

100,000 welfare recipients in Berlin threatened with eviction

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Under welfare legislation (known as Hartz IV) first introduced by Germany's former Social Democratic-Green government headed by Gerhard Schröder, the monthly rent for single recipients in Berlin must not exceed 378 euros. The limit for couples is €444 and for a three-person household €542. For a family of four, the maximum rent is €619. If the apartment is subject to a rent increase that exceeds these limits then the apartment must be vacated. If this does not take place voluntarily then the tenant will be removed and relocated by force.

In Berlin, 428 such evictions took place in 2009. In 2010 this number rose to 1,195, and in 2011 to 1,313. In 2012 this figure threatens to explode.

It emerged this week that a total of 65,511 Hartz IV households received a warning last year from the Berlin job centre to reduce the "costs of their accommodation". The number of all Berlin Hartz IV households whose housing costs exceeded the permitted limits last year totals 99,148, i.e., a third of all Hartz IV recipients in the city. The difference of 34,000 persons fall into the category of "hardship" (single parents, pregnant women, seniors) whose additional costs are borne by the authorities.

Many of those affected try to avoid eviction by reducing their costs. They cut back on heating, limit their water consumption and use as little electricity as possible. Should these measures fail to have the desired effect, the authorities generally respond vigorously and initiate a process described by one social worker as follows: "First the electricity is turned off, then comes the eviction and then you are threatened with homelessness."

Extra problems confront those who are prepared to vacate their homes. In the suburb of Neukölln, for example, there is just one apartment available at a suitable rent for every 15 Hartz IV recipients who have received a warning from the job centre. The majority of those affected have no other choice than to leave the suburb in which they live and find accommodation in the cheaper high rise apartment blocks on the outskirts of the city.

This latest frontal assault on the poor stems largely from the economic and political decisions taken by the previous Senate in Berlin—a coalition of the Social Democratic Party (SPD) and the Left Party.

Between 2002-2011, the SPD and Left Party sold off about 50 percent of the city's public housing stock. In order to fill gaps in its budget following its bailout of a major collapsed bank, the coalition actually sold off the city's largest state-owned housing company, the GSW (founded in 1924) to two notorious international financial investment groups.

Although the German *Manager* magazine ran an article on the Cerberus group with the title "Under vultures" describing the hedge fund as a greedy and ruthless operation prepared to employ "brute force", the SPD and Left Party were quite prepared to sell off a total 65,000 flats in Berlin to Cerberus and the US bank Goldman Sachs in 2004 for the generous price of 405 million euros. The decision affects more than 200,000 tenants.

In 2009, the two investors sold off 15,000 homes, i.e., less than a quarter of the total they had bought, for the sum of 447 million euros—a ten percent profit for a fraction of the housing stock they had purchased. For

their part, tenants faced increasingly poor maintenance and continuous annual rent increases, often twice as high as the Berlin average.

When the investors finally decided to launch the rest of the GSW on the stock market, the chairman of the Berlin tenants association warned that such a move “could not be reconciled with socially acceptable long-term rents.”

Neither his comments nor the fact that such a transaction was explicitly prohibited in the sale contract had any effect on the SPD and Left Party, which defended the stock market offering with the argument that it helped preserve jobs and prevented the loss of tax revenue. They said nothing about the devastating long-term consequences of such a move for vulnerable tenants.

Currently in opposition in Berlin, the Left Party is now seeking to cover its tracks, issuing a press release on Tuesday calling for “a fundamental reorientation of housing policy” in the city. Grotesquely, the text stipulates demands that “include in our view the introduction of maximum rent levels, a strengthening of the rights of tenants as well as putting an end to housing speculation and abuse.”

The recipients of the Job Center letters are victims on two counts: Firstly, their standard of living has been undermined and they have been driven into poverty by the social policies of the SPD-Green government led by Gerhard Schröder. Secondly, they are victims of the policies of the former SPD-Left Party Senate which have dictated housing policy in Berlin for the past decade.

The left rhetoric on the web site of the Left Party cannot alter the facts: The party has actively contributed to a situation where hedge funds like Cerberus make massive profits, while the poor in Berlin live in daily fear of losing the roof over their heads.



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