Germany’s 2027 budget wages war on 2 fronts: Abroad and at home

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10 September 2026

The 2027 budget, which Chancellor Friedrich Merz (Christian Democratic Union, CDU) and Finance Minister Lars Klingbeil (Social Democratic Party, SPD) are defending in the Bundestag this week, wages war on two fronts. While defence spending is growing enormously in preparation for a war against Russia, the cuts to social spending dwarf everything that has gone before. In this way, the government is also declaring war on the working class.

Spending on the military and war is by far the highest it has been since Hitler’s time. For 2027, the federal government is planning defence spending of just under €152 billion—almost one in every four euros in the budget is going towards tanks, drones and the like. Of this, just under €110 billion falls under the regular defence budget, with a further almost €30 billion coming from the “special fund for the Bundeswehr” (armed forces).

On top of this comes €11.6 billion for weapons and equipment for Ukraine. These billions, which have repeatedly prolonged the murderous war for four and a half years now, are not booked through the defence budget but through the General Finance Administration.

Klingbeil’s plan envisages regular spending of €555.4 billion, around €30 billion more than last year’s budget. Including the debt-financed special funds for the armed forces and infrastructure, the total budget comes to as much as €640 billion. Financing it requires new borrowing which, including the special funds, amounts to over €200 billion and will push the total public debt above €2.6 trillion—a per capita debt of almost €32,000.

Taxes on shareholders and the super-rich are not being raised—On the contrary, they are being systematically lowered still further. The Merz-Klingbeil government is granting corporations generous special depreciation allowances on new investments, which are increasingly flowing into the arms industry, and has committed to gradually reducing corporate tax from its current 15 percent to 10 percent by 2032. These tax giveaways deprive the states and local authorities above all of vital funds, in keeping with Chancellor Merz’s notorious declaration: “We can no longer afford the welfare state.”

Given the gigantic scale of the debt, the government has only one way of servicing the enormous interest and repayments: tightening the working class’s belt and slashing wages, pensions, healthcare and long-term care.

Cuts are not to be confined to the budget of the Ministry of Labour and Social Affairs, which, at €201.5 billion, is the largest single budget item and (still) underwrites pensions. While this budget is growing slightly for demographic reasons, according to *Der Spiegel*, the federal government’s contributions to long-term care and health insurance funds are to shrink by 43.5 percent. Spending on education and family affairs is being cut by 26.4 percent, on transport by 21 percent, on digitalisation by 13.3 percent, and on the economy and environment by 13 percent. And at the same time, the defence budget is rising by 56.8 percent!

The social cuts dwarf everything previously seen. In long-term care, savings are to be made on pay rises for already overburdened care workers and on pension contributions for family carers, while the personal contributions people must pay for benefits from the long-term care insurance fund are set to rise massively.

In the education and family budget, funding for nurseries is being more than halved, the duration of parental allowance is to be cut from 14 to 12 months, and funding for single parents, school and vocational education and the child supplement, a monthly financial supplement paid to low-income families in addition to regular child benefits are to be cut back. These are only a few of the cruelties being planned.

The critical voices raised so far do not even get close to the heart of the matter. The trade union-affiliated Macroeconomic Policy Institute (IMK) criticises the continued tax cuts for the capitalists and calls for measures to boost purchasing power and stimulate investment. But it does not question the underlying policies of war and austerity. On the contrary, the German Trade Union Confederation (DGB), led by Yasmin Fahimi, explicitly backs it and even supports the conversion of car plants into

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arms factories.

The Greens, whose votes were what made the €1 trillion in war credits possible in the first place in spring 2025, are now criticising the shifting of funds between the core budget and the special funds and their use to plug holes in the budget, rather than flowing into investment, economic growth and infrastructure—while vehemently defending the war budget.

The aggressive tirade by Alice Weidel (Alternative for Germany, AfD) in Wednesday's Bundestag debate, her first speech since the party's election victory in Saxony-Anhalt, shows exactly what the ruling class needs the AfD for. She railed furiously against immigrants, seeking to split the working class and weaken its resistance to the austerity policy.

In reality, the AfD is demanding far more sweeping cuts. In her speech, Weidel accused Merz of an unprecedented debt policy. State finances were in ruins, she fumed, and Merz was leaving behind "scorched earth." Because of its immigration policy, she claimed, the government was responsible for crime and a lack of internal security.

The AfD is more than just a mass protest party. Once in power, it will ruthlessly continue both the policies of war and drastic social cuts, destroying everything the working class has fought for in the way of social gains over 80 years. This danger cannot be averted, as the Left Party claims, through an alliance with the CDU, SPD and Greens.

The Left Party itself is not part of the solution but part of the problem. Heidi Reichinnek gave a speech in the Bundestag for the Left Party that owed a great deal to the current Berlin state election campaign. On the subject of the "ailing economy," she criticised managers and bosses for not having the welfare of the economy as a whole in mind, "All they care about is short-term profits, fat dividends for the few and their own bonuses, not the long-term success of their companies."

Rather than appealing to the population and calling for the expropriation of the corporations and the large fortunes, Reichinnek appealed instead to the ministers who have just translated corporate profit-seeking, the drive for arms contracts, and the attempt to conquer new spheres of influence through military strength into the numerical language of the federal budget. "Maybe you should just stop following the lobbyists who advise you or who sit at your cabinet table. Maybe then your policy would get a little better," said the Left Party's parliamentary group leader.

This is the Left Party's typical modus operandi. It criticises social ills in order to contain opposition to them while defending capitalism, working together with the governing parties and dumping the consequences of the crisis onto the population. In Saxony-Anhalt, following the AfD's election victory, it is ingratiating itself with Chancellor Merz's CDU.

What budget politicians call "reform," "security" and "consolidation" is in reality the unity of war and rearmament policy with social cuts. This only benefits a wafer-thin layer of super-rich oligarchs and leads inexorably to war and barbarism. As Rosa Luxemburg aptly wrote in her *Junius Pamphlet* during the First World War: "Dividends are rising, and the proletarians are falling." This is exactly what the AfD is needed for.

The fight against fascism and war cannot be won through any alliance of bourgeois politicians or trade union bureaucrats but only through the mobilisation of the international working class, through its independent organisation on the basis of a socialist programme.

This is precisely the perspective for which the Sozialistische Gleichheitspartei (Socialist Equality Party, SGP) stands. It is contesting the election to the Berlin House of Representatives (state assembly) on September 20. Under the slogan "Two world wars are enough!", it is the only party to clearly distance itself from the de facto coalition of all the parties in favour of rearmament, war and social cuts. The SGP fights for the defence of every job and against all cuts to wages, pensions, healthcare, education and public infrastructure. And it calls for the expropriation of the banks, corporations and billionaires and their democratic control by the working class.

Against the AfD's nationalist agitation, which is also fostered by the CDU, SPD, Greens, Left Party and its splinter group, the Sahra Wagenknecht Alliance (BSW), the SGP counterposes the international unity of the working class. In the Berlin state election, it is campaigning for the building of an international socialist movement against war, drastic social cuts and fascism.

Find out more about the SGP's programme, take part in the next online discussion at gleichheit.de/events.html on Tuesday, September 15, at 7:00 p.m. on the theme "What is the AfD, and how can it be defeated?" Support the SGP's election campaign in Berlin!

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