



The German Miracle?



Dr David Rees



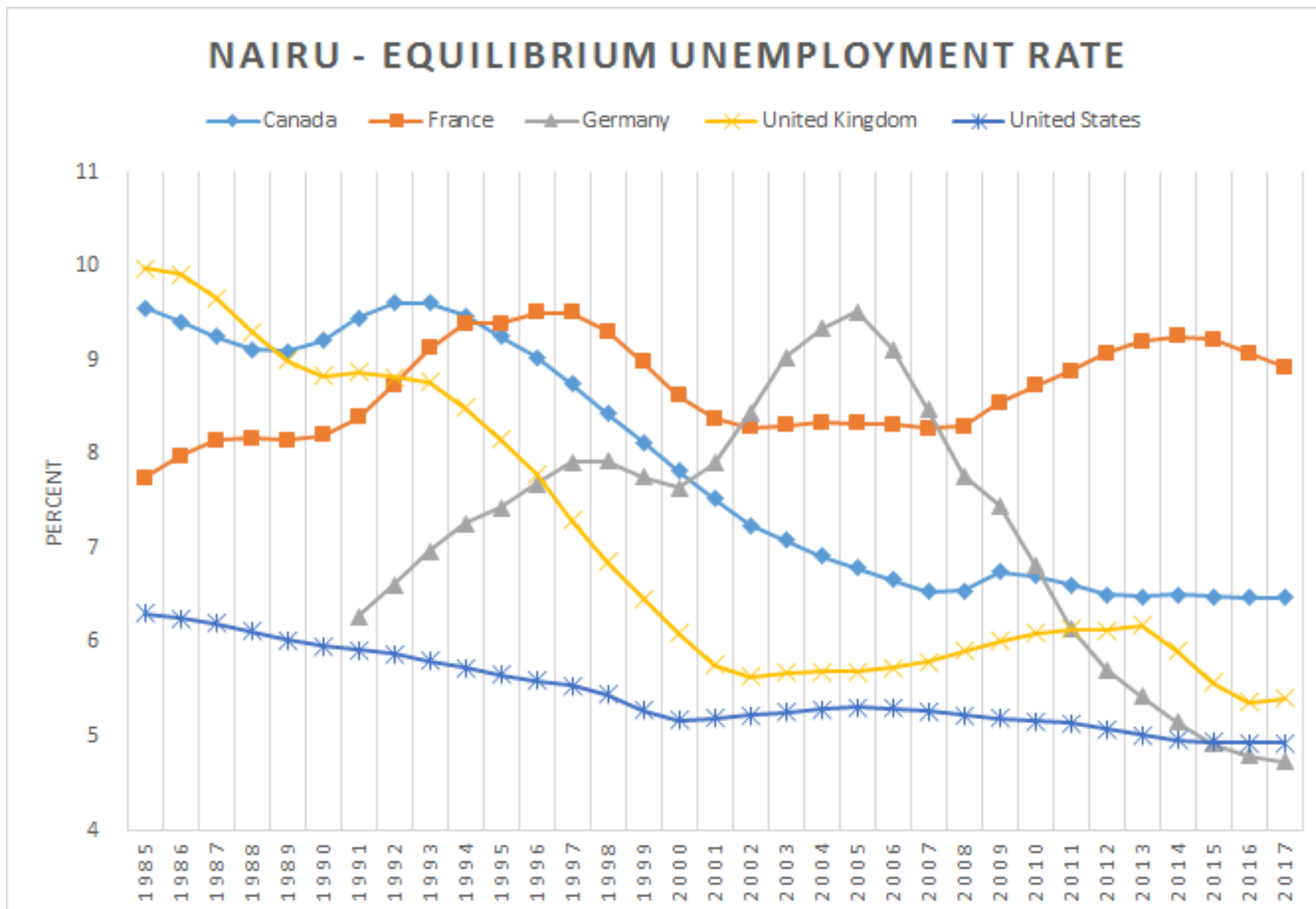
A French / German economic comparison.

This is what we see and hear through the media – but is it true?

Or should we be more critical ?

Bitter Legacy - The Social Democrats and the Hartz Reforms

*Under Gerard Schröder, the **Hartz reforms** start in 2002*



Hartz Reforms 2003-2005



- Fuse social aid with unemployment benefit for long-term unemployed provided by the JobCentre. 409€ per month in 2017. To receive this you are 'controlled'.
- By the end of 2016, Hartz IV included 6 million people – 2.6m unemployed, 1.7m non-official unemployed, jobs at 1€, mini jobs etc. and 1.6m children of their children.
- Industry used Hartz IV to replace regular contracts with precarious jobs.
- Temporary agencies – 300,000 jobs in 2000, 1,000,000 in 2016
- The working poor – receiving less than 979€/mois, has increased from 18% to 22%
- The introduction of a minimum salary at 8.84€/hour has not helped; 4.7m workers survive with a mini-job, with a maximum of 450€ per month.
- If you don't accept a job you are excluded from unemployment benefit.

