

Thirty years since the capitalist reunification of Germany Berlin leads when it comes to child poverty, precarious jobs and mass unemployment

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21 August 2020

Berlin is being hit with full force by the economic and social consequences of the Corona policy adopted by the city's government, a coalition of the SPD, Left Party and Greens.

According to the statistics of the Federal Employment Agency, unemployment in Berlin rose by 5,945 to 215,305 in July, a rate of 10.8 percent. In Germany as a whole the unemployment rate is 6.3 percent. This means Berlin is one of the 20 municipalities with the highest unemployment rate in Germany.

The number of recipients of unemployment benefit II (Hartz IV) rose in July by just under 30,000, to 140,403. Nearly 75,000 (74,902) unemployed persons are also receiving assistance from the Federal Employment Agency. This means that a total of about 430,000 persons and their families in Berlin are in some way dependent on payments from this despised agency.

Already in April (after the announcement of the country's Corona lockdown in March), a total of 26,500 companies introduced short-time working. In July this figure rose to 38,945 companies with a total of 406,240 employees. Short-time working is associated with a considerable loss of income for employees, while companies can save a large part of their wage and social security costs thanks to state aid.

Most of the redundancies and cases of short-time working hit the service sector, restaurant and hotel businesses, travel and transport companies, and the arts and culture sector. In the German capital, these sectors are particularly significant, since the traditional large-scale industrial enterprises in the east of the city were almost all closed down following the reintroduction of capitalism in the 1990s.

Of the approximately 1,400 industrial firms with around 300,000 workers shortly after reunification, just over half remain today, employing less than a third of the number of workers. Only 7.8 percent of all workers are still employed in industrial concerns in the city-state of Berlin, compared to 30 percent in states such as Baden-Württemberg, or 22 percent nationwide.

Factory closures

Now, some of the large corporations remaining in Berlin, such as Daimler, Bombardier and MAN have announced a new round of layoffs and closures. These attacks on the working class always follow the same pattern: The main industrial union, the IG Metall and its works councils, hold long and intensive talks with management to plan how to implement the cuts step by step. Every jointly agreed step is then celebrated by the union as a "success" because it is not the last step.

For example, on August 3, 2020, the IG Metall announced the elimination of 151 of the remaining 429 jobs at MAN Energy Solutions—part of the VW Group—and, as expected, sold this as "good news" because not all jobs will be cut, thereby "saving the site." So the union says, but in fact the closure of the plant is unavoidable if the trade union and its works councils' functionaries are allowed to continue their collaboration with management.

Rolls-Royce, the manufacturer of aircraft engines, plans, together with the union and works council, to eliminate 550 jobs at its Dahlewitz site on the outskirts of Berlin in the course of this year and 2021, i.e., more than a quarter of the existing workforce.

The two Mercedes sites in Berlin-Marienfelde and Ludwigsfelde (2,000 employees) are also both under threat of closure as part of Daimler's plan to cut 30,000 jobs.

On July 26, ManagerMagazin reported that Daimler CEO Ola Källenius "no longer wants to spare the already very expensive German plants any longer. To a small circle he even questioned the future of the company's production of vans in Ludwigsfelde, Brandenburg; the formerly highly profitable light commercial vehicles now regularly post high losses." And further: "...at the top of the board's wish list: a sale of the component factories in Berlin-Marienfelde and Hamburg, sales of which have already failed twice in the past. Each factory employs 2,500 workers."

The Ludwigsfelde plant was equipped with a new, highly automated production line in 2006, for manufacture of the Sprinter van. It is one of the largest employers in the region and employs around 2,000 people.

The Canadian aerospace and railway group, Bombardier, whose railway division is currently being taken over by the French manufacturer of high-speed trains, Alstom, is selling its T3 platform for the production of commuter railcars at its site in Hennigsdorf, to the north of Berlin. This operation is the condition for the EU commission to give its approval to the merger. 200 jobs will be lost as a consequence—all with the approval of the works council and trade union—leaving just 250 of the total of 2,500 workers involved in production.

