

## **Poverty Watch Report 2020**

### ***EAPN 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 over 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 2011. In the second quarter of 2019 522,000 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 antipole 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?**

The total number of people at risk of poverty or social exclusion declined from 16.345 million to 15.253 million between 2008 and 2018. In 2018, 18.7 percent of the population is still affected by the risk of poverty or social exclusion, 1.3 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 2.535 million (3.1 percent of the population) between 2008 and 2018. The number of people living in households with very low work intensity declined from 7.044

#### **4. 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 € 9.19 as of 2019. 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 € 10.80 in 2017.

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. According to the Federal Network Agency's monitoring report on the electricity market, in 2018 the power supply was interrupted for 344,000 customers due to unpaid bills. The closures resulted from a total of 4.8 million interruption threats. This figure shows that many households have payment problems. Often income poverty is the reason. In its position paper, the IFA makes proposals for legislative changes and prevention that can prevent power cuts and reduce energy poverty.

Through the emerging corona pandemic the situation has become even more complicated

#### **5. Are there good /promising practices in your country/area?**

Billion-dollar aid programs for Germany The protective shield for employees, self-employed persons and companies is the largest aid package in the history of the Federal Republic of Germany. The total volume of measures affecting the budget amounts to 353.3 billion euros and the total volume of guarantees to 819.7 billion euros.

The Federal Government will take out new loans amounting to around 156 billion euros to finance these measures. The Cabinet has approved a corresponding supplementary budget.

Numerous measures will be taken to safeguard health care in times of crisis:

The Federal Government is providing an additional 3.5 billion euros, including for protective equipment and the development of a vaccine and other treatment measures.

A further 55 billion euros are available to fight the pandemic. This is important in order to be able to react flexibly and at short notice to the development of the pandemic.

The German government is putting up a protective shield for hospitals to cushion the loss of revenue and higher costs.

The current revenue shortfalls will also be cushioned for physicians in private practice.

Customs monitors compliance with the EU export ban on protective masks, protective goggles and protective suits.

Loss of earnings for families resulting from the closure of daycare centers or schools is largely compensated. This also applies to the self-employed and freelancers.

- Families who have lower incomes due to short-time work are given easier access to the child benefit supplement.

Small businesses, the self-employed and freelancers receive very extensive and rapid support:

- The federal government is making 50 billion euros available to provide unbureaucratic emergency aid for small businesses, the self-employed and freelancers. This means that one-time grants are made for operating costs for three months, which do not have to be paid back. The emergency aid complements the programs of the federal states. Applications are therefore processed from one source in the federal states.

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

The situation has been aggravated by the corona pandemic and there are no analyses available yet that could point the way forward

## 7. 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. Advocating for people experiencing poverty and social exclusion is our main purpose for which we will remain persistent. At present it is difficult to maintain the work of the nak, which has not been made easier by the Corona pandemic

## 8. THEMATIC FOCUS 2020 The Corona Pandemic

One Exempel Press Relais from nak

Nak to the economic stimulus package: Powerful answer to the Corona crisis, but improvement in the livelihood of poor people necessary!

On the occasion of the adoption of an economic stimulus package worth 130 billion euros by the Federal Cabinet, Gerwin Stöcken, spokesman for the National Poverty Conference, comments:

"The German government has launched an unprecedentedly comprehensive economic stimulus and investment package. It contains numerous measures designed to boost the economy, even beyond the crisis. The measures will be discussed in detail in the further political process, but overall the economic stimulus package is a powerful response to the corona crisis, which we welcome.

It is also important that the economic policy mistakes made after the financial crisis a good 10 years ago have not been repeated. The German government has recognized that the focus now is on strengthening demand and investment rather than on cutting back and saving.

Nonetheless, I would like to expressly draw attention once again to the fact that the social consequences of the Corona crisis, especially for the poorest people in our society, are still not sufficiently secured. We therefore call for the income situation of poor households and people on basic income support to be given greater consideration in the measures and for their situation to be improved in a targeted manner. In addition to contributing to securing the livelihoods of poor people, this would contribute to domestic demand and is thus in line with the objectives of the Economic Stimulus Pact.

## 9. Key Recommendations

### → National Level:

- o faster support for people in poverty

- o Increase of minimum wage and significant extension of controls

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- o Implementation of better options of combining work and family life**
- o Introduction of a uniform benefit payment for children**

**→ EU Level**

**o 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.**

**o Humanghts have to be preserved.**

**o Social asp riects have to get higher priority in the cohesion policy. Social and human interests should be more prioritized than economic interests.**

10.

Because of Corona, the poverty and wealth report was postponed to 2021. Unfortunately, this also means that the planned shadow report of EAPN Germany is postponed to 2021.

Due to the pandemic, our Poverty Watch Report is somewhat shortened this time and we hope to be better prepared for the next Poverty Watch Report

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