

ifa ECP Monitor

Germany's Soft Power 2030: Scenarios for an Unsettled World

ifa ECP Monitor Germany's Soft Power 2030



Hertie School



Institut für
Auslandsbeziehungen

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A note on the artwork: The images used throughout this report were inspired by two cultural icons, the Thomas Mann House and the Villa Aurora, located in Pacific Palisades, Los Angeles. During the dark years of Nazism, both served as essential meeting places for the German exile community. From his study, Thomas Mann wrote his 55 speeches 'Deutsche Hörer' to be broadcast to Germany by the BBC. At the Villa, Lion and Marta Feuchtwanger, who had themselves fled Europe, opened their doors to Bertolt Brecht, Theodor Adorno, Alma Mahler-Werfel, Charlie Chaplin and Albert Einstein, among many artists and intellectuals. Today, both the House and the Villa are prime exemplars of cultural, intellectual, and artistic exchange bringing together diverse communities. <https://www.vatmh.org/en/home-en.html>



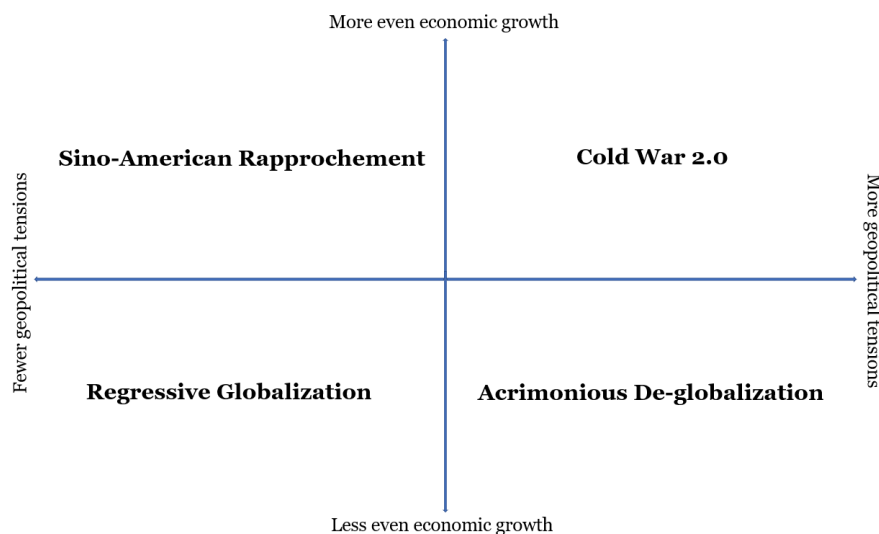
Executive Summary

This foresight project focuses on a key question for the future of Germany's foreign policy: Given changing geopolitical and economic relationships among major powers, what possible futures can be foreseen soft power approaches or external cultural policy (ECP) in terms of narratives, strategies, goals, policies, and programmatic activities?

To address this question, we place Germany in a comparative framework of international relations that considers soft power approaches in the context of prevailing geopolitical and economic relations between the European Union, the United States of America, and the People's Republic of China as well as other global players. In each case, we consider soft power approaches relative to hard and sharp power options.

The time frame for the future scenarios is the year 2030, anticipating likely and potential developments and events from 2022 onward. The scenarios are based on a series of brainstorming and validation sessions, literature reviews, personal interviews, and an online survey fielded among experts and representatives of leading institutions.

We identified two major drivers of future developments: the state of the world economy and the state of the world's security situation. Exploring the interaction between these two drivers yielded four distinct scenarios:



Under **Sino-American Rapprochement**, China and the US have agreed on some minimal common ground, leading to a world characterized by lower security tensions and increasing cooperation and economic growth. It presents a positive-sum world, with lower inequality and more regional stability. While the US and China are nonetheless in a race to enhance their economic and technological capabilities, they actively cooperate, in close coordination with the EU, in fields like climate change to build their international reputation and credibility.

Under **Cold War 2.0**, tensions between the US and China have reached an all-time high. War has not broken out, but distinct geopolitical blocs have emerged, and there is intense technological, economic, and ideological competition between them. Trade between blocs is reduced, but supply chains have reoriented themselves within blocs. Heavy state intervention in the economy is necessary, increasing sovereign debt but also boosting equality and prosperity within countries even as the world is constantly haunted by the prospect of large-scale war.

Acrimonious De-globalization describes a world of security tensions and uneven economic growth. Multilateralism and attempts to solve pressing global challenges such as climate change are largely abandoned. Instead, we find two competing blocs roughly along the lines of NATO and the Shanghai Cooperation Organization. Although all-out war has not materialized yet, hybrid warfare is common. Economically, trade between the blocs has declined as has trade with non-aligned countries, many of which are hesitant to choose sides. Geopolitics has led to a zero-sum game, in which some countries are better off compared to 2022, but most are not.

In the **Regressive Globalization** scenario, China and the US have failed to devise a workable cooperation model to manage global public goods, but neither has taken major steps to provoke the other to escalate global and regional tensions. The world economy is fragmented, characterized by multiple trade blocs and uneven economic growth due to domestic tensions and international uncertainties. The various blocs are often divided by national interests, bringing high uncertainty in terms of international relations.

Implications

Each scenario offers a different set of challenges and opportunities for the demand and supply of German soft power, which in turn imply different approaches. In the world of Sino-American Rapprochement, Germany continues its current soft power approach as collaboration between the West, China and Russia has become possible again. Hard power is still relevant, but less so. Under Cold War 2.0, Germany's soft power becomes instrumentalized solely as a tool of geopolitics. It is wielded to support ties with allies and appeal to non-aligned countries even as initiatives between blocs have all but disappeared. Under Acrimonious De-globalization, Germany's soft power approaches are tied to hard and sharp power, serving primarily national security and economic interests. In Regressive Globalization, soft power is closely tied to economic interests, especially in efforts to boost trade and bolster the domestic economy.

In all four scenarios, Germany can continue to spread liberal values and seek to create a positive image of the country abroad. However, the role as well as the scale and scope of such activities will very much depend on prevailing security, economic, and trade considerations.

Specifically:

Sino-American Rapprochement. This scenario means more continuity than change for Germany's ECP. By making science diplomacy 'an integral part of the EU's foreign climate policy and Green New Deal', Germany can strengthen its position as a green technology and manufacturing economic power. In addition, the PASCH network of German schools abroad is set to expand considerably as is language training, both measures aiming at attracting international talent to the German labour market.

Cold War 2.0. The geopolitical logic of opposed blocs strains many of Germany's earlier foreign policy assumptions, challenging the role of ECP in creating pre-political spaces. With such spaces rapidly disappearing in countries within the China-led bloc, German soft power is instead used to shore up existing alliances, appeal to non-aligned countries, and breach the information wall in rival ones. External and internal cultural policy are increasingly linked in an effort to counter external efforts to influence the German public.

Acrimonious De-globalization. In this unstable and competitive international environment, ECP is fully integrated into Germany's foreign, defence and trade policies. ECP's normative foundation is frequently compromised by security and economic priorities. Acrimonious political and economic relations among powers implies a dual role for soft power: externally, to make new friends, keep old ones, and isolate enemies; and internally, to fend off the hostile influence of systemic and economic rivals.

Regressive Globalization. This scenario requires a more ambidextrous approach with varying regional emphases, objectives, and activities. Indeed, being pushed by strong economic interests, German ECP may have to depart, at least partially, from its normative, value-driven stance. Within the EU, Germany can implement a more ambitious ECP, but will find it harder going in other regions such as the Middle East and South-East Asia, and next to impossible in the case of systemic rivals and economic competitors.

Recommendations

What policy recommendations do these implications suggest for each scenario?

Sino-American Rapprochement. In order to build its reputation and credibility as the US and China try to do, Germany needs to make major investments especially in a well-rounded and robust digital infrastructure to become a central node of global scientific cooperation and to lead in shaping norms in AI, green energy and biotechnology. Germany should also initiate more joint ECP partnerships with EU member states, expand its education and language training programmes, and use digital platforms to reach wider audiences.

Cold War 2.0. To negotiate between two hostile blocs and fend off unfriendly influences, Germany must use ECP tools to defuse tensions, but also continue to build and re-build bridges and offer protection and safe spaces. Science diplomacy and educational exchanges should be used to maximize high-tech output in strategic sectors. ECP should be part of friend-shoring strategies that target specific regions and countries that are highly relevant for security considerations.

Acrimonious De-globalization. As in the Cold War 2.0 scenario, Germany must employ ECP tools to defuse international tensions and encourage dialogue and mutual trust-building. Beyond this, Germany should establish a joint council with the relevant ministries (Defence, Economy & Trade, and Foreign Office) to coordinate priorities, strategies, and programmatic implementation across hard, sharp, and soft power options.

Regressive Globalization. Where regions are competing primarily for economic advantage and market control, Germany should establish joint programmes with EU member states in competing regions and countries, expand selectively and strategically in the fields of arts and culture, education, and language outside Europe, based on geopolitical and economic interests, and promote high-level talent exchanges to build and link regional networks, especially outside the EU.

There are also more general issues of ECP governance capacity that need to be addressed, regardless of which scenario ultimately comes to pass:

Analytic capacity. To instil a high level of astuteness, Germany should develop plans for alternate futures, anticipating geopolitical discontinuities and considering what different futures would mean for soft power approaches and how they relate to hard and sharp power to achieve smart power. To feed those plans and keep decision-makers informed, Germany can gather and share information among the intermediary institutions that already have expansive and diverse networks in host countries.

Regulatory capacity. To support its soft power, Germany must step up norm-setting in cyberspace and AI, as well as intellectual property and patent rights. With regard to social media, Germany (and the EU) must regulate providers so that users are protected from ills such as identity theft, slander and misinformation. Also, red lines must be established in relation to external influences in Germany's internal affairs via social media.

Delivery capacity. Especially considering heightened geopolitical challenges, ensuring that funding is commensurate with ECP goals is only the first essential task. Overcoming the discordance between annual budget allocations and multi-year plan commitments is as important. Our proposal is to set an annual core budget linked to medium-term objectives, attach conditionalities only to supplementary short-term projects, and ensure that performance indicators differentiate between (short-term) activity/ output and (longer-term) impact.

Coordination capacity. The existing siloed structure of ministries and intermediary institutions is no longer suited to meet current geopolitical challenges. We propose the establishment of an interstitial standing committee to make sure that ECP is adequately coordinated with Germany's own security, economic and trade interests and with relevant EU institutions, NATO, and UN organizations. At the EU level, special efforts should be made to strengthen European science diplomacy, media cooperation, and cultural institutions.

We view a hybrid of two scenarios—Acrimonious De-globalization and Cold War 2.0—as the most likely outcome, with slightly more elements of Cold War 2.0. This means that tensions will increase between the US and China, with some signs of distinct rival blocs emerging. Yet they will not become completely separate from each other and not all cultural exchange will stop. Industrial and innovation policy will also become increasingly important, but not to the extent envisioned in the ideal-type of Cold War 2.0. Evidence for this is the increasing

animosity of the ‘chip war’ between the US and China, Europe’s growing military dependence on the US, and closer alignment between Russia and China. Some elements of Acrimonious De-globalization will also be present, such as slightly uneven economic growth, with states unable to comprehensively redistribute and provide middle-class jobs. Industrial policy will be somewhat limited by outdated trade rules and economic dogma, as we have seen recently with EU responses to US legislation.

In conclusion, Germany must be prepared to match its soft power approaches to new geopolitical realities and become willing to leverage its soft power tools for harder geopolitical ends, in particular in relation to security and economic policies. This sort of thinking has long been anathema to German policymakers, who prefer the term ‘foreign cultural and educational policy’ to the more assertive notion of ‘soft power’. Given the results of our scenarios and validation exercises, however, this may have to change. We suggest that Germany embrace the notion of smart power—the skilful diplomatic combining of hard, sharp and soft power approaches to advance its geopolitical position in close cooperation with the EU. The notion of smart power complements that of smart sovereignty that Germany has long practiced by pooling its national sovereignty with European member states to achieve a positive-sum power potential that is greater than its parts.

The results are of interest to parliamentarians, policymakers, diplomats, staff members of relevant ministries and agencies, political party leaders, representatives of major public and private cultural institutions engaged in soft power, executives of transnational corporations, especially in communications and media, and the academic and policy analysis community.



Part I. Germany's Soft Power Approaches in Geopolitical Context

1. The Key Question

This foresight project focuses on a key question confronting German foreign policy in the future: *Given changing geopolitical and economic relationships among major powers and divergent global scenarios for foreign affairs, what soft power approaches are possible?*

To address this question, we identify major drivers of future international developments and their implications for Germany's soft power approaches¹ in terms of narratives, strategies, goals, policies, and programmatic activities. The aim is to put Germany in a comparative framework of international relations that considers soft power in the context of prevailing geopolitical and economic relations between the European Union, the United States of America, and the People's Republic of China as well as other global players, as applicable.

First, however, a note on terminology seems in order as we consider the role of soft power relative to hard and sharp power options. Hard power refers to military strength, and sharp power to economic coercion and manipulation. The term soft power was originally coined by Joseph Nye, who defined it as 'when one country gets other countries to want what it wants' through non-military and non-coercive means. The term is rarely used in the official context of German foreign policy, preferring 'external cultural and educational policy' instead. Another commonly used term is 'external cultural policy' (ECP), which covers arts and culture, education, higher education, science and research.² The European Union refers to cultural relations. We will use these terms interchangeably, but mostly soft power approaches to emphasize the geopolitical aspects of German foreign policy in the context of international security and trade. Thus, when using the term 'soft power approaches' we refer to the objectives, programmes, and activities that aim at advancing Germany's standing in the world through cultural and artistic exchanges, schools abroad, university cooperation, science and research cooperation, and communication and the media.

We will also use the concept of smart power in the concluding part of this report when we address policy recommendations. Smart power refers to effective and efficient combinations of the other three forms of power in the context of international relations.³ As we will argue, in terms of improvements in the governance capacities of its foreign policy, we see a great need for Germany to advance its smart power potential, the skilful diplomatic combining of hard, sharp, and soft power approaches, in close cooperation with the EU.

¹ Nye, 1991

² See, for example, the External Cultural Policy Monitor at <https://culturalrelations.ifa.de/en/research/#c12125>

³ Nye, 2009

2. Background: Germany's Soft Power Policy, 1960s-2022

In approaching the question at the core of this foresight exercise, we first distinguish three phases of Germany's soft power approaches. The first consists of a long period of continuity from the late 1960s to the 2021 federal elections, with a considerable expansion in terms of scale and scope since unification in 1990. The second period, by contrast, is very brief, characterized by greater ambition and assertiveness and exemplified by the 2021 governing coalition agreement. That phase ended abruptly on 22 February 2022, when Russian forces invaded Ukraine, triggering, in the words of Chancellor Olaf Scholz,⁴ a *Zeitenwende* (epochal change) in German foreign policy and ushering in a period of uncertainty regarding the future of Germany's role in Europe and the world. This shift suggests changes to Germany's use of soft power strategies are needed. This sentiment was reinforced by German President Frank-Walter Steinmeier on 28 October 2022, who, in addressing the nation, spoke of strong and uncertain headwinds facing the country and a need to adapt its foreign policy approach to a changing, riskier world.⁵

2.1. German soft power policy until 2021

Soft power diplomacy has long served as the 'third pillar' of German foreign policy, posited on equal footing with political and security and economic and commercial external relations. The notion of a third pillar was coined by Willy Brandt in his role as Foreign Minister in the late 1960s and remains part of the strategic self-understanding of German foreign policy.⁶ The core concern of Germany's soft power policy is to 'improve access to culture and education worldwide and thus create pre-political freedom for dialogue and discourse, for creativity and understanding' as well as 'to open up new professional perspectives and educational opportunities for people worldwide, to promote global partnerships and to strengthen the spirit of international cooperation'.⁷ Former Foreign Minister and current Federal President Steinmeier also emphasized that 'culture prepares the ground in the pre-political area where political understanding, and therefore crisis prevention and crisis management, are possible'.⁸

During the last grand coalition (2017-21), then Foreign Minister Heiko Maas recalled in January 2019 that the significance of soft power 'as an instrument of peace policy has been growing for years'.⁹ The federal government's 2018 report on external cultural policy emphasized its decidedly normative stance, stating that 'in view of the worldwide phenomenon of shrinking spaces and the threats to which artists, scientists and opinion makers are exposed, the ECP's commitment to the freedom of art, science and opinion is a central goal worldwide'.¹⁰

⁴ <https://www.bundesregierung.de/breg-en/news/policy-statement-by-olaf-scholz-chancellor-of-the-federal-republic-of-germany-and-member-of-the-german-bundestag-27-february-2022-in-berlin-2008378>

⁵ Frank-Walter Steinmeier, 'Strengthening everything that connects us', Schloss Bellevue, 28 October 2022

https://www.bundespraesident.de/SharedDocs/Downloads/DE/Reden/2022/10/221028-Aller-staerken-was-uns-verbindet-Englisch.pdf?__blob=publicationFile

⁶ Krath, 2017, p. 19

⁷ Bundestag, 2017, p. 5

⁸ Steinmeier, 2016

⁹ <https://www.auswaertiges-amt.de/de/newsroom/maas-akbp/2177792>

¹⁰ Auswärtiges Amt, 2018, p. 9

The Federal Foreign Office is responsible for the ‘conceptual steering and coordination of foreign cultural and educational policy’.¹¹ It drafts the policy guidelines intermediary organizations and other actors are to follow. Other ministries are also relevant and include the Federal Government Commissioner for Culture and the Media (BKM), the Federal Ministry of Education and Research (BMBF), the Federal Ministry for Economic Cooperation and Development (BMZ), the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) and the Federal Ministry of the Interior (BMI).¹² In this context, the Ministry of Defence and the Ministry of Economic Affairs are less relevant than the other ministries.