At least 3,000, but possibly up to 5,000 industrial jobs, will be wiped out in the next few months at these five company plants in the Berlin region alone. This is taking place under conditions of rapidly rising unemployment in almost every other sector of the economy.

Self-employed and small businesses face a wave of bankruptcies

After the massacre of industrial jobs in the 1990s, Berlin's economic output rose during the past 20 years mainly due to the creation of a huge

low-wage sector by the SPD-Green federal government led by Chancellor Gerhard Schröder (1998-2005) and supplemented by the SPD and Left Party Berlin Senate (from 2001 to 2011). Tens of thousands of mini-jobbers or single self-employed workers earn minimum or below minimum wages in the city's culture and entertainment industry, building, security or cleaning services. In the restaurant and hotel industry they live mainly from tourism, i.e., as tour guides or as owners of boutiques, snack bars, taxi companies, small travel agencies, etc.

The Investitionsbank Berlin (IBB) counts around 193,000 self-employed persons in its current management report on the economy in Berlin, as well as 167,000 "mini-enterprises," with a maximum of 10 employees. Another 16,000 firms have a workforce of between 11 and 100. It should be noted that most of the self-employed have had to adjust the price of their services to the conditions of the low-wage sector and widespread poverty in Berlin, i.e., they were in a very insecure financial position, even before the Corona pandemic.

A large portion of these self-employed persons and mini-enterprises are now threatened with the destruction of their livelihoods after tourism came to a standstill as a result of the pandemic. Theatre events and concerts have been cancelled completely for months and, from autumn onwards, can only be carried out with restrictions. Cinemas and museums can only reopen their doors with severe restrictions on the number of visitors. A wave of bankruptcies with devastating consequences for all those affected and their families is feared at the latest when short-time working support expires at the end of September.

Corona: Feeding time for the finance sharks

In this situation, the red-red-green Senate (city-government) of SPD, Left Party and Greens has not the slightest intention of defending jobs in industry, or preventing the ruination of several hundred thousand single self-employed and mini-enterprises. The clientele of the Senate are not such hard-working sectors of the population, but rather property sharks, major bank investors, industrial and service groups, media publishers, as well as the thin but very rich upper-middle class, who rake in huge sums from their managerial posts, ministerial positions, lobbyist associations and consultancy firms located in the city's economic, financial and governmental hubs.

Typical in this respect is the deal negotiated a few days ago by leaders of the Senate parties with René Benko, the owner of the Signa construction and real estate group. In mid-June, Benko announced the closure of six of the 13 stores of his department store chain, Galeria Kaufhof Karstadt, and his sports store, Karstadt, in Berlin, involving the dismissal of around 900 workers. Berlin's mayor Michael Müller (SPD), culture senator Klaus Lederer (Left Party) and economics senator Ramona Popp (Greens) then held talks with Benko, ostensibly aimed at rescuing the department stores. In reality, however, the senate fed Benko the shark red meat in order to persuade him to stay in the city.

Following talks, the Senate, together with the trade union Verdi, spread a "success story" in the press: i.e., that four out of the six department stores had been saved. In truth, Benko was not prepared to promise the continuation of any of the department stores for more than five years, and for three stores, he was unwilling to commit for more than three years. He received massive concessions for these lousy promises, which will secure him additional billions of euros of profit for many years to come.

The Senate trio assured him that they permit him to build giant high-rise buildings on Alexanderplatz, Hermannplatz and opposite Breitscheidplatz—i.e., in the very best business locations in the city—against all existing building regulations and resolutions. The Senate

has, as Müller, Lederer and Popp arrogantly stated, taken this operation out of the hands of local parliaments and authorities, which are in charge of such issues, according to the constitution.

In March, the German coalition government of the CDU and SPD, with the support of the Left Party and the Greens, launched its €756 billion aid programme to rescue the banks, large corporations and stock exchange speculators in response to the pandemic. Now these same parties are stuffing additional billions down the throats of the rich at a state level, instead of spending the money on massive public investment programmes to eliminate unemployment and poverty.

