

# Angela Merkel's Great Strategy

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*There is one country in Europe which is trying to build up a comprehensive, long-term and strategic approach to the changing environment of international relations, and that country is Germany. The pandemic and its geopolitical and economic consequences have been fully interiorized by Angela Merkel's coalition government and have been counted into the evolution of Berlin's approach to the most relevant issues that the nation has to deal with.*

*It's not exaggerated to describe Germany as the only "winner" of the pandemic year through the group of Europe's most relevant Powers. Now Germany will move into the rest of the decade being able to program full-scale actions to empower its own position both in Europe and in the global scenario.*

*How Berlin has shaped its own and Europe's political framework and what are the most prominent traits of this development? We can try to highlight those factors looking also at the factors that have strengthen Germany's role as the Old Continent's "decisive nation". In fact, we can find three factors linked to the new comprehensive approach towards economics and other three factors that led us to consider how Berlin is trying to break the classical dualism based on its "commercial dwarf/geopolitical giant" status.*

## **FAREWELL, "AUSTERITY"!**

First, Germany has been able to anticipate that the pandemic crisis would become a game-changer in economic and international affairs. Angela Merkel's leadership was considered on her way out after the complex evolution of German national politics linked to the declining consent achieved by her centrist coalition (Cdu-Csu) in national, European and regional elections hold through the last three years. However, the pandemic has given Merkel the opportunity of showing her own ability on programming an efficient, government-led and incisive response to the surge of the Covid-19 infection curve and the possibility of repairing the most controversial part of her agenda in the field of European economy and politics.

So, second point, we can see how Germany has made its own response based on prevention rather than on adaptation to emergency. And this lesson has been applied both in the field of sanity and in the political sphere. Germany has for a long time avoided the need for a full-scale lockdown and most regional leaders have dialogued intensively with the central government building up a coherent scheme. On the other side, Berlin has wisely decide to avoid errors occurred during the Sovereign Debt economic crisis, breaking the vicious circle economic meltdown-austerity-financial crisis removing every obstacle to a substantial surge in internal economic spending and positioning itself as the ideal dealmaker for large-scale agreements leading to a comprehensive European response<sup>1</sup>.

Third, we have to analyze in depth how Merkel and her government manage to play a full-scale action and the main components of Berlin's response to the crisis. The traditional, balanced budget-oriented economic policies have been overcome by a long-term oriented action based on the expansion of the public budget and on the deployment of strategic investments. *Schwarze null*, the untouchable dogma of the Ordo-Liberal German economic ideology, transformed into an increase of public expenditure over €400 billion for the whole 2020. In addition, Germany has decided to invest €55 billion for the whole 2021 and €48 billion for the 2022-2024 period, preparing for a five year-long period of fiscal deficits. This would be useful to accelerate the recovery of a struggling economy, mobilize public and private investments, avoiding corporate bankruptcy and job loss, the expansion of the safety net. Italy's former Minister of Labor Renato Brunetta, a prominent figure on Silvio Berlusconi's Forza Italia, has also remembered that the Berlin-led evolution of European rules on State aid will favor Germany in driving up to €50 billion into its own industrial sector<sup>2</sup> to restore balance sheets, compensate losses and protect the strategic economic apparatus on which the country strongly relies.

## THE STRATEGIC SHIFT

The theme of strategic industries is strongly linked to the second row of factors that we are going to consider. Those features are strongly linked to the new perception of Germany's own centrality in Europe not only as a prominent economic and commercial giant but also as a geopolitical key player.

Merkel and her government have become far more conscious of the need to play a full-scale game in order to consolidate Germany and Europe's possibility to remain on the first rows of the global political competition. The pandemic, which has played the role of an accelerator on political clashes and conflicts, has highlighted the crucial role of strategic independence and sovereignty as drivers of

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<sup>1</sup> Andrea Muratore, [La grande strategia di Angela Merkel nell'anno della pandemia](#), *Kritica Economica*, 23 October 2020.

<sup>2</sup> Renato Brunetta, [Il grande azzardo morale in Europa](#), *Huffington Post*, 21 October 2020.

political opportunities for States in the world shaped by the “battle of giants” between China and the United States.

So, Germany has made its own strategies far clearer in three different fields: the push for projects directed to build up Europe’s technological sovereignty, its own role in the global energetic challenge and the definitions of its relationship with the two most prominent superpowers.

## **TECHNOLOGY AS A DRIVER OF POWER**

Technological sovereignty is regarded as one of the strongest driver for the accomplishment of a complete European strategic authority. The Merkel government has started to think about the possibility in the last year. Since 2019, Berlin has reinforced its own connection with France in order to partner with Paris in the most complex spheres of the technological sector: so the race has been opened in order to contain Silicon Valley’s big tech multinationals in the European market, to develop a European-based data cloud architecture, to promote European champions in sectors like Artificial Intelligence, Data mining, Internet of Things, 4.0 Industry<sup>3</sup>. The pandemic has acted as an accelerator for the role of technology in advanced economy and so Berlin, which is in pair with China the world most powerful industrial and commercial actor, and Paris, which maintains national autonomy as its own political polar star, has started to open the path for an European-led pole of competition in this sector.

