

LETTER FROM BERLIN



Germany in Crisis

THE INTERNATIONAL
ECONOMY
THE MAGAZINE OF INTERNATIONAL
ECONOMIC POLICY
220 I Street, N.E., Suite 200
Washington, D.C. 20002
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Big trouble ahead for Team Trump?

BY KLAUS C. ENGELEN

On the day Donald Trump was inaugurated for a second term, the main German stock index DAX briefly rose over 21,000 for the first time ever, suggesting that a large share of foreign investors—some estimates guessed around 70 percent—supported Trump’s “Make America Great Again” triumphant return as the forty-seventh U.S. president.

This contrasts with the prevailing fear in Germany in light of the threatened higher tariffs and a U.S. retreat from its dominant military support for the Ukraine.

When Trump won the 2024 U.S. presidential election in November, the head of the respected Kiel Institute for the World Economy, Moritz Schularick, warned that Trump’s victory “marks the beginning of the most difficult economic moment in the history of the Federal Republic of Germany. ... Trump’s economic

policy measures are likely to include protectionist tariffs and import restrictions, which will put further pressure on growth in Germany and Europe.”

Addressing Germany’s ruling political class, Schularick said, “It

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was short-sighted and irresponsible to make German security dependent on swing voters in the USA... We need to invest massively in defense capabilities in the short term and lead the way with France and other willing European partners to build a European defense. The democratic parties in Germany should come together and exempt defense investments from the debt brake so that Germany and

Europe can become capable of geopolitical action.”

In an interview with *Handelsblatt*, Germany’s economic and financial daily, Schularick sounded a warning: “Trump is prepared, we are still not.”

No, we are not prepared for Trump’s disruptions.

Eurointelligence in Brussels, in their November 8, 2024, issue, had a similar reaction.

“No, we are not prepared. Donald Trump’s landslide victory is probably the biggest in the sequence of shocks for Europe this decade, because it cements a structural shift in the trans-Atlantic relationship. Contrary to claims, Europe is not prepared for the economic impact of higher tariffs, the likely U-turn on Ukraine, and defense spending ultimatums.”

After all the recent political forecasts, the *Eurointelligence* authors

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predict that “The EU will not unite in response. What we expect instead is a competition amongst current and prospective EU leaders to become Trump’s most favorite European ally. Right now, that would probably be Viktor Orbán. Giorgia Meloni and Friedrich Merz are both Trumpians. The nationalistic left—Robert Fico and Sahra Wagenknecht—also feel emboldened. France and Germany and their embattled leaders are too preoccupied with themselves to provide any leadership.”

In mid-November 2024, *Eurointelligence* sharply criticized Germany’s political leaders for ignoring the risk of being without a functioning government at a time when major disruptions were looming from the United States. “Scholz missed a big opportunity to rise to the occasion with his unilateral decision to fire Christian

Europe could soon find itself alone if Trump is successful.

Lindner on the day of Donald Trump’s victory. We know that Trump is in a hurry. ... He is not going to wait for six months until Germany has installed its next government.”

Eurointelligence argued that the cross-party consensus in favor of February 23, 2025, as election day “constitutes yet another political miscalculation as Germany’s election campaign will now coincide with Trump’s first month in office. The entire political class will be self-absorbed as Trump will seek to enforce a peace in Ukraine and tariffs imposed on imported goods.”

Eurointelligence warned, “We would also not be surprised to see the Trump team seeking to influence the actual election in Germany.” This was proved true as Elon Musk made repeated calls on his X platform for Germans to support the AfD [Alternative for Germany]. In

an interview with the *Wall Street Journal*, leading candidate for chancellor Friedrich Merz said Musk would face consequences for his election interference.

TRUMP AT DAVOS

When around three thousand business and political leaders listened to the newly elected U.S. President Donald Trump at the World Economic Forum in Davos, they were aware that they were experiencing a historic moment—the first major international address of the new U.S. president since his return to the White House.

Speaking via video, Trump’s historic speech, as summed up by Piero Cingari of Euronews, “carried all the hallmarks of his first presidency: Direct, combative, and unapologetically focused on U.S. interests. Yet the global landscape has changed since he last held office. Europe has spent years forging new trade alliances, NATO has strengthened its unity, and the war in Ukraine has reshaped security priorities. With his return to power, Trump has made it clear that he intends to rewrite the terms of U.S. engagement with the world.”

Another reaction to Trump’s Davos message came from the head of a network of institutions on European affairs. Henning Vöpel, CEO of the Centre for European Policy and a leading analyst on European affairs, attended the WEF meeting and gave us this perceptive reaction to Trump’s imperial address: “Donald Trump’s video speech at the World Economic Forum in Davos has been received with a mixture of feigned composure and emerging despair.”

