

# Witch-hunt against the unemployed in Germany

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As unemployment in Germany continues to rise so do the number of attacks on the unemployed by leading politicians, economic “experts” and sections of the media.

A few weeks ago, the government advisory “economics expert” Wolfgang Franz called for the basic level of unemployment benefit (Hartz IV) to be cut from its current level of a miserly €359 a month to just €250. To support this proposal, he referred to a policy paper on unemployment benefit “reforms” presented to parliament by the private think tank he chairs —the Economic Development Research Institute.

In mid-January, the Hesse prime minister and vice chairman of the Christian Democratic Union (CDU), Roland Koch, publicly demanded that all unemployment benefit recipients be obliged to accept any job offer. He said there were people who were taking advantage of the benefit system and using loopholes in it.

The CDU in Hesse is well known for its extreme right-wing policies and the aggressive slogans it uses to fuel reactionary campaigns. In the 1990s, the party used millions of euros of donations, which had been channelled round their legal campaign funds, to finance an anti-immigrant election campaign. Then, when the scandal broke out over the improper funding, Koch provocatively quipped that the donations had come from “Jewish legacies.” Since his election as prime minister in 1999, Koch has used his position to ward off any criticism and dispense lying propaganda.

Last Tuesday, the *Süddeutsche Zeitung* led with the headline “Increase in unemployment benefit abuse.” The main story quoted an extract from the annual statement of the federal labour agency (BA), which says that during 2009, 165,000 cases of false benefit claims had resulted in fines and penalization for the

accused—1.8 percent more than in 2008.

Other newspapers followed suit with similar headlines. The “abuse” mainly concerns “cases where long-term unemployed persons have given incorrect information to the job centre and community work agency, with the intention of receiving more benefits than they are entitled to,” wrote the *Süddeutsche Zeitung*.

A serious evaluation of the figures provided by the BA reveals that these alarmist headlines and horror stories represent nothing more than a flagrant witch-hunt of long-term unemployed and poor people. In 2009, an average of about 6.5 million people were receiving Hartz IV (basic state unemployment benefits). According to government figures, the rate of “false claims” was no more than 1.9 percent. The alleged “rise in abuse” turns out, on closer examination, to actually amount to a marginal 0.1 percent.

Furthermore, the 165,000 cases of “false claims” include simple irregularities, like failing to follow proper procedures, which make people liable to fines, as well as cases in which such irregularities were merely suspected.

The BA has itself advised against reading too much into the figures, saying that the level of “false claims” is relatively negligible in comparison with the numbers of claimants and the total amount claimed.

Claimants’ organizations have since warned against the scapegoating of Hartz IV recipients by sections of the media and called upon the government to “focus on the norm rather than the exceptions.” Their leading spokesperson, Ulrich Schneider, declared that “politicians should concentrate on 6.3 million people who are unemployed through no fault of their own and help them to find a way out of poverty and back into

work.”

## Claimant appeals against benefit verdicts

As for the 165,000 incorrectly filled out application forms, anyone who has seen these forms will know how easy it is to inadvertently enter incorrect information. At the same time, the number of appeals by claimants against the benefit-issuing authorities' decisions has risen to a record high. The German claims courts registered 193,199 such appeals last year—19,363, or 10 percent more, than in the previous year. In 2008, the numbers of claims had already risen by 28 percent over the previous year.

The president of the biggest social claims court in Berlin, Sabine Schudoma, revealed that around 27,000 appeals against benefit claim judgments were processed there last year. This represents an increase of nearly 25 percent over the previous year. “The exception is becoming the rule,” she said. “The tide of appeals claims has been growing year by year—in our case, day by day.” The fact that 51 percent of these appeals achieve at least partial success is “conspicuously striking,” she noted.

The small-claims magistrate in North Rhine-Westphalia has had to “stem a flood of appeals against benefit claim decisions,” reported the *Westdeutsche Allgemeine Zeitung*. Particularly affected are unemployed claimants in large towns like Essen, Duisburg or Mülheim. The responsible claims court in Duisburg noted a rise of 20 percent in such appeals in 2009. The total number of such claims in North Rhine-Westphalia courts was more than 27,500—a rise of nearly 8 percent. And here, too, nearly every second appeal made by long-term unemployed claimants was successful.

Jürgen Brand, the president of the North Rhine-Westphalia federal state social courts, has declared that the benefit claim processing agencies often base their decision on the principle that if the claimant's rights are not defined precisely enough in law then their claim will be denied. He confirmed that the employment benefit agencies have been processing claims more harshly over the past two to three years. The agency

workers justify their decisions in court by saying, “If I don't make these sorts of judgments, the finance officer will bite my head off.” Thus, justice is based strictly on financial criteria.

In response to Koch's proposals, Brand quipped, “Greetings to Hesse: what you are proposing there is already happening here.” If anyone refuses to accept a job offer, their basic benefit is reduced from the existence minimum of €359 to €250. If they refuse for a second time, a further €100 is deducted. A third time, and they lose their housing allowance. “It's a tough sanctions policy,” says Brand. The job centres use this policy frequently. In Duisburg alone, where unemployment stands at 13.3 percent, about a third of the roughly 3,000 jobless under the age of 25 have had their benefits completely withdrawn.

In view of this situation and the fact that the basic existence minimum is completely insufficient to live on (80 cents is allowed monthly for toys for children under five), it is all the more astonishing that more than 98 percent of long-term unemployed fill in their claims forms correctly.

Such a rate is hardly achieved when it comes to millionaires and billionaires filling out their income tax declaration forms. The German tax expert Hans-Lothar Merten estimates that about €600 billion of undeclared assets have been stashed away in tax havens abroad by wealthy Germans.

At the moment, leading government politicians (predominantly in the CDU and Free Democratic Party) are currently seeking to stop the acquisition of a CD containing details of 1,500 German tax evaders. The CD database, which is being offered for sale by a former IT manager of the British bank HSBC, is supposed to contain information that would force rich and super-rich Germans to pay about €200 million in tax arrears. This represents an average of more than €130,000 in unpaid taxes—a sum far beyond the reach of any unemployed person condemned to a lifetime of poverty.



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