

German government attacks the welfare state: Basic support payments to be abolished

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On October 8, the coalition committee of the Merz-Klingbeil Christian Democrat/Social Democrat government abolished *Bürgergeld* (“Citizens’ Income” basic welfare payments). The decision reveals the true character of this government, which is preparing for war abroad and class war at home. As early as August, Chancellor Friedrich Merz (Christian Democratic Union—CDU) declared, “We can no longer afford the welfare state.”

With the new, harsh rules for basic social security, the Ministry of Labour and Social Affairs, led by the Social Democratic Party (SPD), is now directly following the dictates of the far-right Alternative for Germany (AfD). On September 24, AfD leader Alice Weidel had ranted in the Bundestag (parliament) that *Bürgergeld* had “degenerated into immigrant money, the costs of which are completely out of control.” It was, she said, “a self-service shop in which freeloaders can enrich themselves without shame.” She shrieked: “Abolish *Bürgergeld* once and for all!”

The government has now complied. “*Bürgergeld* is history,” declared Christian Social Union (CSU) leader Markus Söder at a federal press conference on Thursday morning. Chancellor Merz confirmed that “the chapter of *Bürgergeld* is thereby closed.” The federal minister for labour and social affairs, Bärbel Bas (SPD), announced: “We are tightening sanctions to the limits of what is constitutionally permissible.”

Yet the very measures the coalition has now adopted—complete withdrawal of benefits as punishment—were long considered unconstitutional. When asked about this at the press conference, Bas replied: “For those refusing appointments, there will now be a cascade of sanctions that ultimately reduces benefits to zero. ... We are firmly convinced that this complies with the constitution.” Merz explained how this works: anyone receiving social benefits who misses a first and second appointment will have their already meagre payments (€563 per month) cut by 30 percent. If they miss a third appointment, all payments will cease.

The 5.5 million people receiving basic social assistance,

who are now being put under such pressure, also face benefit cuts. Despite rising prices, they will have to expect a freeze next year. Pensioners dependent on supplementary benefits will also be affected. With all these measures, the government expects savings of up to €5 billion.

At the same time, Merz is handing out tax gifts to shareholders and business owners. He plans to gradually reduce the corporation tax rate paid by companies, limited partnerships and joint-stock firms from the current 15 percent to 10 percent by 2029. In the post-war decades, this rate once stood at 65 percent. “We will have the lowest corporation tax rate ever,” the chancellor promised in the Bundestag September 24. This alone will deprive the federal budget of €46 billion over five years—two-thirds of which will go to those already earning more than €180,000 a year.

Very different treatment awaits those living on the edge of poverty. Bas made it clear at the press conference that the government intends to coerce the unemployed into accepting any kind of work. “We can only save money if we focus on work,” she said. “If we get 100,000 people out of *Bürgergeld* and into jobs, we will save about one billion euros.”

Given the ongoing mass layoffs in Germany, this is an unmistakable threat. At a time when hundreds of thousands of workers in the car and supplier industries are losing their secure, decently paid jobs, men and women who have worked in industry for decades are now to be forced—after a short period of unemployment—into any available low-paid job.

The attack on *Bürgergeld* is part of a budget that allocates billions for rearmament and war. The federal budget, which rose from €476.8 billion in 2024 to €502.5 billion this year, will increase again next year to €520.5 billion. Added to this are annual allocations from the “special funds” for the Bundeswehr (Armed Forces) and infrastructure to improve Germany’s “readiness for war”, allowing borrowing of up to €1 trillion. Including these special funds, total federal expenditures will exceed €600 billion in 2026—an increase of nearly 26 percent over 2024. Most of this money is going to

the military.

The defence budget is the only one seeing massive growth: the Bundeswehr will receive €82.7 billion next year—€20 billion more than this year. Including allocations from the special fund (over €80 billion this year), the total will exceed €108 billion. Compared with the 2015 defence budget (€33 billion), this figure has tripled. By 2029, the defence budget is to rise to €153 billion (3.5 percent of GDP), and in the following years to 5 percent of GDP.

Meanwhile, more and more of the announced “investments” are being channelled into the transformation of society toward a war economy. Entire production sites—such as VW Osnabrück and Alstom in Görlitz—are converting to arms manufacturing with state subsidies. The special infrastructure fund is also not primarily used to renovate decaying schools, hospitals, care homes or public transport but to build war-ready roads, bridges, motorways and communication systems for conducting surveillance at home and abroad.

To finance this war budget, the government is taking on a colossal mountain of debt. To fund the special budgets, it plans to borrow €170 billion annually until 2029. Over five years, this means €850 billion in new debt, raising total public debt to €2.7 trillion.

Merz’s commitment to rearmament—his “whatever it takes” pledge—means that an ever-growing share of the federal budget will flow to the banks as interest and debt repayments. By 2029, these payments will amount to €66.5 billion—and could rise to €100 billion, according to the German Taxpayers’ Association, which warns of Germany’s declining credit rating on global markets.

Defending his policy in the Bundestag September 23, Merz declared: “We face one of the most challenging phases in modern history ... Foreign and domestic policy can no longer be separated.” Workers, he insisted, must finally understand that they will bear the cost of rearmament and debt. “We need a national understanding of the inevitability of change,” said Merz.

This attack on *Bürgergeld* marks a clear signal for a frontal assault on all social achievements won over decades. The government is proceeding step by step against the poorest and most defenceless. Back in May, Interior Minister Alexander Dobrindt (CSU) had halted family reunification for refugees and, with SPD backing, ramped up deportations.

The *World Socialist Web Site* warned at the time that this was merely the prelude to attacks on all workers. This has now been confirmed. Discussions are already underway about abolishing “Care Level One” payments, introduced in 2017, which would affect 5.7 million people in need of care—865,000 of whom would lose all benefits.

The government has long viewed the federal pension

subsidies—comprising about 70 percent of the Labour and Social Affairs budget—as a prime target. For now, only the so-called “active pension” has been introduced: starting next year, retirees who continue to work can earn up to €2,000 tax-free. A broader assault on the pension system has been outsourced by Vice Chancellor Lars Klingbeil (SPD) to an expert commission, which is to present recommendations by early 2027.

Not a single party, from the AfD to the Left Party, has questioned the federal budget or its basic premise: that Germany must become a major military power again and be “fit for war” against Russia by 2029. The “special funds” worth over €1 trillion were made possible only thanks to the active support of the pro-war Greens. The Left Party approved these plans in the Bundesrat (upper chamber of parliament) and has since backed their implementation in parliamentary committees. It also paved the way for Merz’s swift election as chancellor.

The social cutbacks and massive state debt differ little from the conditions that have already led to repeated government crises and mass protests in France. A similar revolutionary situation is rapidly developing in Germany.

Anger in the working class over these social attacks is immense, but it has no political voice, as the trade unions are tightly bound to the SPD, in government with the Christian Democrats, and integrated into German corporate structures. This close collaboration was again demonstrated on Thursday, immediately after the press conference, when IG Metall union chair Christiane Benner met with government representatives and industry leaders at the “auto summit.”

What is required is a determined, independent and international response by the working class. The struggle against social devastation must be linked to the struggle against war and fascism. The Sozialistische Gleichheitspartei (Socialist Equality Party, SGP) and the International Committee of the Fourth International (ICFI) call for the building of independent action committees in all workplaces, as part of the International Workers Alliance of Rank-and-File Committees (IWA-RFC), to unite workers in the fight against capitalist exploitation, war and for a socialist programme.



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