

Power, Preferences, or Ideas?

Explaining West Germany's Armaments Strategy,
1955–1972

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Introduction

The Cold War dominated international life for nearly 45 years, bifurcating Europe and spurring the United States to take a lasting, direct role in continental affairs. Two of the most important international political developments during that period were the economic and military revival of the Federal Republic of Germany (FRG) and Europe's march toward economic integration. After playing a dominant role in the outbreak of two world wars, Germany returned to the ranks of international respectability and became one of the world's richest countries. The drive toward European unity moved steadily forward during the Cold War and after, as the European states surrendered an unprecedented degree of national sovereignty and created the world's largest free-trade bloc.

All three developments centered on the “German question”: the division of Germany into two states and the fate of the FRG's economic and military prowess. Because West Germany possessed the military-industrial capacity to overturn the European geopolitical balance, the Western allies decided that its power had to be controlled. But unlike in the aftermath of World War I, when the victors imposed strict military limitations on Germany, this time the United States and its allies encouraged the FRG to rearm. Despite lingering fears, the destruction of the Nazi regime in 1945 had closed the door to military conquest as the path to national greatness. West Germany instead focused on rebuilding its economy, regaining international respectability, and supporting European integration, even while rearming to fulfill its obligations to Western defense and provide for its own security.¹ The FRG thus pursued three primary political objectives: peace, prosperity, and legitimacy.

1. “Besprechungsprotokoll vom 26. April 1954,” in Günter Buchstab, ed., *Protokolle des CDU-Bundesparteivorstandes*, Vol. 2, 1953–1957 (Stuttgart: Deutsche Verlagsanstalt, 1990), p. 144.

This article explains West Germany's arms strategy during the Cold War. Armaments provide a country the means to defend itself but can also be sold to other countries for profit and political influence. Although the FRG initially decided against making weapons, it later reversed itself and, despite misgivings, became a leading international arms producer and supplier. Weaponry thus related to all three of West Germany's primary objectives. The factors that drove the FRG's arms strategy and the logic behind it are illuminated here.

There are three basic conceptions of the main variable to analyze in studies of international politics: *power*, *preferences*, and *ideas*.² Although *power* is a complex and contested concept, it traditionally refers to a state's assets and capabilities, such as economic, industrial, and military capacity, that enable it to compete with rivals, influence outcomes, and obtain what it wants.³ The lens of *preferences*, unlike that of *power*, is focused less on capabilities and is instead based on the notion that, as Jeffrey Frieden argues, "in any given setting, an actor prefers some outcomes to others and pursues a strategy to achieve its most preferred possible outcome."⁴ The final category, *ideas*, refers to "[t]he cognitive lenses through which actors interpret their surroundings and shape how they respond to structural or institutional pressures." Rather than reflecting material or structural categories, ideas "cause actors to make certain choices [and] the institutionalization of certain ideas gradually reconstructs the interests of powerful actors."⁵ Peering through these lenses can help to sharpen our focus, organize our inquiries, and suggest what caused what and why.

Each of these three logics relate to a specific International Relations (IR) theory: neorealism, liberalism, and constructivism. Each theory specifies a distinct causal logic of international relations. Our goal in this article is not to test these theories per se, but to use them to flesh out our three logics of *power*, *preferences*, and *ideas* as we seek to explain West Germany's arms strategy and related issues from 1955 to 1972.

We begin with neorealism.⁶ Neorealists posit that the structure of the in-

2. Craig Parsons identifies four "logics of explanation": structural, institutional, ideational, and psychological. See Craig Parsons, *How to Map Arguments in Political Science* (New York: Oxford University Press, 2007), p. 12.

3. For the different understandings of power in IR, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton & Company, 2001), chs. 3–4; Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004), ch. 1; and Chris Brown and Kirsten Ainley, *Understanding International Relations* (New York: Palgrave Macmillan, 2009), pp. 92–100.

4. Jeffrey A. Frieden, "Actors and Preferences in International Relations," in David A. Lake and Robert Powell, eds., *Strategic Choice and International Relations* (Princeton, NJ: Princeton University Press, 1999), p. 41.

5. Craig Parsons, *A Certain Idea of Europe* (Ithaca, NY: Cornell University Press, 2003), pp. 5–6.

6. For classic statements on neorealism, see Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979); and Mearsheimer, *The Tragedy of Great Power Politics*. In the German liter-

ternational system both constrains the range of choices available to states in navigating this competitive arena and pushes them toward certain policies and strategies.⁷ According to neorealists, states respond primarily to external threats to their security. Domestic politics, neorealists argue, matters little when national security is concerned. States are under pressure to conform to the dictates of an anarchic international system in which weapons abound, intentions are unknowable, and security is scarce. This grim environment induces states to compete for security, a task compounded for states that are geographically close to great military powers.

All realists agree that states seek power as a way to ensure their survival. But realists disagree about how much power states seek to acquire. The “defensive realists,” such as the late Kenneth Waltz, argue that states’ main goal is survival; hence they seek only sufficient power, not maximum power.⁸ By contrast, the “offensive realists,” such as John Mearsheimer, maintain that states try to maximize power—an unbridled competition for power—in order to be the “hegemon in the system,” and thus military policies, budgets, and alliances are geared toward that end.⁹

Both Waltz and Mearsheimer also discuss internal versus external balancing. External balancing occurs when a threatened state seeks a military alliance with other states (or a single powerful state) to confront an aggressor. Internal balancing refers to the efforts a threatened state makes to marshal its own resources in order to build up its own strength.¹⁰ Neorealists could plausibly claim that West Germany engaged in both.

As a frontline state in the Cold War, the FRG faced a formidable security challenge from the USSR, a great power with both the potential and, in some circumstances, the motive to launch an attack. West Germany thus carried out both external and internal balancing. As a member of the North Atlantic Treaty Organization (NATO) and the Western European Union (WEU), the FRG sought to build arms, alone and in concert with other European countries, in order to bolster the West’s collective ability to deter the Soviet Union or defeat it should deterrence fail. Bonn’s arms strategy therefore responded principally to the Soviet threat.

Seth Jones argues that neorealism best explains the rise of this arms coop-

ature, see Alexander Siedschlag, *Neorealismus, Neoliberalismus und postinternationale Politik: Beispiel internationale Sicherheit—Theoretische Bestandsaufnahme und Evaluation* (Opladen, Germany: Westdeutscher Verlag, 1997); and Ernst-Otto Czempel, *Neue Sicherheit in Europa: Eine Kritik an Neorealismus und Realpolitik* (Frankfurt am Main: Campus, 2002).

7. “Policy” refers to goals or objectives (ends), whereas “strategy” specifies how to achieve them (means).

8. Waltz, *Theory of International Politics*, p. 126.

9. Mearsheimer, *The Tragedy of Great Power Politics*, p. 21.

10. *Ibid.*, pp. 156–157; and Waltz, *Theory of International Politics*, pp. 126, 168.

eration. He asserts that West European states and defense firms during the Cold War were “primarily concerned about balancing against the USSR and collaborating with the United States.” He contends that European security cooperation was limited during the Cold War and expanded only when the conflict ended, because the Europeans decided they needed additional influence in the transatlantic alliance.¹¹

The so-called liberal theory of international relations—a description coined by Andrew Moravcsik, one of the most prominent advocates of liberal theory—is based on three core assumptions: (1) that societal actors are primary; (2) that the state is representative of society and translates the preferences of domestic actors into state policy; and (3) that state behavior mirrors state preferences.¹² Moravcsik argues that powerful domestic economic interests determine state behavior. In his depiction, domestic coalitions pursue economic self-interest, and governments respond to their demands.¹³

Liberal IR theory would interpret West Germany’s Cold War arms strategy as driven primarily by domestic economic imperatives. The FRG governments sought to harness the country’s human and material resources to the task of creating economic prosperity for its citizens and its domestic industry. West German politicians knew they would attract little public support if shop floors fell silent, factory doors slammed shut, and people no longer had jobs. Economic concerns thus dictated that the FRG’s arms strategy would be geared toward developing its economy and its industrial sector.

Liberalism would thus predict that powerful, well-connected domestic arms producers would decisively influence West German arms strategy. The federal government would pay close attention to the wishes of arms manufacturers and would favor their preferences over those of less powerful and less organized domestic groups. The West German state’s arms strategy would therefore be aimed at fulfilling the manufacturers’ preferences. In addition, economic interdependence between the FRG and other states offered attrac-

11. Seth G. Jones, *The Rise of European Security Cooperation* (Cambridge, UK: Cambridge University Press, 2007), p. 148. A second stand of realist thought is that the U.S. military presence in Western Europe eliminated regional anarchy, allowing European states to produce and trade arms with one another without fear of security concerns. See Sebastian Rosato, “Europe’s Troubles: Power Politics and the State of the European Project,” *International Security*, Vol. 35, No. 4 (Spring 2011), pp. 52–53; and Josef Joffe, “Europe’s American Pacifier,” *Foreign Affairs*, Vol. 54, No. 4 (Spring 1984), pp. 64–82.

12. Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca, NY: Cornell University Press, 1998), pp. 516–520.

13. Moravcsik, *The Choice for Europe*; and Andrew Moravcsik, “Armaments among Allies: Franco-German Weapons Cooperation, 1975–1985,” in Peter Evans, Harold Jacobson, and Robert Putnam, eds., *Double-Edged Diplomacy: Interactive Games in International Affairs* (Berkeley: University of California Press, 1993), pp. 128–168. See also Dieter H. Kollmer, “Die materielle Aufrüstung der Bundeswehr in ihrer Aufbauphase 1953–1958: Staatsräson, sicherheitspolitische Notwendigkeiten und Außenhandelsausgleich,” *Österreichische Militärzeitschrift*, Vol. 48, No. 2 (March/April 2010), pp. 186–197.

tive opportunities for trade, spurring West German arms producers to push for trade liberalization. As Moravcsik puts it: “Governments seek multilateral trade liberalization when it is no longer possible to realize producer interests unilaterally.”¹⁴

Constructivism rests on very different epistemological foundations. According to Craig Parsons, the constructivist position “suggests that structural circumstances rarely dictate a specific course of action, and even institutional constraints may admit of multiple interpretations.” Instead, postwar European elites, influenced by a “fundamentally reconfigured environment,” conceptualized and implemented something “beyond the political framework of the nation-state.” The course chosen, the “community” model, was not preordained and arose out of much debate. This model “connected a wide range of national problems to solutions in ‘supranational’ European intuitions.”¹⁵

A constructivist might therefore contend that memories of Germany’s violent past were what shaped the FRG’s external behavior. In this conception, West German politicians decided that their country must cooperate with like-minded states and must eschew any hint of nationalistic persona in favor of a new “European” identity. Vowing to chart a new course, West Germans became ardent Europeans. From the constructivist perspective, then, the FRG’s arms strategy was aimed at forging a united states of Europe, not a Europe of nation-states. Given this logic, constructivists might also predict that over time the FRG’s “European” identity would become more deeply ingrained. Hence, one should see less and less debate and controversy in West Germany about arms production.

These competing theoretical perspectives help us to get at some of the main issues about the FRG’s arms strategy that we seek to explain. Was building and selling arms primarily a response to the Soviet threat? Was it instead driven mainly by the demands of West German arms producers? Was the policy a conscious effort to supersede the nation-state? Would a West German arms industry be compatible with, or antithetical to, European integration? Would the FRG’s concerns about its self-image and international reputation affect its decision to build and sell arms? How would a powerful West German arms industry affect U.S.-FRG relations?

Discussion of these matters also touches on a key related issue: the “German question.” After World War II, the superpowers had to decide what to do with a state able to dominate Europe economically, politically, and militarily. Should Germany be allowed full independence in all three realms, espe-

14. Moravcsik, *The Choice for Europe*, p. 38.

15. Parsons, *A Certain Idea of Europe*, pp. 1, 5.

cially the military realm? Would other European states adopt policies and strategies that would strengthen or weaken Germany in one or more of these realms? How would France, a state with pretensions of continental leadership and a violent past with Germany, respond to a German arms industry?

Although tempting, choosing between power, preferences, and ideas is potentially misleading. The FRG's arms strategy was a complex and wide-ranging affair, involving the pursuit of security, economic prosperity, and political legitimacy. Unfortunately, scholars sometimes see these pursuits as static and study them in isolation from one another.¹⁶ Attempting to examine international and domestic politics discretely ignores the many domestic actors with interests, the electoral pressures under which policymakers operate, and the interests and objectives—both national and international—that they pursue. These factors are very difficult to untangle. Instead, one can better understand this topic by examining when, how, and under what conditions such factors affected West Germany's arms strategy rather than trying to shoe-horn that strategy into one exclusive category or the other. As Craig Parsons notes, “[Not] all explanatory contributions depend on rock-bottom clarity. Often we lack the evidence to arbitrate between logics. We can still make important claims while remaining agnostic over some range of mechanisms and outcomes.”¹⁷

Our claim here is that the FRG's arms strategy was shaped by factors that cut across our three logics.¹⁸ Sometimes the strategy responded to changes in the international security environment; for example, doubts about the U.S. commitment to maintaining large numbers of troops on European soil with the advent of détente, or in response to U.S. pressure to buy American-made arms.¹⁹ At other times it responded to Bonn's desire to regulate West Germany's economic and political relations with other European states. At still other times the FRG's arms strategy responded to domestic economic con-

16. Notable exceptions include James C. Van Hook, *Rebuilding Germany: The Creation of the Social Market Economy, 1945–1957* (Cambridge, UK: Cambridge University Press, 2004); Francis J. Gavin, *Gold, Dollars, and Power: The Politics of International Monetary Relations, 1958–1971* (Chapel Hill: University of North Carolina Press, 2004); Hubert Zimmermann, *Money and Security: Troops and Monetary Policy in Germany's Relations with the United States and the United Kingdom, 1950–71* (Cambridge, UK: Cambridge University Press, 2002); Werner L. Abelshauser, “Wirtschaft und Rüstung in den fünfziger Jahren,” in *Anfänge westdeutscher Sicherheitspolitik 1945–1956*, Vol. 4: *Wirtschaft und Rüstung, Souveränität und Sicherheit* (Munich: Oldenbourg, 1997), pp. 1–185; and Dieter H. Kollmer, *Rüstungsgüterbeschaffung in der Aufbauphase der Bundeswehr: Der Schützenpanzer HS 30 als Fallbeispiel (1953–1961)* (Stuttgart: Steiner, 2002).

17. Parsons, *How to Map Arguments in Political Science*, p. 16.

18. Dieter H. Kollmer, “Reasons of State: A Military and Foreign Trade Necessity: The International Mix of Armaments in the Build-Up Phase of the Bundeswehr 1953–1958,” in James S. Corum, ed., *Rearming Germany* (Leiden: Brill, 2011), pp. 177–201.

19. Konrad Adenauer, *Erinnerungen 1955–1959* (Stuttgart: Deutsche Verlagsanstalt, 1967), pp. 197–215.

cerns resulting from the country's unique international position.²⁰ West Germany was a semi-sovereign state, divided from its former eastern half and occupied militarily by France, the United Kingdom, and the United States. Although West Germany had the potential to become a great military power, the world was unwilling to see it regain that status, a point with which most West Germans agreed.²¹ All these factors enabled—indeed, forced—the FRG to focus on its domestic economy as long as the U.S. commitment to its defense remained solid. Yet this commitment frequently came into question, which in turn influenced the FRG's arms strategy.

Any discussion of West German arms strategy ought to include the important economic changes that occurred soon after the war. The FRG pushed through a controversial anti-cartel law in 1948 that marked the beginning of the country's *Soziale Marktwirtschaft* (social market economy).²² Departing from Nazi-era state planning and massive intervention in the economy, this law promoted liberalization, deregulation, and currency reform. Contrary to the Keynesian or dirigiste approaches adopted by other European countries after World War II, West Germany embraced a free-market model, though with a moderate degree of state intervention (*Ordnungspolitik*).²³ Minister of Economics Ludwig Erhard was the most prominent advocate of this approach.²⁴ According to many observers, this “socially conscious form of capitalism” helped to create West Germany's formidable postwar economic success, including high growth rates, while also serving as a model for social justice. This latter aspect was vitally important for a country attempting to shake off its recent past and chart a new beginning.²⁵

20. 27. und 29. Sitzung des Bundestagsausschusses für Fragen der europäischen Sicherheit am 19. und 20. Januar 1955, Aufzeichnungen Heuseler, in Politisches Archiv des Auswärtigen Amtes (PA/AA), B 14/21-229, Referat 211.

21. For more on the attitude of West German society in these years, see Detlef Bald and Wolfram Wetze, eds., *Alternativen zur Wiederbewaffnung: Friedenskonzeptionen in Westdeutschland 1945–1955* (Essen: Klartext, 2008).

22. The best-known book about the intentions of the *Soziale Marktwirtschaft* is Ludwig Erhard's *Wohlstand für Alle* (Wealth for All) which he published in 1957 while still West German minister of economics. The book was published in English as Ludwig Erhard, *Prosperity through Competition*, trans. and ed. by Edith Temple Roberts and John B. Wood (New York: Frederick A. Praeger, 1958).

