

Expansion of the Social Welfare State (September 24, 1973)

Abstract

The social welfare state was further expanded under the social-liberal coalition, but politicians from all political camps—and economics experts, in particular—began to voice criticism, questioning not only the state's capacity to finance benefits but the viability of the system as a whole.

Source

Social Policy without Standstill

As early as 1958, deputy CDU chief Eugen Gerstenmaier said that the limits of the social welfare state based on the rule of law had been reached. This sentence, which is about the only thing remembered about the Swabian who has since disappeared from politics, was shaped by the circumstances: an absolute CDU/CSU majority in the Bundestag; an SPD that was struggling to hold its own and did not yet have its Godesberg Program; and the arrogantly touted success of an economic policy that until then had hardly had to prove itself in the face of difficulties.

That's why there was also a touch of ridicule when [Helmut] Rohde, Parliamentary Undersecretary in the Federal Ministry of Labor, recalled Gerstenmaier's words when he was looking back on the Bundestag's labor program last week. Because what was mentioned in the general assembly and in the Bundestag Committee on Labor and Social Affairs necessarily seemed like a refutation of something—even a double refutation. By comparison, the limits of the social welfare state based on the rule of law today seem much broader, and anyway, there isn't even a CDU that officially regrets it anymore. By referring to a total of seven points in the Bundestag work program, Rohde was able to claim that it was a measure of the resolve of the social-liberal coalition to expand social protection.

In fact, a lot happened last week that would hardly have fit into Gerstenmaier's picture of 1958. Not only did it happen with the approval of the CDU/CSU, but it was even accompanied by their rebuke that it did not go far enough. The further development of disability law, the adjustment of old-age pensions for farmers to general income trends, the improvement of income and working conditions for homeworkers, the work on the *General Part* of a comprehensive social code, the acceleration of proceedings in the social court by means of an amendment to the Social Court Act, and finally, the draft law on company physicians and occupational safety specialists, and the draft law on improved benefits in the social health insurance fund—all that justified the opinion that there is no standstill in social politics but, on the contrary, that the development of social protection is consistently (and that means, above all: under the condition of insufficient monetary stability) being driven forward. If the cabinet resolution on the bill to secure company pensions is included in the discussion, then Gerstenmaier's words can only be viewed as the expression of an error. Today, who still talks about the limits of the social welfare state?

But still, precisely against the background of the social policy actions of last week, one must ask whether the limits might indeed have been reached. This question does not have to do with the understanding of a social welfare state based on the rule of law, however, but with its financing, or better: the ability to finance social security. It is apparent that in the debate on wage policy, the reduction of real income through taxes and *social insurance contributions* is being repeatedly invoked. Of course, it is annoying for the individual employee when his nominal income enters a tax-rate category in which the share that is

“taxed away” is constantly growing without the individual taxpayer being able to expect a correspondingly increasing *service in return* from the state. But why is it considered just as annoying that the social insurance contributions are increasing? Doesn’t it count anymore that people have a personal claim through their pension insurance? Do people not realize that outstanding health insurance protection (including coverage for preventive measures) is expensive, especially when it is greatly exploited for good and sometimes not so good reasons? It looks as though many employees are beginning to care not only about what is “on the bottom line” but also about social insurance deductions and what is paid in return.

This departure from years of thinking in “net terms” could and should be a reason to examine social protection in all areas from the angle of strict rationality and feasibility. It is no longer a matter of taking something away from the citizens; it is about giving them as much as possible that is meaningful in return for their taxes and contributions. This applies mostly to health insurance and rehabilitation. Looking at it this way, it is a good thing that the limits of what can be financed are becoming visible—and acknowledged.

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