

German government abolishes basic welfare support

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On the Friday before Christmas, the German parliament gave its blessing to the budget proposed by the coalition of the Christian Democrats (CDU/CSU) and Social Democrats (SPD). This marks the launch of a policy that cuts social spending, abolishes the “citizens’ income” (basic welfare) and expands precarious work in order to finance rearmament, war and the further enrichment of the wealthy.

This is the policy demanded by the far -right Alternative for Germany (AfD). In the Bundestag (parliament), Alice Weidel, co-chairwoman of the AfD, screeched: “Mr. Chancellor, finally abolish this citizens’ income!” Last week, an SPD minister complied with the AfD demand. On 17 December, Federal Labour Minister Bärbel Bas (SPD) announced a cabinet decision according to which citizens’ income is to be abolished and replaced by “New Basic Security.” Parliament is expected to decide on this in January.

The “New Basic Security” will in future be accompanied by harsh sanctions, cuts and tightened rules regarding what is deemed acceptable work that an unemployed person must accept or lose benefits. If an appointment at the job centre is missed, benefits are to be cut by 30 percent for three months, amounting to around €150 less per month. (The current basic social security rate for single adults is €563 per month). In the event of further missed appointments, benefits will be reduced in stages. After the third violation, they can be reduced to zero.

The so-called “grace period” is also being abolished without replacement. Until now, this provided a one-year period of protection during which modest savings (up to €40,000) did not have to be entirely exhausted. The idea was to give those affected more breathing space to look for work without immediately forcing

them to move to cheaper accommodation or take other drastic measures. This rule now no longer applies.

Around 5.5 million benefit recipients are affected by these measures. In the longer term, however, the attacks threaten many more workers. In the current situation of accelerated job destruction, particularly in the automotive and supplier industries, these decisions provide the government with the necessary instruments to effectively blackmail the unemployed. Under the Damocles sword of sanctions, those laid off will be forced as quickly as possible to accept poorly paid, precarious jobs.

This will lead to a longer-term deterioration in social conditions, because it will become more difficult to save for retirement under such circumstances. Pensions are already the next target in the government’s sights. At present, pensions account for 20 percent of federal spending and are the largest single item in the budget. The government has now appointed a commission tasked with working out fundamental “reforms” by June 2026.

Essentially, the aim is to shift old-age provisions away from the pay-as-you-go pension system, where current contributors partially fund the existing retirees, towards self-funded pensions and private provisions. Shortly before Christmas, Finance Minister and Vice-Chancellor Lars Klingbeil (SPD) presented a proposal for a new private pension system that the government intends to partially subsidise. Klingbeil claimed: “We want a private pension for everyone: for all generations and all incomes.” But the shift towards self-funded pensions will inevitably further widen the gap between rich and poor.

Cuts are also continuing in healthcare and social care. At the turn of the year, health insurance contributions are rising. At the same time, savings of €1.8 billion at

hospitals are worsening care provision. Despite rising prices, the government is taking the axe to all social benefits and enforcing a freeze.

These attacks on working people can only be understood in connection with the pro-war policy and Germany's grasp for world power. To make Germany and Europe "fit for war" and geopolitically capable of action—above all against Russia, and increasingly in the growing conflict with the United States—the government has created several "special funds" and is taking on debts running into the trillions. For military projects, it has suspended the debt brake to finance the most massive rearmament programme of the German army since Hitler. The defence budget will rise next year to €82.7 billion and, including the special funds, to €108 billion. The aim is to reach military spending of 3.5 percent of GDP (€153 billion) by 2029. When investments in war-ready infrastructure are included, the figure rises to as much as 5 percent.

Yet there is supposedly no money for welfare and pensions. "We can no longer afford the welfare state," Chancellor Friedrich Merz (CDU) declared half a year ago. At the same time, his budget favours the banks, shareholders, and super-rich, who will benefit from tax cuts and subsidies. Thus, the corporate tax rate, which applies to corporations, companies, and banks, is being systematically reduced from the current 15 percent to just 10 percent over five years. Shortly after the Second World War, this tax stood at 65 percent, and in the post-war period until 2008 it was set at 25 percent.

The war budget of Merz and Klingbeil means reduced purchasing power for many millions, increased insecurity, rising homelessness, and a shortage of healthcare and social services. Older people, single parents, those in need of care, low-paid workers, the long-term unemployed and very many young people are particularly affected. They are confronted with a political agenda that leads to social impoverishment, war and fascism.

The social divide continues to widen. At present, one in five children and one in four young adults in Germany is at risk of poverty. Food banks are registering a sharp rise in child poverty and have sounded the alarm: almost a third of food bank users is under 18 years of age. Old-age poverty is also increasing. Currently, one in five people over the age of

75 in Germany is affected by poverty.

At the same time, unimaginable wealth is accumulating at the top of society. According to the government's latest mandatory poverty report, published in early December, the richest 10 percent own more than half—54 percent—of total wealth, while the bottom half owns just 3 percent. Inequality is rising, and Germany has the highest density of billionaires in Europe.

This polarisation is generating explosive social resistance against both impoverishment and rearmament. As already seen in France, Italy, Greece, Belgium, and elsewhere, the working class will rise up against social devastation and war. Fierce class struggles lie ahead.

However, this resistance must be armed with a conscious understanding and a clear perspective. All the establishment parties—from the AfD to the Left Party—stand behind the war agenda. Both the Greens and Die Linke (Left Party) supported "special funds" for the military in the decisive votes and provided cover for Merz. Wherever they exercise government responsibility in the federal states, these parties are implementing AfD-style policies, carrying out deportations and implementing social attacks. Anti-immigrant propaganda and right-wing policies are used to divide and weaken the working class. In workplaces, the trade union bureaucracy and pseudo-left organisations ensure that the anger and willingness to fight of workers are kept under control.

The answer lies in the independent and international organisation of the working class on a socialist basis. This requires independent, democratically controlled rank-and-file action committees in workplaces, neighbourhoods, schools, and other institutions, prepared to link the struggle against social cuts and war with the fight against militarism and fascism. It requires building the Sozialistische Gleichheitspartei (Socialist Equality Party) and the Fourth International as the new revolutionary leadership of the working class.



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