13 million in Germany at risk for poverty

Gustav Kemper
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One person in six in Germany is considered to be at risk for poverty. This represents 16.1 percent of the population, according to the figures released on Monday by the Federal Statistical Office. The poverty risk for single parents is over double the national average (35.2 percent) and stands at 31.9 percent for people living alone.

Deemed to be at risk of poverty are all those who receive less than 60 percent of the median income of the population. This calculation includes government benefits, such as child or housing benefit. In Germany, the poverty threshold commences at €979 a month for a single household, and €2,056 for a family with two children under age 14.

In the course of the past year, the proportion of children under 15 afflicted by poverty in Germany rose to 15.7 percent. A total of 1.64 million children in Germany are dependent on miserly Hartz IV welfare benefits.

A report by the United Nations Children's Fund, UNICEF, this week also showed that 76.5 million children in wealthier economies, which include the countries of the OECD and the European Union, live in poverty. The number of children living in poverty in these countries has increased by 2.6 million since the beginning of the financial crisis in 2008.

According to a report in the Berlin *Tagesspiegel*, 2.35 million people in Germany are forced to work a second, so-called "mini-job", with a mini-wage, in order make ends meet.

"Poor despite the jobs miracle", was the headline run by the *Berliner Zeitung* in its report on the phenomenon of the rapidly growing sector of the "working poor". Germany has developed a massive low-wage sector following the introduction of the labor market reforms 10 years ago by a Social Democrat—Green Party coalition. Millions are now employed in precarious forms of work. Workers employed by a temporary agency face an increased risk of poverty. According to the figures of the Hans Böckler Foundation, based on data from Eurostat, 17 percent of temp workers struggle to survive on insufficient earnings.

Many self-employed are also at risk of poverty. This includes those working in the construction industry, workers in social institutions and those in the media industry. Many of these precarious workers are unable to afford basic necessities, adequate health insurance, or have a proper pension.

According to a study by the German Savings Banks and Giro Association, 16 percent of respondents in a survey revealed they were not in a position to be able to save.

While the fear of sliding into poverty is growing in ever-broader circles of the population, the top 10 percent can look forward to expanding income and wealth.

Unlike the lower income strata, however, the upper 10 percent are not properly recorded in the available statistics. The data on income inequality is mostly based on the database of the Socio-Economic Panel of the German Institute for Economic Research, as well as voluntary household surveys conducted by the European Central Bank. People with high income and wealth are reluctant to reveal the extent of their income and assets. This means that statistics intended to express the divergence between rich and poor fail to reveal the true extent of inequality.

According to the Institute of Macroeconomic Research (IMK) at the Hans Böckler Foundation, it is not only the voluntary surveys that lead to inaccurate results. Capital income retained by companies and not passed on to the company owners is also disguised to hide the real level of accumulation of private wealth.

Since 2009, these retained profits are taxed directly by the company on the basis of a flat tax which in turn benefits shareholders who, in the main, already belong to the top income bracket. These private investors no longer have to declare this income in their tax returns.

This flat tax rate is just 25 percent, compared to the top tax rate for private investors of between 45 and 48 percent. The difference in the tax rates serves to continuously increase the total assets of private investors.

Since a wealth tax is no longer levied in Germany, there are no statistics reflecting the real income and wealth of the top 10 percent. According to the figures of the German Socio-Economic Panel, the net assets of the richest one percent of households was around €1.4 million per head in 2012, equivalent to 80 times the average per capita income. In 2002, the ratio stood at 50 to one.

Last fall, *Manager Magazin* published a ranking of the super-rich showing that the assets of the richest 100 had risen in the previous 12 months by 5.2 percent, to a record high of €336.6 billion. Germany has a total of 135 billionaires and, according to a study by Credit Suisse, 1.7 millionaires.

The figures recording growing poverty and poverty-risk are an indictment of the government and all of the parties represented in the Bundestag. They have organized in recent years a massive redistribution of wealth from the bottom to the top, with hundreds of billions awarded to the banks combined with drastic austerity programs affecting tens of millions.

The German Trade Union Federation (DGB) also bears responsibility for the growing poverty and social crisis. Not only has the DGB supported the anti-social policies of the German government, it has also played the key role in the introduction of low pay and welfare cuts. Virtually all the contracts and factory deals on wage reduction and the worsening of working conditions bear the signature of union bureaucrats.