23. Manfred G. Schmidt, “West Germany: The Policy of the Middle Way,” *Journal of Public Policy*, Vol. 7, No. 2 (April–June, 1987), pp. 144–145. For more on *Ordnungspolitik*, see Ingo Pies and Martin Leschke, eds., *Walter Euckens Ordnungspolitik* (Tübingen, Germany: J. C. B. Mohr, 2002).

24. For more about Erhard, see Volker Hentschel, *Ludwig Erhard: Ein Politikerleben* (Berlin: Ullstein, 1998); and Alfred C. Mierzejewski, *Ludwig Erhard: A Biography* (Chapel Hill: University of North Carolina Press, 2006).

25. Hook, *Rebuilding Germany*; Guido Thiemeyer, “The ‘Social Market Economy’ and Its Impact on German European Policy in the Adenauer Era, 1949–1963,” *German Politics and Society*, Vol. 25, No. 2 (Summer 2007), pp. 68–85; and Hans G. Hockerts, *Sozialpolitische Entscheidungen im Nachkriegsdeutschland* (Stuttgart: Klett-Cotta, 1980). Debate continues over whether this new economic approach led to Germany's spectacular postwar economic growth. See Richard Reichel,

The FRG's success was not accomplished alone, however. The Western allies paved the way for the Federal Republic—they created it, nurtured it, and defended it. They also enveloped the FRG in economic regimes such as the Bretton Woods system and the Marshall Plan, as well as in security organizations such as NATO and the WEU. The Western allies also gradually loosened the political reins and allowed Bonn to make more of its own choices.²⁶ Thus, in many ways, West Germany's economic and political success was a collective achievement.

One should also factor into the equation the adoption of industrial policy and the promotion of national champions. "Industrial policy" is government's attempt to coordinate the public and private sectors in order to forge a coherent economic program. Government also provides the financial support and capital to the private sector through direct subsidies, tax credits, or government-run developmental banks. "National champions" refers to government's attempt to create large national corporations (or favor existing ones) able to compete globally by taking advantage of economies of scale in order to create jobs, stimulate economic growth and employment at home, and avoid national dependency on other countries.²⁷

Before launching an armaments program, West German leaders had to grapple with several questions. What role would armament production play in the FRG's future economic growth? Would a move away from a neoliberal economic system to a more state-driven one benefit or harm the West German economy? Would a shift of resources toward arms production stimulate or forestall economic growth? Would the FRG become more or less competitive economically? How would the world view a West German arms industry? Would an arms industry burnish or soil the country's image internationally? These and other questions engaged political, military, and industry leaders, as well as West German voters. How they responded would fundamentally shape the FRG's arms strategy.²⁸

"Germany's Postwar Growth: Economic Miracle or Reconstruction Boom?" *CATO Journal*, Vol. 21, No. 3 (Winter 2002), pp. 427–442; Volker R. Berghahn and Sigurt Vitols, eds., *Gibt es einen deutschen Kapitalismus? Tradition und globale Perspektiven der sozialen Marktwirtschaft* (Frankfurt am Main: Campus, 2006); and Dieter Cassel, ed., *50 Jahre soziale Marktwirtschaft: Ordnungstheoretische Grundlagen, Realisierungsprobleme und Zukunftsperspektiven einer wirtschaftspolitischen Konzeption* (Stuttgart: Lucius & Lucius, 1998).

26. Schmidt, "West Germany," pp. 137–138.

27. Germany embraced this economic model after reunification in 1990, and it proved very successful in the former GDR. The German government called those companies "Lighthouses." See Rüdiger Pohl, "Ostdeutschland im 12. Jahr nach der Vereinigung: Eine Bilanz der wirtschaftlichen Transformation," *Aus Politik und Zeitgeschichte*, Vol. 52, No. 37/38 (2002), pp. 30–37.

28. These questions are still being discussed in current-day Germany. For example, see Joachim Rohde, "Das Grünbuch zur Beschaffung nicht-sensitiver Rüstungsgüter," *SWP—Aktuell*, Vol. 9 (February 2005), pp. 1–4; and Bruno Schrep, "Wir beliefern nur die Guten," *Der Spiegel*, Vol. 30 (July 2010), pp. 42–44.

To get at the heart of arms strategies requires taking up the related subject of weapons procurement. The procurement of defense materiel is best viewed from a dual perspective: first, as a technical process occurring within an international security environment; and second, as an economic measure carried out within a domestic fiscal/political framework. The first approach is key for evaluating the efficiency of acquiring defense materiel. To better understand why and when certain arms and certain manufacturers are chosen instead of others, however, requires adopting the latter perspective.²⁹

There are four basic arms procurement strategies a country might adopt: autarky, collaboration, coproduction, and foreign dependence. *Autarky* is a “go-it-alone” strategy whereby a country seeks to design and produce its own weapons and avoid depending on others. Autarky is politically attractive because it benefits domestic arms producers, but the rising costs and sophistication of weapons systems place this strategy beyond the reach of most countries (the United States and the Soviet Union were rare exceptions). *Collaboration* with other countries is often adopted by states that lack the financial or technical resources to design and produce the needed arms alone; it is thus more economically efficient and technologically feasible. *Coproduction* enables states to produce weapons under foreign license. *Foreign dependence* is pursued by countries that lack the financial or technical resources to design and produce weapons on their own. Although this strategy is also more economically efficient and technologically feasible, it leaves the buyer at the mercy of the supplying state, which could cut off supplies. States thus have a clear choice when it comes to arms procurement strategies.³⁰

Whichever strategy is ultimately chosen involves inevitable trade-offs and is influenced by various fields of politics. In West Germany, economic, foreign, and defense policies were the most prominent influences. After World War II, the Allied Control Council (ACC) banned Germany from manufacturing weapons, but in 1951 the ACC partly lifted this ban and replaced it with close monitoring of FRG arms production. These regulations were further modified by the 1954 Paris Accords, which stipulated that the Federal Republic could not produce nuclear, biological, or chemical weapons but did permit production of certain conventional arms.³¹ In addition, the WEU, a

29. Dieter H. Kollmer, “‘Klotzen, nicht kleckern!’ Die materielle Aufrüstung des Heeres von den Anfängen bis Ende der sechziger Jahre,” in Helmut R. Hammerich et al., eds., *Das Heer 1950 bis 1970: Konzeption, Organisation, Aufstellung* (Munich: Oldenbourg, 2006), p. 493.

30. Jones, *Rise of European Security Cooperation*, pp. 140–148; Andrew Moravcsik, “Arms and Autarky in European History,” *Daedalus*, Vol. 20, No. 1 (Winter 1991), pp. 23–46; and Andrew Moravcsik, “The European Armaments Industry at the Crossroads” *Survival*, Vol. 32, No. 1 (January–February 1990), p. 65.

31. Helmut Maneval, “Country Survey III: Defense Spending in West Germany,” *Defense and Peace Economics*, Vol. 5, No. 3 (July 1994), p. 230; and Walter Schwengler, “Der doppelte Anspruch:

military alliance created in 1954, gradually lifted the restrictions it had placed on West Germany.³² Although the Federal Republic's constitution circumscribes what weapons the country can produce, transport, and trade, it does not impose an outright ban.³³ The FRG thus progressively obtained greater authority to acquire and produce arms.

The result is that the Federal Republic today possesses complete legal authority for setting national defense policy and strategy, as well as arms procurement. The FRG Ministry of Defense, which is required to coordinate with the Ministry of Economics, controls arms planning and formulates requests. The Ministry of Defense's armaments division, which plans, controls, and supervises the armaments sector, is then directed to cooperate with the Federal Office for Defense Technology and Procurement (*Bundesamt für Wehrtechnik und Beschaffung*, or BWB) to implement these plans. These latter two institutions are the domestic "customers" of the country's arms industry. The BWB, which was established in 1957 as a body separate from the Ministry of Defense Military Divisions, is a higher federal authority that serves as the point of contact between the Bundeswehr (federal armed forces) and the defense industry. The BWB is currently responsible for more than 80 percent of the FRG's arms procurement.³⁴ This process is a clear example of "high politics" at work.

Even though "high politics" may have played a significant role in arms procurement strategy, it often took a back seat to the "low politics" of home affairs and fiscal policy, as well as foreign economic policy, foreign trade, and regional policy. Under the federal system, political authority was shared by the central government and the sixteen *Länder* governments. All federal legislation had to be adopted by both the elected Bundestag and the Bundesrat chosen by the state governments. The *Länder* also had to take part in many important executive functions of the federal government. In addition, the

Souveränität und Sicherheit. Zur Entwicklung des Völkerrechtlichen Status der Bundesrepublik Deutschland 1949 bis 1955," in *Anfänge westdeutscher Sicherheitspolitik 1945–1956*, Vol. 4, pp. 536–546.

32. The WEU had prohibited Germany from manufacturing capital ships and specific munitions. See Ian Davis, *The Regulation of Arms and Dual-Use Exports: Germany, Sweden and the UK* (New York: Oxford University Press, 2002), p. 155.

33. *Ibid.*, pp. 163–164.

34. Maneval, "Country Survey III," pp. 224, 230; Norman Cleesattel, "Government Procurement in the Federal Republic of Germany," *George Washington Journal International Law and Economics*, Vol. 21, No. 1 (1987), pp. 59–90; Eric Solsten, *Germany: A Country Study* (Darby, PA: DIANE Publishing, 1999), p. 499; Tony Kausal, *A Comparison of the Defense Acquisition Systems of France, United Kingdom, Germany and the United States* (Fort Belvoir, VA: Defense Systems Management College, 1999); and Peter Lock and Werner Voss, "Germany," in Philip Gummert and Josephine Anne Stein, eds., *European Defence Technology in Transition* (Amsterdam: Harwood Academic Publishers, 1997), p. 86. For more about the BWB in its early years, see Elmar Caspar, *Das Bundesamt für Wehrtechnik und Beschaffung und sein Geschäftsbereich* (Bonn: Boldt, 1969).

diverse interests among the *Länder* and the different electoral calendars used by the *Länder* and the Bundestag hindered the pursuit of long-term coordinated national strategies.³⁵ “Low politics” thus exerted a powerful influence on the FRG’s arms strategy.

The salience of these “civilian” fields of politics also partly stemmed from West Germany’s unique international situation. As one of the vanquished countries of World War II, the young federal government strove to integrate itself into the Western alliance in order to regain sovereignty over its foreign policy, a vital national objective, while retaining its own sense of what constituted its own best weapons strategy.³⁶ Yet joining NATO deeply affected West Germany’s arms procurement strategy, which was in turn heavily influenced by these nonmilitary fields of politics.³⁷

Of these civilian fields, the national economy exerted an especially powerful influence over West German procurement choices. For example, in December 1952, NATO adopted a military strategy laid out in “Strategic Guidance” (MC 14/1). The document stipulated that if the FRG entered NATO (as it did in May 1955), many of the conventional ground forces needed by NATO to defend Central and Western Europe would have to come from West Germany.³⁸ The capacity of the West German economy, however, proved inadequate for such a massive expansion of the Bundeswehr. Moreover, the “economic miracle” that West Germany was enjoying in the early 1950s offered few inducements to curtail civilian output in favor of greater defense production.³⁹

Many questions thus presented themselves. How would large-scale rearmament affect this new economic system? To fulfill NATO’s request, the FRG would have to provide 500,000 ground troops by 1958. Would this spurt in defense spending wreck the new liberal economy? Remilitarization might reproduce a corporatist-style system in which power would return to the hands of big business, hence creating a “military-industrial complex,” a prospect that

35. Schmidt, “West Germany,” p. 159.

36. West Germany’s policy to assimilate itself into Europe (and the West in general) was known as *Westbindung*. See Gero von Gersdorf, *Adenauer’s Aussenpolitik gegenüber den Siegermächten 1954: Westdeutsche Bewaffnung und internationale Politik* (Munich: Oldenbourg, 1994), pp. 275–278; Ronald J. Granieri, *The Ambivalent Alliance: Konrad Adenauer, the CDU/CSU, and the West, 1949–1966* (New York: Berghahn Books, 2003), p. 9; Kollmer, *Rüstungsgüterbeschaffung*, pp. 54–59; and the introduction for the records inventory by Dieter Krüger, “BV 5: Bundesamt für Wehrverwaltung,” in Bundesarchiv-Militärarchiv, Freiburg (BMA-F), BH 1/1586.

37. For more on West Germany’s arms procurement strategy and the influence by the nonmilitary fields of politics, see Kollmer, *Rüstungsgüterbeschaffung*, pp. 23–77.

38. “A Report by the Standing Group on Strategic Guidance,” in Gregory Pedlow, ed., *NATO Strategy Documents, 1949–1969* (Brussels: NATO Information Service, 1997), pp. 193–228.

39. Abelshauer, “Wirtschaft und Rüstung,” pp. 16–19; and Kollmer, *Rüstungsgüterbeschaffung*, pp. 80–89.

disturbed many West Germans.⁴⁰ In addition, time revealed that NATO's goal was far too ambitious. These questions required answers before West Germany could adopt an arms policy and strategy.

The government's reluctance to retool the national economy and thereby incur domestic opposition meant that in the early years of the Bundeswehr, the FRG procured more than 60 percent of its major weapons systems from friendly foreign countries, resulting in an international mix of armaments.⁴¹ For example, the air force depended heavily on U.S. technology until the 1980s, whereas the navy obtained its vessels from both the United Kingdom and the United States. The most "international" service was the army, which was equipped with major systems produced in France, Israel, Switzerland, the United Kingdom, the United States, and the Federal Republic itself.⁴² Caution, therefore, governed West Germany's arms strategy in the early stages.

By the mid-1950s, additional factors shaped West Germany's arms procurement policy and strategy. First, in July 1956 the Bundestag (the FRG's lower house of parliament) passed a law authorizing conscription. Second, in October 1956, control of the Federal Ministry of Defense shifted from Theodor Blank to the more dynamic Franz Josef Strauß.⁴³ Third, on 23 May 1957 NATO strategy changed to the "Overall Strategic Concept for the Defense of the North Atlantic Treaty Organization Area" (MC 14/2).⁴⁴ Collectively, these three events altered the pace and the scope of the Bundeswehr's rearmament.

Soon after taking office, Strauß informed NATO that West Germany could provide only 342,000 troops by March 1961, not 500,000 by 1958. He also cut conscription from eighteen to twelve months. Strauß wanted to assign troops to NATO special units able to operate in a nuclear environment,

40. Werner L. Abelshauser, "The Causes and Consequences of the 1956 West German Rearmament Crisis," in Francis H. Heller and John R. Gillingham, eds., *NATO: The Founding of the Atlantic Alliance and the Integration of Europe* (New York: Palgrave Macmillan, 1992), pp. 312–313.

41. However, the FRG continued to develop and manufacture its own small arms and eventually its tanks. See Kollmer, "Die materielle Aufrüstung der Bundeswehr in ihrer Aufbauphase," p. 188.

42. Dieter H. Kollmer, "Die materielle Aufrüstung der Bundeswehr von den Anfängen bis heute," in Klaus Jürgen Bremm, Hans-Hubertus Mack, and Martin Rink eds., *Entschieden für Frieden: 50 Jahre Bundeswehr* (Freiburg: Rombach, 2005), pp. 219–226.

43. For more on this change from Blank to Strauß, see Adenauer, *Erinnerungen 1955–1959*, pp. 245–247; Franz-Josef Strauß, *Die Erinnerungen* (Berlin: Siedler, 1989); and David Clay Large, *Germans to the Front: West German Rearmament in the Adenauer Era* (Chapel Hill: University of North Carolina Press, 1996), pp. 261–264.

44. "Overall Strategic Concept for the Defense of the North Atlantic Treaty Organization Area," in Pedlow, ed., *NATO Strategy Documents*, pp. 277–313. NATO's strategy to defend Western Europe during the 1950s increasingly relied on the use of nuclear weapons. See Marc Trachtenberg, "The Berlin Crisis," in Marc Trachtenberg, *History and Strategy* (Princeton, NJ: Princeton University Press, 1991), pp. 169–234; and Ingo Trauschweizer, *The Cold War U.S. Army: Building Deterrence for Limited War* (Lawrence, KS: University Press of Kansas, 2008), ch. 1.

which consequently slowed down the buildup.⁴⁵ These units—called “quality-forces”—meant that the Bundeswehr needed weapon systems that would enable it to defend FRG territory even in the midst of a nuclear exchange. Strauß recognized early on that nuclear weapons constituted a strategic revolution. He asserted that a country without nuclear weapons “could only capitulate immediately in the face of any ultimatum by a nuclear capable power.”⁴⁶ Yet his geopolitical logic was inseparable from his fervent desire to aid his home state of Bavaria, which would benefit economically from a shift to a nuclear strategy.⁴⁷

By the mid-1960s, West German arms procurement strategy had to navigate a cloudy economic environment. As the country’s economic prospects dimmed during this period, major West German enterprises expressed growing interest in the defense sector.⁴⁸ In particular, companies with decades of experience in the fabrication of weapons increasingly participated in the bidding procedures for equipping the Bundeswehr.⁴⁹ However, NATO’s strategy of “flexible response” (MC 14/3) led to a new outlook.⁵⁰ Introduced in 1968, flexible response had been long anticipated.⁵¹ Hence, the procurement and international cooperation programs initiated in the middle of the decade were able to adapt to this presumably flexible defense strategy.⁵² This adapta-

45. Deutscher Bundestag, Verhandlungen, Stenographischer Bericht, Wahlperiode, 169. Sitzung vom 8. Oktober 1956, p. 9287.

