

# German companies profit from the new “refugee industry”

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14 August 2015

“War feeds its people better”. This line from Bertolt Brecht’s “Mother Courage” could be the motto of a new industry today that enriches itself from the plight of refugees.

Thousands of people who seek refuge in Germany from poverty, war and dictatorship find catastrophic conditions upon their arrival. Since the state has contracted with private companies to provide for their care and treatment, it has opened up lucrative business opportunities. The less spent on refugees, the greater the profits.

Details were reported late last week by business daily *Handelsblatt*, whose main concern was cutting down on government spending. However, the newspaper revealed certain details of a “refugee industry”, for which “the new, forced migration of peoples [acts] like a never-ending economic stimulus package”. Starting with providing accommodation in refugee hostels and hotels, the supply of shipping containers (for lodgings) and other facilities, and the security personnel to guard them, it all makes for a profitable business, for some running into the millions of euros.

The Interior Ministry estimated that the care of a refugee costs €12,000-14,000 annually. At the same time, the ministry expects about 450,000 people will seek asylum in Germany this year. Thus the state is making €5.4 and €6.3 billion available for their care. Profiteers are seeking a lucrative piece of this cake.

The company “European Homecare”, the largest provider of refugee accommodation in Germany, now operates more than 50 hostels. It gained notoriety last autumn when it was removed from managing a refugee hostel in Siegerland Burbach after its security guards tormented and tortured refugees.

Through its provision of refugee hostels, including security personnel, European Homecare now makes

millions in profits. According to *Creditreform*, the company’s turnover in 2013 was a whopping €30 million—and rising. With a return on equity of 66 percent, the company beats all companies listed on Germany’s DAX index.

The personnel expenses per hostel costs European Homecare about €1,400 per employee per month. This contrasts with revenues in excess of €4,000 per employee per month. So the company is not only exploiting the situation of refugees but also their own employees.

A former hostel manager, whom *Handelsblatt* quoted, mentioned an internal company guideline that security guards should not be paid too much, since otherwise they would not be eligible for state housing benefits. A monthly salary of €1,400 was therefore already too much for an employee controlling the entrance. Overall, according to the newspaper, European Homecare pays on average less than €2,000 for white collar employees, including the much better paid hostel manager.

Business is also flourishing for the manufacturers and lessors of shipping containers to be used as living units. Demand is so great that there are delays, and affordable containers for use as accommodation cannot be obtained for months. As a result, some companies are now hiring additional temporary workers. Since there are currently few containers available for rent, many municipalities are buying their own containers to use as accommodation for refugees.

Not only private companies but also charities like the German Red Cross (DRK) are recording increased revenues. The DRK now looks after more than 15,000 refugees nationwide in more than 40 camps. The number of those affected has doubled in two weeks, writes *Handelsblatt*. Meanwhile, the DRK has also

erected tent camps, manages the initial reception of refugees, provides food and takes care of medical emergencies. The bill for these services then goes to the respective municipalities.

Numerous owners of hotels and inns are also taking advantage of the desperate situation of the refugees.

*Handelsblatt* reported on a rundown hotel near a Düsseldorf railway embankment where an individual could rent single room for €33 per night. Now, the city authorities will pay on average €35 per night per refugee. And instead of a single occupancy, up to five refugees are housed in one room—a rich jump in profits.

As a result, some hotel owners have now completely changed their operations to only providing accommodation for refugees. Especially in less touristy areas, many hoteliers have turned to providing mass accommodation for refugees, which is then paid for by the municipalities. Given the increasing number of asylum-seekers, many of these hotels are then fully occupied year-round, or over occupied—a lucrative business.

In Saxony, three out of four accommodation facilities for refugees are operated privately; in Saxony-Anhalt it is nearly two-thirds. Where the major part of the profits flows directly into the pockets of private companies, most of the municipalities have remained quiet about the cost of such accommodation.

The case of the Berlin state executive's Social Affairs Senator Mario Czaja shows that there are sometimes extremely close ties between politicians and the refugee industry, enabling it to operate a profitable business. Czaja is accused of having shown a preference for two hostel operators in bids, who then submitted completely prohibitive cost demands, and were initially awarded the contract.

Moreover, municipalities have to rely on private providers because the public infrastructure is completely dilapidated, especially in eastern Germany. Firstly, fewer and fewer financial resources have been provided for the reception and accommodation of refugees in recent years. Secondly, after the reintroduction of capitalist relations into eastern Germany, the public infrastructure there has largely disintegrated. The responsibility for this is born by the same parties whose call for military intervention by the Bundeswehr (Armed Forces) all around the world is setting the stage for an even greater refugee crisis.



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