

# National Poverty Watch Reports 2018

## Germany

### 1. Introduction

The National Poverty Conference - Nationale Armutskonferenz (nak) – is an association of organisations, associations and initiatives being engaged for an active policy for combatting poverty. The conference was founded in autumn 1991 as the German section of EAPN. Beside national associations, people experiencing poverty and self-help organisations are contributing as well in the nak. The two latter integrate their personal experiences and perspectives and their approaches for solutions in combatting poverty and social exclusion. They have been doing this for 25 years now.

During the last 25 years the legislation in social law has changed. The new policy became – as a guideline - “enhancing and demanding”. While society wasn’t looking at the poverty of many people in former times, nowadays people are often blamed themselves for their circumstances. Poverty simply becomes an individual issue, it’s taken for a private problem. Both perspectives – not looking at it or putting it in an individual context - intensify poverty. Thus, the national conference against poverty is taking another way. In 2006 it organized the first meeting of people experiencing poverty, followed by many more meetings until today and also in the future. This meeting enhances political participation of people living in poverty. Many of them can and want to stand for themselves and they are backed by the national conference of poverty to fight for their rights.

### 2. What do we mean by poverty?

The nak is working with the European definition of poverty and the relevant indicators. During the last years it can be observed that the definition of poverty and the indicator being linked with income are questioned and combatted in Germany. This can be estimated as a certain tendency to continue with individualizing poverty and not being obliged to take any measures against structural poverty.

In Germany the development of long-term unemployment is used as the national goal to reduce poverty and social exclusion. The political reason for this may be that long-term unemployment is reduced not only by means of employment but also by the transition of the persons concerned into retirement. Against this background hardly surprising, the goal of a reduction in the number of long-term unemployed to 1.3 million by the year 2020 was clearly exceeded already in the year 2015. In 2017 900,700 long-term unemployed persons were counted.

The nak as well as the European Commission recommend that Germany uses all three EU-indicators for measuring poverty for years now: income poverty, material deprivation, households with long-term unemployed persons.

Wealth as an antipode of poverty is rarely being discussed nor is it an issue of unequal access to education, health, housing, work and societal participation.

### 3. What is happening to poverty? Who are the groups most affected?

- *Europe 2020 eg3 indicators: at risk of poverty, material deprivation, low intensity of work, analysing trends and gap on achievement on the targets.*

The total number of people at risk of poverty or social exclusion declined from 16.345 million to 15.516 million between 2008 and 2017. In 2017, 19 percent of the population is still affected by the risk of poverty or social exclusion, 1.1 percentage points less than in 2008. The slightly positive development is based on the indicators "Severely materially deprived people" and "People living in households with very low work intensity". The number of severely materially deprived people declined from 4.442 million (5.5 percent of the population) to 2.783 million (3.4 percent of the population) between 2008 and 2015. The number of people living in households with very low work intensity declined from 7.044 million (or 11.7 percent of the population) in 2008 to 5.134 million (8.7 percent) in 2017. At the same time, however, monetary poverty increased significantly from 15.2 percent in 2008 to 16.7 percent in 2014/2015 and has decreased again to 16.1 percent in 2017.

Overall, the in-work poverty rate increased between 2008 and 2015 from 7.1 percent to 9.9 in 2014 and has declined to 9.0 percent in 2017. Since not all households that leave the status of very low labor intensity are changing to high labor intensity, it is of particular interest how the in-work poverty rate has developed with lower than high labor intensity. The increase of in-work poverty is very large here: with medium labor intensity, the in-work poverty rate was 12.5 percent in 2008 and is 16.2 percent in 2017, with low – but not very low – labor intensity an increase from 27.9 percent (2008) to 34.4 percent (2017) was observed. But even in the case of high working intensity, the in-work poverty rate has increased, from 7.9 percent (2008) to 11.3 percent (2017). These developments are strongly linked to the increase in precarious employment.

Considering different age groups, the number of people at risk of poverty or social exclusion has decreased for all age groups except for those who are 65 years or older. For members of this age group the risk of poverty or social exclusion increased between 2008 and 2017 from 15.5 percent to 17.7 percent. This is a sign that the German pension system is increasingly unable to guarantee pensions above the poverty level.

The risk of poverty and social exclusion is still far higher for people who were not born in Germany or another of the EU-28 countries. No positive development was observed for members of this group. In 2017 30.9 percent of this population group is affected by the risk of poverty or social exclusion, in 2009 (no data for available for 2008) it was 30.3

There is a positive development in the group of singles with dependent children, which has traditionally been particularly affected by poverty or social exclusion, although the number of those affected remains very high. In 2008, 51.5 percent of those in this group were affected by poverty or social exclusion. In 2017 the proportion fell to 42.9 percent.

A big issue in Germany is the overburdening of many households with rental costs, especially in urban areas. Looking at households at risk of poverty, the proportion of overburdened households rose from 42.2 percent in 2010 to 48.5 percent in 2017.

The number of homeless persons in Germany is estimated by the "Bundesarbeitsgemeinschaft Wohnungslosenhilfe" (BAG W). According to them 860.000 persons in Germany were homeless, an increase of 150 percent to 2014. The BAG W predicted a further increase to 1.2 million homeless people in 2018.