46. Pertti Aho, “Franz-Josef Strauss and the German Nuclear Question, 1956–1962,” *Journal of Strategic Studies*, Vol. 18, No. 2 (June 1995), p. 28; Abelshauser, “Causes and Consequences of the 1956 West German Rearmament Crisis,” p. 312; and Catherine McArdle Kelleher, *Germany and the Politics of Nuclear Weapons* (New York: Columbia University Press, 1975), pp. 43–49. For details on how Germany adjusted to the different NATO strategies, see Bruno Thof, *NATO Strategie und nationale Verteidigungsplanung: Planung und Aufbau der Bundeswehr unter den Bedingungen einer massiven atomaren Vergeltungsstrategie 1952 bis 1960* (Munich: Oldenbourg, 2006), pp. 249–370.

47. For more about Strauß’s desire to aid his home state, see Dieter H. Kollmer, “Klotzen, nicht kleckern!” p. 501; and Mark S. Milosch, *Modernizing Bavaria: The Politics of Franz Josef Strauss and the CSU, 1949–1969* (New York: Berghahn Books, 2006).

48. Werner Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945* (Munich: C. H. Beck, 2004), pp. 183–185.

49. Bundesministerium der Verteidigung, Stand der Heeresrüstung, 20 July 1966, in BMA-F, BH 1/1586.

50. “Overall Strategic Concept,” pp. 345–370.

51. Flexible response was introduced to the U.S. armed forces near the end of the Eisenhower administration. NATO adopted this strategy only after the final “Harmel Report” in 1967–1968. See Gavin, *Gold, Dollars, and Power*, p. 54; Gregory Pedlow, “The Evolution of NATO Strategy, 1949–1969,” in Pedlow, ed., *NATO Strategy Documents*, pp. xi–xxv; and Hans-Joachim Harder ed., *Von Truman bis Harmel: Die Bundesrepublik Deutschland im Spannungsfeld von NATO und europäischer Integration* (Munich: Oldenbourg, 2000).

52. Francis Gavin argues that top U.S. officials, including John F. Kennedy and Robert S. McNamara, never really believed in flexible response. He contends that it was, in fact, a conceit designed in part to prevent West Germany from demanding nuclear weapons, which would create difficult political problems for the United States. See Francis J. Gavin, “The Myth of Flexible Response: American Strategy in Europe during the 1960s,” *International History Review*, Vol. 23, No. 4 (December 2001), pp. 847–875.

tion was urgent because the first generation of army equipment was no longer sufficient for a robust defense along the inner German border. In light of these shifting realities, West Germany's procurement directorates and divisions wagered that multinational cooperation programs would generate greater efficiencies and economies of scale.⁵³

Beginnings, 1945–1954

Following World War II, the victorious Grand Alliance pondered how to deal with Germany. As East-West tensions mounted, the “German question” assumed even greater geopolitical importance. Beyond rebuilding and defending the Federal Republic, the Western allies had to decide what role the West German state would play in the postwar world.⁵⁴ Despite being divided and occupied, Germany as a potential military-industrial power would remain a flash point. France expressed special concern. Although France wanted to eliminate any material advantages the FRG held over it, officials in Paris nonetheless sought to avoid alienating West Germany or rendering it vulnerable to Soviet influence.⁵⁵ France finally proposed the creation of the European Coal and Steel Community, better known as the “Schuman Plan.” Announced on 9 May 1950, the Schuman Plan was intended to provide France with the steady source of coal and steel needed to modernize its heavy industry and thereby boost economic growth. The plan would also prevent West Germany from controlling the vital coal and iron/steel resources located in

53. For details on how West Germany financed the procurement of arms, see Lutz Köllner, “Militär und Finanzen: Zur Finanzgeschichte und Finanzsoziologie von Militärausgaben,” in *Deutschland vom Dreißigjährigen Krieg bis zur Gegenwart* (Munich: Bernhard und Graefe, 1982), pp. 108–116. For how the FRG was able to generate positive corporate effects and economies of scale, see Dieter H. Kollmer, “‘Nun siegt mal schön!’ Aber womit? Die Aufrüstung des Heeres der Bundeswehr 1953 bis 1972,” in Frank Nägler, ed., *Die Bundeswehr 1955 bis 2005: Rückblenden, Einsichten, Perspektiven* (Munich: Oldenbourg, 2007), pp. 339–403; and Dieter H. Kollmer, “Zwischen Zahlenbilanzüberschuss und Skalenerträgen: Deutsche Interessen in den Anfangsjahren der deutsch-französischen Rüstungsgüterkooperation von 1953 bis 1972,” in Jörg Echternkamp and Stefan Martens, eds., *Militär in Deutschland und Frankreich 1870–2010: Vergleich, Verflechtung und Wahrnehmung zwischen Konflikt und Kooperation* (Paderborn, Germany: Schöningh, 2012), pp. 159–174.

54. See Marc Trachtenberg, *A Constructed Peace: The Making of the European Settlement, 1945–1963* (Princeton, NJ: Princeton University Press, 1999); Michael Creswell, *A Question of Balance: How France and the United States Created Cold War Europe* (Cambridge, MA: Harvard University Press, 2006); Hook, *Rebuilding Germany*; and Wilfried Mausbach, *Zwischen Morgenthau und Marshall: Das Wirtschaftspolitische Deutschlandkonzept der USA 1944–1947* (Freiburg: Droste, 1996).

55. See Michael Creswell and Marc Trachtenberg, “France and the German Question, 1945–1955,” *Journal of Cold War Studies*, Vol. 5, No. 3 (Summer 2003), 5–28; and Florian Seiller, “Zusammenarbeit kann man das nicht nennen!? Die Anfänge der deutsch-französischen Rüstungskooperation im konventionellen Bereich, 1955–1966,” *Militärhistorische Zeitschrift*, Vol. 67, No. 1 (2008), pp. 63–69.

the Ruhr Valley and instead reorient them toward the reconstruction of the whole of Western Europe—and France in particular.⁵⁶

The German question gained renewed saliency following the outbreak of the Korean War in June 1950. In response, U.S. officials decided to enlist West Germany's economic and military power to counter an enhanced Communist threat, prompting NATO to agree in September 1950 to endorse the rearmament of West Germany.⁵⁷ Yet West Germans themselves were divided over this issue. The opposition Social Democratic Party (SPD) rejected Chancellor Konrad Adenauer's strategy of Western integration and national rearmament because it feared that rearmament would come at the expense of national reunification.⁵⁸ Adenauer, however, was convinced that an "economically strengthened West-Germany would magnetically attract East Germany and lead to German unity."⁵⁹ Although German unification did not occur until four decades later, the Western allies' desire to rearm the FRG accorded Adenauer the near-term bargaining power to end his country's occupation status and gain political sovereignty.

Despite severe domestic opposition in France and West Germany, as well as threats from the USSR, NATO proceeded in September 1950 with plans to rearm the FRG within the framework of a European army that eventually became known as the European Defense Community (EDC).⁶⁰ At NATO's Lisbon conference in February 1952, the alliance set ambitious objectives for itself, calling for large increases in conventional forces to provide a shield for the alliance's nuclear sword.⁶¹ In endorsing FRG rearmament, the Lisbon con-

56. John R. Gillingham, *Coal, Steel, and the Rebirth of Europe, 1945–1955: The Germans and French from Ruhr Conflict to Economic Community* (New York: Cambridge University Press, 1991); and Ulrich Lappenküper, "Der Schuman-Plan: Mühsamer Durchbruch zur deutsch-französischen Verständigung," *Vierteljahreshefte für Zeitgeschichte*, Vol. 42, No. 3 (July 1994), pp. 403–445.

57. Creswell, *A Question of Balance*, pp. 26–40; and Norbert Wiggershaus, "Die Entscheidung für einen westdeutschen Verteidigungsbeitrag 1950," in *Anfänge Westdeutscher Sicherheitspolitik 1945–1956*, Vol. 1, *Von der Kapitulation bis zum Pleven-Plan* (Munich: Oldenbourg, 1982), pp. 325–402.

58. Gordon D. Drummond, *The German Social Democrats in Opposition, 1949–1960: The Case against Rearmament* (Norman: University of Oklahoma Press, 1982); and Anselm Doering-Manteuffel, *Die Bundesrepublik Deutschland in der Ära Adenauer: Außenpolitik und innere Entwicklung 1949–1963* (Darmstadt: Wissenschaftliche Buchgesellschaft, 1994), pp. 73–77.

59. Adenauer obviously did not know that the process would take more than 40 years. But he would always have chosen *Westbindung*, because this goal would alter his main goal: German sovereignty. For more on Adenauer's ideas and policies as West German chancellor, see Hans-Peter Schwarz, *Adenauer*, Vol. 2, *Der Staatsmann 1952–1967* (Munich: dtv, 1994).

60. Klaus A. Maier, "Die internationalen Auseinandersetzungen um die Westintegration der Bundesrepublik Deutschland und im ihre Bewaffnung im Rahmen der Europäischen Verteidigungsgemeinschaft," in *Anfänge Westdeutscher Sicherheitspolitik 1945–1956*, Vol. 2, *Die EVG-Phase* (Munich: Oldenbourg, 1990), pp. 99–108; and Trauschweizer, *Cold War U.S. Army*, p. 38.

61. The year 1952 would be an important one for the Federal Republic. See Adam Tooze, "Reassessing the Moral Economy of Post-war Reconstruction: The Terms of the West German Settlement in 1952," *Past and Present*, Vol. 210, Suppl. 6 (January 2011), pp. 47–70.

feres expected that the West Germans would provide many of the ground troops NATO needed to defend Central and Western Europe. In May 1952 the NATO countries signed contractual agreements that would restore West Germany's sovereignty, end its occupation status, and create a European defense force in which the Bundeswehr would take part.

The plan for the EDC was defeated, however, by France's parliament on 30 August 1954. The alliance soon reached a compromise at the London Conference in December 1954, where the initial plans for West German rearmament were set. The FRG by 1958 was supposed to assign to NATO twelve ground divisions out of its total of 500,000 troops. Finally, in May 1955, with the Paris Accord becoming effective, West Germany regained its political sovereignty and became a member of NATO and the WEU.⁶²

Military and Foreign Policy Necessity: International Mix of Armaments, 1955–1959

The first phase of the buildup of the Bundeswehr preceded its establishment date proper of 12 May 1955. Because of the particular situation surrounding West Germany, the Blank Office—an entity set up in October 1950 under Theodor Blank, a Christian Democratic politician and labor union member, to establish the West German armed forces—and later the Federal Ministry of Defense had to accept whatever materiel they could get for the country's armed forces.⁶³ West German policymakers knew from the outset that establishing national armed forces would require enormous effort throughout society.⁶⁴ Yet all of the country's industrial capacity was committed to the reconstruction of the economy, which helps to explain why West German industry was interested only in specific orders from the Ministry of Defense.⁶⁵ This attitude was enhanced by four factors: (1) the bans imposed on Germany by the Allies at the end of the war regarding the production and export of certain de-

62. Creswell, *Question of Balance*, pp. 90–92, 158–164. For the reception of these developments in high-level German political circles, see Theodor Heuss und Konrad Adenauer, *Unserem Vaterland zugute: Der Briefwechsel 1948–1963*, ed. by Hans Peter Mensing (Berlin: Goldmann, 1992), pp. 184–230.

63. For more on Theodor Blank and the Blank Office, see Dieter Krüger, *Das Amt Blank: Die schwierige Gründung des Bundesministeriums der Verteidigung* (Freiburg: Rombach, 1993); and Large, *Germans to the Front*, pp. 111–113.

64. Protokoll der Rede des Ministers für Wirtschaft und Verkehr des Landes Nordrhein-Westfalen vor dem Präsidium der Industrie und Handelskammer des Landes Nordrhein-Westfalen, 15 December 1954, in Rheinisch-Westfälisches Wirtschaftsarchiv, Cologne (RWW-C), Akte 48-1-2.

65. Bundesverband der Deutschen Industrie, Abteilung für Verteidigungswirtschaftliche Angelegenheiten, Memorandum über Verteidigungswirtschaftliche Fragen, 16 January 1956, in BMA-F, BW 1/2739.

fense materiel; (2) the postwar treatment of several German industrialists who had supported Hitler's armament program;⁶⁶ (3) the FRG constitution; and (4) domestic opposition from within West Germany itself (some industrialists balked at the prospect of rearmament). Opposition also existed within the Bundestag and among the wider public.⁶⁷

Although the Western allies had agreed to a West German military contribution to NATO, they also sought to prevent the Federal Republic from developing a potent indigenous arms industry. All parties involved, including the West Germans, understood that the FRG's rearmament could not be coupled with a powerful domestic arms industry.⁶⁸ Once again, France took great interest in this matter. If France could create an armaments pool to control production and standardize weapons, French industry would be the big winner.⁶⁹ One issue of special interest to France was the Saar, a mineral rich Franco-German borderland territory that—in combination with the Ruhr—had fueled Germany's industrial revolution. According to the Paris Accords of October 1954, a European statute for the Saar would fall under the auspices of the WEU.⁷⁰

In October 1955, however, the people of the Saarland rejected the statute and instead opted for the return of the Saar to West Germany as of 1957. In the wake of the Saar referendum, France negotiated the Saar Treaty, which gave France rights to the "Warndt coal deposit" until 1981. West Germany also agreed to the canalization of the Moselle River from Thionville, which lies in the heart of the Lorraine steel region, to Koblenz on the Rhine River, thus lowering French freight costs in the Lorraine steel industry.⁷¹

66. For example, German industrialist Alfried Krupp von Bohlen und Halbach was imprisoned after the war by the Americans.

67. Bundesministerium für Verteidigung, Leiter der Abteilung Rüstung an den Staatssekretär. Betr.: Voraussetzungen für eine Beschleunigung des Tempos in der Aufstellung der deutschen Streitkräfte, 8 November 1955, in BMA-F, BW 9/2739. See also Abelshausen, "Wirtschaft und Rüstung," pp. 64–66; and Lothar Gall, "Von der Entlassung Alfried Krupp von Bohlen und Halbachs bis zur Errichtung seiner Stiftung 1951 bis 1967/68," in Lothar Gall, ed., *Krupp im 20. Jahrhundert: Die Geschichte des Unternehmens vom Ersten Weltkrieg bis zur Gründung der Stiftung* (Berlin: Siedler, 2002), pp. 475–490.

68. Bundesministerium für Wirtschaft, Betr.: Entschließung der Neun-Mächte Konferenz vom 21. November 1954 über Rüstungsproduktion und -standardisierung, 24 November 1954, in BMA-F, BW 9/1294.

69. Bundesministerium für Verteidigung, Bericht des Abteilungsleiters VC, 4 November 1955, pp. 26–33, in BMA-F, BW 9/4244.

70. Ralph Dietl, "The WEU: A Europe of the Seven, 1954–1969," *Journal of Transatlantic Studies*, Vol. 7, No. 4 (December 2009), pp. 431–452; and Bruno Thoß, "Der Beitritt der Bundesrepublik Deutschland zur WEU und NATO im Spannungsfeld von Blockbildung und Entspannung (1954–1956)," in *Anfänge Westdeutscher Sicherheitspolitik 1945–1956*, Vol. 3: *Die Nato-Option* (Munich: Oldenbourg, 1993), pp. 50–64.

71. *Beitrittserklärung des Saarlandes nach dem Grundgesetz der Bundesrepublik Deutschland vom 14. Dezember 1956*, Amtsblatt des Saarlandes, p. 1645. For a historical overview, see also Aloys A. Michel, "The Canalization of the Moselle and West European Integration," *Geographical Review*, Vol. 52,

These factors alerted West Germany's procurement directorates and divisions—primarily the BWB—that they would have to purchase much of the initial equipment for the future Bundeswehr from abroad. Their goal was to acquire as much equipment as possible in as socially benign a manner as possible with the funds at their disposal.⁷² Until 1957, the FRG's annual defense budget hovered around 9 billion Deutsche Marks (DM) (\$2.14 billion)—almost 30 percent of the total federal budget. As the so-called “budget annuity” law required, the money had to be spent in the respective calendar year.⁷³

Other issues also arose. Some officials feared that massive rearmament would spike inflation and drain cash reserves. In addition, the Ministry of Economics, which in November 1954 was given sole responsibility for the economic planning of rearmament, repeatedly pointed out that one had to keep foreign economic trade policy in mind, noting that the FRG's economic boom of the early 1950s had significantly distorted the country's balance of payments with other European states.⁷⁴ West Germany's focus on export-oriented growth produced high employment and prosperity at home as well as large balance-of-payments surpluses with its trading partners.⁷⁵ The country's exports grew 84.4 percent annually from 1948 to 1950 and 16.1 percent throughout the 1950s.⁷⁶ The FRG's growing economic prowess was creating political problems for Europe's other economies by accentuating how far they lagged behind.⁷⁷

To repair this situation, Ministry of Economics officials recommended implementing systematic procurement measures in the countries with which West Germany ran a large trade surplus before economic damage (e.g., mone-

No. 4 (October, 1962), pp. 475–491; and Bronson Wilder Long, “The Saar Dispute in Franco-German Relations and European Integration: French Diplomacy, Cultural Policies and the Construction of European Identity in the Saar, 1944–1957,” Ph.D. Diss., Indiana University, 2007.