Vöpel continued, “Many observers sense that Trump’s world is beginning to shape reality. Trump’s promise of a ‘golden age’ is catching on at a time when the world is politically and economically weak and in upheaval.”

Friedrich Merz, the likely next chancellor of Germany, broke a post-World War II “firewall” when he accepted AfD votes in order to pass his immigration motion—which was later defeated.



Vöpel offered this observation on Trump’s mode of operation: “His method is disruption. Rules and institutions are already fragile. He is giving them the death blow. His policy of ‘deals’ is perfidious. Solutions are found on the basis of negotiations, often at the expense of third parties. This geopolitical situation could be described as a ‘balance of disorder.’ Europe in particular could soon find itself alone if Trump is successful. Trump has probably already created a new reality. It is his world in which he sets the rules—ruthlessly and only acting in his own interests. From here, it will be very difficult to return to the cooperative balance of globalization.”

DYSFUNCTIONAL GERMANY

The epochal economic and geopolitical challenges from the United States under its new president come at a time when the German economy has been stagnating for two years. A slow recovery is likely to set in next year, according to the joint forecast of the major economic research institutions. But “Germany’s economic sentiment darkens amid Trump trade risks, recession fears,” warns Euronews.

On January 14, 2025, *Handelsblatt* published an interview with Kenneth Weinstein, former head of the Hudson Institute and advisor to Trump, on what to expect from a new Trump administration.

According to Weinstein, “There will be heavy pressure on Berlin. The President sees Germany as a country



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that has increasingly turned dysfunctional—as a ‘lame duck.’”

Weinstein recalled that Trump had called on Chancellor Angela Merkel, complaining that “he had been stunned to learn that in a country that build the best cars in the world, the battle tanks, the submarines, and the fighter planes are not functioning.” Looking back Weinstein argued, “In many of his points of criticism he was right. Take Germany’s dependency on Russian gas or the insufficient readiness to seriously invest into defense.”

DAMAGING ELECTION INTERVENTIONS

Over decades, the Federal Republic of Germany—unified in 1990 with the former German Democratic Republic which was controlled by communist Russia from 1949 to 1990—was accustomed to heavy interventions in regional and federal elections coming from the East.

With the imperial Trump presidency, massive and disturbing election interventions are now coming from the West, including the global social media platform X, owned by Elon Musk, the richest man in the world.

A political horror scenario for Germany’s democracy and Europe’s largest member country is that Trump’s alter ego Elon Musk—who also owns SpaceX and electric car manufacturer Tesla—openly supports the far-right anti-democratic, antimilitaristic, and Russia-friendly Alternative for Germany, especially its co-head Alice Weidel.

For Germany’s federal domestic intelligence agency, the *Bundesamt für Verfassungsschutz*, controlling the AfD and ensuring the protection of the free democratic order is still a major challenge. The new importance given to AfD leaders Weidel and Tino Chrupalla by Musk, whom Trump has put in charge of slashing the size of the U.S. government, is the worst intervention into a German election imaginable, clearly designed to weaken the democratic-oriented establishment in the February German snap elections.

IMMIGRATION DISASTER

Since the collapse of the troubled three-party coalition on November 8 of last year, when Chancellor Scholz fired his finance minister Christian Lindner in a dispute over the debt brake, Germany is without a functioning government. The leaders of the Social Democrats, the Greens, and the FDP agreed on a snap election on February 23, 2025.

No wonder that the former coalition parties are falling behind the opposition CDU/CSU under their leader and chancellor candidate Friedrich Merz. The AfD has been using Germany’s worsening immigration crisis to attract more and more disgruntled voters.

Ever since former CDU Chancellor Angela Merkel, in 2015, made the questionable decision not to close Germany’s borders to refugees fleeing Syria’s civil war, there has been an immigration pull effect to many other regions. During 2015 and 2016, German communities had to cope with over a million Syrian asylum seekers.

ELECTORAL SHOCK WAVES

As the crimes of asylum seekers seemed to dominate the headlines over recent years, angry voters were

motivated to leave the governing centrist parties, especially the SPD and the Greens.

“Far-right Alternative for Germany eyes boost at the ballot box following killing which Chancellor Scholz describes as ‘terrorism’” was *Politico*’s headline when reporting last August on the killing of three visitors to a festival in Solingen by a twenty-eight-year-old Syrian asylum seeker.

Then, a few days before Christmas, a fifty-year-old psychiatrist from Saudi Arabia drove an SUV into a crowd at the large Magdeburg Christmas Market, killing six visitors and injuring 299 others. The suspect had been granted asylum in 2016. A few weeks later, on January

Merz broke a post-World War II “firewall” among the German mainstream parties.

