German welfare “reforms” promote virtual slave labour

Dietmar Henning
1 December 2014

An article in the recent issue of *Der Spiegel* has exposed the dirty secret of the German economy. The Hartz welfare and labour “reforms” and the enlargement of the European Union into Eastern Europe have created conditions in which hundreds of thousands of workers are exploited as virtual slaves without rights.

Under the headline “everyday exploitation”, the magazine reports on several examples of these slave-like conditions and cites official data on their spread throughout Germany. “Whether in horticulture, at wholesale markets, in the meat industry or in construction,” it says, “Working people everywhere are working for starvation wages of less than five euros per hour.”

According to a survey by the Institute for Work and Qualification at the University of Duisburg-Essen, this affects 1.7 million people. Since 2008, this number has increased dramatically. “There is hardly another country in the euro zone where the low-wage sector is as large as in Germany”, the survey notes. One in five factory workers (19.2 percent) works for less than €8.50 per hour. From next year, this hourly rate will form the official minimum wage in Germany. *Der Spiegel* provides several examples about how this is already happening. It reports how Polish gardeners are forced to take on two or three contracts for various companies and subcontractors from Germany, Poland and other countries in Eastern Europe, working 50 hours or more a week, yet only receiving €645 gross for bone-breaking work.

Other examples include the construction and meat industries. Eastern European labour is also being deeply exploited by the German state: “On the construction site of a technical college in Oldenburg, 18 Romanian workers toiled ten hours a day, six days a week, for a monthly salary of around €1,200.”

At the construction site in the Europa quarter of the financial center of Frankfurt, 50 Romanian builders worked for even less. The subcontractors first paid nothing then disappeared altogether. The general contractor, the Bavarian construction company Max Bögl, offered to give the Romanians €100 and fund their return to their home country. However, they had worked 12 weeks on the site, 55 hours each week. Finally, they were fobbed off with €2,000 by the IG Bau union and Bögl, equivalent to just €3 per hour.

In Salzgitter, TAG Immobilien AG hires cheap Eastern European labour for home renovations via subcontractors. One of the shareholders in TAG Immobilien AG is the federal government’s pension institution. “A public pension fund responsible for the occupational pensions of workers in the public sector is benefiting from the exploitation of Polish cheap labour—what a situation,” said *Der Spiegel* .

Contract work and bogus self-employment are the legal means by which big business and the state undermine all wage and employment agreements. Another almost universally-applied means of immediately robbing low-wage workers of their puny payments is the recouping of a wide variety of “costs”.

Butchers face a deduction from their wages of a €100 “deposit” for knives and other tools, or €40 for cleaning their work clothes. A Polish worker reported how arbitrary collective punishments are also imposed. For example, if he or one of the three men with whom he shares a room forget to make the bed or empty the ashtray, there was a €50 “punishment”—for everyone!

Such “costs for board and lodging” are used to push down wages enormously. *Der Spiegel* reports about the extortionate rents the workers must pay for a mattress in tiny rooms; a small room for four to six persons,

© World Socialist Web Site

with showers and toilets shared by even more workers. The employers receive €150 or more a month per crash pad.

The magazine reports that some federal states and municipalities have now adopted new rules for such collective accommodation for modern super-exploited wage slaves. Accordingly, no more than eight people can share one toilet and shower; in the bedrooms, there should be six square meters available per sleeping space. “For dogs with a shoulder height of over 65 centimetres, 10 square metres floor area is required in a kennel,” *Der Spiegel* notes.

But this low-wage sector in Germany is only one part of the system of wage slavery in the 21st century. The “shadow economy”—illegal moonlighting—is not even considered. In particular, workers from Bulgaria and Romania are forced to sell themselves as day labourers, standing on street corners. Because they are denied any state benefits, they must line up each morning at the roadside in cities such as Dortmund and Duisburg, and are hired on an hourly or daily basis. Their hourly rate is €3.00 at best.

They too face having their labouriously earned money deducted for accommodation in flophouses. It is often unclear whether they will even receive their pittance at the end of a 10- or 12-hour day, since they certainly cannot sue. Shortly before the introduction of free movement for Bulgarians and Romanians on January 1 this year there were numerous harrowing reports about the dilemma facing these workers. The decision by the European Court on November 12 that European governments may continue to deny benefits to EU migrants seals their fate—with the blessing of a high court. *Der Spiegel* quotes official government figures on the “shadow economy”. The “lowest and low wages and illegal employment are not only an integral part of the German economy, they are one of its pillars”, the authors write. The federal government estimates the extent of the shadow economy alone at 13.4 to 14.6 percent of gross domestic product. For the period 2009 to 2012, this corresponds to a total of €343-€352 billion.

The sums earned by the official low-wage sector are likely to be far greater. Billions and trillions of euros are generated on the backs of millions of workers to fill the pockets of the corporations and the super-rich. Only a few large corporations hire workers directly as super-exploited workers. Instead, they rely on subcontractors who organize work gangs for construction sites, factories, warehouses, slaughterhouses, horticulture and landscaping, building cleaning, etc. *Der Spiegel* concludes entirely correctly: “There is no doubt that the second German economic miracle, the envy of the world, is also thanks to wage slaves.”

This “economic miracle” built on modern slavery—which only benefits the wealthy—has been made possible by the Social Democratic Party (SPD) and the trade unions. The SPD-Green government under Gerhard Schröder systematically built up the low-wage sector with its Agenda 2010 and Hartz laws imposing welfare and labour “reforms”. So-called “Me Inc.” one-man businesses, temporary work and Hartz IV have forced the unemployed to work for low wages.

The sword of Damocles of Hartz IV and the EU enlargement have simultaneously increased the pressure on workers to accept falling wages with increasing speed-up. The unions not only refused to support the mass protests against Hartz IV in 2004, they are the ones who have enforced the attacks on working people in the corporations, factories and public administrations. *Der Spiegel* quotes Chancellor Schröder, who proudly announced at the World Economic Forum in Davos 2005: “We have built a functioning low-wage sector.”

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site