



## Germany's defence spending plans in an EU context

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### Summary

- \* *German lawmakers approved an amendment to the Basic Law to ramp up defence spending in a way not seen since the end of World War II. The new measures, which will total as much as €1 trillion over the next decade, represent a fundamental rethinking of German interest and priorities at a time when the European security architecture is looking increasingly volatile.*

### Background/Challenges

- During the Cold War, the Federal Republic of Germany was quickly incorporated into the newly established Euro-Atlantic security structures under arrangements that allowed it to contribute to Western defence without developing autonomous military power.
- After the Cold War, the U.S. expected a united Germany to assume a larger security role. Nonetheless, the firmness of the American commitment to NATO, together with the wariness of Berlin's European partners and Germany's post-war culture of restraint, acted as inhibiting factors, delaying the urgency and travails of adapting to the post-Cold War systemic context.
- In the 2010s, as U.S. strategic focus began to shift towards Asia and relations between Moscow and the West deteriorated following Russia's annexation of Crimea in 2014, Germany undertook a first reassessment of its anti-militarist posture as *Zivilmacht* (civilian power). Between 2016 and 2020, the uncertainty created by the first Trump administration's attitude to NATO and its attacks against Germany's low military spending, together with the United Kingdom's withdrawal from the EU, further accelerated this process.
- After Russia's full-scale invasion of Ukraine in 2022, Chancellor Olaf Scholz announced a *Zeitenwende* (turning point), raising widespread expectations of a watershed moment for Germany after several decades of a policy nested in the *Zivilmacht* narrative.

### KEY FINDINGS

- ◇ The *Zeitenwende* announced in 2022 led to an increase in defence spending and mobilized aid to Ukraine in the immediate aftermath of Russia's invasion. As a result, in 2024, defence spending in Germany rose by 23.2% compared to 2023, reaching NATO's 2% of GDP target and helping to drive a record 11.7% increase in defence expenditures among the European members of NATO.
- ◇ Although the *Zeitenwende* prompted outcomes previously regarded as unattainable, Germany's traditional foreign policy mantras were not fully reversed. With the Cold War-minded reluctance to take on major military roles still alive in Germany's public opinion, Berlin proved cautious in supplying Ukraine with lethal weapons, especially sophisticated offensive hardware, refusing to export the long-range missile system Taurus.
- ◇ Furthermore, many of the initial promises were not fully enacted, while the overhaul of the Bundeswehr was plagued by budgeting and personnel issues. The resilience of Germany's foreign policy identity as *Zivilmacht* and the lack of a domestic consensus for bolder measures created additional hurdles.
- ◇ After the 2024 U.S. presidential elections and in the run-up to Germany's 2025 parliamentary elections, the leader of the Christian Democratic Union and incoming Chancellor, Friedrich Merz, doubled down on the narrative of the *Zeitenwende*, referring to an *Epochenbruch* (epochal change). In the context of deepening tensions with the U.S, he spoke of a "whatever it takes" moment for Germany.
- ◇ Merz stated that one of his priorities as Chancellor will be to return Germany to a position of leadership in Europe and proposed discussions with France and the U.K. on new a nuclear-sharing arrangement.



## KEY FINDINGS (continued)

- ◇ The signing of a defence agreement with the UK in October 2024, together with the 2010 Anglo-French Lancaster House and the 2019 Franco-German Aachen treaties, might serve as stepping stones for boosting cooperation with the two main West European military powers.
- ◇ The spending plans approved this month with the support of the Christian Democrats, their Bavarian sister party (CSU), the Social Democrats and the Greens, represent a significant enhancement of the *Zeitenwende* in an increasingly uncertain European security architecture.
- ◇ The new measures will exempt spending on defense and security above 1% of GDP from the debt ceilings rule. Hence, they required a relaxation of Germany's constitutionally enshrined "debt brake", which had been introduced by former Chancellor Angela Merkel in 2009 in the aftermath of the global financial crisis. The "debt brake" limited new borrowing to 0.35% of GDP in compliance with Germany's tradition of fiscal austerity.
- ◇ An additional special fund of €500 billion will be set up to boost Germany's ailing economy, with one-fifth of that funding to be committed to fighting climate change. The new exemptions will also allow spending to assist states that have been victims of an attack in violation of international law, thus potentially unlocking additional aid for Ukraine, which had been held up by the outgoing government.
- ◇ Merz called the vote a paradigm shift for Germany and Europe and a step towards the establishment of a European Defence Community. Together with the European Commission's *ReArm Europe* plan, the measures shore up Europe's defences in the face of persisting tension with Russia and ailing U.S. commitments to European security.
- ◇ Despite this landmark move, Germany remains a long way from achieving its stated ambitions. As was the case during the Cold War, the Bundeswehr is not conceived as a war-fighting but rather as a defense and conventional deterrence force. Furthermore, German and European ambitions might be severely hampered by both systemic and domestic hurdles.

## Policy Implications

- Berlin may be on the cusp of a sea-change in its security and defense policy and attitude to European security. The vote in the Bundestag, removing the constitutional debt brake on defense spending, and the assertive narrative of Chancellor-in-waiting Merz mark a potential step in the direction of a new power politics.
- The new plans might trigger the end of Germany's traditional role as *Zivilmacht*, while strengthening prospects for a nuclear sharing agreement with the U.K. and France and reviving interest in a home-grown nuclear deterrent.
- In order to assuage the reemergence of old fears among its European allies, Germany's new military policy will require close coordination with other member states of the EU and with the European Commission, which has presented its *ReArm Europe* plan as a response to a rapidly changing and increasingly volatile systemic context.
- There is no doubt that Germany's historic vote and the European Commission's plans will boost European capabilities. Nonetheless, it remains to be seen whether, in the absence of a comprehensive reform of the EU treaties, these measures will make Europe more secure in the years to come.

### Further Reading

Élie Tenenbaum & Léo Péria-Peigné. 2023. *Zeitenwende: The Bundeswehr's Paradigm Shift*, *Focus stratégique* No. 116 (September 2023).

Ulrich Kühn, ed. 2024. *Germany and Nuclear Weapons in the 21st Century: Atomic Zeitenwende?* Routledge.



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With the support of the Erasmus+ Programme of the European Union

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