

# Germany: Poorest half of population owns just 1 percent of wealth

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This year will see the publication of the fifth poverty and wealth report by the German Ministry of Labour and Social Affairs. It is to include three main topics: “Impact of atypical employment forms on career development and income earned in the course of life, the relevance of areas of social segregation (increasing ‘ghettoisation’ and poverty within cities), and wealth.”

Under the heading of wealth, already published figures for 2013 are included. The *Passauer Neue Presse* drew attention to last week: inequality of wealth among households is steadily widening. The top 10 percent owns more than half (51 percent) of the wealth, while the poorest half owns a mere 1 percent.

Since the Social Democratic Party (SPD)-Green government under Gerhard Schröder took office 18 years ago, the process of growing social inequality has accelerated. In 1998, the bottom half of the population owned 2.9 percent of the wealth. Their percentage of the wealth thus shrank by two thirds over the intervening period, while the top 10 percent saw their share rise by more than 6 percent.

As with all statistical projections, these figures fail to show the full social reality. In fact, social inequality in Germany is much more pronounced.

One reason for this is that the “income and consumer investigation” (EVS) of the federal agency for statistics, on which the latest figures are based, does not take millionaires or billionaires into account. In Germany in 2014, according to a wealth report by consultancy firm Capgemini and RBC Wealth Management, there are more than 1.14 million people with wealth worth more than US\$1 million.

This tiny minority of the population does not generally take part in wealth surveys, such as the EVS study—at least not in sufficient numbers to provide accurate statistical projections. Money and property

wealth are investigated, as well as loans, debts and income from employment or social welfare. Details on household income of more than €18,000 per month are so rare that they are not reflected in the statistics.

In addition, it is difficult for statisticians to gather accurate data about capital income. The *Süddeutsche Zeitung* acknowledged, “Capital income like interest, dividends or speculative profits, which flow overwhelmingly to wealthy households,” are captured only partially. Recent studies by the European Economic Research Centre and trade union-aligned Hans Böckler Foundation pointed this out.

The Ministry of Labour and the *Süddeutsche Zeitung* also drew attention to the fact “that in international comparison [of social inequality], Germany performs badly, because the percentage of land and property owners in the population is lower than in the eurozone.” In addition, many young people had their own household, but possessed no wealth.

Along with the points made by the ministry, another more important factor is responsible for the growth in social inequality: the vast majority of the population do not participate in the speculative activity of the banks on the stock market. In addition, temporary labour contracts and other atypical employment relations have had a grave impact on wealth distribution.

In spite of the reasons given for the limited picture of social reality presented, the published figures make clear that social inequality in Germany has already reached dramatic proportions. Sections of the ruling elite are increasingly concerned about this. In a comment in the *Süddeutsche Zeitung*, Heribert Prantl remarked at the beginning of last week that “inequality cannot go beyond a certain limit, otherwise it takes away our freedom.”

The latest lead article in *Der Spiegel* also points out

that “inequality in the industrialised world is [threatening] to reach the obscene level it did in the 1920s, when American author F. Scott Fitzgerald wrote *The Great Gatsby*.”

*Der Spiegel* accused the “West’s political elite” of talking a lot about inequality while doing nothing about it. It pointed to the reaction of the “rich and powerful” to the latest Oxfam report on income inequality and painted a picture of growing concern over the uncontrolled development of capitalism.

The development charity Oxfam has reported annually in January “that a declining number of super-rich own a greater percentage of global wealth. Currently it is 62 billionaires and multibillionaires who own around half of the world’s wealth.” Following this, the global elites meet “annually for their glamorous conference in Davos, Switzerland” to complain that “they have once again become a bit richer and more powerful [and] to note disappointedly that nothing can be done to reverse this.”

*Der Spiegel* declares, “One does not have to be a Marxist to describe the concentration of wealth on both sides of the Atlantic as ‘neo-feudal’.”

One also does not have to be a Marxist to know that the social, geopolitical and economic contradictions to which the ruling elite has no answer—other than rearmament, the drive to war and the destruction of democratic rights—will provoke great social struggles with revolutionary implications. This is precisely the fear behind the concerned commentaries in Germany’s bourgeois press.



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