Poverty in Germany reaches a new record high

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More than 13 million people in Germany were afflicted by poverty in 2019, pushing the poverty rate to 15.9 percent, the highest measured poverty rate since reunification thirty years ago. These figures are presented in the newest poverty report of the German welfare association Paritätischer Wohlfahrtsverband, published on Nov. 20.

The resurgence of poverty is widespread. Eleven of the sixteen German states have rising poverty rates, including North Rhine-Westphalia, Bavaria, Baden-Württemberg, Hesse and Lower Saxony. The state of Bremen is worst affected, with one in four being poor, followed by Saxony-Anhalt, Mecklenburg-Vorpommern, Berlin and North Rhine-Westphalia with poverty rates of between 18.5 and 19.5 percent.

Since 2006 the poverty rate in North Rhine-Westphalia has increased two-and-a-half times faster than the German average. Poverty is most concentrated in the Ruhr Valley region, with a poverty rate of 21.4 percent. According to the Paritätischer Wohlfahrtsverband, Germany's largest metropolitan area is also the poorest.

Of the 5.8 million people in the Ruhr Valley, 1.3 million live in poverty. Since 2006, poverty there has risen by 36 percent. In comparison, in Germany as a whole, poverty rose by an average of 14 percent during the same period. In the urban region of Duisburg/Essen, the increase in poverty during the same period was as high as 48 percent. Last year, the poverty rate hit 21.5 percent, reaching as high as 22 percent in Dortmund.

The rise in poverty is also expressed in the number of people in Germany on social assistance, known as Hartz IV. While the percent of those drawing Hartz IV was 8.4 percent, in Germany on the whole, the rate in the Ruhr region was 15 percent, meaning almost every fourth child relied on government aid. In some cities and districts the figure exceeded even 30 percent. In the city of Gelsenkirchen, 40 percent of children are dependent on Hartz IV.

Regarding the geographical distribution of poverty, the report states: "In terms of geography, poverty in Germany differentiates into two halves—but not into East and West, rather into North and South. In the well-off south, Bavaria and Baden-Württemberg have a joint poverty rate of 12.1 percent. The rest of the republic, from the east to the north to the west, has a combined poverty rate of 17.4 percent. Outside Bavaria and Baden-Württemberg, an average of more than one in six people live below the poverty line."

In view of the massively slashed working hours and the announced mass layoffs in the automotive and associated industries, which are heavily concentrated in Bavaria and Baden-Württemberg, one must expect that poverty will rise in these states as well.

Of the 15 regions and cities with the highest poverty rates, one-third are in North Rhine-Westphalia, predominantly in the Ruhr Valley area. A further third are in Lower Saxony and Bremen and another third are located in Saxony-Anhalt, Saxony, Mecklenburg-Vorpommern and Berlin.

Poverty also increased sharply between 2006 and 2019 in the Rhine-Main region, especially the cities of Frankfurt/Main and Offenbach and in the region around Darmstadt in the south of the state of Hesse. Here, the poverty rate rose from 10.5 (2006) to 15.3 (2019) percent.

The report notes: "High wealth concentrations in a region or state commonly coincide with high poverty rates." Hesse has the second highest wealth rate in Germany and now has a poverty rate of 16.1 percent, above the national average.

Poverty is defined as an income of less than 60 percent of the average income. Last year, this was 1,074 euros per month for a one-person household and 2,256 euros for a family with two children under 14 years of age.

The unemployed have the highest risk of poverty with 57.9 percent living in poverty. Among single parents 42.7

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percent are in poverty and among families with many children the share is 30.9 percent. Those with poor qualifications are affected by poverty at 41.7 percent and people without German citizenship at 35.2 percent.

For all groups considered in the study, poverty in 2019 increased compared to the previous year. The most significant increase in a long-term comparison was among pensioners. Among them, the poverty rate has increased by sixty percent since 2006 to 17.1 percent. The majority of the poor work (33 percent) or are in retirement (23.6 percent).

Widespread poverty is the result of decades of anti-working class policies. A particular impetus for the development of the now vast low-wage sector was provided by the so-called Agenda 2010 and the Hartz laws of the SPD/Green coalition of Gerhard Schröder and Joschka Fischer, which ruled from 1998 to 2005. Since then, all governing coalitions, mostly with the participation of the SPD, have driven these developments forward.

The figures in this year's poverty report by the Paritätischer Wohlfahrtsverband are from the period before the outbreak of the COVID-19 pandemic. Since that time, social antagonisms have only increased and an additional rise in poverty is foreseeable.

The report states: "The effects of the corona crisis are likely to further accelerate this trend [toward inequality]. The impact of this crisis is not a general loss of prosperity, rather it particularly affects those working in the catering sector or in temporary employment, mini-job-holders and the self-employed, which means that the corona crisis will ultimately contribute to greater inequality and more poverty in this segment of society."

The Paritätische Wohlfahrtsverband warns: "There is therefore sufficient evidence that the corona crisis will lead to further growth in inequality and poverty. There is much to suggest that the current record poverty rate of 15.9 percent in 2019 will again rise significantly in 2020."

The authors of the study criticize that present social security systems for not being sufficient to protect people from poverty, homelessness, poverty in old age and other precarious living situations. The benefits from Hartz IV and other social programs are much too low to finance a dignified existence. They also criticize the fact that of the hundreds of billions of euros that the German government has spent to support the economy, nothing is earmarked for those most affected by job losses and poverty.

No measures against poverty can be expected from the government. On the contrary, the policies of recent years have been and still are characterized by a frontal attack on the working class and its most vulnerable sections. Government action during the pandemic, as in all other countries, has been characterized by immense bailouts to protect the rich and the super-rich at the expense of workers, who are forced to work despite the risk of infection and loss of life.

Schools and daycare centers are kept open so that parents can go to work and generate profits. The last week of November saw the number of people who have been infected with COVID-19 in Germany exceeded one million. More than 15,000 people have died from COVID-19, with no end in sight.

The growth in poverty is the result of a gigantic redistribution of society's wealth from the bottom to the top. The weekly *Wirtschaftswoche* from Oct. 7 reported that the rich have become even richer as a result of the coronavirus crisis: "In Germany, after a slump at the beginning of the corona pandemic, the net wealth of the ultra-rich rose to $594.9 billion until the end of July. At the last survey (to March 2019) it was 500.9 billion dollars. The club of the super-rich has since grown from 114 to 119 members. After the outbreak of the pandemic, the number of German dollar billionaires saw the greatest growth in the areas of technology (up 46 percent), health care (up 12 percent) and finance (up 11 percent)."

According to a recently published ranking by *Manager Magazin*, the Reimann family with an estimated 32 billion euros in assets are among the richest Germans. In second place is Lidl founder Dieter Schwarz with estimated assets of 30 billion euros. Third place goes to siblings Susanne Klatten and Stefan Quandt, who own almost half of BMW's shares. Their assets have fallen by 1.5 billion euros to an estimated 25 billion euros during the pandemic—a hardly less dizzyingly high figure.

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