Berlin state executive to impose brutal austerity amid rising debt

Markus Salzmann
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The state of Berlin’s debt is set to rise from its current €68 billion to about €76 billion by the end of 2027, and the governing coalition of the Christian Democrats (CDU) and Social Democrats (SPD) is sticking to its harsh austerity course.

The draft budget for 2026 and 2027, recently presented by the Berlin Senate (state executive), anticipates expenditures of €43.8 billion next year and €44.6 billion in 2027. After the summer recess, the budget will be debated in the House of Representatives (state assembly) and is scheduled to be passed by the end of the year.

Originally, spending in 2026 was to be capped at €40 billion. The increase has been made possible by a new credit framework created by the federal government. Under it, the states can take on debt amounting to 0.35 percent of GDP, with additional borrowing allowed depending on economic conditions. On top of that, transaction-based loans are being taken out for state-owned enterprises, which are not subject to the constitutionally mandated “debt brake.” These alone amount to around €2.5 billion.

The CDU and SPD are trying to present this increase in spending as the end of austerity. SPD parliamentary leader Raed Saleh declared grandly that there were areas where no cuts would be made. “For example, when it comes to the burdens placed on people,” said Saleh. He said he was proud that free daycare, after-school care, and public transport tickets for children would be preserved. “I’ve always said: there will be no social cutbacks with me.”

That is a blatant and obvious lie. Just this year, €3 billion have already been slashed. The cuts primarily affect education, social services, and culture. Since the end of last year, there have been repeated protests against the Senate’s stark austerity policies. And although the budget has not yet been formally passed, it is beyond doubt that this brutal policy of cutbacks will continue.

According to Finance Senator Stefan Evers (CDU), who played a major role in pushing through this year’s cuts, the increased budget is solely due to “overarching constraints.” He cited rising personnel costs in particular. In reality, those are increasing only slightly, from €12.9 billion in 2025 to €13.1 billion in 2026.

“We will all have to keep saving. That’s happening with this budget too,” said Evers. The state was in “an extremely tense budgetary situation.” He made clear that the agreed cuts would remain in place and more were coming. The budget continued the consolidation path, and the details would be determined by the relevant departments, said Evers.

He described the situation of Berlin and its districts as an “alarm signal” and coupled this with an “appeal to the federal level.” What was needed, Evers said, was a reform of the welfare state—by which he meant an escalation of the already drastic social cutbacks planned by the federal government.

Education Senator Katharina Günther-Wünsch (CDU) gave a preview of the coming cuts. She is calling for an end to free school meals and free student public transport passes. This “freebie mentality,” she said, cost the state about half a billion euros annually.

This brazen attack, which would especially hurt children from low-income families, was justified with the claim that primary school children rarely need public transport tickets and that around a third of the free school meals end up in the trash.

Cuts in the cultural sector—which have already led to unprecedented reductions in Berlin’s cultural life—will also continue. The budget remains stuck at less than €1 billion per year. Fully aware that this will force more cultural institutions to shut down, Culture Senator Sarah Wedl-Wilson (independent) declared, “We’ve gotten the maximum out of it.”

Most youth centres in Berlin will be unable to raise staff salaries as expected. In a letter, the Senate Youth Administration informed independent organizations that they would receive funding to raise salaries by only two percent—rather than the 5.5 percent increase agreed for the public sector since February.

Tilmann Weickmann, managing director of the Berlin State Youth Council, told broadcaster RBB that youth centres now face a choice: either reduce staff and pay them according to the collective agreement, or keep staff and pay them below the agreed rate.

In contrast to the cuts in education and social services, spending on the repressive apparatus of the state is being pushed ahead and generously funded. In 2026, €57.9 million is earmarked solely for refurbishing police stations—more than €40 million more than this year. By comparison, the city’s dilapidated fire stations will receive just €10.2 million.

Police video surveillance will also be expanded over the next two years, at a cost of at least €4 million. Another €4 million per year is to be spent on surveillance of so-called “crime-prone areas.” Which areas those are was not disclosed by Interior Senator Iris Spranger (SPD).

Another €1.6 million will go to police drones to be used at demonstrations. Clearly, the state government is aware that its brutal austerity policies will provoke protests—and is preparing to suppress them by all means.

The government’s austerity drive coincides with looming cuts and layoffs at private companies. Berlin exports goods worth around €1.59 billion annually to the US, according to Tuba Bozkurt, the Green Party’s economic policy spokesperson in the Berlin state parliament. Bozkurt was speaking in response to the new tariff agreement between President Trump and EU Commission President von der Leyen. Imports from the US amounted to only €1 billion. “For Berlin, the numbers are grim,” said Bozkurt.

According to the Berlin-Brandenburg Business Association (UVB), the new base tariff of 15 percent will increase export costs tenfold. “That’s why companies now have to produce even more efficiently to offset these costs,” said UVB Managing Director Sven Weickert.

With the Berlin state election coming up next year, the governing parties are scrambling to limit the political fallout. In polls from June, the CDU lost ground but remained the strongest party at 25 percent. Coalition partner SPD trails far behind at 14 percent, placing it below the Greens (15 percent) and only slightly above the 13 percent polled by the far-right Alternative for Germany (AfD). The Left Party (Die Linke) was able to improve its result by 13 points and would be the second strongest party at 19 percent.

In reality, all parties in the Berlin House of Representatives agree on imposing ruthless cuts at the expense of the majority of the population.

The Greens, who were part of the previous state government, have strongly criticised the new borrowing and called for further cuts. Parliamentary leader Werner Graf dismissed the budget as “an election campaign at the expense of the future.”

The Left Party strikes a similar tone. In truth, this bankrupt bourgeois party offers no alternative to the others. It too has criticised the additional funding included in the budget. The current government created a “catastrophic scenario” with the budget, it said, “which could lead to social cutbacks on the scale of those between 1996 and 2006.”

The Left Party conveniently glosses over the fact that it, together with the SPD, carried out an unprecedented wave of social cutbacks from 2002 to 2011, when they controlled the state government. Even after that, in coalition with the SPD and Greens, it continued to support budget cuts in the capital—as well as in other federal states where it has been part of the government.