72. Deutscher Bundestag, Verhandlungen, Stenographischer Bericht, Wahlperiode, 169. Sitzung vom 8. Oktober 1956, p. 9287.

73. For details about the “budget annuity” in Germany during the 1950s, see Köllner, “Militär und Finanzen,” pp. 236–239; and Kollmer, *Rüstungsgüterbeschaffung*, pp. 35–39.

74. “27. und 29. Sitzung des Bundestagsausschusses für Fragen der europäischen Sicherheit am 19. Januar 1955 und 20. Januar 1955, Aufzeichnungen Heuseler,” in PA/AA, B 14/21-299, Referat 211.

75. “During 1950–53, German exports accounted for 4.6 percent of world exports,” while in 1950 alone the ratio of exports to gross national product was 8.5 percent. See Michael Kreile, “West Germany: The Dynamics of Expansion,” *International Organization*, Vol. 31, No. 4 (Autumn 1977), p. 776.

76. Alan Booth, Joseph Melling, and Christoph Dartmann, “Institutions and Economic Growth: The Politics of Productivity in West Germany, Sweden, and the United Kingdom, 1945–1955,” *Journal of Economic History*, Vol. 57, No. 2 (June 1997), p. 430.

77. Christian Deubner, “Change and Internationalization in Industry: Toward a Sectoral Interpretation of West German Politics,” *International Organization*, Vol. 38, No. 3 (Summer 1984), pp. 532–533.

tary instability) occurred.⁷⁸ During these years, Belgium, France, Italy, and the United Kingdom imported far more goods from West Germany than they exported to it in return. They also experienced considerable difficulties meeting the economic challenges of the postwar period. In particular, the heavy industry, plant construction, and engineering firms, as well as vehicle construction companies in these countries, faced sluggish sales. Thus, being asked to produce the defense materiel required by the Bundeswehr was a welcome opportunity for the arms manufacturers in these countries.⁷⁹

Yet before placing orders with its European allies, West Germany wanted to ascertain which defense goods could be obtained free of charge from the United States within the framework of the so-called “Nash Commitment.” Frank C. Nash, the assistant secretary of defense for international security affairs, told Adenauer in April 1953 that the United States would arm six initial divisions of the EDC, as well as 24 West German air squadrons.⁸⁰ Secretary of State John Foster Dulles renewed this pledge in October 1954. The FRG hoped for a contribution of DM 31 billion (\$7.4 billion) from the U.S. administration to offset the estimated DM 81 billion (\$19.3 billion) needed to rearm the Federal Republic.⁸¹ Only after U.S. officials had emphasized to the West Germans that they would not receive any defense materiel other than the DM 3.8 billion (\$860 million) worth of goods specified in the list of the Nash Commitment did Bonn begin, in early 1954, to scour the European market for the required materiel.⁸²

Following the demise of the EDC in August 1954, West Germany estimated that it had DM 36 billion (\$8.58 billion) with which to begin its three-year military buildup. This figure proved inadequate, however, because the actual costs more than doubled this amount, forcing the Ministry of Defense

78. Karl Albrecht to Dr. Gerhard Wenzel, 30 November 1956, in RWW-C, DIHT Archiv 432–3.

79. Kollmer, *Rüstungsgüterbeschaffung*, pp. 87–91; Hubert Zimmermann, “The Sour Fruits of Victory: Sterling and Security in Anglo-German Relations during the 1950s and 1960s,” *Contemporary European History* Vol. 9, No. 2 (2000), pp. 225–244; and Zimmermann, *Money and Security*. In 1956, West Germany also procured DM 740 million (about \$185 million) worth of ammunition from Turkey, which amounted to 50 percent of all foreign procurement for that year. See Abelschauser, “Causes and Consequences,” p. 326. For more on the ammunition deal with Turkey, see Kollmer, “Klotzen, nicht Kleckern!” pp. 591–595.

80. Erklärung des stellvertretenden Verteidigungsministers der USA Nash an den Bundeskanzler der Bundesrepublik Deutschland Adenauer, 7 April 1953, in BMA-F, BW 9/209; and “Statement by the Assistant Secretary of Defense,” in U.S. Department of State, *Foreign Relations of the United States, 1952–1954*, Vol. VII, Pt. 1, pp. 436–438.

81. Dienststelle Blank II/Pl/G 4/Ltr., Beurteilung eines Aide de Memoire vom 22.11.1954, 12 December 1954, in BMA-F, BW 9/4319-71.

82. For more on the Nash Commitment, see Kollmer, “Klotzen, nicht kleckern!” pp. 523–538; David R. Snyder, “Arming the ‘Bundesmarine’: The United States and the Build-Up of the German Federal Navy, 1950–1960,” *Journal of Military History*, Vol. 66, No. 2 (April 2002), pp. 477–500; and Abelschauser, “Causes and Consequences,” p. 316.

to scramble to cut costs. Although the ministry succeeded, a DM 10 billion (\$2.38 billion) gap remained.⁸³ To help close this gap, West German officials, especially Minister of Finance Fritz Schäffer of the Christian Social Union of Bavaria (CSU), looked to the United States, but U.S. officials turned down the overture, telling the West Germans they needed to make greater efforts to increase their defense budget.⁸⁴ Although Adenauer, as head of the Christian Democratic Union (CDU), initially supported NATO's three-year defense plan, Schäffer convinced him that carrying it out would be impossible. He also warned that increasing defense spending prior to the 1957 parliamentary elections would be political suicide.⁸⁵ West Germany thus had to decide where to procure weapons.

Because of concerns over the balance of payments, West German authorities soon established contacts with French companies. Several delegations from the FRG had visited France in the fall of 1954 to witness on-site demonstrations of French materiel.⁸⁶ The contacts that had been established in the days of the ill-starred EDC were thus coming to fruition.⁸⁷ Many French business executives and politicians had realized early on that their participation in the rearmament of West Germany could be lucrative for them if the right arms were offered. Because France's national economy, specifically French industry, had yet to reach full speed, Paris regarded the potential orders from Bonn as an effective way to ignite a much-needed economic boom.⁸⁸

To illustrate the impact of domestic economic and political pressures on West German arms policy and strategy, we turn to France and the FRG to examine certain arms sales between the two countries. In addition to several air-

83. Abelshäuser, "Causes and Consequences," pp. 316–317; and Kollmer, "Klotzen nicht kleckern!" p. 529.

84. Dienststelle Blank II/PI/Leiter G 4/3, TgbNr. 541/54 geh. Betr.: Erstellung einer Mangelliste für Material, Bonn, 28 July 1954, in BMA-F, BW 9/123. For more about Schäffer, the first West German minister of finance after World War II, and his budget policy, see Christoph Henzler, *Fritz Schäffer 1945–1967: Der erste bayerische Nachkriegsministerpräsident und der erste Finanzminister der Bundesrepublik Deutschland* (Munich: Hans-Seidel-Stiftung, 1994).

85. Abelshäuser, "Causes and Consequences," pp. 320–321; and Kollmer, *Rüstungsgüterbeschaffung*, p. 43.

86. Dienststelle Blank II/PI/G 4/2., Bericht Amt Blank, 7 December 1954, in BMA-F, BW 9/38, Bl. 1–8.

87. Kollmer, *Rüstungsgüterbeschaffung*, pp. 147–151; and Seiller, "Zusammenarbeit kann man das nicht nennen!?" pp. 63–69. The EDC officially ended 30 August 1954. For more on the EDC, see Creswell, *Question of Balance*; and *Anfänge Westdeutscher Sicherheitspolitik 1945–1956*, Vol. 2.

88. Paul M. Pitman, "Interested Circles: French Industry and the Rise and Fall of the European Defense Community (1950–1954)," in Michel Dumoulin, ed., *La Communauté Européenne de Défense, Leçons pour Demain? The European Defence Community. Lessons for the Future?* (New York: Peter Lang, 2000), pp. 51–62; Kollmer, "Zwischen Zahlenbilanzüberschuss und Skalenerträgen," p. 164; and Seiller, "Zusammenarbeit kann man das nicht nennen!?" p. 57.

craft and ships, France in 1955 offered to transfer light tanks produced by AMX, Even, and Hotchkiss to the FRG.⁸⁹ The French government was especially keen to sell the Hotchkiss infantry fighting vehicle (IFV). French authorities had apparently discovered that the order for IFVs was the largest of all Bundeswehr projects and had already tried to obtain these orders during the time of the EDC.⁹⁰

The Hotchkiss IFV had been developed in the early 1950s for the French army but was not procured by France's Ministry of Defense. French officials saw a chance to dispose of this already developed but unwanted tank to the Bundeswehr. The West Germans wanted to buy military goods from the allies with whom they had a trade surplus, and the French were trying to gain a foothold in West Germany's armament market.⁹¹ The Hotchkiss IFV seemed to be a win-win proposition.

However, the FRG had strict laws and rules governing purchases made with government funds.⁹² This was especially the case for a deal worth almost DM 500 million (\$119 million). Nonetheless, in July 1956, the Ministry of Defense's army directorate defined the "military requirements" for IFVs, and "surprisingly" they were identical to the specifications of the Hotchkiss.⁹³ Soon thereafter, the Bundestag's Defense Committee decided to procure the vehicle.

Because of the budget annuity, the available funds had to be spent within a fixed period. Moreover, the contractors produced the vehicles in a country that required a balance-of-payments agreement. Production of one-third of the vehicles was initially planned to take place in France, with the remainder produced in West Germany. After several interventions by the Bundestag and the Ministry of Economics, France and the FRG reached agreement on the procurement of 2,000 Hotchkiss vehicles worth DM 340 million (\$85 million). Approximately 1,400 of them were produced in France.⁹⁴

89. Bundesministerium für Verteidigung, Liste der Herstellungspreise für gewisses Gerät bei erhöhtem Produktionsstempo. Übersetzung, 24 March 1955, in BMA-F, BW 9/1294.

90. Otto Merker to Ludwig Schanze, 4 November 1954, in Bundesarchiv, Koblenz (BA-K), B 136/3105.

91. See Florian Seiller, "Zusammenarbeit kann man das nicht nennen!?" pp. 56–63.

92. For more on the German laws and rules on spending government funds, see Kollmer, *Rüstungsgüterbeschaffung*, pp. 47–64.

93. Bundesministerium für Verteidigung, Abteilung V, VB 4, Betr.: Militärische Forderungen, 24 July 1956, in BMA-F, BH 13/1554. As Kollmer shows in several of his publications, the Bundeswehr managed to sidestep the FRG's purchasing rules in numerous other cases. One such case involved the purchase of another IFV, the Hispano Suiza HS 30, in the late 1950s. In today's political climate, this purchase would have caused a scandal. For more, see Kollmer, *Rüstungsgüterbeschaffung*, pp. 131–270.

94. Kollmer, "Klotzen nicht kleckern!" p. 596.

Foreign policy and foreign trade policy concerns played an important role in the procurement of the Hotchkiss. The IFV had been developed for the French army but was not procured by it. The FRG agreed to purchase several of these vehicles, which were fully developed but of only limited suitability for the intended purpose, in order to reduce its foreign trade surplus with France. At the same time, several arms of the Bundeswehr, which had previously lacked an appropriate number of combat vehicles, were rapidly and easily equipped with an acceptable weapon system. In 1958–1962 France delivered the vehicles, which were to be used as armored reconnaissance vehicles, armored mortars, armored radar reconnaissance vehicles, armored ambulances, and armored observation vehicles, and they remained in service until the second half of the 1980s. The Hotchkiss was a reliable IFV that met the demands placed on it for three decades. Nevertheless, it was not the vehicle that the Bundeswehr ideally wanted to have to accomplish its missions.⁹⁵ Economic and political considerations won out over strictly military concerns.

Further examples of West Germany's growing reliance on French arms in the build-up phase of the Bundeswehr include the purchase of the Alouette and Noratlas aircraft. In 1957, the FRG purchased the Noratlas twin-engine transport aircraft from Nord Aviation, a state-owned French aircraft manufacturer.⁹⁶ For more than two decades the airplane served as the standard transport aircraft of the French, West German, and Israeli air forces. The FRG purchased a total of 186 aircraft, 25 of which were built in France. The remaining planes were built by Hamburger Flugzeugbau GmbH, which later mutated into an Airbus plant.⁹⁷ In mid-1959 the Bundeswehr acquired the Alouette II helicopter from Sud-Aviation-Aerospatiale for the army aviation branch. The West Germans received a total of 241 of these observation and liaison helicopters, which were used for helicopter pilot training until 2007. In addition, in late 1956 the French returned to the FRG five ocean-going mine hunters that they had captured from the German navy during World War II.⁹⁸

95. For more on the Hotchkiss deal, see Abelshäuser, "Wirtschaft und Rüstung in den fünfziger Jahren," pp. 162–166; and Kollmer, "Klotzen nicht kleckern!" pp. 595–598.

96. For more on the European aeronautic industry, see Carsten Bockstette, *Konzerninteressen, Netzwerkstrukturen und die Entstehung einer europäischen Verteidigungsindustrie: Eine Fallstudie am Beispiel der Gründung der European Aeronautic, Defense and Space Company (EADS)* (Hamburg: Dr. Kovač, 2003). The German aeronautic industry of that time is described in Christopher M. Andres, *Die bundesdeutsche Luft- und Raumfahrtindustrie 1945–1970: Ein Industriebereich im Spannungsfeld von Politik, Wirtschaft und Militär* (Frankfurt am Main: Peter Lang, 1996).

97. For background on the Hamburger Flugzeugbau GmbH, see T. E. Ford, "Profile of Hamburger Flugzeugbau GmbH: An Account of the Background, Products and Projects of the Hamburg-Based HFB," *Aircraft Engineering and Aerospace Technology*, Vol. 43, No. 1 (1971), pp. 29–31; and Susanne Wiborg, *Walther Blohm Schiffe und Flugzeuge aus Hamburg* (Hamburg: Christians, 1993).

98. For more on the armament of the German air force and navy, see Bernd Lemke, "Konzeption und Aufbau der Luftwaffe," in Bernd Lembke et al., *Die Luftwaffe 1950–1970, Konzeption, Aufbau, Inte-*

This trend of cooperation with France continued. From 1956 through March 1959, the FRG's Ministry of Defense purchased French materiel worth more than DM 943 million (\$236 million).⁹⁹ In general, West German officials awaited developments in the country's bilateral relations with France that could potentially lead to greater cooperation between the two countries. Paris, however, sought to benefit from arming the Bundeswehr as well as establishing a continental European bloc powerful enough to challenge the dominant U.S. arms industry.¹⁰⁰ From the FRG's standpoint, cooperation with France could yield significant rewards, especially to even out the trade surplus with its neighbor. Once again, politics and economics seemed to be driving West German arms procurement.

A First Step toward Multinational Cooperation: The FIG Agreement, 1957–1958

The nuclear strategy outlined in NATO's "Overall Strategic Concept for the Defense of the North Atlantic Treaty Area" (MC 14/2) on 23 May 1957—"massive retaliation"—would cast a shadow over the FRG's arms strategy for the remainder of the decade. In line with this new strategy, NATO began to rely more heavily on tactical nuclear weapons, which also made it easier for the United States to reduce its own conventional forces in Europe.¹⁰¹ This strategy prompted Western countries with forces stationed in the FRG to demand that their troops be replaced by Bundeswehr forces. NATO's new strategy also sowed doubt in Adenauer's mind about the U.S. government's readiness to defend Western Europe.¹⁰² West Germany's Ministry of Defense immediately seized the opportunity this new security situation provided, as Defense Minister Strauß reiterated his demand for nuclear weapons for the Bundeswehr, an unwelcome prospect for West German friends and foes alike.¹⁰³

Strauß, a member of the conservative wing of the CSU, became minister

gration (Munich: Oldenbourg, 2006); Johannes Berthold Sander-Nagashima, *Die Bundesmarine 1955 bis 1972: Konzeption und Aufbau* (Munich: Oldenbourg, 2006); and Snyder, "Arming the 'Bundesmarine.'"

99. Übersicht Bindungsermächtigungen (Einzelplan 14), Stand: 31. März 1959, in Bundesarchiv-Koblenz, B 126/25515.

100. Seiller, "Zusammenarbeit kann man das nicht nennen!?" p. 73.

101. "Overall Strategic Concept," pp. 277–313; Thoß, *NATO Strategie und nationale Verteidigungsplanung*, pp. 57–68; and Trauschweizer, *Cold War U.S. Army*, pp. 39–40.

102. See Adenauer, *Erinnerungen 1955–1959*, pp. 284–295.

103. See Kollmer, "Klotzen nicht kleckern!," p. 515; and Marc Cioc, *Pax Atomica: The Nuclear Defense Debate in West Germany during the Adenauer Era* (New York: Columbia University Press, 1988).

of defense in October 1956, and his arrival marked a sharp shift for West German arms procurement practices.¹⁰⁴ Previously, the FRG had followed Economics Minister Ludwig Erhard's free-market approach, emphasizing the need to build up the consumer industry and to support private entrepreneurship, which he thought crucial for any long-term armaments program. Erhard feared ceding state power to industrial associations (i.e., the *Bundesverband der deutschen Industrie* or Federation of German Industry), which smacked of Nazi-era corporatism.¹⁰⁵ Strauß, however, vigorously advocated the development of a domestic armaments industry so that West Germany could achieve equality within the Atlantic alliance and so that Bavaria's aerospace industry would prosper.¹⁰⁶ Although the FRG did not receive nuclear weapons, its arms industry flourished, often in cooperation with other countries. Strauß played a large role in this development.

