

# Poverty in Germany: Power cuts for 289,000 households

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Last year in Germany, 289,000 households had their power cut, at least temporarily, by suppliers due to unpaid electric bills. Hundreds of thousands had no lights, no warm water, could use neither stoves nor refrigerators, could not do laundry and had no access to radio, television or the internet.

In 2019, 4.75 million households received warnings that their electricity would be shut off, according to a report from the German Federal Networks Agency (Bundesnetzagentur) on energy markets. The number of warnings in 2018 was 4.9 million, resulting in 296,000 power cuts, 7,000 more than this year. In 2014 there were 350,000 power cuts, the most since 2011.

The modest reduction this year does not change the brutal impact on those affected by power cuts, who suffer extreme poverty. These are primarily the unemployed, workers in the low-pay-sector, Hartz IV (long-term unemployment) recipients, poor retirees, as well as youth and students without regular incomes.

Before a supplier can cut basic electricity coverage, the affected household must be at least 100 Euro behind in payments. Suppliers must provide a written warning. If no payments have been made or payment agreements reached to pay off the arrears, the electricity is cut off four weeks later.

The price of electricity for German consumers is very high compared to international standards, roughly twice as expensive as in Sweden or the Netherlands, for example. One kilowatt hour of basic supply costs about €0.32. These prices have doubled since the turn of the century due to increased taxes and fees associated with changes in energy policy. Numerous taxes and additional charges account for two-thirds of the price.

According to a 2017 study by the Center for European Economic Research (ZEW), recipients of Basic Security—like Hartz IV recipients—are most

affected by power cuts. The reason is that the portion of the benefits intended for electricity costs do not cover the price. “While the cost of electricity climbed almost 40% between 2008 and 2018, the standard state power subsidy rose by only 27%,” according to the study.

The introduction of Hartz IV and the associated labor market reforms instituted by the SPD-Green administration of Gerhard Schröder in the early 2000s led to the creation of an enormous low-wage sector in Germany. From the start, the Hartz IV benefits were far too low to finance a humane existence, and so they have remained. A system of agency (Job Center) sanctions exist to reduce benefit eligibility, or, for many young people, to cancel benefits entirely.

In the case of a power cut, those who manage to pay the arrears are slapped with additional fines for the warnings as well as the reinstatement of service, putting additional demands on resources that already fail to suffice.

Since the beginning of the coronavirus pandemic in March of this year, some energy suppliers, such as Innogy and Eon, have voluntarily announced a temporary suspension of cut-offs. However it can be expected that the number of cut-offs will rise once these measures are lifted.

Hundreds of thousands of workers have already lost their jobs due to the economic consequences of the pandemic. Millions more are on reduced hours—and income—and fear for their jobs. Many companies and corporations are using the pandemic as a pretext to implement long-standing plans for reductions in jobs and benefits, carried through with the assistance of the unions.

The rise in poverty, which according to the Federal Statistics Office reached a new high of 15.9 percent—that is, 13 million people—last year, will

continue. Youth and children living in poverty—one in five, and in many cities one in four—are particularly affected. This is confirmed by numerous studies.

Since the beginning of the pandemic, food banks have reported such an increase in need from young people, single parents and teens as well as many students, that they can barely meet the demand.

While ever-larger segments of the working class are threatened with poverty and existential need—in addition to the danger of a deadly COVID-19 infection—the wealth concentrated at the heights of society is increasing dramatically.

As reported by the Swiss bank UBS and the consulting firm PWC, the 2,200 richest people have increased their fortunes by 10.2 trillion dollars during a pandemic that has already killed a million people worldwide.

In Germany, the total wealth of dollar billionaires grew from 500 billion to 595 billion dollars from March 2019 to the end of July this year. The number of German billionaires rose from 114 to 119 individuals.

This obscene accumulation of wealth at the top of society is the result of intentional policies. In order to prop up the financial markets, banks, large corporations and the super-rich, the administrations of the US and Europe, along with European Central Bank and the German government, have passed “rescue packages” to the tune of trillions of dollars and euros.

But to support those in need and to fight the pandemic, there is supposedly no money. Instead, children are being sent to learn in unsafe schools and kindergartens and their parents forced into unsafe workplaces to generate the wealth that is handed over to the rich.



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