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World Export Champions

History of a German Obsession

(Original German title: Exportweltmeister: Geschichte einer deutschen Obsession)

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Introduction: The German Export Obsession

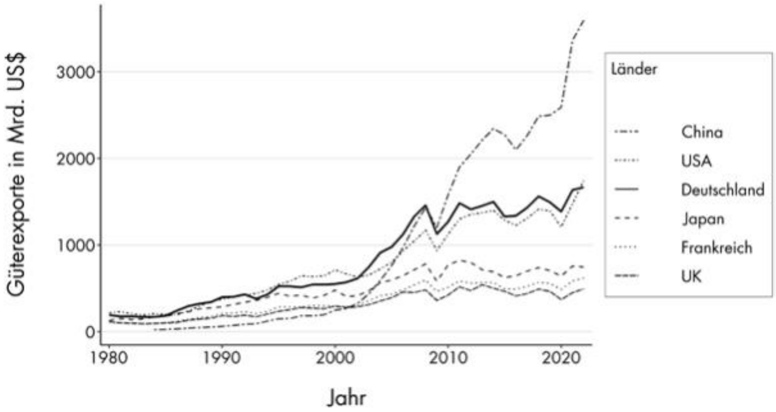
In the 84th minute, Jorge Burruchaga dashed the hopes of the Germans. In front of 115,000 spectators in the sold-out Azteca Stadium in Mexico City, the German *Nationalmannschaft* is trying to win its third World Cup title after 1954 and 1974. Shortly before the end, it still looked promising. In the 81st minute, Rudi Völler scores the equalizer to make it 2:2. But then the German team was caught off guard. Diego Maradona plays a brilliant pass from the halfway line into the opponent's half, Hans-Peter Briegel can no longer reach Burruchaga. In vain, commentator Rolf Kramer implores the German keeper: "Toni! Stop the ball!" But the Argentinean, ice cold, pushes the ball past Toni Schumacher and into the net.

The 1986 World Cup in Mexico is unforgettable in both sporting and political terms. Just four years after the bloody Falklands War, Argentina and England met in the quarterfinals. In Germany, the tournament initially aroused little enthusiasm. A few months earlier, a nuclear power plant had exploded in Chernobyl in the Soviet Union, sending a huge radioactive cloud over Europe. People were preoccupied with other things. Then, however, the German national soccer team gradually won over the hearts of the people back home, but finally had to accept defeat in the final against the team of Diego Maradona and his "Hand of God" with a score of 2:3. Four more years passed before the West German team won its third World Cup. However, in 1986, the citizens of the Federal Republic had another reason to feel like world champions: in that year, the Federal Republic of Germany exported more goods than any other country in the world for the first time. The West Germans had been crowned “export world champions”, or *Exportweltmeister* in the local tongue.

It’s hard to say who originally coined the term. It may have been coined on a whim in late 1986, as a casual expression by eloquent journalists in the run-up to the Bundestag elections in January of the following year. Press archives cite an article from the magazine *Der Spiegel* in February 1987 as the first mention. In the spring of that year, the expression was already so familiar that the *Süddeutsche Zeitung* could write that the “German textile industry” was “known to be the world’s export champion,” even if foreign countries were still feigning ignorance: “Word has not yet reached Japan. When a fashion-conscious Japanese woman buys a dress, it must ‘of course’ be from Italy or France.”[1]

Germany has since lost its top position, at least when it comes to overall exports and the textile industry. In 2009, shortly after the bankruptcy of the U.S. investment bank Lehman Brothers and the ensuing crisis in the global financial system, China took over the lead in the ranking of export nations. Since then, the People’s Republic has been playing in a league of its own. The Federal Republic now only competes with the USA for second place. But it still feels like the world’s export champion. Strength in foreign trade is a matter close to the heart of German society. As far back as the end of the nineteenth century, Germany was one of the great exporting nations, and the intellectual elite were already taking pride in it, in the fact that the German Empire was the second-strongest exporting nation in the world behind Great Britain.[2] After World War II, West Germany quickly left the United Kingdom in its wake. The Federal Republic moved inexorably closer to the new leader, the United States, passing it for the first time in 1986 (see chart 1).

