Unemployment in Germany: Appearance and reality

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12 November 2011

Last week the Federal Employment Agency (BA) reported a further decline in unemployment in Germany. In fact, the BA statistics have relatively little to do with social reality.

According to October's official figures, there were 59,000 fewer unemployed in Germany compared to September, and 204,000 less than one year ago. At 2.7 million, official unemployment (6.5 percent of the working population) is at its lowest level since October 1991.

Political and business circles predictably welcomed the "positive numbers", claiming that the reduced jobless total was the best argument in favour of measures proposed by the German government to cut funding for the long-term unemployed. Funding for training and support of the long-term unemployed was reduced 20 percent this year, and a cut of the same amount is planned for next year.

The official unemployment figures, however, do not even vaguely represent the real situation in Germany.

First, the BA was forced to concede that when seasonally adjusted, the figures revealed a slight increase in unemployment for the first time since February 2010. When presenting the figures, BA chief Frank-Jürgen admitted, "A measure of uncertainty has arisen." He then revealed that employment in manufacturing was still around pre-crisis levels. "There is still a deficit of 130,000 employment opportunities," he said. He also expected a renewed rise in unemployment in the coming year. Production declined in Germany in October for the first time in two years.

A closer look at the BA statistics reveal that more than a million unemployed are not included in the official jobless figures. Some 376,000 unemployed people older than 58 years are not included in the statistics, together with nearly 190,000 persons employed in one-euro-per-hour jobs. In addition, more than 300,000 people engaged in various forms of vocational training and "occupational integration" schemes do not appear in the statistic. The same applies to the over 320,000 registered unemployed due to health problems.

Also missing from the official figures are those unemployed persons whose benefits were cut off for one reason or another. Current figures only go up to June. In that month, 317,000 unemployed were denied benefits. Those affected are often victims of harassment on the part of government employment agencies and job centres. Most of those affected were punished for failing to comply with bureaucratic time limits for applications, lack of documents for benefit applications, or similar trivial offences.

In 2010 the number of penalties imposed by the employment authorities increased by 14 percent nationwide compared to the year before. This year the BA expects to issue nearly a million such penalties. These measures hit people under 25 especially hard. In many cases, the victims lose all entitlement to benefits and in some cases even their rent subsidies. One in ten young unemployed persons has received at least one sanction. In the statistics the impact of such harassment is positively evaluated: the greater the number of these vindictive penalties, the less official unemployed.

It is only on the basis of such statistical trickery that the BA arrives at the relatively low unemployment rate for Germany compared to other countries. If one considers the total number of benefits recipients, the official figure swells enormously—bearing in mind that this total does not include the jobless who, for various reasons, draw no benefits.

Furthermore, according to the BA's preliminary estimate for October, over 5.1 million *employed people* between the ages of 15 and 65 years drew unemployment benefits.

These recipients have jobs of one description or another, but their incomes are so small they qualify for unemployment benefits. This group includes 1.4 million

people who are part-time, limited contract employees, or so-called “mini-jobbers”, who earn at most €400 ($US 550) per month, 230,000 part-time employees in other categories and around 320,000 people who actually work *full-time*, but earn less than the miserly basic unemployment payment, despite working a 40-hour week.

The BA report reveals a good deal about current rates of unemployment benefits (Hartz IV payments). In June 2011, 6.2 million people in 3.4 million families received Hartz IV benefits. In these families, an average of 1.9 people received only €672 ($US 925) for their basic needs, i.e., around €340 ($US 468) per month, per person.

Widely reported “success stories” involving young people being provided with adequate training and jobs also turn out to be fictitious on serious examination.

Last Monday, the BA announced the at the end of September, there were nearly 30,000 unfilled training places, but only 12,000 young people seeking apprenticeships. According to the government employment agency, the number of applicants was declining while there had been an increase in apprenticeships.

In reality, the German trade union federation (DGB) has shown that the number of applicants without a training position stands at 76,800, because the government and industry exclude 65,200 adolescents from their figures who are barely surviving in elementary job training schemes and internships.

At the same time, the DGB itself has ignored the plight of young people who are often involved in pointless schemes primarily aimed at keeping them off the statistics. Up to 350,000 young people throughout Germany are unable to find a job or a training place and end up in state-related employment schemes that offer them no prospect whatsoever.

Education expert Dieter Munk from the University of Duisburg-Essen has revealed that approximately 60 percent of young people enrolled in such schemes have been unable to find any sort of regular job thirty months after completing their course.

A high percentage of those who slip through the employment statistics are immigrant youth or young women. Munk refers to these young people as a “reserve army of the disadvantaged in the labour market.” These young men and women are eventually forced to accept the worst-paid forms of work.

It is not surprising therefore that the number of low-wage earners in Germany is growing steadily. According to a study released by the Prognos AG research company, some 1.2 million people earn less than €5 per hour and 5 million people earn less than € 8.50 per hour (gross).

If one assesses the low-wage sector by international standards (which defines a “low wage” as less than two-thirds of the average), then nearly one in four full-time employees (22.8 percent) in Germany earns a poverty wage. This amounts to nearly 10 million workers.

Low-wage jobs are particularly prevalent in the hotel industry and in private households. In these spheres, three-quarters of all full-time employees receive low pay. Women and young people under 25 years are particularly affected. More than one in three women and nearly half of all young workers work full-time below the low-pay threshold. In absolute numbers, this amounts to 715,000 young people and nearly 2.6 million women.

The official number of poor people in Germany is also growing steadily. In 2009 the Federal Statistical Office classified approximately 12.6 million people as poor. Those most affected by poverty are the unemployed and single parents.

The growth of poverty in Germany is largely due to the policies of the Social Democrat (SPD)-Green coalition government led by Chancellor Gerhard Schröder (SPD), which in 1998 implemented the biggest social cuts in Germany since the Second World War. High unemployment, a rapidly growing low-wage sector and major cuts in social spending have set in motion a social disaster that will only deepen as the current crisis unfolds. The official statistics try to disguise and gloss over this. But unlike statistics, one cannot falsify the real experiences of millions of people.