

Germany: 6 million unemployed

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In Germany, the real rate of unemployment has risen to nearly 6 million. This figure is approximately 2.5 million more than the official figure.

Unemployment is one of the main indicators of the extent and consequences of the economic crisis for the working population. Official job statistics in Germany have been doctored for years precisely to disguise the real extent of unemployment and corresponding levels of poverty.

“The German economy is in the severest recession since the founding of the Federal Republic,” declared the Federal Labour Agency (BA). The economic crisis has left “clear traces on the job market.” The fact that the increase in the unemployment rate slowed in July, when seasonal factors were taken into account, “cannot be evaluated as a trend reversal.”

The number of registered unemployed rose in June by 52,000 to a total of 3,460,000. This is an increase of 250,000 compared to one year ago. Taking into account seasonal adjustments, unemployment in Germany increased by around 6,000 in July.

The latest unemployment figures mean that the official rate has risen to 8.2 percent throughout Germany. In east Germany, the rate is significantly higher at 13 percent. Immigrant workers are especially hard hit, their level of unemployment at nearly 17 percent.

“Seasonally adjusted” means that many redundancies resulting from the current economic crisis can be blended out of the unemployment statistic on the basis of seasonal influences. Many employers—e.g., in the construction industry—seek to save on costs by dismissing their staff over the summer and re-employing them some months later. There are many indications, however, that this year many such workers will not be re-employed.

The BA was forced to concede that the relative slowdown in the unemployment rate in July was primarily linked to a “reorientation of the related labour-market policy instruments.” Without such a “reorientation,” unemployment would have risen by about 30,000—also on

a “seasonally adjusted” basis.

In fact, this “reorientation” involves the cancellation of a number of current BA schemes and a change in criteria, which means that many existing unemployed persons no longer appear in the statistics.

Since the start of the year, 370,600 unemployed have been transferred into new “measures for activation and vocational integration” and are not officially regarded as unemployed.

In addition, the following groups are also not included:

- 176,000 unemployed undertaking a short training programme or who have been declared incapable of work.
- 658,000 persons seeking work who are engaged in government-subsidised “one-euro jobs,” retraining programmes, or older workers in early retirement.
- 232,000 unemployed who have terminated their unemployment by setting up their own small businesses or older workers carrying out part-time work.

Other groups are also not counted. Unemployed workers over the age of 58 who have received unemployment benefit II (Hartz IV), but have not received a job offer, are excluded. Unemployed persons who do not receive unemployment benefit because they have failed to fulfill the extensive criteria for such payments are also not included. There are many reports demonstrating that job authorities are making excessive demands on the unemployed in order to save on benefit payments.

Workers on reduced hours are also excluded from the statistic. It is this total, however, that gives a clear indication of the true extent of the contraction of production and permits conclusions to be drawn on the threat of increased unemployment in the autumn.

According to the latest figures, which give details for March, around 1.3 million workers were working reduced “short time” hours and receiving 67 percent of their normal wages. There are no official figures for more recent months, but many more workers have been put on short time recently and the total is increasing.

This means that a total of nearly 6 million persons are unemployed or underemployed in Germany. “In July,

5,982,000 employable persons received wage compensations [unemployment pay I] or payments to cover living costs [unemployment pay II] in July 2009,” the BA writes in its monthly report. But only about half of them are officially counted as unemployed. In March (i.e., the most recent data), 6.1 million received payments from the BA, of which just 53 percent were officially registered as unemployed.

The government is desperately trying to disguise the real extent of the crisis by extending the period in which short-time working subsidies can be paid from the current time span of 6 months to 24. It is likely that after the federal elections on September 27, many companies will finally announce their plans for dismissals. At that point, unemployment will again rise drastically.

Due to the extent of short-time working and an increase in demand for unemployment benefits, the Federal Labour Agency anticipates a deficit of more than €16 billion this year, growing to €20 billion next year. The government has, however, stipulated that the contribution for unemployment insurance—paid on a fifty-fifty basis by worker and employer—be restricted to 2.8 percent of gross wages up until 2010 in order to assist employers. The mounting deficits for the BA will be paid for by the unemployed in the form of future cuts to their benefits.

Following the September election, regardless of who wins, cuts will be implemented that far exceed the vicious anti-welfare Hartz reforms and the Agenda 2010 introduced by the former government of Social Democratic Party chancellor Gerhard Schröder.



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