Graph 1: Total Exports of the six largest export-countries (in US dollars), 1980–2022



Source: my own calculations using the trade figures of the United Nations (https://wits.worldbank.org/)

How can this rise be explained? It would be too simple to attribute it solely to the irrepressible competitiveness of German industry, if only because this would make it seem like something inevitable. It owes much to a peculiar will on the part of German entrepreneurs and politicians to be successful first and foremost in foreign markets. "Only the efficiency of our merchants and the effectiveness of a trade policy that [...] protects against discrimination secure our foreign trade and thus our existence," wrote Federal Economics Minister Ludwig Erhard in 1953 in his book *Deutschlands Rückkehr zum Weltmarkt* (Germany's Return to the World Market).[3] Ten years later, he was still expressing this conviction at a meeting of the Foreign Trade Advisory Council: "without foreign trade, the German economy would be doomed to die."[4]

Across the most diverse forms of government, political worldviews, and crises in the global economy, politicians and entrepreneurs pursued the goal of making the country—or perhaps more accurately, its corporations—the largest exporter in the world, and generating large trade surpluses wherever possible. And as a rule, despite largely unfavorable economic conditions, the Germans achieved this goal. Apart from large coal and potash deposits, Germany is a country that is poor in raw materials. The export successes were achieved in the manufactured goods industry, with the sectors changing over the twentieth century: from the chemical and electrical industries to mechanical engineering, then automotive production, then plant engineering, and then back again. It was not industrial continuity that secured the dominance of the German economy in foreign trade, not "German craftsmanship" or even a special national work ethic, not inventiveness or a particular organization of production cultivated over decades, but the permanent adaptation of production and politics to the requirements of the world market. Historically, this adaptability is perhaps the great strength of the German economy.

For this reason, key figures in business and politics who contributed to this flexibility through their ideas and actions inevitably become the focus of our interest when discussingt the reasons for Germany's rise to a "trading power" (William Glenn Gray).[5] Export entrepreneurs and decision-makers in foreign trade policy formed a community of interests that rose to become one of the most important opinion leaders in the economic governance of the country. Very often, this association led to prosperity and economic growth; occasionally, however, its strict focus on exports obscured other sociopolitical goals. How did the focus on exporting emerge as an overarching and bipartisan economic policy strategy, and why is exporting so incredibly important to Germans to this day? In what ways and by what means did politicians try to persuade German companies to increase their export efforts, and how, conversely, did companies succeed in convincing makers of foreign trade policy to support their export interests?

The focus on exporting has been deeply anchored in Germany's economic and political system over a lengthy historical period, and still determines political actions today. Particularly in light of recent global crises, the climate crisis, the consequences of the pandemic, and the return of war and the armament industry to Europe, only a thorough historical reconstruction of the German "export obsession" can help to reveal its irrational consequences in German economic history.

The term "world export champion" establishes a link between the economic sphere and Germany's collective national identity, which obviously includes not only soccer but also something as abstract and complicated as export success. It is the linguistic expression of deeply ingrained patterns of thought and action that continue to shape German economic policy to this day. From an economic perspective, the term has only limited informational value. Comparing different countries in terms of exports is actually only meaningful if it accounts for factors such as the size, population, or economic performance of the countries being compared, or also looks at their imports. We only find it being used commonly as a designation for Germany, while the long-time leader, the USA, neither feted itself as the world export champion nor had it previously been designated as such in Germany. This is partly due to the fact that the USA imported many more goods than it exported. Since the 1970s, the country has been afflicted by a chronic trade deficit.[6]

Germany's rise to the position of world export champions, on the other hand, was accompanied by a considerable trade surplus, and that is no coincidence. In Germany, such a surplus is an inseparable aspect of what makes this term something to identify with. It seems highly unlikely that "Germans" would be pleased with first place in the ranking of the largest export nations if they also had a trade deficit (as in the case of the USA). The superiority of the country's export industry in trade between states conceived as competition is anchored in the term. It is the expression and linguistic culmination of a nation-state discourse, a "banal nationalism"[7] (to use a term developed by the political scientist Michael Billig with reference to the example of the UK), which emerged over a lengthy historical period around the export strength and international competitiveness of the German economy. The economic realm took the place of the political and military power lost after the two world wars. This complex of themes, whose historical development is described in this book, remains present whenever the notion of export world champions is invoked in Germany today.

