German Constitutional Court rules climate change fund is unconstitutional—A signal for further social cuts

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Germany's Federal Constitutional Court's ruling on the federal government's Climate Change Fund is not a legal, but a political decision. It reduces the previously agreed budget by €60 billion in one fell swoop and is a signal for further social spending cuts.

The highest German court on Wednesday upheld a lawsuit by 197 Christian Democratic Union/Christian Social Union (CDU/CSU) lawmakers, declaring unconstitutional the reallocation of €60 billion originally earmarked to fight the coronavirus pandemic into the climate change fund. The court ruled that it violates the debt brake enshrined in Germany's Basic Law since 2009.

The judgement has far-reaching consequences. As a result, the almost completed federal budget for 2024, which already contained drastic cuts in social spending, is effectively a dead letter. According to the court ruling, the budgetary lawmakers must "compensate for commitments already made, which can no longer be served, in another way"—in other words, save the missing billions elsewhere—which means further social spending cuts.

As opportunities for savings, various journalists and politicians have already pointed to the citizens' benefit, basic child protection, housing policy, support for refugees, subsidies to assist with the cost of heating modernisation and the climate change plans of the federal government.

However, the ruling not only affects the €60 billion for the climate change fund, but also all special funds with which the federal and state governments have circumvented the debt brake. The federal government alone currently maintains 29 such special funds with debt facilities amounting to several hundred billion euros. Such funds are only permitted in an "exceptional emergency situation."

CDU leader Friedrich Merz already rejoiced that this was "the end of all shadow budgets, at least those that are debt-financed." According to the CDU, the €200 billion special fund to subsidise energy prices is also affected by the ruling.

However, the ruling also has consequences for the federal states, including those governed by the CDU. It "has an impact on budgetary practice not only in the federal government, but also in the federal states," said Chancellor Olaf Scholz (Social Democrats, SPD), who was head of government in the city state of Hamburg before moving to the federal government as finance minister.

With its ruling, the Federal Constitutional Court has interfered deeply with the powers of the government and parliament. A critical commentary in the *Süddeutsche Zeitung* spoke of a "license to co-govern." The verdict carries "paternalistic traits" and narrows "the scope of politics."

Nevertheless, the verdict was largely welcomed by politicians and the media or accepted without objection. In a first statement, Scholz declared that his government would carefully evaluate the verdict and "respect it entirely."

The reason for this is that the government and opposition have long been looking for ways to squeeze out of the working population the huge increase in spending on rearmament and war—about €89 billion in the coming year alone after the recent increase in military aid to Ukraine—and the huge sums with which they subsidize corporations and keep stock prices high. With the Constitutional Court's ruling, they can now

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present this as a practical constraint that they cannot escape.

The debt brake was included in the Basic Law on May 29, 2009, immediately after the global financial crisis, with the combined votes of the SPD and CDU/CSU. It was intended to ensure that the half a trillion euros that the German government had provided to rescue the banks from their self-inflicted crisis would be saved by budget cuts, and not by additional debt, and that even subsequent governments could not change this.

All federal states also passed corresponding laws. The WSWS commented on this in 2011, on the occasion of the introduction of the debt brake in the Hessian state constitution:

> With this credit-cap, the ruling politicians are consciously and voluntarily depriving themselves of the ability to deal with public finances. The prohibition against further public borrowing will have consequences for social, education and health services, street maintenance and public provision in general. The credit-cap will be used as the justification for increasing the costs of energy, water, public transport, sanitation, childcare, sports facilities and many other social services.

Since then, public infrastructure, education and healthcare funds have been cut, pensions and wages have been reduced and the costs of rent, water and electricity have been drastically increased. On the other hand, an increase in taxes on profits, wealth and top income was excluded.

But in view of the escalating wars in Ukraine and the Middle East, in which Germany is playing a leading role, this is no longer enough. For months, the ruling elites have been discussing how to intensify the attacks on the working class. Refugees and migrants are declared scapegoats for the financial hardship of the municipalities and thus the right-wing extremist Alternative for Germany (AfD) is strengthened in a deliberate manner.

The Constitutional Court's ruling ushers in a new stage of this class war, which is increasingly openly met with resistance among workers. The strikes on the railways, in the public sector and in other areas bear witness to this.

The unions play a key role in keeping the resistance under control and enforcing the attacks of the government and corporations. Therefore, it is necessary to establish independent rank-and-file committees. The struggle against wage and social spending cuts, against war and fascism must be developed into a united movement of the international working class fighting for the overthrow of capitalism and a socialist society.

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