

## **“Ten Years of Social Policy in the Two German States”: Article by the Former Director of Social Security of the GDR, Paul Peschke (October 1959)**

### **Abstract**

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The GDR saw the introduction of a comprehensive social safety net for its citizens – guaranteed work, housing, free medical care, and pensions – as an important accomplishment of Socialism. At the end of the 1950s, the former director of Social Security of the GDR, Paul Peschke, compared East Germany favorably with the West German social welfare state. In his efforts to discredit West German social policies under the CDU government of Konrad Adenauer and to unmask it as detrimental to workers, Peschke painted a distorted picture of West German social policy. This is especially true of his characterization of the 1957 pension reform, which for the first time allowed West German pensioners to regularly share in economic growth by introducing a dynamic old-age pension, and by protecting pensions against future monetary devaluation. The pension reform was one of the greatest domestic political successes of the Adenauer government.

### **Source**

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The term social policy includes the totality of the legal measures of a state and the activities of the social organizations of workers and employees on the social level. This broad complex includes all regulations and actions relating to labor law, such as working and compensation conditions, the right to associate, the right of co-determination, equal pay for equal work, the protection of youth, industrial safety, and so on, as well as social welfare benefits in the case of work accidents, illness, disability, old age, and health care. In short, all those areas which, taken together, constitute a certain measure of social safety.

In the capitalist state, the struggle of the exploited for social security endangers the capitalist profit economy, which, by making use of bourgeois-democratic freedoms, can increase the measure of social security for a time. However, in West Germany at this time, a process is taking place that the unions have denounced as “social dismantling.” It is an expression of the fact that the power-holders of monopoly capitalism and the militarists do not need social security, but rather social insecurity and an increase in the economic dependency of the workers. Therefore, under the conditions of nuclear armament, they are engaging, as they already did thirty years ago, in social dismantling in all areas of social policy.

In mining, for example, the Bonn government and the mine owners are currently destroying all social partner-illusions about progressive social policy, the right to work, “just” compensation, and job security. Equal pay for equal work does not exist in the tenth year of the Adenauer government, either.

In the area of social benefits, the employers’ association and Adenauer’s CDU are in the process, under the guise of social reforms, of removing, once again, the guarantee of material security in cases of illness, a guarantee that was only recently achieved through the large metalworkers’ strike in Schleswig-Holstein.

State Secretary Dr. Claussen in the Federal Ministry for Labor and Social Affairs, who previously insulted the workers rudely, gave one of the main talks at the Protestant Church Day [*Evangelischer Kirchentag*] in Munich; his talk was entitled: “Insured, but not Protected.” The title alone shows the perspective of this side of social policy in the Bonn state: insurance without security!

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In an interview in *Welt der Arbeit* [World of Work] on August 14, 1959, Claussen went on to justify the co-payment scheme he and Blank are pushing for someone in the health insurance fund who goes to the doctor.

The health insurance fund reform of the likes of Adenauer, Blank, and Claussen seeks to limit the shared insurance of workers and employees to the concern of the individual for himself and his family. The infamous *Rheinischer Merkur* mockingly provided the arguments for this already back in 1958:

“If the employee today is truly not capable of making a health care contribution of 100 to 150 DM, that is not because of his inadequate income, but because of his habit of living hand to mouth, without any reserve. [...] He has brought this habit with him from a proletarian past. And an excessively generous social welfare policy has led him to make himself at home in this living situation.”

But on February 25, 1959, CDU man Tacke pointed out in Heidelberg that 90% of all workers and employees in industry were earning less than 500 DM per month, and that the officially calculated living costs for a four-person household are 560 DM per month.

Spending 10 to 15 billion for nuclear armament simply rules out the promised prosperity. A state of emergency has already arrived in the Ruhr region. Still, this policy of social insecurity represents not merely tactical, but primarily fundamental efforts. Social welfare policy is to be depressed to a level even lower than in Bismarck's time. The social insecurity of workers in the early capitalist period is the wishful dream of clerical notables and employers' associations. The emancipation of workers into a ruling class that will carry the future is to be turned back to the estates-based society. The fourth – the last –, the serving estate, that is the place within society that the Christian social doctrine of political Catholicism assigns to the working class, so that the estate of lords will be forever preserved. Hitler was not able to do so. Still, the CDU is trying, for it has become the heir to Hitler. That is its mission. Without a working class that has been clapped into the chains of estate, that has turned away from class consciousness and the will to political power, the German imperialists who are lusty for revenge through military conquests cannot proceed to realize their great power plans.