Of course, the concept and the national discourse would not exist without real substance. You cannot create export strength just by calling yourselves world export champions. This title is based on the actual success of products manufactured in, or distributed from, Germany on global markets. In 1986, the value of West German exports was the equivalent of 270 billion euros. Since then, this sum has increased almost six-fold. In 2022, goods worth 1,576 billion euros were exported from Germany. A strong increase for the second year in a row of some 14 percent, even though world trade had slumped during the Corona crisis. Just over 40 percent of Germany's gross domestic product was thus generated by exports last year. A quarter of domestic jobs depend on foreign trade.[8]

The question of why individual products are so successful can only be answered in each specific case. Sometimes, it all started with a technical innovation, such as Robert Bosch's magneto ignition device at the end of the nineteenth century.[9] Sometimes the decisive factor was the low sales price compared with foreign competitors, coupled with efficient domestic production and comparatively high quality, as was the case with the Volkswagen Beetle in the era of the *Wirtschaftswunder*.[10] Many companies were able to stand out from the pack due to their ability to deliver, their reliability and their service in terms of maintenance and repair, as well as the organization of their international sales.[11] Today, these aspects are often summarized under the catchphrase "Made in Germany," a label with which, ironically, Great Britain originally tried to protect itself against cheap goods from Germany at the end of the nineteenth century.[12] In addition, however, there are overarching political conditions, government trade agreements, support for export financing, and of course monetary policy, each of which has a very different effect on the products.

For individual cases and shorter historical intervals, the significance of these factors can be determined very precisely. But why is the entire country a successful export economy, and not just over specific periods of time, but over such an extended period? Particularly since trade simply mean that people in Germany produce more than they consume. Every company is always aware that export booms are only ever temporary in nature and are bound to weaken when foreign demand becomes saturated or its purchasing power is exhausted. How has the German export industry managed to generate a new boom after every downturn? And why did it seek to establish and maintain this trend in the first place?

In companies, the interest in exporting was driven by an expansion of sales markets, which had various motivations at different points in history, such as the cost savings of large-scale production or in response to the lack of purchasing power of the domestic market, and sometimes the motivations were imperialist. In politics, this interest was driven by nation-state compulsions: the need to create industrial employment opportunities during the German Empire, to generate foreign exchange revenue in order to fund reparations payments during the Weimar Republic, and to realize the employment and growth policies that guided the *Wirtschaftswunder* in West Germany. The concrete individual motives can always be classified and "explained" within the context of the overarching conditions of the time.

But the decisions followed a much more long-term continuity. The export focus of elites in trade associations, companies, and politics is so uniform, so sustained, and so persistent, right down to the language that is used around it; it cuts across party lines and is so pronounced across the many changes of government and regime in German history that it must be understood as a historical force in its own right. It resembles a kind of intergenerational and intersubjective genotype in German economic history. In some historical cases, the effectiveness of this force is quite surprising. For example, when National Socialist autarky advocates argued for the maintenance of export capacity, or trade union officials opposed the revaluation of the deutschmark, even though this would have reduced the prices of consumer goods at home. When agents act against their own interests or when real alternatives for action are not just ignored but not even perceived as such, it becomes apparent that Germany's focus on exporting has something downright compulsive about it. It becomes an "obsession." This term is not used here in its narrow psychological definition, which is used to analyze compulsive actions by individuals. Rather, it is used cautiously and in small doses only when the strict historical manifestation of this focus on exporting has, in demonstrable cases, restricted the scope for decision-making in business and politics and obscured the view of alternative courses of action.

In order to first incorporate the established debates in trade studies, the book begins with a very brief overview of the development of the economic theory of international trade (Chapter 1). This is followed by a statistical overview of the history of Germany’s global economic integration since the nineteenth century, which mainly highlights long-term developments: the transition from a nation with an export deficit to one with an export surplus, changes in the structure of foreign trade (such as which goods were and are imported, which exported), and long-term changes in the composition of the country’s main trading partners (Chapter 2).

The book then moves on to a chronological account that focuses on foreign trade policymakers and entrepreneurs as the most important actors. It begins with the trade policy of chancellor of the German Empire Leo Graf von Caprivi in the 1890s, which was important for the focus on exporting, and spans a long historical arc ending with the period after World War II (Chapter 3). Until 1952, export surpluses were rare and the position of world export champion unattainable, however the intellectual preparation for Germany’s focus on exporting began much earlier. This is shown by Caprivi’s new trade policy, the British–German rivalry, the world market ambitions of German chemical and electrical industries, and it continues via the lively efforts during the Weimar Republic—particularly in the sphere of politics—to regain lost world market shares, and finally culminates in the National Socialist policy of autarky, which served not only numerous elements of the armament industry but also the export interests of the German economy.

The sustained occurrence of trade surpluses in West Germany marks the beginning of a new period in the history of German export policy from 1952 onward (Chapter 4). Unfortunately, developments in the GDR can only be included here via a few incursions. In view of the book’s thesis, it would interesting to clarify whether a similar focus on exporting was at work in the East. However, the research effort this would have required simply made it impossible to pursue this question. Chapters 4 and 5 draw on a thorough, but by no means complete, evaluation of the archival holdings of the Federal Ministry of Economics, the Foreign Office, the Federal Chancellery, and some companies and associations. Documents from the Foreign Trade Advisory Council at the Federal Ministry of Economics (from 1974 known as the Foreign Economy Advisory Council), founded in 1946, in which the top functionaries of the export industry met with the leading figures in foreign trade policy, form a central source.

An important instrument of German export policy was currency policy and exchange rate politics, which has received far too little attention in the literature because of the systematic separation between trade and monetary policy. It acquired a prominent role in German foreign economic policy with the dissolution of the fixed exchange rate system beginning in 1973 (Chapter 5). From this point on, West Germany's focus on exporting and its export strength were situated in an extremely dynamic and complex global economic environment, an environment which the export industry and foreign economic policy mostly navigated effectively through their collaboration. The 1970s and 1980s brought not only surprising and unpredictable export surpluses but also harsh criticism, especially from Western trading partners. Within the economic and administrative elite of the Federal Republic, a very particular rhetorical dynamic emerged, which would lapse into alarmism at the slightest sign of declining export surpluses, but almost aggressively called for serenity at the highest export surpluses.

The winning of the world export championship of 1986 was driven to a large extent by the export-friendly programs of the government under Helmut Kohl. This important phase was also characterized by a targeted "relocation of production," a state-sponsored global "offshoring" of the German economy, which had already begun in the 1960s and was continued by Federal Ministers of Economics from the Social Democrats and the liberal Free Democratic Party alike. The multifaceted global integration of the German economy, as it still exists today with all its advantages and disadvantages, came into being during this period.

The *Exportweltmeisterschaft* of the 1980s was only the short prelude to a much more formidable and longer reign as export world champions enjoyed by a reunified Germany after the turn of the millennium, which was now also accompanied by much less controversial performances on the soccer pitch during the "summer fairy tale" of 2006, which, however, once again failed to lead to a World Cup title for Germany. This circumstance led to a second discursive springtime for the notion of the *Exportweltmeister*. This phase will be discussed in more detail in the conclusion (Chapter 6), which begins with a summary of the study's findings.

There is no doubt that if Germany's prosperity is to be maintained in the future, German foreign trade policy and the export industry will have to continue to be successful. But these successes should no longer be achieved through domestic consumption restraint, investment weakness, and income inequality. The great advantages offered by the international division of labor should continue to be utilized, but there must be a limit in the consumption of resources necessary for this purpose. Export successes can no longer be accompanied by protectionist restrictions on the domestic market, which, for example in the area of agricultural policy, make it difficult for the consumer countries of German goods to generate their own yields, driving them into debt. Finally, a limit must be placed on Germany's export successes when it comes to skimming the profits of foreign manufacturing companies. We cannot allow this situation to go so far that a growing global population has no choice but to follow the profits generated in their home countries to the industrialized countries of the West. The lessons of history gathered together in this book do not oppose the notion of exporting, nor do they oppose the pride that is often associated with it. However, they lay bare the short-sighted exaggerations, the unwarranted distributional effects and negative consequences on the global economy that accompany such narratives, as well as revealing some of the national biases in their descriptions of the global economy.

