

“Unequal Germany”—new study examines regional differences

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In recent years, the poverty report of the Joint Welfare Association and other studies have revealed the extent of the gulf between rich and poor in Germany. A new study by the Friedrich Ebert Foundation (FES), which is close to the Social Democratic Party (SPD), shows another aspect of this: grave regional differences.

On behalf of the FES, experts from the Institute for Regional and Urban Development Research (ILS) in Dortmund investigated the extent of the unequal living conditions in Germany's 402 districts and district-free cities. The study, presented at the end of April, bears the title: “Unequal Germany—Socio-Economic Disparities Report 2019.”

In contrast to other studies, which mostly examine only one or two criteria, numerous indicators have been used as a basis: How high are the municipalities in debt? What are the incomes and rents? How many old people and children live on social assistance? What are the conditions of the infrastructure, medical care and other services?

On this basis, Germany was divided into five regions:

* Dynamic large and medium-sized cities with a risk of exclusion (22.7 million inhabitants), in which particular groups are prevented from participating fully and equally in economic life. The study cites cities such as Munich and Hamburg, as well as Gera and Frankfurt on the Oder.

* Strong surrounding region (13.7 million inhabitants), which includes the surrounding areas of Munich, Hamburg, Frankfurt am Main and Stuttgart.

* Solid middle (32.8 million inhabitants). The study includes a large part of West Germany outside the big cities. Typical examples listed are the Odenwald, the Sauerland and Göttingen.

* Rural areas in permanent structural crisis (8.1

million inhabitants). The rural areas in eastern Germany are particularly affected.

* Cities in permanent structural change (5.4 million inhabitants). These include many cities in the Ruhr area such as Duisburg, Dortmund, Gelsenkirchen, the Saarland and cities in Rhineland-Palatinate.

A key finding of the comprehensive study is that social and economic inequality has consolidated despite economic growth and employment growth in recent years.

And this economic growth is just about to dry up, with forecasts being revised downwards several times in recent months. The intensification of the capitalist economic crisis, the uncertainties associated with Brexit, worsening trade war and technological upheaval are threatening tens of thousands of jobs. The announcement of massive job cuts at Ford, VW, Bayer, Siemens and other corporations are just the beginning.

The FES study notes that more than 13.5 million people in Germany live in regions with severe structural problems. But even in the “dynamic boom regions” the gulf between poor and rich is growing. Here, middle-income people, families with children and pensioners are threatened with poverty. Many are driven out because they can no longer afford the rising rents and cost of living in the growing cities.

The situation has been further aggravated in that since 2017, almost one in five households in receipt of Hartz IV welfare payments do not have their full housing costs recognised and so are virtually pushed below the actual subsistence level.

Furthermore, the study states: “The causes of the structural problems are different. While urbanised regions in the west of the country have to deal with the loss of important old industrial sectors (e.g., mining and heavy industry), the aftermath of German reunification

and the subsequent collapse of entire economic sectors and labour markets in the GDR [former East Germany] are felt in the predominantly rural regions of eastern Germany.”

This is a sugar-coated description of the wiping out of the formerly nationalised industry in the GDR by Western capitalist corporations with the help of the Treuhand privatisation agency and the former Stalinist bureaucracy. They destroyed millions of jobs, while enriching themselves obscenely.

The study notes that child poverty is a problem in almost all major cities and their surrounding areas. “Very high values of 25 to nearly 40 percent in the Ruhr area, Bremen, Berlin and in some East German cities indicate that here large parts of the population experience poverty and also encounter further social disadvantages during their lives,” the report states.

Elsewhere, the report notes: “For example, the risk of poverty for children and older citizens is a general problem in large cities. The extreme values between the dynamic large and medium cities with risk of exclusion and the urban regions in the ongoing structural change are not far apart (child poverty: Halle on the Saale with 31.9 percent; and Gelsenkirchen with 39.5 percent; poverty in old age: Frankfurt am Main with 8.8 percent; and Offenbach am Main with 8.9 percent.”

The FES study also provides empirical data on life expectancy, health, education and other areas. But it says nothing about the causes of this development and the intensification of social inequality: the capitalist profit system.

As with a similar study from 2015, this study’s authors want to submit policy suggestions for “equal living conditions in Germany,” an objective that is also in the federal government coalition agreement, concluded by the Christian Democrats and SPD.

One of their proposals is that federal and state governments finance highly indebted municipalities with debt cuts, subject to strict conditions. Yet, it is precisely this policy that has led to the catastrophic financial situation in many over-indebted communities.

It recalls the EU’s austerity policy in Greece, where billions in credits were used to rescue the banks, with German banks benefiting in particular. Millions of workers paid for it with the loss of their jobs, massive cuts in wages and pensions, and the destruction of the health system. A social catastrophe was unleashed that

had never been seen outside wartime, and this catastrophe continues.

The extent of the concentration of wealth and poverty in Germany is clear from a study by the German Institute for Economic Research (DIW). According to this, the 45 richest households in Germany possess as much wealth as some 20 million households of the poorer half of the population. The figures on which this study is based date from 2014. Social polarisation has continued to increase since that time.

This development is the result of a dramatic redistribution of social wealth from the bottom upwards—itself an international phenomenon. This did not simply fall from the sky, but is the result of the policies pursued by all governments over the last decades.

In Germany, with the introduction of Hartz IV, the SPD-Green Party government created a huge low-wage sector with insecure jobs, which has contributed significantly to the widening social polarisation. The subsequent governments under Angela Merkel have followed suit, and now the grand coalition is preparing further sharp attacks on the working class to finance the rapid rearmament of the German military.



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