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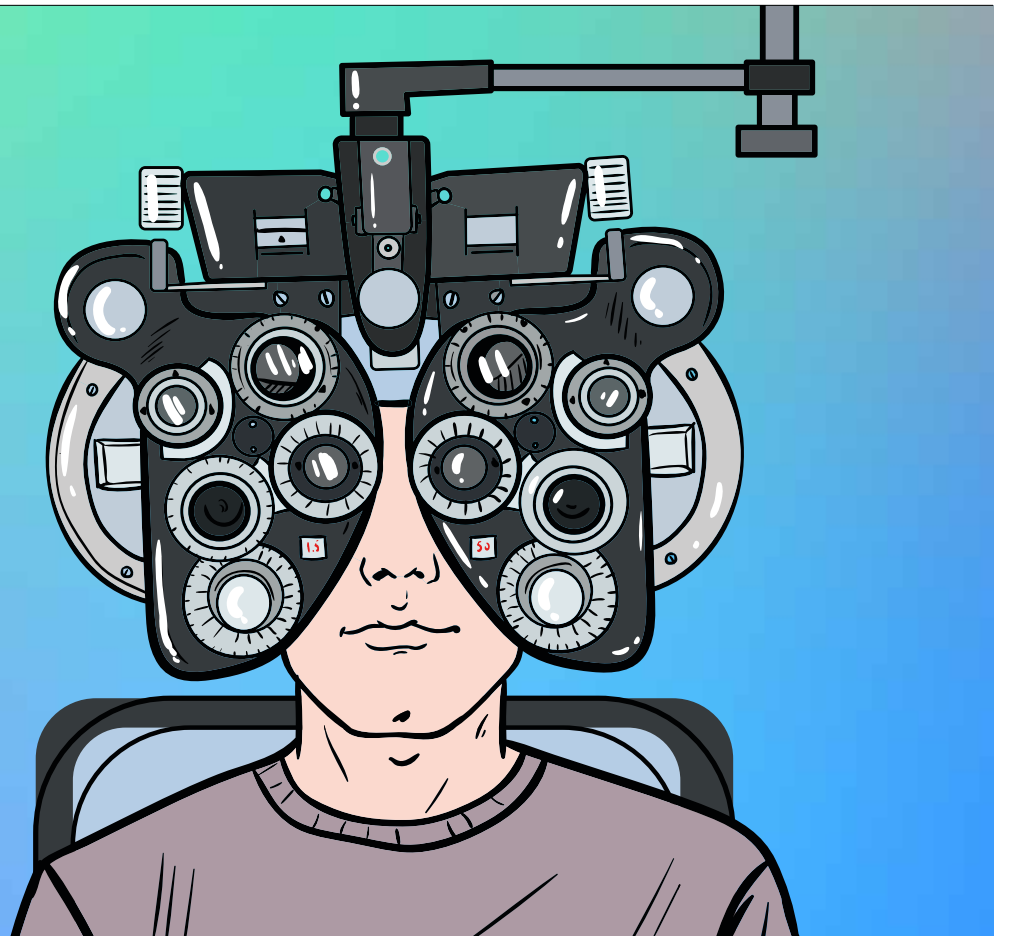
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NEW SPECTACLES

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SHUTTERSTOCK

IN THIS ISSUE

While Germany is looking at its relationship to NATO (page 5), the US is making significant improvements to its Ramstein Air Base – with the help of their German hosts (page 4).

Two of the nation's most reputable institutions, Deutsche Bank (page 14) and the national soccer team (page 22), have not made good impressions of late. The Basic Law, on the other hand, is very much alive and going strong at age 70 (page 8) while Dirk Nowitzki's 21-year NBA career has brought him great appreciation as a global basketball legend (page 23).

Enjoy the scenery and gain insight into the deep philosophical significance Germans place in the forest (page 17), and while you're there, you just might see a wolf and learn about how humans and animals can see eye-to-eye on certain issues (page 18).



