

Germany's SPD leader launches attack on working conditions and pensions

Peter Schwarz
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Social Democratic Party leader Lars Klingbeil has reacted to the SPD's recent election defeats with a frontal attack on pensions, working conditions, health insurance and other social achievements.

"We are called upon to give up habits, to dissolve blockades. That begins with each and every one of us," Klingbeil said on Wednesday in a keynote speech at the Bertelsmann Foundation in Berlin. "Excuses to do nothing or not to do uncomfortable things, that is no longer acceptable."

By "each and every one of us," Klingbeil, who is also Vice Chancellor and Federal Minister of Finance, does not mean the ministers, bankers and corporate bosses in whose circles he moves, but workers, their families, pensioners and those in need. His speech reads like a new edition of the government policy statement with which SPD Chancellor Gerhard Schröder announced the introduction of "Agenda 2010"—a programme of welfare cuts and worsening labour protections—on March 14, 2003. Klingbeil began his political career in Schröder's constituency office.

Schröder also spoke at the time of necessary sacrifices and a "massive joint effort" in order to dissolve the "reform backlog" and make Germany competitive. "We will have to cut state benefits, promote individual responsibility and demand more individual effort from every single person," he said.

Klingbeil promises a system "in which the willingness to perform pays off" and "individual responsibility is strengthened." Schröder had demanded: "All forces in society will have to make their contribution." Klingbeil demands: "We will have to work more as a society overall."

The result of Agenda 2010 is well known. It created a huge low-wage sector that had not previously existed to this extent in the Federal Republic. Millions work as parcel couriers, cleaners, call centre employees, temporary workers or are supposedly "self-employed" at minimum wages that barely cover the subsistence level. Under the pressure of low wages, regular incomes have also fallen. On the other hand, a new layer of super-rich has emerged who cannot rake in

enough. The number of billionaires in Germany alone has increased almost sixfold from 30 to 170 since the introduction of Agenda 2010.

With Agenda 2010, Schröder was reacting to the continuing stagnation and recession of the German economy. Klingbeil wants to use his "Agenda" to pass on the consequences of the global trade war and the enormous costs of rearmament, which is supposed to make Germany a major military power again, to the population. He emphasised this again and again in his speech. "I want Germany to assume responsibility in Europe and the world," he said. And: "I want Germany and Europe to be so strong that we do not have to make ourselves small before anyone."

Whereas Schröder had focussed on forcing the unemployed to take up even the worst of jobs by cutting unemployment benefits and introducing the Hartz IV welfare and labour "reforms," Klingbeil now wants to compel pensioners and women to work, even if they are too old for this or have no childcare.

"The problems on the labour market are obvious: high part-time rates, incentives for early exit from the labour market. Job transfer schemes that in some cases even devalue additional work," he said. For many people, he claimed, it was increasingly less worthwhile to work more.

Klingbeil plans to change this. "I want us to create a system in which the willingness to perform pays off, in which it is worthwhile to work more," he said. In reality, he wants to create a system in which only those who work more can survive.

He proudly noted that the federal government has already abolished the "citizens' income" welfare payments (*Bürgergeld*), which had somewhat mitigated the brutal consequences of Hartz IV. He proposed numerous further measures to force people back into work.

For example, tax allowances for married couples, which provide tax relief for couples in which one partner earns little or nothing, are to be abolished. This, according to Klingbeil, "could lead to the filling of tens of thousands of full-time positions."

He also reacted positively to the proposal by Health Minister Nina Warken (Christian Democratic Union, CDU) to abolish the contribution-free co-insurance of spouses in health insurance. For around 2.5 million married couples, this would result in additional insurance costs of several hundred euros a month.

Klingbeil intends to force pensioners to work until they drop into the grave, through a whole package of measures. The already agreed “active pension” is supposed to make it more attractive to continue working after reaching retirement age, and the pension system is to “create more incentives so that people retire later.” Pensions are to be “oriented much more strongly to the contribution years,” and instead of “earlier exit,” “longer working” is to be promoted.

This is all Orwellian newspeak. In reality, most of those affected will have absolutely no choice but to work longer, because they will not be able to pay the rising cost of living or the exploding rents from their declining pensions.

Within companies, Klingbeil wants to “break up rigidities,” i.e., further weaken protection against dismissal and occupational health and safety. For instance, he proposes introducing “extended possibilities for fixed-term contracts” for startups. These could then operate for months, if not years, according to the US principle of “hire and fire.”

In order to mobilise “growth capital,” Klingbeil wants to get his hands on savers’ accounts—“there is more than €3,600 billion lying there”—and introduce a “mandatory fully funded occupational pension.” Savings and old-age pensions would thus be far more dependent on the arbitrary fluctuations of the capital market than previously.

The fact that Klingbeil is also proposing a reform of inheritance tax in order to place a heavier burden on the €400 billion that are inherited or gifted every year is pure cosmetics. He knows that his Christian Democrat (CDU/CSU) coalition partners will never agree to this.

In reality, he is preparing further drastic social cuts. Despite the additional funds of one trillion euros that are available for rearmament and the renewal of military-related infrastructure, a huge hole of €60 billion a year yawns in the regular budget.

Because the government already ruled out any tax increase for the rich in the coalition agreement, discussions are now underway to increase the value added tax (VAT, or sales tax) rate of 19 percent. Each percentage point would bring in an additional €16 billion a year. CDU/CSU parliamentary group leader Jens Spahn had already proposed this during the coalition negotiations. This tax primarily hits low earners, who are already the hardest hit by inflation.

Agenda 2010 initiated the decline of the SPD. While it had received 41 percent of the vote in the 1998 federal election, this was only 16 percent in 2025. Two and a half weeks ago,

it achieved just 5.5 percent in the state election in Baden-Württemberg, the centre of the German car industry—and the worst result in its history. The result meant it barely scraped into the state legislature, yet it is not correcting its course but rather intensifying its anti-worker policies according to the motto: “Once your reputation is ruined, you can act without shame.” The former party of the working class has become a state and corporate party that enforces the interests of capital against workers to the point of self-abandonment.

Klingbeil’s speech was closely coordinated with Chancellor Friedrich Merz. As news weekly *Der Spiegel* reports, the two have been talking about a reform agenda for months: “Time and again, Klingbeil’s heavy official limousine was spotted in front of the Chancellery. The talks are confidential, hardly anyone knows what is really discussed between the Chancellor and his deputy.”

Merz, the former head of Germany for US asset manager BlackRock, and his social democratic Finance Minister are under intense pressure from the business world. According to the latest Elite Panel, a survey by the Allensbach Institute among more than 500 of the highest-ranking executives from business, politics and administration, 69 percent are dissatisfied with the government’s economic policy and are pressing for rapid “reforms.” In contrast, 90 percent agree with its foreign policy.

Meanwhile, business circles are openly flirting with the far-right Alternative for Germany (AfD). While 78 percent of the politicians surveyed still spoke out in favour of a strict demarcation from the right-wing extremist party, 49 percent of the managers and entrepreneurs surveyed are in favour of “selective cooperation” on substantive issues.



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