

# A POOR REPORT

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The original German text was made available to the *archezeit.de* website personally by Prof. Dr. Hengsbach. The English translation comes from Frances Kronenwett and was released by Prof. Dr. Hengsbach.

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The draft of the third federal government report over poverty and wealth is a labyrinth. Whoever has read the summary, the current situation of the stability of the social situation, government measures and the seven appendices without losing the thread of the whole thing after 413 pages comes to conclusions which are disturbing.

The continuing rise of those people at risk of poverty since 1998 has also continued in 2002 and 2005 at an average of 13%. However 24% of single parents were affected by poverty, 28% of immigrants and 46% of unemployed. Children are at a higher risk of slipping into poverty if they live together with a single parent or with adults who are unemployed. The number of those in continuous poverty has also increased. The gap between the poverty line and those who are poor, but with an average income has increased by a quarter. The number of those receiving unemployment benefits (*Arbeitslosengeld II*) increased between 2005 and 2007. These unemployment benefits have worsened the position of those formerly receiving "*Arbeitslosenhilfe*".

In 2005 more than a third of people employed full time were working in low paid jobs. The number of those in low paid jobs lay at 12% of all those employed in 2007. The

number of those working part-time rose by more than a quarter. The number of contract workers more than doubled between 2003 and 2007. The number of people working for low pay rose from 9% to 12% between 2002 and 2005. The standard wage decreased further. It applied to only 59% of those employed in 2005 in the west and to only 42% of those in the east, the former GDR. The number of people looking for work, but possessing no educational or occupational qualifications lay at 14% higher in 2006 than for ten years previously.

Gross salaries and wages sank by about 5% between 2002 and 2005, thus increasing uneven distribution. If one arranges the number of employees with gross incomes into ten groups, one will see that the portions of those incomes in the lower six groups have diminished, whilst those in the first four groups have increased. In the price-related net incomes of the private household the same tendencies were shown. These sank by 2.5%. The secondary redistribution by the State was less effective. The uneven distribution increased. The portion of total income diminished for the lower half of private households. For the sixth to ninth groups it remained unchanged whilst for the upper tenth it increased. The portion of net income for the middle class sank

from 53% to 50%.

Through the report the many reasons for poverty can be recognised. Low income is connected with the participation in employment and the distribution of the economical wealth. Further reasons are the difficulty in gaining access to educational qualifications, particular health risks, strained family relations, poor living conditions, loss of social contact and lack of participation in social and political matters as already explained. However the report does not mention poverty as meaning social and political exclusion, namely that poverty is caused - not by the poor themselves, but by the majority of the population and through political failure.

However, the chief assertions as well as the detailed representation of the situation are painted over with political whitewash. Election campaigns divert attention from this miserable situation and announce political success. Purpose serving data are simply removed from this labyrinth of figures.

The report supports the suggestion that poverty in Germany is being combatted. The thought of how poverty would spread should all State social networks disintegrate suggests how stable the Social State is. Those in government have deformed the State so much that

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poverty can neither be avoided nor set aside. The statement that Germany in comparison to other European countries is struggling relatively successfully against poverty diverts from this. Czechoslovakia seems to be more successful in dealing with poverty and Slovenia equally so. The same could be said for the statement that 10% of all those paying income tax are only managing to raise half of it. However it is not mentioned that those taxes affecting all members of the population, namely value added tax and consumer tax are burdened by everyone, putting a bigger strain on their finances. The fact that the poverty line has sunk from 938 Euro to 781 Euro has not been explained in the report as being due to the decline of the average income, but because of the changes in the measuring system. The 14 pages over wealth in Germany are shameful. The wealth threshold by a monthly net income of 3268 Euro is not convincing. Ascertaining wealth through a general inquiry of how an intelligent contemporary imagines the really wealthy to be has no analytical value. Merely joining in with public indignation over the explosive rise of managers' salaries only hides the structural causes of income and wealth concentration in financial capitalism. A sign of wealth could apply when a person can live a comfortable life alone from the interest of his savings or property value. The reason that the report

states that the number of households seriously in debt is not increasing, stems from the methodic limitations on the credit debts. The risk of poverty among single parents or two adults with children is stated using irregular methods with 24% or 36% or with 9% or 19%.

As a preliminary to the election campaign come all the legends scattered throughout the report - that the Agenda 2010 was successful - that the rise in employment will come to everyone - that "Hartz IV" secures people's livelihood or that education is a good way of avoiding unemployment and low income. Why a draft report of the minister of employment should be published before the federal cabinet dismissed the report remains a mystery.

Just how disputable the presentation of data is, is proved by the quota of those at risk of poverty. Two years ago it was explained that the number of those at risk of poverty had risen from 12.1% to 13.5% between 1998 and 2003. Is the figure of 13% for 2005 supposed to indicate that things are improving? The government has merely changed its measuring system. If a random sample was taken of income and consumption or a census carried out, then a figure of 15% would be more accurate. If the social/economic aspect was

chosen, then the figure would be more like 18%. Similarly the period of time of a shown distribution of wealth would be broken. The analysis according to 2003 shows us that the portion of wealth of the upper tenth of private households has risen to 47% of the total wealth of the country, whereas that of the lower halves remains at 4%. However the method used in producing an integrated income and wealth analysis is not less disputable as long as future legitimate changeable pensions and pension entitlements are based according to how much money or property people have. Finally the changing of the periods of times mentioned is also strange. The change in the poverty risk group covers the years from 2002 to 2005. The decline in unemployment however is demonstrated with data from 2006 and 2007. The deficits in access to education, educational success and its dependence upon one's social origins are covered by periods of time that go back into the last century.

The government's report on poverty and wealth is rich in words and expressions, but offers very few explanations and little information. In order to get rid of this deficit, perhaps one should offer the editorial staff a more authentic report instead of the pompous interpretation from the government. ■