

The German budget 2024—a declaration of war on the working class

Marianne Arens, Peter Schwarz
10 July 2023

On Wednesday, July 5, the German cabinet approved the budget for the coming year and the financial plans until 2027. They are a declaration of war on the working class—on teachers, care workers and other public sector employees, on children, the sick, those in need of care and refugees.

Immediately after the outbreak of the Ukraine war, Chancellor Olaf Scholz announced a military “new era”, heralding the most comprehensive rearmament since Hitler. Now the huge costs of this are being passed on to the working class through cuts in social spending. After the “security policy new era, there is also a need for an economic new era,” writes Finance Minister Christian Lindner (Liberal Democrat, FDP) in a guest article for the *Frankfurter Allgemeine Zeitung*. The 2024 budget is only the beginning of consolidation.

The overall budget will be drastically cut in the coming year. Although it would have to increase by at least €30 billion to maintain the 2023 level, due to high inflation, it will drop by €30 billion from €476 to €446 billion. Measured in terms of purchasing power, this means that over €60 billion will be withheld.

The cuts are aimed at destroying all the rights and achievements that the working class fought for in the post-World War II period. The super-rich and shareholders, on the other hand, will not be touched. Higher taxation of their assets and incomes, which have reached astronomical sums in recent years, is not envisaged.

At the centre of the new budget is military expenditure, which is explicitly excluded from all cuts. It will grow to €51.8 billion next year and will also be fed by the “Bundeswehr [Armed Forces] special fund “ of €100 billion that the Bundestag (federal parliament) passed last year.

“We will spend two percent of our GDP on defence every year,” promised Chancellor Olaf Scholz (Social Democrat, SPD) a few days ago, during the visit of NATO Secretary General Jens Stoltenberg. In relation to last year, when gross domestic product (GDP) was around €3,870 billion, this would amount to €77.4 billion, almost two and a half times what the military budget was ten years ago. And the demands go on and on. In a recent commentary, *Der Spiegel* writes: “€80 to €130 billion a year—that is roughly the corridor in which Germany’s defence spending will have to move in the future.”

After the expiry of the “special fund”, the rising military expenditures are to be covered in full by the regular budget, which is being cut further at the same time. Finance Minister Lindner wants to reduce new debt from €45 billion this year to €16.6 billion next year and below €15 billion by 2027.

How seriously the Bundestag also takes rearmament was shown on the same Wednesday by the Budget Committee, which includes all the parliamentary parties, including the far-right Alternative for Germany (AfD) and the Left Party. The committee gave the green light for the purchase of 60 units of the Chinook heavy transport helicopter (€7.2 billion) and for three fleet service boats including reconnaissance technology (€3.2 billion), which will be used to monitor Russian naval units in the Baltic Sea. In addition, arms manufacturer Rheinmetall is to

deliver more than 3,000 air-landing-capable fighting vehicles. Furthermore, several procurement projects have been set in motion, involving different types of ammunition on a large scale. They are intended for both the Bundeswehr and the Ukrainian army.

With the exception of defence, all ministries have to implement austerity measures, some of them severe. In parallel to militarisation, the finance minister wants to reinstate the “debt brake”, placing a limit on federal borrowing, which had been suspended during the coronavirus pandemic and at the beginning of the Ukraine war. Lindner, however, not only wants to achieve the goal of no new borrowing, but also to make rapid progress on debt repayment despite the war and the crisis.

The “Agenda 2010” policies of the SPD-Green Schröder-Fischer government had already involved drastic cuts in pensions, health care and public infrastructure. At the centre of this was the creation of a huge low-wage sector that has driven the number of poor people (even those with full-time jobs) in Germany to record levels.

Now the state subsidies that have semi-maintained pensions, care, social welfare, and public infrastructure until now are to be cut back, so that social provisions will collapse in the foreseeable future.

At last week’s press conference, in classic neoliberal fashion, Lindner criticised the fact that “expectations towards the state” had shifted. “The state cannot solve everything with money,” he said. “At the centre of our country must be a liberal economic and social order in which the idea of self-responsibility must first be strengthened.” For this reason, he said, the government had “put all expenditure to the test.”

The **basic child allowance**, an important component of the coalition agreement between the Social Democrats, Liberal Democrats and Greens before entering government, is being brutally cut. It was supposed to compensate for the most blatant disadvantages facing poor children in education, school and social participation and ensure that they have reasonable food. It would only have been a drop in the ocean because poverty is constantly on the rise. In the rich, industrialised country of Germany, more than one in five children is currently at risk of poverty.

Funding for the basic child allowance was supposed to amount to €12 billion a year from 2025, but the government’s financial plans only provide for €2 billion. This is by far not enough, according to the chief executive of the Paritätischer Wohlfahrtsverband charity, Ulrich Schneider. “Even Mr. Lindner cannot permanently argue against reality,” he told *RedaktionsNetzwerk Deutschland* (RND). “With €2 billion, you can’t set up a basic child allowance that really eliminates child poverty.”

Especially recently, poverty has worsened. As a result of inflation, the cost of living has exploded. This is also felt by the “Tafeln” (food banks), which provide nutrition to needy people on a voluntary basis. At their annual general meeting in Mannheim, they noted that they were receiving fewer and fewer food donations, which have to suffice for more and more needy people. The state had “the responsibility to secure the subsistence level, not the Tafeln,” emphasised Michaela Engelmeier, chairperson of the German Social Association.