A paper within the paper

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Trading up

The European Union is trying to forge a more robust partnership with China

BY THEO SOMMER

Since 2003, China and the European Union have been committed to what is called, rather grandiloquently, a Comprehensive Strategic Partnership. In this framework, their trade relationship has flourished above all others. For 17 years now, the EU has been China's biggest trading partner, while China has become the EU's second-biggest partner after the United States. In 2018, their trade volume reached an impressive \$682 billion.

In recent years, however, the Europeans have found their economic relationship with the People's Republic less and less satisfactory. They started complaining ever louder about unfair trade relations and a lack of reciprocity in investment relations while toughening their stance on Chinese business practices, such as restricted market access, forced technology transfer, unlimited industrial subsidies and limited respect for intellectual property rights. Moreover, Chinese companies buying or buying into European enterprises are facing far more stringent scrutiny than before.

"Europe must defend its strategic interests," explained EU Commission President Jean-Claude Juncker, announcing the introduction of a new mechanism for investment screening whenever a foreign acquirer raises security concerns. Characteristically blunt, French President Emmanuel Macron chimed in: "The period of European naïveté is over." The new mood was faithfully reflected in a Joint Communication by the European Union and the High Representative for Foreign Affairs and Security Policy, published on March 12, 2019. By the second paragraph, the document already struck a bold new tone:

"There is a growing appreciation in Europe that the balance of challenges and opportunities presented by China has shifted. In the last decade, China's economic power and political influence have grown with unprecedented scale and speed, reflecting its ambitions to become a leading global power.

"China can no longer be regarded as a developing country. It is a key global actor and leading technological power. Its increasing presence in the world, including in Europe, should be accompanied by greater responsibilities for upholding the rules-based international order, as well as greater reciprocity, non-discrimination and openness of its system. China's publicly stated reform ambitions should translate into policies or actions commensurate with its role and responsibility."

Pulling no punches, the next paragraph stated that the 2016 Strategy on China remained the cornerstone of EU engagement, yet it provided the basis "for further EU policy shift towards a more realistic, assertive and multi-faceted approach. This will ensure that relations [...] are set on a fair, balanced and mutually beneficial course." (A footnote, which must have stuck in Beijing's gullet, while confirming the EU's continued adherence to its "one China Policy," underlines its persistent commitment to developing its relations with Taiwan.)

Looking at different policy areas, the authors presented multi-faceted pictures of China. They called it:

- a cooperation partner with whom the EU has closely aligned objectives,
- a negotiating partner with whom the EU needs to find a balance of interests,
- an economic competitor in the pursuit of technological leadership,
- and a systemic rival promoting alternative models of governance.

"This requires a flexible pragmatic whole-of-EU approach enabling a principled defense of interests and values," they reason. "The tools and modalities of EU engagement with China should also be differentiated depending on the issues and policies at stake. The EU should use linkages across different policy areas and sectors in order to exert more leverage in pursuit of its objectives."

Reviewing relations with China, the Commission and the High Representative recommend that "the EU should robustly seek more balanced and reciprocal conditions governing the eco-

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Trading places

The US is pursuing a protectionist agenda that breaks with its own ideals

BY ALEXANDER HAGELÜKEN

You have to give Donald Trump credit for at least one thing: He never hid his feelings about China. One year before he was elected 45th president of the United States, he wrote in his manifesto *Great Again: How to Fix Our Crippled America*: "There are people who wish I wouldn't refer to China as our enemy. But that's exactly what they are."

An erstwhile trading partner becomes a stated enemy – it's hard to imagine a greater break from the tradition of US economic policy. And in the more than two years since his presidency began, Trump has pursued this rupture as consistently as he could. He pulled out of groundbreaking trade agreements, including the TPP with Asian-Pacific states and the TTIP with Europe. He continues trying to incapacitate the World Trade Organization (WTO). And he has imposed a wave of punitive tariffs – the likes of which have not been seen since World War II – that

are directed at countries on virtually all continents.

