

Number of European working poor doubles in a decade

Elisabeth Zimmermann
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More and more people in work in Europe are being forced into poverty. This is demonstrated by a new study by the Hans Böckler Foundation which was made public last Thursday. The study, titled “Activation policies and poverty,” notes that a growing proportion of the population of Europe live in poverty, although they are working.

The researchers from the Economic and Social Sciences Institute (WSI) of the Böckler Foundation examined the effects of labor market and social policy measures in 18 EU countries from 2004 to 2014. All of the measures were aimed at forcing unemployed people into low-wage labor.

According to their research, an average of about 10 percent of the workforce aged between 18 and 64 in the countries studied were “working poor.” This means they earn less than 60 percent of the average income in their country. The proportion of working poor was highest in Romania at 18.6 percent, followed by Greece, 13.4 percent, and Spain, 13.2 percent.

In Germany, the number of working poor doubled from almost 1.9 million, or 4.8 percent, in 2004 to almost 4.1 million, or 9.6 percent, in 2014. The increase is even higher in absolute figures, because the total number of employed in Germany increased during this period from 39.3 million to 42.6 million. In Germany in 2014, a single person with less than €986 net per month was considered poor. For a household with two adults and two children under 14 years, the threshold was €2,072.

“In most countries, poverty for those in work had already begun to increase before the crisis in the euro area,” the study states. In the wake of the crisis, however, the situation in many countries worsened. “The measures

taken to combat high unemployment have seen a further deregulation of the labor markets and a reduction in social benefits.”

The social counterrevolution in Europe finds its sharpest expression in Greece under the Syriza government. High levels of unemployment due to the destruction of regular paying jobs is combined with savage cuts to unemployment benefits and pensions. Due to the already existing level of social decline, however, the statistical increase in the numbers of working poor in Greece is relatively low.

The example of Germany, where the number of those employed increased was “particularly remarkable,” the Böckler report concludes. “Evidently the link between employment growth and poverty is more complicated than commonly assumed.” This is a deliberately vague understatement of the social counterrevolution that has taken place in the past two decades.

The increase in precarious, temporary, low-paid, part-time employment for millions is an international phenomenon implemented by the ruling elites.

“The positive development in the German labor market is to a large extent due to an increase in atypical employment, especially part-time, often in the service and low-wage sector,” the study notes. The growth of the low-wage sector has been accelerated by extensive deregulation of the labor market, the reduction of benefits and increased pressure on workers to take any form of work. This increased pressure on the unemployed forces them to find a job as quickly as possible.

The trade unions in all countries played a major role in this development. They rushed to the side of capitalism in

the crisis of 2008/2009, and helped transfer benefits for workers won over the course of decades into fresh reserves for bankrupt banks and their respective governments. The Böckler Foundation is the official think tank of the German trade union movement (DGB), and this explains the diplomatic tact of the WSI researchers in their report, although their statistics on poverty among workers are an indictment of the system.

The explosive growth of the low-wage sector in Germany was inaugurated in 2005 by the Hartz IV anti-social laws and Agenda 2010 program introduced by the SPD-Green coalition government led by Gerhard Schröder and Joschka Fischer. In 2004 the trade unions actively opposed those seeking to protest against the Hartz IV laws. The priority for unions was to enforce the new measures.

The concrete effects of the increasingly severe and far-reaching sanctions used by job centers is clear in the city of Duisburg, situated in the former industrial hub (Ruhr area) of Germany. With a population of almost half a million inhabitants, 77,000 people in Duisburg are dependent on measly Hartz IV benefits. The number of those employed in jobs with social security protection rose between 2006 to 2016 by about 15,000 to just under 166,000. However, the number of full-time employed fell by 700 during the same period, while the number of part-time employees rose by around 14,000 to over 38,000.

The number of temporary contract workers (most of them working full-time) has tripled during the past 10 years to 9,986. Some 37,000 workers in Duisburg have a so-called mini-job and 10,000 of these workers have more than one job in order to earn enough money to survive. This means that more than a third of all workers in Duisburg are employed part-time, on a temporary basis or/and in a mini-job.

A study drawn up by the DGB, reported by the Berliner Zeitung at the beginning of July, notes that this trend is taking place nationwide. More than 1 million people are hired out by agencies, 8.5 million in part-time work, while 2.53 million have temporary employment. Nearly 2 million are registered as self-employed.

The DGB study also notes that the one-fifth of the workforce with the lowest hourly wages between 1995 and 2015 experienced a real wage loss of 7 percent. The

next fifth of the workforce lost 5 percent. This is a direct consequence of the policy of the trade unions themselves.

While the WSI researchers seek to conceal the reasons for widespread poverty, referring to the “complex links” between employment growth and poverty, it is clear who profits.

The Global Wealth Report drawn up by the Swiss bank Crédit Suisse (November 2016) reveals a significant growth in the fortunes of the rich and super-rich. The report notes that the number of dollar millionaires in Germany increased by 44,000 to around 1.6 million between mid-2015 and mid-2016. The club of super-rich, with a fortune of at least \$50 million, increased by 500 to a total of 6,100. This put Germany in third place behind the US and China. According to Forbes, 114 billionaires live in Germany. The richest 36 of them have as much wealth (€276 billion) as the poorer half of the population.

This growing social inequality can only be halted by a policy directed against all of the political parties at the beck and call of the major banks and corporations.

In its election statement for this autumn’s federal election, the Socialist Equality Party declares:

“The SGP fights for a society in which the needs of the many stand higher than the profit interests of big business. The super-rich, the banks and the corporations must be expropriated and placed under the democratic control of the population. Only in this way can the social rights of all be secured. These include the right to an adequately paid job, a first-class education, affordable housing, a secure pension, high quality old-age provisions and access to culture.”



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