

Exploring the Impact of the War between Russia and Ukraine on Germany's Energy Policy

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Abstract. The Russo-Ukrainian War brought dramatic changes to the Current international system. The biggest challenge to Europe is the Energy Crisis because of the sanctions on Russian energy. These years many scholars have criticized neoliberalism and interdependence in government policy, and the war again accelerates that. This article is researching the impact of the energy crisis during the war in Germany. This research is helpful in understanding that the government needs to rethink neoliberalism as a guiding methodology and ideology. Based on the method of case study, this research found that it was necessary to develop realism's interdependence in this scenario. 1) The only Channel during tensions is the role of the central government. 2) The Invisible Hierarchy lies in a nation's policy decision. 3) Military forces are a vital part of world politics indirectly. As an extension of current realist theory, economic interdependence should be considered as a part of broader national security interests. Thus, Germany should reconsider its energy policy.

Keywords: Realism, Interdependence, Germany, Russo-Ukrainian War, Energy.

1. Introduction

After the collapse of the Soviet Union, globalization entered its golden age, both political and economic, represented by European integration and the establishment of WTO. Along with the flourishing of globalism is the dominance of neoliberalism in international relations. Neorealism is on the wane under this background until the U.S.-China trade war and today's Russo-Ukrainian War. Neoliberalism's interdependence theory cannot fully explain the occurrence of war. Instead, in 2014, John Mearsheimer predicted that if the United States and Europe continue their current policy to westernize Ukraine, it will exacerbate hostilities with Russia and devastate Ukraine in the process [1]. The reality has proved it. Because the Western failed to deter Russia, the security threat triggered Russia to declare war on Ukraine.

Nonetheless, criticism of neoliberalism still exists. The majority problem of neorealism is focusing on the martial arm of foreign policy, which always ignores other factors influencing countries' decisions. For instance, the economic consideration because of interdependence. That is why Keohane, and Nye would argue that their theory of complex interdependence sometimes comes "closer to reality than realism [2]." This article will examine the relevance of the Russo-Ukrainian War and German energy policy through realism. The author believes that international relations are based on realism, but the current neorealism theory is insufficient. This article will reintroduce Interdependence under realist view.

2. Theoretical Foundation

The core of realism in international relations is the struggle for power. Thomas Hobbes argued that individuals were selfish by nature and would inevitably conflict with one another in a world without government. It can also apply to states. The establishment of the Westphalian System introduced the nation-state as the primary actor in international politics. The principle of national sovereignty and the anarchy of the international system have also become the main features of international relations. As self-interested actors, states seek to ensure their national interests. But

interests are ranked hierarchically. Due to the Anarchic nature of the international system, the state must help itself to maintain security.

This Self-help systems require each state to protect its own existence in a conflict-ridden environment. And there is only one way of self-protection - to enhance its power. Only strong power can ensure that itself will not be destroyed or damaged in the conflict of interests. This creates a competitive situation in the international system where countries strive to enhance their national strength. Morgenthau regards state power as the highest goal of the state. It is not only the means of state behavior but also the purpose of state behavior. The interests of the state are defined by state power [3].

To counter the neoliberal view of interdependence, Waltz points to two reasons why anarchy in the international system limits cooperation: insecurity and unequal gains. Under anarchy, each country is uncertain about the intentions of the other, fearing that the possible gains from cooperation may benefit others rather than itself, leading to dependence on others. "The state is reluctant to place itself in a position of increased dependence. In a self-help system, security concerns subordinate economic interests to political interests [4]."

From a realist analysis of international relations, we can see three crucial interrelated theoretical links: selfish human nature, anarchic international systems, and systemic self-help units, the state. Selfish human nature makes conflicts of interest between people and countries inevitable. Anarchy makes the international system a self-help system because it cannot authoritatively resolve conflicts, and self-help systems require system members to rely on their strength in conflicts. Protect own interests, including the most fundamental survival interests. The core of these three theoretical links is state power because only state power guarantees the state to avoid damage in conflicts and is the most reliable diplomatic tool in the world. Therefore, the essence of international relations is the power struggle, that is, the competition between countries to obtain, maintain and enhance national strength.

3. Case Study

3.1. Case Description

It is hard to imagine the world today before Russia invaded Ukraine. At the beginning of the Covid pandemic, the oil price dropped to a historical low because of the decreasing demands. When the Western countries put sanctions on Russia, they did not foresee such a massive impact on their economies. The interdependence under neoliberalism is not always equal. Instead of demand for Western goods, the Western countries rely more on Russia's oil and gas because natural resources cannot be replaced, especially in Germany. In June, its CPI increased 7.6% overall, and the energy crisis contributed 3.4% of the increment [5].