The federal government funds ‘arm’s-length’ organizations that serve as intermediaries in implementing Germany’s soft power approaches. These include prominently the Goethe Institute and the Institut für Auslandsbeziehungen (ifa) in the fields of culture and language; the German Academic Exchange Service (DAAD), Alexander von Humboldt (AvH) Foundation, and the PASCH (‘Schulen: Partner der Zukunft’) network in education and science; and Deutsche Welle and DW Akademie in communication and media. In 2020, there were over 3,000 offices of German soft power institutions worldwide, upwards of 9,000 staff, and total government support of €2.02 billion (see below).

While these intermediaries enjoy a relative degree of autonomy within the general policy guidelines expressed by the government in power, their resource dependency on state funding frequently leads to tensions. What is more, the relatively large number of ministries and agencies involved requires significant coordination.

In addition, there are other organizations relevant to soft power, so-called track-two actors, among them in particular the political party foundations (Friedrich Ebert, Konrad Adenauer, Heinrich Böll, and Rosa Luxemburg), which rely on significant public funds, along with endowed foundations such as Bertelsmann, Mercator and Bosch. It is worth noting that these actors do not necessarily support the agendas and objectives of the government in power. As a result, German soft power approaches rarely come across as those of a government speaking with one voice.

As the largest economy in Europe and the fourth largest in the world (€3.45 trillion in 2019), Germany has a strong financial basis for the conduct of external cultural policy. Post-Cold War Germany’s hard power has never matched its economic might, with a 2019 global military ranking of tenth. The country does slightly better in terms of diplomacy, placing seventh. In soft power, however, it ranks third. Germany is active throughout the world in external cultural policy, with activities in most of the world’s countries.¹³

During this first phase, German soft power approaches were characterized by a remarkable continuity in terms of principles and policy as they have significantly expanded over the years. Germany’s soft power has also shown an ability to adapt to dramatic events and developments, such as German reunification, the eastward expansion of the EU, and the consequences of the terrorist attacks in the early 2000s and 2010s. The geopolitical situation that had already begun to change in the 2010s presented soft power policies with new challenges: be they refugee flows and civil wars or questions of freedom of science and media influence in internal affairs.

¹¹ Auswärtiges Amt, 2011, p. 14

¹² Bundestag, 2017, p. 7

¹³ Knudsen and Markovic, 2021

Added to the complexity were the rise of nationalism in German allies like the US and the resurgence of illiberal parties in Europe.

As the second decade of the 21st century ended, Germany found itself in intensifying global economic and cultural competition. Until the end of the Cold War, relatively few countries had strategically oriented their cultural policy towards the outside world to position themselves advantageously in international competition. Once the Cold War ended, countries such as Russia and China began to use soft power approaches specifically in the sense of a political-economic positioning and invested massively in the expansion of their cultural institutes and foreign media.

Increasingly, soft power became more and more a competitive tool for influencing the political agendas of other countries, gaining access to important stakeholders, constituencies, diasporas, and migrant populations with divided loyalties. Often, soft power approaches sometimes overtly, and mostly covertly, were combined with hard and sharp power activities. Meanwhile, middle powers like Turkey and resource-rich autocracies like Qatar used soft power approaches to boost their clout and amplify their regional and global status.

2.2. Coalition agreement of December 2021

Without a doubt, the field of global soft power competition has become more complex and competitive since the turn of the century. It was against this background that, in its coalition agreement,¹⁴ the new German federal government formulated an approach that, while maintaining continuity, added profound changes, amounting to an altogether more ambitious and assertive policy stance:

1. The agreement reaffirms that ECP activities remain the ‘third pillar’ of foreign policy and promises ‘to strengthen them, make them more flexible, coordinate them across departmental boundaries and closely coordinate them at the European level’.
2. ECP is to be put in a wider context by adopting ‘comprehensive sustainability, climate, diversity and digital strategies’, implying a significant improvement in terms of coordination among the various ministries involved. What is more, the term science diplomacy is emphasized and seen as ‘an integral part of the EU’s foreign climate policy and Green New Deal’.
3. There is to be a greater engagement in education: ‘We want to further develop our network of schools abroad and the PASCH network through a master plan, set up a school development fund, and strengthen early childhood education, inclusion, and school management.’

¹⁴ Koalitionsvertrag 2021 – 2025 zwischen der Sozialdemokratischen Partei Deutschlands (SPD), BÜNDNIS 90 / DIE GRÜNEN und den Freien Demokraten (FDP) Berlin 2021, pages 128-9. The coalition agreement sets forth the rationales for policy steps to be taken during the upcoming legislative period.

4. The agreement promises a strategic review of communications and media as a growing part of ECP: 'We want to modernize strategic communication in the European network, particularly in the area of analysis and social media monitoring, and align it with new target groups in cooperation with Deutsche Welle and set regional priorities.'

5. In addition to improving and expanding federal-level ECP activities, the agreement also seeks to devolve cultural relationships to local and regional levels by expanding urban diplomacy and strengthening programmes in European border regions.

6. The agreement promises action in several areas or issues that for various reasons have become politically sensitive and more salient: international sports policy (e.g., numerous scandals involving international sports federations; the Olympic movement), religion and foreign policy (e.g., financing of religious institutions, role of missionary societies), museum cooperation (e.g., repatriation of artefacts), and Germany's colonial past ('Reconciliation with Namibia remains an indispensable task for us, arising from our historical and moral responsibility.'). It also promises to set up a programme 'for journalists and defenders of freedom of expression' and to 'support threatened scientists, lawyers, artists and students'.

To these ends, the parties agree to:

- strengthen intermediary institutions, in particular the Goethe Institute, the German Academic Exchange Service (DAAD), the Alexander von Humboldt Foundation, the German Archaeological Institute and the ifa;
- support new formats establishing links between cultural education in Germany itself and ECP activities abroad to overcome the chasm between internal and external cultural policies;
- establish joint cultural institutes between the European partners in third countries;
- create a digital European culture platform; and
- strengthen cooperation in multilateral forums such as UNESCO, the G7 and G20 'and expand our own measures such as KulturGutRetter¹⁵, also against the background of the climate crisis'.

In summary, while maintaining its basic normative foundation and narrative, the coalition agreement foresees major new investments in ECP, expanding into new fields, broadening the scope of actors, bringing internal and external cultural policy closer together, creating new institutions, embedding ECP in other policy fields, and enhancing government coordination.

Although the link to security concerns as well as trade and resource dependencies is not explicit, this more ambitious policy stance must be seen in the context of the coalition agreement's overall external policy approach: 'Our goal is a sovereign EU as a strong player in a world characterized by uncertainty and systemic competition. We are committed to a genuine Common Foreign, Security and Defense Policy in Europe.'¹⁶ Under the heading of 'Foreign

¹⁵ KulturGutRetter is a programme to protect cultural artefacts in times of crisis: <https://www.kulturgutretter.org/en/home-2/>

¹⁶ Koalitionsvertrag, p. 135

Affairs, Security, Defense, Development, Human Rights', the agreement states: 'We will make our foreign, security and development policy more value-based and more European. German foreign policy should act as a unified whole and develop joint inter-ministerial strategies to enhance the coherence of our international action. Together with our partners, including those from civil society, we will work to preserve our liberal way of life in Europe and to protect peace and human rights worldwide. In doing so, we will be guided by our values and interests.'¹⁷

2.3. The *Zeitenwende* of February 2022 and its geopolitical consequences

The Russian invasion of Ukraine and the weaponization of natural resources such as natural gas came as a shock to Germany and the then-new coalition government. Both hit the country unprepared. Its longstanding principles seemed shattered, and its foreign policy narrative strangely at odds with prevailing realities. Recall that after the fall of the Berlin Wall, the newly reunited Germany positioned itself as a champion and leading exponent of the liberal international order. Germany saw itself, and presented itself to the world, as a rule-based, economically open democracy with a 'welcoming culture' (*Willkommenskultur*) and a commitment to human rights. It tried to project its values by setting an example, rather than employing military force abroad to impose its political system on others.

Before Russia launched war on Ukraine, Germany's foreign policy narrative rested on the principles of an ever-deeper European Union; fully integrated transatlantic relations; a belief in the soothing power of trade ('*Wandel durch Handel*', or 'change through trade'); restraint in all military matters; and, in terms of soft power, international dialogue, opening political and pre-political space, and promotion of democracy and human rights.

While this approach placed the country near the top of many international rankings of soft power, and while its economic might gave it potentially considerable sharp power, decades of under-investment in the *Bundeswehr* (armed forces) meant that it willingly punched far below its weight in terms of hard power, preferring to hide under the larger NATO shield and leaving military action to others whenever possible. Indeed, US presidents since George W. Bush have complained about Germany's low defence spending, and both the US and EU member states have regarded Germany's approach to military conflicts as a combination of fence-sitting and free-riding.

Moreover, Germany turned itself into one of Russia's and China's biggest trading partners. It did business with autocrats around the world and willingly ignored its growing energy dependency on Russia and its supply chain dependency on China in critical industries. A chasm existed between the value-based foundation of Germany's foreign policy, which the coalition agreement proudly re-emphasized, and the realities of actual behaviour that tended to free-ride in terms of hard power and turn a blind eye when it came to trade.

For a long time, Germany let this gap expand and sought to benefit from a profound ambiguity: from Chancellor Helmut Kohl in the 1990s to Chancellor Olaf Scholz today, German leaders have consistently believed that commerce (trade policy) and dialogue (ECP) will

¹⁷ Koalitionsvertrag, p. 142

ultimately bring countries closer together, alleviating the need for the potential exercise of hard and even sharp power. As a result, it allowed dependencies to evolve that could be turned against the country, as we are witnessing in winter 2022-23 with the challenge of reduced Russian natural gas flows. In other words, German policy allowed the country to become vulnerable to the risk of having resource dependencies weaponized against it.

The now seemingly naive illusion of *Wandel durch Handel* was shattered by Russia within a few weeks in early 2022, amounting to one of the greatest failures of German diplomacy since World War II. Years of German-Russian joint ventures and deepening commercial, cultural, and academic relations did nothing to discourage Putin from starting a new war on European soil.

Within days of the Russian invasion, Scholz proclaimed a dramatic policy re-orientation.¹⁸ If implemented, it would usher in an epochal shift, making Germany one of the world's top military spenders and arms exporters. Germany's economic interests would become much more bound up with security concerns, and its approach to foreign affairs would become more assertive. In short, Germany would become not just Europe's largest economic power, but also its largest military power.

In a commentary published in July in the *Frankfurter Allgemeine Zeitung*, Scholz outlined his vision of a future EU that has become a geopolitical power, with Germany as an integral part, and signalled his willingness to trade sovereignty for that purpose.¹⁹ Addressing an audience at Charles University in Prague on 29 August 2022,²⁰ he re-confirmed his commitment to EU reforms, prominently advocating for more majority voting in the European Council, greater security cooperation, a reform of the EU's Stability and Growth Pact, and an EU expansion to include the Western Balkans, Ukraine, Moldova and Georgia.

Since then, however, the coalition government has been struggling on more than one foreign policy front, and a now characteristic chasm between stated aspirations and actions remained: proclaiming to assist Ukraine in its fight against the Russian invasion, it remained rather cautious and slow in granting military and logistical support; the promised build-up of its armed forces is way behind schedule; with unilateral decisions in response to reducing its energy dependence on Russia, Germany has become increasingly isolated in the EU; Franco-German frictions have increased due to lack of consultation and have become a matter of concern; other countries such as Poland, Hungary, and Italy are more vocal in criticizing Germany for domestic reasons; Foreign Minister Annalena Baerbock's vision of a 'feminist foreign policy'²¹ seemed to fail its first test when the Foreign Office remained silent on the large demonstrations taking place in Iran protesting against women's oppression; Chancellor Scholz's visit to China, accompanied by a plane-full of business executives of major German corporations, was seen by many as the wrong move at the wrong time; and, referring back to the promises in the coalition agreement, many puzzled over proposed budget cuts to organizations like the Goethe Institute and the DAAD.

¹⁸ <https://www.bundesregierung.de/breg-en/news/policy-statement-by-olaf-scholz-chancellor-of-the-federal-republic-of-germany-and-member-of-the-german-bundestag-27-february-2022-in-berlin-2008378>

¹⁹ Scholz, 2022

²⁰ <https://www.bundesregierung.de/breg-en/news/scholz-speech-prague-charles-university-2080752>

²¹ <https://www.auswaertiges-amt.de/en/newsroom/news/feminist-foreign-policy/2551610>

What, given all these developments, are the implications for Germany's soft power approaches? What has happened to the proposals in the coalition agreement? Which ones were launched or followed up on, and which ones put on hold? Are more fundamental concerns and options being raised and explored? Will narratives change? What assumptions are made? Are soft power approaches and the strategies, goals, programmes, and activities they imply being reviewed and revised? What is the broader foreign policy context in which these issues are being discussed? To explore these and other questions is the focus of this foresight project. Yet before doing so, we offer a profile of Germany's soft power approaches by first summarizing the positions of political parties, and then presenting a profile of ECP activities and taking a closer look at specific fields.

3. Views Across the Political Spectrum

In June 2022, the magazine *Kultur & Politik* asked leading representatives of all political parties in the *Bundestag* for statements addressing the question 'What's in store for external cultural and educational policies?' Box 1 offers translated excerpts of the responses from each party, listed in order of current vote share in the *Bundestag*. We should recall that at the time the statements were published, Russia's invasion of Ukraine was four months old, as was Chancellor Scholz's proclamation of a *Zeitenwende*. While some of the differences in opinion and emphasis are expected, e.g., between Die Linke (the Left) and the AfD (far-right Alternative for Germany), there are two main outcomes worth noting: first, there is a broad consensus among CDU (Christian Democrats), SPD (Social Democrats), Greens, and FDP (Liberals)—a consensus that is basically a commitment to the status quo of German soft power approaches; second, the *Zeitenwende* does not seem to have made an impact on their policy stance. Only parties on the far-left and far-right side of the political spectrum seemed to anticipate and advocate major changes. This shows a certain level of inertia in the political thinking of the leading political parties when it comes to anticipating the fuller implications of the changed geopolitical situation.

Box 1. Statements by Political Party Representatives

'Was steht an in der auswärtigen Kultur- und Bildungspolitik?'

'What's in store for external cultural and educational policy?'

'We are in an increasing competition for competing values, models of society, and narratives. In many countries, the freedom for art, culture and science is increasingly restricted. This makes it all the more important that we expand access to culture and education worldwide and promote cross-border cooperation in science and research. We want to build bridges and strengthen freedom. At the same time, it is important to protect people who are threatened in the arts, culture, media, science or even as human rights activists. We are therefore working on initiatives and programmes to support these people. With our international cultural policy, we are consciously focusing on education and information and are expanding our strategic communications. In this way, we prevent influence by means of disinformation and convey our democratic values.' (**Michael Müller, Member of the Bundestag, SPD**).

'Cultural policy must promote both loyalty and openness to the world: awareness of our own identity – clarity about what makes us Europeans, but also Germans. For only those who know and value their own culture can also give space to the foreign idea without feeling threatened by it, and only those who can justifiably set themselves apart are able to defend their own values. With a dynamic cultural exchange, we not only introduce our country to others, but in confronting the "other", we also confront our own identity. The focus of our foreign cultural and educational policy therefore becomes an important component of domestic integration policy, which is often carried out by intellectuals, artists and writers.' (**Monika Grütters, Member of the Bundestag, CDU/CSU**)

'In fact, it is often the underestimated soft skills - conversational culture, cultural exchange, learning together, language acquisition, access to information - that create rapprochement and understanding. The major themes of our time are also reflected in foreign cultural policy. This also includes gender and diversity issues. The Russian war against Ukraine has destroyed much that was long taken for granted. This makes the foreign cultural and educational policy all the more important today for the resilience of democratic societies and their community. It strengthens those who stand up for democracy and freedom. At this time, they need all the strength, all the courage, and they deserve all the support they can get.' **(Erhard Grundl, Member of the Bundestag, Bündnis 90/Die Grünen)**

'As a coalition, we want to strengthen foreign cultural policy, supplement it with comprehensive sustainability, diversity, and digital strategies, and at the same time make it more flexible. This must always be closely coordinated at the European level. To help shape the global transformation processes and position Germany as a reliable partner, we will of course stand by the side of media representatives, scientists, artists, lawyers, and students who are under threat, as well as supporting scientific excellence through networking, cooperation, and funding.' **(Thomas Hacker, Member of the Bundestag, FDP)**

'The model of our coexistence, law, democracy, social solidarity, was also often exemplary. What we communicate, however, paradoxically has more to do with guilt and self-denial - even to the point of abandoning our own constitutionality in favour of a questionable model of Europe. In the entirely sensible reappraisal of our colonial heritage, we must not fail to recognize that many civilizational landmarks still provide orientation today. Cooperation is much more sustainable than one-time symbolic acts of moral reparation. We need to get back to normal politics that are pragmatic and respectful towards other life models than the Western one. The homeland is where you don't have to explain yourself. This is where our strength comes from. We want to preserve this world.' **(Matthias Moosdorf, Member of the Bundestag, AfD)**

'Especially in these times, the task of ECP should be to contribute to international understanding, reconciliation, and peacekeeping as a means of peace policy. The cut in funding for the foreign cultural and educational policy and the stagnation in humanitarian aid and crisis prevention in the 2022 budget, while at the same time adopting the 100-billion-euro arms build-up, therefore go in the completely wrong direction. [...] Instead of misusing international cultural exchange as an instrument in the "competition of systems", the fraction Die Linke advocates exchange on an equal footing. This requires first and foremost a critical reflection and decolonization of the public culture of remembrance in Germany.' **(Sevim Dagdelen, Member of the Bundestag, Die Linke)**

Source: *Politik & Kultur – Zeitung des Deutschen Kulturrats*. June 2022, pages 7-8. Own translations.

