Germany: Coronavirus pandemic exacerbates social inequality

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In an interview with Deutschlandfunk radio on December 14, German Economics Minister Peter Altmaier (Christian Democratic Union, CDU) boasted, "I've never seen an economic stimulus program that worked so precisely as it has this year."

From the standpoint of Germany's big companies and banks that received hundreds of billions of euros from the government, as well as the rich and super-rich who continued to increase their wealth during the pandemic, Altmaier is undoubtedly right. The Dax index neared an all-time high of 13,565 points on December 16—the same day the COVID-19 death toll in Germany reached a new high of nearly 1,000 victims.

According to the Global Wealth Report issued by Credit Suisse in October, the number of millionaires in Germany has increased by 58,000 so far this year, while the number of billionaires rose from 114 to 119, with assets totalling $594.9 billion, compared to just over $500 billion in March 2019 (latter figures from the consulting firm PwC and the Swiss bank UBS).

The situation is very different for broad layers of the working class, especially if they work in low-wage jobs. They receive no support from the government and face high income losses and the loss of their jobs.

An Economic and Social Science Institute (WSI) report by the trade union-sponsored Hans Böckler Foundation sheds light on the income losses these workers have suffered in recent months.

The report is titled "Income Inequality Exacerbated by Corona Crisis." It is based on the testimony of more than 6,100 workers and job seekers who were surveyed online for information about their situation during April, June and November. According to the December 14 press release, "The panel survey provides a representative picture of the labour force in Germany with regard to the characteristics of gender, age, education and federal state."

Seventy percent of respondents expressed concerns about their health in November (58 percent in June) and 90 percent were concerned about growing social divisions (84 percent in June). The number of working people who have lost income due to the pandemic has continued to rise with workers on low incomes particularly at risk.

In the November survey, 40 percent of respondents reported current or previous income losses, up from 32 percent in June; 53 percent of those surveyed with a net income of less than €1,500 per month suffered income losses (43 percent in June). Forty-one percent of those earning between €900 and €1,500 suffered income losses as did 49 percent of those with incomes below €900. Of the respondents with a net income of up to €2,000, one in three suffered a loss of income.

The WSI report concludes that people who were already earning very little were particularly hard hit by the coronavirus pandemic. Younger respondents, the self-employed and freelancers in particular suffered high losses of income. Workers in the hospitality industry were hit especially hard, as were low-wage, temporary workers, and workers on short term contracts. They are most likely to lose their jobs or fall below the subsistence level.

A major reason for the sharp drop in income is the massive expansion of short-time working. In April, the proportion of workers on short-time working was around 18 percent. This corresponds to 6 million employees paying social security contributions. Once again, those with net incomes of between €900 and €1,500 were particularly affected, (22.8 percent), followed by those with net incomes of €1,500 to €2,000 (22.1 percent).

The WSI report points out that the incomes of the lowest paid decile (tenth) had already fallen before the onset of the coronavirus crisis. Their incomes were lower in 2017 (the last year for which figures are available) than in 2010. The situation is not much better for the second lowest income decile and these two groups are now the most affected by income losses.

Even middle-income earners, who have seen income gains in recent years, are losing ground and the WSI study suggests that social inequality in Germany will continue to increase this year.

The "Discussion and Conclusion" section of the report reads: "This development in incomes will probably also be reflected in the distribution of wealth. Already today, wealth is distributed much more unequally than income, with the richest 1 percent of the population owning 35 percent of total wealth. Most of this wealth (40 percent) comes from business assets and from non-owner-occupied real estate (25 percent) and is thus invested in income-generating assets such as rentals and businesses."

In its conclusion, the authors of the study list a series of demands, such as an increase in short-time working allowances and an increase in the minimum wage to at least €12. It currently stands at €9.35 gross per hour and is not due to rise to €10.45 until July 2022. The study also recommends that the low-wage sector be limited, childcare provision improved and many other measures.

Directing these demands at the government, however, is totally misplaced. For decades, every federal government, regardless of its political composition, has led an offensive against the working class. The SPD-Green government, which governed from 1998 to 2005, was responsible for the creation of a huge low-wage sector with its Agenda policy and Hartz-IV laws. At the time, these measures were supported by the trade unions, which own the Hans Böckler Foundation. Every subsequent government has intensified attacks on the working class and wiped out a vast portion of the social gains won by workers in the post-war period.

The current governing coalition of the CDU/CSU and SPD is pursuing a reckless and criminal policy in the pandemic. Although tens of thousands are infected and hundreds die every day, it refuses to organise a full lockdown and close non-essential businesses with a guarantee of full pay and compensation for affected workers and small businesses.

Most of the low-wage workers particularly affected—those employed in logistics, public transport, deliveries, Amazon workers, as well as health care and food shop workers, have no choice. They cannot work at home and must either go to work and risk their health and lives or face financial ruin.

The priorities of the German government and the ruling elite were also evident in the recently approved budget. The defence budget will increase by a further €1.3 billion next year to €46.93 billion while the budget for education and research is to be cut by €70 million to €20.24 billion. The budget for labour and social affairs is to be slashed by €5.7 billion and the budget for health by €5.95 billion—another massive assault on the livelihoods of the working class.

In factories and workplaces across the country the trade unions and corporate boards are working hand in hand to implement huge attacks on jobs and working conditions, first and foremost in the auto and its supply industries, at Lufthansa and in many other sectors. In all of these cases the pandemic is being used as a pretext to push ahead with long-prepared attacks on the working class.

Combatting this offensive and effectively fighting poverty requires the international unification of workers based on a socialist perspective opposed to the bankrupt capitalist system. This in turn necessitates a conscious political break with social-democratic and pseudo-left parties and the trade unions, the formation of independent action committees and the building of the Socialist Equality Party as a new revolutionary leadership.