

Poverty in Germany reaches new record high

Elisabeth Zimmermann**20 March 2017**

The welfare organisation Paritätische Wohlfahrtsverband presented its latest report on poverty in Germany at the beginning of March. According to this study, poverty in Germany reached a new record high in 2015, at 15.7 percent, with 12.9 million people live in poverty.

The figures, presented by Paritätische Wohlfahrtsverband and nine other organisations, show a sharp rise in poverty rates in several regions. At the same time, the report makes clear that the rate at which poverty is rising is accelerating.

Poverty rose most of all in Berlin, from 20 to 22.4 percent compared to the previous year. The highest rate, 24.8 percent, is in Bremen, where almost one in four people is poor. Overall, the percentage of the population living in poverty has increased in 11 of the 16 states compared to the previous year. In all of the states of eastern Germany, poverty rates are either slightly under or over 20 percent.

For the first time, the association presented comparisons over a 10-year period for poverty rates in the states, certain regions and cities, according to figures from the Federal Agency for Statistics. Poverty rose most rapidly in North Rhine-Westphalia, from 14.4 percent in 2005 to 17.5 percent in 2015.

In the Ruhr region, poverty rose during this period by 24.7 percent, from 16.2 percent in 2005 to 20.2 percent in 2015. The cities with the highest percentage increase in poverty are also in the Ruhr region. In Dortmund, poverty rose from 18.6 percent in 2005 to 25.7 percent in 2015; in Duisburg from 17 to 26.6 percent; and even in the state's capital Düsseldorf, where substantial wealth and riches are concentrated, it rose from 13.8 to 18.3 percent.

The authors labelled Berlin and the Ruhr region as "poverty problem areas for policy in Germany."

Those most affected by poverty are the unemployed with 59 percent, single parents and their children at a rate of 43.8 percent, foreigners at a rate of 33.7 percent and people who have an immigration background at 27.7 percent. These high rates are followed by families with

three or more children, who have a poverty rate of 25.2 percent.

Old-age poverty also rose drastically. Poverty among retirees rose by 49 percent, from 10.7 percent in 2005 to 15.9 percent in 2015. These numbers will further increase due to the creation of a massive low-wage sector and the spread of insecure jobs. The impact of the rise in the retirement age to 67 and the cutting of pensions can also be seen here.

The report also describes the impact of poverty on the life expectancy of people. Among men with an income of less than 60 percent of the median income, life expectancy is 70.1 years. This is more than 10 years less than among men with an income of more than 150 percent of the median, whose life expectancy is 80.9 years. Among women, the corresponding difference is 76.9 to 85.3 years.

After the report was presented, the usual cynical debate about the definition of poverty was initiated. Andrea Nahles (Social Democratic Party, SPD), who as federal labour minister bears considerable responsibility for the rise in poverty, spoke out immediately, stating that the focus on the at-risk poverty rate was "reductionist." Poverty could not be summarised by a number, she said.

Representatives of the German Association of Cities and Municipalities were concerned that students, who would later be among the elite in terms of achievement, were also included in the study. Georg Kremer, general secretary of the Caritas charity, criticised the unclear division between relative and absolute poverty in the report.

According to his opinion, someone forced to live on less than 60 percent of the median income was not automatically poor.

The Paritätische Wohlfahrtsverband based its calculation on a European Union provision. According to this, researchers count all people in a household whose income is less than 60 percent of the median income of all households. The household's entire net income is used. This calculation puts the poverty limit for single people at

€942 (US\$1,012), while for a family with two small children it is €1,978 (US\$2,125) per month.

The author of the report dealt with the criticism when it was presented. Poverty could not be reduced to impoverishment and commenced “when people can no longer participate” in a sports club or cultural event, or afford a trip to the cinema.

He referred to the fact that economic development and growth had not brought about a reduction of poverty for a long time. Too many people worked part-time or had mini-jobs and could barely make ends meet.

The inclusion of hundreds of thousands of students in the poverty report is hardly surprising. In the first place, a large section of students, if they receive no support from their parents, are in fact poor. Secondly, many students do not obtain a good-paying job after graduation appropriate to their level of qualification. Many have to put up with short-term contracts and low-paid jobs for years.

Hundreds of thousands of students, refugees, people with care needs and people with disabilities do not appear in the statistics because they do not have their own household. Also not included are 335,000 homeless people.

The poverty report was therefore “not an artificial dramatization, it underestimates rather than overestimates the risk of poverty,” noted Schneider. He supplied substantial material confirming the extent of social inequality in Germany and giving an idea of the social tensions that are developing.

Political responsibility for the dramatic rise of poverty in Germany is born by the SPD-Green government led by Gerhard Schröder and Joschka Fischer (1998-2005). The Agenda 2010 and Hartz IV welfare reforms it implemented resulted in the formation of a huge low-wage sector and the creation of insecure jobs. This policy was part of a major redistribution of wealth from the bottom to the top, which took place internationally and continues to take place.

A comment by the *Süddeutsche Zeitung* from March 10 states: “Income from capital and pay for managers have increased by 30 percent since the turn of the millennium, four times faster than wages.” The official unemployment figures could be explained as a result of “stagnating incomes, part-time jobs and short-term contracts.”

The official unemployment figures cover up the true extent of unemployment. If the unemployed currently in work programmes are included, those incapable of work due to illness and people who work part-time but are looking for a full-time job, the number of unemployed

amounts to 3.7 million, a million more than the official number.

Increasing prices for rent, energy and basic foodstuffs affect poor people particularly harshly. There are repeated reports of children going to school without breakfast, of parents who skip meals at the end of the month so as to be able to feed their children and of elderly people who must choose between a warm apartment and a sufficient quantity of food.

That 1.5 million people regularly obtain food from around 2,000 food banks provides a clear indicator of how widespread poverty is in Germany.

At the same time as the latest poverty report was presented, it was announced that 330,000 households had their electricity cut off last year. This was frequently the case for Hartz IV claimants. Their electricity was cut off because they could no longer pay their bills.

The billions currently being spent by the government to rearm and strengthen the military to play a leading role around the globe can only be secured through more cuts to social spending.

The harshness with which the government is determined to take on the working class, including its poorest and most vulnerable sections, is shown by its ruthless treatment of refugees, where the main goals are defence, deportation and deterrence, and the growing number of sanctions against Hartz IV claimants imposed by job centres last year. According to a report by the *Frankfurter Allgemeine Zeitung*, in 2016 there was “an average of 134,390 people were affected by benefit cuts.” That is 3,000 more than in the previous year.

The responsibility for such bullying and arbitrary measures lies with Labour and Social Affairs Minister Andrea Nahles (SPD). It is utterly worthless, as the Paritätische Wohlfahrtsverband does, to appeal to her and the federal government for a fairer distribution of wealth in Germany and the elimination of poverty in the country. The current and future governments, regardless of their composition, will do the exact opposite.



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