Since the 1970s, several protests have happened in Germany because of security concerns about nuclear power. Instead, as part of the Ostpolitik, in 1970, Germany and the Soviet Union reached an agreement to build the first major Russia-Germany pipeline to transport gas. By providing high-quality industrial goods and machines, cheap energy, and raw materials imported from Russia. After the Fukushima disaster, anti-nuclear sentiment reaches its peak. And Germany has been too radical to abolish nuclear power under public pressure. The Germany Parliament announced it would phase out nuclear as commercial power generation by the end of 2022 [6]. On the other hand, in order to deal with climate change, the world needs to develop renewable energy and phase out coal. As the demand for natural gas increases, Germany's production reached a record low of 4.5 billion cubic meters in 2021 [7]. In Figure 1, it is a huge decline in nuclear electricity generation and an increase in as. Since renewable energy cannot 100% replace nuclear electricity now, Germany has to import more Russian energy to maintain electricity generation.

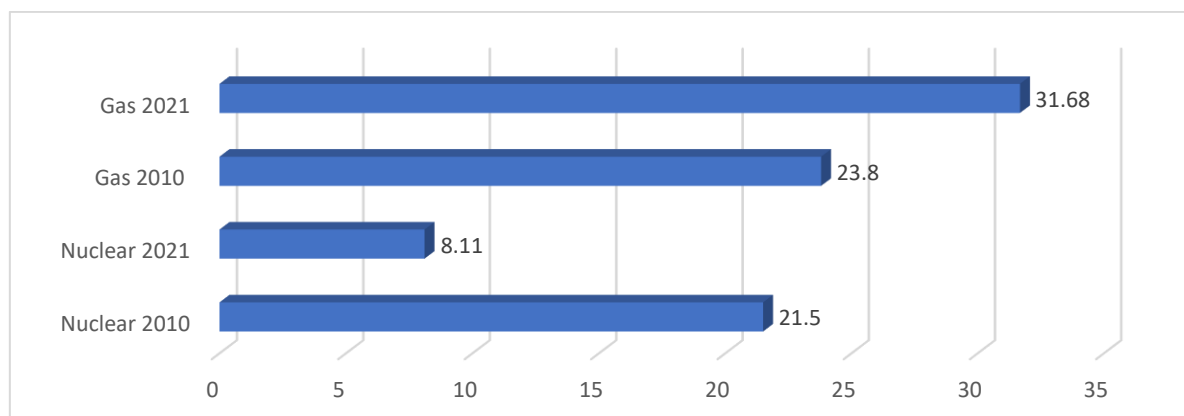
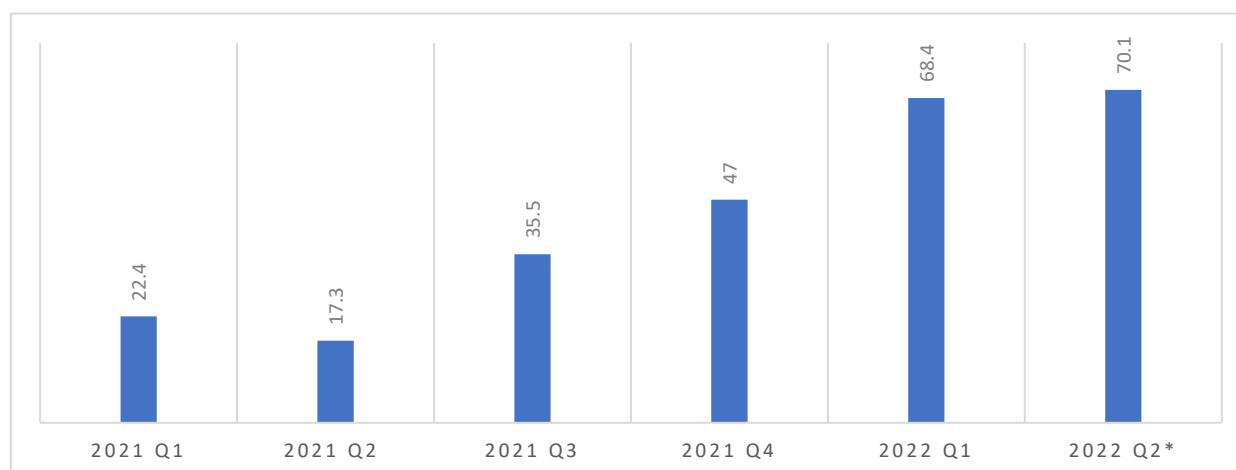


Figure 1. Net Installed Electricity Generation Capacity (GW) in Germany [8] [9]

The Russo-Ukrainian War triggered the energy crisis in Europe. Germany has to stop Nord Stream II under international criticism. And in response to Western Sanctions, Russia is cutting the Nord Stream I as the bargaining chip. The potential impact on the German economy of a complete and permanent shutoff of the remaining Russian natural gas supplies to Europe. It accounts for the curtailment of flows through Nord Stream I that have already taken place. Such a scenario could lead to gas shortages of 9 percent of national consumption in the second half of 2022, 10 percent in 2023, and 4 percent in 2024 [10]. To make matters worse, the heat wave in Western Europe this summer is raising the demand for electricity generation to a new degree. And since Germany has phased out most of its nuclear power plants, it has to restart using coal to cover natural gas losses, reversing Germany's green goal.

