

One-Third of Germans Are Poor, or Nearly So

by Rainer Apel

With remarks, Oct. 15, on the “new underclass,” Kurt Beck, national party chairman of the German Social Democrats (SPD), unleashed an intense public debate about poverty in Germany. Beck referred to a survey carried out by the TNS Infratest polling institute, for the SPD-linked Friedrich Ebert Foundation, a survey which will be published in full detail by the end of this year. The “new underclass” which Beck spoke about, is the lower one-third of Germans who already live below the official poverty level, or are about to join them, because their jobless support will run out within a few months. The upper one-third, the “new upper class,” are Germans whose incomes keep increasing or are stable enough to keep them rich, for the time being. The one-third in between, is the “new middle class”—those whose incomes currently secure their standard of living, but many of whom fear the loss of a job or part of their income in the near future. All in all, there is a 30/70% society in Germany, the survey found: The broad majority, 70%, live under conditions that hold no promise of improvement. For most in this category, if they are poor now, they will be poor also in the future. This strongly resembles the situation in the United States, with its 20/80% society.

As for the poverty aspect as such, the survey shows that 8 million Germans can be considered poor, according to the official “poverty level,” i.e., 60% of the average income, or not being able to manage without state support, be it jobless support or welfare. And, there is a clear trend that eastern Germany is hit by poverty much more than the West: in the East, 25% of the population is poor, in the West only 4%. Thirty-nine percent of eastern Germans earn less than the average income level; 25% of children in the East are poor. And, because many eastern Germans have lived under such conditions since the big recession of the mid-1960s, there are many families now, which have the third generation in poverty, with the fourth about to be born. This also explains why many young Germans leave their hometowns in eastern Germany, because they can hope for a job only in the West.

The biggest-single poverty driver is the Hartz IV legislation of January 2004, which replaced the previous welfare system, so that after 12 months of unemployment compensation, a citizen receives only 345 euros per month, irrespective of what his previous average income was. For the long-term unemployed, especially older-age workers, there is almost no

hope of getting out of this vicious cycle of impoverishment, under current policies. But the problem did not begin with Hartz IV, which has merely served as a catalyst to intensify the general problem.

The 1960s Paradigm-Shift

The general problem, which explains why the German elites are incapable of creating new jobs, originates with the paradigm-shift from a production-oriented, industrial society before the mid-1960s, to a society that believes in the service sector, in ecology, and in consumerism. Just as the forementioned survey was leaked to the public, some other figures were published as well: For example, North Rhine-Westphalia, Germany’s biggest state, with almost 20% of the nation’s population, reports that industrial jobs for apprentices, are at their lowest in 30 years. Or, for example, 41% of machine-building firms report that because they do not have enough engineers, they have to outsource important segments of production to other firms that still have a surplus engineering capacity. And no wonder: 88% of college-level students are not interested in professions in technology, but prefer instead, ecology-oriented or service-sector careers. And the universities are undersupplied with technology-based courses: usually, only one-third or one-half of all students who want to enroll for a machine-building university course, are admitted.

Unemployment among engineers is especially high in the construction sector, because drastic austerity has killed projects in infrastructure and housing in most of Germany’s municipalities. And, impoverishment is probably worst among such jobless engineers now. Until January 2004, they would still have received 58% of their last average income, even after 12 months of unemployment; but under the Hartz IV legislation, they will receive the standard 345 euros per month, regardless of whether their previous income was 1,000, 2,000, or 4,000 euros.

Poverty will not disappear from Germany, unless Germany returns to full employment, and that implies the creation of nearly 10 million qualified, well-paid, full-time jobs. It cannot work through the creation of 1-euro or other such mini-jobs, which have been the main focus of the German government’s policy during the past 32 months. It will not work under conditions of constant cost-cutting and globalization, because there, mini-jobs are replacing more and more full-time jobs, which means that more and more citizens have jobs that cannot support a decent living.

It will only work with a program like the one proposed by the LaRouche movement: state-guaranteed generation of productive, long-term and low-interest credit, in the range of 200 billion euros annually—the minimum required to regain full employment within ten years. We know that will work, because it worked before: at the peak of the mid-1960s’ recession in Germany, the government, in June 1967, launched a 5 billion-mark (2.5 billion-euro) program, creating 320,000 jobs within 11 months.