4. Germany's Soft Power Approaches: A Profile

Germany's soft power approaches span the globe, with activities in most of the world's countries.²² In 2019, there were over 3,000 offices of German soft power institutions worldwide, upwards of 9,000 staff, and total government support of €2.02 billion (see Table 1). The main regional focus points of these efforts are Europe, North Africa, and North America. The rest of this section outlines the main institutions and relevant statistics.

Table 1. Key statistics for German ECP, 2019

Number of countries with ECP activities	at least 150
Total number of institutions abroad	about 3,000
Total number of FTE staff engaged in ECP activities	about 9,000
Freelance and local ECP staff	about 2,000
Government financial support (€ billion)	2.024

Source: ECP Monitor

²² Data in this section are drawn from the ifa ECP profile of Germany, which contains further links to all primary sources.

4.1. Arts and culture²³

With 157 institutes in 98 countries, including twelve regional institutes, the Goethe Institute is Germany's largest ECP intermediary organization, hosting cultural events and offering language courses throughout the world. Over 3500 people work for the Goethe Institute: 2,800 abroad and about 700 at headquarters and the institutes in Germany (Goethe-Institut, 2019). The Institute's income consists primarily of the revenue from its language courses and institutional and project funding from the Federal Foreign Office. In the field of culture, the Institute's nearly 20,000 events per year reached around 11 million visitors (Goethe-Institut, 2019).

In addition to the Goethe Institute, the Institut für Auslandsbeziehungen (ifa) supports artistic and cultural exchange in exhibition, dialogue and conference programmes and is the oldest cultural intermediary organization in Germany, celebrating its centenary in 2017. It also acts as a centre of excellence for international cultural relations. ifa is financed by grants from the Federal Foreign Office, the state of Baden-Württemberg and its state capital of Stuttgart. Additionally, third-party funds are available for some projects. The annual budget for 2019 was €30.96 million. ifa has about 150 employees between its headquarters in Stuttgart and its Berlin office (ifa, 2020).

Table 2. Goethe Institute's culture and arts programmes

	2019	2015
Number of countries present	98	98
Number of cultural agreements	104	
Number of institutes	157	159
Number of FTE staff	3,820	3,500
Number of artists in exchange programmes	207	297 ⁽²⁰¹⁴⁾
Budget (€ million)	439.09	308.97 ⁽²⁰¹⁴⁾
Government financial support (€ million)	German Foreign Office: 1,000	German Foreign Office: 817.2

Source: ECP Monitor

4.2. Language²⁴

In the field of language, the Goethe Institute is again highly relevant. In addition to its 157 locations in 98 countries, the organization includes a dense network of other forms of local presence, such as Goethe Centres, cultural societies, reading rooms as well as examination and language learning centres. In 2018/19, more than 300,000 people took part in the Goethe Institute's German courses, with over 700,000 taking exams.²⁵ The foreign broadcaster Deutsche Welle also has extensive German-language offerings, with an online reach of nearly 190,000.²⁶

²³ Knudsen, 2021a

²⁴ Knudsen, 2021b

²⁵ Goethe-Institut, 2019

²⁶ Deutsche Welle, 2020

Table 3. Goethe Institute's language promotion

	2019	2015
Number of countries where courses are offered	98	98
In-class	308,676 ^(2019/20)	228,528
Online reach	'Deutsch für dich' portal: 600,000	'Deutsch für dich' portal: 90,000
Number of candidates for German language qualifications	700,000 ^(2019/20)	387,095 ⁽²⁰¹⁴⁾
Government financial support (€ million)	363	-

Source: ECP Monitor

4.3. Education and science

Germany is recognized as a leader in primary and secondary education abroad, especially through the PASCH network of German schools abroad. Overseas, the Federal Foreign Office coordinates and advises German schools.²⁷ In 2018, the federal government provided DAS schools (schools that follow the German school curriculum) with €205.88 million. In 2019/20, DAS schools enrolled around 85,300 pupils, 20,000 of whom were of German origin. On behalf of the Federal Foreign Office, the Central Office for Schools Abroad (Zentralstelle für das Auslandsschulwesen, or ZfA), a department of the Federal Administration Office in Bonn, supervises school work abroad with a team of around 100 employees and 50 specialist advisers.²⁸ ZfA supports a total of 140 German schools in 72 countries.²⁹

The German schools abroad are private–public partnerships. Private sponsors, in particular parents' associations, establish and operate the schools in accordance with the law of the host country and earn on average 70% to 80% of their school budgets through tuition fees and donations. In 2018, around 390,000 pupils took part in German lessons in these schools and around 83,000 of these took the *Deutsches Sprachdiplom* (DSD) examinations, up from 377,000 and 74,000, respectively, in 2015.³⁰ Overall, the number of language diploma schools has more than doubled since 1999, especially in Central and Eastern Europe.³¹

Table 4. German education abroad

	2019	2015
Number of countries	120	120
Number of schools	2,311	about 1,800
	thereof 140 German Schools Abroad (DAS)	thereof 140 German Schools Abroad (DAS)
Number of students	about 600,000 (of which 85,300 DAS pupils)	about 600,000 (of which 82,000 DAS pupils)
Number of staff / teachers	1,900	2,000
Government financial support (€ million)	276.8	225.75

Source: ECP Monitor

²⁷ Kiper, 2015, p. 150²⁸ ZfA, 2019²⁹ Auswärtiges Amt, 2019³⁰ Auswärtiges Amt, 2016; 2018³¹ Kuchler, 2016, p. 270

In addition to its headquarters in Bonn and its Berlin office with an associated artists' programme, in 2020 the DAAD has a global network of 18 regional offices, 5 German Centres for Research and Innovation (DWIH), 40 Information Centres (IC), 11 Information Points, and 426 lectureships.³² The DAAD budget of €594 million (2019) comes primarily from the funds of various ministries, with the Federal Foreign Office providing over a third of the budget. In 2018 alone, 145,000 students, graduates and scientists received funding, more than 60,000 of them foreigners from about 180 countries, with about 1,000 staff involved in the process.³³

The Alexander von Humboldt Foundation is an important player in German science diplomacy, with over 2,600 total partnerships. It has an annual budget of over €120 million and roughly 240 employees. In total, around 900 fellowships and prizes are awarded each year, of which around 100 go to German scientists.³⁴ As of 2019, the Humboldt Network is made up of over 30,000 scientists from more than 140 countries (although AvH has no offices abroad) and scientific partners in Germany.³⁵

The German Archaeological Institute (DAI) constitutes another important aspect of Germany's foreign scientific partnerships, fostering archaeological cooperation in key locations. Founded in 1832, it maintains offices primarily throughout Europe and the Middle East, including in Madrid, Rome, Istanbul, Athens, Cairo, Damascus, Baghdad, Tehran, and Sana'a with more than 300 projects worldwide. It is operated under the Foreign Office, which provided €38 million in funding in 2019.³⁶

Table 5. DAAD activities worldwide

	2019	2015
Number of countries	DAAD offices in ~60, higher education cooperation with 159	DAAD 60, higher education cooperation with 150
Number of universities/colleges abroad	10 binational universities	-
Number of foreign students	311,738 ⁽²⁰¹⁸⁾	228,756
Number of students at transnational higher education (TNE)	33,000	28,000
Number of government scholarships awarded	145,659 thereof 60,581 from abroad AvH: 989	127,039 thereof 51,627 from abroad AvH: 899
Budget (€ million)	594.41	471.45
Government financial support (€ million)	417	340

Source: ECP Monitor

³² DAAD, 2020

³³ DAAD, 2019; Knudsen, 2021c; Knudsen, 2022d

³⁴ AvH, 2017, p. 5

³⁵ AvH, 2019

³⁶ Bundestag, 2020b

4.4. Foreign media and social media³⁷

Deutsche Welle (DW) works to promote the German language and cultural and social exchange at ‘eye level’. DW is financed via the German government and had a weekly TV viewership of nearly 100 million in 2019 out of a total audience of 197 million.³⁸ The channel also receives project funding from the Federal Foreign Office and the Federal Ministry for Economic Cooperation and Development.³⁹ Around 1,500 permanent employees and 1,600 freelancers from 60 nations work at the DW head office in Bonn and at the Berlin location.⁴⁰ Additionally, DW cooperates with over 5,000 partner stations. The radio programmes, which are broadcast in nine languages, attract an especially large listenership in Africa. Its budget totalled €413 million in 2019.⁴¹ As a reaction to developments in Eastern Europe—including democratic backsliding in EU states and Russian incursions into Ukraine—DW has expanded its offerings accordingly. For example, the services in Russian and Ukrainian were extended and, in addition to the studio in Moscow, a further correspondent office was set up in Kyiv.⁴²

DW Akademie, founded in 1965, is part of Deutsche Welle. It is the centre for education and knowledge transfer at Germany’s international broadcaster. Its activities include international media development, a traineeship for future DW journalists, the International Media Studies (IMS) Master’s programme, media training for specialized professionals and a broad range of multimedia courses for learning German. Together with its partners, DW Akademie works to make free and transparent media possible in over 50 developing and emerging democracies.⁴³

Table 6. Deutsche Welle activities

	2019	2015
Number of languages	30	30
Number of channels	4 TV channels 30 digital services	-
Audience / weekly (million)	197	118
Budget (€ million)	412.77	348.08 ⁽²⁰¹⁶⁾
Government financial support (€ million)	350	338 ⁽²⁰¹⁶⁾

Source: ECP Monitor

In summary, Germany maintains one of the largest networks of cultural exchanges worldwide with relatively well-funded intermediary arm’s-length institutions. German language education ranks fourth in the number of language learners worldwide, with increased interest in recent years. The PASCH network is a successful instrument offering German curricula abroad and a way to attract talent. Germany ranks among the top in science diplomacy internationally. Deutsche Welle is one of the largest media institutions of its kind worldwide, increasingly reaching out via social media. The purpose of the relatively large infrastructure of institutions, programmes and activities is, as stated above, to improve access to culture and education, create pre-political space for dialogue and understanding, and advance global partnerships and international cooperation.

³⁷ Knudsen, 2021e

³⁸ Deutsche Welle, 2020

³⁹ Bundestag, 2017, p. 35

⁴⁰ Deutsche Welle, 2019

⁴¹ Deutsche Welle, 2019

⁴² Deutsche Welle, 2016, p. 2

⁴³ Deutsche Welle, 2019



Part II. The Foresight Project

Foresight or scenario methodologies start from a basic premise: while we cannot know the future, we can prepare for it, hoping to fathom the unexpected and what may lie ahead. In recent decades, different forecasting and foresight approaches have been developed in the social sciences that include both qualitative and quantitative techniques and that have found a wide range of applications. These methods form a practical set of tools for gaining better understanding of alternative developments, events and outcomes. They are as much social science as art, involving creative imaginations. As foresight is unlike prediction and forecasting, its quality is not assessed statistically but by the extent to which the respective alternative futures are coherent and plausible and lead to new insights and possible actions.

Foresight exercises involve a sequence of steps (Box 2). Accordingly, we began the foresight exercise with a review of the relevant literature⁴⁴ and previous foresight projects that address related issues and have similar time frames, i.e., 2030 (see Appendix 1). The purpose was to identify key drivers of changes that might be relevant for the issue at hand. These drivers are listed in Box 3. We also consulted the literature on 'dynamics', a list of factors likely to influence international relations, which are also listed in Box 3.⁴⁵

Both were initial starting points to consider a larger range of potential drivers and dynamics using the STEMPLE+ methodology (Box 4). In essence, STEMPLE+ directs our attention to the full range of potential developments that could be drivers and could assume a dynamic capable of influencing and indeed shaping the options for German soft power.

Box 2. Steps in Foresight Projects

1. Setting thematic focus and time frame
2. Literature review
3. Brainstorming meetings
4. Expert consultations
5. Identifying and connecting drivers; searching for other factors, trends implicated
6. Developing scenarios, narratives
7. Identifying major players, stakeholders
8. Validations and assumptions check
9. Continued expert consultations
10. Implications and policy recommendations

⁴⁴ Bishop et al., 2007; Cairns & Wright, 2018; MacKay & McKiernan, 2018; Ramirez & Wilkinson, 2018; Schwartz, 1996; Van der Heijden, 2005; Wilkinson & Kupers, 2014

⁴⁵ Rueda et al., 2020

Box 3. Drivers and Dynamics

Drivers identified:

- Climate change and environment
- Demographics
- Digitalization
- State capacities
- International system capacities
- Technology
- Economy
- Geopolitics
- Societal fragmentation, contestation
- Migration

Dynamics identified:

- Inter-governmental
- Superpower
- Financial
- Economic
- State capacity
- Domestic power structures
- Digital developments
- Supply chains

Box 4. STEMPLE+ Factors

STEMPLE+ provides an analytical framework to identify drivers and assess their relevance and impact for the context of interest, e.g., the economic development of a country within a certain time frame. By using frameworks such as STEMPLE+ or less comprehensive ones like PEST (political, economic, social, technological), the analysis is less likely to be limited to the specific interests or areas of expertise of the researchers, thereby increasing its validity and overall quality. Factors considered include:

Social & cultural: population and demographic change, social movements, migration, mobility, ethnicity, gain, social cohesion, social participation, quality of life, values, religion, norms, attitudes, habits, traditions, heritage

Technological: innovations, digitalization, automation, artificial intelligence, Internet of Things, bio- and nanotechnology, breakthroughs in energy supply, transport, healthcare, communication

Economic: macroeconomic conditions and performance, economic cycles, employment, inflation, investments, capital flows, remittances, supply and value chains, structural change, sectoral development

Military & security: military spending, arms control, internal and inter-state conflicts and wars, terrorism, cybersecurity, automation of warfare, security architecture, securitization of sectoral policies such as energy, food or water security

Political: sovereignty, regime type and regime change, regime fragility and stability, political culture, political participation, political climate, polycentrism, regionalism / regionalization, international/regional order, alliances

Legal: normative foundation, legislation, regulation, constitutional questions, international law and conventions, habitual and indigenous law

Ecological: pollution, natural resources, climate change, loss of biodiversity, desertification, water scarcity, sustainable consumption, planetary aspects

Plus other factors: psychological factors, identity issues, leadership types and styles arising, zeitgeist, historical legacies, memory wars

5. Main Drivers and Macro Scenarios

Based on the literature review, discussion of STEMPLE+, and brainstorming sessions with members of the Hertie School Centre for International Security, we arrived at two drivers or dynamics that seemed most relevant for Germany's future soft power approaches: the state of the world economy and the geopolitical situation.⁴⁶ Specifically:

- **The state of the world economy** refers to macroeconomic structures, relations, and performance and includes monetary aspects such as inflation, interest rates, investments and capital flows, resource dependencies and supply chains, labour market developments, and consumer demands. Key questions include:
 - Is the world economy as a whole and/or the economy of leading powers and regions growing, stagnant, or contracting?
 - What is the degree of fragmentation and competition among trade regimes?
 - What is the degree of protectionism or cooperation among leading powers?
 - Are technological advancements protected through strict patent policy and export restrictions or part of a relatively open system?
 - Is the economy based on renewable resources and sustainable growth, also in view of climate change adaptation, or do economies remain tied to carbon-based energy production and consumption?
 - Are labour market and climate conditions leading to significant international migration?

- **The geopolitical situation** has two closely related sub-drivers: military and security aspects (internal and inter-state conflicts, terrorism, cyber security, securitization of critical resources, alliances, hard power arsenals and readiness) and political aspects (regime type, stability and changes, alliances and forms of international cooperation, international rule of law, regional structures like the EU). Key questions include:
 - What are existing, growing, easing, and emerging international tensions and fault lines?
 - What are the state capacities of major powers?
 - How stable are leading powers and alliances?
 - What is the multilateral capacity to address global problems?
 - What are the hard power arsenals of leading powers and alliances?
 - What are their sharp power capacities?

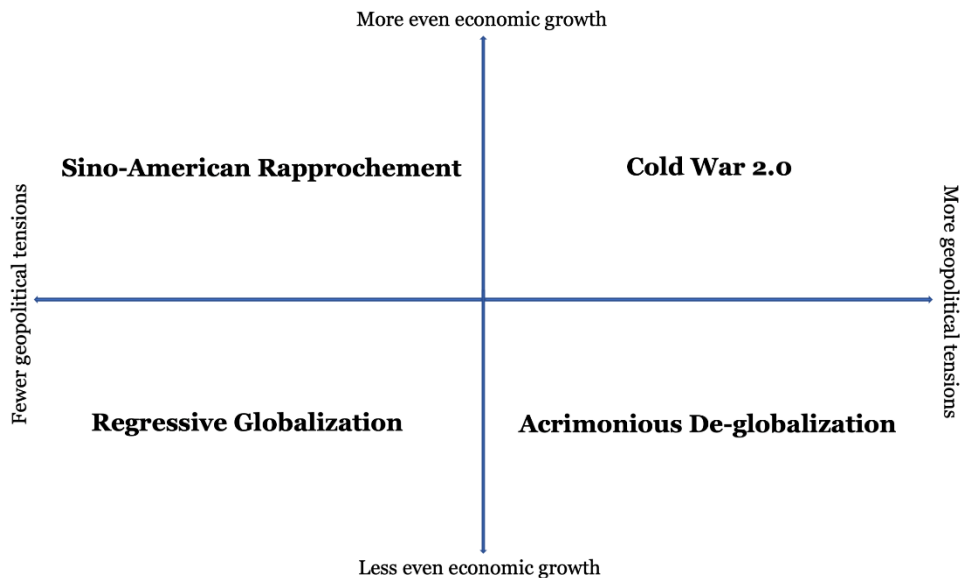
⁴⁶ A third driver we considered was the world's ability to mitigate the negative effects of climate change. However, we felt that the extent to which the global community will be able to advance in this matter depends on the world's prevailing economic and security situation.

Box 5. What assumptions are we making?

