

## Exportweltmeister. History of a German Obsession.

*English Summary of the 2023 [Suhrkamp-Book](#)*

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Germany today is one of the most successful, internationally integrated economies. In particular, the country is an export power house. Exports represent more than 40 percent of the German GDP, even after the downturn in the global economy during the pandemic and the Ukraine war. Goods worth more than 1,5 trillion Euro have been exported in 2022, which was more than the entire GDP of countries like Brazil or Spain. Exports exceeded imports by a large amount. On average over the last five years, the export surplus reached 180 bn. annually. Before the Covid19-pandemic, the surplus stood at a level of 7 percent of Germany's GDP, a breath-taking scale in international comparison. The export-surplus was equivalent to half of the GDP of Nigeria, Africa's largest economy with a population of 200 million.

The argument set out in "Exportweltmeister" is that the export strength cannot be explained by the comparative advantage of German industry alone. Industries and products that were especially successful in export markets changed frequently over the course of the 20<sup>th</sup> century, as did the structure of industrial relations, which was also often considered relevant for the competitive advantage of the German economy. A particular German work ethic, which is also often thought to be crucial is not only difficult to define in economic terms, but also hard to identify as a driving force over a long period of 150 years. Also, advantages in organization or quality of goods might be relevant factors over limited time-periods, but not for the export-strength in general over the whole period. While, therefore, a systematic impact of core economic factors for Germany's export success is difficult to identify, the book points to an astonishing continuity in the aim among the political and economic elite in Germany to increase exports.

The book follows the historical trajectory of this export-orientation in the mindset of Germany's political and economic elite. The export-orientation was not attached to a particular ideology or economic theory but applied under different economic regimes and by governments from the left to the right. Improving the country's export strength became the overarching aspiration in German economic policy over the course of the 20<sup>th</sup> century. When, in 1986, Germany for the first time exported more goods than every other country, a deeply historical goal was achieved, and in public discourse the nation decorated itself with a new title: "World Export Champion" (German: "Exportweltmeister"). The expression connected the economic success of the overwhelming level of exports to the language of the World Football Championship, which took place in summer 1986. While Germany was defeated by Argentina in the final of this Championship, the nation could be proud of succeeding in export competition – as the concept implies. The book argues that this episode is highly emblematic for the role export success played in German economic history and for the nation's self-characterization. For some historical actors, exportation had become an obsession.

The book studies episodes of German economic history over the last 150 years, and the way export-orientation has clearly influenced the decision-making of top-politicians and businessmen. A speech by the Chancellor of Imperial Germany, Leo Graf von Caprivi, in the

German parliament in 1891 is taken as the initial take-off point for the export-narrative. Carefully targeting a return to a less protectionist tariff politics, Caprivi advocated an extension of the export industry. If the nation's economy could not find sufficient export markets and offer new job opportunities in the export industry, Germans would emigrate en masse and the nation would perish. "We have to export; either we export goods or we export people", Caprivi declared in the "Reichstag".

The phrase and the idea of a "dying nation" without exports was frequently repeated over the next century. In the interwar period, the situation became more pressing: Reparations increased the pressure to earn foreign currency by exportation and, at the same time, many export markets became restricted for German goods. As an emergency measure currency devaluation seemed a feasible way to push German goods into foreign markets. Under the title "The German come-back in Foreign Trade", a long article in the *New York Times* sounded the alarm in 1922 that the US economy would be flooded with cheap German exports. Even during the Third Reich, and after the Great Depression had transformed the global economy into an arena of heavily competing protectionist blocks, Germany cared for its export-strength. Exports became heavily subsidized to garner the necessary foreign exchange that the Nazis needed to expand the armament industry.