The FRG's reliance on arms cooperation with France received an unexpected spur from a top U.S. military official. On 14 July 1956 *The New York Times* carried an article in which Admiral Arthur W. Radford, chairman of the U.S. Joint Chiefs of Staff, recommended cutting U.S. armed forces by 800,000 men as of 1960 and relying more heavily on tactical nuclear weapons.¹⁰⁷ (For an overview of U.S. troop deployments, see Table 1.) Radford's

104. Franz-Josef Strauß (1915–1988) was a legendary German politician. Before becoming minister of defense (1956–1962), he served as minister for nuclear affairs (1953–1956). Later he became minister of finance (1966–1969) and the prime minister of his home state of Bavaria (1970–1988). The blunt-talking Bavarian was also involved in quite a few scandals. His autobiography—*Die Erinnerungen* (Berlin: Siedler, 1989)—is a valuable source for understanding the way in which German politicians thought and acted in the build-up phase of West Germany between 1945 and 1970.

105. According to Andrew Moravcsik, the Bundesverband der deutschen Industrie (BDI) is the “most influential economic interest group in postwar Germany.” See Moravcsik, *The Choice for Europe*, p. 96. As one example of its potential influence, Fritz Berg, a former president of the BDI, had close personal ties with Adenauer. See Werner Bühler, “German Industry and European Integration,” in Clemens A. Wurm, ed., *Western Europe and Germany: The Beginnings of European Integration, 1945–1960* (Oxford, UK: Berg Publishers, 1995), 91. For more on the BDI, see Siegfried Mann, *Macht und Ohnmacht der Verbände: Das Beispiel des Bundesverbandes der Deutschen Industrie e.V. (BDI) aus empirisch-analytischer Sicht* (Baden-Baden: Nomos, 1994); and Hans-Peter Ullmann, *Interessenverbände in Deutschland* (Frankfurt am Main: Suhrkamp, 1988).

106. See Granieri, *Ambivalent Alliance*, p. 88; Kollmer, *Rüstungsgüterbeschaffung*, p. 121; Harder, ed., *Von Truman bis Harmel*; Beatrice Heuser, “The European Dream of Franz Josef Strauss,” *Journal of European Integration History*, Vol. 4 (1998), pp. 75–103; Abelshauer, “Causes and Consequences” p. 324; and Stephen A. Kocs, *Autonomy or Power? The Franco-German Relationship and Europe's Strategic Choices, 1955–1995* (Westport, CT: Praeger Publishers, 1995), pp. 74–75.

107. Anthony Leviero, “Radford Terms New Arms Vital to Service Cut,” *The New York Times*, 14 July 1956. In recent years, a number of scholars have argued that the United States never sought a permanent military presence in Europe. See Trachtenberg, *Constructed Peace*; Mark S. Sheetz, “Exit Strategies: American Grand Designs for Postwar European Security,” *Security Studies*, Vol. 8, No. 4 (Summer 1999), pp. 1–43; James McAllister, *No Exit: America and the German Problem, 1943–1954* (Ithaca, NY: Cornell University Press, 2002); Michael Creswell, “With a Little Help from Our Friends: How France Secured an Anglo-American Continental Commitment, 1945–54,” *Cold War History*, Vol. 3, No. 1 (October 2002), pp. 1–28; Michael Creswell, “Between the Bear and the

remarks shocked West German officials. The fewer U.S. troops stationed in Europe, the more nuclear arms that would be needed to compensate. The more emphasis NATO placed on nuclear weapons, the less need for West Germany to provide additional conventional ground forces, which would undercut Adenauer's politically controversial conscription policy.¹⁰⁸ Moreover, the proposed U.S. strategy seemed to signal a decrease in the U.S. commitment to defend Western Europe. In response, the West German cabinet met on 20 July 1956 and resolved to demand that NATO retain a strong conventional military deterrent in Europe.¹⁰⁹

The so-called Radford Plan forced Adenauer to rethink allied military strategy because it clashed with the rationale that underlay his conscription policy. In late September 1956, after initially advocating eighteen months of military service, he scaled that back to twelve months. With a general election coming up in less than a year, Adenauer, who did not know about the Radford Plan until the news reports appeared, felt betrayed. According to Secretary of State Dulles, Adenauer thought he was "risking his political life on a program for German and conventional rearmament, whereas many of his political opponents, indeed many within his own party, seem to feel that this is outmoded and that this is shown by U.S. policy."¹¹⁰ In addition to public disapproval, eighteen months of military service could dry up the labor pool at a time of high labor demand by the private sector.¹¹¹ All of this placed Adenauer in a politically difficult situation, forcing him to make onerous choices.

Meanwhile, Strauß, who at this time was still minister for nuclear affairs,

Phoenix: The United States and the European Defense Community, 1950–1954," *Security Studies*, Vol. 11, No. 4 (Summer 2002), pp. 89–124; and Hubert Zimmermann, "The Improbable Permanence of a Commitment: America's Troop Presence in Europe during the Cold War," *Journal of Cold War Studies*, Vol. 11, No. 1 (Winter 2009), pp. 3–27. For the counterargument, see Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, NY: Cornell University Press, 2007). For the most recent interpretation of the Radford Plan in the German literature, see Thoß, *NATO Strategie und nationale Verteidigungsplanung*, pp. 173–249.

108. For more on the discussion in Germany about Adenauer's conscription policy, see Hans Ehlert, "Innenpolitische Auseinandersetzung um die Pariser Verträge und die Wehrverfassung 1954 bis 1956," in *Anfänge westdeutscher Sicherheitspolitik 1945–1956*, Vol. 3: *Die NATO-Option* (Munich: Oldenbourg, 1993), pp. 430–561.

109. Paul M. Pitman, "France's European Choices: The Political Economy of European Integration in the 1950s," Ph.D. Diss., Columbia University, 1997; and Seiller, "Zusammenarbeit kann man das nicht nennen!?" p. 69; *Die Kabinettsprotokolle der Bundesregierung*, Vol. 9, 1956 (Munich: Oldenbourg, 1998). See also Saki Dockrill, "Diplomacy of Burden-Sharing in the case of the Radford-Plan," in *Von Truman bis Harmel*, pp. 121–135.

110. U.S. President Dwight Eisenhower killed the plan in response to European and congressional complaints. See Trauschweizer, *Cold War U.S. Army*, p. 65. The Dulles quote is in Trachtenberg, "Berlin Crisis," p. 182. The German reactions are noted in Adenauer, *Erinnerungen 1955–1959*, pp. 197–214; and Thoß, *NATO Strategie und nationale Verteidigungsplanung*, pp. 191–198.

111. Bundesverband der deutschen Industrie, Abteilung für Verteidigungswirtschaftliche Angelegenheiten., Betr.: Niederschrift über die Sitzung vom 10. April 1957, in BMA-F, BW 1/2844.

Table 1. U.S. Troop Levels in Europe and FRG Defense Budget

<i>Year</i>	<i>Number of U.S. Troops Deployed in Europe</i>	<i>FRG Defense Budget (in billions of current DM)</i>
1950	120,497	4.6
1951	250,601	7.9
1952	250,601	7.9
1953	380,705	7.4
1954	397,029	8.0
1955	413,169	6.1
1956	392,352	7.3
1957	438,859	7.5
1958	364,462	8.8
1959	350,412	9.4
1960	340,650	8.2
1961	352,327	12.9
1962	391,844	17.2
1963	360,837	19.5
1964	342,625	18.8
1965	340,219	19.3
1966	319,917	19.7
1967	305,313	20.4
1968	270,635	17.4
1969	265,297	20.6
1970	255,258	20.6
1971	274,082	22.9
1972	269,984	24.8

Sources: Tim Kane, *Global U.S. Troop Deployment, 1950–2005* (Washington, DC: Center for Data Analysis, Heritage Foundation, 2006) for U.S. troop levels; and Hubert Zimmermann, *Money and Security: Troops, Monetary Policy, and West Germany's Relations with the United States and Britain, 1950–1971* (New York: Cambridge University Press, 2002), p. 246, for FRG defense spending, apart from the figure for 1972, which comes from Lutz Köllner, *Militär und Finanzen: Zur Finanzgeschichte und Finanzsoziologie von Militärausgaben in Deutschland* (Munich: Bernard & Graefe, 1982), p. 143.

seized the initiative by attacking Minister of Defense Blank's plans for a conventional military buildup.¹¹² Strauß also convinced Adenauer of the need for West Germany to obtain nuclear weapons. Finally, Strauß succeeded the hapless Blank as minister of defense in October 1956. Once in his new post, the blunt-talking Bavarian again demanded nuclear weapons for West Germany to ensure the FRG's equality in the Atlantic alliance. Then, in November, he reduced the overly optimistic March 1961 target size of the Bundeswehr from 500,000 to 350,000. Lastly, he took a more systematic approach to arms procurement, unlike Blank, who had let matters drift. Strauß sought to create a national arms industry using federal funds to promote domestic research and development, much of which would take place in his home state of Bavaria, which was still industrially underdeveloped.¹¹³

Across the Rhine, the anger and anxiety produced by the Radford Plan induced some officials in France who favored cooperating with the Federal Republic to seek to create a European nuclear deterrent. France's Ministry of Foreign Affairs submitted an offer to Adenauer for West Germany to work with France and Italy on the development of a European nuclear bomb. Paris, like Bonn, had concluded that the West Europeans needed to establish their own nuclear umbrella. The goal was to develop European intermediate-range ballistic missiles with a range of 1,600 to 2,000 kilometers (994 to 1,243 miles) capable of delivering nuclear warheads. Planning proceeded quickly at first. Concrete talks took place, and the defense ministers of the three states reached a trilateral agreement—the so-called FIG Agreement—by April 1958.¹¹⁴

However, the political ground in France soon shifted rightward. On 1 June 1958, Charles de Gaulle came to power in France's Fifth Republic. Dissatisfied with the political arrangements in NATO, skeptical of the U.S. commitment to Europe's defense, and discouraged by the Suez fiasco in 1956, de Gaulle wanted to develop a French nuclear force, the *force de frappe*, which would remain under French control.¹¹⁵ De Gaulle wanted to ensure that

112. The Nuclear Energy Ministry resulted from intense lobbying by Germany's high-tech sectors, which demanded greater state subsidies. Although opposed by Erhard, the effort succeeded in part because of the SPD's belief in a more activist government. See Deubner, "Change and Internationalization," p. 522.

113. Bundesverband der Deutschen Industrie, Abteilung für Verteidigungswirtschaftliche Angelegenheiten und Dr. Holtz, BMVg. Betr.: Niederschrift über die Sitzung des Ausschusses für verteidigungspolitische Angelegenheiten des BDI vom 10. April 1957 in BMA-F, BW 1/12844; Ahonen, "Franz-Josef Strauss and the German Nuclear Question," p. 30; and Abelshäuser, "Causes and Consequences," p. 312.

114. For more on the FIG Agreement, see Peter Fischer, "Das Projekt einer Trilateralen Nuklearkooperation: Französisch-deutsch-italienische Geheimverhandlungen 1957/58," in *Historisches Jahrbuch*, Vol. 112 (1992), pp. 143–156.

115. In March 1959, Gaullist France announced that it would withdraw its Mediterranean fleet from

France remained more powerful than West Germany, and any German role in the creation of trilateral nuclear weapons would blur this distinction.¹¹⁶ As a result, all previous decisions and declarations suddenly became obsolete, killing the FIG Agreement.¹¹⁷ For the time being, then, realpolitik shoved cooperation to the sidelines.

West German officials learned hard lessons from these experiences. They concluded that international politics followed the rules of the nuclear age, and that the United States and France cared mostly about their own interests and only secondarily about the FRG's interests. Accordingly, Bonn's foreign policy became rooted in a distrust of the U.S. deterrent and of France's will to cooperate. Strauß continued to press the United States to ensure that the Bundeswehr had access to tactical nuclear weapons, but in relatively short order—and primarily for economic reasons—the FRG embarked on a new national armament course.¹¹⁸

Economic Stagnation and National Aspirations, 1960–1966

The autumn of 1960 was inauspicious for the FRG and the Western alliance more generally, as the Soviet Union stepped up its political pressure against Berlin. The West displayed a less than unified response to Moscow's coercive diplomacy, which alarmed and angered West German leaders and revealed potential fissures within the Western alliance.¹¹⁹ John F. Kennedy helped to widen these cracks. In a pre-election interview, Kennedy remarked that “the

NATO command, and in June 1959 de Gaulle banned the stationing of foreign nuclear weapons on French soil. In 1963, France withdrew its Atlantic and Channel fleets from NATO command. Most famously, France exited NATO's integrated military command in 1966 and demanded that all non-French NATO troops leave France. As a result of this withdrawal, the Supreme Headquarters Allied Powers, Europe (SHAPE) moved from Paris to Casteau, Belgium by 16 October 1967.

116. One of the ironies of the Cold War is that the French nuclear force would have been deployed in defense of France on a battlefield called Germany. See Ulrich Lappenküper, *Die deutsch-französischen Beziehungen, 1949–1963: Von der "Erbfeindschaft" zur "Entente élémentaire,"* Vol. 1 (Munich: R. Oldenbourg, 2001), p. 1197.

117. Maurice Vaïsse, *La Grandeur: Politique étrangère du général de Gaulle, 1958–1969* (Paris: Fayard, 1998); Irwin M. Wall, “De Gaulle and the ‘Anglo-Saxons,’” in Martin S. Alexander and J. F. V. Keiger, eds., *France and the Algerian War, 1954–62: Strategy, Operations and Diplomacy* (Portland, OR: Frank Cass, 2002), p. 127; and Ulrich Lappenküper, *Die deutsch-französischen Beziehungen*, p. 119.

118. Kollmer, “Nun siegt mal schön!” pp. 408–411.

119. Trachtenberg, “The Berlin Crisis,” pp. 169–234. See also Joachim Arentz, *Der Westen tut nichts! Transatlantische Kooperation während der zweiten Berlin-Krise (1958–1962) im Spiegel neuer amerikanischer Akten* (Frankfurt am Main: Peter Lang, 1993); and Konrad Adenauer, *Erinnerungen 1959–1963: Fragmente* (Stuttgart: Deutsche Verlagsanstalt, 1968), pp. 62–68.

U.S. pledge for reunification should neither guide nor deter U.S.-Soviet relations.” He added, “German unification, which represents the long-range goal, is certainly not in the cards for many years.”¹²⁰ Such talk caused the West German government considerable angst.

Another fault line was the balance of payments. The United States dreaded its ballooning balance-of-payments deficit, fearing that the deficit, if left unchecked, might wreck NATO and trigger a global economic crisis. Many senior U.S. officials believed that the best way to right the balance would be to withdraw U.S. troops from Europe and force the allies to pick up the slack. They also thought that West Germany was the appropriate place to make reductions.¹²¹ Telling the West Germans was the next step.

On 7 October 1960, outgoing President Eisenhower confronted Adenauer over the issue. Adenauer insisted that West Germany could not afford to pay for the cost of stationing U.S. troops and that the idea was politically dangerous coming just a year before a national election.¹²² He also warned that the “NATO army would be finished in such case where an essential contingent such as the German one is not equipped with nuclear weapons.”¹²³ But in light of Eisenhower’s imminent departure from the White House, neither government took action.

West German–U.S. tensions worsened under the incoming Kennedy administration. Like his predecessor, Kennedy pressured the West Germans to make offset payments by purchasing U.S. military hardware and Treasury Bills. The payments were intended either to reduce or to eliminate the FRG’s balance-of-payments surplus with the United States, which U.S. officials thought resulted from the cost of stationing U.S. forces on West German soil.¹²⁴ The West German government bitterly resented the pressure because no other European country was required to make offset payments. The offset payments to the United States also prevented West Germany from securing

120. Alexandra M. Friedrich, “Awakenings: The Vietnam War’s Impact on West German–American Relations during the Johnson–Erhard Era, 1963–1966” (paper presented at St. Johns University, March 24, 1999), p. 5.

121. Gavin, *Gold, Dollars, and Power*; and Hubert Zimmermann, “‘They Have Got to Put Something in the Family Pot!’ The Burden Sharing Problem in German–American Relations 1960–1967,” *German History*, Vol. 14, No. 3 (July 1996), pp. 325–346; and Detlef Junker, ed., *Die USA und Deutschland im Zeitalter des Kalten Krieges: Ein Handbuch 1945–1968* (Stuttgart: Deutsche Verlagsanstalt, 2001), pp. 478–485.

