

# German establishment criticizes Trump's protectionist economic policy

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The German establishment is alarmed that Donald Trump's "America first" policy could plunge the world economy into the kind of protectionism and trade war witnessed during the 1930s. At that time, pervasive economic nationalism triggered an economic and social catastrophe which bore significant responsibility for the rise of the Nazis and the outbreak of World War II.

There is much speculation in the media that Trump will withdraw some of his promises from the election campaign and pursue more conventional policies. But his promise to exit the Trans-Pacific Partnership (TPP) on his first day in office has convinced many that he means business with his economic nationalist policies.

The *Süddeutsche Zeitung* interpreted his proposal as the end of "an era of free trade and open borders" which began in 1945. The losers of such a development, the newspaper feared, could "include Germany, which is more dependent on exports than almost any other country."

The same newspaper drew a parallel between Trump's economic nationalism and the Smoot-Hawley Act, which drastically increased American tariffs on foreign products in 1930. As a result of this law and other protectionist measures, "global trade shrunk by 1933 to a miserly third" of what it had been. The fatal decision, according to the *Süddeutsche Zeitung*, "contributed to the escalation of the world economic crisis, which stole jobs from millions and assisted dictators to come to power."

"If Trump really seals off America and other nations respond correspondingly, planet Earth will hardly be recognisable," the newspaper warned. "The world economic crisis of the 1930s offers just one example of how protectionist races lead to disaster."

But what is the answer of the German ruling class to this threat? It was on full display during a debate in the German parliament (Bundestag) on Wednesday. The annual statement on the Chancellor's Office budget traditionally serves as an opportunity to discuss the fundamentals of government policy.

Amid much self-contrition, assertions to take the "concerns of the citizens" into account in the future and empty phrases about "human dignity" and "Western values," government representatives and other parliamentary deputies pledged themselves to free trade while at the same time called for a major build-up of the state apparatus at home and abroad.

The tone was set by Sahra Wagenknecht, the parliamentary group chair of the Left Party. She warned the governing Christian

Democratic Union (CDU) and Social Democrats (SPD) against continuing on in the same way as before. American citizens had "not voted primarily for the billionaire Donald Trump," but had "rejected the status quo." But by agreeing to Frank-Walter Steinmeier as the next presidential candidate, Wagenknecht added, the SPD and CDU had given "an unmistakable signal of the grand coalition status quo."

In Germany as well, Wagenknecht continued, "a growing number of people have reasons to be disappointed and angry: about a united policy of the grand coalition, which has no interest in their elementary interests in life and fears for future, but indifferently and without emotion continues to take decisions making the rich even richer, the corporations even more outrageously wealthy and the life of the working middle class and working class even more insecure and precarious."

As a response, Wagenknecht suggested adopting parts of Trump's economic programme. She explicitly praised his nationalist economic policy—as if this can be separated from his reactionary domestic and foreign policies.

"Apparently a Donald Trump even has more economic policy sense than you," Wagenknecht told the assembled deputies. "Because at least the man has understood that state-led industrial policy is better than low-wage service sector jobs and that budget cutting does not help crisis-ridden and collapsing infrastructure, but only a well-funded programme of public investments."

This recalls the argument that Hitler's policies initially were not so bad because he built autobahns and financed other public investments. Yet Hitler's job creation measures were bound up with preparations for war from the outset. They were inseparable from the destruction of the workers' movement and the strengthening of the military.

The multi-billion dollar investment programme announced by Trump does not serve the purpose of urgently required state-financed improvements to roads, bridges and public institutions. Instead, these will be privatised. Private firms that participate in the programme will receive massive tax breaks and other benefits to enrich themselves. Trump's promise to deregulate the pharmaceutical and energy industries promises huge profits for the corporate elite.

As the WSWWS has already written, "Trump's economic plan for the US economy bears a striking resemblance to the business model of his real estate and casino empire. A mixture of tax evasion, scams and outright swindling, coupled with the

exploitation of low-wage workers.”