The destruction of the state social security, achieved by German workers through struggles in the [18]80s and based on equalization out of shared solidarity, is therefore an important component of the reactionary domestic policy of the CDU. This has already been achieved to a considerable degree with pension insurance in 1957 through the use of a broad and costly social demagoguery.

The following state obligations, expanded since the Bismarck period, were done away with:

1. The basic allowance of 40 DM that was added to every pension and was paid by the state.
2. The minimum pension regulations, which, together with the basic allowance, prevented pensions from dropping below the minimum level. (Since then, mini-pensions of less than 50 DM have been appearing with growing frequency. Beginning in 1962, they will be the rule again for a large segment of pension recipients.)
3. Guaranteed provision of pensions granted. The stated reason is to adjust pensions to the movement in production (dynamic rent). That allows the CDU, if it so desires, to lower the level of the pension nominally. Since 1957, the reserves are being dipped into, and the annual reserves of the workers' pension insurance are declining.
4. The work-disabled were removed from their insurance rights and turned over to the “welfare” of the state bureaucracy.
5. Old age insurance was stripped of its social character. The social insurance relationship, which is

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based on equalization, has been largely adapted to that of an individual private insurance, in the process of which the old age pension was changed into a pure contribution pension without any state subsidy. Every insured person is to receive his account statement annually.

The pension laws of 1957 have cut a deep wedge in the circle of the approximately 19 million [people] on social security. Tens of thousands of better paid white-collar workers moved into private insurances. In the tenth year of the separate existence of the Bonn state, the “reform” of turning back the social medical insurance and accident insurance is on the agenda. The employers’ associations, supported by the state apparatus, have currently launched a new campaign whose goal is the elimination of the minor, statutory compensatory wage increases they are required to pay. As the *Industriekurier* [*Industrial Courier*] of August 15, 1959 reports, they cynically describe the 90% of net wages to which a worker is entitled since July 1, 1957, if he is unable to work because of illness, as “a blessing that is becoming a plague.”

In spite of the existence of a uniform union organization, in spite of groundbreaking and joint interzonal decrees on the uniform revamping of social security in all of Germany, the CDU succeeded in eliminating important principles of social security in West Germany through the legal path of parliamentary legislation. The working class and its organizations had every reason to celebrate the tenth anniversary of this separate state as a day to reflect on their own, their class strength.

The community of action with the class organizations of the ruling working class in the German Democratic Republic could stop the disastrous course of this development and gradually direct it forward to perfect social security. No worker in West Germany therefore celebrated the founding of this separate state, commanded by the Western powers, that took place on September 20, 1949.

By contrast, the workers in the GDR observe the tenth anniversary of their state on October 7, [1949] as a great and joyous celebration. By eliminating the basic German malady, the power of the imperialists and militarists, and concentrating political and economic power in their hands, they created the foundation for a continuously perfected social security, of the kind that is impossible in capitalism. The political power in the hands of the working class and the ideological and organizational unity in its ranks, embodied by the Socialist Unity Party and the Free Federation of German Trade Unions, are its highest accomplishment.

The increasing social security in the GDR is most evident in job security. The right to work is law, and in practice it is already a matter of course. Equal pay for equal work has already been guaranteed since 1946. Co-determination of the workers in the economy, in the regulation of production and of working conditions, is law and living practice. The previous state supervision of workplace safety has been handed over to the unions. The protection of youth is being constantly improved. Health care and medical treatment are guaranteed free of cost to the population through the state health administration in very close cooperation with the doctors and social security.

