

Chancellor Merz declares Germany “can no longer afford the welfare state”

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“The welfare state as we know it today is no longer economically sustainable with what we are producing as a national economy,” declared Chancellor Friedrich Merz on Saturday at a Christian Democratic Union (CDU) state party conference in Osnabrück.

This is an unmistakable declaration of war on the entire working class. What remains of the hard-won social achievements of the past are to be thrown to the profit-hungry wolves of the stock markets and channelled into rearmament.

At the traditional summer press conference before the holidays Merz had already called for “a major socio-political effort” with regard to “pensions, healthcare provision and long-term care.” At the time we commented:

It is now clear that the Christian Democratic Union/Christian Social Union and Social Democrats (SPD) deliberately omitted the planned social cuts from their coalition agreement and delegated them to expert commissions in order to first push through the massive increase in military spending. They apparently anticipated tremendous resistance if they had announced a huge increase in rearmament spending and social cuts at the same time. But now, as Merz made clear, there is no more time to lose. Workers and the most socially vulnerable are to pay the costs of rearmament and war.

Merz has now confirmed this. He boasted that his government had enacted the largest tax reliefs for corporations in over 20 years, strengthened NATO with

a sharp increase in defence spending and halved the number of asylum applications with its “clear course” on migration policy. “I will not allow myself to be distracted by words such as social cutbacks, slash-and-burn and the like,” he threatened. The welfare state in its present form, he said, was no longer affordable.

Merz is thus following an international trend. In the US, the Trump administration has set in motion the process of slashing or abolishing state health insurance for those over 65 (Medicare) and for low earners (Medicaid), in which more than 135 million people are insured. It is establishing an authoritarian police state in order to suppress social resistance.

In France, the Bayrou government is planning budget cuts of €44 billion [\$US51 billion] for the coming year, while military expenditure soars. Social benefits are to be frozen, the healthcare system restructured and vast numbers of public-sector employees dismissed. In response, a general strike has been called for September 10.

In Germany, the Social Democratic Party (SPD), itself in a coalition government with the CDU, has timidly protested against Merz’s declaration of war on working people while leaving no doubt that it supports his general course. Its deputy parliamentary group leader, Dagmar Schmidt, said the party would not tolerate crude benefit cuts and privatisations: “The level of social protection must not fall.” SPD youth movement (Juso) leader Philipp Türmer even claimed that social cutbacks were a red line for the SPD. The party must not move “a single centimetre” on welfare and benefit cuts.

SPD leader Lars Klingbeil called for a socially balanced approach and raised the prospect of tax increases for top earners and the wealthy—knowing full well that the larger coalition partner would never accept

them. “What will not work is to say, let’s save €30 billion now on the welfare state,” Klingbeil declared.

But this is pure distraction. As finance minister, Klingbeil is already pressing for cuts of €172 billion in the federal budget over the next five years. “Of course we must tackle the social security systems,” he said. No one should be allowed to “lie idle” and receive money from the state at the same time.

Since the Schröder government adopted “Agenda 2010” two decades ago, the SPD has been the driving force behind welfare cutbacks and the redistribution of wealth in favour of the rich. Together with his party colleague, Defence Minister Boris Pistorius, Klingbeil is also playing a leading role in funnelling one trillion euros into armaments and military infrastructure and in fuelling NATO’s war against Russia with billions.

The Left Party has also protested against Merz’s declaration of social war. Parliamentary group leader Heidi Reichennek warned of an “autumn of social cruelty,” criticised the massive campaign by think tanks, employers’ associations and so-called experts, and demanded the reintroduction of the wealth tax. But since its foundation, the Left Party has supported welfare cutbacks and budget reductions at state level. And in the Bundesrat (upper chamber of parliament) it even voted for Merz and Klingbeil’s one-trillion armaments programme. Whenever it protests, it does so only to capture resistance and lead it into a dead end.

The trade unions, too, stand behind the government and support its war policy. They do not represent the interests of workers but collaborate closely with corporations and administrations to break every form of resistance and enforce cuts and mass redundancies.

The Merz government’s assault on pensions, welfare benefits and healthcare coincides with the mass destruction of jobs in industry and—in administration—as a result of the introduction of artificial intelligence. According to a study by the consultancy EY, some 51,500 jobs were destroyed in the German auto industry alone last year. This, EY stated, was only the beginning of a painful but unavoidable process of contraction.

Outrage and resistance will grow in response to this social devastation and the mass redundancies—just as has already occurred in France. Bitter class struggles are coming. But they can only succeed if they are guided by an understanding of the causes of the crisis

and by a clear perspective.

The notion that the ruling elite can be forced to change course by pressure from the streets or moral appeals is entirely illusory. They are systematically preparing for confrontation with the working class. To defend their profits, their wealth and the capitalist system, they are capable of any crime—as their support for the genocide in Gaza demonstrates.

This is also why the Merz-Klingbeil government has adopted the far-right Alternative for Germany (AfD) anti-migrant policy wholesale. The agitation against refugees, the assault on their democratic rights and their brutal deportation serve to divide the working class, scapegoat the weakest and most defenceless for the social crisis and strengthen the AfD. Here, too, Merz & Co. are emulating Trump. Large sections of the CDU are already flirting with bringing the far-right into government.

Under these circumstances, the struggle against war, fascism and welfare cutbacks are inseparably bound together. They require the building of a socialist movement that unites the international working class, fights for the overthrow of capitalism, and places production and society at the service of social need rather than the profit interests of the rich.



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