This protectionist approach is completely new for the traditionally economically liberal United States. The policy still seems to be polling well among Trump's followers. But the actual economic and political balance sheet associated with this new approach is showing negative figures. The president is alienating countries that have been close partners for decades, thus doing tangible harm to his own country and the global economy as a whole, while also failing to meet his publicly proclaimed goals. Even the forthcoming deal with China – if it actually comes – will not be able to make up for this catastrophe.

The logic behind Trump's punitive tariffs is that by making foreign products more expensive, they will prompt US consumers to purchase domestic goods instead. However, despite the duties levied on many of its partners, the US trade deficit shot up by a whopping 20 percent to reach €620 billion in 2018. This was its highest level in 10 years. America the weak.

Even those who insist that Trump's punitive measures will begin to show a marked impact starting this year will have to acknowledge the problem: Politicians cannot simply switch on the demand for domestic products, as Trump suggested he could while addressing the frustrated industrial workers in the Rust Belt. In fact, consumers often end up buying foreign goods anyway, in spite of the customs duties, simply because those goods are of better quality, or because US products are much too expensive, or because they're not available at all. In recent decades, the US economy has relied on services, in particular on the financial industry and digital services, while US heavy industry slumped – or had bulk goods produced abroad.

In addition, the nations that are targets of Trump's punitive tariffs usually tend to strike back and increase the price of US goods in their own countries – goods that consumers then usually leave to gather dust on the shelf. In turn, this has a negative impact on the US trade balance.

In macroeconomic terms, the tariffs are also highly doubtful in the first place. We see this in the steel and aluminum sectors, where Trump took measures against his economic partners across the board. As a recent study by the Boston Consulting Group showed, this approach did indeed benefit US steel manufacturers in the short term by helping them sell more and increasing their profit margin by 5 percentage points to 14 percent. And yet, investors have little faith in such a trend because they simply don't believe in any long-term effects. As a result, despite their higher profits, the manufacturers' share prices nosedived.

Plus, much more importantly, Trump has made production more expensive for all US companies that use steel. "Metal processing and steel-dependent companies, where easily 10 to 20 times the number of people are employed than in the steel industry, face great challenges," wrote Boston Consulting in their report. "Higher steel prices negatively impact their profits and lead to lower-level competitiveness as well as job losses."

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Trading places

The fact that Trump is scaring off previous partners is also bound to have a negative economic and political impact. For decades, Europe was Washington's closest partner on the international scene. But the president failed to take advantage of the opportunity to increase US exports via the widely negotiated TTIP trade agreement as well as the chance to agree on joint technological standards that would keep their mutual global competitor, China, at a distance. Instead, Trump continues to snub Europe, accusing the former allies of playing economic tricks on the US.

By targeting the auto industry, Trump is taking aim at a sector that is particularly important for Germany. Since February, he has had a report on his desk issued by the US Department of Commerce exploring the absurd question of whether the mass of European auto exports endangers US national security. Trump now has until mid-May to impose punitive tariffs of around 25 percent on European cars. If he makes this move, it would trigger a first-ever showdown between these formerly close allies. In July 2018, after a meeting with European Commission President Jean-Claude Juncker, Trump suddenly announced that an agreement was in the works; however, nothing specific has been agreed upon since.

For the past several months, the Europeans have been waiting to see what happens to the major conflict launched by the US government with China. Trump slapped unprecedented tariffs on that country, its burgeoning rival for the title of world's largest economic power. If we include the Chinese counterstrikes, the value of the goods on the list of punitive tariffs reaches \$350 billion. And yet, the US trade deficit with the Middle Kingdom nevertheless swelled to €420 billion in 2018, even though Trump kept on signaling that a monumental deal with President Xi was on its way.

