

Coalition talks in Germany: €1 trillion for the military and infrastructure

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In coalition talks, the Christian Democrats (CDU/CSU) and Social Democrats (SPD) are preparing a huge increase in defence spending and corresponding social cuts. Another “special fund for the Bundeswehr” (Armed Forces) amounting to €400 billion and a special infrastructure fund of €400 billion to €500 billion are under discussion. Together with the €100 billion pot for the Bundeswehr decided three years ago, this would amount to additional expenditure of almost €1 trillion, more than double the current federal budget.

The proposal originated from four leading German economists: Clemens Fuest, president of the Ifo Institute; Michael Hüther, director of the German Economic Institute; Moritz Schularick, president of the Kiel Institute for the World Economy; and Jens Südekum, an economist at the University of Düsseldorf. The four were discussing the fiscal policy options of the future federal government at the initiative of Saarland Finance Minister Jakob von Weizsäcker (SPD).

According to weekly *Die Zeit*, which has seen a copy of the discussion transcript, the four economists are in favour of the two special funds being approved before the start of the new legislative period, in the old Bundestag (parliament) where the CDU/CSU, SPD and Greens have the necessary two-thirds majority, which is no longer the case in the newly elected one.

The CDU and SPD are discussing corresponding plans in their exploratory coalition talks, even though there is little concrete information on this, as both sides have agreed to maintain strict secrecy. For example, *Bild* tabloid reported that Chancellor-designate Friedrich Merz (CDU) is planning a special session of the Bundestag for March 10.

What is certain is that the new government will rearm at a rate last seen under Hitler, and everything else will be subordinated to this goal. After the open rift between President Donald Trump and Ukrainian President

Volodymyr Zelensky, numerous representatives of the CDU/CSU, SPD and the Greens have expressed their views accordingly.

The coalition negotiations between the CDU/CSU and SPD are being pushed forward at a rapid pace, on the grounds that Germany must demonstrate its ability to act and its readiness to defend itself.

CDU parliamentary secretary Thorsten Frei said, “Both sides are aware that the world and Europe will not wait for Germany.” He added that foreign policy events had taken a turn for the worse in recent days and that Germany needed to be able to act. “To do that, we need a federal government very quickly that is able to take control.”

SPD leader Lars Klingbeil urged that the clarification of finances be given top priority. “This is something that needs to be clarified at the beginning of the negotiations and where the talks have started,” he said.

Despite it being the carnival season in Germany, the negotiations are continuing intensively. A meeting was planned for Wednesday between Merz and outgoing Chancellor Scholz, who is not taking part in the negotiations himself, so that he can make firm promises at the EU summit on Thursday about further financial and military aid for Ukraine and a strengthening of its armed forces, in order to make Europe more militarily independent of the United States.

The European powers, led by Germany, France and Poland, are determined to continue the war against Russia, which has already claimed hundreds of thousands of lives, even if the US withdraws to focus more on confronting China.

The claim that this is about defending democracy and warding off Russian aggression is absurd. In reality, it was NATO’s constant eastward expansion that prompted the Putin regime to launch its reactionary attack on Ukraine.

As early as 2014, the NATO powers had helped install a pro-Western regime in Kiev that relied on fascist militias and revered Nazi collaborators from World War II as heroes. Today, Zelensky can only stay in power by imprisoning opponents of the war such as the Trotskyist Bogdan Syrotiuk, suppressing critical media and forcibly recruiting soldiers from the war-weary population.

Now, the European powers fear that Trump could come to an agreement with Putin at their expense and bring Ukraine's valuable raw materials under his control, which they themselves are eyeing. That is why they are desperate to continue the war and are frantically rearming.

The future opposition parties in the Bundestag also support this course. The Greens are even more belligerent than the CDU and SPD. Sunday evening on the "Miosga" talk show, outgoing Foreign Minister Annalena Baerbock (Green) advocated German participation in a "peacekeeping force" in Ukraine. "History is being made now," she said. Germany must "definitely" be part of the "coalition of the willing" proposed by France and Britain.

The Left Party has also signalled its willingness to support the war policy of the future German government. In a resolution adopted by the party executive on March 1, it states: "Trump is in the process of massively damaging international law and relying solely on the law of the strongest. The German government and the EU must respond with a clarity that is long overdue." The party is demanding "debt relief for Ukraine" and "suspension of the debt brake ... to free up sufficient funds for financial civilian support for Ukraine."

The far-right Alternative for Germany (AfD) rejects providing support for Ukraine, but calls for an increase in the arms budget to 5 percent of GDP and more in order to build Germany into an independent military power.

Such a gigantic increase in war and armaments spending requires massive cuts in social spending. The fact that it is to be financed by a shadow budget—a special fund or a relaxation of the debt brake—does not change this. Either way, the federal government is taking on high debts that incur interest and repayment.

Repaying the €400 billion that the federal government borrowed during the onset of the coronavirus pandemic alone will cost €13 billion a year for 30 years starting in 2028. If the billions for the Bundeswehr are added to this, the costs to service the debt will skyrocket.

While the participants in the talks are keeping a tight lid on the situation so as not to arouse opposition, experts have long been discussing the social cuts that are likely to

be included in the coalition agreement. The *Frankfurter Allgemeine* reported on this under the headline "Financing rearment: parental allowances down, defence up?"

The cuts being proposed range from the complete abolition of parental benefits (Ifo chief Clemens Fuest) to the reduction of mothers' pensions (chairwoman of the economic experts, Monika Schnitzer), the abolition of early retirement at 63 (Jens Südekum, SPD member and adviser to Economics Minister Robert Habeck) to the merging of the Bürgergeld (welfare payments), housing benefit and child benefit in order to increase the "incentive effects on the labour market" (Lars Feld, adviser to former finance minister Christian Lindner).

But these are just a few of the cruel effects to come by placing the economy and society on a war footing. Rearmament and war also require soldiers who can be slaughtered for imperialist interests. The reintroduction of compulsory military service and the expansion of the Bundeswehr to half a million soldiers and reservists have also been discussed for some time. And while jobs are being destroyed on a massive scale in the automotive, supplier and chemical industries, the first companies are being converted to war production.

No one voted for this policy in February's federal election. The establishment parties and the media deliberately focused the election campaign on the issue of migration, whipping up anti-refugee and anti-migrant sentiments. They thus diverted attention from the real issues and strengthened the AfD. They will continue to use the far-right party in the future to intimidate and suppress resistance to militarism, war and social cuts.

Only an independent movement of the international working class, combining the struggle against war and austerity with a socialist programme to overthrow capitalism, can stop this development.



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