

BEWARE OF POTEMKIN: GERMANY'S DEFENSE RETHINK RISKS REINFORCING OLD HABITS

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COMMENTARY

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Germany's negligence of its armed forces is well-known and documented: from the lack of warm underwear for its forces deployed in Lithuania with NATO's Enhanced Forward Presence, to periods in which none of its six submarines were ocean-going, to long-delayed or cancelled procurement projects for critical military capabilities like new heavy-transport helicopters or medium-range air defense. These shortfalls stand in stark contrast to Europe's current geostrategic reality, in which the bloody Russian invasion of Ukraine has forced European states to re-evaluate and change their defense posture and policies. Among them is Germany, whose government recently announced a dramatic shift in its security perception, a sudden increase in its defense spending, and the delivery

of weapons to Ukraine. A Zeitenwende (turning point) based on a shared new understanding across all major parties in the German parliament appeared to be dawning — but without significant steps, it will not lead to true policy change.

On Sunday Feb. 27 the German parliament convened for a special session to discuss a government declaration in response to the Russian invasion of Ukraine. Chancellor Olaf Scholz took to the stage first and promised weapons deliveries to Ukraine, an increase in the defense budget to 2 percent of GDP, and a one-time special fund of €100 billion for defense procurement, including specific armaments projects to be pursued.

BECOME A MEMBER

Long-held assumptions about Russia and the impossibility of large-scale conventional war in Europe appeared to be overturned. Nearly every speaker from Germany's mainstream parties highlighted a shift in their perspective on the European security environment and the "state of the world." Some even conceded that they were wrong to previously oppose German arms deliveries to Ukraine in the hopes of appeasing Russia. Beyond immediate events, these shifts might have an even more profound impact on German foreign and security policy than the additional funding for the Bundeswehr.

Germany's allies had heavily criticized Germany for years and in the run-up to this turn of events for not spending enough on defense, refusing to deliver weapons to Ukraine, and even prohibiting the export of former German weapons to Ukraine by allies (Estonia). However, changing mindsets, processes, and institutions is more difficult than delivering speeches in parliament. Based on early indicators, we are skeptical that the change will be as historical as the speech itself.

Trend Reversals: Rinse and Repeat

For observers of German defense policy, the term *Zeitenwende* immediately recalls the three Trendwenden (trend reversals) on personnel reductions, spending decreases, and material readiness, initiated by former Defense Minister Ursula von der Leyen back in 2015. Their impact was, though symbolically visible, marginal at best.

Since 1992, Germany has consistently missed NATO's Defense Investment Pledge to spend 2 percent of its GDP on defense and to spend 20 percent of that annual defense expenditure on major new equipment, including related research and development. While it made some progress towards fulfilling the pledge since reiterating it at NATO's Wales summit in 2014, along with the subsequent initiation of the said trend reversals, Germany remained below the initial promise: Its defense spending as a share of GDP increased from 1.2 percent in 2014 to 1.5 percent in 2021. The investment share of the budget increased from 13 percent in 2014 to 18.5 percent in 2021. Both increases were hardly enough to make up for decades of underfunding. Adding to the problem was the nature of the defense spending increases: While the government's multi-year budgetary outlooks showed flat future defense budgets, the parliament "surprised" the Ministry of Defense almost every year with a larger annual budget than previously planned. This vastly constrained effective planning by the defense ministry, its procurement agencies, and the defense industry and led to the postponement of several modernization and replacement projects for old equipment. In turn, keeping this old equipment running increased costs and financial stress on the budget.

Germans usually pride themselves on following particularly restrictive arms export policies. Regardless of party coalition, the German government usually underlines its caution and diligence in checking and approving the delivery of weapons to customers. One of the most important policies is the pledge to not deliver weapons — either as regular industry exports or armed forces surplus — into active conflict zones. Before the recent escalation of the Ukraine crisis, German politicians were harshly criticized for even considering the delivery of "defensive" weaponry. Robert Habeck, current Minister of Economy and Climate

and then co-leader of Germany's green party, Bündnis 90/Die Grünen, experienced this in the summer of 2021 after publicly musing about such deliveries after a visit to the front line in eastern Ukraine. However reluctant Germany might be to send weapons to active conflict zones, its decision to overcome this barrier is not without precedent. Sending weapons to the Iraqi Kurds in their fight against the Islamic State in 2014 was the first major exception — though hotly debated before the government allowed it. An exception is impossible until it is possible.

