

Germany's "Citizen's Income" will reinforce poverty levels

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On November 14, the German government introduced a bill in the Bundestag to replace the existing Hartz IV system of social security with a so-called Citizen's Income. The bill was rejected in Germany's second house (Bundesrat) following opposition from the Christian Democratic Union (CDU) and its sister party, the Christian Social Union (CSU). The mediation committee of the Bundestag and Bundesrat is due to negotiate a compromise on November 23.

The debate in the Bundesrat was a continuation of the heated arguments which took place in the Bundestag and the media. Anyone who has followed this debate would understandably react with disgust. The governing coalition of the Social Democratic Party (SPD), Greens and neoliberal Free Democratic Party (FDP) have been avidly spreading the lie that their bill is the "biggest social reform in 20 years."

In fact, the planned Citizen's Income is a hypocritical relabelling of the hated Hartz laws introduced in early 2005 by the former SPD-Green coalition government led by Gerhard Schröder (SPD). In the period since, the Hartz laws have forced millions of people into poverty and precarious low-wage jobs.

The laws legalised numerous forms of precarious employment that had previously been prohibited or restricted by law—so-called mini-jobs, extended temporary work, temporary contracts and restrictive work contracts. The centrepiece was the introduction of Hartz IV basic security payments. Unemployed people lost their entitlement to unemployment benefits after one year. They then had to accept any job, no matter how poorly paid, and could only claim state support after they had exhausted their savings.

As a result of these laws, every fourth person in Germany now works in precarious type employment while 800,000 supplement their salaries with state aid to make ends meet. A total of 5.3 million are currently dependent on miserly Hartz IV payments.

The planned Citizen's Income will do nothing to change this situation. Despite inflation, the energy crisis and exploding food prices, the standard rate for recipients will increase by only 10 percent compared to Hartz IV, i.e., an average increase of €50 per person per month. This means that recipients will be barely able to afford basic necessities.

Food prices alone in Germany have risen by 20 percent in the last 12 months. According to the Consumer Advice Centre, the increase was 55 percent for butter, 57 percent for curd cheese, 43 percent for milk and 38 percent for flour. The price of a loaf of bread hovers around €4 and pasta, popular with children, costs 33

percent more than a year ago.

The planned basic benefit for the different groups is as follows: Single persons and single parents are to receive €502 per month instead of the current €449, i.e., €53 more. Couples or joint households will receive €451 per partner, an increase of €50. Adults in care facilities as well and those under 25 who still live in their parents' household and are not gainfully employed are to be entitled to €402 euros—an increase of €45 compared to the Hartz IV standard rate.

For young people between 14 and 17, an increase of €47 to €420 is planned, for 6- to 13-year-olds by €39 to €348 and by €35 to €318 for small children.

These rates are far below the levels demanded by social associations and will only serve to increase poverty levels. Child poverty will also be exacerbated considerably. The current completely inadequate benefit rates prevent children and young people from being properly provided for. In 2021, child poverty in Germany reached 20.8 percent, i.e., every fifth child grows up in poverty.

As the Consumer Advice Centre emphasises, even the future citizen's income is not sufficient for "a healthy diet." Three quarters of the more than 2 million people who depend on regular food support from food banks receive Hartz IV benefits.

In order to be able to "lead a life in dignity," an adult living alone needs a basic allowance of €725 as well as the payment of electricity costs, according to the welfare group Paritätische Wohlfahrtsverband.

The parties of the federal coalition and the opposition CDU/CSU all essentially agree, however, on the miserly benefit rates, which will lead to even more severe poverty-related malnutrition and stigmatisation for the 5.33 million adults and children affected (as of October 2022, according to the Federal Employment Agency).

Two points in particular remain controversial: The introduction of a two-year "waiting period," during which those receiving citizen's income do not have to move to a smaller flat and are allowed to retain "assets" of up to €60,000 (plus another €30,000 per household member). And, secondly, a six-month "trust period" during which regulations imposed on welfare recipients by the employment offices are eased somewhat, meaning the unemployed do not have to take the first job they are offered.

The CDU and CSU are shamelessly stirring up a debate based on social discrimination. Together with the far-right Alternative for Germany (AfD), the two parties rail against the allegedly planned

“social cushion” for the unemployed and migrant workers.

