

Poverty in Germany: 2021 report exposes profit-before-lives policy

Laura Grau
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The pandemic has dramatically worsened the poverty of millions of Germans. This is the message of this year's report of the German Paritätische Wohlfahrtsverband (Paritätische Welfare Association), which highlights the rise in poverty. According to the report, the poverty rate in the country had trended continuously upward since 2006, reaching a new highpoint with the appearance of the pandemic. This unprecedented situation is exacerbating the plight of billions worldwide who already live below the subsistence level.

According to the Wohlfahrtsverband, the poverty rate reached a new high in 2020 of 16.1 percent. In absolute figures, this means that 13.4 million Germans lived in poverty in the first year of the pandemic, 200,000 more than a year before. Never before has a higher poverty rate been measured in the surveys of the German Paritätischer Wohlfahrtsverband.

A clear picture emerges when one considers the poverty rates of the individual German states. The prosperity gap between the wealthy states of Bavaria and Baden-Württemberg and the rest of Germany has consolidated and even widened. While the two southern states show the lowest poverty rates, Bremen shows the highest, followed by Berlin and Saxony-Anhalt. In relative terms, this means that in Bavaria more than one in nine people are officially afflicted by poverty, in Berlin and Saxony-Anhalt one in five and in Bremen more than one in four.

Provisional measures and reduced-hours working allowances—loudly proclaimed by the government—neither prevented massive income losses nor the loss of hundreds of thousands of jobs. As a result, the unemployment rate increased from 5 to almost 6 percent in 2020. One in five people was affected by income losses, mainly among the gainfully

employed. The self-employed, whose poverty rate increased massively during the pandemic, stand out particularly in the report.

Households with three or more children and single parents are most severely affected by poverty: 40.5 percent of all single-parent households and 30.9 percent of households with multiple children are poor. Also disproportionately affected by poverty are the unemployed (52 percent), those with low educational qualifications (30.9 percent), those with an immigrant background (27.9 percent) and those without German citizenship (35.8 percent). Women have a higher poverty rate (16.9 percent) than men (15.3 percent). The difference between the sexes increases with age.

Living disproportionately in poverty are children and adolescents (20.2 percent) and young adults up to the age of 25 (26 percent). The reason for the high level of poverty among young adults is the low wages of trainees and students. The poverty figures for pensioners are also strikingly high at 20.7 percent.

The unemployed rate rose from 8 percent in 2019 to 8.7 percent in 2020. There was likewise a sharp increase in unemployment among the self-employed, up fully 4 percent in the first pandemic year, with an overall rate of 13 percent. According to a survey of the working population conducted by the Hans Böckler Foundation referred to in the poverty report, 37 percent of self-employed and 44 percent of the solo self-employed workers surveyed reported a loss of income during the pandemic.

The number of self-employed people receiving a monthly income below €1,500 increased immensely. Meanwhile, the total number of self-employed fell by hundreds of thousands, far more than in previous years. Reduced hours allowances and other various “aid programs” only partially counteracted mass

insolvencies and unemployment and did not prevent income losses from exacerbating poverty.

Among the labor force—both employed and unemployed—the Hans Böckler Foundation found pandemic-related financial losses for nearly every second person. This affected people with lower incomes more than those with higher incomes.

A grave development is evident in the number of unemployment payment recipients. In 2020, more than 1 million Germans received short-term unemployment benefits, hundreds of thousands more than the year before. The rate of those receiving social welfare for jobseekers (long-term unemployment) was 8.3 percent in 2020.

Statistically, the long-term unemployment rate and the poverty rate are strongly interrelated. The income of people receiving social welfare benefits is determined and limited by standard rates, which, however, do not protect against poverty and fall below subsistence levels. A large segment of the poor lies at or just above the welfare limit.

The pandemic disproportionately burdened the already difficult lives of the poor in several ways. First, access to social assistance was reduced. Support from job centers, food banks and free school meals was commonly cut. Access to emergency facilities was likewise restricted. In addition, Germans must pay for masks and hygiene products themselves, an additional financial burden for those on low incomes.

The homeless have been hit particularly hard by the government's profit-before-life policies. According to estimates by homeless assistance services, 256,000 people did not have an apartment lease in 2020. About one-fifth of them were living on the streets—a situation worsened by the life-threatening pandemic. Institutions that offered assistance had to reduce their shelter and counseling services. Homeless and low-income people lost access to public spaces that provide shelter, sanitation and water.

The Wohlfahrtsverband accuses the outgoing government of massive “poverty policy failures.” It had done “virtually nothing” in 2020 to alleviate the misery of those living in poverty, especially those receiving Hartz IV social security or basic old-age benefits. Renaming the Hartz IV system “citizen's income” (Bürgergeld)—as envisaged by the incoming coalition government—“will not help those affected by poverty,”

the report states. What is needed is an increase in the standard assistance rates.

However, the Social Democrats (SPD), Greens and Liberals (FDP) are pursuing a deliberate policy of class warfare. During the pandemic, they put profits before lives and well-being and transferred hundreds of billions to the banks and super-rich. This money is now to be squeezed back out of the working class. Just days ago, Finance Minister Christian Lindner (Free Democratic Party, FDP) announced in the Bundestag that the government was working to “return to the rule of the debt brake (balanced budget) of the Basic Law.” The “goal is to reduce the German debt ratio,” he said.

While the living conditions of hundreds of thousands are constantly deteriorating, poverty and unemployment are increasing, and the number of riots against pandemic restrictions is rising, a small financial aristocracy is amassing astronomical fortunes. According to the latest Oxfam report, the 10 richest individuals in Germany have “increased their cumulative wealth from about \$144 billion to about \$256 billion since the beginning of the pandemic.” This increase alone “is close to the total wealth of the poorest 40 percent, or 33 million Germans.”

The incoming coalition government is determined to continue the disastrous policies of the outgoing Grand Coalition because they serve the same class interests. A fight against unemployment, poverty and mass death in the pandemic must eliminate its cause, capitalism, and base itself on a socialist movement of the international working class.



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