging economies like China, this period was short lived. During the second half of the first decade of the 21st century, population centric counter insurgency (COIN) was reinvented. But despite tactical successes during the stabilization and reconstruction phases a stable, secure environment could not be achieved Iraq and Afghanistan.<sup>36</sup>

The conceptual difficulty of stabilization and reconstruction was that the concept tried to reconcile two opposing objectives. On the one hand, stabilization is coercive action to fight insurgents and spoilers. But the use of force is likely to have a negative effect on the relationship between coercer and target. On the other hand, reconstruction involves activities to win the support of the populace. New approaches, such as the Comprehensive Approach, the Whole of Government approach and the Defense, Diplomacy and Development (3D) approach aim to reconcile those opposing objectives, combating insurgents and winning the support of the population.

Despite the new concepts and approaches, stabilization and reconstruction proved to be riskier than interventions with limited political objectives. Regime change can transpire with few friendly casualties, while stabilization operations are high risk undertakings with dubious results. Moreover, post-regime change operations in Iraq and Afghanistan have demonstrated that the lack of success of stabilization and reconstruction could nullify the results of successful interven-

<sup>36</sup> The following paragraphs are based on the revised edition of *de Wijk, R.: The Art of Military Coercion*, pending publication.

tions and weakened public support for the prolonged foreign presence necessary to assisted regime reconstruction. This notion has again led to rethinking the use of military force. The right balance between military means and political objectives can be achieved easily when coercers carry out short interventions with limited, clearly defined political goals. This is nothing new as classical thinkers including *Sun Tzu* and *Clausewitz* have already stressed the importance of balancing means and ends. Large scale, complex operations are likely to fail because of budgetary constraints, political caveats, unrealistic objectives, ignorance of the local dynamics and the asymmetrical tactics of the insurgents.

The disappointing results of the stabilization and reconstruction missions in Iraq and Afghanistan have undoubtedly contributed to the decision to refrain from a similar mission after the toppling of the Libyan leader *Gadhafi* in 2011. The principal political objective during the coercive phase was to enforce compliance with UN Resolutions. But the involvement of the international community after the fall of *Gadhafi* was limited to economic and humanitarian aid and advice to the new rulers. The coercer did not interfere with the post conflict dynamics nor the local population. Reconciliation and reconstruction of the country were left to the local authorities. The theoretical advantage was that Libya would not be turned into an “aid economy” with a dead locked political process, as happened in the post-conflict Balkans. Decades after the end of major hostilities countries like Bosnia and Herzegovina still could not function without foreign assistance.

An equilibrium between means and ends suggests more limited coercive efforts. The new approach to coercion will suit post-modern Europe better than the large scale operations of the past. Missions based upon compliance (Libya: enforcing UN Resolutions, 2011), protection (Somalia: anti-piracy, since 2006) and threat mitigation or containment (fight against terrorists in Afghanistan, Mali, Pakistan, Somalia and Yemen, since 2001) can be carried out with a high chance of success. Threat mitigation or containment is probably the most promising type of operation. The objective of threat mitigation is to turn global terrorist threats into local challenges. In West Pakistan, Yemen and Somalia, threat mitigation is used to diffuse the threat of terrorism and to address it at the source. The application of this approach would imply a shift from an expensive, large-scale military operation to protect the population to a small force that strikes insurgent leaders, bases and training camps. Unlike population centric COIN, this approach is not meant to facilitate the political process, but to keep threats at a manageable level. When the vital interests of the coercer are not at stake or budgetary realities and mission fatigue preclude long term involvements, stabilization and reconstruc-

tion could be left to regional or indigenous forces. Involvement of Western forces could then be limited to military aid which can take different forms, i.e. the indirect approach or security assistance and support and influence.

After an intervention with limited objectives, local forces are trained and equipped to take over the responsibility for the security of the country. Both in Iraq and Afghanistan this was part of the larger stabilization effort. But in Mali, following the French intervention of early 2013, the European Union began a mission to train soldiers for a UN force composed of regional units. The French intervention followed a rebellion of Tuareg tribesmen of the National Movement for the Liberation of Azawad (MNLA) against Mali's central government. At the same time, the European Union was trying to turn Mali's weak army into a professional fighting force. EU Member States sent instructors and soldiers to Mali to provide support to the Malian Armed Forces (MAF), by means of the training of four battalions or approximately 3,000 soldiers, and by giving advice and experienced assessment in command and control, logistics and human resources. Thus, the international community's involvement in Mali became a textbook case of the indirect approach or security assistance.

Support and influence is military aid to assist a country or insurgents in their defense efforts, or to assist a country or insurgents in maintaining control over their territory. Military aid could involve operations to shape the battle field, i.e. to eliminate the enemy's capability to fight in a coherent manner, before foreign troops are involved in decisive operations by regional or indigenous forces. Military aid in its most basic form was provided by US special forces supported by US air power and intelligence in support of the Northern Alliance during the regime change phase in Afghanistan in 2001. Limited objectives that can be achieved with limited military means are consistent with European views on the use of force. Limited military operations require a shift towards non-military means, including economic aid and development assistance.

## X. German leadership in a changing world

What does this mean for Germany? No European country is better placed to deal with China than Germany. China is Germany's most important trade partner in Asia and Germany is China's most important partner in Europe. The German Ministry of Foreign Affairs writes that since 2004, Sino-German relations are a "strategic partnership in global responsibility". In July 2010, Chancellor *Merkel* and Prime Minister *Wen Jiabao* established annual intergovernmental consulta-

tions. According to the German Ministry of Foreign Affairs, two rounds of inter-governmental consultations resulted in the conclusion of a total of more than 40 concrete agreements between the respective ministries and joint declarations by the two governments. In addition to the intergovernmental consultations, there are very frequent high-level official visits between the two countries.