The result of sanctions to contrary to the western's objective. As Figure 2 shows, after the decline in the first month of the war, the Russian Ruble proliferated since the increasing oil and gas prices, adding to Russia's current estimated surplus, hit \$ 70.1 billion in the second quarter of 2022. China and India are the leading buyers of Russian gas, and Germany also has to continue importing Russian gas at higher prices, which leads to a trade deficit. The latest data shows that Germany had a foreign trade deficit of 1 billion euros in May. It is the first time since 1991 [11]. It is large should blame on the increasing energy prices.



*: Estimate

Figure 2. RUSSIA'S BALANCE OF PAYMENTS (Billions of US Dollars) [12]

3.2. Case Analysis

The goal of Ostpolitik is from the neoliberalist ideology. Germany wants to democratize Russia and turn it into a market economy through trade. Germany believes that Russia also needs Germany as Russia's gas and oil as vital export goods. Therefore, Russia would not invade Ukraine because of the massive reliance on Germany buying Russia's oil and gas. And the Nord-Stream II is almost

finished, with substantial potential profits for Russia. If war happens, Russia, on the one side, has to pour its GDP into armies. On the other side, Russia will lose its biggest gas consumer and face international sanctions. Both will hurt Russia's GDP dramatically. As a rational actor, Putin will not take this risk.

However, reality proves that realism is correct. Russia cannot endure NATO's expansion since security is always the priority. Furthermore, interdependence is not equal. Russia's oil and gas are necessities, which means Germany cannot get rid of oil and gas, but Russia can always find a buyer to purchase these natural resources. Unlike consumer goods that can be replaced by changing and retraining new manufacturers, only countries with natural resources can export them. At least now, nobody can replace it. And these natural resources have another vital characteristic-Strategic resource. It means countries like China and India are willing to import more resources from Russia as part of a strategic reserve for the future.

Germany also forgets one more thing: the international system is anarchic, and states are selfish. As the energy crisis became severe, western countries asked the Middle Eastern countries to increase their productivity. Still, these countries were reluctant to do that because they could not gain any benefits from reduced energy prices. Germany is giving away its energy security to other countries. Also, other countries will continue buying Russia's energy for their usage. Because of Germany's plan to phase out nuclear power, part of its electricity generation depends on gas imported from Russia. Thus, Russia has the authority to control the lifeline of the German economy.

4. Implications

When talking about the ideologies of Neoliberalism, scholars always mention interdependence. Keohane and Rye noted three main characteristics of complex interdependence, 1) Multiple Channels, 2) the Absence of Hierarchy among Issues 3) the Minor Role of Military Force [2]. The author does not want to deny the existence of these characteristics. On the other hand, this article will reinterpret and add the factors of interdependence through a more realistic way of thinking.

4.1. Multiple Channels

Although it is undeniable that multiple channels exist, it is too idealistic because it only can play a role in peacetime. Once the emergency happens, the countries will always control different channels, leaving the other channels useless in different ways. As a member of the G7, Germany has to put sanctions on hundreds of individuals and entities. If Germany wants to use these channels to negotiate, it will only be seen as a sign of weakness. What western is doing now is cutting these transmission belts. On the contract, Russia will not allow any other actor besides itself to negotiate peace unless Putin thinks Russia gets what it wants. The will of the nation limits the non-government actors. They are not controlled by the government entirely, but the government can put pressure on them by making policies. And the government is the only one on the international stage to make the decision. Liberalists may argue about the role of international institutions, But the existence of international institutions is because of countries' consent. If the nations cannot consent, the current international organization cannot perform any action. Thus, the states are the only units in this situation.

