

Pandemic is driving poverty in Germany to new highs

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The poverty rate in Germany reached a new high of 16.6 percent of the population in 2021. According to the Poverty Report 2022 of the Paritätischer Gesamtverband charity association, entitled “Between Pandemic and Inflation,” 13.8 million people lived in poverty, 600,000 more than before the pandemic began.

The poverty threshold was regarded as a monthly income of €1,148 for a single household, €1,492 for a single parent with one child, and €2,410 for a couple household with two small children. Since the report covers 2021 it does not consider the impact of the dramatic increase in inflation since the beginning of the year.

Since 2006, the trend in the annual poverty reports has been upward. Ulrich Schneider, Chief Executive of the Paritätischer Gesamtverband, said at the presentation of the report, “The current poverty record is the peak of a trend that has had Germany firmly in its grip for 15 years now. This trend began in 2006. Since then, the poverty rate has risen from 14 to 16.6 percent, despite all the economic successes of this country. The number of poor people increased by more than 2 million in those 15 years—from 11.5 to 13.8 million.”

This trend accelerated in the two pandemic years of 2020 and 2021. The poverty rate climbed from 15.9 to 16.6 percent. “This is the steepest increase in two years ever measured by the micro census,” as Schneider explained. “Never before in recent times has poverty spread so rapidly in Germany as during the pandemic. The increase is unprecedented.”

In 2021, in particular, the economic effects of the pandemic fully impacted on poverty trends. In 2020, poverty had risen from 15.9 to 16.1 percent.

What is striking, is the sharp increase in poverty among the employed and especially among the self-employed. Among the latter, the poverty rate increased by 46 percent, rising from 9 to 13.1 percent. Numerous other reports also confirm that many self-employed people suffered financial losses during the pandemic.

But poverty among those with an employment contract—people who are poor despite working—also rose unusually sharply during the pandemic, from 7.9 to 8.4 percent. The key factors here were income losses due to short-time working and the fact that employees on low wages were hit

hardest by pandemic-related income losses.

This was compounded by the rapid increase in part-time working. “It can be surmised that pandemic-related reductions in working hours, with corresponding wage losses, also played a role here,” the presentation says.

Poverty among pensioners and among children and youth also reached new highs in 2021, at 17.9 and 20.8 percent, respectively. More than one in five children and youth grew up in poverty in 2021.

“It is a record for old-age poverty and a new record for child poverty that is reflected in the statistics. Never before have higher values been measured in the micro census. Child poverty is reflected here—as in previous years—primarily in the poverty rate of single parents, at over 40 percent, and of those with many children, at over 30 percent,” the report reads.

The economically inactive and those with a low educational level are also disproportionately affected by poverty. The same is true for people with a migration background (28.1 percent) and without German citizenship (35.3 percent). The poverty rate among students is 30 percent.

The poverty trend also varies regionally. Bavaria and Baden-Württemberg have the lowest poverty rates at 12.6 and 13.9 percent, respectively, while North Rhine-Westphalia (18.7), Thuringia (18.9), Saxony-Anhalt (19.5) and Berlin (19.6) are well above average, with Bremen leading the way at 28 percent.

As in an earlier report, the Ruhr, which has seen massive deindustrialisation, is the top problem region in terms of poverty. In Germany’s largest conurbation with 5.8 million inhabitants, more than one in five (1.2 million) live in poverty. With a poverty rate of 21.1 percent, if the Ruhr were a state, it would rank second to last, ahead of Bremen.

The high poverty rate in the Ruhr is accompanied by a disproportionate number of Hartz IV (welfare) recipients. While the Hartz IV rate was 8.1 percent nationwide in 2021, it was 14.4 percent in the Ruhr, over 18 percent in its cities such as Duisburg, Essen, Herne, reaching 24.4 percent in Gelsenkirchen.

The figures for children and young people are even more dramatic: 22.9 percent of minors in the Ruhr were in families receiving Hartz IV benefits in 2021. The figure was as high as

30 percent in Essen and 39 percent in Gelsenkirchen.

The situation is similarly drastic in other major cities. Berlin, for example, has been known for many years as the capital of poverty.

The statement on the poverty report concludes, “Poverty has increased by leaps and bounds in the pandemic years. Never have we had more poverty since unification [in 1990], never has Germany been more divided.”

This hardly takes into account the rising cost of living since autumn 2021. With an inflation rate of 7.9 percent in May, a Hartz IV or basic old-age welfare payment rate of €449, compared to the previous year, had a purchasing power of just €414. “People who have to live on basic welfare payments—and that is around seven million people—do not know how they will make ends meet.”

About seven million people must live on basic welfare. In addition, there are at least as many again whose incomes are only scarcely above this level because of low wages and incomes. They, too, do not know what they are supposed to live on at the end of the month. And that was the case even before the costs of electricity, heating and food exploded. 1.6 million people are forced to regularly obtain parcels from food banks, which can barely cope with the onslaught of people seeking help.

As Schneider explained, “Our welfare payments quite objectively no longer protect people from poverty.” The extreme rise in the cost of living posed a “very great danger that Germany will simply break up at the lower end of the income scale.”

The Paritätische Gesamtverband criticizes the government’s relief package because it does not decisively fight the increasing poverty. Only 2 of its 29 billion euros flow exclusively to low-income households. This is completely inadequate and will be eaten up by inflation in a very short time. Basic income support recipients, for example, receive a one-time payment of €200, and children whose families must live on Hartz IV are awarded a paltry €20 a month. Even the heating allowances for housing benefit and student grant recipients are not enough.

The report points out that almost half the population has no significant resources in the form of assets and that one in five works in the low-wage sector.

The one-off payments from the government’s relief package are therefore less than a drop in the ocean. Exploding electricity and energy costs are beyond the means of most of the working class and even parts of the middle classes. Current calculations suggest that bills for heating, electricity and gas will double and triple by the end of the year.

In the event of a complete loss of gas supplies from Russia, which the EU and the German government are bringing about with their sanctions against Russia, Mona Neubaur (Greens), the new state Economics and Energy Minister of North Rhine-Westphalia, expects prices for gas to increase sixfold, as she

explained in the state parliament on June 30. Gas and energy would then become unaffordable for most people.

Poverty has increased sharply worldwide in the last two years. The culprit is not the pandemic alone, but its exploitation by capitalist governments to carry out an unprecedented redistribution of wealth from the bottom to the top. Except for China, no government has been willing to stop and eliminate the virus with extensive lockdowns and other protective measures while providing adequate compensation for affected workers. Globally, 20 million people have so far had to pay with their lives for the criminal profits-before-lives policies of the ruling class.

At the same time, the central banks cranked up the money presses. Hundreds of billions of euros and dollars have been thrown in the coffers of the corporations and banks, leading to an unprecedented increase in wealth at the top of society and the rise of inflation.

According to the latest Oxfam report, the ten richest individuals in Germany increased their “cumulative wealth from about \$144 billion to about \$256 billion since the pandemic began.” According to the French consultancy Capgemini, the number of millionaires in Germany grew by about 100,000 to 1.63 million during the pandemic. Many corporations reported record profits despite the pandemic.

The working class in Germany is now expected to pay for the pandemic bailout and war in Ukraine through brutal cutbacks, unemployment, and wage reductions, as well as for the €100 billion euros being spent on arming the Bundeswehr. The billions for pandemic profiteers, armaments and war are to be squeezed out of the working class by means of inflation and wage cuts.

Ever broader layers of the working class are coming to the realization that things cannot go on like this. Social protests and uprisings have begun in many countries. A common international socialist perspective is necessary to lead them to success.



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