22, 2025, a two-year-old boy and a man were killed in a stabbing in a park in Aschaffenburg by a twenty-eight-year-old asylum seeker from Afghanistan who was due to return to his homeland after his claim for asylum was rejected.

The Aschaffenburg killing sent shock waves through Germany and was another setback for Scholz’s caretaker government of Social Democrats and Greens. It also was a call for the opposition to act. “Merz vows migration crackdown on Day One as German chancellor” headlined *Politico*, reporting that Merz wants to impose at last strict border controls. Merz led in the polls ahead of Germany’s February 23 election with a platform of emphasizing stricter migration controls as well as law-and-order policies. His party faced mounting political pressure from the far-right AfD, which ran second in the polls, and has efficiently linked rising crime rates to migration in its campaign.

Starting with his five-point migration plan calling for a *de facto*

entry ban for all people without valid documents and permanent control at German borders, followed by an influx limitation bill, Merz announced that his parliamentary group would introduce these motions in the German parliament and try to get them approved “regardless of who agrees with them.” He called for more deportations and the borders also be closed to those entitled to protection under EU law. “We see before us the ruins of ten years of misguided asylum and immigration policy in Germany. We reached the limit.” Merz criticized EU asylum rules as “recognizably dysfunctional,” notes BBC News.

When it comes to the voting in the Bundestag, Merz declared that “he would not look to the right or the left, he would only look straight ahead.” The former coalition partner of the Social Democrats and the Greens, Lindner’s FDP, indicated support for the Merz bill. It was no surprise that the far-right AfD announced that it would vote for the Merz legislative proposals as their first chance to get rid of the post-World War II “firewall” among the German democratic center parties wherein they rejected cooperating with the far-right parties to pass legislation.

The Social Democrats and the Greens in outrage opposed the new Merz anti-immigration legislation because in their view the legislation goes against German Basic Law and against EU law and international conventions.

MERKEL: MERZ WAS WRONG

Following the somber session to commemorate the eightieth anniversary of the liberation of the Auschwitz-Birkenau concentration camp at the end of January, the vote on the first part of the Merz immigration proposals was scheduled. The Merz proposal got a majority of 348 votes, while the SPD and Greens lost with 344 votes.

A Growing Threat to German Democracy?

The magazine *Der Spiegel* documented how much the integrity of the second-largest German opposition party is in doubt in an article in their May 1, 2024, issue, asserting, “The far-right AfD presents itself as a patriotic party, but revelations about possible monetary payments from Russia and a suspected Chinese spy have exposed its members as traitors to their country. *Der Spiegel* has learned that the Kremlin even drafted a “manifesto” for the party.”

As already apparent in the recent state elections in Saxony, Thuringia, and Brandenburg, Moscow has succeeded in its hybrid war effort in that both the Alternative für Deutschland and the new Bündnis Sahra Wagenknecht reject any military support for Ukraine. Both parties have found voter support by placing the escalating German immigration crisis and the huge financial burdens of supporting the Ukraine in the center of their platform.

The centrist democratic parties—the leading CDU/CSU with Friedrich Merz as their chancellor candidate, and the severely damaged SPD and FDP—see the AfD and BSW as a growing threat to Germany’s democracy, economy, and to Germany’s leading membership in the European Union.

A look at Wikipedia reveals, “A large part of the right-wing populist and far-right German party AfD supports Russia, its foreign policy, and its allies. The German domestic secret service reported based on its findings that Russia is trying to destabilize the democratic system of Germany on many levels. ... AfD members and activists were listed as keeping close ties with Russian politicians and receiving financial benefits”

—K. Engelen

In this manner, Merz broke a post-World War II “firewall” among the German mainstream parties. After the historic vote was in, there was somber, angry reflection and even tears on the democratic side, and all-out jubilation among the AfD ranks. Apparently also shocked as a large part of the nation must have been was Angela Merkel, who served for sixteen years as German chancellor and for eighteen years as head of the CDU.

“Merkel versus Merz,” read the *Bild* headline. In a rare posting to her personal website, the former chancellor made it clear that Merz was wrong. She was sharply critical that Merz would “knowingly allow the AfD to gain a majority in a vote in the German Bundestag on January 29, 2025 for the first time.” Referring

to Merz’s Bundestag speech in November 2024, Merkel said, Merz had pledged to “only put the decisions on the agenda of the plenary session that we have previously agreed on with the SPD and the Greens, so that neither in determining the agenda nor in voting on the matter here in the House will there be a random or actually brought about majority with those from the AfD.”

As it turned out, the controversial immigration bill backed by the far-right was rejected in the Bundestag with 338 in favor, 350 against, “with some members of his own party refusing to support the measure, marking a significant blow to Merz’s leadership and election strategy just weeks before Germany’s federal vote, set for February 23,” notes *Politico*. ♦