

# Growing poverty in Germany “politically desired”

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Austerity measures dictated by the German government are plunging the peoples of Europe into a social catastrophe. Before Christmas, the National Conference on Poverty (NAK), an amalgamation of charities, churches and the German Trade Union Federation (DGB), presented its “Shadow Report”, which concludes that the growth and consolidation of poverty is “politically desired”.

The report, entitled “Those in the shadows are not seen”, is a response to the fourth official government report on poverty and wealth, which will probably be released by the cabinet in January 2013. A first draft of the government report was presented by the Labour Ministry in September 2012, and excerpts were published in the media. Under pressure from the Free Democratic Party (FDP)-led economics ministry, the final report has been delayed and redrafted several times.

For example, the sentence “Private property is distributed very unequally in Germany” was removed entirely. The original document stated that increasing income disparity was damaging “the people’s sense of fairness” and could “place social cohesion” in danger. The redrafted version now states that falling real wages are a positive “expression of structural improvements” in the labour market, since many new full-time jobs were created between 2007 and 2011 in lower wage bands leading to increased employment.

The unions have called attention to these crass amendments to present themselves along with the charities as the country’s “social conscience”. In reality, they have supported the attacks on the welfare state ever since the introduction of the Hartz welfare “reforms” and attacks on wages and working conditions by the Schröder government, and will continue to do so. They have no political answer to the social crisis. The “shadow report” is a political manoeuvre in the run-up to the general election in 2013. Nevertheless, it provides some insights into the real state of social inequality.

While the government report praises the “new full-time jobs” in lower wage bands, the shadow report recalls that these jobs are paid so poorly that it is impossible to feed a

family on them. Some 350,000 of those in full-time employment earn so little that they must rely on supplementary welfare benefits in order to secure a minimum existence.

Nowadays, almost one in four in Germany works for low wages—i.e., for less than €9.54 an hour in the west of the country and less than €7 in the east. Above all, it is women, immigrants and younger people who are affected. More than 4 million employees even earn less than €7 an hour, and 1.5 million less than €5. Talk of hourly wages of less than €7 and €5 an hour fell victim to the censor in the government’s “massaged” report.

The argument that low wages open the way back into the labour market for those with few qualifications is exposed in the shadow report as a myth: four in five working for low wages have completed an apprenticeship or graduated from university. Those who are poor remain poor. In June 2011, almost 60 percent of welfare recipients of working age had been in receipt of state handouts for at least two years.

The fact, the poverty level has hovered between 14 and 16 percent for years, showing that poverty has consolidated itself in Germany, according to NAK spokesperson Michaela Hofmann, who presented the shadow report.

This is the poverty level in Germany as a whole, affecting some 12.4 million people. In some regions, however, the poverty rate is much higher.

The German Charities Association, a member of the NAK, underscores this trend and reports that there are already zones where poverty has reached 20 percent or more. These include areas of Bremen, Berlin, and wide parts of eastern Germany and the Ruhr area. Looking more closely, some areas within these cities record poverty levels of 60, 70 and 80 percent.

“As far as regional development goes, Berlin and the Ruhr are the number one problem regions”, said Ulrich Schneider, managing director of the Charities Association.

The austerity measures already agreed to by the federal government are leading to the growth of social polarisation, which in the future will increasingly hit the old. Since 2005,

the number of old people forced to rely on the so-called safety net of Hartz welfare benefits has almost doubled—from 250,000 to more than 400,000.

Here, too, the Ministry of Economics led by FDP chair Philipp Rösler has been talking down the rise in poverty. The scientific advisory committee to the ministry this week presented a report that said warnings of growing poverty amongst the elderly were “strongly exaggerated”.

“Even with an unfavourable development in the labour market, the number of elderly welfare recipients will only rise from the 2.6 percent at present to 5 percent by 2030”, according to the study’s author, Axel Börsch-Supan. The chair of the advisory committee, Achim Wambach, claimed that the constantly falling level of supplementary pensions claims was not the main reason for poverty in old age. The grounds lay far more in an “inadequate work history”.

Federal minister of labour Ursula von der Leyen (Christian Democratic Union, CDU) has calculated that with “an hourly wage of €8, an employee would have to pay pension contributions for 63 years, in order to qualify for the basic state pension”.

In fact, the disputes over the various reports on poverty and wealth are not based upon scientific reasoning but rather on political considerations. Minister von der Leyen is looking for the support of the trade unions in order to keep the growing social antagonisms under control, and presents herself as a possible successor to Chancellor Merkel.

On the other hand, FPD leader Rösler speaks for the unscrupulous layer of avaricious parvenus, who luxuriate in wealth and have adopted the slogan of former British prime minister Margaret Thatcher, that “there is no such thing as society”. Chancellor Merkel is letting her anti-social pit bull—the FDP—off the leash to enforce a social catastrophe in Europe.

A passage in the first draft of the poverty report, which was erroneously interpreted as suggesting a tax increase for the rich, sparked a storm of protest. Although von der Leyen’s ministry immediately made clear that the incriminating passage “solely and entirely concerned the topic of social responsibility and commitment in the context of voluntary donations and donor activities,” the chancellor herself and many Christian Democrat and FDP politicians brusquely rejected such word play. Higher taxes for the wealthy were “the exact opposite of what we decided in the coalition agreement”, Christian Democratic economics spokesman Michael Fuchs said.

According to Rösler, Germany was flourishing, implicitly applauding the fact that Germany now has more than a million millionaires and 115 billionaires, accompanied by their lackeys in the media and politics.

While the government is determined to follow its agenda

of social counterrevolution and create Greek conditions in Germany, the trade unions and charities respond with impotent threats and reformist proposals: long-term structural programmes, minimum wage, supplementary pensions, raising the level of welfare payments, reform of housing benefits.

The managing director of the Charities Association, Ulrich Schneider, suggested an emergency assistance programme of €10 to €20 billion. “We have the money—in Germany, private households have €4.8 trillion in their bank accounts,” he said and suggested asking the rich to pay.

But the experience with the Schröder government in Germany, as well as with social democratic governments in Greece, Spain, Portugal, and France, show that the parties supported by the unions are at the beck and call of the banks and international speculators and fully enforce their diktats against working people. The Schröder government deregulated the financial markets, lowered taxes on high incomes and profits, and began the spread of poverty and low wages.

Calls for reform by the trade unions and charities serve to throw sand in the eyes of workers and prevent the development of a social movement directed against the capitalist system itself.

They are supported by the Left Party, whose proposals are essentially the same as the NAK. Over the last 10 years, the Left Party has demonstrated that it immediately drops its talk of social reform as soon as its politicians assume government responsibility. Then they enforce social attacks just as fervently as the Christian Democrats, FDP, SPD and Greens.



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