The number of food banks ("Tafeln") in Germany is estimated to be 941 in 2018, according to data from the Bundesverband Deutsche Tafel (a German association of food banks). 151 food banks have been added since 2008. It is estimated that 1.5 million people regularly use food banks, this is one million people more than 2005.

### **3. What are the key challenges and priorities? What do people in poverty think?**

Since January 1, 2015 a legal minimum wage exists in Germany. The minimum wage was initially set at € 8.50 per working hour and was increased to € 8.84 as of 2017. The two-yearly increases are to follow the development of collective bargained wage increases, but the time-delayed adjustment process of the minimum wage to the overall wage development has the consequence that it falls behind the general wage development over time. The initial level of the minimum wage was the result of a compromise between policy makers, employers and trade unions. The ultimate level was criticized from the outset. The low wage threshold (two thirds of the median hourly wage) was € 10.22 in 2015.

There is also a lack of social protection in the basic security system. In addition to receiving a cash allowance (“Regelbedarfssatz”), beneficiaries receive reimbursement of their housing costs – if appropriate. If both components are added, the amount of basic security is below the poverty threshold for most household constellations.

There is also a lack of social protection for so-called solo self-employed persons. They themselves have to provide for their old-age security, but many, because of their often-low income, do not buy such protection.

Electricity debt and power cuts are a major problem in Germany. In 2016 the power supply was interrupted for 328,000 customers due to unpaid bills. The closures resulted from a total of 6.6 million interruption threats. This figure shows that many households have payment problems. Often income poverty is the reason. In its position paper, the nak makes proposals for legislative changes and prevention that can prevent power cuts and reduce energy poverty.

### **4. Are EU and national governments helping?**

The European Commission’s country reports and country-specific recommendations have a high quality, the analysis is detailed, and the recommendations do help NGOs to address the government in issues of poverty reduction. But the government reports and programmes to the European Commission whitewashes/embellishes the situation in Germany in reference to poverty and exclusion. The extent of poverty and its significance for the individual as well as the society is not clear in the NRP.

Because the only indicator for poverty is long-term-unemployment and nothing else there are no real measures of the Structural Funds to fight poverty. Only projects in the context of training and reintegration into labour market are being offered. Some of these projects focus especially on the promotion of women.

Only the very small German EHAP program is focused on people with multiple handicaps that have no access to the labour market.

According to the new government a reform should help more people to benefit from the unemployment benefit (Arbeitslosengeld I) and more employees (especially in small businesses) should be able to get further training, especially those who are affected by structural and digital change. Another new law is supposed to help people who are dependent on unemployment assistance (Arbeitslosengeld II) and who without employment for a very long time to get a publicly funded job and coaching. These projects and laws are not implemented yet.

## 5. What is EAPN doing? Are you having an impact?

One of the main tasks of the national conference of poverty is observing and highlighting the conditions in Germany for the European level. The reason for that is communicating the circumstances of people in poverty and its causes being a taboo for the federal government and the associations of economy. Structural poverty also exists in Germany.

Every year EAPN Germany (nak) is organizing the Meeting of people experiencing poverty. This year it is the thirteenth time according to the motto "Armut stört immer" (engl. "poverty is always bothering").

We published position papers on 1) Poverty and Health 2) Poverty and Women 3) Reduction of energy poverty and preventing power cuts.

Furthermore, we are a member of an alliance which is dedicated to redistribution: introduction of property tax / increasing inheritance tax etc.

For the first time, the nak participates in the state report procedure on the UN Social Pact and has presented its own parallel report.

However, despite diverse and continuous work, no sustainable results (yet).

Advocating for people experiencing poverty and social exclusion is our main purpose for which we will remain persistent.

### **THEMATIC FOCUS 2018: WHAT PROGRESS ON IN-WORK POVERTY?**

Worrying is the increase in the risk of in-work poverty in Germany, especially through precarious employment. The longer-term perspective shows the fundamental paradox: the economy and employment are developing very positively, but there is little change in income poverty rates. The data suggests that the labour market has at least partially decoupled from social development. Obviously not everyone benefits from the economic prosperity. Particularly dramatic is that poverty is increasingly solidifying.

One problem especially for women if they reduce their working hours due to child care is getting back to a fulltime job ("part-time trap"). 1.8 million employees in Germany are working part time and want to work more hours. The government is planning to establish a right for employees to get back to fulltime work if they reduced their working hours before.

## 6. Key Recommendations

### → National Level:

- Containment of precarious working conditions and the low-wage-sector.
- Increase of minimum wage
- Raise the standard payment in all minimum income systems
- Sanctions in the unemployment assistance system (Arbeitslosengeld II) must not endanger the subsistence level
- Implementation of better options of combining work and family life
- Introduction of a uniform benefit payment for children

### → EU-Level:

- Germany has to consider further factors (the at-risk-of-poverty rate, material deprivation etc.) than only the number of long-term unemployed people in the NRP.
- Human rights have to be preserved.
- Social aspects have to get higher priority in the cohesion policy. Social and human interests should be more prioritized than economic interests.