The strategic choice for intensifying Sino-German relations explains among other things why the financial crisis did not hit Germany as hard as other countries. Due to Germany's strategic partnership with China, Berlin knows better what is going on in Beijing than other European countries. Consequently, Germany is best placed to play a role in geo-economics.

But in spite of the aforementioned positive indicators, Germany is reluctant to lead. Germany's position as the "reluctant hegemon" can be explained from an historical perspective. After the end of the Second World War, Germany was transformed into Europe's most post-modern country, which explains its reluctance to use force. *Patrick Keller* wrote that Germany's reluctance to use force can also be explained by fear of overstretch which is fuelled by economic concerns and a perception of insufficient threat.<sup>37</sup> The result is that Germany does not have a clear line of strategic reasoning. Indeed, Germany is absent in the European strategic debate. For a foreign observer this becomes clear when one reads for example the CDU/CSU election manifesto for 2013 to 2017. The document fails to mention the responsibilities that come with Germany's special position in Europe and the subsequent need to lead the Union. The manifesto does note ten projects crucial for Germany's future leadership. But only one of these projects comes close to the country's special responsibility: enhancing the EU's strength and improving its position in the world.

However, as Germany is deeply embedded in the globalized system of trade and financial markets, systemic stability is a core interest. *Keller* argues that Germans might feel as though they are living on a post-historic island, but in fact they are very much at sea.<sup>38</sup> This is also the core argument of this paper. Global change and the rise of geo-economics requires Germany to rethink post-modern Europe's position in a changing world. This does not mean that Europe should give up post-modernity. On the contrary, post-modernity has greatly contributed to peace and stability of the continent.

37 *Keller, P.*: Germany in NATO: the status qua ally, in: *Survival* 54/3 (2012), 99.

38 *Ibid.*, 100.

But Germany should accept that a post-modern foreign and defence policy does not suffice in the new world where economic interests can only be protected when the projection of power becomes an integral part of diplomatic action. As the US also develops into a “reluctant hegemon”, NATO is likely to become less effective while the EU must become a geo-political player. Consequently, Germany and the other EU Member States should accept that geo-political change requires the EU to turn its economic might into political power and that its Common Security and Defence Policy (CSDP) should incorporate hard power elements.

This might question the basic German idea that the chief determinants of future security policy development are not military, but social, economic, ecological and cultural conditions, which can be influenced only through multinational cooperation. The 2006 Defence White Paper argues that the points of reference “are the Basic Law, which lays down Germany’s commitment to the preservation of peace, the unification of Europe, the observance and strengthening of international law, the peaceful settlement of disputes, and integration into a system of mutual collective security.”<sup>39</sup>

But it is in the interest of all EU Member States that Germany takes the lead to turn the EU’s CSDP into a credible construct. Interestingly, the requirement to lead and to give up the reluctance to use hard power does not conflict with recent policy papers. Both the White Paper and the 2011 Defence Policy Guidelines acknowledge that “Free trade routes and a secure supply of raw materials are crucial for the future of Germany and Europe (...) Restricted access can trigger conflicts (...) This is why transport and energy security and related issues will play an increasingly important role for our security”. Moreover, the paper observes that German security interests include among other things “facilitating free and unrestricted world trade as well as free access to the high seas and to natural resources”.<sup>40</sup>

If Germany persists in not leading, Berlin might become a stumbling block for Europe’s strategic adaptation that in turn will negatively affect the future welfare and stability of the entire continent. This supports the view of the Polish foreign minister *Radek Sikorski* who fears German inaction more than German power.

39 *German Ministry of Defence*: White Paper 2006 on German Security Policy and the Future of the Bundeswehr, Berlin, 2006, 19.

40 *German Ministry of Defence*: Defence Policy Guidelines: Safeguarding National Interests – Assuming International Responsibility – Shaping Security Together, Berlin, 2011, 3.

During a much-quoted speech, *Sikorski* argued: “I demand of Germany that, for your sake and for ours, you help [the Eurozone] survive and prosper. You know full well that nobody else can do it. I will probably be the first Polish foreign minister in history to say so, but here it is: I fear German power less than I am beginning to fear German inactivity.”<sup>41</sup>

## XI. Conclusion

This paper is a call for adaptation and leadership. Germany’s preference of post-modernism does not contradict its responsibility for the stability of the international system. This suggests that Germany should not only focus on rescuing the Euro, but should also acknowledge that hard power plays an increasingly important role in geo-politics and is a prerequisite for effective transatlantic relations. As a matter of fact, geo-political change and the rise of geo-economics demand both. Leadership helps to ensure access to resources, and to secure trade routes that are vital for all industrialized European states and necessary to the continued prosperity and growth of the EU. This is a powerful incentive for Germany to restructure the EU Common Security and Defence Policy. Thus it should help EU Member States turn the EU’s economic power into geo-political power on European terms.

Germany is Europe’s leader by default. The United Kingdom is abandoning Europe. France is stagnant. The US is rebalancing towards Asia. If Germany manages to lead, it will develop, in the words of *Radek Sikorski*, into Europe’s “indispensable nation”.

41 *Sikorski, R.*: Poland and the future of the European Union, Berlin, 28 November 2011.