One quarter of German workers are in low-wage jobs

By Ernst Wolff
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The number of people in Germany in low-wage jobs increased by more than 2.3 million between 1995 and 2010. As a result, the income of more than 23 percent of all employees now falls under the official low-pay threshold.

The trend towards low-wage work in Germany is established in a report published last week by the Institute for Work and Qualification at the University of Duisburg-Essen. The report includes students and pensioners for the first time, which increase the total number of low-income earners by almost 500,000, to a total of 7.9 million.

The official threshold for low pay in Germany is any wage less than €9.15 per hour (US$12.07), only about two thirds of the average wage. Most wages in the low-pay sector are, however, far lower than this figure. In 2010, low-wage workers earned an average of €6.68 (US$8.82) in the west and €6.52 (US$8.60) in eastern Germany.

Hourly rates in the low-wage sector have continued to decline in recent years: 4.1 million employees (12 percent) earn less than €7, 2.5 million (7.3 percent) less than €6, and nearly 1.4 million (4.0 percent) less than €5 per hour.

This is despite the fact that about half of all low-wage workers are employed full-time. There are currently 800,000 full-time employees in Germany, who earn less than €6 per hour—i.e., less than €1,000 gross per month.

The structure of the low-wage sector has also changed considerably. Formerly a lack of educational or vocational qualifications was a crucial factor for determining who would end up in the low-wage sector. In recent years, the criteria have changed. The latest study shows that the vast majority of low-wage workers have completed vocational training or even have a university degree. The proportion of unskilled workers on low pay is around 18.4 percent, whereas academics now account for 10 percent of the sector.

Last month, the German trade union federation (DGB) published comprehensive statistics on employment trends in Germany from 1991 to 2011 in its monthly bulletin. These statistics reveal that the number of full-time jobs has declined from 29.3 million to 23.9 million in 20 years. During the same period, the number of part-time jobs rose from 5.7 million to 12.5 million.

Included within the category of part-time workers are so-called “atypical workers”. Their jobs are temporary, and they work only up to 20 hours a week, either as temporary workers or part-time employees. Their number has risen to 7.8 million.

Both studies confirm that one in six workers in Germany is poor or is threatened with poverty—despite having a job. This trend towards poverty is intensified by the fact that wages in Germany, after adjustment for price inflation, have fallen in the past 10 years by 4.5 percent. Currently, the official inflation rate in Germany is around 3 percent. For the lower-income group, however, it is considerably higher.

The official statistics to measure the rate of inflation provides for just 10.4 percent of total expenditures for food. Activities such as leisure, culture and entertainment are reckoned to constitute 11.6 percent of expenditure. The fact is, however, that low-paid workers and their families are far more likely to expend much more of their income on basic food requirements. Since the rate of inflation, particularly for basic foods, is far above the average, poor and low-wage earners suffer disproportionately from the effects of inflation.

Germany is the biggest economy in Europe and is often described as its “economic motor”. Against the

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background of the euro crisis, Germany is portrayed as a country with a booming economy and a relatively low level of unemployment. However, it is precisely such periods of “boom” that reveal who are the real winners and losers under conditions of capitalist growth.

Last week, *Spiegel* online published a list of the top earners in Germany. Topping the list was Volkswagen CEO Martin Winterkorn, who pocketed €17.5 million last year—nearly tripling his income compared to the previous year. Wolfgang Reitzle (Linde) and Herbert Hainer (Adidas) received even bigger pay increases compared to last year. Ben Lipps, head of the medical technology company Fresenius Medical Care, even increased his income fivefold compared to 2010.

According to the findings of consultancy firm Towers Watson, the 24 companies trading on the German stock index DAX since 2003 paid their chief executives an average of €6.6 million in 2011. The corresponding figure in 2003 was €2.6 million. This had risen to €5.1 million in 2010.

Working people in Germany are struggling to survive with deteriorating working conditions, lower wages and higher prices, while young people go to great efforts to obtain degrees and a proper training only to end up with temporary contracts and starvation wages. At the same time, the parasites of the international finance system are increasingly uninhibited in their embrace of wealth.

This development is made possible because the latter can count on loyal allies: the bureaucrats from the trade unions and politicians from all parties. While their salaries may be modest in comparison to the CEOs, they are able to substantially supplement their incomes with seats on company executives, supervisory boards, and foundations.

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