

Massive rise in unemployment in Germany during the pandemic

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On January 5, the German Federal Employment Agency published the official unemployment figures for December 2020, reporting an increase to 2.7 million unemployed, 480,000 more than in the same month last year. This corresponds to an increase of 21.6 percent. The unemployment rate thus increased from 4.9 to 5.9 percent within a single year.

These official figures reflect only part of the reality. For example, 3,543,000 people were “underemployed” in December 2020, 363,000 more than in December 2019. Those considered underemployed are the unemployed and jobseekers who are temporarily participating in Federal Employment Agency measures, are sick, over 58 years old, or are considered difficult to place and are therefore not included in the official statistics by the employment offices. Also included are people who only have a part-time job but would like to work more or full-time hours.

Not included in the statistics is the high number of workers on reduced hours. According to the most recent data available, nearly 2 million people were on reduced hours in October 2020. At the peak of the first lockdown in April, nearly 6 million people had reduced work time. Figures from November and December are not yet available.

Hundreds of thousands who were employed in the low-wage sector, such as mini-jobbers, solo self-employed and temporary workers and those who lost their jobs due to the consequences of the pandemic are not included in the official figures. In the first coronavirus wave in the spring of 2020, 850,000 mini-jobbers lost their jobs without entitlement to reduced hour or unemployment benefits.

The effects of the COVID-19 crisis are particularly evident in Berlin. At the end of 2019, the unemployment rate in the German capital was 7.7

percent; in December 2020, it was 10.1 percent. The number of unemployed has risen by 52,238 to 202,388. This represents an increase of 35 percent. Among young people and people with an immigrant background, unemployment rose by as much as 40 percent, as reported by the *Berliner Zeitung* January 5.

In the catering industry alone, roughly 7,000 jobs have been lost. Here again, it is impossible to say exactly how many workers are currently on reduced hours. Estimates by labour market researchers suggest that Berlin would register at least 100,000 more unemployed without the reduced-hour work scheme.

In the official unemployment statistics, which are already bad enough, mini-jobbers are not even recorded. Like the underemployed, the 11,000 solo self-employed who lost their jobs in Berlin in recent months and have had to apply for basic social security (*Grundsicherung*) do not appear in the statistics.

Those with mini-jobs in Berlin numbered 216,000 in 2019, most of them in the retail sector and 34,000 in the catering and service sectors. There are no figures yet on how many have lost their jobs. For many, the mini-job is not a side job to earn some extra money, but their primary employment and main source of income. According to the German Institute for Economic Research (DIW), about 5 million people nationwide relied on their mini-job as their primary employment in 2019.

When these people lose their mini-jobs, it immediately results in severe financial problems and existential hardship. More than 40 percent of all employees have suffered massive income losses since the start of the coronavirus pandemic. Workers with modest incomes before the pandemic have been disproportionately affected.

At the beginning of December, Creditreform, the

credit information agency, pointed out that although the number of corporate insolvencies had fallen by 13 percent to 16,300 despite the pandemic, the number of bankruptcies among large companies with sales of more than €50 million had doubled. At 332,000, a significantly greater number of workers were affected than in the previous year. Overall, 218,000 people had lost their jobs to bankruptcies in 2019.

During the fall, insolvency proceedings were opened for Germany's largest hair salon chain, Klier. It included 1,350 hair salons and 9,200 employees, many of whom worked in mini-jobs on a €450-per-month basis. Work on a €450 basis is common to many employees at fashion retailers, in catering businesses and other areas that have seen significant job losses.

So far, a series of government measures—extending reduced-hours work to up to two years, temporarily suspending the obligation to file for bankruptcy in the event of payment problems and insolvency of companies—has slowed the official rise in unemployment compared with other countries such as the UK and the US.

But in view of the announcement of mass layoffs in the automotive and supplier industries, at Lufthansa, in the retail sector and in many other areas, this will change in the coming months. The unions and corporate boards are working hand in hand to carry out these attacks, some of which were planned long before the coronavirus crisis began.

Chancellor Angela Merkel announced in mid-December in a government statement on the budget that the billions in gifts to the corporations and banks must be recouped through savings at the expense of the working class. The WSW commented on this on December 16, 2020:

“The so-called coronavirus bailout packages passed in March, and the 2020 supplementary budget, were always primarily billion-euro gifts for big business and the banks. Now, even the minimal additional spending that had been earmarked for pandemic control is being reversed. In addition, the new budget prepares even more comprehensive social attacks. ‘We must also always remember what public debt means,’ Chancellor Merkel warned in her

government statement on the budget. ‘It means, of course, burdening future budgets, it means the need to pay it back, and it means restrictions on future spending and on future generations.’”



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