

New German government prepares massive social cuts

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According to the plans of the Christian Democratic Union (CDU), Christian Social Union (CSU) and Social Democratic Party (SPD), CDU leader Friedrich Merz will be elected as new German chancellor on May 6. This arrangement is conditional on a CDU party conference and a vote by the membership of the SPD to approve the coalition policy document. Agreement by both is considered likely, and the CSU has already approved it. The CDU party conference will take place on April 28, and the results of the SPD membership vote will be announced on April 30.

While preparations for forming a government are proceeding according to schedule, intense political tensions are already erupting. Business associations and business-oriented newspapers in particular accuse the future government of shying away from cuts in pensions, healthcare and other social spending and even increasing these expenditures.

Under the headline “Future Postponed,” the conservative daily *F.A.Z.* complained there was “little indication of a real new start” in the coalition agreement. The terms “social contributions,” “social security deductions,” “non-wage labour costs” and “labour costs” did not appear in the agreement, and many issues had been postponed or handed over to 15 commissions yet to be formed, the paper complained.

The Confederation of German Employers’ Associations (BDA) has calculated that the coalition agreement’s commitment to maintaining the pension level at 48 percent and improving maternity benefits by 2031 will cost around 50 billion euros. “Unfortunately, the coalition agreement lacks any effort to limit spending growth in the pension insurance system,” criticised BDA chief executive, Steffen Kampeter.

Similar criticism, including from within the ranks of the future governing parties, is widespread.

The coalition agreement focuses primarily on three goals: a huge increase in military spending, the adoption of the Alternative for Germany’s (AfD) fascist refugee policy, and the establishment of a police state to suppress any

opposition. The CDU/CSU and SPD are all in agreement with these points. On the question of social cuts, however, they are conspicuously reticent. They have only committed themselves to concrete cuts in Citizen’s Income (social benefit) and savings and job cuts in the federal administration. Otherwise, they limit themselves to general fiscal targets.

This is not because they have no plans for such cuts. In the election campaign Merz’s CDU called for an “economic turnaround” and strict adherence to the policy of a debt brake, and the SPD has been responsible for massive social cuts going back to SPD Chancellor Gerhard Schröder’s Agenda 2010. However, neither party considers it advisable to announce social cuts before the new government is securely in office.

The SPD achieved the worst result in its history in the federal election, and the CDU/CSU alliance its second-worst. The only reason they have a narrow majority of seats in the Bundestag is because 14 percent voted for parties that failed to clear the 5 percent hurdle for parliamentary recognition. If the party led by Sahra Wagenknecht, which fell short of the threshold by less than 10,000 votes, had entered the Bundestag, the SPD and CDU/CSU would have needed another coalition partner.

The coalition agreement itself contains many empty promises, such as maintaining the current pension level, increasing the minimum wage to 15 euros and extending maternity benefits to women whose children were born before 1992. But these are not meant seriously.

When presenting the agreement, SPD Chairman and probable future finance minister Lars Klingbeil lectured journalists on the subtle linguistic difference between “will” and “want.” A measure is only agreed upon if it says “we will.” If the agreement says “we want,” then it is merely a declaration of intent. In addition, all agreed measures are subject to financing—in other words, they will only be implemented if there is enough money.

A closer look at the figures reveals that the incoming government is preparing social cuts that will make

Schröder's Agenda 2010 look modest by comparison. This is especially true given that the CDU/CSU and SPD are adamantly refusing to touch the enormous wealth and profits that banks, hedge funds and billionaires have amassed in recent years, or merely to tax them at a higher rate. They are determined to make the working class pay the price for the gigantic military build-up.

At the same time the effects of the trade war instigated by US President Donald Trump have not even been factored in yet, even though the federal government has already revised its growth forecast for the German economy downwards because of them. It will not grow for the third year in a row. Tax revenues are falling accordingly, and the deficit in the national budget is growing.

In 2024, the budget deficit of the federal government, the states, local authorities and social security funds already amounted to €104.4 billion, €12.7 billion more than in the previous year. The enormous expenditure on rearmament and the continuation of the war in Ukraine, for which the Bundestag has approved credit authorisations of over €1 trillion, will further deepen the budget deficit. Those in power are determined to plug this hole at the expense of the working population. The sums involved are enormous.

In pension, health and nursing care insurance, which are financed exclusively from the declining real incomes of wage earners, deficits in the double-digit billion range are accumulating. The state subsidy to the pension fund alone would therefore have to rise from the current 120 billion euros to 150 billion euros per year. The coalition agreement does provide for an increase in state subsidies, but these will fall victim to financing limits if the budget crisis worsens. The result will be rising contributions and declining benefits.

One reason why the SPD is needed in the new government despite its miserable election results is its close ties to the trade unions. Numerous leading trade union officials are members of the SPD. The chairwoman of the trade union confederation DGB Yasmin Fahimi is a former SPD secretary general. Her husband, Michael Vassiliadis, is chairman of the chemical workers' union IGBCE and has been a member of the SPD for 44 years.

For years, the trade unions have played a key role in pushing through social cuts, real wage reductions and mass layoffs, and in suppressing resistance to these measures or to direct it into fruitless protests. But now they are visibly losing authority.

This is why leading representatives of the CDU/CSU and the SPD are turning to the AfD in order to boost it. Decades of social cuts by the SPD, the Greens and the Left Party supported by the trade unions have enabled the AfD to grow into the second strongest force in the Bundestag. Now the fascist party is needed to intimidate and suppress growing

social and political opposition.

Friedrich Merz had already torn down the so-called "firewall" against collaboration with the far right during the election campaign when, with the support of the AfD, he pushed through two motions on migration policy and internal security in parliament. Just a week ago, CDU/CSU faction deputy leader Jens Spahn called for the Bundestag to treat the AfD "like any other opposition party." Two other CDU politicians who are being considered for ministerial posts, Johann Wadepfuhl and Mathias Middelberg, supported him. This was a clear signal that the CDU is prepared to cooperate with the AfD if the crisis of the SPD worsens.

Spahn himself is not expected to take up a ministerial post but will instead lead the CDU/CSU faction in the Bundestag. Given the narrow majority of the government, this is a key role that will enable the 44-year-old to move closer to the AfD and establish himself as Merz's successor. Many consider Merz, who despite his 69 years has never held government office, too weak to meet the political challenges. Spahn is regarded as a power-hungry populist, who has praised Elon Musk and maintains contacts with Donald Trump's entourage.

Significantly, Carsten Linnemann, another rising CDU figure, has also announced that he will not seek a ministerial post. The longtime leader of the party's economic wing will remain secretary general of the CDU.

The ruling class's shift to the right, its attack on the social gains and democratic rights of the working class and its turn to militarism and war are international developments taking place in every capitalist country. They are the result of the bankruptcy of the capitalist system, of growing social inequality and the intensification of imperialist conflicts. They can only be stopped through the independent mobilisation of the international working class on the basis of a socialist programme.



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