

Germany And The EU Embrace Military Keynesianism



03-24-2025 ~ Just days before its dissolution, Germany's outgoing parliament rushed through a revision of

the constitution and a massive spending package to facilitate unlimited borrowing for militarisation. Half a trillion euros have been earmarked for the vague category of 'infrastructure and climate neutrality', while increased military spending is now exempt from the *Schuldenbremse*, Germany's stringent anti-debt law that was introduced in 2009. The vote inaugurated the largest armaments programme in Germany since the founding of the Federal Republic in 1949.

The conservative Christian Democratic Union (CDU) and the Social Democratic Party (SPD) - which are set to form a coalition government when the new Bundestag convenes on 25 March - clinched support from the Greens to secure the two-thirds parliamentary majority required to revise Germany's 'Basic Law'. The three centrist parties raced to pass these amendments in the last week of the outgoing parliament because they would otherwise have to rely on support from the far-right Alternative for Germany (AfD) party, which gained an additional 69 seats in the new parliament. While the AfD is not opposed to increased military spending, collaborating with the far-right party remains taboo for many Germans and would have risked both prolonging negotiations around militarisation and provoking greater backlash in the population. Driven by the CDU-SPD-Green trio, the amendments have generated little popular resistance and enjoy support from business leaders, the climate lobby, and trade union leadership.

After imposing broad sanctions on Russia in 2022 and falling behind China's productivity in key sectors such as electric cars, the German economy has been stuck in a two-year recession. With the arrival of US tariffs, the forecasted 0.2% growth for 2025 now [seems illusionary](#). Under the shadow of a third consecutive year of recession, businessmen, media commentators, and even trade union leaders are now advocating a debt-driven 'growth through armaments' strategy to kickstart the economy. It is in this vein that the new amendments to Germany's 'Basic Law' must be understood.

The changes to Germany's 'Basic Law' mean that the military budget now has no upper limit. The centrist parties refuse to name a concrete sum for the planned increase in military spending. Instead, everything above 1% of GDP spending on the military has simply been declared, in the words of the law, 'exempt from the debt brake in future'. This vote echoes the infamous 1914 one in which the Social Democrats joined the centrists in unanimously approving funding for Germany's war against France and Russia. However, in contrast to 1914, the German government today has the authority to borrow without limit.

The 'special funding package for infrastructure and climate neutrality' that accompanies the ramp-up in militarisation will be financed by 500 billion euros of additional borrowing. These funds will be distributed over the course of 12 years. However, their destination has yet not been specified. Party spokespeople have highlighted rail and road networks, bridges, waterways and ports, the energy supply, education, and hospitals. Yet with practically no concrete objectives stipulated, the incoming CDU-SPD government is free to define what falls under the category of 'infrastructure'. The 'special funding package' ultimately serves two purposes: it is a fig leaf to placate the nurses, train drivers, and auto workers out on strike, and it will expand the infrastructure required for military logistics.

The transition to a wartime economy is welcomed as a win-win in Berlin and Brussels. On the one hand, strengthened national armies in Europe can further increase pressure on the European Union's (EU) primary enemy: Russia. As Polish Prime Minister Donald Tusk [put it](#) on 6 March 2025: 'Europe must join this arms race and win it... I am convinced that Russia will lose this arms race - just as the Soviet Union lost a similar arms race 40 years ago'.

At the same time, increased military spending has the potential to turn the largest EU economies around. While EU states currently rely heavily on imported US military equipment, EU Commission President Ursula von der Leyen has [repeatedly emphasised](#) the need to 'buy more European'. To facilitate this, von der Leyen [announced](#) a new 'National Escape Clause' that will allow member states to bend otherwise inflexible fiscal rules if the purpose is exclusively for military spending. The stock prices of European armament companies such as Rheinmetall and Leonardo soared after the EU's announcement of the 'ReArm Europe' plan worth 800 billion euros. The number of people employed in the EU's armament industries has been [growing continuously](#), and, at around 581,000 people across the EU in 2023, was around 15% higher than in 2021. For those EU

corporations struggling against Chinese superiority and US protectionism, militarisation also offers an urgently needed lifeline. Volkswagen, for example, [recently announced](#) that it is open to returning to manufacturing military vehicles, which was one of the company's main lines of production during the Third Reich.

The German elites have thus initiated a comprehensive transition from neoliberal austerity to wartime Keynesianism. Their strategy can be summarised by the [words of Dutch Admiral Rob Bauer](#): 'The military may win battles, but the economy wins wars'. The mission to '[ruin Russia](#)' demands the all-out mobilisation of the home front. Germany's defence minister, who is expected to return in the new government, set [2029](#) as the year by which the country must be 'ready for war'. The CDU is accordingly pushing for a speedy reintroduction of mandatory conscription.

'If Europe wants to avoid war, Europe must get ready for war', were the words used by von der Leyen on the same day the German parliament voted to amend the constitution. They echo [the sentiments of Chancellor Theobald von Bethmann Hollweg](#), who chaired the 1914 Reichstag session that granted war credits to the Kaiser on the eve of the First World War: 'Only in defence of a just cause shall our sword fly from its sheath. The day has come when we must draw it - against our will, against our honest endeavours. Russia has set the torch to the house. We are in a forced war with Russia and France'.

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