So, are we witnessing a turning point, or a largely symbolic and very costly expression of solidarity? A true watershed moment would see Germany embark on strategic disentanglement by departing from previous habits. Interested observers should thus scrutinize future actions concerning how Germany thinks about, decides, and executes its defense policy. Below we propose several indicators to assess the depth of policy change.

Reasoning: A Tamed Strategic Mindset

Germany is well-known for its tame security and defense policy discourse, in which even the mention of the word “war” is a major taboo. Germany derives its foreign and security policy identity primarily from competing and often mutually exclusive “lessons of the past,” including a commitment to peace, alliance solidarity (avoidance of unilateral action), and a historical sense of responsibility to prevent genocide. By contrast, the use of force as a direct (war) or indirect (coercive diplomacy) means of politics is largely incompatible with this sense of self. As a result, numerous Bundeswehr engagements (including in multinational operations in Somalia, Bosnia, the former Yugoslavia, Kosovo, and Afghanistan) have had to be sold as “peace operations,” with German troops consequently operating under severely restrictive rules of engagement. This infamously came to a head in 2009 when then Defense Minister Karl-Theodor zu Guttenberg described the situation in Afghanistan as “warlike” in the wake of the Kunduz airstrike. Guttenberg’s statement created great consternation within the government, as it clashed with the previous framing of Afghanistan as a stabilization mission. “War” in Afghanistan implied the failure of Germany’s

stabilization mission to prevent war and that Germany itself was participating in something that was anathema to its very identity.

Since the Russian invasion of Ukraine, there are arguably some indicators of change. Germany's Finance Minister Christian Lindner recently pledged to create "the most effective army in Europe." However, true discursive change in German security policy would need to acknowledge the use of force as a legitimate foreign policy tool. If Germany really aims to produce the most effective army in Europe, it needs to bring back conscious risk-taking. Politicians should lead the way in enabling the armed forces to create greater conceptual leeway. This includes, for example, a more proactive and positive stance towards new technologies and their potential impact on warfare, where technology-skeptical attitudes in German society have a particularly inhibiting effect on military innovation — as seen in the prolonged German debate on armed drones. While the lessons coming from the current war in Ukraine require more diligent assessment down the road, reform and innovation in the German armed forces is both necessary and currently too often politically impaired. A significant redesign of the strategic narrative would see Germany favor risk and innovation and then expand that to its European and NATO allies instead of following them.

Currently, however, most of the German defense establishment falls back to its "default mode" when it comes to strategies and concepts. Its security and defense policies are so deeply embedded in the respective NATO and E.U. frameworks that Germany's dedicated national strategic goals are often difficult to decipher. Unsurprisingly, the government relies on tried and tested narratives — such as increased support for NATO allies and incrementally more punishing sanctions for Russia — in times of immediate crisis. Increased troop deployments to its eastern NATO allies, for example, follow the same reassurance pattern as 2014/2015. Another example is the current German debate on the acquisition of missile defense systems — weapon systems as defensive as they get — instead of talking about the need for more long-range strike capabilities. Diverging from such rehearsed behavior requires more

appetite for risk on the part of German politicians.

Prioritizing: Where's the Policy Consensus?

In addition to a new mindset, a true turning point would be demonstrated by sustainable reform of Germany's strategic decision-making processes about the use of force. At the moment, the political environment in Berlin is not conducive to the efficient and effective investment of new resources or the required institutional, political, and procedural reforms. A first, telling sign of institutional continuity was the parliamentary debate on March 23, 2022 on the defense budget: Instead of building on the cross-party consensus displayed on Feb. 27, this time the bargaining for future spending had reached "the trenches." In other words, the debate about spending 2 percent and the €100 billion special fund has arrived in the political reality of constant fighting — including within the coalition government — and finger-pointing about past policy omissions.