CDU leader Friedrich Merz, who already hit the headlines in September with his anti-refugee “social tourism” agitation, is using the Citizen’s Income issue to once again spread the slogans of the AfD. According to Merz, the proposed Citizen’s Income often makes it “no longer worthwhile even for immigrants to take up a simple job.’ He is whipping up xenophobia with the claim: “And that’s what really attracts people from many countries.”

The government is clearly trying to defuse potentially explosive protests with its talk of a “waiting period” and “trust period.” Affordable housing is simply no longer limited to big cities such as Munich, Frankfurt or Berlin, and the savings in the government bill will mainly benefit the SPD’s wealthier clientele—the self-employed and small entrepreneurs—who are experiencing economic hardship due to the current crisis. Barely any other unemployed persons who have to apply for Hartz IV have at the same time €60,000 in their bank account.

The hostility of the coalition government towards low earners, minimum wage earners and precarious jobbers was spelled out in a speech given by Martin Rosemann, the SPD spokesperson for labour and social affairs in the Bundestag. He defended the “waiting period” on the grounds that it makes the difference “between those who have always worked and saved something and those who have not.”

The conservatives are attacking the ‘trust period’ in particular. They claim that the relaxation of sanctions in the first six months of unemployment undermines the very purpose of Hartz IV, which is to force as many people as possible into precarious employment. The “proven” and “balanced” principle of “promoting and demanding” would be discarded and the planned citizen’s income would open the way towards an “unconditional basic income.”

On his Twitter account CDU leader Merz rants: “The so-called #Citizens Income is the path to an unconditional #basic income drawn from tax revenues. It’s unfair that working people finance those who could work but don’t get all the state incentives to take a job.” Soon, “There won’t be many left in society who can’t fall back on some social transfer system” and thus become unwilling to work, Merz stated.

Merz knows what he is talking about. He is an expert on “social transfer systems”— but in reverse. Before he took over the chairmanship of the CDU, he headed the supervisory board of the German branch of BlackRock, which manages assets of US\$6.4 trillion worldwide. The company ensures that billions flow into the accounts of the super-rich every year without them having to lift a finger. The billions are then squeezed out of the working class through low wages.

The CSU leader and Bavarian premier, Markus Söder, also polarised his tweet: “The #Citizens Income disadvantages low income groups who work hard: Cashiers, hairdressers, bus drivers, police chiefs—who find out eventually that not working is nearly as lucrative as working.”

Shortly afterwards the same Söder posed cynically before the media at the table of a Munich food bank and thanked the food banks for their “outstanding performance” and “great voluntary commitment” in supporting the needy. Everybody knows that it is starvation wages in the low-wage sector and miserly benefit rates

for the unemployed that drive people desperately to seek charity food.

The SPD, Greens and FDP, along with CDU, CSU, AfD and Left Party, know the Citizen’s Income provides too little to live on and just enough to stay alive. They all indignantly reject the claim they are paving the way for an unconditional basic income. Federal Labour Minister Hubertus Heil (SPD) affirmed at the Bundesrat meeting November 14 that he rules out an unconditional basic income just like the CDU and CSU.

The notorious Hartz IV principle of “promoting while making demands”—the sanction system hated by broad sections of the population, which forces Hartz IV recipients to accept any low-wage job, no matter how bad—is praised by both the government parties and the CDU/CSU opposition as a “proven” means of “getting people into work.”

All the parties agree that nothing should change. The government argues that many who accept the first available job due to the pressure of sanctions return to Hartz IV benefits after a short time, although urgently needed job vacancies remain unfilled. Nevertheless, the CDU/CSU and the AfD reject any relaxation of sanctions.

“We have 2.4 million unemployed and a growing number of vacancies. The state must send a signal: We need you in the labour market,” Merz demanded on Twitter and ranted in Berlin at the industry day of the Dehoga restaurant association: “Do we really need to expand a transfer system even further and give even more incentives not to return to the labour market so quickly?”

On Monday, Federal Labour Minister Hubertus Heil (SPD), who touts the draft law as a “chance for a self-determined life” for jobseekers, assured the CDU/CSU parties of his willingness to compromise in the plenary session of the Bundesrat. “My hand [is] outstretched for a solution,” he declared on behalf of the ruling coalition. On Tuesday, Heil announced a “compromise” with the CDU/CSU, completely scratching the “trust period” without sanctions.



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