- No pandemic with the severity of COVID-19
- Russia-Ukraine war neither goes nuclear nor escalates to become regional
- No other great power wars
- German political system remains stable, with no far-right parties in government
- No global climate catastrophes but possible numerous regional ones
- No global supply shortages for basic goods, but regional shortages and supply chain interruptions
- EU does not disintegrate
- Russia loses its hold on Western energy markets and becomes less relevant as a global economic actor
- US remains a democracy but stays politically vulnerable
- China remains politically stable with the CCP still in power
- Migration pressures persist
- India not yet a global power

Crossing both drivers analytically, and making several important assumptions (see Box 5), we envision four main scenarios, as depicted in Figure 1:

- A growing and more inclusive world economy characterized by comprehensive trade regimes, coordinated supply chains and innovation policies, and lower international tensions between the two superpowers, the US and China ('Sino-American Rapprochement')
- A geopolitical situation with serious tensions, varying state capacity among superpowers, and proxy wars among competing powers and blocs that stock up on hard and sharp power, yet with modest economic growth mostly within each bloc ('Cold War 2.0')
- A world economy growing more slowly yet much more unevenly, characterized by competing, protectionist trade and innovation regimes with rising international tensions among various global actors ('Acrimonious De-globalization')
- A geopolitical situation with security tensions easing but growing political and economic competition among major powers expanding alongside a proliferation of regional alliances ('Regressive Globalization').

Figure 1. Four Macro Scenarios

We validated the scenarios and related developments with the help of a survey sent to some 250 high-level experts (see Appendix 2), receiving 66 responses. Looking at economic conditions first, 76% agreed that the global economic situation will continue to remain difficult for Germany in the coming years, and only 27% thought that global economic conditions will have much improved for Germany by the end of the decade. When asked about security, 59% agreed that the global security situation will change steadily to Germany's disadvantage in the coming years, and only 5% see global security tensions easing noticeably by the end of the decade.

This decidedly problematic assessment becomes even more pronounced when we look at how the views of many respondents fall into the following patterns:

- Economic & security improvements – which resembles the Sino-American Rapprochement case
- Economic improvements & security situation worsening – which is close to the Cold War 2.0 scenario
- Economic & security situation worsening – in other words, the Acrimonious De-globalization scenario
- Economy worsening & security improvements – which is the Regressive Globalization scenario.

The response pattern is striking: the answers of 71% of the respondents correspond to the Acrimonious De-globalization scenario, 8% to Cold War 2.0, 5% to Regressive Globalization, none to Sino-American Rapprochement, and 17% are undecided. Clearly, a rather pessimistic assessment of future geopolitics and Germany's own future prevails. Yet what do the four scenarios imply, and how do they differ?

Table 7 shows how the scenarios diverge along major political, economic, and social indicators and the expected changes leading to 2030 relative to the 2010–2019 period. Against this background, the following sections outline in more detail the four potential scenarios as described above, including the role of soft power in each. Following the presentation of the four scenarios, which are summarized in Tables 8 and 9, and an overall assessment, we will discuss implications and policy suggestions in Part 3.

Table 7. Scenario Indicators

Indicators	Period 2010-2019 (and source)	Sino-American Rapprochement	Cold War 2.0	Acrimonious De-globalization	Regressive Globalization
World trade volume overall	Increase (WTO)	Increase	Stagnant	Decrease	Stagnant
Degree of trade regionalization	Decrease (WTO)	Stable	Increases within blocs, decreases between them	Increase	Increase
Arms spending	Increase (SIPRI)	Stable	Increase	Increase	Increase
Number of armed interstate conflicts	Decrease (PRIO)	Decrease	Proxy wars increase, hybrid warfare increases, major conflicts are not present but could occur at any time	Minor skirmishes increase, hybrid warfare increases, major conflicts decrease	Grey-zone conflicts increase
Number of countries with growing GDP	Increase (World Bank)	Increase	Increase	Decrease	Decrease
Number of countries with slowing GDP	Slight decrease (World Bank)	Stagnant	Decrease	Increase	Increase
Number of failed states	Inconclusive (World Bank)	Decrease	Decrease	Increase	Stagnant
Number of displaced persons	Increase (UN-HCR)	Increase	Increase	Increase	Increase
Monetary damage of climate change	Increase (OECD)	Decrease	Increase	Increase	Increase
Life expectancy	Increase, but is currently falling (World Bank)	Increase	Increase within blocs, decrease outside of them	Increase within blocs, decrease outside of them	Uneven and stagnant
Number of democracies	Decrease (Freedom House)	Stagnant	Stagnant	Decrease	Decrease

6. Sino-American Rapprochement

In this scenario, the US and China have learned a hard lesson after the Russia-Ukraine War. The US realizes that the military and political costs of deterring China's ascent are too high. China, faced with domestic pressure, also softens its rhetoric. The two countries have identified and agreed on their minimal common ground, which involves adherence to the One China policy, no military aggression towards Taiwan, abstaining from cyber-attacks, priority on economic growth, among other policies. The bottom line of a Sino-American Rapprochement is avoidance of a military crisis, which would most likely take place in the Taiwan Strait.

This scenario is conditioned on several key factors leading to a delicate balance between the two countries. Both have reoriented their economies to reverse the neoliberal trend. China has found its way to being economically sustainable through its strategy of dual circulation, which reorients China's economy by prioritizing domestic consumption (internal circulation) and remaining open to international trade and investment (external circulation) mainly through mechanisms such as the Belt and Road Initiative (BRI), BRICS+⁴⁷, and Regional Comprehensive Economic Partnership (RCEP), the latter of which has a regional economic significance similar to the United States–Mexico–Canada Agreement (USMCA). China has moved to an ecological economy supported by a digital economy. It has also narrowed the semiconductor manufacturing gap between itself and the US, but not enough to tip the balance to dominate the industry or have a predominant role in the Fourth Industrial Revolution.

The US takes a less hawkish stance and keeps the consistency of a mildly aggressive China strategy throughout the 2024 and 2028 presidential elections, trying to deliver a manufacturing renaissance. This strategy allows the US to rebuild its military and economic power. Both countries adopt an ambiguous approach to the other, emphasizing their opposing political ideologies while cooperating in other important realms like climate change.

At the same time, the US and China enter a race to enhance their economic and technological capabilities. De-securitization takes place in trade and technology. Strategic competition as such allows China and the US to maximize their own ideological appeal to different regions of the world: liberal democracy for the US and state-controlled capitalism for China. For this reason, the US and China have been actively cooperating in fields like climate change, food security, global security, and global debt to build their international reputation and credibility. Soft power that is more dependent on development assistance becomes the norm. For example, in 2022, the EU launches the Global Gateway⁴⁸, the European strategy to boost smart, green and secure links in digital, energy and transport sectors and to strengthen health, education and research systems in friendly countries across the world, as a Western counterpart to China's BRI.

⁴⁷ Devonshire-Ellis, 2022

⁴⁸ https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en

6.1. Global actors

China and the US continue to have absolute advantages in their military, technological, and economic capacities. Other powers, including India, rise to regional dominance as they find enough resources to overcome domestic difficulties. However, in the short term, countries like Japan, South Korea, the UK, France, Brazil, and Turkey (mostly middle powers with competitive edges in one or more areas) still rely on cooperation and mechanisms led by either China or the US or both to a large extent. China's growing influence in the United Nations and other international organizations will also bring changes to international norms.

Key regional and international mechanisms play more important roles, but regionalization does not increase at a faster pace than in the period from 2015 to 2020. The Shanghai Cooperation Organization (SCO) is unlikely to institutionalize as a collective security system in the short term, and NATO is not expanding, as Russia forms a strategic partnership with China. The EU works on a new European Security and Defence Union in cooperation with NATO.

This general trend promotes regional stability, improves the global distribution of public goods, as well as serves each nation's national interests. Multilateralism in key policy domains increases. The risk of a major war is low, and international cooperation and technological innovation make global problems manageable over the near term for advanced economies.

The implication for Europe, especially Western Europe, of a Sino-American Rapprochement depends on whether Europe can maintain its independence in a world shaped by the US-China competition. As China and the US enter a more collaborative stage, it is less likely for the European Union to make binary choices. The EU can benefit from working with China in fields like green energy, technology, and developments in Africa while building a more strategic partnership with the US. It has more time to increase its strategic autonomy.⁴⁹ At the same time, the EU needs to find a balance that allows seeking cooperation with both sides on interlinked security and economic matters without withdrawing its transatlantic alliance with the US or a value-oriented approach (rule-based, liberal democracy).

6.2. Germany

More strategic autonomy for the EU has an influence on Germany's foreign policy, which assumes a leading role in EU internal affairs. Germany does not have to face a hard trade-off between its security and economic interests. It works on securing more independence from the US in security and diplomacy to boost its geopolitical influence under the guidance of its first national security strategy. France remains the primary partner for reaching a political consensus in the EU. Former European Coal and Steel Community (ECSC) members may also join the partnership. A more strategically independent Germany secures stable energy supplies to slowly transit to renewable energy, stabilizing a key pillar on which its economy is built.

More investments flow to R&D, and Germany (and the EU) leads the technology cycle with respect to green tech, smart robotics, and the Internet of Things, together with the US and China in the Fourth Industrial Revolution. A competitive and independent AI landscape benefits Germany's industries and sectors, enhancing its potential for GDP growth. At the same

⁴⁹ European External Action Service, 2020

time, Germany's soft power edge is maintained through a balanced approach, which in turn helps Germany attract more capital flows and skilled labour, easing the domestic pressures of an aging population and social distribution.

6.3. Power implications

Hard power is not likely to gain more prominence on the international stage because of overall low security tensions between major powers. However, it does not mean that military spending will decrease significantly, as long as countries still need to maintain their sovereignty and political independence. It is still among each nation's primary interests to strengthen their military capacities through innovation and cooperation.

In the field of soft power, climate change becomes another important field for China and Germany (and the EU) to enhance their cooperative relationship. Soft power may also take more innovative forms, as Germany pushes for more European integration, and joint institutes with other European partners in culture, education, and technology will be created.

Sharp power and soft power both become the most used tools to project a country's influence regionally and globally. As China is gaining more success with its model of attracting global talent through material enticements, other countries like Germany may follow. More importantly, new forms of soft power and sharp power, such as South Korea's Korean Wave and ASEAN's e-sports diplomacy, will likely appear, considering that many middle-power countries and emerging economies have limited and different resources.

6.4. Implications for Germany's soft power

Disagreements persist within the German coalition government about whether Germany should pursue a more assertive and ambitious foreign policy. Nevertheless, parties have reached a consensus on prioritizing economic growth, as a lesson learned from reversing the economic recession brought about by the Russia-Ukraine War. It is also among Germany's ultimate interests to attract more labour and talent to mitigate the domestic demographic situation and enhance its prospects in the Fourth Industrial Revolution. To this end, science, language, and education diplomacy will have more important roles to play within the region and beyond.

Germany's top priority in soft power will stay within the EU, and it continues to implement the vision as laid out in the coalition agreement to adopt 'comprehensive sustainability, climate, diversity, and digital strategies' and make science diplomacy 'an integral part of the EU's foreign climate policy and Green New Deal'. With a stronger position in defence and climate change, it is easier for Germany to engage in shaping new international norms in other emerging fields like cyber security and AI. Germany has more success pushing through a globalist agenda and extending its influence in strategic regions like the Indo-Pacific.

The budget of Germany's ECP will increase not substantially but stably, as all subfields of Germany's ECP will free-ride the overall digitalization of Germany's infrastructure. For example, education and language exchange can be conducted within the digital space, and arts and culture can take new creative forms with the aid of technology, appealing to a wider public

at lower cost. As more cross-border and cross-sector partnerships emerge, ECP subfields will overlap and merge further, leading to a vibrant scene of joint and conjoint soft power projects.

6.5. Summary

A world characterized by lower security tensions and increasing cooperation and economic growth presents positive-sum geopolitics in general. Germany can prioritize its economic robustness and strategic independence to realize its vision of itself as a value-driven green manufacturing tech power, together with the EU. Soft power, as the third pillar of Germany's foreign policy, continues to serve and advocate for the country's interests, emphasizing science diplomacy embedded in green energy and climate change policies at both national and European levels.

7. Cold War 2.0

In the Cold War 2.0 scenario, relations between the US and China have declined further, freezing at a level of intense hostility but not yet descending into full-scale war. Competing blocs—which consist of the US and its security dependencies on one side and China and its allies on the other⁵⁰—vie for technological supremacy and try to appeal to non-aligned countries. In this context, most developed states have reasserted themselves in their domestic economies, implementing industrial policies not seen in over a half century. As opposed to the 20th century geopolitical rivalry, which centred around military production, today the top states also strive to create climate change prevention and mitigation technology. The age of 'green military Keynesianism' is here. The result is that while the world at large is embroiled in simmering conflict, tensions within societies have eased.

The US has banned nearly all high-tech exports to China, while China has threatened and encircled Taiwan. Still, the great powers of the 21st century have avoided all-out war and the simmering conflict consists of competing economic blocs, technological rivalry, and support of proxy states. In contrast to the 20th-century US-USSR Cold War, however, the risk of a major land war is lower. Threats of an amphibious invasion of Taiwan remain, but in this 21st century Cold War there is no equivalent to the Fulda Gap.

Rather, technological competition represents the core of the new geopolitical rivalry. Demands for state support have accelerated the trend towards increasing government involvement in the economy. While socialism has not re-emerged as a viable system of government, the appeal of neoliberal capitalism has also waned. Most countries have adopted some form of market economy with heavy state intervention, aiding the middle class.

In this context, cooperation on climate change has been limited and the carbon-intensive nature of military build-ups has shifted focus on climate from prevention to mitigation. China and the US continue to develop green technologies separately from each other, but the logic

⁵⁰ In the mid-2020s a new security partnership called the Beijing Security Partnership (BSP) emerged, consisting of China, Russia, Pakistan, North Korea, and several central Asian and African states. Other multilateral groups like the Shanghai Cooperation Organization (SCO) and BRICS+ are still relevant. However, because they include countries which are not part of China's military bloc, they act as ways for China to influence non-aligned countries like India and Brazil, rather than as outright tools of Chinese military and economic power.

of geopolitical competition forces countries to continue to keep carbon-intensive energy sources online for longer than climate goals demand. This worsens climate change as countries desperately seek to scale green energy and enact mitigation efforts.

In the face of worsening natural disasters and forced migration due to climate catastrophe, all the main global powers have become increasingly opposed to immigration, adopting a violent 'fortress' approach to their borders. Only highly-skilled immigrants are allowed, with the rest facing increasingly harsh treatment both at borders and within the countries they might happen to reach. This has the perverse effect of undermining global powers' support in the Global South, even as they are competing for influence among those same countries.

7.1. Global actors

At home, the US is mired in political dysfunction, with several states under de facto one-party rule and 'competitive authoritarianism'.⁵¹ At the federal level, social issues remain contentious, but the need for industrial policy to counter China gives both political parties something to agree on. Infrastructure has been improved, as have some policies to expand education and healthcare. High-tech manufacturing in both the defence industry and renewable energy provides quality employment for white- and blue-collar workers alike. Higher taxes and restricted capital flows are needed to fund the military build-up, with inequality dropping slightly as a result.

Overall growth levels remain unremarkable, but the process of 'friend-shoring' has progressed, and re-arranged supply chains within blocs facilitate moderate GDP increases. Relatively few international tensions emerge from 'America-first' industrial policy legislation like the bipartisan 2027 CHIPS 3 Act⁵² and the 2029 Unified Strategic Nuclear, Renewable, and Green Act (US NRG Act). The EU has learned its lessons from picking a fight over similar legislation from the Biden era: security alliances and domestic green energy strategies are more important than adhering to outdated global trade rules.

Within the US, the nationalistic effects of geopolitical tensions have also improved social cohesion through the 'rally around the flag' effect. Despite some domestic difficulties, the power and prestige of the US military and Federal Reserve remain unmatched. Fears of 'American decline' are substantially reduced and replaced by a patriotic 'can do' spirit.

Unlike the USSR, which lagged the US during the first Cold War in most technical areas, China has caught up with (and even exceeded) the US's prowess in most fields. The hit to its semi-conductor industry in 2022 was severe, but through clever circumvention of export controls and concerted efforts to develop home-grown manufacturing, China is now the world's leading chip producer. In artificial intelligence and green technology, China again slightly outpaces the US.

The race for superior innovation has continued to put upward pressure on budget allocations for research, with global R&D spending now approaching 3% of the world's GDP and more than 4% in China. These investments have begun to pay off, with China's combination of world-beating technical talent and abundant raw materials (especially when combined with

⁵¹ Levitsky & Way, 2010

⁵² Badlam et al., 2022

subordinate and allied Russia) granting it enormous strength and prestige. Nationalistic and sabre-rattling rhetoric is even more common, but China has still refrained from invading Taiwan given the US's stranglehold of island bases off the Chinese mainland.

Demographics are challenging for both main powers, as China's population stagnates while the US's domestic politics result in lower than optimal immigration, harming its ability to grow and innovate. Neither country is fully able to harness the reserve talent pools in non-aligned countries like India, leaving the entire globe below the technological possibility frontier.

At the European Union level, defence spending has risen steadily but efforts at true 'strategic autonomy' have been all but abandoned. Forced to choose between the US's LNG exports and NATO umbrella and the huge market in China, the EU has chosen security over prosperity. This choice is not unanimous, with dissenting countries inhibiting the bloc's efforts to be 'geopolitical', but the overall trend is unmistakable. As a result, efforts to build up a European army have stalled, and the individual member states remain the core of NATO.

In this context, and in terms of foreign affairs, the European Commission becomes less important relative to national governments and the dream of becoming a 'regulatory superpower' in AI and the internet has faded. Educational programmes like Erasmus and Erasmus+ are still significant, however, with exchange between allied countries like the US, Canada, Australia, and Japan increasing substantially. The EU also maintains an important role in science diplomacy.