This book is intended as a proposal for an interpretation of German economic history and not as conclusive research. In some places, it offers a synthesis before the thesis. Many aspects require further, more intensive examination and research, more than one individual can accomplish within a reasonable amount of time. If it is taken up as a proposal for interpretation, as a suggestion for further work on a German economic history that is not confined to the interests of the nation-state, this book will have achieved its goal.

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[1] In the earliest newspaper articles that could be researched so far, the term was quite obviously already established: "Augen öffnen", *Der Spiegel*, February 23, 1987.

[2] Ernst von Halle, "Die Seeinteressen Deutschlands," in: *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich* 22 (1898): 235.

[3] Ludwig Erhard, *Germany's Return to the World Market. With the* 2nd ed. 1954, 8th edition., P. 8.

[4] "Minutes of the 103rd Session of the CSO," April 4, 1963, Political Archives of the Foreign Office, PA AA B52-REF.400/IIIA1 334

[5] William Glenn Gray, Trading Power. West Germany's Rise to Global In- fluence, 1963-1975, Cambridge und New York: Cambridge University Press 2023. In his book, Gray describes the rise of Germany as a "trading power" between Adenauer's withdrawal and the emergence of the world economic summits under Helmut Schmidt. With the concept of "trading power" he follows the political scientist Richard N. Rosecrance, Der neue Handelsstaat: Herausforderungen für Politik und Wirtschaft, Frankfurt/Main and New York: Campus 1987. Using its economic power, the Federal Republic had begun to help shape international relations. This masterfully researched interpretation is absolutely to be agreed with. However, I am of the opinion that the development had a longer historical course since the late 19th century and that even in the 1960s and 1970s the export economy had a greater significance for the shaping of politics.

[6] On U.S. trade history, see: Douglas A. Irwin, *Clashing over Commerce: A History of U.S. Trade Policy*, Markets and Governments in Economic History (Chicago: Chicago UP, 2017), 566-72 Another economic reason for the lower national importance of exports is the lower "export quota" of just 8%, compared to 40% in the FRG. AußIn addition, the "world championships" have less significance as a result. See Johannes Nagel and Tobias Werron, "The Civilizing Force of National Competition. U.S. Nationalist Reasoning in the Mid-to-Late Nineteenth Century," edited by Daniela Russ, *Competition in World Politics: Knowledge, Strategies and Institutions*, 2021.

[7] Michael Billig, *Banal nationalism* (London ; Thousand Oaks, Calif: Sage, 1995); The perspective of Jessica Gienow-Hecht, “Interested in a Serious Relationship?: Germany’s Brand in an International Context,” , *History and Society* 45, no. 4 (2019): 589, which “nation branding” a thoroughly peaceful external representation, sees

[8] Figures according to the “Globalization Indicators” regularly published by the Federal Statistical Office. Two different types of “export ratios” are shown there. In contrast to the “foreign trade concept” used in this book, the “national accounts concept” also includes exports of services. “Kennzahlen zur Außenwirtschaft,” Federal Statistical Office, available online at: {https://www.destatis.de/DE/Themen/Wirtschaft/Globalisierungs-indikatoren/Tabellen/01_02_03_AH.html} (all internet sources as of July 2023)

[9] Johannes Bähr and Paul Erker, *Bosch: History of a Global Company* (Munich: C.H. Beck, 2013).

[10] Volker Wellhöner, *“Wirtschaftswunder” - Weltmarkt - westdeutscher Fordismus: der Fall Volkswagen,* 1st ed. 1996

[11] These factors are highlighted in particular by: Linda von Delhaes-Guenther, *Erfolgsfaktoren des westdeutschen Exports in den 1950er und 1960er Jahren,* Untersuchungen zur Wirtschafts-, Sozial- und Technikgeschichte 22 (Dortmund: Ges. für Westfälische Wirtschaftsgeschichte, 2003).

[12] David M Higgins, *Brands, Geographical Origin, and the Global Economy: A History from the Nineteenth Century to the Present,* 2018; Walter E Minchinton, “E.E.Williams ‘Made in Germany’ and After”, *Vierteljahrschrift üfür Sozial- und Wirtschaftsgeschichte* 62, no. 2 (1975): 229-42.