

Germany's SPD-led government slashes welfare benefits

Marianne Arens
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The German government (a coalition of the Social Democratic Party/SPD, the neoliberal Free Democratic Party and the Greens), headed by Chancellor Olaf Scholz (SPD), is stepping up its attacks on the working class to finance its war budget for 2024. This is the significance of the government's latest proposal to withdraw citizen's allowance from welfare recipients who are alleged not to have fulfilled all the requirements of Germany's labour laws.

The measure pushed by Labour Minister Hubertus Heil (SPD) serves two primary objectives: firstly, the country's already rampant low-wage sector is to be further expanded. The sanctions will force the unemployed to accept the worst type of jobs for a pittance, which in turn will lower wages even further. At the same time, the billions allocated for rearmament and war in the new year is to be financed at the expense of workers.

In November, the country's Federal Constitutional Court declared the government's planned climate fund to be unlawful. Since then, the Scholz government has faced a huge deficit of €60 billion in its 2024 federal budget. In order to raise a part of this sum, €170 million, Labour Minister Heil announced the following step shortly after Christmas: Welfare recipients who repeatedly fail to fully cooperate with the requirements of employment centres will be threatened with the complete withdrawal of their citizen's allowance, i.e., all social benefits except rent and heating, for a period of up to two months. Anyone who "does not fully cooperate and refuses all offers must expect harsher consequences," Heil told the *Bild* tabloid.

The move underlines the aggressiveness of the German ruling class. Many FDP, opposition Union (CDU/CSU) and SPD politicians are delighted with Heil's proposal, with several of them using the spurious phrase: "Solidarity is not a one-way street."

The new measure is reminiscent of the "demand and

promote" rhetoric with which the former SPD-Green government led by Gerhard Schröder and Joschka Fischer pushed through the repressive Hartz IV reforms between 2002 and 2005, forcing millions into low-wage labour and condemning them to abject poverty. Heil's initiative emphasises that it was never the aim of the current government to alleviate the hardship resulting from the Hartz laws. From the outset, the Citizen's Income reform was Hartz IV under a new name and now serves as a lever to intensify exploitation even further, pushing redistribution from the bottom to the top to new extremes.

The announced sanctions will inevitably "affect people with special needs," declared one leading welfare organisation, "for example those who cannot read and write well, or people with mental illnesses or addiction problems." Ulrich Schneider, spokesman for another welfare organisation—the Paritätische Wohlfahrtsverband—told Welt-News that such a 100 percent withdrawal of basic income support is not only illegal according to the German constitution. It would also affect people who "may have missed appointments" or "those completely overwhelmed and afraid to leave their homes to go to the authorities."

Already, entire neighbourhoods in socially deprived areas are sinking into poverty. In addition to poverty among the elderly, child poverty is also on the rise, officially standing at over 22 percent. Low-paid work is rampant and 4.5 million people have at least two jobs to make ends meet. Homelessness is also on the rise: more than 600,000 people in Germany are currently without a home. Many more do not have a warm home. According to the Federal Statistical Office (Destatis), last year 5.5 million people lived in flats they were unable to heat adequately for financial reasons. This figure has doubled in just one year.

Politicians like Heil live in a completely different world. As ministers, they receive more than €20,000 a month,

including bonuses, i.e., around five times as much as the average salary (which many employees do not receive). Added to this sum are the annual increases for all MPs, an entitlement to a pension after only four years as a minister and, for some, supervisory board bonuses on top. The phrase “Solidarity is not a one-way street” certainly does not apply to the top politicians themselves.

Nor does it apply to the super-rich and billionaires whose interests are represented by government politicians. In reality, their assets and incomes are even greater than is generally recognised.

This was recently pointed out by journalists Julia Jirmann and Christoph Trautvetter from the nongovernmental organisation “Netzwerk Steuergerechtigkeit” (Tax Justice Network). Sponsored by the trade union-affiliated Hans Böckler Foundation, the pair have spent years compiling their own report: “Billionaire fortunes in Germany. Gaps in wealth recording and taxation—proposal for an alternative wealth report.”

The two authors describe the knowledge gap on billion-euro assets in Germany as “huge.” They write: “We have already found 11 previously unidentified billionaire fortunes, including the richest German family. And we estimate previously unaccounted wealth at €500 billion—enough to buy up all the property in Berlin.”

According to the report, there are more than 200 billionaires in Germany, and together their assets total “at least €1,400 billion, possibly significantly more.” This huge total private wealth of €1.4 trillion corresponds to a third to a half of Germany’s annual gross domestic product (GDP) and massively exceeds the current budget gap of €60 billion.

In total, only around 4,300 households are involved in the assets of the 200 billionaires, or around 0.01 percent of all households in Germany. The same government politicians who are prepared to let thousands of welfare recipients starve have no objection to a wafer-thin upper layer of 0.01 percent owning assets worth €1.4 trillion, or €1,400,000,000,000.

The authors from the Tax Justice Network rebuff claims that today’s billionaires are also the captains of large companies. They are “rarely entrepreneurs. One in five billionaire dynasties have already sold their companies, and of the remaining billionaire concerns, only around half are still actively managed by the family.” In other words, while they endlessly enrich themselves as wealth owners and shareholders at the expense of society, these billionaires contribute nothing of worth to the real

economy.

The obscene orgy of enrichment is the result of an aggressive class-war policy from above. Over the past 30 years, every successive government has cut taxes for the rich. Under Helmut Kohl (CDU), wealth tax was abolished. A top tax rate that was as high as 95 percent immediately after World War II, and remained at 56 percent at the end of the 1980s, was reduced to 42 percent during the reign of the SPD-Green government at the turn of the millennium. Federal Chancellor Schröder and Finance Minister Hans Eichel (both SPD) were responsible for this policy.

At the same time, the gap in social polarisation has widened. The social democratic Agenda 2010 and Hartz laws—the relaxation of protection against dismissal, the liberalisation of temporary work, the introduction of precarious types of employment—have caused the low-wage sector and the associated poverty in old age to explode.

Regarding the current situation, the authors of the aforementioned study write: “Since 1996, the typical effective tax rate on billion-dollar assets has roughly halved. Few people realise this.” By exploiting loopholes and tax tricks, the super-rich can even reduce the rates to 1 percent in some cases.

It should be seen as a warning when Heil and the government parties declare welfare recipients to be shirkers and social parasites in this exacerbated situation. The ruling class is aware that the growing social divide is generating anger and resistance. It senses the developing social explosion and is responding with increasingly right-wing policies, turning to war abroad and a police state at home. To this end, it is trying to divide the working population and prevent genuine solidarity. Just like the non-stop agitation against refugees, the agitation against welfare recipients serves the same purpose: workers who have to toil for low wages are now being incited against the unemployed.

Workers must fight this attack on social conditions by building the Socialist Equality Party as their new, revolutionary leadership, uniting the working class and arming it with a socialist programme against capitalism and war.



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