122. Adenauer, *Erinnerungen 1959–1963*, pp. 70–76.

123. Gavin, *Gold, Dollars, and Power*, pp. 46–47.

124. Even many West German economists doubted that offsets were sufficient to close the gap. However, they warned that if left unchecked, West Germany’s balance-of-payments surplus would lead to economic difficulties. See William Glenn Gray, “Number One in Europe?: The Startling Emergence of the Deutsche Mark, 1968–1969,” *Central European History*, Vol. 39, No. 1 (2006), p. 60.

certain arms deals with other countries, which meant that its balance-of-payments surplus with those countries went unresolved. For the FRG, offsets raised a host of larger economic, military, and political issues.¹²⁵

Undaunted, the United States used its considerable leverage over West Germany to force a deal. In October 1961 the two countries signed the Strauß-Gilpatric agreement requiring the FRG to place \$1.425 billion in military orders over two years. By 1964, West Germany was purchasing one-third of all U.S. military sales abroad. This was preceded by the August 1961 construction of the Berlin Wall, which pushed the FRG to increase its defense budget as well as revise the recently changed target size of the Bundeswehr from 350,000 to 500,000.¹²⁶ External pressures were weighing heavily on West German arms strategy.

Problems in the relationship continued, as Kennedy's pursuit of détente caused additional anxiety in Bonn. After the Bay of Pigs fiasco in 1961 and the Cuban missile crisis in 1962, Kennedy sought to relax U.S.-Soviet tensions. But improved superpower relations decreased the FRG's Cold War leverage.¹²⁷ Yet despite intense U.S. pressure for greater offset payments, Werner Knieper, a senior official at the West German Ministry of Defense, insisted that "a long-range FRG commitment to military procurement in the U.S. was . . . not acceptable—not even 'in principle.'" ¹²⁸

The U.S. adoption of flexible response also exasperated the West Germans. Massive retaliation's greater emphasis on nuclear weapons lowered defense costs for the FRG, which would otherwise have to pay to increase its own forces as well as offset the expanded cost of U.S. forces on West German soil. Strauß in particular opposed flexible response because of how it might affect the FRG's industry. Massive retaliation's focus on air power benefited the fast-growing Bavarian high-tech aerospace industry, but flexible response's emphasis on conventional forces favored West German ground forces, some of whose equipment would be produced outside Bavaria. As a result, Strauß

125. Before 1955, the FRG bore the costs of its own occupation. However, the 1954 Treaty of Paris restored the country's sovereignty, causing the occupying countries to experience the loss of foreign exchange. The United Kingdom and the United States responded by asking—and pressuring—West Germany to purchase U.S.- and British-made equipment in order to offset the cost of stationing U.S. and British forces on West German soil. For more, see Kollmer, *Rüstungsgüterbeschaffung*, pp. 36–47.

126. Zimmermann, "They Have Got to Put Something in the Family Pot!" p. 337n3; and Ahonen, "Franz-Josef Strauss and the German Nuclear Question," p. 40.

127. Poor superpower relations increased West Germany's value to the United States. Heinrich Krone, one of Adenauer's closest aides, lamented that "we are the victims of American's policy of détente." Quoted in Thomas A. Schwartz, *Lyndon Johnson and Europe: In the Shadow of Vietnam* (Cambridge, MA: Harvard University Press, 2003), p. 16. See also Klaus A. Maier, "Die politische Kontrolle über die amerikanischen Atomwaffen als Bündnisproblem der NATO unter der Doktrin der massiven Vergeltung," in Harder ed., *Von Truman bis Harmel*, pp. 39–54.

128. Friedrich, "Awakenings," pp. 5–6; and Gavin, *Gold, Dollars, and Power*, pp. 64–65.

argued that accepting de Gaulle's January 1963 offer of a Franco–West German partnership in defense and military production would require aeronautical/aerospace equipment partially produced by Bavarian firms such as Messerschmitt–Bölkow, Dornier, and Siemens.¹²⁹ The shift in U.S. military strategy thus threatened to impose new costs on West Germany.

Moreover, West German officials feared that if the United States sought to defend Europe primarily with a conventional deterrent, the Soviet army could easily overrun the FRG and the rest of Western Europe. Finally, flexible response also envisaged central control over nuclear weapons; that is, the U.S. government alone would decide when and whether to use nuclear weapons. This strategy put an end to any idea of sharing nuclear weapons with the West Germans, whose fate would thus be in the hands of others.¹³⁰ Once again, traditional security concerns exerted pressure on arms procurement strategy.

De Gaulle sought to take advantage of Bonn's tense relations with Washington by seeking closer bilateral ties. The French president's entreaties helped to split the FRG's political leadership into two broad factions: Atlanticists who wanted closer relations with the United States, and Gaullists who desired warmer relations with France.¹³¹ Strauß's Gaullism was partly intended to help Bavarian industry. He believed that West Germany's defense industry had initially benefited from cooperating with the United States, but he resented that the United States was using its economic and political leverage to force the FRG to buy U.S.-made arms, preventing West German defense firms from reaching their true potential. The solution, he insisted, was to reduce the FRG's dependence on the United States and establish closer relations with France.¹³²

For economic and political reasons, Strauß and the CSU strove to ensure that Bavaria became home to certain weapons systems. Strauß used his many years in office to transform his home state into the FRG's main arms pro-

129. Milosch, *Modernizing Bavaria*, pp. 148–149. For more about French–German cooperation in those years, see Seiller, “Zusammenarbeit kann man das nicht nennen!?” pp. 69–77; and George-Henri Soutou, *L'alliance incertaine—Les rapports politico-stratégiques franco-allemands (1954–1996)* (Paris: Fayard, 1996), pp. 241–259.

130. Ahoon, “Franz-Josef Strauss and the German Nuclear Question,” pp. 36–39. On West Germany's fears and its reaction to this development, see Bruno Thoß, “Bündnisintegration und nationale Verteidigungsinteressen: Der Aufbau der Bundeswehr im Spannungsfeld zwischen nuklearer Abschreckung und konventioneller Verteidigung (1955 bis 1968),” in Nägler, ed., *Die Bundeswehr 1955 bis 2005*, pp. 19–38.

131. Tim Geiger, *Atlantiker gegen Gaullisten: Außenpolitischer Konflikt und innerparteilicher Machtkampf in der CDU/CSU 1958–1969* (Munich: Oldenbourg, 2008).

132. Milosch, *Modernizing Bavaria*, p. 147; and Seiller, “Zusammenarbeit kann man das nicht nennen!?” p. 73. For more on Strauss's ideas, see Ronald Granieri, “Franz-Josef Strauss and the End of the Cold War,” in Frédéric Bozo et al., eds., *Visions of the End of the Cold War in Europe, 1945–1990* (New York: Berghahn Books, 2012), p. 107.

ducer. Bavaria's economic rise in the 1960s and 1970s, which enabled it to become one of West Germany's wealthiest states, was rooted in this development.

Strauß's formidable influence was on display in December 1962 when he had to resign as minister of defense and Kai-Uwe von Hassel succeeded him. Strauß's forced departure had come after he had authorized a search of the offices of the popular newsmagazine *Der Spiegel* and then denied to the Bundestag that he had done so. The scandal led to his resignation and put the young West German democracy to its first major test.¹³³ Despite this personal and professional setback, Strauß regained power in a few short years. In the meantime, during von Hassel's tenure, the Bundeswehr gradually consolidated itself and received its first West German-made weapon systems, such as the Leopard 1 main battle tank (MBT).¹³⁴

Strauss's political fortunes revived soon thereafter. In the mid-1960s, the previously smooth-running West German economic engine began to stall, causing Bonn to fall behind in its offset purchases, much to the dismay of the United States.¹³⁵ The economic downturn left Chancellor Erhard vulnerable to his domestic critics. Arms procurement thus seemed to be a useful instrument to keep West German industry running and avoid unemployment.¹³⁶ To deflect criticism, Erhard visited the United States, but he encountered only unbending demands for more offset purchases. President Lyndon Johnson badly wanted increased West German offset payments to help ease the U.S. balance-of-payments deficit and to blunt Senator Mike Mansfield's resolution mandating the return of U.S. forces from Europe. Wanting and needing strong U.S.–West German relations, Erhard yielded on the issue. For this and other reasons, his domestic critics pounced, and he was soon turned out of office.¹³⁷

133. On the "Spiegel scandal," see David Schoenbaum, *Die Affäre um den Spiegel—Ein Abgrund von Landesverrat* (Berlin: Parthas, 2002).

134. *Ibid.*, p. 145. On how the Leopard 1 tank was developed, see Kollmer, "Klotzen, nicht kleckern!" pp. 569–577.

135. Schwartz, *Lyndon Johnson and Europe*, pp. 115–117. For the German point of view, see Hentschel, *Ludwig Erhard*, pp. 530–532.

136. This is a central tenet of Keynesian economic policy: greater government spending raises aggregate demand and increases consumption. For more on Keynesian economic policy in Germany during those years, see Werner Plumpe, *Wirtschaftskrisen. Geschichte und Gegenwart* (Munich: C. H. Beck, 2010), pp. 94–97; and Abelshausen, *Deutsche Wirtschaftsgeschichte*, pp. 408–432.

137. Mierzejewski, *Ludwig Erhard*, pp. 201–204; Zimmermann, "They Have Got to Put Something in the Family Pot!" pp. 337, 340–342. Despite Erhard's fall, the offset was renewed two years later to cover the 1965–1967 period for a cost of \$675 million per year. See Zimmermann, "They Have Got to Put Something in the Family Pot!" p. 338; Zimmermann, *Money and Security*, pp. 171–208; and Schwartz, *Lyndon Johnson and Europe*, pp. 125–140.

Erhard's removal ushered in substantive change in West German politics. In December 1966 the "Grand Coalition" of Chancellor Kurt-Georg Kiesinger (CDU/CSU) and Vice Chancellor and Minister of Foreign Affairs Willy Brandt (SPD) came to power.¹³⁸ Neither Kiesinger nor Brandt possessed economic expertise. Hence they passed the responsibility for these issues to Minister of Economics Karl Schiller (SPD) and to Strauß, who by this point was minister of finance.¹³⁹ Inheriting a recession, the new team succeeded in passing the "Promotion of Stability and Growth Act" in June 1967. The act "sought to formalize cooperation between the government, employers, and unions, and to make fiscal interventions against a disturbance of the macroeconomic equilibrium mandatory." Armed with new powers, the Grand Coalition attacked the recession by employing Keynesian economic measures. The hope was that "within the framework of the market economy, [these measure would] simultaneously help to stabilize prices, maintain a high level of employment, and achieve external balance, accompanied by steady and adequate economic growth."¹⁴⁰

Erhard's departure had thus opened the door to a massive increase in the political influence of Strauß and the CSU. Following Erhard's fall, Strauß had supported Kiesinger's successful bid for chancellor. As head of the Finance Ministry, Strauß exercised great influence, even more than the foreign minister, because of the lull in German foreign policy and the need to focus on the national economy. Strauß performed well in his position, helping to steer West Germany through recession. Despite his membership in the CSU, Strauß worked well with SPD Minister of Economics Schiller. One reason the two got along well is that Schiller focused on specific sectors of the economy, such as aeronautics and nuclear energy, which the SPD supported and which also benefitted Bavarian industry.¹⁴¹ In addition, Strauß's support of Keynes-

138. Philipp Gassert, *Kurt Georg Kiesinger 1904–1988: Kanzler zwischen den Zeiten* (Stuttgart: Deutsche Verlagsanstalt, 2006); and Joachim Samuel Eichhorn, *Durch alle Klippen hindurch zum Erfolg: Die Regierungspraxis der ersten Großen Koalition (1966–1969)* (Munich: Oldenbourg, 2009).

139. For more about this notable German politician and professor of finance, see Uwe Bahnsen, *Karl Schiller* (Hamburg: Ellert und Richter, 2008). Schiller's policies are described in Abelshauser, *Deutsche Wirtschaftsgeschichte*, pp. 409–419.

140. "Law to Promote Economic Stability and Growth, 8 June 1967," in *Federal German Budget Legislation: Foundations of a Uniform Fiscal and Economic Policy* (Bonn: Federal Ministry of Finance, 1988), pp. 147–161. See also Gray, "Number One in Europe," p. 58; William Glenn Gray, "Floating the System: Germany, the United States, and the Breakdown of Bretton Woods, 1969–1973," *Diplomatic History*, Vol. 31, No. 2 (April 2007), p. 298; and Abelshauser, *Deutsche Wirtschaftsgeschichte*, pp. 408–423. The Keynesian turn did not include monetary policy. See Jörg Bibow, "On the Origin and Rise of Central Bank Independence in West Germany," *European Journal of the History of Economic Thought*, Vol. 16, No. 1 (March 2009), p. 182.

141. Kreile, "West Germany," p. 783. By 1983, approximately 50 percent of Germany's air and space industry was located in Bavaria.

ian policy was in tune with public sentiment, boosting his political standing as a result.¹⁴²

Thereafter, West German companies increasingly took part in the bidding process of the Ministry of Defense to keep their production facilities at full capacity. Several of them even wanted to continue their tradition as arms manufacturers and rely on the competence of their own staffs. These aspirations accorded with the FRG's economic policy, which was following a strict Keynesian prescription: state demand would rise to compensate for a decline in private consumption.¹⁴³

This decision marked a shift in the FRG's weapons procurement policy and strategy. In the 1950s, the crucial factor determining arms procurement decisions had been the size of the foreign trade surplus. Only with the growing number of Bundeswehr missions abroad and the increasing need for absolute reliability in military equipment did this one firm principle lose its importance.¹⁴⁴ In the 1960s, procurement decisions were increasingly driven by Keynesian management of the domestic economy.

West Germany's arms strategy also came under external pressure. The U.S. strategy of containment stunted the FRG's arms industry. In confronting the Soviet Union, the United States had become the primary supplier of arms to NATO allies. The Mutual Defense Assistance Act of 1949 (later incorporated into the Mutual Security Act of 1950) enabled the president to conclude mutual defense arrangements globally. But by the mid-1960s, balance-of-payments deficits induced the United States to push the Europeans to assume a greater share of their own defense. The U.S. arms industry also lobbied hard to ensure that the United States assist only countries that bought U.S.-made armaments or produced them under U.S. license.¹⁴⁵ Domestic economic concerns were thus forcing changes in U.S. strategy, which in turn affected West German strategy.

Like the United States, the FRG also focused on its own domestic economy. In the 1960s, the federal government deftly used the consolidation phase of the Bundeswehr to promote its own medium-term political goals. To reach these goals, West German leaders had to pay close attention to each important field of politics and to strengthen the FRG's international position. In the 1960s a key objective of the Adenauer government (Adenauer resigned in 1963) and that of his successor, Erhard, was to buffer the consequences of economic stagnation. One way to achieve this objective was by creating a ro-

142. Milosch, *Modernizing Bavaria*, p. 141.

143. Kollmer, "Klotzen nicht kleckern!" pp. 500–501.

144. Kollmer, "Die materielle Aufrüstung," p. 216.

145. Phillip Taylor, "Weapons Standardization in NATO: Collaborative Security or Economic Competition?" *International Organization*, Vol. 36, No. 1 (Winter 1982), p. 99.

bust defense industry. When serving as minister of defense, Strauß focused on the creation of production centers and the establishment of defense plants at sites that had previously been neglected in the context of industrial policy.¹⁴⁶

But Strauß's single-minded focus created great tension domestically because the CDU, which represented most parts of West Germany, began to criticize the CSU, which represented only Bavaria. Erhard and von Hassel sought to keep defense spending low and thus were averse to spending money on what they saw as unnecessary aircraft just to aid the Bavarian aircraft industry. Accordingly, Bavarian-based aircraft manufacturers strongly supported Strauß and the CSU and vehemently opposed Erhard, von Hassel, and Gerhard Schröder (CDU), who took over from von Hassel as minister of defense, serving from 1966 to 1969.¹⁴⁷ The political lines were drawn.

The CDU-CSU clash was rooted in economics and politics. Bavaria, which after World War II was the largest but one of the poorest of West Germany's then-eleven *Länder*, had long adhered to a political and cultural identity separate from that of the rest of the country. Bavaria's long history as a territory with strong traditions of independence created systemic political tensions from the time the FRG was created.¹⁴⁸ Bavaria often sought to go its own way, irrespective of what the other *Länder* were doing. Located in the southeast of the country, the region entered the postwar period saddled with a poor economy and gloomy economic prospects because it lacked crucial raw materials and a well-educated population. Bavaria therefore focused on high technology and subsequently catapulted ahead of other parts of West Germany, which concentrated on traditional industries such as coal mining, steel, shipbuilding, and car manufacturing. The result was the development of a "soft" North-South divide. Although the north initially flourished, the roles gradually reversed, as aerospace, energy, research, and defense firms set up shop in Bavaria. According to Peter James, "between 1950 and 1979 Bavaria's gross domestic product increased by over fourteen times."¹⁴⁹

The struggle for raw political power also played a role, as Bavaria's economic rise coincided with the political rise of the CSU.¹⁵⁰ Founded in 1945,

146. Kollmer, *Rüstungsgüterbeschaffung*, pp. 96–99; and Abelshausen, "Causes and Consequences of the 1956 West German Rearmament Crisis," p. 99.

147. Milosch, *Modernizing Bavaria*, p. 145. For more on Schröder (the elder), see Torsten Oppelland, *Gerhard Schröder (1910–1989): Politik zwischen Staat, Partei und Konfession* (Düsseldorf: Droste, 2002).

148. For more on the history of Bavaria and its identity, see Max Spindler and Andreas Kraus, eds., *Handbuch der bayerischen Geschichte*, 4 vols. (Munich: Beck, 2003–2007).

149. Peter James, *The Politics of Bavaria—An Exception to the Rule: The Special Position of the Free State of Bavaria in the New Germany* (Aldershot, UK: Avebury, 1995), pp. 2, 132–135.

150. For more on the history of the CSU, see Burkhard Haneke, *Geschichte einer Volkspartei: 50 Jahre CSU 1945–1995* (Grünwald, Germany: Atwerb, 1995).

the CSU gained considerable political power and influence beginning in 1958. The CSU was both a national party, with a base in Bonn, and a regional party with a base in Bavaria. The party was also led by Strauß, an energetic and dynamic political leader who fought vigorously for his home state. From his position as minister of defense and later minister of nuclear affairs and minister of finance, he steered many defense contracts to Bavaria.¹⁵¹

Strauß enjoyed great influence both in and out of power. For example, before resigning as minister of defense over the Spiegel affair in 1962, Strauß chose the Quandt Group, led by Herbert Quandt, one of his allies, to build the new West German MBT, the Leopard 1.¹⁵² Quandt proposed, however, to manufacture the tank in the northern city of Hamburg. In the meantime, Friedrich Flick, West Germany's wealthiest industrialist, made a bid for the contract.¹⁵³ In 1955, Buderus, a venerable West German company with its headquarters in Wetzlar/Hesse, took over the majority of Munich-based Krauss-Maffei AG. The following year, Flick took over Buderus. Not wanting Bavaria to lose the Leopard contract, Strauß supported Flick's bid. But officials within the Ministry of Defense and other parts of the government opposed awarding the contract to a Bavarian firm, arguing that the region had already gotten its fair share of defense contracts. Moreover, the Rhineland had traditionally been home to the German heavy arms industry. Seeking to avoid tangling with Strauß and the CSU, the new minister of defense, Kai-Uwe von Hassel, awarded the contract to Krauss-Maffei.¹⁵⁴ Krauss-Maffei set up production in early 1964 and delivered the first orders to the Bundeswehr from September 1965 through July 1966. Once again, Strauß emerged victorious.

Yet despite the influence of people like Strauß and the strength of the West German economy, the FRG could not by itself compete with the United States. In the late 1950s and early 1960s, Europeans sought multinational *European* solutions for armament projects in order to avoid conceding the armament of European NATO forces to the U.S. defense industry. Because standardized military materiel held the promise of generating positive effects on

151. Although Strauß is a questionable figure in much of Germany, he is adored in Bavaria, especially in its conservative parts, where he remains a legend. The main Bavarian airport in the vicinity of Munich is named after him.

152. Rüdiger Jungbluth, *Die Quandts: Ihr leiser Aufstieg zur mächtigsten Wirtschaftsdynastie Deutschlands* (Frankfurt am Main: Campus, 2002).

153. For more about Flick, see Kim Christian Priemel, *Flick—Eine Konzerngeschichte vom Kaiserreich bis zur Bundesrepublik* (Göttingen: Wallstein Verlag, 2007); and Marcus O. Jones, *Nazi Steel: Friedrich Flick and German Expansion in Western Europe, 1940–1944* (Annapolis, MD: Naval Institute Press, 2012).

154. Milosch, *Modernizing Bavaria*, p. 145.

exchange possibilities, usability, logistics, and production costs, West German politicians, along with their French counterparts, tried to develop a special European approach.¹⁵⁵ The Europeans argued that U.S. dominance in high-tech arms production was attributable to government subsidies and the large size of U.S. arms producers. To compensate, the Europeans pursued a “national champions” policy.¹⁵⁶

Nonetheless, forging a uniquely European path had its pitfalls. The French, West German, and Italian effort to coproduce a main battle tank provides a good example. In 1956, West Germany sought to replace the recently delivered but increasingly outdated U.S.-built M47 and M48 Patton MBTs. In June 1957, France and West Germany signed an agreement to develop a common tank. One French design team and three FRG design teams competed to produce two prototypes each. In September 1958, Italy joined the development program. A series of tests performed on French and West German prototypes took place from 1960 to 1963 at the French garrison training area of Mailly-le-Camp under Italian guidance.¹⁵⁷ In the end, however, they failed to agree on a trilateral MBT because each country wanted the lead role in production. In 1963, France and West Germany each decided to build its own MBT. The development costs for an MBT were thus insufficiently high to persuade the governments to make economic or financial concessions.¹⁵⁸

For aircraft, by contrast, the main problem was the high development costs, especially because far fewer aircraft than armored vehicles were required for the defense of Central Europe. As Jeffrey Engel notes, “Moving a model from the design stage to the runway required years of work,” hence greatly increasing costs.¹⁵⁹ Authorities in Europe’s defense ministries were thus forced to seek multinational solutions if they wanted to end their dependence on the U.S. aviation industry, which had been dominant since the end of World War II. Several French aircraft manufacturers merged and moved their production facilities to Toulouse. The few small Dutch and West German aviation companies used their specialized knowledge to participate in several

155. Bundesministerium für Verteidigung, W 1 2 an Leiter der Abteilung Wehrwirtschaft Werner Knieper, 16 September 1959, in BMA-F, BW 1/2002.

156. Taylor, “Weapons Standardization in NATO,” pp. 99–100.

157. For more on this trilateral project, see the records in BMA-F, BW 1/21590.

158. Kollmer, “Klotzen, nicht kleckern!” p. 571. The Italian government finally bought the West German Leopard 1 MBT. The high-quality performance of this tank renewed the reputation of the German Panzer. Krauss-Maffei sold 4,561 Leopard 1s to twelve countries, including Brazil, Canada, and Chile.

159. Jeffrey A. Engel, *Cold War at 30,000 Feet: The Anglo-American Fight for Aviation Supremacy* (Cambridge, MA: Harvard University Press, 2007), p. 11.

projects. The nucleus of the future European aircraft industry was thus formed.¹⁶⁰

From this nucleus emerged the Transall C-160, a combined Franco-German development that in the late 1960s replaced the Nord 2501 Noratlas. This was the first successful Franco-German military project, and it helped to sustain and promote Franco-German “large aircraft design, development, and production programs.” Moreover, the Transall C-160 was a defense industry success: 250 aircraft of this type eventually flew missions for six air forces all over the world.¹⁶¹ Moreover, in those years the Breguet Br. 1150 Atlantic long-range maritime patrol aircraft was developed and built by a syndicate of Belgian, Dutch, French, and West German companies. Altogether, 63 of these “flying electronic centers” were purchased by the countries involved. European governments hope to replace the Transall with the new European transport aircraft Airbus A400M as well as the Breguets with newly developed UAVs.¹⁶²

By the mid- to late 1960s, the buildup of the Bundeswehr was almost complete. A new generation of major military equipment was prepared in the early 1960s by West German companies that had established armament divisions or subsidiaries in response to the stagnation of the economy. Leopard 1 MBTs, gun-equipped tank destroyers, and missile-equipped tank destroyers rolled off the conveyor belts of West German syndicates. Meanwhile, West German shipyards developed and built submarines, fast patrol boats, mine-sweepers, frigates, and destroyers. Only the air arm of the Bundeswehr had to content itself with the materiel that the procurement directorates and divisions in the Ministry of Defense obtained abroad. As noted above, developing aircraft is a very costly undertaking, and multinational projects were therefore eagerly promoted. Desirous of acquiring aeronautical know-how, West German officials successfully proposed the development of several new aircraft with their European NATO partners.¹⁶³

160. Dieter Krüger, “Schlachtfeld Bundesrepublik? Europa, die deutsche Luftwaffe und der Strategiewechsel der NATO 1958 bis 1968,” *Vierteljahrshefte für Zeitgeschichte*, Vol. 56, No. 2 (April 2008), pp. 171–225.

161. Mark A. Lorell, *Multinational Development of Large Aircraft: The European Experience*, RAND Report R-2596-DR&E (Santa Monica, CA: RAND Corporation, 1980), pp. 31–47. Production on the Transall ended in 1985.

162. The German Luftwaffe ordered a variant of the Northrop Grumman RQ-4B “Global Hawk” equipped with German sensors. Named the “EuroHawk,” it combines a normal RQ-4B airframe with an EADS reconnaissance payload. Budgetary problems have caused severe delays of the A400M. See Tim Hopher and Sabine Siebold, “Special Report—The Incredible Saga of Europe’s A400M,” *Reuters*, 8 June 2010, <http://uk.reuters.com/article/idUKTRE65700J20100608>. Perhaps because of these problems, the German government eventually canceled the EuroHawk.

163. Kollmer, “Die materielle Aufrüstung,” pp. 224–226; and Alfred Mechttersheimer, *MRC*

Multinational Cooperation and Economies of Scale: 1967–1972

During this period, West German politicians and industrialists came to understand that they could not reach national defense industry goals by unilateral means. The lessons learned in the preceding years undoubtedly played a key role in this new understanding. From then on, cost-intensive armament projects often took place on a multilateral basis.

In the late 1950s, proposals for multilateral ventures failed to get off the ground because of conflicting national interests, the international environment, and powerful U.S. competition. The initiative was relaunched in the late 1960s, but economic differences remained an obstacle. In view of the progress that had occurred in arms technology, as well as the international geostrategic changes that had taken place, some weapon systems stood in urgent need of modernization. Yet because this need coincided with an economic recession in the West, governments had to ponder how to procure defense materiel at a lower cost. By promising efficiencies and economies of scale, multinational arms collaboration seemed to offer a solution. Only in the following years did the European governments discern that technical compatibility could be another key criterion for the multinational development and production of defense goods.¹⁶⁴

One of the FRG's main economic goals was to protect domestic capacity by encouraging mergers and industrial consolidation and also by promoting exports. To avoid falling behind technologically, West German leaders pursued international collaboration, but even so their primary focus was on domestic production. An increasing share of West Germany's arms procurement went to domestic producers: from 60 percent in 1965 to 80–90 percent by 1975.¹⁶⁵ Within the scope of international collaboration, the Bonn government's economic objectives complemented the goals of West German industry just as they had during the national aspiration phase. The only difference was that this time the objectives included the promotion of a European defense industry, the establishment of defense industry competence in the European Economic Area, and the achievement of efficiencies and economies of scale through combined production. Both government and industry recog-

Tornado: Rüstung und Politik in der Bundesrepublik (Bad Honnef, Germany: Osang, 1977), pp. 136–155.

164. Kollmer, "Nun siegt mal schön!" pp. 411–415.

165. Frederic S. Pearson, "Necessary Evil: Perspectives on West German Arms Transfer Policies," *Armed Forces & Society*, Vol. 12, No. 4 (Summer 1986), pp. 537–538. The international cooperatively developed arms were often nationally produced (e.g., the HOT missile, Transall, and parts of the Tornado aircraft).

nized that the possibility of obtaining added value would be much greater within a European framework than if efforts were purely unilateral.¹⁶⁶

Domestic politics also played an important role in redirecting West Germany's arms policy and strategy toward producing for export. In 1966, when the CDU and CSU were in a governing coalition with the center-right Free Democratic Party (FDP), they decided to avoid selling arms to "areas of tension" (e.g., the Middle East), a desire that strengthened after the 1967 Arab-Israeli War. (In the meantime, sales shifted to Africa, Asia, and Latin America.)¹⁶⁷ This decision, however, encountered countervailing domestic pressure to gain and maintain allies in the Third World. Other opponents of the policy included West German diplomats, who wanted to lift the ban in order to increase their negotiating leverage, and conservative politicians, like Strauß, who advocated using arms transfers as a foreign policy tool, especially with leaders in the developing world.¹⁶⁸

In the debate over selling arms to areas of tension, the forces of restraint seemed to have the upper hand. On 28 September 1969, West German elections catapulted to power a "social liberal" coalition of the SPD and the FDP, with Brandt of the SPD as chancellor and Walter Scheel of the FDP as vice chancellor and minister of foreign affairs, Helmut Schmidt (SPD) as minister of defense, and Alex Möller (SPD) as minister of finance. Schiller (SPD) was reappointed as minister of economics.

Before coming to power, the SPD announced, partly to woo an electorate displeased with the CDU/CSU governing coalition, that it would prevent arms transfers to the Third World. However, this ironclad pledge softened over time. In fact, in the 1970s when the SPD was in power, weapons exports to the Third World nearly tripled, with warships accounting for most of the increase. Lax enforcement of policy, political compromises, and commercial and political lobbying efforts were among the factors behind this growth. The FRG also strove to gain the support of developing countries for its "Hallstein Doctrine," which sought to deny international diplomatic recognition to the German Democratic Republic (GDR). Before 1969, some countries leveraged Bonn's fervent desire to delegitimize East Germany by demanding military assistance in return.¹⁶⁹ In addition, over the years the SPD had steadily

166. Köllner, "Militär und Finanzen," p. 242; and Christoph Grams, *Transatlantische Kooperation: Bedingungsfaktoren und Strukturen im Wandel, 1990–2005* (Baden-Baden: Nomos, 2007), pp. 90–106.

167. Pearson, "Necessary Evil," p. 529. The export of military goods has never constituted a large share of FRG foreign trade. Even today, after all limiting rules have been eliminated, the export of military goods adds up to less than 1 percent of Germany's external trade.

168. Michael Brzoska, "The Erosion of Restraint in West German Arms Transfer Policy," *Journal of Peace Research*, Vol. 26, No. 2 (1989), pp. 168–169.

169. See William Glenn Gray, *Germany's Cold War: The Global Campaign to Isolate East Germany*,

come to embrace market principles, while for the FDP the selling of arms posed no major concerns.¹⁷⁰ This strategy of restraint weakened even further once the CDU-CSU returned to power in 1982.¹⁷¹

Intragovernmental disputes also altered West German policy and strategy. After the SPD/FDP coalition took office, the Ministry of Defense argued for a total ban on sales to non-NATO countries. However, the FDP-led Foreign Office favored the selective use of arms transfers. In June 1971 a compromise was struck: West Germany would ban arms transfers to “areas of tension,” whereas exports to non-NATO nations would occur only in specific circumstances. But because this decision was made by the cabinet, it did not have the force of either law or regulation. In addition, the Bundestag was kept in the dark about the decision, leaving it to the Foreign Office to determine what constituted “areas of tension.”¹⁷²

A second cabinet decision also greatly affected the FRG’s arms exports by easing the restriction on selling to “areas of tension.” The cabinet secretly decided in 1972 (in conjunction with France) that any joint Franco-German project would not be subject to a West German veto if the systems were exported by France. In practice, this meant that Bonn could avoid the export ban by ensuring that the weapons were transferred from France. Military hardware could then be shipped to “areas of tension,” and West Germany could retain relative anonymity.¹⁷³

Why was the emphasis on “anonymity” so important? Given Germany’s tragic past, many FRG citizens since the 1960s have been leery about arms, even as they produce and sell them in large quantities. As one scholar notes, there is an “inherent tension in the West German defense sector, perhaps unparalleled among modern industrialized states, between an urge to produce and market arms and an urge to avoid either their sale or the responsibility for them.”¹⁷⁴ The weight of the past, therefore, played a substantial role in *how* the FRG sold its arms but not in *whether* it sold them. Although German identity shaped attitudes toward arms in the FRG, it had little effect on whether weapons were produced or sold. Economic and political considerations outweighed the scruples of FRG industrialists and politicians.

1949–1969 (Chapel Hill: University of North Carolina Press, 2003). After the 1969 elections in West Germany, the new Bonn government sought to overcome the division of Europe by adopting a new policy toward the East, Ostpolitik. This policy resulted in the so-called Eastern Treaties (*Ostverträge*), which were intended to normalize relations between Germany and the Eastern bloc.

170. Gray, “Number One in Europe,” p. 74.

171. Brzoska, “The Erosion of Restraint in West German Arms Transfer Policy,” pp. 165–177.

172. *Ibid.*, p. 169.

173. *Ibid.*, p. 170.

174. Pearson, “Necessary Evil,” p. 526.

The international security environment also spurred West Germany to collaborate even more with France on some arms projects. After NATO adopted the U.S. strategy of flexible response as MC 14/3 in 1968, the Europeans began to see (mistakenly, we now know) the conventional component as a more decisive element in the defense of Western Europe, thereby increasing the importance of ground forces.¹⁷⁵ The Vietnam War was also a factor. Because of the deepening U.S. military and political involvement in Vietnam, the defense of the West became progressively more “Europeanized.”¹⁷⁶

Thus, as the United States concentrated its military and economic resources on prosecuting the war in Southeast Asia, the importance of the European defense industry grew significantly, and multinational cooperation with European partners intensified. For example, weapon systems such as the FH 70 field howitzer, the Roland II air defense system, and the HOT and Milan antitank missiles were developed during this period.¹⁷⁷ This cooperation strengthened European integration and European defense companies in their competition with the more powerful U.S. defense industry.¹⁷⁸

The most prominent example of the era was the procurement of the Tornado multi-role combat aircraft (MRCA) for European forces.¹⁷⁹ After World War II, most European air forces had been “Americanized” in their weaponry.¹⁸⁰ Until well into the 1970s, more than 70 percent of their major items had been procured overseas. In order to free themselves from this dependency, Belgium, Canada, France, Italy, the Netherlands, the United Kingdom, and the FRG worked together to develop a multi-role combat aircraft to replace the U.S.-produced F-104 Starfighter. Collaboration was necessary because none of the countries involved was capable of producing an aircraft on its own that could compete with U.S. combat aircraft. As a result, several European development programs were initiated in the mid-1960s, but, as noted above, many of them were discarded. The security policies of the nations involved varied extensively, and the differences between them regarding the requirements for such an aircraft were too great to overcome.¹⁸¹

For example, after lengthy negotiations, West Germany, Italy, and the

175. Pedlow, ed., *NATO Strategy Documents*; and Gavin, “The Myth of Flexible Response.”

176. Kollmer, “Nun siegt mal schön!” p. 411.

177. The United States adopted the Roland I, which was developed by the French-German consortium Euromissile. See Taylor, “Weapons Standardization in NATO,” p. 109.