If the current governing coalition wants to spend 2 percent of Germany's GDP on defense, its multi-year financial plan doesn't show it. In it, the regular defense budget remains flat at €50.1 billion until 2026. If the €100 billion fund is used to pay the difference, it will already be gone by 2025.

It appears that the current government wants to boost its political credibility in the short term while offloading the real problems onto the next government. These problems include the detrimental effects of massive short-term spending and the foreseeable difficulties of raising the regular defense budget due to the constitutional "debt brake." On the other hand, procurement logic prefers longer timelines of about 10 years. Yet criticism of the €100 billion special fund doesn't end there: Its buying power is already diminished as Value Added Tax of 19 percent applies, leaving only €84 billion for actual procurement. Moreover, compared to the approximately €30 billion investment share that Germany's regular defense budget would have if the country were already spending 2 percent of its GDP on defense, the €100 billion special fund seems more like a public relations stunt in line with what other allied governments regularly do.

Executing: Walk the Talk

Finally, a true *Zeitenwende* would demonstrate a new focus on proper policy execution and disentanglement from the institutional inertia currently prevalent in the parliament, government, and bureaucracy. Right now, however, the odds are against readjusting the defense enterprise towards performance.

Currently, the lack of precise and actionable political guidance is hampering action to reform the most crucial stumbling block of efficient and effective armament procurement: the Bundeswehr's procurement agency. Risk-averse bureaucrats, prolonged lawsuit-heavy procurement processes, indecision and incoherent signaling on the political level, massive delays in industrial delivery, excessive cost overruns, equipment without promised features, the low quality of delivered equipment, and the need for the defense industry to fully comply with criteria based on civilian safety requirements are the most common complaints. Hence, the current German procurement system, including industrial production capacities, looks ill-equipped to handle even more money without running the risk of wasting it. Additionally, its overall absorption capacity across all stages of the armament's life-cycle — research and development, design, contractual negotiations, production, certification, operation and maintenance, and disbursement — is limited.

Furthermore, and true to its roots, Germany will likely retain its restrictive arms-export policy. During the special parliamentary session, Foreign Minister Annalena Baerbock not only used her speech to explain why Germany greenlighted the arms exports to Ukraine, but she also seized the opportunity to highlight the exceptionalism of this decision. Societal pressure will grow as increased domestic defense spending potentially alleviates export dependencies and economic pressures for Germany's defense industry. Moreover, as more and more E.U. and NATO allies are announcing national spending increases, which traditionally generates strong demand for the German defense industry, economic incentives for exports beyond E.U., NATO, and NATO-equivalent countries further decrease. Activists critical of German arms exports have repeatedly urged Germany to focus on domestic and allied markets, as further illustrated, for example, by a recent study commissioned by Greenpeace. This is

especially true as German society and politicians are most critical of exports beyond allied countries. However, as seen in past years, Germany's strict export practice also negatively impacts multinational armaments projects, resulting in diplomatic grievances with even its closest allies. The combination of these factors doesn't necessarily bode well for further defense industrial and armament cooperation envisaged, for example, as part of the European Defense Fund, aiming to promote collaborative multinational research and development, or NATO's new Defense Accelerator for the North Atlantic, which focuses on intensifying transatlantic development in dual-use technologies.

Although important, spending more on defense is not enough. For Scholz's *Zeitenwende* to deliver true change, Germany needs to spend differently and embed the spending hike in a broader national and international context.

Making the Change Work for Germany

To make a *Zeitenwende* work for Germany, Berlin first needs to adapt its strategic narrative. Germany's novel National Security Strategy has the chance to lay down a new vocabulary that allows German policymakers to demonstrate more daring in defense policy. Then daring also needs to be translated into an update of the Bundeswehr's capstone documents that outline the future level of ambition and the respective capability profile.

