

# German government passes war budget, agrees sharp attacks on healthcare

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His predecessor Olaf Scholz “always said he did not want to play security policy off against social policy,” Chancellor Friedrich Merz told *Der Spiegel* in a detailed interview. “We can no longer afford that,” Merz said. “We must set priorities.”

The cabinet did just that on Wednesday. Military spending has priority. It is being increased sharply, and social spending slashed accordingly.

According to the financial benchmarks presented by Finance Minister Lars Klingbeil (Social Democratic Party, SPD) and adopted by the cabinet, the Defence Ministry’s spending financed from the core budget will rise from €82.2 billion this year to €179.9 billion in 2030. Almost one in three euros from the federal budget will then flow directly into rearmament and war. In the next two years, additional billions will be added from the “special fund for the Bundeswehr [Armed Forces]” passed in 2022, which expires at the end of 2027.

Outlays on debt servicing are also rising, as rearmament spending is largely financed via additional loans. According to Klingbeil’s plans, the government’s interest expenditure will climb to €78.7 billion by 2030, which is about 12.5 percent of the budget. This year it still amounts to €30.3 billion. Little will be left for social spending.

Parallel to the benchmarks for the budget, the cabinet has initiated a draft law to reform statutory health insurance from Health Minister Nina Warken (Christian Democratic Union, CDU). It will now be debated in the Bundestag (federal parliament) and is to be passed before the summer holidays. It will deliver the death blow to healthcare in its current form.

As early as next year, the spending of the statutory health insurance funds is to be reduced by €16.3 billion. This is to be achieved by cutting and increasing the cost

of services as well as imposing strict savings targets for hospitals and doctors. The latter are to bear the main burden of the cuts.

Overall, spending in the healthcare sector may only rise as fast as the average contributory income per fund member. This is supposed to save €11.3 of the total €16.3 billion. The consequence will be that hospitals and doctors’ practices are faced with the alternative of cutting salaries or laying off staff. Many will go bankrupt or no longer be able to find enough staff willing to do the demanding work while understaffed and poorly paid.

Originally, Warken had even proposed savings of €20 billion. These have now been slightly reduced so that the individual government parties can point to a “success.” For example, sick pay is not being cut as originally planned, which the SPD chalks up as a success. The free co-insurance of spouses is being curtailed; spouses are now only to pay 2.5 percent of their gross income as a contribution instead of the originally planned 3.5 percent, which the Christian Democrats had demanded.

But such cosmetic corrections will change nothing about the smashing apart of healthcare, as the cuts will be carried forward year after year and the consequences will multiply. The mass destruction of well-paid industrial jobs, the rising average age of the population and growing inflation will further exacerbate the imbalances in the health insurance funds and entail further austerity measures.

The government itself is withdrawing a total of €10 billion from the funds. According to original plans, the government was to contribute €1 billion in both 2029 and 2030 to the financial consolidation of the health insurance funds; now it is cutting its subsidies for the years 2027 to 2030 by €2 billion each year, for a total

of €8 billion in cuts in addition to the €2 billion not contributed in 2029 and 2030. Finance Minister Klingbeil is thus trying to plug the holes that remain in the current budget planning despite the high level of new borrowings. In 2028 alone, there is a shortfall of €29 billion.

Even the frequently raised demand that the federal government should cover the insurance costs for recipients of basic insurance, is only being met very gradually. So far, these costs have largely been co-financed by the contributions of those with statutory insurance, while the significantly better-earning privately insured do not contribute to them.

The 50 percent increase in co-payments for medication, the cut in subsidies for dentures and the cancellation of services such as free skin cancer screening, which are part of the agreed draft law, will primarily hit poorer and older people who can no longer afford important medications and treatments.

What is completely missing from the draft law—apart from a slight increase in the contribution assessment ceiling, i.e., the income limit up to which health insurance contributions are payable—are measures that make the rich pay. The massive wealth accumulated through rising stock market prices, exorbitant real estate values and inherited fortunes do not contribute to these costs. In Germany, there is not even a wealth tax.

The problem, therefore, is not that there is not enough money available for good healthcare for everyone, but that healthcare stands in the way of the enrichment and war plans of the ruling elites. It is of interest to them only insofar as it yields profit.

Klingbeil's budget plan contains numerous further austerity measures at the expense of the wider population. Federal subsidies for long-term care insurance and pension insurance are also to be cut, and social benefits slashed. In pension insurance alone, €4 billion a year are to be saved, even though its requirements are growing due to the increasing number of pensioners; the pension commission set up by the government will not present its report until the summer.

Overseas development aid is also to be massively curtailed. In addition, all ministries are to reduce their spending by 1 percent, even though inflation is rising sharply again. The Ministry of Defence is, of course, exempt from this.



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