178. Kollmer, “Klotzen, nicht kleckern!” p. 586; and Seiller, “Zusammenarbeit kann man das nicht nennen!?” p. 87.

179. For more on the development of this first “All-European-Aircraft,” see Mechttersheimer, *MRCA Tornado*.

180. Engel, *Cold War at 30,000 Feet*, p. 11.

181. For more, see Kollmer, “Die materielle Aufrüstung,” pp. 224–226; and Mechttersheimer, *MRCA Tornado*, pp. 36–54.

United Kingdom eventually decided in the late 1960s to proceed with joint development and production of a European combat aircraft. At the same time, France offered West Germany the opportunity to work on a joint upgrade of the somewhat outdated Mirage G III. De Gaulle's primary motivation for doing so was that after he pulled French forces out of NATO's integrated military command in 1966 he wanted to avoid relinquishing to the British the lead role in weapons cooperation with the FRG. France also devoted itself to attaining independence from the United States and began developing the Mystère 20, Mirage III, and Mirage IV.¹⁸² Despite the tempting offer, the West German government stuck to its decision, believing that the project that ended with the development of the MRCA Tornado would be more profitable. To compensate for the rejected offer, France and West Germany shortly thereafter worked together in developing and producing a close-combat and training aircraft, the Alpha Jet.¹⁸³

By 1968, several factors induced West Germany's military industry to pursue greater exports. Domestic supply and demand was one reason. The Bundeswehr, which had been a major recipient of these weapons, was now fully armed, and the domestic market was saturated.¹⁸⁴ Another major reason for the turn to exports was that the FRG's economic recession ended in the summer of 1968. By restraining West German unions' wage demands (the unions also exercised some self-restraint) more than rival arms producers abroad had done (e.g., in France, the United Kingdom, and the United States), the FRG was the sole Western country to grow economically without attendant inflation. Accordingly, West German-produced goods were cheaper than those of their competitors, which stimulated the export economy. Additional factors, such as fixed exchange rates, an undervalued deutsche mark, and changes in the FRG tax code (e.g., a single value-added tax), drove down the price of West German goods sold abroad even further, leading to a banner year for exports in 1968.¹⁸⁵ Although structural factors played a role in this success, so did deliberate West German strategic choices.

By the early 1970s, a genuine West German defense industry had developed. The authorities and companies involved had gained their first experiences in multinational, primarily European, cooperation. French–West German cooperation proved, irrespective of some differences, to be especially

182. Christian Stoffaës, "Industrial Policy in the High Tech Industries," in William J. Adams and Christian Stoffaës, eds., *French Industrial Policy* (Washington, DC: Brookings Institution Press, 1986), p. 51; and Seiller, "Zusammenarbeit kann man das nicht nennen!?" pp. 77–82.

183. Kollmer, "Die materielle Aufrüstung," p. 226.

184. Michael Brzoska, "Arms Production in the FRG," in Nicole Ball and Milton Leitenberg, eds., *Structure of the Defense Industry: An International Survey* (London: Croom & Helm, 1983).

185. Gray, "Number One in Europe," pp. 59–60.

fruitful.¹⁸⁶ Despite the high efficiency, the main concern—as is often the case with the production of defense goods—was to achieve important economic and political objectives: the integration of the Federal Republic into the Western defense community, control of the West German weapons industry, European unification, political legitimacy, economic development, and strengthening Europe's position in high-tech manufacturing relative to the United States, as well as bolstering its national security posture.¹⁸⁷ West Germany's arms strategy was thus intended to accomplish many objectives.

West Germany's relations with the United States were also changing. Despite Bonn's long-standing desire for a continuous U.S. troop presence on its soil, the new leaders in the late 1960s indicated that their position on this issue was evolving. When faced with U.S. and British troop reductions in 1969, the West German government took it in stride. Defense Minister (and later Chancellor) Schmidt announced in 1970 that West German policy would no longer remain hostage to U.S. troop levels in the FRG.¹⁸⁸ Schmidt's announcement presaged the Mutual and Balanced Force Reductions negotiations. Those talks, which began in 1973, were an attempt by NATO and the Warsaw Pact to negotiate conventional arms control in central Europe. Such an agreement, West German officials hoped, would limit U.S. demands for West German financial offsets. Arms reductions would also align with *Neue Ostpolitik*, as well as placate a West German public increasingly disillusioned with the United States.¹⁸⁹

In addition, the United States was progressively less willing to use offset payments to ease its monetary woes. Unlike Eisenhower, Kennedy, and Johnson, President Richard M. Nixon was more committed to keeping U.S. forces in Europe, more willing to defend his foreign policy autonomy from the U.S. Congress, and less committed to the Breton Woods system.¹⁹⁰ Moreover, Nixon's national security adviser, Henry Kissinger, was zealous in defending

186. Seiller, "Zusammenarbeit kann man das nicht nennen!?" pp. 102–104.

187. On this last point, David Edgerton contends that "The geopolitics of technology in the cold war were not bipolar: there was competition between the Western powers in weapons development." See David Edgerton, *Warfare State: Britain, 1920–1970* (New York: Cambridge University Press, 2006), p. 264. See also Engel, *Cold War at 30,000 Feet*.

188. Zimmermann, "Improbable Permanence of a Commitment," p. 24. On Schmidt during this period, see Hartmut Soell, *Helmut Schmidt, Vol. 2, Macht und Verantwortung: 1969 bis heute* (Munich: Deutsche Verlags-Anstalt, 2008).

189. Mary E. Sarotte, *Dealing with the Devil: East Germany, Détente, and Ostpolitik, 1969–1973* (Chapel Hill: University of North Carolina Press, 2001); Philipp Gassert, "The Anti-American as Americanizer: Revisiting the Anti-American Century in Germany," *German Politics and Society*, Vol. 27, No. 1, Issue 90 (Spring 2009), pp. 24–38; and Sebastian Schwark, *Zur Genealogie des modernen Antiamerikanismus in Deutschland* (Baden-Baden: Nomos, 2008).

190. Zimmermann, "Improbable Permanence of a Commitment," p. 21.

executive prerogative against legislative zeal.¹⁹¹ Together, they were less likely to threaten the Europeans with a U.S. troop withdrawal from the continent and were able to blunt congressional attempts to make them do so.¹⁹²

Another dynamic was also at play: U.S. global power and influence began to decline in the late 1960s. Washington's leverage over Bonn largely resulted from the presence of U.S. troops stationed on West German soil. The United States used this leverage to extract monetary concessions from West Germany, but U.S. troops also provided a defensive shield behind which the FRG could prosper. However, as these troops began to matter less, West Germany became more willing to challenge the United States.¹⁹³ The burgeoning costs of empire for the United States thus shaped the possibilities and limits of second-tier powers such as the FRG.¹⁹⁴ On the other hand, the early 1970s also coincided with an economic reckoning for the Federal Republic, as it entered more than a decade of economic retrenchment.¹⁹⁵

In short, West Germany became increasingly self-confident, eventually viewing the United States as more an economic partner than a patron. Moreover, Bonn also saw Washington as an economic competitor. Thus, self-interest dictated that West Germany should rely more on arms built in cooperation with European partners than with the United States. Once again, economic goals largely determined the military means.

Conclusion

Understanding the FRG's armaments strategy from the time of the country's entry into NATO until the early 1970s is important in gaining insight into larger issues surrounding the perennial "German question," which centered

191. During this time, Kissinger, who was born and reared in Nazi Germany, became close to Schmidt, the West German minister of defense, and this close relationship endured after both of them had left office. See Holger Klitzing, *The Nemesis of Stability: Henry A. Kissinger's Ambivalent Relationship with Germany* (Trier, Germany: Wissenschaftlicher Verlag, 2007). However, Kissinger was initially deeply suspicious of Brandt's diplomacy. See Jussi Hanhimäki, "Henry Kissinger: Vision or Status Quo?" in Bozo et al., eds., *Visions of the End of the Cold War in Europe*, pp. 199–201.

192. Zimmermann, "'They Have Got to Put Something in the Family Pot!'" pp. 344–346; and Gavin, *Gold, Dollars, and Power*, chs. 7–8.

193. One of Brandt's primary advisers, Egon Bahr, told Kissinger that a mutual withdrawal of U.S. and Soviet military forces from Europe would grant Germany greater flexibility to pursue détente. Kissinger thought that expecting the Soviet Union to cooperate was naïve. See Henry Kissinger, *Years of Upheaval* (Boston: Little Brown & Co., 1982), pp. 147–148.

194. Kreile, "West Germany," p. 780.

195. Herbert Giersch, Karl-Heinz Paqué, and Holger Schmieding, *The Fading Miracle: Four Decades of Market Economy in Germany* (New York: Cambridge University Press, 1992), ch. 5; and Abelshauer, *Deutsche Wirtschaftsgeschichte*, pp. 420–435.

on the fate of German power in Europe. One way to explain the FRG's arms strategy is to view it through the lens of *power*, *preferences*, and *ideas* as filtered through IR theories of realism, liberalism, and constructivism. To aid in this task, we have drawn on the historical record, including both primary and secondary sources.

From the mid-1950s through the 1970s, West German arms strategy proceeded mainly in two directions. First, the country focused on its economic rather than military requirements. Initially, West German leaders wanted to avoid jeopardizing economic recovery by producing weapons intended to rearm the Bundeswehr. They used the procurement of major military equipment as a way to balance the FRG's trade surplus with its European NATO partners, especially France and Britain. Beginning in the early 1960s, however, West German leaders wanted to stabilize the economy by establishing a national defense industry. In these years, the FRG imported only military equipment that could not be produced domestically. But by the 1970s the West German government realized that the joint development and production of cost-intensive armaments such as aircraft could result in positive economies of scale. Eventually, West German officials understood that multinational efforts are usually more cost-effective than unilateral ones, an insight often lost in European politics.¹⁹⁶

This first direction could be explained by the logic of preferences. The West German government sought to revive the country's economy and therefore was hesitant about rebuilding the arms industry, for fear that devoting resources to it might harm economic recovery. But as West German arms manufacturers began to regain their influence, they successfully lobbied the government for arms contracts, a process spurred on by the FRG's growing economic independence from the rest of Europe.

What about ideas? The ideational approach does explain part of West Germany's arms strategy during this period. The FRG did want to chart a new path. To that end, it adopted an economic system that embodied a "socially conscious form of capitalism." The West German government also hesitated before deciding to produce arms because of the country's tragic past and concerns about its international image. The ideational approach might also account for why West German officials, anxious to establish a new identity for the FRG, placed such great emphasis on anonymity when shipping arms to areas of tension.

Nevertheless, even if the ideational approach might explain the West German government's concerns about its reputation as an arms dealer, these concerns proved too weak to keep Bonn from selling weaponry to areas of

196. Kollmer, "Klotzen, nicht kleckern!" pp. 612–614.

tension in the first place. Moreover, the FRG cooperated with other European countries in building weapons not out of a desire to transcend the nation-state but because doing so served the country's security interests.

The logic of power might also explain the FRG's growing profile as an arms producer and provider. Building weapons for itself could be seen as a form of internal balancing, whereas selling them to its European allies was a means of external balancing against the Soviet Union. Although the evidence indicates that West German arms procurement was shaped more by preferences than by power, the extended deterrence provided by the United States is what enabled the FRG to focus on its economy.

The second general direction of West German arms strategy was toward European unification. Bonn recognized that relations with Paris would be a driving force of the European community because of the great need for Franco-German cooperation on continental economic and security issues. Because defense industry cooperation is bound up with both high and low politics, it played a crucial role in the FRG from the very start. Moreover, each major decision in these two fields played an important part in cementing Franco-German relations and supporting European integration.

Preferences offer an explanation for this direction. The West German government sought to fulfill the wishes of the increasingly powerful defense industry lobby. Economic interdependence between the FRG and other European countries increased opportunities for trade, which prompted West German arms producers to advocate trade liberalization, thus reinforcing the process.

At a deeper level, this case also demonstrates how a single individual, Franz-Josef Strauß, could exert enough political influence to alter the FRG's arms strategy, including what weapons it procured, as well as from where and from whom it procured them. His command of pork-barrel politics was truly impressive. Indeed, much of Bavaria's current economic success is the result of Strauß's efforts decades earlier on its behalf. For this reason, he remains to this day an adored figure in his southern German home state.¹⁹⁷ From a conceptual standpoint, Strauß's role aligns with preferences, insofar as he exerted great influence over West Germany's arms strategy both inside and outside the cabinet in order to enrich his home state. He not only represented the interests of manufacturers, but carried them out as well.

Power could also explain part of this second direction. Because the West Europeans feared the Soviet threat but harbored doubts about the U.S. gov-

197. Wilfried Scharnagl, *Mein Strauß: Staatsmann und Freund* (Neuried, Germany: Ars Una, 2008). Very different opinions about Strauß can be found elsewhere in Germany. See Werner Biermann, *Strauß: Aufstieg und Fall einer Familie* (Berlin: Rowohlt, 2008).

ernment's commitment to their defense, they believed their best hope for providing for their long-term security lay in integrating their collective economic and military resources. As the two most powerful states in Europe, France and West Germany drove the integration process. They worked together to establish and maintain a rough parity between the two of them so that they could jointly lead the European integration movement. They thus balanced against the Soviet Union and against each other. Balance-of-power logic thus governed West Germany's actions during this period.¹⁹⁸

Power also seems useful in explaining the great influence the United States exerted over the FRG's arms strategy. As a key military guarantor of West Germany, the United States compelled Bonn to buy U.S.-made weapons. However, uncertainty about Washington's commitment to remain engaged militarily in Europe and doubts about U.S. support for German unification spurred West German governments to seek closer cooperation with European allies and détente with the Soviet Union. Without the U.S. extended deterrent, the FRG would have had to shoulder a greater self-defense burden, thus influencing its arms strategy. This response to external security pressures seems to lend support to our concept of power, but West Germany's attempts to lessen its dependence on the U.S. arms industry resulted from economic, not traditional security, concerns.

It is unclear how the logic of power would explain why West Germany often took actions that risked damaging its relations with the United States—especially when it knew about Washington's desire to bring U.S. ground forces home from Europe. West German leaders' pursuit of détente as a way to ease tensions with the Soviet Union was thus a hedge against a withdrawal of U.S. forces from Europe. The FRG had more ambitious goals—a mutual withdrawal of the forces of both Moscow and Washington—but leaders in Bonn recognized that without nuclear weapons any attempts to balance against the Soviet Union would be infeasible. This is partly why West German governments continued their quest to build nuclear weapons even after the 1963 Limited Test Ban Treaty guaranteed the country's non-nuclear status. A second reason for acquiring nuclear arms, however, was that they would help the high technology industry in Bavaria.¹⁹⁹

What does the ideational approach have to say about this second direction? At first glance, relatively little. Arms procurement strategy responded

198. For this argument, see Sebastian Rosato, *Europe United: Power Politics and the Making of the European Community* (Ithaca, NY: Cornell University Press, 2011).

199. For a more thorough discussion of these points, see Marc Trachtenberg, "The Structure of Great Power Politics, 1963–1975," in Melvyn P. Leffler and Odd Arne Westad, eds., *Cambridge History of the Cold War*, Vol. 2, *Crises and Détente* (Cambridge, UK: Cambridge University Press, 2010), pp. 482–502.

primarily to structural and material concerns. West Germany was focused on developing its own economy and looking after its own security, being driven by self-interest, not by a desire to supersede the nation-state.

The FRG's arms strategy during this period presents an additional layer of complexity for scholars because no single approach or theory captures the entire story. Although traditional security concerns were not absent from the thinking of several West German governments, they also placed great emphasis on the domestic economy and were willing to run international risks and incur political costs to reach their economic goals. The risks included a deterioration of favorable U.S.–West German ties and potentially a reduction of the military strength of NATO during a tense period of the Cold War.²⁰⁰

In short, West Germany's domestic economic concerns at all levels during this period trumped Cold War security concerns more often than not. Yet the need to respond to external pressures and the desire to regain international legitimacy also played an important role in West German decision-making. Scholars must therefore account for a variety of factors when attempting to explain the arms strategy of the Federal Republic during this period rather than presenting a false choice between power, preferences, and ideas.

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200. Taylor, "Weapons Standardization in NATO"; and Seiller, "Zusammenarbeit kann man das nicht nennen!?" pp. 56–63.