In the meantime, the damage to the global economy continues unabated. The aggressive posture of the US – that former paragon of free trade – is unsettling companies everywhere on the planet. According to the WTO, global trade is likely to grow by a mere 2.6 percent this year. This is roughly half as much as in 2017, thus marking a massive drop-off. Trump's neo-nationalism is coming up against a global economy that is less nationally oriented today than ever before. Some 70 percent of global trade consists of intermediate products, auto parts and microchips headed for installment in some device. The escalation of tariffs throws a wrench into this international division of labor in manufacturing. For example, 30 to 40 percent of Germany's prosperity is dependent on this globalized economy, estimates Gabriel Felbermayr, president of the Kiel Institute for the World Economy.

Trump is, in effect, putting a match to the very economic model the US established on an international scale after World War II: open markets, open investment, transparent rules and states that see themselves as economic partners rather than political and military enemies. ■

Alexander Hagelüken is a senior editor for economic policy at the *Süddeutsche Zeitung*.

The base is loaded

Despite all the US president's statements to the contrary, the Americans are expanding their military presence in Germany

BY NANA BRINK

Several times a month, Anja Pfeiffer, the mayor of Weilerbach, drives to "her" construction site, she likes to say with a laugh. At the outer edge of her municipality, directly across from the US air base in Ramstein, the Americans are building a new hospital. The diminutive mayor is a welcome guest at these site consultation meetings. She knows her stuff. Since 2011, when she first learned of the project, she organized a trip to the United States. She wanted to know what an American military hospital looks like. "A hospital is better than a shooting range," thought the energetic mayor back then, and she thinks the same today. Only: "I believe it's not clear to the people here how big this UFO is that's landing in our backyard."

But big it is. So big that even the head planner, Brad Dunbar of the US Defense Health Agency that is realizing the project, sometimes gets a lump in his throat. "We've never done something this big before." It will be the largest military hospital ever built outside the US. The dimensions defy the imagination: 5,000 rooms, 42 specialty departments, nine operating rooms. The US Congress has allocated \$990 million for the new building. It's been in planning now for eight years and is set for completion in 2024 at the latest.

The new clinic will not only serve as a replacement for the hospital built in 1953 in Landstuhl, near Ramstein; the Rhine Ordnance Barracks Medical Center Replacement, as it's officially called, will be the medical facility for around 50,000 US soldiers, civilian staff and their families in Europe.

The UFO, whose landing has thus far gone more-or-less unnoticed by the public, strikes Anja Pfeiffer as sometimes uncanny. It's as if they're building Hamburg's Elbe Philharmonic beside this community of 5,000 souls in the middle of nowhere. After all, it's as big and as expensive. But the hospital is also a signal: "They've already sunk so much money into the project that they can't back out, even if they wanted to," says the mayor, who follows up with an admission of what many fear: the return home of US troops. The 53,000 residents of the Kaiserslautern Military Community centered around the air base in Ramstein are also a critical economic factor – US soldiers spend around €2 billion in the region each year.

These fears are being nourished more and more often. Just before NATO's 70th birthday this year in April, US Vice President Mike Pence ranted about what his administration feels is Germany's neglect of Alliance members' common defense. This must have consequences, he warned, and how these might look was outlined last summer by President Donald Trump, when he railed against the "ungrateful" Germans who pay a pittance for the US soldiers stationed on their soil. The *Washington Post* subsequently reported on supposed plans for a withdrawal of US troops from Germany and a partial relocation of troops to Poland. Needless to say, the article caused quite a stir in the Palatinate.

Reality, however, tells a very different story. The Americans stationed in and around Ramstein and Kaiserslautern for 70 years came here to stay – and to invest. By 2019, over a half-billion euros had flowed into the West Palatinate locations for the expansion of the largest military air-traffic hub outside the US, for new schools and for the construction of the hospital.