After the Second World War, the (West)German trade balance finally turned positive. Exports, incentivized by Ludwig Erhard's economic policy, became an important driver of Germany's "economic miracle".. Together with advisors from the export industry, Erhard reestablished many of the export subsidies and other institutions that had assisted the export industry before. Besides export credits and credit insurances, the undervaluation of the German Mark helped to push exports and to cushion domestic consumption. The book shows how the export industry and politicians succeeded in preserving the undervaluation of the Mark until the end of the 1960s. However, surprisingly, export surpluses prevailed and even increased after the currency-shield fell apart in the crises of the Bretton Woods System in the early 1970s. The oil-price shock left Germany with an unexpected export-boom that was surprising even for experts in the political administration. After a brief dip in 1975, the export surplus increased until the end of the decade.

Three strategies to continuously gain export surpluses in the changing global economy of the 1970s have been frequently discussed between the export industry and foreign trade politics: First, in particular the heavy industry of the Ruhr-region engaged in trade relations with the Soviet block countries to replace declining trade with the West. The notorious gas-pipeline deals resulting from this period and have been viewed in the context of the industry's export drive. Secondly, in international trade negotiations Germany took the role as a pace-maker of liberalization to help opening up foreign markets in particular for its own exports. As the book shows, this was actually a politics of "selective liberalization", since it was paralleled with obstacles for imports in numerous fields as agriculture, textiles and electronics. The FRG in this respect was not only bound to the protectionist politics of the EU (as they themselves would describe it), but intentionally joined the several "self-restraint"-treaties of the Western economic Alliances.

Thirdly, the most successful strategy proved to be the politics of establishing broad incentives for the internationalization of German production processes as early as in the 1960s. By slicing up the value-chain and offshoring in particular labour-intensive parts of it, the export industry

was able to reduce production costs and thereby lower export prices – so the rationale underpinning of such a programme which was explicitly discussed between foreign trade politicians and the elite of the export industry. Also, this coalition of actors was aiming for the rebuilding of Germany's foreign assets, which had been negligible after two wars and until the 1960s. The book shows that the highly internationalized structure of German business was intentionally targeted by economic policy and by management decisions in the 1970s as a strategy to cope with the fast-changing global economy. It was the 1970s that gave birth to a highly globally-entangled German industry, which led to the “world export championship” of 1986 (and again between 2003 and 2009).

This process was partly self-reinforcing, as a closing chapter with many examples from business history illustrates: The German automobile industry, which was the most important export-sector of the country since the 1960s, began in the 1980s to reallocate its production facilities internationally. Heavily affected by the Corona crises and the energy crises after the Ukraine war, the industry today produces 3,5 million vehicles domestically, of which more than 2 million are exported. Furthermore, German corporations produce almost 10 million cars abroad, many of them in China.

The book describes and analyses this long-time transformation process on the basis of an intensive study of archival material, mainly from the German Ministry of Economics and the Foreign office. It is possible to show how German economic policy was highly driven by a strong export-orientation that had been established at the end of the 19<sup>th</sup> century and established itself as a core reference point not only for politicians but also for the business elite. In some cases, as becomes evident, the orientation turned into an obsession that biased perception and decision-making. For sure, German export-strength depended on the work of German businesses. Without their innovation and organizational skills, comparative advantages could not have been reached. But the drive to export markets was wide-spread and continuous over 150 years and therefore cannot simply be attributed to a general superiority of German industry. The aspiration to export, the book maintains, was an important driver.

In an extended conclusion the book discusses how the “export obsession” influenced the path of the German economy over the preceding decades. It is obvious that it distorted the allocation of income and wealth in Germany by increasing profits in the export industry and depressing domestic consumption and investment. Also, it continuously triggers critical debate among Germany's trading partners in the EU and the Western world, esp. during the Euro-crises. In the future – so the book eventually hypothesizes – the global disintegration of value-chains organized by German corporations has to be reconsidered in respect of its environmental “external effects” as well as its exposure to geopolitical risk. However, the general global architecture of the German economy will remain unchangeable as export-orientation will further guide decision-making in politics and business.