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Germany is Collapsing:

The Cost of the Conflict in Ukraine and Domestic Political Breakdown

At the centre of the dispute that led to the collapse of the governing coalition was Christian Lindner, the finance minister dismissed by Chancellor Olaf Scholz for refusing to accept a new budget that included further spending on Ukraine.

All this raises fundamental questions about Germany's future. The fall of the governing coalition was the first victim.

From a European Leader and an Economic Powerhouse to an Uncertain Future

Germany, once heralded as the powerhouse of Europe, is now facing a profound political and economic debacle exacerbated by its involvement in the Ukraine conflict. The International Monetary Fund's latest forecasts predict that Germany's economy will stagnate with no growth expected by the end of this year, following a decline of 0.3% last year. Such bleak projections indicate that recovery is not on the horizon.

Indeed, projections for 2025 suggest a mere 0.8% annual growth, a stark contrast to Germany's historically robust performance. Certainly, the projection for 2025 will be revised downwards due to recent developments, particularly the political crisis and the announcement of substantial disinvestment by Intel and Volkswagen.

The situation took a devastating turn when Volkswagen, the flagship of the German industry and the largest industrial employer with 120,000 direct employees, revealed its plans to close three factories, resulting in approximately 20,000 layoffs and a 10% decrease in salaries costs for all employees and freezing any pay rises over the next two years. This bitter news was the final straw that precipitated the government's collapse. The spectre of deindustrialisation has long haunted Germany, particularly since the rise of high-tech industrial China and the start of the conflict in Ukraine, but now top political leaders have finally realised that it is a reality.

Whom to Blame?

In a desperate bid to deflect responsibility, Chancellor Olaf Scholz has pointed fingers at the support Germany has provided to.....

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