Second, and closely related to the narrative, Germany should stop framing budget increases as "exceptions" and "one-off" decisions that temporarily work around current constitutional restrictions. Instead, these restrictions should be confronted head-on. Consequently, for example, the Bundestag should consider nullifying the €25 million ceiling for procurement projects. Right now, the parliament's budget committee has to okay every procurement project that exceeds the €25 million threshold before the Ministry of Defense can sign contracts. Eliminating the ceiling would increase procurement flexibility. It would also limit the vectors of influence that stakeholders with vested interests are currently using to fine-tune procurement projects. Currently, pork-barrel politics funnel funds into ineffective and inefficient projects, wasting taxpayer

money and decreasing military performance potential at the same time.

Finally, the Bundestag should become more vocal in demanding and advocating defense innovation that enables daring and reflects the current geostrategic challenges. The defense spending increase should thus be used to create a new long-term budget line dedicated to funding defense innovation and experimentation. The 2021 defense budget already earmarks spending on concept development and experimentation to support the Bundeswehr's transformation. Building on this idea, the new defense innovation and experimentation budget should cover national demonstration projects and provide matching funds to support multinational projects under the European Defense Fund and incentivize cooperation with NATO's innovation framework. The Bundestag should also appoint one of its members as a Defense Innovation and Experimentation Ambassador to oversee output and outcome-driven spending of the respective funds, serve as a patron for innovation and experimentation exercises and demonstrations, and host hearings and conferences on topics related to the advancement of Bundeswehr innovation.

...And for European and Transatlantic Security

If Germany is serious about using the *Zeitenwende* not only to boost its defense capabilities but support European and transatlantic partners, then it has several instruments that it can readily deploy.

Building upon the framework nation concept it introduced into NATO back in 2014 — under which larger NATO nations take the lead in multinational units that smaller countries can “plug” their forces into — Germany could drive systemic change in the continent's armed forces. Both military and defense industrial capabilities would profit from more direct and aggressive signaling and declarations of intent, something that allies, especially in Central and Eastern Europe, are missing from Germany right now. This means further integrating units with allied militaries to increase interoperability and promoting common equipment for economies of scale.

Industrially, Germany should harness its dominant land-forces industry to

create defense-industrial supply webs that actively integrate with suppliers in allied countries. Technology transfer and local industrial developments would increase Europe's resilience and reduce duplication. Politically, though, this would require Germany to make sure that component exports into allied countries are guaranteed and would not be held hostage to politics in Berlin.

In addition, the current defense-spending increase should be seized as a welcome opportunity to leverage multinational military units, like those already engaged with allied forces in NATO's Framework Nation Concept, and to advance joint procurement with allies, realizing economies of scale and pushing technological development. This is particularly important in the short term as Germany can potentially backfill European partners' stocks through these joint projects, freeing up allies to supply legacy systems to Ukraine over the medium term. Along similar lines, the 1st German-Dutch Corps, for example, could be strengthened as a future innovation bridge linking national military test and experimentation units as well as industry and institutes to form cross-border defense ecosystems that deliver innovative solutions to the front lines.

Wait, See, and Hope

At first sight, the announcements of Scholz and his government seemed to break the chains that have bound German security and defense policy for too long. Although changing rhetoric is welcome, the true challenge lies in “walking the talk” and engaging in comprehensive cultural, strategic, organizational, and material transformation. Past decisions, however, have created long-term path dependencies that are likely to weaken the necessary change that Scholz sought to evoke. It is too early to tell whether his Feb. 27 speech will mark a true *Zeitenwende* or whether inducing lasting and profound change will prove too difficult. If and to what extent the benchmarks we have discussed will be addressed determines whether Russia's invasion of Ukraine has “wakened a sleeping giant” or just let it construct impressive Potemkin facades without substance behind them — ready to call for the next new revolutionary change a couple of wasted years down the road.

BECOME A MEMBER

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Image: Military training areas (bundeswehr.de)

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