

Budget for 2025: Germany's coalition government plans to slash "citizen's allowance" by billions

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As the German government—a coalition of the Social Democrats (SPD), Greens and Free Democratic Party (FDP)—is finalizing the details of its new war budget, it has already been revealed that it plans to slash the country's citizen's allowance by €2.6 billion in the coming year. Citizen's allowance is paid out to the unemployed and low-paid. It totals at most €563 a month—a sum far too little to live on. The latest cuts to the income allowance were announced by several social organisations with reference to leaked figures. Specifically, the government plan involves cuts of €1.6 billion to job centres and €900 million currently paid out for vocational training and rehabilitation services for social welfare recipients.

Finance Minister Christian Lindner (FDP) has already pushed through a war budget for the current year. On the one hand, record sums are being spent on war and rearmament; at the same time, Lindner has declared war on the working class by significantly reducing social spending. In order to establish Germany as Europe's leading military power, the government has freed up more than €90 billion—the highest increase in military spending since the Second World War.

As a result—and because the government refuses to increase taxes on shareholders and the super-rich—Lindner, Chancellor Olaf Scholz (SPD) and Economics Minister Robert Habeck (Greens) now have to fill a budget gap of several dozen billion euros for the coming year, 2025. They are doing this through austerity measures totalling billions.

Citizen's income is always the first target. The start of the war in Ukraine two and a half years ago also marked the beginning of the constant attacks on this meagre form of support. At the beginning of 2024,

Labour and Social Affairs Minister Hubertus Heil (SPD) threatened that anyone who did not “cooperate satisfactorily” with the demands of job centres would face months of withdrawal of the citizen's allowance.

The victims are “people with special problems,” explained the Protestant Social Organisation, “for example those who cannot properly read and write, or people with mental illnesses or addiction problems.” It didn't take long for the cuts to be extended to broader sections of the working class.

Currently, around 5.5 million people receive citizen's benefits via a job centre, and the trend is rising. Poverty is increasing overall in Germany. According to the Federal Statistical Office, one in four children and one in four young adults in Germany are at risk of poverty or social exclusion. More than half of statutory pensions (10.1 million) are below the poverty line at less than €1,100 per month.

The State Labour Working Group (LAG Arbeit), which is now sounding the alarm, is an association of organisations that care for socially disadvantaged young people, migrants and refugees, poor senior citizens and people with disabilities. Grouped together in the Federal Network for Labour and Social Participation, these associations have sent an open letter to Finance Minister Lindner and Social Affairs Minister Heil.

This open letter is a damning indictment of the coalition government. It points out that the functioning of job centres is already “no longer financially viable to a sufficient extent.” In fact, despite constantly rising unemployment figures, their budget has already been cut by half a billion in the current year 2024. As the open letter states, this means that “tried-and-tested and

meaningful measures for the long-term unemployed are being massively cut across Germany” and “social participation and the opportunity to integrate into the labour market are being denied.”

In this situation, the planned cuts will have a devastating effect. In future, job centres will no longer be able to provide for many people who are likely to slip into long-term unemployment. “The reduction in integration benefits will effectively result in the exclusion of people who are considered ‘remote from the labour market,’” the open letter states.

“Important social services such as food banks, neighbourhood projects and social provision stores” are also under massive threat. These organisations have already taken on a large part of public municipal services: “for example, providing home furnishings and initial basic needs, counselling for refugees, supplying pensioners with food or providing low-income families with children with other social services.”

The latter reveals the rotten state of German society. In the much-vaunted “social market economy,” basic social functions, such as “providing pensioners with food,” are dependent on organisations that largely rely on volunteers. It is precisely these organisations that are now to be deprived of state funding.

Parallel to this social attack, politicians have unleashed a vicious campaign against so-called “shirkers” and “social parasites.”

While concealing the assets of the super-rich and their own privileges, they arrogantly lay blame for social ills on those who supposedly “don’t want to work.” For example, Finance Minister Lindner complained on The Pioneer portal: “We are spending billions of euros to support people who don’t work.” What is needed is “a labour market policy that increases demands made upon the unemployed,” he said. Bavarian Prime Minister Markus Söder (CSU) insistently repeats: “We have to work more again” (by “we” he means “you”).

In his ARD t.v. summer interview, Chancellor Scholz commented on the planned changes to the citizens’ income, saying that the government’s aim was to “increase certainty”: “Nobody should shirk [from work].” In an interview with the *Rheinische Post*, SPD leader Saskia Esken threatened that the government would no longer tolerate “citizen’s allowance recipients caught working illegally”: “There must be no

false tolerance for illegal labour.”

However, there is a method to the cuts. They serve the purpose of further expanding the country’s already huge low-wage sector. After all, anyone who does not want to slip into the downward spiral of long-term unemployment is forced to take one (or more) of the increasing number of low-paid jobs. At the same time, this serves to exert pressure on the working class and further reduce real wages. This is all part of the “economic turnaround” planned by the government.

A caricature comes to mind. A government politician boasts, “I have created a million jobs”; a worker replies, “And I have three of them.”

Against this backdrop, the arrogant appeals by leading politicians that Germans must “work more” are a serious threat. It amounts to new, systematic and brutal attacks on the rights and achievements of the entire working class. This will provoke fierce class conflicts, of which the recent warning strikes by train drivers, for example, are just a foretaste.

In this context, the established parties, with their own right-wing policies, are paving the way for the far-right Alternative for Germany and allowing the AfD to profit from growing frustration. History teaches that when it comes to enforcing social and democratic attacks in the interests of imperialist war, a fascist party is needed.

The working class can only win the impending struggles if it organises itself independently of all established parties, including the Left Party and the newly formed Sahra Wagenknecht party. Its struggle must be international and anti-capitalist with the aim of reorganising society according to the principles of a socialist programme. The Socialist Equality Party (PSG), the International Committee of the Fourth International and its organ, the *World Socialist Web Site*, are fighting for this programme.



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