# Outrage Has Its Limits: Understanding Germany's Russia Policy

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This paper examines Germany's strategic approach to Russia. It contends that while three main factors drive Germany's Russia policy — (1) economic interests, (2) the tradition of Ostpolitik, and (3) support for liberal values — it is the first factor that will steer Germany on the issues that really matter. A strong economy is central to modern Germany's self-image. To keep that economy healthy, German leadership's main concerns will be sustaining exports and securing affordable energy. Because Russia is a natural economic partner on both fronts, Berlin will likely move closer to Moscow over the medium and long term. This will complicate U.S. and NATO efforts to build consensus on confronting the Kremlin.

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**Abstract**

*Outrage Has Its Limits: Understanding Germany's Russia Policy*

This paper examines Germany's strategic approach to Russia. It contends that while three main factors drive Germany's Russia policy – (1) economic interests, (2) the tradition of *Ostpolitik*, and (3) support for liberal values – it is the first factor that will steer Germany on the issues that really matter. A strong economy is central to modern Germany's self-image. To keep that economy healthy, German leadership's main concerns will be sustaining exports and securing affordable energy. Because Russia is a natural economic partner on both fronts, Berlin will likely move closer to Moscow over the medium and long term. This will complicate U.S. and NATO efforts to build consensus on confronting the Kremlin.

**Introduction**

*When Germany and Russia warm to each other, other states start to shiver.*
-*The Economist*, July 21, 1990[1]

Germany and Russia share a complicated and painful history. Both are proud nations – historic military powers with rich cultural traditions. When opposed, the consequences have been catastrophic. Yet, when these two nations align, a profound unease settles over Europe.

History aside, the bilateral relationship between Germany and Russia is taking on renewed importance. Russia has re-emerged as a top security concern for the United States, with the relationship deteriorating almost daily. As America's competition with the Kremlin intensifies, Germany's role – as the region's largest economy and the recognized leader of the European Union – will be pivotal.

Thus, this paper aims to explain Germany's strategic approach toward Russia. Its thesis is that while three main factors drive the German approach – economic interests, the tradition of *Ostpolitik*, and support for Western liberal values – the heartland of Germany's Russia policy lies in the first factor. Principles such as human rights and the rule of law are still important to Germany's political class. But it is the country's long-term economic interests that will guide her on the questions that matter.

The bilateral relationship between Germany and Russia will have important implications for the United States and NATO. Specifically, Germany's sensitivity to economic concerns will complicate alliance efforts to build cohesion on confronting the Kremlin. Rather than step forward as a full-fledged ally, Berlin will drift instead toward the role of mediator. German leaders will strive to defuse tensions, keep markets open, and keep energy flowing. Nevertheless, knowing what drives Germany's Russia policy clarifies the road ahead for U.S. and NATO

[1] "Encounter at Stavrapallo," *The Economist*, July 21, 1990. As quoted by Steve Wood, "Germany, Russia, Europe: Multilevel Politics and the Divergent Resonance of 'History,'" *International Journal* 72, no. 3 (2017): 340. https://search.proquest.com/docview/1932223136?accountid=322.

policymakers. A clear understanding not only sets expectations, but also highlights which levers of state power are likely to get Germany's attention when it comes Moscow.

**Economic Interests: German Business Leads, Politicians Follow**

The idea that economic interests drive German foreign policy is nothing new. The trend has been building since the 1950s. Whereas Nazi Germany saw itself as a military power, the new West Germany built its self-image around economic power. As described by author and German scholar Stephen Szabo, the process of rallying together to build an economic juggernaut – Europe's largest economy and the world's fourth largest – was a formative experience that resonates still today.[2] According to Szabo, "the Deutsche Mark became for the Germans what the nuclear arsenal was for the French, a symbol of national pride."[3]

Even at the height of the Cold War, West Germany stayed focused on her economy, sometimes to the dismay of her American patron. The Yamal Pipeline controversy of the 1980s is a signature example. When West Germany plunged into recession and needed to stabilize energy prices, a consortium of energy, engineering, and finance firms stepped forward with a mega-project: partner with the Soviets to build a 5,000 mile pipeline to bring Siberian gas to Europe.[4] The proposal brought withering criticism from Washington, who protested that their ally would become dangerously dependent on Soviet energy.[5] West German leaders nevertheless pushed the project through to completion despite formidable obstacles. According to NYU's Stephen Gross, "the Yamal controversy illustrates how German leaders have long been willing to

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[2] Stephen F. Szabo, *Germany, Russia, and the Rise of Geo-Economics* (London; New York: Bloomsbury Academic, 2015), 4.
[3] Ibid.
[4] Stephen G. Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," *German Politics and Society* 34, No. 3 (Autumn 2016): 5. https://search-proquest-com.usnwc.idm.oclc.org/docview/1832166095?accountid=322.
[5] Ibid., Pg. 6.

pursue economic and energy interests even when they conflict with the wider goals and ideologies they claim to pursue."[6]

With the end of the Cold War, Germany pursued her economic interests even more aggressively. Over time, this has come to mean focusing on one concern above all: exports.[7] There is widespread agreement that Germany's economy depends on finding new markets for her products abroad.[8] The country's basic economic strategy is to sustain high wages for workers by exporting high-quality, value-added industrial goods and expertise.[9] Thus far, that approach has worked beautifully. According to *The Economist*, Germany's 2017 trade surplus (balance of exports to imports) was a whopping 8.3% of GDP.[10] In raw numbers, this amounts to $300 billion, exceeding even that of China.[11] And the reliance on exports has only intensified. According to the World Bank, export contribution to Germany's GDP rose from 33% in 2000 to 48% in 2010.[12] The result, in the view of Hans Kundnani of the German Marshall Fund, is that German leaders now base their foreign policy on economic interests and, more specifically, on the needs of exporters.[13] Indeed, this is precisely what German voters demand. According to Stephen Szabo, in Germany "politicians are measured by their economic performance, not their military successes."[14]

The pressure on German leaders to boost exports has long been intense. Nothing illustrates this principle more clearly than Germany's history of weapons sales to repressive governments. According to a 2015 *Der Spiegel* report, German companies – including glass

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[6] Ibid., Pg. 20.
[7] Hans Kundnani, "Leaving the West Behind: Germany Looks East," *Foreign Affairs* 94, no. 1 (January 2015): 109-10. https://search-proquest-com.usnwc.idm.oclc.org/docview/1643121903?accountid=322; Stephen F. Szabo, *Germany, Russia, and the Rise of Geo-Economics* (London; New York: Bloomsbury Academic, 2015), 80.
[8] "The Good and Bad in Germany's Economic Model Are Strongly Linked," *The Economist*, July 8, 2017. Accessed January 11, 2019. https://www.economist.com/briefing/2017/07/08/the-good-and-bad-in-germanys-economic-model-are-strongly-linked; Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 4.
[9] Christopher S. Chivvis and Thomas Rid, "The Roots of Germany's Russia Policy," *Survival* 51, no. 2 (2009): 112.
[10] "The Good and Bad in Germany's Economic Model Are Strongly Linked."
[11] Ibid.
[12] Kundnani, "Leaving the West Behind: Germany Looks East," 109-10.
[13] Ibid.
[14] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 87.

producer Schott, lab equipment maker Kolb, and pharmaceutical giant Merck – assisted Syria's Assad regime over several decades in developing chemical weapons.[15] At the same time, Kolb helped Saddam Hussein's regime manufacture large quantities of nerve gas.[16] According to *Der Spiegel*, "the issue is not only that of unscrupulous German companies…but the hypocrisy of a number of German chancellors" who, according to the report, knew what was happening.[17]

And these are not isolated incidents. *Die Welt* recently reported that the German government approved $526 million worth of weapons exports to Saudi Arabia and Egypt in the third quarter of 2017 alone.[18] Libya and Iran are also said to be major customers of German weapons suppliers.[19] Overall, Germany has become the world's fourth largest arms exporter – a fact hard to square with the almost pacifist sentiments of her foreign ministry.[20] Indeed, the arms industry case shows how export pressures are only growing. "There were times when it was completely ruled out to deliver weapons to countries that were participating in wars," said an expert quoted in *Die Welt*.[21] But that began to change with recent administrations which, for example, approved arms sales to Turkey despite the latter's conflict with its Kurdish minority.[22] The lesson for today is clear: pay less attention to what German politicians *say* and focus more on what they must *do* to boost the bottom line.