But the funny thing is, many people don't know this. There are no press conferences and no spectacular tape-cutting ceremonies. Most of these sorts of events occur behind barbed wire, in military no-go zones to which the locals have no access. But the UFO has not yet landed – so far, all you can see is a massive area of steamrolled earth, as if a huge piece of cake has been cut out of the green Weilerbach Forest. It's raining dollars in the Palatinate, but it's all largely invisible to the local population.

One person who has a crystal-clear view of all that the Americans are up to here sits only a few kilometers away from the construction

So why is the US government signaling otherwise? General August leans back in his chair and gives an unusually unambiguous response: "We've survived Republican administrations and Democratic administrations. We've survived Cold Wars and Hot Wars. So the strategic reach that we offer from Ramstein isn't moving anywhere else."

The same message was delivered by Roger Lewentz, interior minister for Rhineland-Palatinate, after returning from the US. He attends an annual meeting with high-level officials in the US Defense Department, and this year's date is soon approaching. It's always

In the Schlemmerscheune, a popular meeting place in Weilerbach, English is already spoken more often than German. And if any communication difficulties do arise, Sigi Degen, one of the establishment's most loyal regulars, is there to help. For almost 50 years, Degen ran a barbershop on the air base. "I had no problems finding customers. We live off the Americans; it's always been like that." And like that it shall stay.

In Weilerbach, every fourth resident has a US passport. They're not only neighbors, they're also customers and consumers. Many locals have rented out apartments to Americans and built their own

not feelings of friendship. Since 2014 – with the annexation of Crimea by Russia – the number of US soldiers stationed in Germany has consistently been on the rise. Weiler assumes that the Americans will continue to invest more, not less, in their locations in Germany.

Many people are aware of the fact that the investment windfall is not an isolated incident. A 1975 treaty based on the NATO Status of Forces Agreement stipulates who is responsible for which costs. The Americans assume all construction costs, while the Germans are responsible for planning costs and coordinating the construction.

In the case of the new US hospital in Weilerbach, the costs break down as follows: The \$990 million for the new building falls to the US. The planning costs to date of €151 million are paid for by German taxpayers. The location and size of the hospital was determined by the Americans alone. In other words, Germany is subsidizing the construction of the largest military hospital in Europe, to accommodate 50,000 US troops – and zero Germans. The 5,000 residents of Weilerbach will not be patients here.

"That's not something that's easy to communicate," admits Marc Gutenberger, of the Federal Department of Construction, which has been involved in building for the Americans for decades. Gutenberger was essential in planning another US showcase project: the 21st Century School, for 850 children of American personnel in Kaiserslautern. "You can shoot a high school musical here," he says with a chuckle, as he enters the light-flooded auditorium, which is as large as the train station in an average-sized German city.

The school is chock-full of modern technology. The lights are electronically controlled; the walls of the classrooms slide at the press of a button. Electronic chalkboards – Smartboards – are everywhere, and every seat has its own laptop. The cost? Some \$48 million, of which the Association of Planning Costs assumed €6.5 million.

As a planner, Gutenberger is often asked why the Federal Republic is in the business of building things for American children, but not for German pupils: "The answer is simple: Whoever provides the money also gets to say what gets built. But we don't exactly walk away empty-handed." The US military is planning to invest around €650 million into the new construction and expansion of its schools – with German help.

"And what would we do if they weren't here?" Many people in the area think like Weilerbach Mayor Anja Pfeiffer. Critics of the Americans are few and far between. "Ami go home" signs are a rarity, and protests against the air base in Ramstein, funded by nationwide peace initiatives, are more often than not the objects of scorn.

The concerns of the pragmatic mayor have less to do with military operations than with the daily lives of her constituents. Will the highway be widened? Heavy traffic is now a problem in Weilerbach. By the time the UFO has landed, there will be a bicycle path around the fenced-in grounds. "It'll be sitting in the middle of our forest, and we have every right in the world to peek in." ■

Nana Brink is a Berlin-based freelance journalist for various newspapers and a radio reporter and moderator (Deutschlandfunk). She focuses on global politics, security policy and economic issues.



