

German finance minister presents war budget

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On Tuesday, Germany's new federal government approved the draft budget for the current year and the budget guidelines until 2029. They envisage a tripling of defense spending within five years. The federal government now intends to achieve the NATO target of 5 percent of GDP for military and other war-related spending by 2029 instead of 2035.

The defense ministry's budget will increase from €52 billion in 2024 to €153 billion in 2029. That is just under 27 percent of the total budget, up from 11 percent previously. In addition, there will be further billions spent on expanding a war-ready infrastructure and promoting wars. This year alone, €8.3 billion has been earmarked for military support to Ukraine.

This armament program is being financed through massive new borrowing. Finance Minister Lars Klingbeil already plans to take out new loans totaling €143.1 billion this year. By 2029, this sum is expected to rise to €185 billion. In total, the additional debt amounts to €850 billion. The federal government's debt burden will increase by more than half within five years, from €1,617 billion (as of April 30, 2025) to €2,464 billion.

This is possible thanks to the authorization of over €1 trillion in loans that the Christian Democratic Union/Christian Social Union and Social Democrats passed in March with the support of the Greens—and in the Bundesrat (Federal Council) also the Left Party. It exempts military spending and certain investments from the debt brake.

With this high level of new debt, Finance Minister Klingbeil, who is also chairman of the SPD, is trying to delay an open confrontation with the working class. This would be inevitable if all the funds for rearmament were immediately transferred from social spending and other budget items. However, this does not mean that the population will not have to pay the price for rearmament.

The very fact that Klingbeil has the financial leeway for such high new borrowing is the result of decades of social cuts. The debt brake, which sets strict limits on government borrowing, was enshrined in the Basic Law in 2009 specifically for this purpose. As Klingbeil himself emphasized, the low debt ratio of 63 percent compared to other countries now allows him to take out large new loans. What has been saved in social spending, local government and other socially relevant areas, is now being poured into rearmament and war.

Since the debt brake continues to apply to all areas outside of rearmament and investment, the austerity measures will continue unabated. Klingbeil has boasted that he has fended off additional demands from his cabinet colleagues in the order of €50 billion. The number of federal employees alone is to be reduced by 8 percent by 2029.

There is also no solution in sight for the crisis facing local authorities. Many fear that the tax breaks for companies and the wealthy, which the federal government introduced at the beginning of the month, will drive them completely into bankruptcy. The so-called "investment booster" allows companies to claim higher depreciation and pay correspondingly lower taxes. Corporate income tax, half of which goes to the federal government and half to the states, will be gradually reduced from 15 to 10 percent.

The government is bridging the financial crisis of health insurance and care insurance providers with loans that they will have to repay. Klingbeil has justified this by saying that their revenues will rise again with the economic upturn. But that is a naive calculation. Business associations and the business press are already pushing for massive cuts in social spending and pensions. The government will do this at the latest when rising debt servicing eats up large parts of the budget.

Before leaving for the NATO summit on Tuesday,

Chancellor Friedrich Merz emphasized that Germany was not increasing its military spending “to do the US and its president a favor. We are doing this based on our own views and convictions.” That is undoubtedly the case. However, Merz’s claim in his government statement that the issues at stake are peace in Europe and protection against alleged planned attacks by Russia is a lie.

For years, leading representatives of the German elite have been demanding that Germany once again play a political and military role in the world commensurate with its economic weight. The Merz government has declared its goal of making the Bundeswehr (German Armed Forces) the strongest army in Europe.

With NATO’s advance into Eastern Europe and its support for the 2014 coup in Ukraine, the Western powers provoked a reactionary attack by the Putin regime, which felt surrounded and threatened in its existence. Since then, Germany has deliberately fueled the war in Ukraine, supporting it with arms deliveries worth billions and sabotaging any negotiated solution that does not involve Moscow’s complete surrender.

For the first time, the German armed forces have permanently stationed a brigade in Lithuania, at a key strategic location that would place them at the center of the war if the conflict with Russia escalates.

The goal is not only complete control over Ukraine, but also the subjugation and destruction of Russia and unhindered access to its valuable natural resources. In a world increasingly dominated by great power conflicts, trade wars and military confrontations, German imperialism is once again expanding in the same direction as in the First and Second World Wars, when it also occupied Ukraine and attempted to subjugate Russia, or rather the Soviet Union.

These are the goals that Merz, Klingbeil and the entire ruling class are pursuing again today with their rearmament offensive. They must be stopped. This requires the building of a powerful, international movement among the working class and youth that links the struggle against war, social cuts and dictatorship with the struggle against capitalism.

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