With these general principles in mind, we turn now to the specific case of Russia. In many ways, Germany and Russia are natural economic partners.[23] German companies see Russia

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[15] Gunther Latsch, Fidelius Schmid, and Klaus Wiegrefe, "Did German Companies Aid Syrian Chemical Weapons Program?" *Der Spiegel (online)*, January 23, 2015. http://www.spiegel.de/international/germany/german-companies-suspected-of-aiding-syrian-chemical-weapons-program-a-1014722.html. Accessed January 13, 2019.
[16] Ibid.
[17] Ibid.
[18] Ben Knight, "Germany Quintuples Arms Sales to Saudi Arabia and Egypt," *Die Welt*, November 14, 2017. https://www.dw.com/en/germany-quintuples-arms-sales-to-saudi-arabia-and-egypt/a-41370500. Accessed January 13, 2019.
[19] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 9.
[20] Dana Regev, "Should Germany Stop Exporting Arms to Saudi Arabia?" *Die Welt*, January 4, 2016. https://www.dw.com/en/should-germany-stop-exporting-arms-to-saudi-arabia/a-18958067. Accessed January 13, 2019.
[21] Knight, "Germany Quintuples Arms Sales to Saudi Arabia and Egypt."
[22] Ibid.
[23] Randall Newnham, "Germany and Russia since Reunification: Continuity, Change, and the Role of Leaders," *German Politics and Society* 35, no. 1 (2017): 43.

– with its 142 million people – as a potentially robust consumer market.[24] Moreover, Russia lacks a sophisticated technology and capital base, areas where German enterprise excels.[25] Owing to these conditions, bilateral trade between the countries topped € 80 billion by 2012, having doubled over the preceding seven years.[26] After a brief lull, German exports to Russia again grew by 20% in 2017.[27] Some 6,000 German firms now operate in Russia, including such giants as Siemens, Daimler AG, BMW, Volkswagen, and BASF.[28] What's more, experts estimate that over 300,000 German jobs depend on trade with Russia.[29]

As important as their export market is, what Russia offers in return is crucial: abundant energy at competitive prices. Russia is Germany's primary energy supplier, providing around 40% of its gas and around 34% of its oil.[30] And as Berlin implements its decision to swear off nuclear and coal power, these figures will only rise.[31] By one estimate, Germany will soon rely on Russia for 60% of its gas needs.[32]

While affordable energy is important to every country, it is vital to Germany. This is because German industry competes in sectors that are particularly energy-intensive, such as chemistry and steel.[33] So long as German firms have access to affordable energy, they can compete abroad, particularly in Asia.[34] When energy prices rise, however, the math no longer

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[24] Ibid., Pg. 44-51.
[25] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 15.
[26] Newnham, "Germany and Russia since Reunification: Continuity, Change, and the Role of Leaders," 54.
[27] "Is Germany's Special Relationship With Russia Ending?" *Der Spiegel (online)*, May 9, 2018, http://www.spiegel.de/international/germany/germany-divided-about-approach-to-russia-a-1206338.html. Accessed January 7, 2019.
[28] Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 5.
[29] Newnham, "Germany and Russia since Reunification: Continuity, Change, and the Role of Leaders," 54.
[30] James McBride, "Nord Stream 2: Is Germany 'Captive' to Russian Energy?" *Council on Foreign Relations*, August 16, 2018. Accessed January 11, 2019. https://www.cfr.org/article/nord-stream-2-germany-captive-russian-energy; Stefan Meister, "Germany's Russia Policy Under Angela Merkel: A Balance Sheet," *The Polish Quarterly of International Affairs* 22, no. 2 (2013): 35. https://search.proquest.com/docview/1509100821?accountid=322.
[31] Meister, "Germany's Russia Policy Under Angela Merkel: A Balance Sheet," 35.
[32] Jennifer A. Yoder, "From Amity to Enmity: German-Russian Relations in the Post Cold War Period," *German Politics and Society* 33, no. 3 (Autumn, 2015): 54. https://search.proquest.com/docview/1727656451?accountid=322.
[33] Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 9.
[34] Ibid., Pg. 13.

works. For example, a recent *Economist* article described the reliance of chemicals giant BASF on Russian gas.[35] Without it, the company could no longer compete with its American rivals.[36]

Nowhere is Germany's dependence on Russian energy more apparent than in the controversy over the Nord Stream 2 (NS2) pipeline. An $11 billion project led by Russia's Gazprom in concert with German firms, NS2 would double the flow of Russian gas to Germany.[37] With construction already underway, the NS2 follows a route under the Baltic Sea.[38] The project is intensely controversial. First, the proposal conflicts with EU mandates on energy diversification.[39] Second, the proposal would give Germany enormous leverage in determining European gas prices at the expense of her EU competitors.[40] Third, the pipeline would give Moscow a new "energy weapon" to wield against those Eastern European states who fall out of favor. Namely, with a separate undersea pipeline to Germany, the Kremlin could shut off overland gas flows to Ukraine or Poland, destabilizing those governments without affecting larger downstream markets.[41] It could also deprive those governments of the lucrative gas transit fees they currently receive.[42]

For these reasons, the EU Parliament has called for NS2 to be cancelled, describing it as "a threat to European energy security."[43] Indeed, the EU Council President broke from tradition

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[35] "Why Nord Stream 2 is the World's Most Controversial Energy Project," *The Economist* (Online), August 7, 2018. Accessed January 19, 2019.
[36] Ibid.
[37] Jeff Mason, "Trump Lashes Germany Over Gas Pipeline Deal, Calls it Russia's 'Captive," *Reuters*, July 11, 2018. Accessed January 11, 2019. https://www.reuters.com/article/us-nato-summit-pipeline/trump-lashes-germany-over-gas-pipeline-deal-calls-it-russias-captive-idUSKBN1K10VI.
[38] "Why Nord Stream 2 is the World's Most Controversial Energy Project."
[39] Christian Oliver and Stefan Wagstyl, "Tusk Joins Italian Premier in Attacking Berlin Over Gas Pipeline," *Financial Times*, December 18, 2015. https://www.ft.com/content/4dc4f66c-a5a3-11e5-97e1-a754d5d9538c. Accessed January 12, 2019.
[40] Giovanna De Maio, "A Tale of Two Countries: Italy, Germany, and Russian Gas," U.S. – Europe Working Paper, *Brookings Institution Reports*, August 18, 2016: 10. https://search.proquest.com/docview/1881432847?accountid=322.
[41] "Merkel Casts Doubt on Nord Stream 2 Pipeline," *Die Welt* (online), April 10, 2018, https://www.dw.com/en/merkel-casts-doubt-on-nord-stream-2-gas-pipeline/a-43328058. Accessed January 7, 2019; McBride, "Nord Stream 2: Is Germany 'Captive' to Russian Energy?"
[42] McBride, "Nord Stream 2: Is Germany 'Captive' to Russian Energy?"
[43] "MEPs Commend Ukraine's Reform Efforts and Denounce Russian Aggression," Press Release, *European Parliament News,* December 12, 2018. Accessed January 11, 2019. http://www.europarl.europa.eu/news/en/press-room/20181205IPR20940/meps-commend-ukraine-s-reform-efforts-and-denounce-russian-aggression.

to criticize German hypocrisy in pursuing NS2.[44] Berlin's support for NS2 came shortly after it had maneuvered within the EU to defeat a so-called South Stream pipeline between Italy and Russia on energy diversification grounds.[45] Germany's rather naked pursuit of its economic self-interest – at the expense of her EU partners – prompted a furious reaction in Rome.[46] Regardless, the EU appears powerless to stop NS2; Germany is on track to approve the project under national authorities.[47] German industry and the business lobby have argued forcefully for the pipeline, and they appear to have won the day.

The NS2 is yet another example of Germany's prioritizing its economic interests above other concerns, particularly where Russia is concerned. What makes the situation particularly galling for many is that Berlin's support for NS2 comes at the same time sanctions are in place against Moscow. That those sanctions came in response to Russia's aggression in Ukraine – the very country that stands to be crippled by NS2 – only adds to the frustration.

To sum up, modern Germany sees itself as an economic power. To sustain its economy – and even its national self-esteem – Berlin must continually find ways to boost exports and secure affordable energy. For Germany, Russia is a natural economic partner who checks both boxes. The reality of Germany's approach is neatly summarized in 2010 statement by former Foreign Minister Joschka Fischer. Asked by an interviewer to summarize Germany's strategic outlook, Fischer replied, "The current foreign policy is essentially foreign economic policy and follows almost exclusively domestic political considerations."[48]

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[44] "Germany Divided Over Russia Policy, Potential New Sanctions." *BBC Monitoring European*, October 17, 2016. https://search-proquest-com.usnwc.idm.oclc.org/docview/1829515013?accountid=322.
[45] Ibid.
[46] De Maio, "A Tale of Two Countries: Italy, Germany, and Russian Gas," 7.
[47] Oliver and Wagstyl, "Tusk Joins Italian Premier in Attacking Berlin Over Gas Pipeline."
[48] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 11.

***Ostpolitik* – Engagement as the only path.**

While economic interests are the most important factor explaining Germany's outlook toward Russia, they do not tell the whole story. Permeating German society is the belief that the only strategy that will ever work with Russia is non-threatening engagement and cooperation. This approach, known as *Ostpolitik*, is a powerful force shaping Germany's relationship with Russia.

*Ostpolitik* began in 1969 under Chancellor Willy Brandt.[49] Brandt's idea was that friendly engagement with the Soviets would open the door to normalized relations with East Germany.[50] According to RAND's Christopher Chivvis and Thomas Rid of Johns Hopkins, history helps explain the overwhelming support ordinary Germans have for the policy.[51] For them, *Ostpolitik* was part of a grand framework – together with détente and patient diplomacy – that ended the Cold War and unified their country.[52] Residual war guilt may also be a factor. The Nazi invasion of the Soviet Union resulted in over 20 million Soviet deaths.[53] According to Chivis and Rid, this historical burden makes it hard for today's German leaders to take strong positions against Russia.[54]

Indeed, German leaders seen as taking a hard line on Russia are fiercely criticized. Shortly after Russia's annexation of Crimea, German Defense Minister Ursula von der Leyen suggested modest NATO support for alliance members neighboring Russia.[55] She quickly

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[49] Tuomas Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia." *International Affairs* 92, no. 1 (January 2016): 21.
[50] Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 7.
[51] Chivvis and Rid, "The Roots of Germany's Russia Policy," 115.
[52] Ibid.
[53] Jeffrey Gedmin, "The Case for Berlin: Bringing Germany Back to the West," *World Affairs* 177, no. 4 (November 2014): 12. https://search.proquest.com/docview/1778409537?accountid=322.
[54] Chivvis and Rid, "The Roots of Germany's Russia Policy," 114-15.
[55] Gedmin, "The Case for Berlin: Bringing Germany Back to the West," 11.

dropped the proposal after a public and political outcry.[56] When a prominent *Die Zeit* journalist called for tougher action against Vladimir Putin, he was flooded with hate mail and attacked for warmongering.[57] Even supporters can grow frustrated. "Anyone who criticizes Russia's destructive role in Syria, the breaking of international law in Crimea, or the Kremlin's targeted disinformation campaign is frequently confronted with demands to return to Willy Brandt's *Ostpolitik*," complained Niels Annen of the German foreign office.[58]