Relatively stagnant economies in some member states further stymie the EU, but none are bold enough to pursue a national withdrawal. While ethno-nationalism and political dysfunction abound, the US security alliance, creaking welfare states, and government intervention to protect and grow an industrial core and well-paid working-class jobs continue to hold the social fabric of the continent together. Part of that social bargain, however, is an increasingly 'civilizational' view of Europeanism. Immigration is controlled more strictly than ever, and accession has stopped, with countries in the Western Balkans languishing between the two great powers.

Beyond the great powers, a growing non-aligned movement eschews the geopolitical showdown. This group, led by India, represents an ever-greater share of GDP and military power. As a member of both BRICS and the SCO, India is keen to use close relations with China to develop its still-lagging economy. Still, divisions within the non-aligned countries prevent it from decisively challenging either the US- or Chinese-led systems. The Cold War 2.0 cannot be fully escaped, but only a limited set of relatively wealthy countries are willing to pursue it wholeheartedly.

7.2. Germany

In this context, Germany has decisively allied with the US, eschewing earlier notions of 'European strategic autonomy'. Economic export interests have taken a backseat to security concerns, with both officials in Washington and Brussels pushing Germany to fall into line with the US's increasingly hawkish approach. The one-for-one spending on external cultural policy and on security and defence that was proposed in the 2021 coalition agreement is but a distant memory. Growth in military spending has outpaced that for soft power initiatives by about 30% since 2023.

This hard-line attitude is driven not only by the Christian Democrats but most emphatically by the German Green Party, who have remained in government throughout the 2020s in various coalition agreements. The 2025 federal election saw a resurgence of the CDU/CSU, with the Greens and Union able to form a two-way coalition. 2029 saw a slight drop for both parties, requiring a Union-Green-FDP 'Jamaica Coalition'. The latest coalition agreement has stressed the need for a 'New European CHIPS Act'⁵³ and strict regulations to spend over 2% of GDP on defence across NATO, but the politics of such spending remain tense within the two fiscally conservative governing parties.

Given the Atlanticist bent of all three governing parties, Germany's foreign policy hews closely to the projection of 'liberal values' in line with the US. Due to the entrenched export-focused economic interests in the country, Germany still attempts to promote a liberal trading environment, but pressures to 'friend-shore' and resist China's rise largely overpower these earlier *Wandel durch Handel*-type efforts. Initiatives like 'feminist foreign policy' have achieved little of substance, and instead act as a cudgel against geopolitical adversaries, much in the way 'human rights' did during the first Cold War.

Germany now spends slightly less than 2% of its GDP on defence and remains highly integrated in NATO structures. With Germany's industrial base an important component of the Western bloc, also boosted by a military build-up in the country and NATO generally, it has regained prominence and prestige among allies. The calls of hypocrisy from Central and Eastern European countries have faded, as have those countries' relevance in geopolitics. Germany has become the world's largest arms manufacturer after the US and China, surpassing France and the United Kingdom.

The rearrangement of global supply chains has allowed Germany to continue its high value-added export model, even as the difficulty of accessing some economies for both raw materials and final sale has increased costs and pinched revenues. To be sure, sanctions, export bans, and tariffs have both raised input prices and walled off some of the most lucrative markets of final export. Still, the need for specialized products in green energy and military equipment has allowed much of Germany's industrial base to remain intact, preserving the core of its economic model. Given the importance of German intermediate products in other finished products, it wields significant economic leverage over non-aligned countries that seek to industrialize further.

⁵³ https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-chips-act_en#the-need-for-eu-action

7.3. Power implications

Under Cold War 2.0, there is an asymmetric and unstable scenario for power projection. While China increasingly has the resources to compete with the US on an equal footing, the legacy cultural appeal and alliance system of the US leaves China far behind on soft power. Its efforts to rapidly compensate for this gap further inflame tensions, as the US perceives these actions as a 'revisionist' threat (while China sees itself as merely trying to catch up). This escalatory cycle is a consistent threat to world peace.

Although China retains the higher absolute GDP and population, it lacks the strong alliance system, immense cultural prestige, and economic centrality of its adversaries. Neither BRICS nor the SCO could transform into a full-fledged alliance, and the Beijing Security Partnership has lower population and economic output than the other two organizations. This means that while China nearly matches the US in military equipment—expanding its nuclear arsenal, increasing capabilities such as airborne and amphibious operations, and dwarfing the US in military size—its deployment of other types of soft power lags behind. Indeed, despite China's wealth and size, it still struggles to project soft power in proportion to its economic and military heft. Some developing countries—especially in Africa—find the Chinese model compelling, but many still retain their cultural affiliations with the US from the 20th century.

As with soft power, the US bloc also retains the edge in sharp power. Despite expanding use of the renminbi among BRICS+ countries especially, the dollar is still the world's reserve currency, and export bans have delayed some of China's technological development. Overall, however, the economic situation between the two blocs is becoming more equal and self-contained, as the move toward sustained domestic demand on both sides reduces economic interlinkages and dependencies.

In this scenario, soft power is important mostly for solidifying existing blocs and influencing the non-aligned countries, but there are virtually no soft power initiatives between blocs. Student exchanges between China and the West have dropped to near zero, Confucius Institute locations in Europe and North America are now almost entirely closed down, and foreign broadcasters from the competing bloc are banned. Exchange within blocs has grown however, and significant sums of money are spent trying to attract talent, hearts, and minds from non-aligned countries like Brazil and India.

7.4. Implications for Germany's soft power

Germany retains substantial cultural appeal, yet its soft power projection is rife with contradictions. On one hand, it is more necessary than ever to spread Western values to the rest of the world, especially as an instrument of friend-shoring. On the other, its soft power institutions become closely aligned with strategic security interests and the various intermediary institutions lose some of their independence. The objective of German soft power approaches to reach civil societies across the new divide will be virtually impossible to achieve, and a stronger emphasis on science diplomacy also implies greater attention being paid to security as well as economic considerations.

Specifically, this means that efforts towards university internationalization are shifting geographically away from countries that are part of the SCO and BRICS+, with India and Brazil being the exceptions. Instead, as part of a general increase in science diplomacy with the US and other NATO countries and the emphasis on friend-shoring, German universities continue to internationalize. Important institutions for promoting science and higher education like the DAAD and AvH Foundation continue to expand, focusing on allied and non-aligned countries, but closing offices in the rival bloc.

The German language has maintained some importance within the Western bloc, as Mandarin Chinese is now considered a language for foreign policy specialists and not business leaders. Given Germany's centrality in the economics of the US sphere and a need to attract skilled workers and professionals, the Goethe Institute enjoys substantial enrolment and has expanded locations in allied countries, even as it has closed down most in Russia and China. Foreign media is increasingly important in the Global South, with the competition between Western and Chinese sources intensifying. Deutsche Welle with its expansive language offering is an important player, although it still trails the BBC in reach. Programming and streaming in cyberspace have expanded significantly, seeking to counteract the frequent disinformation campaigns stemming from countries like Russia, which now closely resembles a Chinese vassal state.

Within the German soft power institutions themselves, conditionality attached to budget allocations ties German soft power approaches closer to security interests first, and economic trade interests second. This means frequent tensions between the independence that these institutions expect and the prevailing necessities of geopolitics (at least as seen by the government in power). As a result, no ambitious new initiatives are possible outside this conditionality framework. In contrast, the renewed cohesiveness of the Western bloc means that more coordination between major soft power players is now possible, with the US, UK, France, Germany, Japan, and South Korea cooperating on important media, development, and cultural initiatives in the Global South.

7.5. Summary

In the scenario of Cold War 2.0, tensions between the US-led and China-led blocs are at a record high, with the world on the brink of catastrophe at any moment. However, the class compromise needed to sustain an expensive military build-up has somewhat de-polarized Western societies through greater economic equality and the 'rally around the flag' effect, even though underlying dysfunctions and contentious issues remain especially in the US. Given the rising significance of climate change, societies invest massively in both green and military technology, giving a boost to domestic economies and those of allied countries. In this context, soft power is used as a glue between rival blocs. It is also employed in the contest to appeal to the non-aligned countries. The world teeters on the brink of disaster, but for now everyday life is more pleasant and harmonious than it was a decade ago.

8. Acrimonious De-globalization

By 2030, the world in this scenario is characterized by increasing security tensions and uneven economic growth as well as a status best described as perma-crisis. Two major actors have emerged, along the lines of NATO and the Shanghai Cooperation Organization (SCO). These blocs find themselves in economic and ideological competition, trying to gain the upper hand vis-à-vis their rivals. Inter-bloc cooperation is limited to a minimum, while intra-bloc cooperation is beginning to thrive but frequently fails due to internal tensions. Non-bloc countries, especially in the Global South, are primarily seen as potential spheres of influence that offer opportunities for strategic gains, both economic and military. Yet some of the countries in the Global South, such as India, Pakistan and Vietnam, also seek to extend their own regional influence.

Most attempts to prevent climate change have been abandoned. Although pledges to tackle climate change are continuously repeated, global warming has surpassed its 1.5°C (above pre-industrial levels) target and is likely to lead to an average temperature increase of 2°C. In some regions, average temperature increased by around 6°C, making these areas virtually uninhabitable. Extreme weather events such as severe floods and droughts have become more frequent, causing mass migration out of those areas especially affected.

Migration from the Middle East-North Africa (MENA) region to Europe has increased substantially, further creating tensions in the EU. In response to pressure by several member states at the EU's external border, the bloc has implemented stricter border control regimes – a situation that can be found across the northern hemisphere – trying to prevent migrants from leaving their home countries. The US faces a similar situation, with substantial migration flows coming from Latin America. Human rights have repeatedly suffered under both regimes, with many countries now calling out the hypocritical behaviour of these major powers, damaging their ability to project soft power in large parts of the Global South. Through economic coercion and forced repatriation, China manages to control migration flows from neighbouring countries.

Security challenges create tensions around the globe. China has increased its military presence in the South China Sea, repeatedly blocked the Taiwan Strait, and continued to intrude into Japanese and South Korean airspace and territorial waters. Russia, a vassal state to China, is also testing the territorial integrity of its neighbours. In response to increasingly hostile behaviour, especially by members of the SCO, and NATO's attempt to avoid military conflict, several states, including developing countries, have initiated nuclear programmes, as only nuclear weapons are perceived to provide sufficient protection against military transgressions. As a result, nuclear non-proliferation attempts increasingly fail. At the same time, multilateral arms control treaties are weakened, giving non-state actors, such as a growing number of terrorist organizations in numerous failed states, a better chance to acquire arms and weapons of mass destruction. Although all-out war has not materialized yet, the world has entered a state of manifest insecurity, with a steady drift towards increasingly dangerous situations.

Economically, the world is de-globalizing, with trade between blocs slowing or entirely breaking down, negatively affecting third countries as well. Shattered supply chains are slowly rebuilding within the blocs through substantial investments, thereby increasing public debt but also creating low but steady economic gains. Intra-bloc economic cooperation is

strengthening, in both the West and the member states of the SCO and the BRICS+. Yet, the two blocs diverge in their stance towards third countries. In continuation of China's BRI policy, foreign direct investments, particularly in emerging markets, are instrumentalized as tools of influence. Within the SCO and the BRICS+ group, China seeks to implement a zone of economic exclusiveness, resembling mercantilism, that fosters free trade between members, while largely denying other countries access to SCO markets and technology. Yet given the different interests among BRICS+ countries in particular and weak multilateral governance capacities, many countries fail to realize such economic ambitions. As a result, trade is lower than expected and a substantial number of BRICS+ countries show relatively low levels of economic growth. What is more, dissent among some BRICS+ and SCO member countries grows, with India, Pakistan, Russia and Brazil pursuing their own economic interests.

The West tries to take advantage by strengthening and expanding existing trade agreements, opening its markets for countries willing to align themselves economically with the bloc. Here as well, trade is seen as a tool of geopolitics, by which better economic alignment eventually leads to a convergence of political systems. However, tensions between the US and the EU increase as both implement economic policies that seek to repatriate supply chains and develop a domestic industrial core. What is more, the wealth gap between the two blocs and the rest of the world increasingly widens, as non-bloc countries experience a period of slow economic growth, while simultaneously having to deal with polycrisis and exposure to great-power competition. This has led to a significant debt increase in many emerging economies, undermining their ability to cope with rising costs of debt servicing and the damage caused by climate change; failed states are proliferating.

8.1. Global actors

In the US, policies aimed at containing China's influence in Southeast Asia have become increasingly hawkish. Fearing a diminishing ability to project power, the US is determined to follow through on its security guarantees, especially towards Taiwan and South Korea, creating growing tensions with China. While the country is still trying to maintain multilateral institutions, the old post-Cold War order is crumbling everywhere. Policymakers in the US have increasingly started to question the role of multilateralism in this new state of disorder, effectively abandoning attempts to address global threats internationally. Only NATO remains a cornerstone of US foreign policy, although bilateral cooperation outside the bloc is still pursued. Yet, especially in regions close to the SCO, US foreign policy credibility has suffered, as, among others, long-standing policy positions (e.g., security commitments) have been used in electoral campaigns as bargaining chips. Countries that have had to choose between China and the US fear American indifference, driving them into Chinese hands.

Beyond that, the US is facing strengthening populist and anti-democratic movements that have continued to erode democratic institutions. Election deniers and conspiracy theories are widespread, damaging the country's reputation and ability to promote democracy abroad. Restrictive immigration policies, implemented in response to populist demands, have deprived the US of much-needed labour. Innovation-intensive industries are falling behind, as highly educated migrants choose to work elsewhere to avoid everyday hostilities increasingly prevalent in the country.

China's actions are largely influenced by domestic developments and fears of declining global dominance. Demographic change is an important driver in this respect. Projections of a shrinking population imply a decline of economic power and subsequently a diminishing ability to influence its neighbourhood and beyond. Hence, Chinese leadership under Xi Jinping, who has entered the second part of his fourth term in office, has started to implement aggressive strategies to achieve long-term goals, such as unification with Taiwan and AI superiority. The global economy is a casualty of this strategy. China has stopped exporting critical raw materials, e.g., rare earths, causing a steep increase in prices for semiconductors and damaging industries abroad. Increased tensions with the US in the South China Sea, even foreshadowing open conflict, have led to growing uncertainty in financial markets, further damaging the global economic outlook. Ideologically, Xi Jinping has expanded his idea of ideological security and 'Chinese-style modernization', slowly creating a guiding cultural framework for the SCO that better serves Chinese geopolitical ambitions in direct competition with Western values.

The EU finds itself once again between two superpowers fighting each other. Its Global Gateway programme fails to compete effectively with China and various BRICS+ investments in Africa, in part due to economic nationalisms among some member states. China and Russia are understood as systemic rivals willing to employ military power to achieve their goals, which is becoming increasingly evident around the globe. In this climate, the EU tries to connect more closely to the US, while in parallel trying to reinterpret its understanding as soft superpower, now underpinned by hard power.

8.2. Germany

Economically, Germany is facing various challenges. A steep increase in energy costs in the early 2020s, caused by Russia's invasion of Ukraine, and the costs related to the Covid-19 pandemic, increased public debt drastically. Making things worse, tensions with China led to a significant drop in exports. Germany's long-term model as 'world champion in export' took a hit when globalization slowed and eventually reversed. Exports to China alone accounted for around 2.5% of German GDP. When China closed its markets to non-SCO countries, German companies, especially in the automotive and semiconductor industries, suffered heavy damages. German car companies were hit by the EU's ban on combustion engines, which made substantial investments in electric-vehicle manufacturing capabilities necessary. Hence, the German economy is struggling to cope with a situation of polycrisis, while simultaneously transforming major parts of its economy. Although economic growth seems achievable once the industrial transformation has been completed, technological breakthroughs and innovation are subpar, putting the German economy at a disadvantage. Nevertheless, Germany is seeking to regain its position as export champion by building relationships with emerging economies outside the SCO.

Domestically, the situation is equally challenging. Due to rising migration pressure from the MENA region caused by climate change, Germany is facing growing nationalistic tendencies and populism. Risks of a declining quality of life, largely due to cuts in healthcare spending and the effects of global warming, growing inequality, and potentially shrinking private wealth provide further momentum for populism and give rise to greater political instability. In this climate, German leadership struggles to justify increasing defence spending, as social welfare and other services have become more necessary even as funding dwindles. These

domestic developments risk weakening the country's position on the international level, as costly commitments to fight global threats such as climate change and nuclear proliferation are avoided wherever possible. Hence, the German government needs to address challenges at home, while also managing the polycrisis on the international level.

8.3. Power implications

Global tensions have manifested the importance of hard power and led to its increasing utilization. Russia's invasion of Ukraine in 2022 has led to a new arms race that is likely to continue in the face of existing tensions. The wide range of potential conflict zones—from Eastern Europe and Central Asia to Africa and the Indo-Pacific region—demand a substantial enhancement of capabilities in both blocs, which in turn further strengthens perceptions of large-scale militarization. While this poses an increasing risk of military conflict, most actors have resorted to hybrid warfare, in particular cyber-attacks and disinformation, to avoid all-out war.

Sharp power materializes in two variants. First, Western countries employ sanctions on various SCO and BRICS+ nations in response to military escalation and violations of sovereign borders. Additionally, sanctions are implemented to control the dissemination of crucial technology necessary to start or advance nuclear programmes. In the second variant, the SCO uses cyber-attacks, disinformation, and public diplomacy to undermine democracy in Western states and support politicians, civil society groups, and media actors that favour SCO-friendly policies. Hence, China's influence operations in large parts of Africa, Latin America, and Asia that proliferated in the late 2010s and early 2020s are now more frequent and larger in scale, as they are intertwined with operations by other SCO governments.

Soft power remains a crucial aspect for many nations, especially in terms of science diplomacy, and for those interested in tackling pressing global challenges, e.g., climate change, nuclear proliferation, and global health. As cooperation in multilateral arrangements is desperately needed but no longer the rule, soft power is employed to align interests and rebuild alliances. However, it has suffered since the early 2020s, as Western states repeatedly failed to maintain their commitments to human rights and pivoted to nationalist policies during the Covid-19 pandemic, leaving many countries with the general impression that the West is unwilling to make commitments that are in any way disadvantageous to them. Yet, the SCO is unable to exploit this situation, given that its soft power capabilities are limited in the first place.