These policies will only intensify class tensions in the United States and deepen the economic conflicts with its economic rivals in Asia and Europe—including Germany, China and Japan. For this reason, Trump is filling his administration with far-right representatives and aggressive figures from the military and intelligence apparatus.

The German government is responding by moving sharply to the right, and Wagenknecht is following suit. A key focus of the speech by Chancellor Angela Merkel, who spoke next, was the military build-up. Given the growing international tensions, she promised, “We have to reach the 2 percent goal.” Two percent of GDP is to be spent in the future on the German army and its military equipment. This would equate to around €60 billion, twice as much as in the past.

Other European politicians are also pushing for a dramatic increase in military spending. NATO General Secretary Jens Stoltenberg stated following a call with Trump that all NATO members now had to reach the 2 percent target. This would make €100 billion more available to NATO. Thus far, only four of the 26 European NATO members fulfill this—Britain, Estonia, Greece and Poland.

While Stoltenberg justified his demand by saying that the US would stay loyal to the alliance if it was fulfilled, the number of voices calling for increased military spending in order to pursue a more independent foreign policy against the United States is growing.

Mark Leonard, head of the European Council on Foreign Relations, wrote a very explicit comment of the matter, titled “Europe alone in Donald Trump’s world.”

“Europeans will not only have to get used to Trump; they will have to look at the world through different eyes”, Leonard writes. American guarantees are no longer reliable, global institutions will come under attack, Trump will turn all US relationships on their head and is unpredictable.

Concretely, the director of the thinktank proposes that the Europeans use the two months to Trump’s official entry into office to increase leverage over the US. Europe has shown in the past that it can only influence the US when they have worked together and dealt with the US from a position of strength.

“Second, Europeans should show that they are able to hedge their bets and build alliances with others”, Leonard continued. “The EU must reach out to other powers to help shore up global institutions against Trumpian revisionism. And it also needs to diversify its foreign-policy relationships. Rather than waiting for Trump to marginalize the EU over Russia and China, Europeans should fly some kites of their own.”

Thirdly Leonard demanded: “Europeans need to start to invest in their own security. ...the EU has done little to close the gap between its security needs and its capabilities. It is time to put meat on the bones of the Franco-German plan for European defense.”

The problem with this “European defense” is, however, that alongside the conflict with the US, centrifugal tendencies in Europe are also growing. The overcoming of the enmity between Germany and France, which waged war against each other three

times between 1871 and 1945, as well as conflicts with other European powers, was closely linked to America’s dominating role.

Economic and political tensions in Europe have already increased with Brexit, the British decision to leave the European Union. In early December, nationalist opponents of the EU are likely to gain the upper hand in the Italian constitutional referendum and the Austrian presidential election. And in May next year, what *Financial Times* commentator Gideon Rachman calls a “nightmare vision” could come to pass—a victory for the National Front in the French presidential election.

“The consequences of a victory for the far-right in France would be drastic for both European and world politics”, Rachman writes. “A Le Pen presidency could well lead to the collapse of the EU. She wants to pull France out of the European single currency and to hold a referendum on France’s EU membership.”

Regarding the situation in the EU as a whole he comments: “Within the EU, Germany’s relations with southern Europe have been poisoned by the euro crisis, while its relations with eastern Europe have been soured by the refugee crisis. Meanwhile, Britain has voted to leave the bloc. The election of Ms. Le Pen in France could be the final blow to the vision of Europe represented by Ms. Merkel, and constructed by generations of European leaders, since the 1950s.”

Trump’s ascendancy is the result of a long development and at the same time marks an historic sea-change. It is a product of the fact that the global integration and interdependence of the economy is incompatible with the division of the world into national states upon which capitalism is based, as well as the incompatibility of the social character of global production and capitalist private property.

The ruling class is reacting to the break-up of these fundamental contradictions of capitalist society, as it did in the first half of the 20th century, with chauvinism, dictatorship and war. At the same time, the class struggle is intensifying and creating the objective conditions for socialist revolution. Everything now depends on building a new revolutionary leadership that fights for a socialist perspective in the working class of the United States, Europe and the whole world.



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