

Breakup of Germany's coalition government ushers in new phase of class struggle

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A few hours after Donald Trump's election victory in the US, Germany's Social Democratic Party-led coalition government broke down. Federal Chancellor Olaf Scholz (SPD) fired Finance Minister Christian Lindner of the liberal Free Democratic Party (FDP) on Wednesday evening. Shortly thereafter, with the exception of Transport Minister Volker Wissing, the other FDP ministers also resigned.

There is a close connection between the US election and the failure of the coalition. Experts expect Trump's second term to be marked by new trade war measures against Europe and a partial US withdrawal from the war against Russia in Ukraine. They urge the German government to support the German economy with billions of dollars in the trade war and to increase arms spending enormously in order to continue the war in Ukraine and to be able to stand on its own two feet militarily. This requires massive attacks on the working class, which has to bear the costs of trade war and war.

In his statement justifying Lindner's dismissal, Chancellor Scholz referred to Trump's election victory and concluded: "It is clear that Germany will have to live up to its responsibilities. We need to stick together in Europe more than ever and continue to invest together in our own security and strength. Because the situation is grave. There is war in Europe. Tensions are rising in the Middle East."

German Defense Minister Boris Pistorius (SPD) met with his French counterpart Sébastien Lecornu in Paris on Wednesday to discuss closer cooperation in European defense and integration of the defense industries. The next step is a meeting of five defense ministers to take place in Berlin, which will include Britain, Poland and Italy.

At the same time, Scholz continued, "Our economy is treading water. Our companies need support, and they

need it now." According to calculations, the 10 percent increase in American import tariffs on products from the EU threatened by Trump alone would burden Germany's GDP with 127 billion euros. Not a week goes by without thousands of jobs being cut in the automotive, auto parts, steel, chemical and other industries.

Moritz Schularick, president of the Kiel Institute for the World Economy (IfW Kiel), spoke along the same lines as Scholz. "With the election victory of Donald Trump, the most economically difficult moment in the history of the Federal Republic begins, because we are now facing massive foreign economic and security policy challenges for the internal structural crisis, for which we are not prepared," he wrote on the website of his institute.

He warned of "protectionist tariffs and import restrictions that will further weigh on growth in Germany and Europe" and demanded, "We need to invest massively in defense capabilities in the short term and move forward with France and other willing European partners to build European defense."

After Lindner's expulsion, Scholz made fierce accusations against his dismissed finance minister. He had irresponsibly resisted necessary compromises, "blocked laws with irrelevancies" and "pursued petty party-political tactics." Instead of "acting seriously and responsibly," he only takes care of "his own clientele" and "the short-term survival of his own party." "Anyone who enters a government must act seriously and responsibly and not run for cover when things get difficult."

The coalition government has been arguing about the future budget for months. It agreed to support the Ukraine war and business with billions. But there were differences on the question of financing. Lindner

insisted on not taking on any additional debt. In early November, he leaked a paper to the media urging massive cuts in pensions, benefits and environmental regulations to fund rearmament and tax cuts for the wealthy.

Scholz considers this course too risky. He fears that such an open combination of rearmament, tax gifts to the rich and social cuts will provoke resistance in the working class, which even the trade unions can no longer suppress. He is therefore proposing a temporary suspension of the debt brake in order to be able to take out additional loans and thus gain more room for manoeuvre in stifling resistance to his anti-worker and militarist policies.

“Never, never should we play off internal, external and social security against each other,” he thundered against Lindner, who strictly rejects easing the debt brake. Scholz accused Lindner of seeking “billions in tax cuts for a few top earners and at the same time pension cuts for all pensioners. ... This endangers our cohesion, this even endangers our democracy in the end.”

This is, of course, empty demagoguery. Chancellor Scholz belongs to a party that has led the labor and the most important social ministries since 1998, with only four years of interruption, and is responsible for the largest redistribution of wealth in favor of the rich since the establishment of the Federal Republic. The former Workers’ Party today relies on political careerists, state functionaries, union bureaucrats and other members of the wealthy middle class. It is so hated that it is only achieving 15 percent in the polls and is trailing the far-right Alternative for Germany (AfD).

Like the Democrats in the US, which with their arrogance towards the falling living standards of the working masses, their support for the wars in Ukraine and Gaza, and their anti-refugee deportation policy paved the way for the fascist Trump to return to the White House, the SPD also strengthens the most right-wing elements with its policies.

Scholz worked closely with Lindner as inflation eroded real wages and rents, and energy prices exploded. In the meantime, he has appointed the former head for Germany at the US major bank Goldman Sachs, Jörg Kukies, as Lindner’s successor as Minister of Finance. Kukies already worked for Scholz when he was Federal Minister of Finance and has served him as

State Secretary in the Chancellery since 2021.

Scholz has also turned for help to Christian Democratic Union (CDU) leader Friedrich Merz, the former head of the German branch of BlackRock, the largest asset manager in the world. He has asked Merz to work “constructively” with his minority government “in the rapid strengthening of our economy and our defence” sector and to support them by passing relevant laws.

On January 15, Scholz intends to table a vote of confidence in the Bundestag. Federal President Frank-Walter Steinmeier can then dissolve the Bundestag and call new elections in March, in which the CDU has the best chance of winning, according to current polls. The far-right AfD, which feels strengthened by Donald Trump’s election success, would also have a good chance of success.

However, the CDU, Christian Social Union, AfD and also the FDP are pushing for Scholz to raise the vote of confidence as early as next week, so that the federal election can take place in January. However, their options for achieving this are limited, as Germany’s Basic Law places strict restrictions on the premature dissolution of the Bundestag.

But regardless of how the political maneuvers and clashes play out in the coming weeks, all established parties are in the process of shifting the axis of official politics far to the right after Donald Trump’s election victory. Enormous sums are available for rearmament, war and propping up the stock market, while the opposition to this is suppressed. All parties represented in the Bundestag agree on this.

The Socialist Equality Party (SGP) declares war on the all-party coalition. It counterposes this all-party coalition for war and social cuts with the international mobilization of the working class against capitalism and for the reorganization of society on a socialist basis. This is the only way to prevent a catastrophe.



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