While virtually all German leaders embrace *Ostpolitik*, the principle is the core brand of the Social Democrats (SPD), one of Germany's two main political parties.[59] Gerhard Schröder, Germany's last SPD chancellor (1998-2005), was an especially vigorous proponent. Not only did Schröder engage Russia, but he sought joint policy positions with Moscow, including opposing the Iraq War.[60] He avoided criticizing Russia on human rights and rule of law issues and even adopted a Russian daughter while in office.[61] Following Schröder's lead, some in the SPD advocate a policy of Äquidistanz (equidistance) between the Kremlin and Washington.[62] According to SPD foreign policy leader Martin Schulz, "it is in Germany's strong interest that its partnership with Russia is at least on the same level as Germany's partnership with the United States."[63]

Opinion polls show strong public support for *Ostpolitik* principles. A 2018 poll by Forsa found that 68% of Germans reject a tougher stance on Russia.[64] A 2017 Pew survey found only 40% of Germans would support using military force to defend a NATO ally in a conflict with

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[56] Ibid.
[57] Kundnani, "Leaving the West Behind: Germany Looks East," 111.
[58] "Is Germany's Special Relationship With Russia Ending?"
[59] Ibid.
[60] Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia," 24.
[61] Ibid.
[62] Chivvis and Rid, "The Roots of Germany's Russia Policy," 109.
[63] Ibid.
[64] "Is Germany's Special Relationship With Russia Ending?"

Russia.[65] A BBC report cited 2016 polling showing 67% of Germans wanted Russia sanctions loosened or lifted, despite Russia's failure to meet specified conditions.[66] A *Die Zeit* poll the same year found a majority of Germans disapproved of NATO's dual strategy of deterrence and dialogue; 63% of respondents said NATO should only focus on dialogue.[67] German leaders largely echo these sentiments. "A policy of confrontation toward Russia would achieve nothing," said former Foreign Minister Westerwelle. "What we need is strategic patience and political creativity."[68]

Finally, a key reason for the staying power of *Ostpolitik* is how it so perfectly complements Germany's economic interests. In the hopeful view of some, economic interdependence leads to positive change within Russia.[69] German leaders can thus advance constituent business interests under the cover of promoting democracy and human rights. Perhaps no one embodies this interweaving of foreign policy and business better than the former chancellor. Upon leaving office, Gerhard Schröder took a lucrative position as the Nord Stream Chairman – a position he still holds.[70]

**Liberal Values – Support within limits.**

Though less decisive than factors already discussed, Western liberal values continue to shape Germany's Russia policy. According to political scientist Steve Wood, "Germany is a post-heroic but not a post-values society."[71] Support for human rights, democracy, and the rule

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[65] "Germans Least Supportive of Defending NATO Allies Against Russia," *Pew Research Center*, May 22, 2017, Accessed January 11, 2018. http://www.pewglobal.org/2017/05/23/natos-image-improves-on-both-sides-of-atlantic/pg_2017-05-23-nato-00-03/.
[66] "Germany Divided Over Russia Policy, Potential New Sanctions."
[67] "Germans Least Supportive of Defending NATO Allies Against Russia."
[68] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 30.
[69] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 65.
[70] Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia," 24.
[71] Wood, "Germany, Russia, Europe: Multilevel Politics and the Divergent Resonance of 'History,'" 339.

of law are still foundational principles for German's political class. And leaders promote these values when doing so doesn't damage long-term economic interests.