8.4. Implications for Germany's soft power

Although external cultural policy has been described as the third pillar of German foreign policy, the systemic competition with the SCO has finally given it true significance. The media have an additional purpose, as disinformation narratives spread by the SCO are fought back within the bloc and outside of it. Deutsche Welle, therefore, assumes a role as a key institution in fighting disinformation, much as it would do for the Cold War 2.0 scenario. Next to media, arts and culture are strategically employed to strengthen Germany's influence in countries outside the two major blocs. Arts and culture are increasingly seen to promote Western values and build a counternarrative to Chinese-style modernization that has become a cornerstone of Chinese foreign policy. Given their strategic importance, both fields receive additional funding.

Language education has not lost its relevance internationally but has become even more important both within the EU and outside. The Goethe Institute has expanded its network as Germany seeks to strengthen its economic position by attracting skilled labour and students to study at German universities.

Science diplomacy receives greater support and becomes a strategic priority. More than ever, organizations like the DAAD and the AvH Foundation but also the Max Planck and Fraunhofer institutions are now key soft power actors. As the SCO strives for technological superiority in various key industries, Germany tries to foster science exchange within the EU and NATO, thereby building clusters of excellence in various areas such as AI, cryptography, robotics, biotechnology, and semiconductors. Outside the bloc, however, science diplomacy has a limited role, largely reduced to showcasing technological and scientific achievements as well as promoting the value of scientific freedom.

Additionally, reconciliation with Namibia remains a key agenda item, as it was in the coalition agreement of the parties governing after the 2021 federal elections. As Germany and other NATO countries try to establish friendly relationships with the Global South, Namibia plays a key role for Germany's credibility as the country acknowledges responsibility and apologizes as well as offers reparation payments for the genocide inflicted in the early 1900s. Successful reconciliation is seen as a strategic inflection point which will make or break the bloc's alliance with the wider region.

Nevertheless, influence derived from soft power must be underpinned by hard power, as the ever-present spectre of a great-power war means that attraction is largely connected to security. German soft power initiatives, although effective on their own in principle, are vulnerable to SCO sabre-rattling, as long as power projections are not backed up by credible hard power.

8.5. Summary

Growing tensions accompanied by uneven economic growth around the world characterizes this scenario. Germany is facing serious challenges in respect to its economic standing as well as its leadership role within the EU. Yet, through its substantial infrastructure with various actors covering external cultural policy, Germany has the capacity to employ its soft power more strategically and in pursuit of a European if not more global leadership role. Especially in relation to countries outside both blocs, Germany can and must rise to become a diplomatic power that integrates soft power into a coherent economic and security policy.

9. Regressive Globalization

Regressive Globalization means that China and the US have failed to work out a conclusive cooperation model. It also assumes that neither has taken major steps to provoke the other to escalate global and regional tensions. Each on its own terms prioritizes its national interests abroad and seeks to stimulate economic growth at home. They compete in trade and technology and cooperate mostly on an ad hoc basis and only when urgent in key areas that could threaten their mutual interests, such as climate change, pandemics, or conflicts in regions or between countries.

In this scenario, China and the US continue to have absolute military, economic, and technological advantages over the rest of the world. It also assumes that China and the US will overcome the Thucydides trap without going through a major war. Instead, power transition will be achieved through a long period of competition in economic, military, and technological realms and by building various trade and security alliances. It is a world characterized by US-China bifurcation, where other actors, mainly the EU but also emerging markets like Brazil, Indonesia, India, Iran, Nigeria, Pakistan, Turkey, Saudi Arabia, and Vietnam engage in selective cooperation with the two great powers through hedging and balancing strategies. These countries are often divided in terms of their national interests and experience high uncertainty in terms of international relations.

World trade stagnates due to protective policies and uneven economic growth. US-China decoupling occurs on a limited scale, seen in certain industries, technologies, investments, and human capital flows. At the same time, the global internet bifurcates into a Chinese-led internet and a US-led internet, with increasing cyber-risks and digital inequalities. The world splits into several economic and security blocs, pushing supply chains to re-orient. To achieve greater security, also in economic terms, regionalization increases as more and more regional mechanisms such as the BRICS+ and the above-mentioned RCEP come into existence.

International organizations like the World Trade Organization play a lesser role. The International Monetary Fund and the World Bank face increasing competitive pressure from regional development banks and other alternatives. Major debt crises can be mitigated as alternative financing systems are developed through the BRICS Bank with principles of mutual benefits and non-interference. In the meantime, inadequate reforms in multilateral organizations have not improved their ability to reach decisions effectively and thus threaten to hurt global security and the distribution of critical goods like food and energy. A fragmented international system increases the risks of inter-state and regional conflicts, with security blocs testing the boundaries of the international security architecture. Countries like China and Russia are increasingly prone to using grey-zone tactics, which are gradualist campaigns just shy of armed conflicts but beyond normal diplomatic activities, to create favourable external environments overcoming the US's strengths in global diplomacy, finance, law, and trade.

9.1. Global actors

Fearing further erosion of social cohesion and growing populism, the US takes back its overseas manufacturing capacities, which places pressure on export-oriented countries like China. As in the Sino-American Rapprochement scenario, China has found a sustainable economic model that emphasizes self-sufficiency, prioritizing domestic consumption while remaining open to international trade and investment. China is expected to develop an ecological economy supported by a robust digital economy. China's development model will likely have a higher acceptance among other developing countries in Africa and Latin America. This model does not directly compete with the US free market economy, thus easing the tension between the two countries to some extent.

The US, on the other hand, still maintains an edge over China in finance, research, innovation, and access to global talent, but by a decreasing margin. A regressive globalization, which stresses national interests, helps the US improve its domestic situation (increased wages, less political polarization). However, its influence in a multipolar world decreases, while its

alliance with the EU and others in the Indo-Pacific (e.g., Japan, South Korea, Australia, and India) strengthens. At the same time, confidence in the US dollar declines, and other decentralizing forms of currencies such as digital currency and blockchain are rising. Developing countries seek less dependence on the dollar, as evidenced by India's exploration of the 'rupee-rouble' exchange mechanism. Internationalization of China's renminbi, too, gains more ground.

The EU faces increasing division among its members because it is still recovering from the energy crisis resulting from the Russia-Ukraine War (rising costs and decreasing living standards). However, it plays a more active role between the US and China by carefully developing its economic relations with China and balancing them with a value-based foreign policy. Led by Germany and France, EU countries try to work with both great powers without facing a hard trade-off between their security and economic interests. At the same time, to expand its geopolitical influence outside Europe, the EU seeks to strengthen its inclusive approach and the rules-based order by mediating between China and the US and leading a de-escalation initiative in the Indo-Pacific.

The increasing difficulty of separating trade and investment policies from security issues means further internal division within the EU. This tension compromises the EU's position on migration (given the growing population and political instability in Africa) and external borders. At the same time, the EU remains a multilateralism champion by building more inclusive alliances, but bilateralism becomes a preferred choice when dealing with great powers.⁵⁴ The number of regional trade agreements grows, and alternative international governance forums and mechanisms in addition to G7 and G20 may emerge. However, due to growing economic nationalism among some member states, the Global Gateway initiative fails to receive sufficient funding.

9.2. Germany

Germany, after the impact of the Russia-Ukraine War, seeks to be more energy independent and to limit or mitigate the effect of its economic reliance on China, as directed by its new China strategy. In the meantime, the lack of a stable energy supply causes disturbances for Germany's industries, leading to capital flight to the US and China. While Germany is likely to become a green-tech hub soon, neither it nor the EU is likely to catch up with the AI race that China and the US are in.⁵⁵ Its reluctance to integrate AI and big data into business models and cross-sectoral applications continues to hinder its progress to push forward the Fourth Industrial Revolution.

Concerning national security, Germany prefers strengthening its strategic alliance with the US or maintaining partial strategic autonomy in key areas such as trade and technology. This position is a forced one due to the economic recession following the Russian-Ukraine War, and it undermines Germany's 2021 coalition agreement to secure greater strategic autonomy. A strengthened transatlantic alliance affects Germany's trade with China, global value chains, and individual sectors that are more dependent on extra-EU trade linkages, such as its

⁵⁴ European Commission, 2021

⁵⁵ Körner, 2020

automotive and electrical engineering industries. Rising tariffs and non-tariff barriers also lead to the increasing fragmentation of markets.

Germany faces domestic issues such as deficits in digital infrastructure, an aging population, and a weak financial system. In light of declining economic power and capacity to act, Germany's role as a geopolitical player does not advance markedly, but its soft power increases with a balanced approach to the US-China bifurcation, as the country shoulders its responsibility in actively dealing with key issues like migration and energy crises within the EU and internationally (e.g., delivering on its promises in climate action and environmental protection).

9.3. Power implications

Hard power still has a high relevance in the multipolar, de-globalized world because of increasing regional security blocs and inter-state conflicts. NATO continues to play an important role in maintaining regional collective security, with the SCO unable to assume a similar role, even though Russia and Iran may push further for cooperation. The SCO is not likely to become the next Warsaw Pact because China pays a heavy diplomatic cost for contradicting its position on rejecting such entanglements. Nevertheless, China continues to forge regional security partnerships in a less binding and more flexible manner, and it is not backing down from the military race with the US.

For the US and EU soft power in a multipolar world means shifting priorities, although they still support the liberal democratic order. For example, the US and EU launched infrastructure projects similar to the BRI to compete with China in building an image as a credible and reliable world leader. As of 2022, the US and EU had already launched the Build Back Better Plan and Global Gateway initiative. As forms of soft power such as vaccine, mask or green diplomacy are gaining momentum, soft power itself takes on a more flexible outlook, expanding into fields that will likely become major battlegrounds for influence, including public health, energy, and migration. This trend helps avoid the Kindleberger trap to a certain extent during the power transition.

Other countries, including Germany and other middle and emerging powers, use soft power and sharp power to hedge their bets with China and the US, demonstrating a consistent alignment of their interest without necessarily committing loyalty to either. In other words, soft power serves as a tool to carve out a middle path, avoiding the binary choice of economic and security interests. One nation's alliance membership in one domain is not a reliable predictor of its allegiance in another.⁵⁶ Sharp power also plays a more important role to create more room for manoeuvre.

⁵⁶ Higgott & Reich, 2022

9.4. Implications for Germany's soft power

German soft power approaches are complex and frequently subject to tensions between a value-based foreign policy and a national interest strongly influenced by economic concerns. The regional foci of Germany's soft power remain more or less the same, clearly prioritizing the EU. After all, it is still in Germany's strategic interest to develop a global vision with the West to counteract China's move. Germany's value-driven approach to soft power has an effective influence in a limited group of countries and regions, and it has to tailor its strategy in different subfields for different regions. Germany expands its influence in the Indo-Pacific regions to become less dependent on the US as economic cooperation with China is being reduced due to China's diversion from an export-oriented economy.

Within the increasingly divided EU, Germany's foreign cultural and educational policy strengthens its leadership and plays a mitigating role by confirming a stronger set of shared values to demonstrate its commitment to the region. It has less difficulty in implementing a more ambitious ECP in language, media, and science (climate change and green energy) diplomacy within the EU, as laid out in its 2021 coalition agreement. Emphasis on soft power also works to stabilize frameworks like the Stability and Growth Pact.⁵⁷

Outside the EU, Germany relies more on sharp power to expand its reach rather than on norm-based soft power, possibly in combination with hard power given Germany's increasing defence budget. It also employs more peace and development diplomacy in dealing with its southern border and North African countries to strengthen Germany's narrative as a credible and responsible leader.⁵⁸ At the same time, it continues to work with the US on key security areas, e.g., the Indo-Pacific, while leaving enough ambiguity to cooperate with China in education, technology, and energy, among other fields. Science diplomacy takes a more significant role in cooperation with great powers.

Germany's overall ECP funding is not expected to increase substantially, and it might well decline. Its expansion in fields of arts and culture, education, and language is selective outside Europe, depending on the market potential and geopolitical stability of the target country. Higher education and science and technology see a budget increase because of Germany's acute need to attract global talent and push forward Industrialization 4.0. Value-driven initiatives like the 'feminist foreign policy' and the Hannah Arendt Initiative, launched in 2022 to support and protect journalists under threat, have limited reception in developing countries and non-democratic countries.

⁵⁷ European Commission. (n.d.). Stability and Growth Pact. https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact_en

⁵⁸ Maihold et al., 2021

9.5. Summary

A fragmented world characterized by uneven economic growth due to domestic tensions and international uncertainties requires Germany to take a more ambidextrous approach to its foreign policy. While Germany's foreign policy, as well as its ECP, is still value-driven, it is flexibly adjusted and defensively oriented, prioritizing the country's national interests above all.

Table 8. Summary of Future Scenarios and Soft Power

Sino-American Rapprochement	Cold War 2.0	Acrimonious De-Globalization	Regressive Globalization
<p>The US and China have learned a hard lesson after the Russia-Ukraine War. The US realizes that the military and political costs for deterring China's ascent are too high. China, faced with domestic pressure, also softens its rhetoric. The two countries have identified and agreed on their minimal common ground, which involves adherence to the One China policy, no military aggression towards Taiwan, abstaining from cyber-attacks, and priority on economic growth.</p>	<p>Relations between the US and China have declined further, freezing at a level of intense hostility but not yet descending into full-scale war. Competing blocs—which consist of the US and its security dependencies on one side and China and most of its allies on the other—vie for technological supremacy and try to appeal to non-aligned countries. Most developed states have more protective economic policies. While the world at large is embroiled in simmering conflict, tensions within societies have eased.</p>	<p>The world, overwhelmed by crises, is characterized by increasing security tensions, uneven economic growth and declining trade. Two major actors emerged, along the lines of NATO and the Shanghai Cooperation Organization. These blocs find themselves in economic and ideological competition. Inter-bloc cooperation is minimal, while intra-bloc cooperation is higher but unstable. Non-bloc countries, especially in the Global South, seek to expand their own regional economic and military influence.</p>	<p>China and the US have failed to work out a conclusive cooperation model. Yet neither has taken major steps to provoke the other to escalate global and regional tensions. Each on its own terms seeks to prioritize its national interests abroad and to stimulate economic growth at home—a stance copied by the EU and emerging regional powers. They compete primarily and cooperate mostly on an ad hoc basis and only when urgent.</p>
<p>Value-based soft power approaches continue to serve Germany's interests worldwide, emphasizing arts and cultural exchanges and science diplomacy and guarding against potential misconceptions.</p>	<p>Soft power is aligned to security interests and is important for solidifying existing blocs and influencing non-aligned countries as part of friend-shoring, but there are virtually no soft power initiatives between blocs.</p>	<p>Systemic competition means that soft power approaches are strategically employed to influence third countries outside the two major blocs, serving economic interests primarily but also security concerns.</p>	<p>While foreign policy and soft power approaches can be value-driven, they are flexibly adjusted and opportunistic, prioritizing national economic interests above all.</p>

Table 9. Soft Power Approaches 2022 and 2030, by Field

The Major Fields of Soft Power Approaches					
Field	Signature Characteristics 2022	Signature Characteristics 2030			
		Sino-American Rapprochement	Cold War 2.0	Acrimonious De-globalization	Regressive Globalization
Arts & culture	Germany maintains one of the largest networks of international exchanges worldwide with relatively well-funded intermediary arm's-length institutions, in addition to major track-two actors	Take new forms, and possibly more cross-border and cross-sector partnerships (e.g., joint institutes with other European countries like France), leading to a vibrant scene of joint and conjoint projects and exchange	Facing budget pressure, fades in importance	Seen as an integral measure to promote Western values in non-bloc countries, but also frequently used as a tool to foster economic interests, e.g., when accessing foreign markets	Mainly within the EU, Germany has less difficulty pushing through more ambitious and value-driven policy; outside the EU and its allies, value-driven initiatives have limited reception, especially among developing and non-democratic countries
Language education	German language education ranks fourth in the number of language learners worldwide, with increased interest in recent years	Together with arts & culture, language and K12 education can take advantage of Germany's increasingly digitalized infrastructure, appealing to a wider public with lower costs; by	German gains increasing currency within Western bloc due to economic importance; language offerings increase within the bloc but also in non-aligned countries	Less important than arts & culture but still somewhat important outside EU; within EU, seen as a tool to strengthen leadership position	Language most likely maintains the status quo, but plays an auxiliary role to Goethe Institutes and PASCH network in reaching countries and regions that have economic importance to Germany, e.g., Indo-Pacific and Africa
Education	The PASCH network is a successful instrument to offer German curriculums abroad and to attract talent	promoting language and education exchange in the digital space, Germany can spread its language and education values further to non-elite communities that were difficult to reach before	PASCH school networks expand in bloc and non-aligned countries; university internationalization shifts geographically to its own bloc and expands considerably	PASCH network gains in importance within the bloc, but loses relevance outside of it due to access restrictions.	Education, especially higher education, gains greater importance to attract global talent, tailoring to the situation of the region/country; internationalization of domestic universities remains important

Science diplomacy	Germany ranks among the top in science diplomacy internationally	Involving more actors at national, EU, and international levels, with full-fledged and well-rounded policy to secure Germany's position as a green manufacturing tech power, preparing the ground for Germany to lead the Fourth Industrial Revolution	Highly funded but tied to military-industrial complex; closely tailored to geopolitical needs	Receives by far the largest funding with high priority, especially in areas related to AI, biotech, and other key industries; science diplomacy plays a key role in soft power activities within the EU and other allied countries, as technological superiority is directly linked to economic and geopolitical interests	Science diplomacy takes on a bigger role, and a plethora of actors will engage in STEM exchanges, including universities, private companies, intermediary organizations, but Germany's policy needs to leave enough ambiguity to expand cooperation with non-democratic countries like China
Media	Deutsche Welle is one of the largest media institutions of its kind worldwide and increasingly reaches out via social media in the digital realm	Faced with competition from other rising media, DW has to reconsider its general approach and how it will maintain and advance its appeal in a diverse and plural world; technology is needed to create more interactive platforms, tailoring to the needs of different audiences	Important in non-aligned parts of the world to advance liberal agenda and to counteract disinformation campaigns and distorted reporting	Influential as a means to support arts & culture when accessing new markets and influence spheres and to fight back disinformation narratives abroad, especially in non-aligned countries	Not likely to gain a bigger role though still important within the liberal world; can be used to gain more influence and alliances in strategic regions, in particular the Indo-Pacific

10. Assessment

We should recall that the majority (70%) of respondents to our validation survey anticipate the Acrimonious De-globalization scenario. Two major aspects running through all four scenarios, however, is the future relationship between soft power approaches and hard and sharp power, in other words, security and economic foreign policy. In the survey, we asked respondents if they expected that in the future German external cultural policy will be increasingly integrated into broader security considerations. We found that 82% agreed with this statement, with only 12% disagreeing. When asked about the statement, 'In the future, German external cultural policy will be increasingly integrated into trade and economic considerations', 65% agreed, and 17% disagreed. While 57% of respondents anticipate that 'Germany's external cultural policy will become more important for its broader foreign policy' in the coming years, 87% agree that '[m]any politicians underestimate the contributions of external cultural policy for security and trade policy'.