Unidentified Flying Objective: a computer simulation of the planned US military hospital in Weilerbach. Below: Weilerbach Mayor Anja Pfeiffer and General Mark August, the commander of Ramstein Air Base, in his office.

site for the new hospital. From his office window, Brigadier General Mark August, commander of the Ramstein Air Base, directly overlooks one of the runways. A giant Boeing 767 – one of the world's largest transport aircrafts – is taking off. "I love that sound," he says, flashing a wide grin. "And you know why? When you look at the logistic hub that really is Ramstein – the location is strategic." It's no fluke that the US Air Forces in Europe – Air Forces Africa is headquartered here. The 1,400-hectare air base serves as the nerve center for all operations in Afghanistan and Iraq and regularly makes headlines as a result of the controversial US drone strikes that operate from Ramstein. Yet even today, no one knows exactly what goes on here.

"We're here!" says General August, drily, as if pointing out the obvious. After all, Ramstein is the epicenter of one of the largest US bases in the world. "We're not getting any smaller. There's gonna be more airmen in this area."

The Air Force general offers some details, including the fact that by 2021, 700 US airmen will relocate to the Palatinate. This is a relatively modest statement given that last fall, US Army headquarters in Wiesbaden announced that an additional 1,500 soldiers will be stationed in Germany.

about money, lots of money. This time, Lewentz is hoping for further commitments, not statements with no bite. Last year he returned brimming with good news. Some \$19 million would be spent to expand the Ramstein air hub. An additional \$100 million would be invested in new school buildings for American children in Kaiserslautern. And President Trump personally signed off on several hundred million dollars for the ongoing construction of the US hospital. In an interview with *Sat.1-Regionalmagazin*, the center-left SPD's Lewentz went out on a limb: "We're talking about two billion over the next few years, and when it's gone, no one wants to have wasted it."

Anja Pfeiffer is all too glad to hear such signals. The young Christian Democrat mayor of Weilerbach tirelessly promotes the new US hospital, even if she knows that the Americans will bring in their own personnel to run it. "We're happy with every new job we can get."

Her calculations are simple. A hospital for all US military personnel in Europe not only brings more commerce to her tranquil community, but more consumer needs as well. "They may want to spend the night off the air base now and again, or just grab a bite to eat in town."

home from the earnings. According to data collected at the base, around 40 percent of the salaries of military personnel flows into the local economy.

And the local economy has adjusted to it. Most signs in town feature both German and English. Most supermarkets sell American beer and offer a wide selection of marshmallows and peanut butter. In the arterial roads leading to Kaiserslautern, car dealers promote "German cars," which are as big as can be and with as much horsepower as possible.

Kaiserslautern's promoter of local commerce, Stefan Weiler, estimates that the US military employs around 5,000 civilian personnel from the region. And the demand is growing: "We're getting indications from industry that the Americans are looking for new venues to exploit further potential."

In contrast to the global political stage, communication between Germans and Americans at the local level have not really changed. In fact: "The Americans are seeking greater proximity to us. Here in Kaiserslautern, our relationship to our American friends is part of our DNA."

Yet he knows that US military interests cleave to strategic goals,

CRITICS OF DRONE CAMPAIGNS

The killing of alleged terrorists via US drone campaigns is controversial under international law. The role played by the US Ramstein Air Base remains unclear. Ramstein Air Base Commander Mark August denies that drone campaigns are planned or conducted from here: "There are no drones operating out of Ramstein Air Base." In 2016, however, the German government conceded that it had knowledge of a relay station. For the US to carry out drone strikes in Yemen, the radio signals must be transmitted to the destination through Ramstein. In 2015, an American ex-drone pilot declared to a National Security Agency (NSA) committee of inquiry in Berlin that Ramstein plays a central role in drone warfare.