4.2. the Absence of Hierarchy among Issues

The Russo-Ukrainian War confirms the existence of a realist hierarchy. NATO and EU's western expansion has threatened Russia's security under Putin's opinion. Many neorealists think there is no hierarchy among issues because the security redline is invisible and constantly confused. Under normal circumstances, there is indeed no arranged priority. Some may see it as a country's bottom line and a country touch that with nothing happened. It causes a wrong signal that lets others believe it does not have a redline. But indeed, it has a tipping point. Germany believes Russia will not invade Ukraine because it needs to export gas through the new-built Nord Stream II pipeline. In the first month of 2022, nobody expected Russia would use forces to "neutralize" Ukraine. Observers

underestimated the result of Ukraine's westernization because NATO has expanded from western Europe to Eastern Europe these years, and Russia did not take any action. This misguided westerners that Russia will not take action if Ukraine joins NATO. Nonetheless, in fact, Ukraine is Russia's redline that other countries cannot reach. Ukraine is the last buffer between Russia and Western countries as an unsafety country. The redline will only be visible once a country touches that, and the outcome is irreversible. Now western countries felt the redline because Ukraine wants to join NATO and it is too late to withdraw. The war is going on.

4.3. the Minor Role of Military Force

The role of military forces also is not faded. Besides the direct war on Ukraine now. Yet the immediate use of military force is limited. There has been no direct from between great powers since World War II. But it is thanks to nuclear deterrence that destroying each other is not in the interest of great powers. But the indirect threat from a country's military capacity is still in effect, not only practical to weaker countries. During the Cold War US and USSR had proxy wars in the third world. The War on Ukraine can also be considered as a half proxy war since Ukraine was backed by Western countries. The role of western weapon supplies is unavoidable. While Russia successfully deters Western nations with its military forces and nuclear capacity. During the war, Russia often threatened western countries several times that if western countries supplied Ukraine with massive destruction weapons, it would take as declare war on Russia. Under this threat, European countries, especially Germany, were not willing to face a war with Russia. Thus, the government of Germany would not like to give Ukraine more weapons, which leaves the war continuous benefit for Russia.

4.4. Hidden in the Dark

But there is a hidden reason to explain why the war happened. It was that interdependence is fragile under certain conditions. Russia's most imports from Germany are machinery. Nuclear reactors, boilers. Germany imports most mineral fuels, oils and gas. For a country, the former is a complementary good that can be replaced by other imports from neutral countries or domestic production. Other countries will increase their production to meet new demands. But natural resources are necessary and cannot be produced if a country does not have them. From a realist perspective, due to the state's limited amount and selfish nature, those countries with these resources are unwilling to increase productivity because it will reduce the prices and domestic storage. For Russia, western sanctions on oil and gas will increase the price, which will not influence Russia's trade balance. It damages countries like Germany, which hugely rely on cheap Russian gas. This makes Russia believes that European countries will firstly withdraw from the war due to the domestic pressure from high inflation and gas prices. In general, Issues are not subordinated to military security, but in a broader background, they are always subordinated to national interests.

5. Suggestions

From a realist perspective, this article suggests that the German government should restart focusing on energy independence to ensure its economic development will not be influenced by international situations. Given the NATO collective defenses system, Russia is also unwilling to have a war with all NATO members and escalate to a nuclear war. Thus, it can gradually replace Russia's oil and gas by increasing self-electronic generation. Also, the growth of nationalism and deglobalization around the world will be a threat to the current German energy import system. Before reaching 100% renewable energy, it is necessary to construct new nuclear power plants to replace the high demand on natural gas from Russia. By doing this, Germany can regain control of its national security and more chips in future international stages.

It is crucial to regain public confidence in nuclear power. The government has an obligation to make the public realize the safety of nuclear power. And more essential is to recognize the necessity of national security. Taking an example, a crash of an aircraft is a disaster, but nobody will not take

a plane only because the plane crashed before in history. The phasing out of Nuclear Energy can be discussed in the possible future once renewable energy can afford 100% electricity generation.

6. Conclusion

This article reinterprets neoliberalism's interdependence theory from a realist perspective. From Germany's experience in the Russo-Ukrainian War, complex interdependence is idealistic because it cannot be applied in times of emergency. The government will oppress the multiple channels in certain criteria. The situation will not allow the participation of non-government channels. The security redline is invisible but do exist. If the redline is not touched, the multiple issues are not arranged. But once it is triggered, the security redline will become the top priority. Like the security concerns, the role of military forces is changing from direct military conflict to an indirect military threat. The military plays a massive role in threatening or deterring rivalries by creating a shadow of warfare. The interdependence can be unequal due to the different nature of goods. Thus, finding a complementary way is essential for a country's national security.

All in all, as an extension of current realist theory. Economy strengths influence military strengths. Therefore, economic interdependence should be considered as a part of broader national security interests. The Selfish nature of the state will exist once the countries exist.

As Keohane and Rye mentioned in their book, this article was not simply trying to replace all neoliberalism ideology. Realism and Liberalism have many commons in many perspectives. This is only one interpretation from a different point of view. It is essential to realize that the relations of these two theories are not simply enemies that disagree with each other but friends. The development of an ideology cannot leave the influence of different approaches. The combination of many theories could create a better theory.

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