

# The German government's “basic pension” bluff

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The German government has patted itself on the back. According to Christian Democratic Party (CDU) leader Annegret Kramp-Karrenbauer, the basic pension model agreed upon by the CDU, Christian Social Union (CSU), and Social Democratic Party (SPD) party leaders on Sunday will “make an important contribution in the fight against poverty among the elderly.” Finance Minister and Vice Chancellor Olaf Scholz (SPD) added that it was “social and fair.”

Really? In truth, the measure is far from providing a real basic pension deserving the name. The grand coalition is trying to have its cake and eat it too, since the social project must not cost anything.

As provisional SPD chairman Malu Dreyer calculated, up to 1.5 million people could receive the new “basic pension” beginning January 1, 2021. The government calculates additional costs of 1 to 1.5 billion euros will be required from tax revenues. Mathematically, this amounts to around one thousand euros per person per year. As a monthly figure, it is just 80 euros more—the proverbial drop in the ocean.

While the supposed “project of the century” of the basic pension might cost 1.5 billion euros in tax funds, the government wants to increase expenditures substantially for the Bundeswehr (Armed Forces) with a focus on upgrading their armaments. The annual military budget will increase first to 50 billion euros and then shortly to an astounding 73 billion euros, or two per cent of gross domestic product.

Furthermore, business-friendly measures were adopted at the same time as the basic pension. The government wants to provide 10 billion euros for employers who invest in “future technology” in the field of digitisation and air conditioning.

Who will benefit from the basic pension?

The condition for receiving it is that a person has

worked for at least 35 years and contributed into the pension fund. Disastrously, Labour Minister Heil's concept is oriented towards “lifetime contributions” and not towards the needs of the recipients. From the outset, this would exclude those employed in low-paid jobs throughout their working lives who have therefore paid too little or no contributions. Those who are poor in old age, but have less than 35 years of contributions, cannot benefit from the basic pension.

The “up to 1.5 million people” who, according to Malu Dreyer, could benefit from the basic pension are only a fraction of poor senior citizens, who in fact number at least three to four million. In Germany, pensioners are officially the third largest group affected by poverty, after the unemployed and single parents.

This is the result of decades of austerity by governments of all political persuasions carried out on the back of the working class. Pension levels have been falling steadily since the late 1970s, a process that has accelerated rapidly since the SPD-Green Party coalition under Schröder and Fischer (1999-2005). With its policies of liberalization, privatization and the Hartz laws introducing labour and benefit “reforms,” this government opened the floodgates to low-wage labour and insecure, precarious working conditions, which contributed significantly to the destruction of pension levels.

As a result, pensions in Germany today amount to only half of net income (50.5 percent), well below the OECD average (70.6 percent). The Deutsche Rentenversicherung Bund (German Pension Insurance Association, DR) assumes even lower values: According to DR, pensioners today only have 45.0 percent of their previous earnings to live on. In absolute figures, almost 35 percent of all men in West Germany receive 900 euros or less in monthly pensions

according to DR. In the case of women, the figure is almost 77 percent, i.e. more than three quarters of all women pensioners have to rely on 900 euros or less in retirement.

While governments have abolished wealth tax and are constantly lowering taxes for the super-rich, they are increasingly taxing pensioners. All these measures have made Germany one of the most unequal countries in the world, especially in the area of poverty among the elderly. And the trend continues. Due to various recent “reforms,” the level of benefits provided by statutory pension insurance will fall by a further 20 percent by 2030.

The current basic pension project of the grand coalition will not change this scandalous inequality.

In fact, the government is pursuing quite different goals with this project. It is intended to ensure its survival and enable the grand coalition to achieve the goals it really cares about. First and foremost, this includes the return to a policy of great power politics, which will be accompanied by war missions of the Bundeswehr, as Bundestag (parliament) President Wolfgang Schäuble (CDU) and Defence Minister Annegret Kramp-Karrenbauer have formulated in recent programmatic speeches.

Two days after the agreement on the basic pension was reached, public swearing in ceremonies for army recruits took place in front of the Reichstag in Berlin and in six other cities. The oath taken was intended to “anchor the Bundeswehr in the heart of society,” i.e. to accustom society to the omnipresence of soldiers.

The government is rapidly moving to the right in response to the growing opposition to its anti-social and militaristic policies. Recently, the governing parties—the CDU/CSU and SPD—have scarcely received forty percent of the votes in the polls.

In its refugee policy and stepping up of state powers, the grand coalition has largely adopted the policies of the far-right Alternative for Germany (AfD) and is preparing a further shift to the right at the upcoming CDU and SPD party congresses.

Right-wing CDU politicians, business associations, and representatives of the Free Democratic Party (FDP) and the AfD are raising a hue and cry about the latest basic pension model because it does not provide for strict means testing. Income is examined, so that a well earning spouse means there is no entitlement to the

basic pension, but not property, as for instance a dwelling used by oneself.

The federal chairman of the conservative youth association Junge Union, Tilman Kuban, disparaged the basic pension on November 7 on the Maybrit Illner show as a ticker-tape parade. The FDP parliamentary deputy Johannes Vogel complained, “They want to disperse money with a watering can!” Carsten Linnemann, chairman of the CDU’s organisation for small- and medium-sized business, insisted on the implementation of a complete means test. Otherwise, he warned, “a breach in the dam for other social payments” threatened.

These representatives of the rich, who like to spend 80 euros on a bottle of wine when they enjoy a good meal, insist that every pensioner undergo the humiliation of baring themselves financially in order to obtain the same sum in an additional monthly pension. Their great power politics can only be financed through imposing new austerity measures on workers and the elderly. That is the reason why they promote the AfD and rely on authoritarian forms of rule.



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