In a rare triumph for the values-based approach, Chancellor Merkel led the EU effort to impose sanctions on the Putin regime after its 2014 invasion of Ukraine. Sanctions included banning certain Russian firms from operating within the EU, suspending Russian loans through the European Development Bank, and denying Russian banks access to European financial markets.[72,73] That Merkel prevailed against both a determined business lobby and SPD opposition shows that support for liberal values remains a pillar of Germany foreign policy, even with respect to Russia.[74]

Berlin has also acted on its values in more modest areas of the relationship. For example, when Russian officials raided NGO offices in 2013, Merkel criticized the Russian leader in his presence, becoming the first German chancellor to do so.[75] Earlier that year, Foreign Minister Westerwelle warned Moscow that its pending anti-gay legislation would have a negative effect on bilateral relations.[76] More recently, Berlin expelled four Russian diplomats after reports linked the Kremlin to the poisoning of a former intelligence officer and his daughter in the U.K.[77] Finally, when Russian forces captured three Ukrainian ships in the Sea of Azov last November, the chancellor denounced the action and personally blamed the Russian president.[78]

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[72] Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 2.

[73] Notwithstanding the chancellor's action, Siemens CEO Joe Kaeser visited President Putin at his residence shortly after the Russian annexation of Crimea. In a news conference, Kaeser vowed not to let "short-term turbulence" stand in the way of his company's relationship with Russia. Hans Kundnani, "Leaving the West Behind: Germany Looks East," *Foreign Affairs* 94, no. 1 (January 2015): 110. https://search-proquest-com.usnwc.idm.oclc.org/docview/1643121903?accountid=322.

[74] Kundnani, "Leaving the West Behind: Germany Looks East," 110.

[75] Yoder, "From Amity to Enmity: German-Russian Relations in the Post Cold War Period," 51.

[76] Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia," 27.

[77] "Germany, Other Countries Expel Russian Diplomats Over Skripal Poisoning," *Die Welt*, March 26, 2018. https://www.dw.com/en/germany-other-countries-expel-russian-diplomats-over-skripal-poisoning/a-43138074. Accessed January 12, 2019.

[78] "Angela Merkel Opens Germany-Ukraine Forum Amid Russia Row," *Die Welt*, November 29, 2018, https://www.dw.com/en/angela-merkel-opens-germany-ukraine-forum-amid-russia-row/a-46497385. Accessed January 7, 2019.

Still, Berlin pushes its values only so far when it comes to Russia. Economic interests and *Ostpolitik* invariably pull back the reins. When in 2012 the Bundestag expressed concern about human rights and the rule of law in Putin's government, the foreign ministry famously intervened, changing the statement to describe Russia as "the key and essential partner of Germany and Europe."[79] Moreover, while Chancellor Merkel regularly spoke out against Russia's treatment of dissidents and lack of democratic progress, she remained unwilling to actually sanction the regime until it invaded Ukraine, breaking three international agreements and creating what experts called Europe's worst security crisis since the Cold War.[80]

Moreover, even the 2014 sanctions experience did not suggest a new approach on Russia. Political scientist Tuomas Forsberg noted that when Chancellor Merkel announced the action, she was careful to stress that the fundamentals of *Ostpolitik* had not changed.[81] That is, Germany would continue its Russia partnership over the medium and long term.[82] Her remarks likely came as little surprise to the Russian president. In the words of the *New York Times*, "Mr. Putin has apparently calculated that European outrage over Ukraine has limits, given economic ties between Europe and Russia, as well as European dependence on Russian energy."[83]

**Conclusion**

The German economic model has long been a source of national pride for the German people. For decades, it has delivered its citizens high wages and a generous social safety net. Yet, that model has grown precariously dependent upon exports. As a consequence, German leaders have grown more assertive in pursuing Germany's business interests abroad – whether

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[79] Yoder, "From Amity to Enmity: German-Russian Relations in the Post Cold War Period," 51.
[80] Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 13.
[81] Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia," 29.
[82] Ibid.
[83] Jim Yardley and David M. Herszenhorn, "Making Merkel Wait, Finding Time for Truffles," *New York Times*, October 18, 2014. https://search-proquest-com.usnwc.idm.oclc.org/docview/1613917064?accountid=322.

through weapons sales, controversial energy partnerships, or other avenues. A natural economic partner, Russia offers Germany a robust consumer market and an abundant supply of energy, both crucial for industry. Thus, it should surprise no one that economic interests will be the main factor driving Germany's strategic outlook toward Russia.