Berlin: the capital city of poverty

The mini-programme of emergency aid for small businesses and the self-employed launched by the Berlin Senate at the end of March was a drop in the ocean, and only for those able to apply for funds in the first place.

At the same time, the Berlin Senate has pulled out all the stops to ruthlessly implement its policy of opening up schools and day-care centres in order to ensure the fastest possible return to work by workers in the city's companies and authorities, regardless of the health risks and consequences for those affected and their families.

Above all, the poorer strata of the population, living in cramped housing conditions, will be particularly affected economically and in terms of their health by the inevitable increase in Corona infections, and they cannot expect a cent in support from the Berlin Senate or the German government.

This is clear from the relevant figures since the beginning of the pandemic. Berlin has been a centre for poverty and homelessness since capitalist reunification, but the situation worsened further following the measures taken by the SPD and Left Party federal government (2001 to 2011). In recent months, however, the spread of poverty has increased far above the national average.

The number of people dependent on basic subsistence payments (Grundsicherung) has increased by 44,000 to 529,471 (as of the end of July). This represents over 11 percent of all people in Germany dependent on Hartz-IV payments. In addition, there are thousands of people who have applied for benefits for the first time, but have not yet received any money.

The figures on child poverty are shocking. Single parents, mostly mothers, have been the first and hardest affected by the layoffs since March. Most single parents are employed as mini-jobbers or have irregular employment and can be dismissed on the spot. Nationwide, half a million mini-jobs were lost by the end of April alone, and it is estimated that between 75,000 and 100,000 such jobs have been lost in Berlin. This has plunged many families and single parents into even greater poverty.

According to a study published by the Bertelsmann Foundation at the end of July, more than 161,300 children in Berlin are already living in poverty, i.e., 29 percent of all children in the capital city. The national average is 13.8 percent. There are big differences between different districts of the city. For example, 38.6 percent of residents under 65 years of age in the working-class district of Wedding are dependent on Hartz IV payments. In the neighbouring area, Prenzlauer Berg, a home for the affluent middle class, the figure is only 5 percent.

The Left Party—champion of social inequality

These blatant social discrepancies have not come out of the blue, but have rather been systematically created in the last 30 years since the reunification of Germany and the restoration of capitalism in the East—by all coalition governments in the city, together with the trade unions.

The Left Party, however, has a special responsibility. After 40 years of Stalinist rule in the GDR, the SED, the predecessor of the Left Party, rolled out the red carpet 30 years ago for the entry of capitalists and their methods of exploitation in the East. Its functionaries played an active role in the privatisation and closure of a large proportion of the companies of the former GDR, thereby giving the starting signal for the unrestrained enrichment of the banks and insurance companies, real estate sharks and stock market speculators in both East and West in the subsequent decades.

The first official act of the Senate coalition of SPD and PDS, the renamed SED, 20 years ago was to plunge the city into huge debt by handing over €20 billion to save the Berliner Bankgesellschaft from bankruptcy and stop leading Christian Democratic politicians involved in the banking scandal from going to prison.

Over the next two decades, these funds were recovered, but by severe cuts in social spending, and salaries and wages in the public sector. The red-red Senate even quit the labour contract association of public employers in order to be legally allowed to impose lower wages than those of collective bargaining agreements.

Schools, hospitals, city infrastructure all suffered at the hands of the Left Party, together with its cronies in the SPD, the Greens and the CDU. Teachers were stripped of their status as civil servants and employed on the cheap or replaced by even cheaper non-qualified staff. Nursing staff and care workers were put under enormous pressure by austerity budgets and fobbed off with cheap wages. The brutal policies of the federal government's Agenda 2010, aimed at the unemployed and their families, pensioners and the sick, were slavishly implemented by the red-red Senate and its successors.

Thus, mass unemployment, precarious jobs, increasing child poverty and poverty in old age, homelessness—all of these social cancers are not the product of the Corona pandemic, but have been merely intensified and brought to the surface by it. They are the result of the capitalist reunification of Germany 30 years ago and the brutal exploitation rolled out thereafter by the Left Party, SPD, Greens and CDU.



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