These responses suggest that we can anticipate major policy shifts that challenge the role of soft power approaches as the third and relatively independent pillar of German foreign policy: two-thirds agree that external cultural policy will be more closely aligned with security and

economic policy considerations, a majority feels that external cultural policy will become more important, and a greater majority yet assumes that many politicians underestimate what soft power approaches contribute. These assessments are consistent with the ‘world characterized by uncertainty and systemic competition’ the coalition agreement anticipated (see above).

Yet in contrast to the 2021 federal government coalition agreement, which promised to commit more resources to external cultural policy, over half (55%) of survey respondents expect that ‘German external cultural policy will experience considerable budget cuts’, with only 13% disagreeing and a third uncertain about the budget’s direction. Thus, German soft power activities may well have to do more with less and will likely face greater conditionality attached to budget allocations together with greater emphasis on key performance indicators measuring some agreed-upon impact.

Respondents see these developments unfold in a more difficult political environment of international cultural affairs. They seem to be aware of the shrinking space for civil society generally across many countries, which will also impact track-two actors like philanthropic foundations: two-thirds of survey respondents fear that the scope for external cultural activities will narrow in many non-OECD countries in the years ahead.

If there is limited space outside OECD countries, which areas or fields of soft power are likely to gain or lose future importance in the eyes of our respondents? As Table 10 shows, three fields are expected to remain the same in their importance: arts and cultural exchanges, language teaching and German schools abroad. What seems to gain substantially in importance are research cooperation and science diplomacy, external communication and media, and higher education, in that order. Across fields, only minorities among respondents anticipate a future loss of importance.

Table 10. ‘In future, which areas of external cultural policy are more likely to gain, lose or remain the same in importance’ (% of respondents)

Field	Future Importance in %			
	Lose in importance	Remain the same	Gain in importance	Total
Arts and cultural exchanges	13	52	35	100
German language teaching	27	53	30	100
Primary and secondary German schools abroad	23	53	23	100
Engaging with higher education	15	27	58	100
Research cooperation and science diplomacy	5	15	80	100
External education and media	8	30	62	100

N=66

The four scenarios each offer a different set of challenges and opportunities for the demand and supply of German soft power, which rewrite the underlying assumptions and in turn imply different approaches. In the world of Sino-American Rapprochement, Germany continues its current soft power approach as collaboration between the West, China and Russia has become possible again. Hard power is still relevant, but less so. Under a Cold War 2.0 scenario, Germany's soft power has become primarily a tool of geopolitics, being wielded to shore up rival blocs and appeal to non-aligned countries even as initiatives between blocs have all but disappeared. Under Acrimonious De-globalization, Germany's soft power approaches are tied to hard and sharp power, serving primarily national security and economic interests. In Regressive Globalization, soft power is closely tied to economic interests, especially in efforts to boost trade and bolster the domestic economy.

In all four scenarios, Germany can continue to spread liberal values and seek to create a positive image of the country abroad. However, the role as well as the scale and scope of such activities will very much depend on prevailing security and economic trade considerations on the one hand and a certain degree of openness on the part of host countries on the other. Such openness will be greater in OECD member states, especially the EU, and smaller in other countries.

Our analysis is broadly in line with those of respondents, yet we place a slightly different emphasis on the likelihood of different scenarios. Respondents viewed Acrimonious De-globalization as the most likely outcome, followed by Cold War 2.0. We view a hybrid of these two scenarios as the most likely outcome, with slightly more elements of Cold War 2.0. This means that tensions will increase between the US and China, with some signs of distinct rival blocs emerging. Yet they will not become completely separate from each other and not all cultural exchange will stop. Industrial and innovation policy will also become increasingly important, but not to the extent envisioned in the ideal-type Cold War 2.0. Evidence for this is the increasing animosity of the 'chip war'⁵⁹ between the US and China, Europe's heightened military dependence on the US,⁶⁰ and closer alignment between Russia and China.⁶¹ Some elements of Acrimonious De-globalization will also be present, such as slightly uneven economic growth, with states unable to comprehensively redistribute and provide middle-class jobs.⁶² Industrial policy will also be slightly limited by outdated trade rules and economic dogma, as we have seen recently with EU responses to US legislation.⁶³

In conclusion, Germany must be prepared to match its soft power approaches to new geopolitical realities and become willing to leverage its soft power tools for harder geopolitical ends, in particular in relation to security and economic policies. This sort of thinking has long been anathema to German policymakers, who prefer the term 'foreign cultural and educational policy' to the more assertive notion of 'soft power'. Given the results of our scenarios and validation exercises, however, long-held assumptions and associated terminology may have to be revisited.

⁵⁹ Miller, 2022

⁶⁰ Streeck, 2022

⁶¹ Von Hippel & Fry, 2022

⁶² Pressman, 2007

⁶³ Financial Times, 2022



Part III. Implications and Recommendations

What does the *Zeitenwende*, the epochal change for German foreign affairs announced by Chancellor Scholz in February 2022, imply for Germany's soft power approaches? This has been the overarching question of the foresight project presented here. The coalition agreement of 2021 maintained the basic normative foundation and narrative of Germany's external cultural policy, while at the same time introducing a direct reference to systemic competition, proposing major new investments, seeking to expand into new fields, broadening its scope with new institutions, and improving the links between ECP and other policy fields.

Obviously, German foreign policy has entered a profound transition phase. For its soft power approaches, so far there has been some continuity, and at the same time some new initiatives have moved forward: the department in the Foreign Office responsible for ECP continues to participate in discussions about the new national security strategy that had already begun under the previous government; a master plan for German schools abroad is being developed; cooperation with France has been strengthened by opening joint cultural institutes abroad; the Hannah Arendt Initiative to protect independent media in autocracies has been launched; existing programmes to protect civil society activists, journalists and artists in danger have been maintained; an agreement with Namibia for restitution has been reached; the symbolic act of returning the Benin Bronzes to Nigeria took place; a sustainability strategy has been launched in matters digital and climate; and a major study has been commissioned to examine diversity issues and exclusionary mechanisms in an ECP context.

By contrast, more joint activities with EU member states beyond France have not come about to the extent envisioned, and relations with Poland and Hungary have become more problematic, indicating that even within Europe a degree of rivalry between different political systems has set in. What is more, an initial focus of the von der Leyen Commission on the 'European Way of Life' has been dropped, and Brussels has yet to reach out to member states for a coordinated approach to strengthen Europe's soft power, apart from climate policy and the Green New Deal.

In Berlin and Brussels, many important decisions have yet to be made as to future priorities, objectives, and strategies. Domestically, the main intermediary institutions have escaped further budget cuts, but there is growing pressure from the Foreign Office to revisit priorities, to exert greater flexibility and ambition, and to become more aligned with a sense of foreign policy that is ultimately political in the context of systemic rivalry. Abroad, the Goethe Institute finds it more difficult to reach civil society actors, artists, and activities in a growing number of countries as the space for civil society and freedom of expression shrinks.⁶⁴ The DAAD and the Alexander von Humboldt Foundation face a changed landscape for academic and scientific cooperation. Deutsche Welle can no longer broadcast to Russia.

Clearly, these tendencies could become more pronounced and acquire added urgency depending on the scenario. Questions of how to stay true to the normative foundations of Germany's ECP, which the coalition agreement strongly endorsed, are also pressing. The same holds for

⁶⁴ See <https://www.icnl.org/our-work/global-program>; <https://freedomhouse.org/explore-the-map?type=fotn&year=2022>

the more specific objectives and measures the coalition agreement set forth. As we will see, all scenarios except Sino-American Rapprochement assume a closer political coordination, if not close alignment, of Germany's ECP with security, economic and trade policies. The need to reach out to systemic rivals to create pre-political spaces, initiate exchanges and foster mutual understanding demands a strategic re-orientation of soft power approaches.

11. Implications of the Four Scenarios for the Coalition Agreement

Sino-American Rapprochement. This scenario means more continuity than change for Germany's ECP. It also promises the greatest likelihood that the objectives of the current coalition agreement can be achieved. Specifically, Germany adopts 'comprehensive sustainability, climate, diversity, and digital strategies' and pushes to make science diplomacy 'an integral part of the EU's foreign climate policy and Green New Deal'. The aim is to strengthen Germany's position as a green technology and manufacturing economic power. In addition to this emphasis on science diplomacy, the PASCH network is set to expand considerably as is language training, both measures aiming to attract international talent to the German labour market.

Cold War 2.0. The coalition agreement does not address, let alone anticipate, a scenario of a bifurcated world. While it does emphasize promoting Western values and supporting the German economy (e.g., green technologies, science diplomacy), such ambitions can only be realized within the American-led Western alliance. By contrast, the geopolitical logic of opposed blocs strains many of Germany's earlier foreign policy assumptions. It challenges the role of ECP in creating pre-political spaces, and with such spaces rapidly disappearing in countries within the China-led bloc, German soft power is instead used to shore up existing alliances and appeal to non-aligned countries. This implies shifting the location of institutions (e.g., Goethe Institute) and networks (e.g., DAAD grantees). With its expanded arsenal of digital tools DW becomes critical for broadcasting widely to non-aligned countries and trying to breach the information wall in rival ones. At the same time, the China-led bloc will attempt to influence the German public with hostile efforts to exploit domestic conflicts, undermine institutional trust, and ultimately destabilize democracy. External and internal cultural policy are increasingly linked in an effort to counter external interference.

Acrimonious De-globalization. In this scenario, ECP faces the double pressure of security and economic interests in a fragmented world. ECP is fully integrated into foreign, defence and trade policies given the unstable, hostile, and competitive international environment. While the coalition agreement's reference to ECP as a third pillar remains a guiding principle in foreign affairs, its normative foundation is frequently compromised by security and economic priorities, especially in respect to systemic competition with the SCO and BRICS+, but also with other major economies outside the EU such as the United States. As in the Cold War 2.0 scenario, the acrimonious political and economic relations among powers implies a dual role for soft power: externally, to make new friends, keep old ones, and isolate enemies; and internally, to fend off the hostile influence of systemic and economic rivals.

Regressive Globalization. This scenario requires a more ambidextrous approach with varying regional emphases, objectives, and activities. Indeed, being pushed by strong economic interests, German ECP may have to depart, at least partially, from the normative, value-driven stance foreseen in the coalition agreement. Within the EU, however, Germany can implement a more ambitious ECP in all major fields including language training (offering more classes as well as expanding online options), media (modernizing strategic communication), and science diplomacy (climate change and green energy). In other words, in Europe, the objectives and measures of the coalition agreement can be realized, but only partially in other regions such as the Middle East and South-East Asia, and hardly in the case of systemic rivals and economic competitors.

12. Policy Recommendations

What specific policy recommendations do these implications suggest for each scenario? Are there also recommendations that apply across all four and would have to be explored regardless of which scenario ultimately comes to pass?

Sino-American Rapprochement. As mentioned, this scenario offers the greatest continuity and requires the least change and reform. Largely in line with the coalition agreement, measures include:

- Make major investments especially in a well-rounded and robust digital infrastructure to make Germany a central node of global scientific cooperation in the natural sciences but also in the social sciences and the humanities
- Actively shape emerging norms in AI, green energy, biotechnology, etc.
- Expand the PASCH network and advance German language training to ease labour market shortages
- Use digital platforms to reach wider audiences and develop digital ways of interacting across borders, linking communities of interest, etc.
- Initiate more joint partnerships with EU member states involving the European Union National Institutes for Culture (EUNIC), the European network of organizations engaging in cultural relations from all EU member states

Cold War 2.0. This scenario sees German soft power approaches negotiating between two hostile blocs and having to fend off unfriendly influences. It requires multiple measures:

- Where possible, use ECP tools to defuse tensions; remain open for dialogue and continue to build and re-build bridges; create and maintain networks of trust; offer protection and safe spaces
- Align ECP with the United States and other NATO members, once Germany is integrated in the Global Gateway strategy
- Use ECP as part of friend-shoring strategies that target specific regions and countries that are highly relevant for security consideration, and with bespoke approaches emphasizing varying sets of ECP fields and different tools

- Use science diplomacy and educational exchanges to maximize high-tech output in strategic sectors
- Use media and digital tools to increase the reach of German ECP generally and to create awareness and understanding in regions and countries that fall within the friend-shoring orbit
- Develop measures to counter malign influence from abroad

Acrimonious De-globalization. In this challenging scenario, ECP faces the mounting security and economic challenges of a fragmented world, which requires a range of policy responses:

- Employ ECP tools to defuse international tensions, as in the Cold War 2.0 scenario, emphasize dialogue and mutual trust-building measures and offer protection for persons and communities threatened
- Establish a joint council with the relevant ministries (Defence, Economy & Trade, and Foreign Office) for a coordinated approach to priorities, strategies, and programmatic implementation across hard, sharp, and soft power options
- Create the European equivalent to the U.S. Defence Advanced Research Projects Agency to advance state-of-the-art dual-use technologies
- Emphasize science diplomacy, the PASCH network, and efforts to reach civil societies in bespoke ways to create smaller alliances among countries and regions whenever possible
- Expand media coverage, range, and formats, especially digital outreach capacity
- Like in the Cold War 2.0 scenario, identify and counteract unfriendly influence and threats from abroad

Regressive Globalization. In this scenario, measures are needed to strengthen the positions of both Germany and the EU in a bifurcated world characterized by regions competing for economic advantage and market control. Suggestions include:

- Foster cooperation within the EU and establish joint programmes with member states in competing regions and countries
- Integrate ECP in the Global Gateway
- Develop a regional focus on Africa and the Indo-Pacific region given their market potential
- Expand selectively and strategically in the fields of arts and culture, education, and language outside Europe, based on geopolitical and economic interests
- Increase significantly financial commitments to science diplomacy abroad and to higher education and research capacity domestically
- Promote high-level talent exchanges to build and link regional networks, especially outside the EU

13. Cross-cutting Issues and Recommendations

There are also measures that apply to all four scenarios given the challenge to the liberal order and systemic rivalries that will also exist even in case of a Sino-American Rapprochement. The *Zeitenwende* and the epochal shift implied means many changes and necessary reforms for Germany's federal government, the relevant agencies, and the intermediary institutions. These changes and reforms have to address the sometimes serious deficiencies of Germany's ECP, suggesting a great need to improve what administrative analysts Lodge and Wegrich⁶⁵ refer to as governance capacities. In our view, upgrading governance capacities is the essential step to move towards a smart power foreign policy—the skilful diplomacy combining hard, sharp and soft power approaches to advance Germany's geopolitical position in close cooperation with the EU.

There are four such capacities when applied to soft power approaches: analytical capacity is about the organization, the evidence base, and the type of advice that informs governmental strategies and policymaking relating to ECP and adjacent fields; regulatory capacity is the ability to sanction by prohibiting or permitting as well as incentivizing or disincentivizing certain actions, often referring to the government's power to constrain (drawing red lines), set standards, and enforce compliance in pursuit of ECP objectives; delivery capacity refers to the resources that government can enlist to realize its soft power objectives; and coordination capacity is the administrative competence of negotiating and mediating between the interdependent actions of different, often dispersed, actors. We argue that the following steps are needed for improving Germany's ECP governance capacity. Improvement in these capacities would help Germany develop more smart power, i.e., the ability to project power combinations in effective and efficient ways.⁶⁶

13.1. Analytic capacity

A first step is to review the motivations, strategies and likely actions of systemic rivals and partners alike, looking closely for any error, misreading, or inertia in understanding dynamic situations. How can the groupthink that apparently enveloped the Foreign Office (and also the Chancellery) for too long be avoided in future? Why was there no Plan B or Plan C, knowing that geopolitics can and do change quickly? A new level of astuteness is needed.

Therefore, we propose that Germany develop plans for alternate futures, what such futures would mean for its soft power approaches, and how they would relate to hard and sharp power. What if the BRICS+ become more assertive in terms of foreign policy and adopt a decidedly anti-Western stance? What if the Middle East undergoes a second Arab Spring? We need plans for such shifts. Thus, we suggest the development of a coordinated set of strategies that anticipate such discontinuities. They should target regions and countries in which Germany seeks to advance its value-based approach to soft power and should be based on clear assumptions, priorities, and medium-term objectives.

Developing strategies for soft power approaches should take account of the feminist foreign policy white paper that is anticipated for March 2023 and involve the intermediary

⁶⁵ Lodge & Wegrich, 2014

⁶⁶ Nye, 2009

institutions as well as key European partners. Moreover, they should be coordinated with the two other key ministries, Defence and Economic Cooperation and Development, on the one hand, and, on the other, those involved in the national security strategy as a whole, including a future national security council.

