



Volume 9. Two Germanies, 1961-1989  
Expansion of the Welfare State (September 24, 1973)

The 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.

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### **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 marked by the circumstances: an absolute CDU/CSU majority in the Bundestag; an SPD that was asserting itself with difficulty and did not yet have its Godesberg Program; and the arrogantly displayed success of an economic policy which up to then had had to face hardly any difficulties.

This is why there was also a touch of ridicule when [Helmut] Rohde, parliamentary undersecretary in the federal labor ministry, recalled Gerstenmaier's sentence as 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 for work and social order 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 criticism that it did not go far enough. The further development of laws pertaining to the disabled, pension adjustments for farmers relative to general income developments, the improvement of income and work conditions for home workers, 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 also the treatment of the bill on company physicians and experts on occupational health, and the bill on improved benefits in the social health insurance fund – all of 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 mostly means under the condition of unsatisfactory money value 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 an 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 mentioned. 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 if many employees have finally started showing an interest in something besides their net balance, such as social insurance deductions and return services.

This turn away 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.

Source: Hans-Ulrich Spree, “Sozialpolitik ohne Stillstand“ [“Social Policy without Standstill”], *Süddeutsche Zeitung*, September 24, 1973.

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