

Poverty in Germany reaches a record high

By Denis Krassnin
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“Poverty in Germany has not only reached a new record high, it has also threatened the country with disintegration into disparate regions.” Thus begins the annual poverty report of the German Federation of Welfare Associations.

Although the economy has grown slightly and unemployment is relatively low, the poverty rate in Germany has increased; it has been rising almost continuously since 2006 and now stands at 15.5 percent. This means that about 12.5 million adults exist on less than €845 per month as unmarried persons or less than €1,873 in a family with two children.

With the exceptions of the three federal states of Saxony, Saxony-Anhalt and Brandenburg, the population has fallen further into poverty throughout the country. Although Hesse, Bavaria and Baden-Württemberg have below-average poverty rates, they were not exempt from this trend.

The Ruhr region, Berlin and the state of Mecklenburg-Vorpommern, referred to in the last three reports as problem areas, again exhibited significant increases in poverty. In Berlin, the national capital, one person in five is now regarded as poor.

Sharply contrasting rates of poverty are increasingly differentiating and separating the various regions of Germany. While relative wealth inequality between the richest and poorest regions stood at 17.8 percentage points in 2006, it reached 24.8 percent in 2013. This indicates the great disparity in wealth existing between the populations in the Lake Constance-Upper Swabia region on the southern border of Germany and the port city of Bremerhaven, where almost one person in three is classified as poor. Both the degree of variation between these two regions and the rate of poverty in Bremerhaven marked all-time highs.

The extent of growing poverty is as frightening as its pace. In recent years, poverty in the Cologne/Düsseldorf metropolitan area has grown by

more than 30 percent, bringing the local poverty rate above the national average. Almost one in three of the five million people in this metropolitan area is hard-pressed to maintain themselves financially.

According in to the charity association’s report, a “new problem area” has come onto the map. The unemployed as well as single parents with children often have to manage on a “subsistence level” income. The majority of the unemployed and almost every second lone parent have to make do with less than €845 a month; the media recently reported that every third child in Berlin is dependent on his or her parents’ miserly Hartz IV unemployment benefits. Even more children in Bremen begin their lives under the same conditions.

Old-age poverty has also “increased to an alarming degree” according to the report. After decades of work and despite paying into pension funds, many elderly people live on incomes below the poverty threshold. Since the implementation of so-called welfare reforms poverty has spread “disproportionately” among the older generation. Due to the conditions laid down in the Hartz pension rates legislation, cuts in pension payments and the growth of the low-wage sector, old-age poverty is set to explode in the coming years. Millions of men and women will spend their lives in abject poverty, even though they have worked for decades.

The report rather tentatively places blame for the situation on the social reforms that bear the name of Peter Hartz, a Social Democrat and trade unionist, as well as his assistants from this milieu. These reforms are said to have contributed to the fact that “overall economic success and increasing overall economic wealth” no longer mean “that poverty in Germany is declining. On the contrary, increasing wealth is being accompanied by the growth of its uneven distribution...”

While the poverty rate has increased since 2006 the unemployment rate and the Hartz IV unemployment support rate have fallen. More and more people are employed, but they are so poorly paid that they are unable to rise above the poverty threshold. The report speaks of a “growing number of people in the low-wage sector, precarious jobs and inadequate part-time employment”.

The minimum wage of €8.50 per hour, which went into effect at the beginning of the year, is totally insufficient to ameliorate the situation in any way. The report calculates that anyone on such a low hourly rate of pay would not earn an income above the poverty threshold, even if he or she were in full-time employment.

The report also makes it clear that “increasing poverty has completely decoupled from economic developments” and the income gap is widening. Social welfare payments protect fewer and fewer people from falling into poverty; basic security benefits in some areas are already no longer sufficient for people to live on, especially those in larger families.

Social and regional deprivation thus continues to mount without hindrance. “Never before has the level of poverty in Germany been so high, and never was regional disunity as sharp as it is today,” stated Ulrich Schneider, managing director of the Federation of Welfare Associations. It is also true that the amount of wealth in Germany has never been so great, and never has social conflict been as widespread as it is today.

As in previous reports, the charity organisation warned of social unrest and class confrontation, but had little to nothing to offer to fight the growth of poverty. Perfunctory proposals to reduce, rather than eliminate, poverty tagged onto the end of the report read as though the authors knew in advance that their recommendations would not be taken seriously.

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