

Pandemic exacerbates social inequality in Germany

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More and more people in Germany are permanently affected by poverty—a development that is being further accelerated and exacerbated by the coronavirus pandemic. This is shown by the recently published Data Report 2021, which was presented on March 10.

The “Social Report for the Federal Republic of Germany” is produced every two years by the Social Science Research Centre Berlin (WZB), the Federal Institute for Population Research (BiB), the SOEP (Socio-Economic Panel) and the Federal Statistical Office and published by the Federal Agency for Civic Education (BPB). It contains a great deal of information on the social and economic situation.

In 2018, the year covered by the report, the poverty threshold was €1,040 per month net income for a one-person household and €1,352 for a one-parent household with a child under 14. Almost one in six inhabitants in Germany lived below the poverty line in 2018.

Of the poor in 2018, 88 percent had already been affected by poverty at least once in the four preceding years, with half (44 percent) living consistently in poverty. This means that the proportion of people permanently living in poverty has more than doubled since 1998. At that time, they constituted 20 percent.

The main impetus for the increase in poverty was provided by the Hartz IV labour and welfare “reforms” and other measures of the Social Democratic Party–Green Party government of Gerhard Schröder and Joschka Fischer, which led to a massive increase in the low-wage sector in Germany.

In the meantime, poverty has continued to rise. The latest poverty report by the Paritätischer Wohlfahrtsverband (Parity Welfare Association), from November last year, reports an increase in poverty from 15.5 percent in 2018 to 15.9 percent in 2019, or 13.2 million people. The risk of poverty is particularly high for single parents (41 percent), people with a Certificate of

Secondary Education but no vocational qualification (35 percent) and people with an immigration background (29 percent).

The great social divide is also reflected in perceptions and attitudes. For example, only just under half of the population consider their own gross income to be fair. Low incomes in particular are seen as unfair.

The last chapter of the Data Report 2021 looks at the initial effects of the pandemic on the social situation in the period from the end of March to the beginning of July 2020. Seventeen percent of semi-skilled and unskilled workers and just under 14 percent of ordinary white-collar employees report financial difficulties. Among low-income earners, one in five was affected by financial problems. Among skilled workers, master craftsmen and qualified white-collar workers, the proportion was lower at 9 percent. Again, single parents were most affected by financial difficulties (25 percent), the self-employed (20 percent) and people with an immigration background (15 percent).

One-fifth of all working people living in Germany receive a low income. Speaking about their hardship under the conditions of the pandemic, WZB expert Philip Wotschak said at the presentation of the report: “They had run into payment difficulties, had to take out loans, had run into serious money problems, may have had to fall back on savings, apply for social benefits or drastically reduce their standard of living.”

The Economic and Social Science Institute (WSI) of the trade union–owned Hans Böckler Foundation had already investigated the loss of income of these people during the last months, in December last year. The WWS reported on this.

The 2021 Data Report also shows that few workers had the opportunity to protect themselves from coronavirus infection by working from home. In the first lockdown from March to April 2020, the proportion of those who

were able to work entirely from home was 26.3 percent. These were mainly white-collar workers in offices and administration with relatively good training and pay. After the relaxations in May, the share dropped to 11.5 and in the summer to 6 percent. However, more than one in five continued to work from home temporarily.

During the first lockdown, considered the harshest yet, 60 percent of employees had to continue working on-site without adequate protection from the life-threatening virus. Factories were only closed for short periods when there were supply problems due to interrupted supply chains. In such cases, workers were put on short-time work or given short-term leave. Workers in temporary employment often lost their jobs altogether and received no support. This mainly affected the retail, catering, hotel, cultural and event sectors, as well as solo self-employed workers.

Short-time working affected almost 7 million workers in April 2020, far more than during the 2008/2009 financial crisis, with corresponding income losses. Workers without children receive 60 and workers with children receive 67 percent of net wages. Only from the seventh month onwards is the short-time working allowance increased to 80 and 87 percent, respectively.

Unemployment has also increased in the first months of the pandemic, with more than half a million people becoming unemployed since it began.

Schools and day-care centres are among the most important spreaders of the pandemic. Although children are less likely to show symptoms, they spread the virus like adults, carry it into the family and infect teachers and educators. Despite this, schools and day-care centres were not closed or were only closed for a short period, so that parents could continue to work to generate profits for big business. Government and the media often cited “child welfare,” the educational and psychological damage caused by long school closures, as justification.

The Data Report 2021 shows that this is pure hypocrisy. Households with a monthly net income of €5,000 to €18,000 have, on average, four personal computers, compared to households with an income of less than €2,000, with an average of two devices. In poor households, there are often no devices at all with which children can participate in digital education. Also, conditions are often cramped, making learning and concentration difficult or impossible.

For single parents, it is also extremely difficult to adequately care for and support their children in home schooling when they must go to work themselves. Help

and support from grandparents was also not possible, as they are one of the most vulnerable groups. Even for parents able to work from home, it is a permanent balancing act to reconcile one’s own work and providing support and care for children under stressful conditions.

Although all these problems were known, the federal government provided almost no support for working-class and poor families. There was no aid for technical equipment, masks, and hygiene items, nor paid time-off for child-care. Instead, hundreds of billions of euros were thrown down the throats of banks, corporations, and the Bundeswehr (Armed Forces).

The number of people who have died from COVID-19 in Germany has now risen to 75,000. There is still no comprehensive data on the number of people, including children, suffering from the long-term effects (long COVID). The lives, health, wages and jobs of the working class are most affected, with poorer people disproportionately so. The figures from the 2021 Data Report only shed light on the first few months of the pandemic, and the trend has worsened since then.

Corporations and the wealthy at the top of society, on the other hand, have benefited from the pandemic. Share prices have reached new historic highs. The net wealth of the ultra-rich in Germany increased by almost €80 billion to €486 billion between March and July 2020 alone. Amid death and suffering, a new layer of “pandemic profiteers” has grown. Between January and June, the number of US-dollar millionaires increased by 58,000, and the number of billionaires rose from 114 to 119.

Deutsche Bank just reported that in 2020 it employed 684 investment bankers who earned more than €1 million including bonuses. Deutsche Bank, like many other companies, has also cut thousands of jobs under the pretext of the pandemic.



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