Gaia-X, the cloud computing European project, has been crafted by the two countries in order to shape the convergence for industrial integration and data protection. The German Ministry for Economic Affairs has defined Gaia-X has a “facilitator for Made in Europe platforms” and in the second half of 2020 both Germany and France have strongly pushed for its expansion. Also, for 5G<sup>4</sup> Germany has expressed its own preference for European-led consortiums<sup>5</sup>.

## **NORTH STREAM II AND THE GEO-ECONOMIC INTEGRATION WITH RUSSIA**

We may also take into account the “Bismarkian” choice of playing a comprehensive game with Moscow. Angela Merkel and Vladimir Putin are two of

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<sup>3</sup> Chiara Rossi, *AI, riconoscimento facciale e non solo. Ecco la strategia (sovranista) dell’Ue*, Start Magazine, 2 February 2020.

<sup>4</sup> Andrea Muratore, *La Merkel rilancia contro Huawei i piani per la sovranità tecnologica europea*, Inside Over, 20 ottobre 2020.

<sup>5</sup> [EU Digital Strategy](#)

the most experienced leaders in the international context, and their relationship has been strengthened by the convergence of the two countries on decisive issues such as the expansion of the North Stream Baltic pipeline. North Stream II is far more than a pipeline: it's the symbol of Germany's will to expand its strategic ambition, the infrastructure which has opened Berlin the routes of a full-scale agreement with Russia and a precise choice in the international competition for energy transmission.

Choosing to make affairs with Putin and preferring Russia's huge reservoir of natural gas to the "Atlantic" alternative based on costly imports of American LNG Angela Merkel has enhanced Germany's definition as a core political actor in Europe. And as the bridge between Europe and its neighbors. It's not a case that on 21 October, the US announced its decision to expand the ambit of sanctions against Nord Stream 2, while on the other hand Germany has forced the hand in order to disapply the enduring sanctions promoted against Moscow during the Ukraine crisis of 2014.

## **BALANCE OF POWER**

Technology and energy signal that Germany wants to play as a more independent actor in the Western block, distancing itself from being completely affected by political priorities decided by its major Nato partner, the US. Donald Trump and Angela Merkel often clashed over trade, sanctions and political issues, but the most important fact that we must consider is that Germany has not tried to simply distance itself by a single presidency. The Spygate of 2013, the Dieselgate and the attacks on German financial institution on the US were considered, also during the Obama administration, as attempt to reduce the role of Germany and maintain Berlin under the political control of Washington. The pandemic has accelerated the de-coupling in some spheres, even if other features such as the military linkage will continue to maintain active the bilateral ties and the traditional alliance.

The Biden presidency is set to move on the route of its predecessors, looking at Germany as both a strategic ally and an economic and commercial rival; an ambiguous relationship that Berlin will try to maintain as much balanced as possible in order to develop its own space of autonomy.

The other global player, China, is month after month regarded as a crescent political and economic rival by Germany, which is one of the latest countries maintaining a commercial surplus with Beijing in the context of a huge and consolidated trade relationship. Germany is looking to China's Belt and Road Initiative in Eastern Europe as potentially confusing for Berlin's strategy, based on the defense of industrial and infrastructural integration of a region that is crucial for national manufacturing's value chain. The increase of quality in Chinese products and the push for technological sovereignty are both drivers of an increasing competition between Beijing and Germany. Berlin has "stolen" the

control of the Mediterranean harbor of Trieste, in Italy, on which the Chinese were strongly present, by investing €1 billion through Hamburg's authority Hhna. This move will reinforce the continental vocation of a city that will play a decisive role in trade routes developing through the Mediterranean Sea. On the other hand, Germany is reinforcing its focus on Huawei-led technologies in order to avoid interference linked to Chinese firms and political actors in its own strategic sectors. This could finally led Berlin to give priority to European actors in the process of 5G network's building.

Competition and a strategic attempt to raise its own voice in order to build up a balanced relationship with world's greatest superpowers are driving in this period the international political action of Merkel's Germany. The main hint of this chaotic and problematic year is the re-discovery of Germany as a strong and assertive political actor with a long-term strategy that conflict with the traditional, market-oriented focus of Berlin action both in the European and in the global theatre. From "soft power" to military, there are many fields on which Germany may enforce growth strategies to reinforce its attempt to play as a global actor, but the final consideration that we can draw is that when Angela Merkel will leave the government after 2021 elections she will gave her successor a strong and self-confident country. Trying to define, year after year, the most relevant comeback in the sphere of European political competition. The dualism "commercial giant/geopolitical dwarf" is going to being completely forgotten.



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