The administration of the social security of workers and employees is done by the unions. The workers participate directly in the exercise of state power on all levels of the economy. To the same degree that they harvest the fruits of their labor in building socialism, the benefits of their social security also improve year by year. Workers and employees have been enjoying material security through workplace wage compensation in case of inability to work due to illness or accident since 1946. And sick pay and wage compensation are paid from the first day of sickness.

In the tenth year of the workers’ and farmers’ state, the minimum pension was raised to 115 DM per month. To that are added supplemental payments in the amount of 9 DM in the GDR and 12 DM in [East] Berlin to make up for the discontinuation of food ration cards. The care for the health and material well-being of mother and child has reached a level that no couple need deny themselves the joy of children.

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In the tenth year of the German Democratic Republic, the government, in agreement with the unions, increased the personal care allowance of social security for disabled and seriously disabled persons from 120 DM to 180 DM, so far. The highest level of personal care allowance is 240 DM. The previous time limit on the cost absorption in case of hospital treatment was lifted. As of July 1, 1959, the costs will be borne by social insurance for an unlimited time. The number of miners who receive the full miners' pension beginning at age fifty was considerably expanded, and the person who has not yet attained entitlement at age fifty because he cannot demonstrate twenty-five years of mining work, receives the full miners' pension also at sixty after fifteen years of mining work. The requirement is only that he is still part of mining insurance at the time the pension payment begins.

In the social insurance of the GDR, the worker and employee is insured and protected against the vicissitudes of life and work. He lives and works in social safety. This is a crucial characteristic of the first German workers' and farmers' state during the transition to socialism.

The notion of social security is merging more and more with the certainty of being protected. Under the conditions of socialism, it is slowly losing the old character, since socialist work leads to providing for society. Social work becomes the factor that increasingly determines the benefits.

The balance sheet of ten years of social policy in the two German states shows the following:

In Germany's Western zone, even the increasingly weakened union demands from the Weimar period for a standardization and self-administration of social security are unfulfilled. "Insured, but not protected," it says in the practice of the CDU: "Higher social insurance contributions and reduced benefits."

Contributions and benefits are – and this is something acknowledged also by bourgeois economists – components of the wage, which are in part taken out of the pay envelope, and in part do not show up in it. We are thus dealing admittedly with a reduction in wages; naturally, in favor of the dangerous nuclear armament.

In the German Democratic Republic, the working class has fulfilled the civic revolution that stood still for one hundred years. In the tenth year of its workers' and farmers' government, history finds it already at work building socialism. It strides forward in peaceful work for itself and for the socialist society it leads. Thus, like the wage in the pay envelope, the invisible wage that comes to the workers also grows with the increasing benefits of social insurance. Social insurance and free health care in the GDR are, in addition to many other achievements, such as free education and university study for all sciences, already elements of the communist society that is emerging on the horizon, elements that are unfolding in their first flowering in the stage of building up socialism.

If the prospects of social policy in West Germany under the clerical-militaristic rule are pointing backwards, the prospects of social policy in Eastern Germany are shining all the more brightly. Based on the successful struggle that the GDR, as an important part of the socialist camp, is waging against German militarism for the preservation of peace, the peace-loving forces in the Western zone will succeed in overcoming the gloomy shadow of the Adenauer regime and its dangers of the nuclear bomb. Then, and only then, will the gloomy prospects for the West of our homeland transform into the light and joyous social national security.

Source: *Arbeit und Sozialfürsorge* 14 (1959), pp. 604–06; reprinted in Dierk Hoffmann and Michael Schwartz, eds., *Geschichte der Sozialpolitik in Deutschland seit 1945*. Bd. 8: 1949–1961: *Deutsche Demokratische Republik. Im Zeichen des Aufbaus des Sozialismus*. Baden-Baden: Nomos, 2004, no. 8/203.

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Translation: Thomas Dunlap

Recommended Citation: “Ten Years of Social Policy in the Two German States”: Article by the Former Director of Social Security of the GDR, Paul Peschke (October 1959), published in: German History in Documents and Images, <<https://germanhistorydocs.org/en/occupation-and-the-emergence-of-two-states-1945-1961/ghdi:document-4553>> [May 13, 2024].