

# Poverty grows in Germany's large cities

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Poverty in German cities is increasing. This is demonstrated by the latest figures from the Federal Statistical Office. At the same time, a small layer of the wealthy has been able to enrich itself handsomely.

The redistribution of wealth from those at the bottom to those at the top is being facilitated by all of Germany's parliamentary parties. Despite the complaints of the party representatives in the cities and towns regarding the dramatic impact of the austerity measures imposed at the federal and state levels, it is they who are implementing the cuts in the social safety net and the preservation of the infrastructure in the municipalities. All of them—with different roles and responsibilities—are involved in plunging more and more people into poverty, while a narrow upper class layer continuously increases its assets.

In the large cities of western Germany, it is especially the Social Democratic Party (SPD), the Greens or the Christian Democratic Union (CDU) that holds sway in local communities and implements the cuts and austerity measures; in eastern Germany it is the Left Party.

According to the figures released by the Federal Statistical Office at the end of August, while 14.7 percent of the population were poor in Germany's 15 largest cities in 2005, by 2012 the rate had risen to 15.2 percent. The proportion of those in receipt of welfare is also higher than the national average in the major cities, with the exception of Munich and Stuttgart.

A single person with less than €869 (US\$1,174) a month net income, or a family of four with less than €1,826 (\$2,467), is regarded as poor. The poverty line is increasingly moving towards those on average incomes. According to EU directives, someone is considered to be relatively poor if they have less than 60 percent of median income.

In the last 20 years, the disparity between rich and poor in Germany has increased tremendously. After the US and Japan, Germany is the country with the most millionaires. For the first time in history, the number has risen to 1,015,000 individuals worth over a million.

The wealthiest 10 percent of German society now

possesses more than two-thirds of the country's total assets. And even among this top 10 percent, wealth is distributed very unevenly. The top thousandth of the population, or about 70,000 people over the age of 17, owned almost a quarter of all assets in 2007. The bottom half of the population, or 35 million people over 17 years old, can only call 1 percent of all assets their own.

Wealth is also growing in the "Ruhr metropolis", and this is not only because the billionaire owners of the Aldi supermarket chain live in the Ruhr cities of Essen and Mülheim. While the north of Essen is becoming poorer, in the Green southern districts of the city, the number of millionaires measured by assets or income is growing. On average, for every 10,000 inhabitants in Essen there are 2.6 millionaires, about 150 people. In all of the state of North Rhine-Westphalia the average is 2.7.

What the recently released statistics show, however, is the dismal situation for most people in many cities in the Ruhr area. Whereas in the past, it was the East German city of Leipzig that was at the top with high levels of poverty, the top spot has now been taken by Dortmund in the Ruhr. In neighbouring Duisburg things are hardly any better. In both Ruhr cities, one in four is now considered poor. While the poverty rate in Leipzig has increased only slightly since 2005, both Dortmund and Duisburg have seen an increase of around 8 percent. Relative poverty has increased in Essen, even in the comparatively better off state capital Düsseldorf.

Poverty is clearly visible in the Ruhr cities. Numerous roads and public buildings need to be urgently renovated, and parks are falling into disrepair. More and more people—not just the homeless—search in rubbish bins to find bottles on which there is a return fee, using the proceeds to supplement their meagre incomes. On the streets and on public transport, people discuss which charities can best meet their most essential needs.

The low-wage sector is growing; immigrants and women are disproportionately affected. More than a third of women working in North Rhine-Westphalia who work full-time earn low wages. The same applies to

immigrants, who often work for very low wages.

In 2011, some 177 of a total of 430 municipalities and municipal associations in North Rhine-Westphalia faced the need to return a balanced budget. These municipalities must submit a plan regarding the savings measures they plan to implement in order to balance the budget. The time period for this to be achieved must not exceed 10 years, and the plan must be approved by the relevant regulatory authority. This functions like the so-called debt ceiling, which the federal and state governments have anchored in the constitution. Those who suffer are the needy and poor. In contrast, the deposits of the municipalities' bank creditors are secure.

The municipalities may no longer finance "voluntary services" as part of the balanced budget. These mainly include expenditure for the social sector, such as subsidies for all-day child care, educational guidance, disabled transport services, language training for children, advice services for prostitutes and those with AIDS, old age day centres or programmes for truants.

In 2011, the SPD-Green Party executive in the state of North Rhine-Westphalia agreed to a "city finances support pact" that promised financial aid for the highly indebted municipalities to service their bank loans, as long as they simultaneously made massive savings.

Duisburg is one of the most indebted cities that receives these funds. The city last had a balanced budget in 1992. Since 2001, the city has had to implement emergency budgets and make unprecedented cuts. The district administration led by Anne Lütkes of the Green Party is in control of the city. Duisburg's debts amount to about €2.5 billion.

The current mayor in Duisburg, the Social Democrat Sören Link, has imposed cuts for years wherever he can. Swimming pools, libraries and schools have been closed, public sector jobs are being destroyed, the infrastructure neglected. In the city council, Link rests on a coalition of the SPD, Greens and the Left Party.

Barely 150,000 of the city's 500,000 inhabitants work in jobs that pay enough to cover the social insurance contributions. About 25 percent are considered poor; about 70,000 people live on welfare. The Duisburg Tafel charity is recording an increasing demand. Currently, it looks after about 4,000 people weekly. An association named Immersatt ensures that 800 children receive a daily healthy breakfast at school and 70 receive a daily lunch and free homework help.

Following the complete shutdown of steel production, the former coal and steel city of Dortmund with over

570,000 inhabitants has the lowest industrialization rate of all major cities in Germany. The coal industry was already closed down in the 1980s. Neighbourhoods in which steel workers and miners lived are decaying.

In the north of Dortmund, unemployment is nearing 30 percent. Historically, the region was dominated by the steel industry, especially by the Hoesch Westfalenhütte plant. It is home to nearly 55,000 residents, the majority of them from immigrant backgrounds. Since the closure of the plant, long-term unemployment is becoming increasingly serious. One in three residents of the northern district depends on welfare, which particularly affects young people. Because of the comparatively low rents, the area is attracting more and more people on low incomes.

The SPD and the Greens, who head Dortmund city council together with Mayor Ullrich Sierau (SPD), have decided to make massive cuts. Dortmund is planning annual savings of 2 percent in municipal staff costs; health, child and youth services will be restricted and local taxes and fees increased.

There are long queues for those wanting a certificate of entitlement for the Dortmund Tafel charity that distributes food to the poor. The organisation serves more than 3,000 people at eight locations in the city. Including dependants, 7,000 people now depend on the charity. In 2011, some 30,000 households were over-indebted in Dortmund.

Anyone who has lost his or her job in the Ruhr area will find it very difficult to find a new job, and rarely one that is reasonably well paid. The largest employer in Dortmund is the University. But even well-educated graduates often find only temporary employment and face periods of unemployment. Low-skilled workers have virtually no chance.

The closure of the GM-Opel plant in the neighbouring city of Bochum means unemployment will rise not only there but throughout the surrounding cities. With it comes the risk of poverty, as thousands of jobs in the supply chain and service sector are also being eliminated.



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