Cuts in the **health budget** are particularly glaring. From €64.4 billion in 2022 and €24.5 billion in the current year, it will drop to €16.2 billion next year, cutting funding to a quarter within two years. This is a direct result of the “profits before lives” policy that declared the coronavirus pandemic over and halted surveillance, prevention and vaccination programmes, even though the virus continues to spread globally and produce ever more dangerous variants. No funds have been allocated in the budget for the hundreds of thousands suffering from Long Covid, the persistent effects of the pandemic.

The cuts in the health sector are a slap in the face for nurses who have been on strike and fighting for weeks in recent months to achieve better conditions in nursing and an improvement of their professions. The government—including Health Minister Karl Lauterbach (SPD)—is clearly telling them that they can bury their hopes for better wages and an end to the nursing crisis. Lauterbach’s “hospital reform”, which provides for the mass closure of some hospitals in the interest of the larger hospital groups, is also along this line.

Long-term care insurance is also affected. It was introduced almost 30 years ago to relieve the state of the social task of looking after senior citizens in need of care. Instead, this task was imposed on the working class, which pays most of the money by means of a compulsory contribution from gross wages. As of next year, the previous federal subsidy of one billion euros will also be abolished. Instead, the contribution rate to the long-term care insurance fund has been raised again as of July 1. While it was originally half a percent, it is now 3.4 to 4.0 percent, depending on the number of children: childless people pay the maximum amount.

Added to this is the much higher contribution rate for health insurance, which was raised again in January and will continue to rise. In this way, more and more important social expenditures are being cut or passed on to workers, who already provide an ever-increasing share of the tax revenue.

In the federal budget, money for **jobseekers and the long-term unemployed** is also being cut. Among other things, about €10 billion that has so far flowed from the federal budget into unemployment benefit II (so-called “Bürgergeld” or citizens’ money) will be cut from next year. In addition, the budget of the Ministry of Housing, Urban Development and Construction will also be reduced by five percent, despite the massive increase in prices in construction, and despite the catastrophic situation in the urban housing market. There is already a shortage of affordable housing in the hundreds of thousands of units.

The **education budget** will shrink by €1.2 billion to €20.3 billion next year. Contributing to this is a reduction in money for student and pupil grants by more than €600 million, despite rampant inflation and the explosion of rents in university cities. This will, of course, mean that even fewer working-class children will be able to go to university.

Among other things, a reserve that the government has been building up since 2015 for **asylum policies** is being dissolved to pay off the national debt. After the EU decided to barrack refugees in an inhumane manner and in violation of the Geneva Refugee Convention in camps at Europe’s external borders, the German government assumes that hardly any will succeed in reaching its soil.

Massive cuts are also planned in the **transport budget**, especially in spending on the rail network and rail freight. The coalition government is thus making a mockery of its claim to stand for environmental protection and the expansion of public transport. Instead of receiving €45 billion as needed, the railways are to receive less than half. This means that there will be no money for the renovation of the rail network in coming years.

Railway workers have been denied a reasonable contract since the end of February 2023. They are determined to fight, and so far, industrial action has only been avoided because the railway workers’ union EVG systematically prevents it.

Freight traffic is also affected by the cuts. The previously practised

single wagon traffic, where privately loaded freight wagons are picked up individually by Deutsche Bahn, combined into complete trains and then moved, is to be ended. The government, still the owner of Deutsche Bahn, wants to close down probably nine out of ten freight transport stations and drastically reduce train formation facilities. The destruction of 10,000 freight transport jobs is threatened.

The 2024 federal budget clearly shows the government is not only pursuing a pro-war policy abroad, it has also declared war on the working class at home. Not all details of the plans are yet known and publicly available, and several debates will follow in the autumn in both houses of parliament. This may change details, but not the thrust of the budget.

The German budget is part of an international development. The imperialist powers are preparing for a third world war and are combining rearmament with the destruction of all remaining social benefits. In the US, the Biden administration is preparing a massive attack on Social Security and Medicare, upon which millions of American citizens depend. In France, the president has pushed through a massive cut in pensions against fierce mass resistance. The list goes on and on.

With Germany’s 2024 federal budget, long-cherished plans are being implemented. For decades, absurdly large fortunes have been amassed at the upper end of society and defended by unscrupulous war policies, while poverty spreads at the lower end. Responsible for this are the governing parties SPD, FDP and Greens, as well as the opposition Christian Democrats (CDU/CSU), AfD and Left Party, who all openly or indirectly support the policy of war and cuts.

Chancellor Olaf Scholz bears a special responsibility. As mayor of Hamburg, he had already made a name for himself with his law-and-order policies, when he organised a massive police operation during the G20 summit in July 2017. When he subsequently moved into CDU Chancellor Merkel’s cabinet as Minister of Finance and Vice-Chancellor, he appointed a top manager of the major US bank Goldman Sachs as State Secretary. In an interview with *Bild am Sonntag*, he threatened even then: “The fat years are over.”

Resistance is developing worldwide against government policies of cuts. Workers in the public sector, the postal service, the railways, and numerous companies affected by closures and layoffs have repeatedly shown their willingness to fight. But the trade unions, in cahoots with government, have always stabbed them in the back.

The Sozialistische Gleichheitspartei (SGP, Socialist Equality Party) therefore advocates the building of rank-and-file action committees that are independent of the unions, controlled by the workers themselves and which network across companies and borders to organise resistance. The SGP is contesting the 2024 European elections with the support of its European sister parties to build a European movement against war and in defence of social and democratic rights. It opposes capitalist barbarism with the United Socialist States of Europe.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact