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# The German perfect model... on credit

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Germany is slowly recovering from the shock caused by the Russian invasion of Ukraine. It has defined the processes that will help it to revise what had once appeared to be the perfect model of policy making and doing business. So far, it has launched reforms in the areas in which these became necessary due to the new circumstances and in which Berlin has identified the need to radically change the assumptions of its former policy. If it succeeds in building the political and social consensus to carry out all of its plans, Germany will be facing a revolution. However, this revolution will likely be painful, so the temptation to return to old well-trodden paths will be strong.

#### Germany's repeated turns

In 2022, *Zeitenwende* (a watershed era, a turning point in history) was selected as Germany's word of the year. This is proof of how impressive Chancellor Olaf Scholz's 27 February 2022 speech in the Bundestag was. In this speech, he announced the beginning of a new era in German politics and explained to German citizens: "We are living through a watershed era. And that means that the world afterwards will no longer be the same as the world before. The issue at the heart of this is whether power is allowed to prevail over the law. Whether we permit Putin to turn back the clock to the nine-teenth century and the age of the great powers. Or whether we have it in us to keep warmongers like Putin in check".

This term has become immensely popular in Germany. This is partly because Germans tend to refer to things and processes in a bombastic manner, in line with the conviction that what is not named does not exist and that the world of ideas is as important as the real world. However, the success of this term also results from the fact that it makes reference to other *-wendes*, or turning points, which have been announced in recent decades. This is how the 1989/1990 breakthrough was referred to; in the GDR it was also known as the "peaceful revolution". Another similar term is *Energiewende*, i.e. Germany's energy transition understood as a turn towards renewable energy sources, which envisages the decision to abandon fossil fuels and nuclear energy.

Finally, *Zeitenwende* was actually mentioned by the then mayor of Hamburg, now Germany's Chancellor, in his book entitled *Hoffnungsland* (*Land of hope*) which was published back in 2017 (sic!). It is worth scrutinising the main point of this publication – it was a unique manifesto by Scholz as



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The views expressed by the authors of the papers do not necessarily reflect the opinion of Polish authorities.

a Social-Democratic politician. It was intended to provide answers to the question as to what to do in difficult times riddled with crisis. Scholz optimistically argues that: "If we set the direction now, Germany and Europe may expect a future full of hope". However, the main point of his message is hidden in a rather dramatic statement which at the same time is the book's leitmotif: "I don't want to wait until our fate is sealed and therefore I'm presenting this book now, in the midst of the watershed era (*Zeitenwende*)". Scholz goes on to remark that we should not procrastinate until "the circumstances force us to take action, we need to act in order to shape these circumstances". It is difficult not to get the impression that had the CDU/CSU–SPD grand coalition, which had ruled Germany at that time, taken up the challenge discussed in the future chancellor's book back then (and preferably even earlier), he wouldn't have needed to announce another *Zeitenwende* in 2022.

#### **Putin revolutionises Germany**

The current instalment of the 'watershed era' in German politics, announced by Scholz, directly results from former neglect and also from certain external factors that have, to some degree, been 'brought to Germany'. This means, in short, that – firstly – the immediate impetus for launching a policy reform in Germany involved Putin's policy, including Russia's invasion of Ukraine, and, more precisely, the Ukrainian defenders' heroic resistance and their will to fight. Secondly, this impetus was linked to the fact that the 'new era' had to be announced due to the failure of Germany's former strategy which involved a deliberate and intentional policy of building the country's prosperity and security on the basis of cooperation with Russia, including on supplies of cheap Russian gas. Worse still, this strategy was continued even following Russia's annexation of Crimea and the launch of the war in the Donbas in 2014.

Incidentally, it is worth noting that the remaining pillars of this German doctrine of belief in 'the end of history' will also require revision. This includes Germany's dependence in the field of exports and The 'new era' had to be announced due to the failure of Germany's former strategy which involved a deliberate and intentional policy of building the country's prosperity and security on the basis of cooperation with Russia.

investment on another dictatorship (China), and its tolerance for the degradation of the Bundeswehr and marginalisation of its defence policy, which included the re-channelling of state budget funds from these areas to various social welfare mechanisms and other initiatives. In line with this worldview, the military was perceived as an excessive financial burden, and the country's territorial defence was thought to be an unnecessary effort.

As a consequence, to the amazement of some and with applause from the majority of commentators, on 27 February 2022, i.e. three days into the Russian invasion, in his vehement speech to the German parliament, Chancellor Scholz reminded the public that the certification process of the Nord Stream 2 pipeline had been suspended, he consented to excluding selected Russian banks from the SWIFT financial settlement system, and pledged to provide weapons to Ukraine. Moreover, he announced several highly important decisions regarding a shift in Germany's domestic politics. These included his consent for a radical increase in defence spending, which involves a plan to establish a special fund worth €100 billion and to earmark more than 2% of Germany's GDP for defence annually. In addition, he announced a plan for Germany to achieve energy independence, which involves the construction of LNG terminals and acceleration of the development of the renewable energy sector.

Germany's allies from Central Europe and NATO's eastern flank, as well as from the US, had tried to convince Berlin of the need for change for years, to no avail. Then, they were suddenly triggered by Putin. Americans, Poles and German Green party politicians all spent years trying to persuade Berlin



to withdraw from its participation in the Nord Stream 2 pipeline, arguing that the pipeline's construction was not a business project; again to no avail. Meanwhile, until several weeks before the outbreak of war, the German Chancellor had maintained that it was indeed a commercial initiative. Finally, it was Putin who proved that the ones who were right were those who had been claiming that it was a political project which strategically weakened Ukraine. As a consequence, it was Russia's president who spurred Germany to diversify the sources and the methods of transmission of its energy carriers, and demonstrated that the view emphasising the magical power of the invisible hand of the market, in particular in strategic areas, was wrong. Finally, it was Putin who convinced Germany that it is the right decision to spend at least 2% of Germany's GDP on defence, although the allies had tried to put pressure on Germany to do this for years. And it was Putin's increasing brutality that forced Germany to agree to provide weapons to Ukraine.

It should be noted that average Germans rushed to help Ukraine by providing humanitarian and financial aid almost immediately after the launch of the military conflict, and their support for Ukrainians continues to be relatively high in spite of repeated threats that a third world war could break out.

### Efforts to change the German model

The OSW publication entitled *Niemcy wobec wojny. Rok zmian*, which is a detailed summary of the German state's efforts to reorient its policy over the last year, casts light on areas in which Germany is successful, areas in which it has launched actions and areas in which there is a striking lack of action. Most texts in the book concern energy issues, which corroborates the view that Germany's Vice-Chancellor from the Green party Robert Habeck and his team are making titanic efforts and the German state is spending colossal sums to make Germany independent of Russia in the field of energy as soon as possible. Emergency initiatives have been launched to construct or support the construction of onshore LNG terminals, and to procure floating LNG units. To facilitate these initiatives, legislation has been amended and Germany's top politicians have travelled extensively, seeking to obtain contracts for the supply of gas to Germany.

However, there is insignificant progress in the announced shift in the attitude towards the reform of the Bundeswehr and the plan to provide it with additional equipment.

# For years, German society has been convinced that the model of how the German state functions and how it pursues its policy and does business requires only minor adjustments.

As regards settling accounts with *Ostpolitik* (one of the pillars of Germany's foreign policy), and in particular with the policy towards Russia, the situation is chaotic and politicians are in the process of defining their stances. The dilemma on how to deal with the painful curbing of Germany's dependence on China and with the demise (or at least the crisis) of the previous model of globalisation, proved even more difficult. Moreover, there is no common stance on whether Germany views these processes as inevitable, as this would require it to transform its current economic model, initiate a new social contract and devise a totally new security strategy.

We present all these reflections and conclusions from the monitoring of most of the changes that happened in Germany over the last year, in the form of a selection of analyses prepared by the Centre for Eastern Studies (OSW). The war has been a tragic but nevertheless unique opportunity to verify our observations and our research on Germany's politics. To study, deduce, forecast and recommend is one thing. It is quite another thing to witness the events and to be forced to check how our abstract knowledge holds up in the real world, to discover what is behind the political declarations and actions.

## Could the revolution be successful?

If we were to take Chancellor Scholz's declarations of change seriously, then – even considering that some of them have been voiced under pressure from both the international community and the German public – the conclusion would be that they not only spell a turn in Germany's policy, but are also a harbinger of a genuine revolution as it is theoretically understood. Although the process has just started, due to the scope and the importance of the ongoing changes, the term 'transformation' seems insufficient to describe it. Germany has taken a swipe and intends to perform a 180° turn by carrying out reforms in so many areas and significantly revising so many of the former assumptions that we need to closely monitor whether in this swipe it will manage to stop at 180° or rather will continue turning until it finally comes full circle and returns to the starting point.

This caution results from the fact that many of these revolutionary changes are inseparably linked to identity shifts which, as we all know, are the most prolonged and painful. One of the most popular views, which in this case is of fundamental importance, is the conviction held not only by the German political class and broadly understood business, but also by a large portion of society, that the 'German model' is perfect in every aspect. Starting from efforts to settle accounts with history, through the issue of the protection of human rights, social integration, the ability to navigate between the East and the West (most preferably as a mediator managing this process), to the creation and application of its economic and norm-setting potential in the EU – in all these fields Germans considered themselves as examples that are worth following and were also often viewed as such.

For years, German society has been convinced that the model of how the German state functions and how it pursues its policy and does business requires only minor adjustments. Suddenly, it turned out that this model involves living in debt and frequently this is being repaid by someone else. Before most Germans come to terms with the need for a major change, they may be tempted to assume wait-and-see attitude. They will be lured by the prospect of seeming peace and stabilisation in a tumultuous time marked by war. They will be tempted by a potential return to tried and tested methods such as the so-called chequebook policy in which Germany will use its funds to facilitate Ukraine's reconstruction and to conceal the losses caused by the decline in its credibility.