Strengthening the case for partnership is the *Ostpolitik* tradition. For most Germans, non-threatening engagement and cooperation are the only ways to solve problems with Russia. Germans cannot change their geography, as the logic goes, so they must always keep talking.[84] Firmly rooted in historical narratives, *Ostpolitik* restrains government officials seen as too adversarial on Russia.

At the same time, Western liberal values still matter in German society. The current chancellor has regularly criticized the Putin regime for human rights abuses, expelled Russian diplomats, and approved sanctions having a measurable, if short-term, negative impact. Thus, while Germany's strategic approach is *mostly* interest-driven, it is not *purely* interest-driven.

Looking ahead, though, a basic trend in the bilateral relationship is clear: Germany's interests will steer her on a path toward improved ties with Russia. Thus, while the U.S. and other NATO allies may wish to come together on confronting the Kremlin, Germany will resist efforts they perceive as assertive. Instead, Germany will prefer the mediator role. She will avoid taking sides, continually urge dialogue, and strive above all to keep exports and energy flowing.

With this basic trend in mind, there are four key factors to watch going forward. First, Germany's overall economic health is an important variable. The German economy slowed in 2018 – growing at just 1.5%, the lowest annual growth rate since 2013.[85] If the trend continues,

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[84] Szabo, *Germany, Russia, and the Rise of Geo-Economics*, 109.
[85] Tom Fairless and Paul Hannon, "Germany's Sharp Slowdown Fans Fears That China Woes Are Spreading," *Wall Street Journal*, January 15, 2019. https://www.wsj.com/articles/germany-economy-slows-in-worrying-sign-for-global-growth-11547545471?mod=searchresults&page=1&pos=1. Accessed January 16, 2018.

support for continuing Russia sanctions would likely collapse. On the other hand, if its economy improves, Berlin would have trade space to continue sanctions.[86]

Second, a new government in 2021 could accelerate Germany's outreach toward Russia. Namely, the governing center-right CDU coalition could fall in the next elections, with a new SPD coalition taking its place. Consistent with its core brand, the SPD would reinvigorate the Russia relationship from the start.

Third, if the Russian president leaves office at the end of his term, Berlin would also feel compelled to engage Moscow anew. In particular, some experts contend the lack of personal chemistry between the respective leaders has been a major limiting factor.[87] Of note, the bilateral relationship in the Medvedev years (2005-2012) was successful. German exports to Russia doubled during that time.[88]

Finally, it's still possible the relationship goes in a different direction. That is, a confluence of factors could, over time, leave Germany less dependent on Russian trade. For example, if a drop in energy prices coincided with a deteriorating investment climate in Russia, the latter's importance to Germany could wane. High energy prices are important to the bilateral relationship.[89] They put more money in the pockets of Russians, which allows them to buy more German products.[90] If energy prices decline, Russia would become less attractive as an export market. Moreover, internal corruption and rule-of-law deficiencies are already concerns for German investors. Should these deteriorate much further, German enterprise may begin looking for alternative markets abroad, particularly in Asia.

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[86] In a 2016 article titled "Making Space For Sanctions," NYU Professor Stephen Gross argues that Germany's relative economic health and improved energy position in 2014 gave it greater freedom to pursue sanctions against Russia. According to Gross, whether Berlin would do the same in challenging economic times is a harder question. Gross, "Making Space for Sanctions: The Economics of German Natural Gas Imports from Russia, 1982 and 2014 Compared," 1-25.
[87] Forsberg, "From Ostpolitik to 'Frostpolitik'? Merkel, Putin, and German Foreign Policy Towards Russia," 40.
[88] Newnham, "Germany and Russia since Reunification: Continuity, Change, and the Role of Leaders," 54.
[89] Ibid., Pg. 51.
[90] Ibid.

Nevertheless, as matters stand the trade relationship between Germany and Russia has become simply too important for Berlin to jeopardize. Coupled with the inexorable tug of *Ostpolitik*, economic forces will keep these traditional powers intertwined over the medium and long term. So while the Putin regime will continue to behave badly, there will – as we have seen – be limits to the outrage.