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Poverty in Germany remains high, 2019 report finds

Almost one in six people in Germany lives in poverty. This is the headline finding in the Poverty Report 2019 prepared by the organisation Paritätische Wohlfahrtsverband (Joint Welfare Association). According to the report, 15.5 percent of the population are poor.

Although the poverty rate experienced a slight decline of 0.3 percentage points between 2017 and 2018, it remains at a high level and has even increased in some regions. The Ruhr region, an urban area with 5.8 million inhabitants, is described as “problem area number 1” with a poverty rate of 21.1 percent, which equates to more than one in five.



Berlin underpass where homeless seek shelter (Credit: Spielvogel/Wikimedia Commons)

The new report, published by Paritätische Wohlfahrtsverband in mid-December, contains detailed figures on the development of poverty in Germany, including within states and regions. It also shows comparative figures from a 10-year period between 2008 and 2018.

The authors of the study divide Germany into four segments when it comes to measuring poverty. The south, which includes Baden-Württemberg and Bavaria, has a poverty rate of 11.8 percent. The states in eastern Germany have an average poverty rate of 17.5 percent, although the states of Mecklenburg-Pomerania and Saxony-Anhalt have poverty rates of 20.9 and 19.5 percent respectively.

With a population of 18 million, North Rhine-Westphalia has a poverty rate of 18.1 percent, making it the area with the highest poverty rate among the four large regions. It also shows the fastest increase in poverty over a ten-year period. The main responsibility for this is the long-standing, widespread poverty in the Ruhr region. Poverty has increased four times faster there over the past 10 years than the national average. The Cologne and Düsseldorf regions have also seen an increase in poverty.

In Brandenburg, Hamburg, Hesse, Mecklenburg-Pomerania, Schleswig-Holstein and Thuringia, poverty also increased between 2017 and 2018.

The fourth area considered in the study are the remaining parts of western Germany, which have an average poverty rate of 15.9 percent. Significant regional differences exist within this area, such as in the state of Bremen, which stands out with a poverty rate of 22.7 percent. The city of Bremerhaven's poverty rate is even higher at 28 percent.

Over the past 10 years, poverty has risen particularly sharply in Hesse, Hamburg and Schleswig-Holstein. In Hesse, poverty rose by 25 percent, from 12.7 percent in 2008 to 15.8 percent in 2018. At the end of 2018, poverty had also risen significantly in Hamburg and Schleswig-Holstein to 15.3 percent.

Paritätische Wohlfahrtsverband bases its calculation of poverty on European Union guidelines. According to this, all persons are counted as poor who live in households with an income less than 60 percent of the median income. However, this only includes the entire net income of the household. This results in the upper limit for poverty being an income of €1,035 for a single person or €2,070 for a single parent with two children aged between 14 and 18.

The report does not reflect the true scale of poverty. People living in poverty in multi-resident accommodation, such as care homes or refugee centres, are not included in the

study. In reality, one in three of the 800,000 people living in care homes depends on social welfare support. The poverty rate also excludes the many refugees forced to reside in camps, and the hundreds of thousands of homeless people. It is thus clear that the real rate of poverty is much higher than the official figures suggest.

The rates of child poverty are particularly shocking and are typically higher than the average in every state. To mention a few examples: in Berlin, the poverty rate is 18.2 percent, while child poverty is 23.8 percent. The corresponding figures for Bremen are 22.7 and 35.8 percent, 15.3 and 21.7 percent in Hamburg, 15.8 and 21.1 percent in Hesse, 20.9 and 27.7 percent in Mecklenburg-Pomerania, 18.1 and 24.7 percent in North Rhine-Westphalia, and 19.5 and 27.3 percent in Saxony-Anhalt. Some cities in the Ruhr region and other areas have even higher rates of child poverty.

In addition, the Ruhr region has seen a steady increase in poverty over a 10-year period of 28 percent. Poverty has increased four times faster there over the past ten years than the national average. One area that stands out is Duisburg-Essen, where poverty rose from 14.8 to 20.9 percent over the past 10 years. This corresponds to an increase of 41.2 percent, amounting in the words of the report to a “poverty landslide.”

The rate of Hartz IV welfare claimants in the Ruhr region has also risen more rapidly than the national average. Although the claimant rate declined nationwide from 10.3 to 8.9 percent between 2008 and 2018, it rose to 15.3 percent in the Ruhr region in 2018, 1.4 percentage points higher than in 2008. Almost every district in the Ruhr has a high rate of Hartz IV claimants. One in four residents in Gelsenkirchen and one in five in Essen are now dependent on Hartz IV.

While millions of working people and their families either live in or are at risk of poverty—and have to fear for loss of their homes due to rising rent and electricity prices—the wealth at the top of society continues to grow. The richest 400 families in Germany own more wealth than the poorest half of the population, some 40 million people.

Central political responsibility for the rise of poverty in Germany must be borne by the Social Democrats and Greens. It was the Social Democrat (SPD)-Green coalition government under Gerhard Schröder and Joschka Fischer that between 1998 and 2005 created a huge low-wage sector with their Agenda 2010 reforms and the introduction of Hartz IV. This policy of wealth distribution from the bottom to the top occurred on an international scale and is supported by all the established parties.

The SPD's responsibility for the rampant poverty rates in the Ruhr region and North Rhine-Westphalia is particularly striking. Apart from a few exceptions, the SPD has governed continuously in North Rhine-Westphalia for decades. Together with the trade unions, they organised the shuttering of the mining industry and the destruction of tens of thousands of jobs in the steel industry.

These relatively well-paid jobs have been lost for good. In 2014, the Opel plant in Bochum, which was built on the grounds of the shuttered Dannenberg mine in 1960, was closed down. Prior to the plant shutdown, the IG Metall forced the workers to accept wage cuts and other concessions to benefit the company, supposedly to save jobs.

The Opel plant is just one example of thousands of similar cases. The vast majority of the jobs created over recent years are low-wage jobs. This, together with the associated rise of precarious working conditions, have resulted in a rapid increase in the so-called working poor.

At the same time, workers confronted a savage assault on social services and the enforcement of austerity. The municipalities in the Ruhr region, which were almost all governed by the SPD until a few years ago, imposed these measures with particular ruthlessness.

Due to the austerity policies, there are hardly any public swimming pools or youth centres left in the cities in the Ruhr region. District libraries often no longer exist or are opened on a part-time basis and staffed by personnel lacking qualifications. Schools and cultural institutions are also in a sorry state due to the decades-long austerity drive.

Roads, public transport, and infrastructure are falling apart. Conditions are also miserable at social welfare offices. Wait times are often intolerably long, due to the fact that increased workloads for those workers who have survived the job cuts have led to a rise in sickness-related absences. The job cuts thus trigger a vicious circle.

The most recent state governments led by the SPD in North Rhine-Westphalia have all committed to abide by the debt brake, which prohibits the government from taking on any new debt. Between 2010 and 2012, the SPD governed under the leadership of Hannelore Kraft in an SPD-Green minority coalition tolerated by the Left Party.

Between 2012 and 2017, the SPD governed in a coalition with the Greens. Norbert Walter-Borjans, one of the two new federal SPD leaders, was finance minister at the state level during this period. He ruthlessly imposed austerity policies on the working class. He

threatened to impose sanctions on the highly indebted cities in the Ruhr region that failed to impose austerity rigorously enough.

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