

# German political parties haggle over unemployed payments

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17 January 2011

The debate between German political parties over the Hartz-IV unemployment payments is restricted entirely to details. All of the parties involved agree that the Hartz laws should be adapted to conform to the judgement made by the German constitutional court in February 2010—at a minimal cost to the treasury.

The price for the deal being concocted by German parliamentarians will be paid by the near 5 million people (including 2 million children) dependent on Hartz-IV payments.

Nearly a year ago the constitutional court judged that politicians should ensure that by the end of the 2010 the standard sum paid be made “transparent” and “correspond to the reality”. In particular, the court had criticised the existing system of according assistance to children evaluated as a percentage of the standard payment made to the parents of the child.

A proposal to raise the standard level of payment by a miserly €5 (to a total of €364 per month), plus an educational allowance for children, failed to win support in the parliamentary upper house in mid-December. The parliamentary parties are now seeking to come up with an alternative proposal for the next sitting of the upper house on February 11. A new deal is currently being worked out by an arbitration committee consisting of representatives of both chambers of parliament.

Three themes dominated the discussion in the arbitration committee at its meeting on January 7: the €5 increase to standard payments, the demand for a statutory minimum wage raised by the Social Democratic Party and the Greens, and the so-called educational allowance.

None of the parties in attendance spoke against the plan to raise the standard payment by just €5. The SPD and Greens are merely calling for an evaluation that is

sufficient to satisfy the constitutional court. The Left Party had raised the demand for a standard payment of just €420 per month (at an earlier stage the party had demanded €500) and a minimum wage of €8.50 per hour (formerly the party had called for 10 euro). The main issue for the Left Party is to be included in the talks; the party will do nothing to alter the final decision of the arbitration committee.

The minimum wage is only to apply to agency and short-term contract work and its implementation is to be delayed. The German minister for labour and social affairs, Ursula von der Leyen (CDU), proposed that contract workers should only be entitled to the same wage as full-term workers doing the same job after the space of one year. In fact, one year is the average term of employment for most contract workers.

SPD representative Manuela Schwesig rejected the proposal, declaring it was necessary to “prevent the abuse and further spread of contract work”. Her objections are misplaced and cynical. It was the former SPD-Green government that passed legislation opening the floodgates to the creation of low-paid contract work.

According to media reports, the arbitration parties are also close to agreeing an educational supplement. This is to consist of an annual payment of €250 for each child to cover school meals, additional school fees, sport, etc. This payment will not be made directly to families, however, but rather to schools and educational authorities in the form of a voucher. This involves not only massive bureaucratic measures involving an extra 1,300 in staff but will also lead to the increasing stigmatising and discrimination of children from poor families.

Lunches for those children eligible for vouchers are to be negotiated in the form of contracts with the

appropriate authorities. Hartz IV recipients will then have to disclose their status through some sort of identification in order to receive the benefits. Many job centres responded to the proposal for such an educational supplement, announcing that they plan to cut the standard payment by one euro per lunchtime meal, i.e., around €20 per month—four times the amount of the increase in benefits planned for adults.

The need for extra tuition on the part of children receiving Hartz IV has to be certified by a teacher. Only then can parents apply, for example, for music lessons. The €10 per month allocated for such tuition is in fact sufficient for just 20-40 minutes of instruction a month. One job centre manager even had the nerve to advise parents to save from their Hartz IV payments for half a year in order to finance a course or holiday for their children. Payments for any such courses or vacations will be made available to the appropriate institutions directly by the state, meaning that once again parents have to make an official application.

The whole procedure for the receipt of benefits has been deliberately designed to increase the social pressure on parents and thereby reduce costs. Minister von der Leyen declared “that it is important that the educational supplement really gets to the children in need”, implying that if the money was paid directly to parents they would squander it on other priorities.

In fact, studies have demonstrated that the first priority for poor parents is to ensure the health and education of their children—often going without essential requirements themselves.

The complicated procedure involved in the revised Hartz IV payments is aimed at paving the way for further cuts in benefits. When the Hartz IV payments were first introduced in 2005 by the SPD-Green government headed by Gerhard Schröder (SPD) the new legislation dispensed with many of the previous supplementary payments. At the time, advocates of the new legislation argued that the dispensing of such payments was a step towards encouraging the self sufficiency of welfare recipients. Now this supposed “step towards self sufficiency” is being undermined by the latest measures, which replaces the ability of parents to pay directly for their children's needs with a system that subsidises educational authorities and other state institutions.

Other cuts planned by the government—including

doing away with child subsidies, the pension contributions for Hartz-IV recipients, and cuts in benefits for the disabled—are all aimed at penalising the poorest layers of society. The cuts to the pension contributions for Hartz-IV recipients alone will save the state €2 billion annually.

The same parties that are now haggling over a pittance for the unemployed and the needy had no problems donating hundreds of billions to the banks when called upon to rescue the fortunes of the rich and super-rich. The introduction of the Hartz laws, combined with reductions in the wealth tax, has accelerated the process of the re-division of incomes in favour of the rich. The social divisions in German society are becoming increasingly pronounced.

The savings made at the cost of the poor and the needy will be directly transferred to the bank accounts of the wealthy. According to the fund investor Allianz Global Investors, the total volume of wealth in Germany rose by €220 billion last year to reach a new record level of €4.88 trillion. This would amount to a sum of €60,000 for every inhabitant of Germany.

At the same time, this wealth is very unequally divided. Two thirds of the population have either virtually no reserves or debts while the wealthiest 10 percent control over 60 percent of all wealth. The top 1 percent (around 800,000 persons) own one quarter of all wealth (approximately €1.2 trillion), i.e., an average fortune of over €1.5 million. Such concentrations of wealth cast a grim light on the current haggling in the German parliament over a few more euros for the unemployed.



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