This brings us to information. Germany needs more intelligence relevant to soft power and improved ways of channelling such information to decision-makers and the policy process. For example, the intermediary institutions have expansive and diverse networks globally that could be harvested for that purpose to gather and share relevant information about developments in host countries. The networks, and hence information sources, the intermediary institutions have are typically wider and more diverse than those of embassies and consulates. They reach into civil society, academia, and the cultural scene of host countries. Harvesting such ECP information happens to some extent, but could be done more systematically, knowing that Germany's systemic rivals are ahead of the game. Tools that could be employed for this purpose include ifa's ECP Monitor, which profiles soft power initiatives in dozens of countries around the world. Data from this project, and others, must be used to inform policymaking and shape soft power strategies.⁶⁷

Therefore, and as part of the Foreign Office's digitalization strategy,⁶⁸ we propose that the Foreign Office develop a fully digitalized and systematic information management system that integrates ECP activities with economic, trade, and security-relevant data for selected countries and regions. It can serve as an early-warning system identifying threats, weak signals indicating shifts, changing alliances, or emerging issues.

13.2. Regulatory capacity

There are three major ways in which regulatory capacity can and should be improved. The first task is to step up norm-setting in cyberspace and artificial intelligence which includes enhanced data protection regulation. Given the increased importance of science diplomacy, intellectual property rights regimes and patent laws should be reviewed as well.

Second, norm-setting clearly applies to social media. Germany, together with its European partners and the EU, must regulate social media providers more to protect users from all the ills that have flourished and continue to flourish in cyberspace, from identity theft to slander and from misinformation to propaganda. A fully implemented digitalization strategy can help in this process.

Finally, the role of social media is also important in shielding Germany from unwanted outside interference, be it spreading fake news, establishing and nurturing echo chambers, or operating troll farms. Recalling numerous instances of Russian interference in recent years, we must acknowledge democracies' higher vulnerability to these tactics and anticipate that systemic rivals will continue to reach out to various population groups in opportunistic ways to advance their political objective of weakening Germany's social fabric or shifting public opinion. This could involve ordinary Germans believing in conspiracy theories, politicized migrant groups, disgruntled ethnic or religious communities, or political fringe networks and parties.

⁶⁷ <https://culturalrelations.ifa.de/en/research/#c12125>

⁶⁸ Auswärtiges Amt, 2021

Here it will be important to establish red lines as to what kind of external influence is permissible given Germany's liberal and rule-based order.

13.3. Delivery capacity

As indicated in Table 1, annual government spending on ECP activities is approximately €2 billion (2019). By comparison, the 2023 budget for the Foreign Office, of which ECP is the third pillar, is €7.1 billion, which is much lower than the budgets allocated to the Ministry of Defence (€50 billion) and the Ministry of Economic Cooperation and Development (€12 billion).⁶⁹ The question becomes: given the goals set out in the coalition agreement—and assuming a more challenging geopolitical environment ahead—is ECP funding commensurate with its tasks?

The answer is clearly no, as science diplomacy, the expansion of the PASCH network, and digital media outreach will require not only higher annual operating expenditures but also infrastructural investments. Language training, too, which is likely to assume greater importance, will require more resources as demand increases. In politically sensitive countries, language training may be one of the few channels left open to reach into local civil societies and build trusted networks. How much more would be needed and who is to provide it? On the one hand, future ECP funding would depend on the strategic plans to be developed and the kind of scenario emerging. On the other, it would make sense, as part of the strategic plans, to explore different funding or business models for intermediary institutions to find out under what conditions what resource streams and combinations would be feasible.

More ECP funding is only one way to increase delivery capacity. Administrative processes and efficiencies are another. A major obstacle in the relationship between the Foreign Office and intermediary institutions is the cameralist financial framework of annual budget allocations. This annual funding cycle is not in line with the multi-year medium-term plans the Foreign Office and intermediaries like the Goethe Institute agree to. This means that intermediaries commit to objectives and targets without an equivalent medium-term financial backing. As a result, there is an underlying uncertainty about longer-term contracts and project continuation.

The uncertainty culminates during annual budget debates in the *Bundestag* and a political spectacle that sees representatives of intermediary associations in the antechambers of ministers and parliamentarians lobbying for support. Not only does lobbying consume time and resources, it also pushes up performance expectations in seeking to win a political argument for financial support. As a result, the discordance between annual budget cycles and multi-year plan commitments invites distorted expectations of what intermediaries can actually achieve in the short term.

Therefore, we propose several changes, assuming that the federal government is unlikely to shed its cameralist framework in the next few years:

⁶⁹ <https://www.bundeshaushalt.de/DE/Bundeshaushalt-digital/bundeshaushalt-digital.html>. The budget for cultural relations and education policy in 2023 is €973 million (<https://www.auswaertiges-amt.de/en/about-us/haushalt-2023/2550772>).

First, seek agreement on an annual core budget linked to key medium-term objectives that is politically and fiscally guaranteed by the government in power. Likely, such a core budget would be lower than the total annual budget. The difference would be made up by project budgets that come with greater flexibility and would allow parliament, the Foreign Office, and the intermediaries to react to changes and new challenges.

Second, foreseeing tighter federal budgets in the years ahead, we anticipate both a greater use of conditionality clauses in funding and a greater reliance on key performance indicators. Indeed, both are useful tools of outcome-based contracting, if done right. Therefore, we propose that conditionalities be attached to shorter-term projects or contracts, but not to the medium-term plan and the core budget. The latter should focus on a few, select key performance indicators that are agreed upon in the context of the relevant strategic plan. Such indicators are best if they are unambiguous, measurable, and actionable.

Third, we suggest that any performance indicators differentiate between activity/output and impact measures. The number of stipends given by the DAAD, the number of visitors to events at the Goethe Institute or the number of followers on the Deutsche Welle's social media accounts are useful measures, but they tell little about impact. Clearly, in ECP, impact is long-term and inherently difficult to measure objectively. We should keep in mind that soft power has effect only over relatively long timelines. For example, it can take years, if not decades, to build trusted relationships with civil society actors in illiberal or autocratic countries, and it takes a long time to build academic relationships across borders that are 'lived' and mutually productive. Succeeding today in not severing contacts with civil society actors or scientists in autocratic regimes can lead to impacts years ahead, yet these are aspects that defy quantification. Instead, when possible, the Foreign Office and the intermediary institutions could develop mutually agreed-upon field—as well as activity-specific impact measures, taking advantage of the improved information management system proposed above. In complex cases, close information exchange and coordination serve ECP policies better.

13.4. Coordination capacity

Just like its delivery capacity, so is Germany's coordination capacity no longer fit for purpose. Indeed, many old assumptions stem from a time when geopolitics were different and the need for effective coordination was less crucial. While better information sharing among all relevant actors is essential and should be part of the information management system, good coordination is a closely related challenge.

The coordination capacity to manage longer-term activities and the ability to react to new challenges arising in the short term should flow from the strategic plans and be fully digitalized. Yet, therein lies a challenge: the siloed structure of ministries and intermediary institutions. Therefore, we propose that the siloed structures be at least partially replaced by an interstitial standing committee to make sure that ECP is adequately coordinated with security, economic and trade interests. This should also include coordination with relevant EU institutions, NATO, and UN organizations. With coordination oversight in the hands of a high-level inter-ministerial coordinating group (that includes an elected representative from among the intermediary institutions), ways and means of information sharing and coordination could be more easily found and monitored, between headquarters and especially in relation to 'difficult' countries or regions.

At the EU level, special efforts should be made to strengthen European science diplomacy, media cooperation, and cultural institutions like EUNIC. In Brussels, too, soft power consideration should receive more attention and better integration, especially with the External Action Service among others. It is time to revisit both the 2016 report on EU cultural relations⁷⁰ and then High Commissioner Mogherini's 2017 white paper on European cultural relations in the context of changed geopolitics.

14. The Search for a Compelling Narrative

Germany's foreign policy and therefore its soft power approaches rest, on the one hand, on the strong normative foundations of the international liberal order, with the rule of law and human rights and dignity, and, on the other, on a deep-seated commitment to European integration. Yet such values need a vision that can be expressed as a narrative, i.e., brief succinct statements of sense making for the narrator and orientation for diverse audiences across the world.

Will the old narrative of a Germany committed to peace and security around the world still suffice—Germany as a *Friedensmacht* (power of and for peace in Europe and beyond) when other powerful narratives have been or are emerging? Recall Victor Orbán's statement in Hungary's parliament in May 2018: 'Back in 1990, Europe was our future, but now we're Europe's future.'⁷¹ Or take Wladimir Putin, who posits Russian virtues against the decadence and passive aggression of the 'collective West' as his forces wage war against Ukraine. Of course, we need to react to such narratives and mount a counter offensive.

Still, even the best counter offensive against illiberalism and authoritarianism requires a narrative of our own, one that convinces ourselves and makes clear what we stand for and not only what we are against. In this context, President Macron's slogan 'L'Europe, qui protège',⁷²—the united, democratic, sovereign Europe that advances the international liberal order—could be built into a convincing narrative.

15. Towards Smart Power?

Of course, by itself, German soft power approaches cannot dramatically transform the world. Germany's ECP will have to adapt differently to different scenarios. It can have an impact on how international relations develop, but it will not be the primary agent shaping them. Ultimately, to have any impact, Germany has to move beyond its aversion to using more assertive notions of power. We suggest that Germany begins to embrace the notion of smart power. The notion of smart power complements that of smart sovereignty, the pooling of national sovereignty with European member states to achieve a positive-sum power potential that is greater than its parts.

⁷⁰ European Commission, 2016

⁷¹ Kovacs, 2018

⁷² <https://www.elysee.fr/emmanuel-macron/2017/09/26/initiative-pour-l-europe-discours-d-emmanuel-macron-pour-une-europe-souveraine-unie-democratique>

We should begin by asking: what if, and how can we, together with our partners in Europe and elsewhere, become a smart power leader, and what strategies and smart combinations with hard and sharp power capabilities are called for to advance the national and European interest? As the various recommendations have made clear, much more can be done.

For Germany, these proposals also require a much better level of preparedness from the start, and in three ways. The first is to have smart power strategies ready, and as part of a shift from a reactive to a proactive policy stance. What if Ukraine wins the war but loses the peace by falling back to pre-2022 levels of corruption? What if Germany's new China strategy backfires and domestic unrest in that country increases? What if Iran brutally suppresses the current uprising and pulls out of anti-nuclear negotiations? There are many more cases one could mention around which Germany could develop its smart power strategy. Among them "Ukraine 2030" seems the obvious place to start.

The second aspect of preparedness is openness to the underlying ideas of competing narratives and the values they espouse. We are reminded of Albert O. Hirschman who argued that 'for a democracy to function well and to endure, it is essential ... that opinions not be fully formed in advance of the process of deliberation'⁷³ and that they be open to revision as part of a broader dialogue. The same holds for international exchanges, especially in the context of system rivalry. In other words, Germany should not enter the new geopolitics with a rigidity that would stifle dialogue. Rather, being fully committed to its values, it should have a degree of openness to the grievances and legitimate interests of other countries or regions.

The third way is having sufficient astuteness to avoid falling into one of two obvious traps. One is that Germany should not let itself be placed too easily on the defensive. While attempting to account for historical wrongdoing is an essential part of Germany's soft power, these efforts cannot distract from building a better future. The second is an attitude that easily amounts to moral superiority and arrogance and soon suggests double standards that can be exploited by systemic rivals such as much of the '*wohlfeile*'—or cheap and easy finger-pointing in relation to events like the 2022 World Cup in Qatar. Have we forgotten about the 2018 World Cup in Putin's Russia or the 2021 Winter Olympics in Beijing? Self-righteousness will not benefit Germany and its allies in the future. Actively promoting one's values does not simply mean dwelling on the wrongdoings of others.

⁷³ Hirschman, 1995, p. 81

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Appendix 2: Data and Information Gathering

Initial Brainstorming Session

Looking at the German soft power approach (strategies, objectives, activities) until 2022...

1. How would you describe its characteristics in relation to security and economic policy?
2. What do you see as the main strengths of Germany's approach, also in comparison to partners like the US, France or the UK and competitors like China, Russia or Turkey?
3. What do you see as the main weaknesses of the German approach?

Now, looking at present and the future...

- Looking at the period between now and 2030, what in your opinion are or will be the main drivers shaping Germany's soft power approach?
- What do you see as the main challenges for Germany's soft power approach in the years ahead, and what factors—both domestic and international—could undermine German soft power projections in the years to come?
- What changes to Germany's soft power approach are likely to take place in terms of strategy, priorities, objectives or activities, also in relation to security and economic policy?

Backup Questions

- Since Germany emphasizes value-based partners in the aftermath of the Russia-Ukraine War (Baerbock's speech of 5 Sep 2022), how will this change relations with regards to China and Russia?
- What role can Track II actors (especially civil society and business) play in soft power approaches as subnational relations between Europe and, for example, China, are growing?
- In which regions and countries has Germany's soft power approach been most successful and where less so?
- Which specific German soft power initiatives (like "Wunderbar Together" in the US) have been most successful in bolstering German soft power, and show potential for the future as well?

Online Survey Questions

In your opinion, to what extent do the following statements apply (5-point Likert scale from strongly disagree to strongly agree):

Economic development

1. The global economic situation will continue to remain difficult for Germany in the coming years.
2. Global economic conditions will have much improved for Germany by the end of the decade.

Security development

3. The global security situation will change steadily to Germany's disadvantage in the coming years.
4. The global security situation will ease noticeably by the end of the decade.

Importance of Foreign Education and Cultural Policy

5. In the coming years, Germany's external cultural policy will become more important for its broader foreign policy.
6. The scope for Germany's external cultural policy activities will narrow in many countries outside the EU/OECD in the years ahead.

In future, which areas of external cultural policy are more likely to gain, lose or remain the same in importance? (3 categories: gain, remain the same, lose)

- a. Offering arts and cultural exchanges
- b. Offering German language teaching
- c. Operating primary and secondary German schools abroad
- d. Engaging with higher education institutions abroad
- e. Research cooperation and science diplomacy
- f. External communication and media

Continue with 5-point Likert scale from strongly disagree to strongly agree:

Integration of external cultural policy

8. In the future, German external cultural policy will be increasingly integrated into broader security considerations.
9. In the future, German external cultural policy will be increasingly integrated into trade and economic considerations.

Budgetary situation, contributions, Europe

10. In the coming years, German external cultural policy will experience considerable budget cuts.
11. Many politicians underestimate the contributions of external cultural policy for security and trade policy.
12. European cooperation in the field of external cultural policy will increase in the coming years.

Factors, goals and measures

13. Which main factors will significantly shape the future role of German external cultural policy in the coming years? Please name up to three:

- a.
- b.
- c.

14. What should be the main objectives of German external cultural policy in the coming years? Please name up to three:

- a.
- b.
- c.

15. What decisions or measures would have to be taken in a timely manner to achieve these goals? Please name up to three:

- a.
- b.
- c.

In conclusion:

In what field are you active?

- Politics (parliament, other legislative bodies, political parties)
- Public sector, administration
- Cultural institution, intermediary organization
- Higher education, research, think tank
- Private business or trade association
- Civil society organization, foundation, etc.

Do you work either within Germany or for a German organization?

- Yes
- No

We thank you for your participation and look forward to sharing our report with you.

Questions to Experts (personal interviews)

1. In your opinion, what key developments will German soft power approaches face in the next five years?
2. What do these developments mean for the intermediary organizations active in the field?
3. In your opinion, what fundamental decisions and recommendations will politicians have to make in relation to future soft power approaches?
4. Do you expect soft power approaches to be more explicitly linked to security and economic policy considerations in the next five years?
5. Do you expect a significant deepening of European cooperation in the field of soft power approaches?

About the authors

Helmut K. Anheier is Professor of Sociology at the Hertie School where he served as President from 2009 to 2018. He is also Adjunct Professor of Public Policy and Social Welfare at UCLA's Luskin School of Public Affairs. Author of numerous publications, many in leading journals and with top university presses, he has received various national and international awards. He received his PhD from Yale University in 1986 and was a senior researcher at the Johns Hopkins University's Institute for Policy Studies, Full Professor of Public Policy and Social Welfare at UCLA, Centennial Professor at the London School of Economics and Political Science (LSE), and Professor of Sociology at Heidelberg University. Before embarking on an academic career, he served as Social Affairs Officer at the United Nations.

Christoph M. Abels is a doctoral researcher at the Hertie School and a research fellow in the ERC-funded project PRODEMINFO (Protecting the Democratic Information Space in Europe) at the University of Potsdam. His research interests include Europe's future in the world, foresight and scenario methods, as well as the impact of misinformation on individuals and democracy. Christoph holds a Master's degree in Public Policy from the Hertie School and a Bachelor's degree in Psychology from the University of Hagen.

Yuqing Yang is a Research Associate at the Hertie School in Berlin. She received a Bachelor's degree in History from University of California Berkeley and a Master's degree in Global History from Humboldt University in Berlin. Her research focuses on foreign policy and soft power approaches of non-democratic countries like China and Russia, and law and economics in Asia and Africa.

Edward Knudsen is a doctoral researcher in international relations at the University of Oxford and Research Associate at the Hertie School. His research focuses on the political economy and economic history of the US and Europe in the 20th century. Previously, he worked in the US and the Americas Programme at Chatham House think tank in London on projects which explored the future of transatlantic economic and security relations. He holds a Master's in International Political Economy from the London School of Economics and Political Science and a Bachelor's degree with majors in history and economics from the University of Wisconsin-Madison.

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Charlottenplatz 17

70173 Stuttgart

Postfach 10 24 63

D-70020 Stuttgart

www.ifa.de

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Authors: Helmut K. Anheier, Christoph M. Abels, Yuqing Yang and Edward Knudsen

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