Blessed are the Poor

Gerhard Schröder: *'Someone who can work but doesn't want to, has no right to solidarity. There is no place for laziness in our society'* (Bild 2001)

Emmanuel Macron: *'Germany has carried out impressive reforms in the labour market'* (2015 Beltz Juventa, Weinheim)

Gerhard Schröder: *'The cost of labour has become unsupportable for workers and which stops employers creating jobs... We have to cut back state expenditure, encourage individual responsibility, and demand more effort from everyone'* (Bundestag, 4 March 2003)

Walter Wüllenweber (journalist): *'Poverty is not a question of money but a poverty of spirit. The lower classes have enough money, but they lack culture... Their poverty stems from their behaviour, it's a consequence of their sub-culture'* (Stern, 2004)

Franz Müntefering (President of the SPD): *'Only a person who works has the right to eat'* (Bundestag, 2006)

Front Page of de Bild: *'A researcher has confirmed that 132€ per month is sufficient to live!'* (6 Sept. 2008)

A JobCentre worker: *'We supply employers with cheap humans'* (Die S'ddeutsche Zeitung, 9 March 2015)

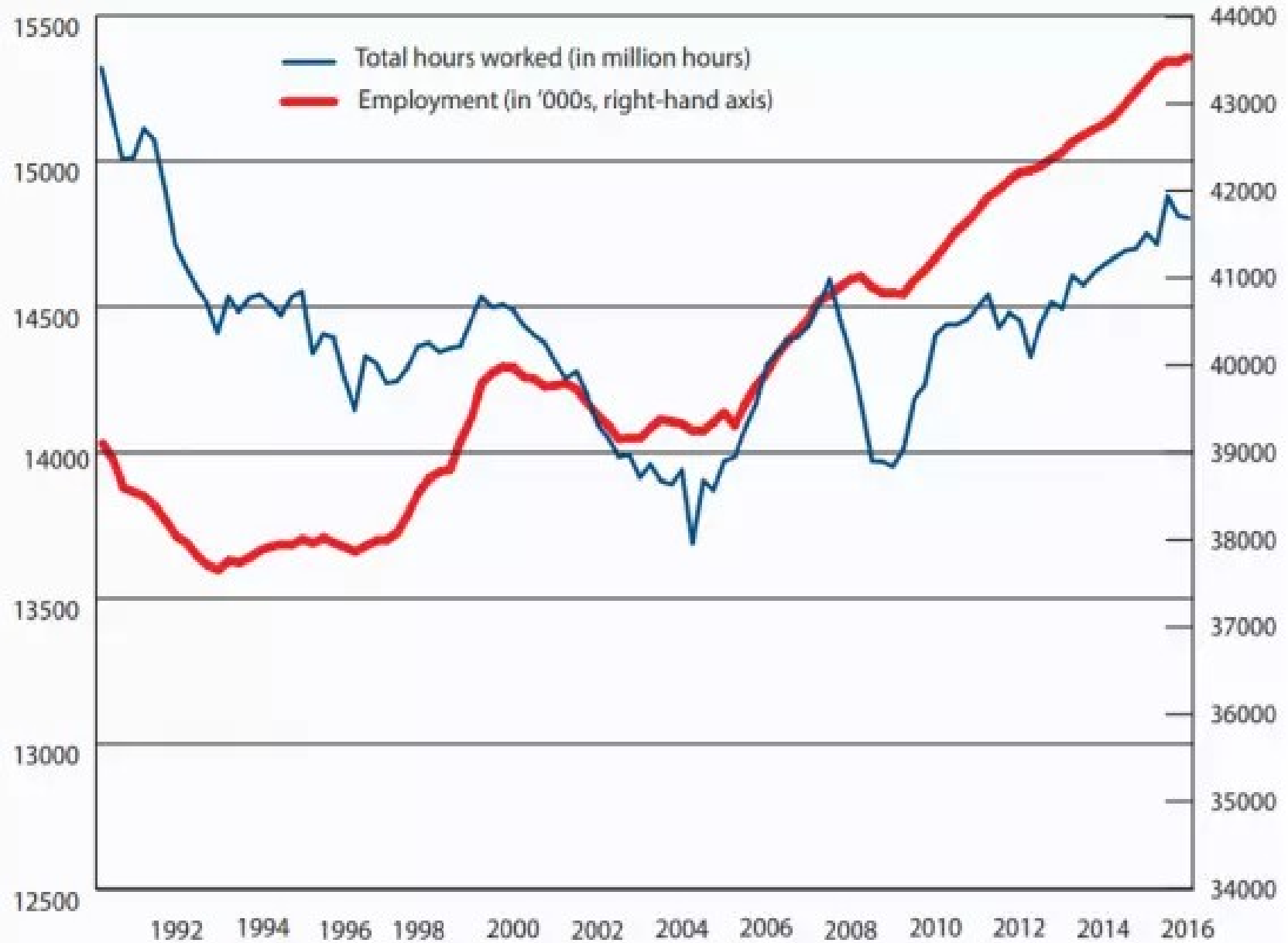
"Germany was not much different from its European neighbours. Between 2003 and 2005 it implemented a series of so-called Hartz reforms of the labor market. Among these the notorious Hartz IV reform of 2005 was reducing unemployment assistance benefits for the major part of the German workforce. It was also cutting the time period during which unemployment insurance benefits were to be paid. While the government aspired to curb unemployment, the danger of Hartz IV was obviously in hurting the least socially protected, such as for instance the long-term unemployed with low chances of finding a job. Indeed, the reform has quickly assumed a negative image in the perception of the general public. It was widely felt that Hartz IV is really "the end of the welfare state" and overall harmful to workers."

Science Daily. For the full article:

<https://www.sciencedaily.com/releases/2013/11/131107094029.htm>

See also (in French) 'L'enfer du Miracle Allemand' Le Monde Diplomatique Sept. 2017

The myth of the German jobs miracle



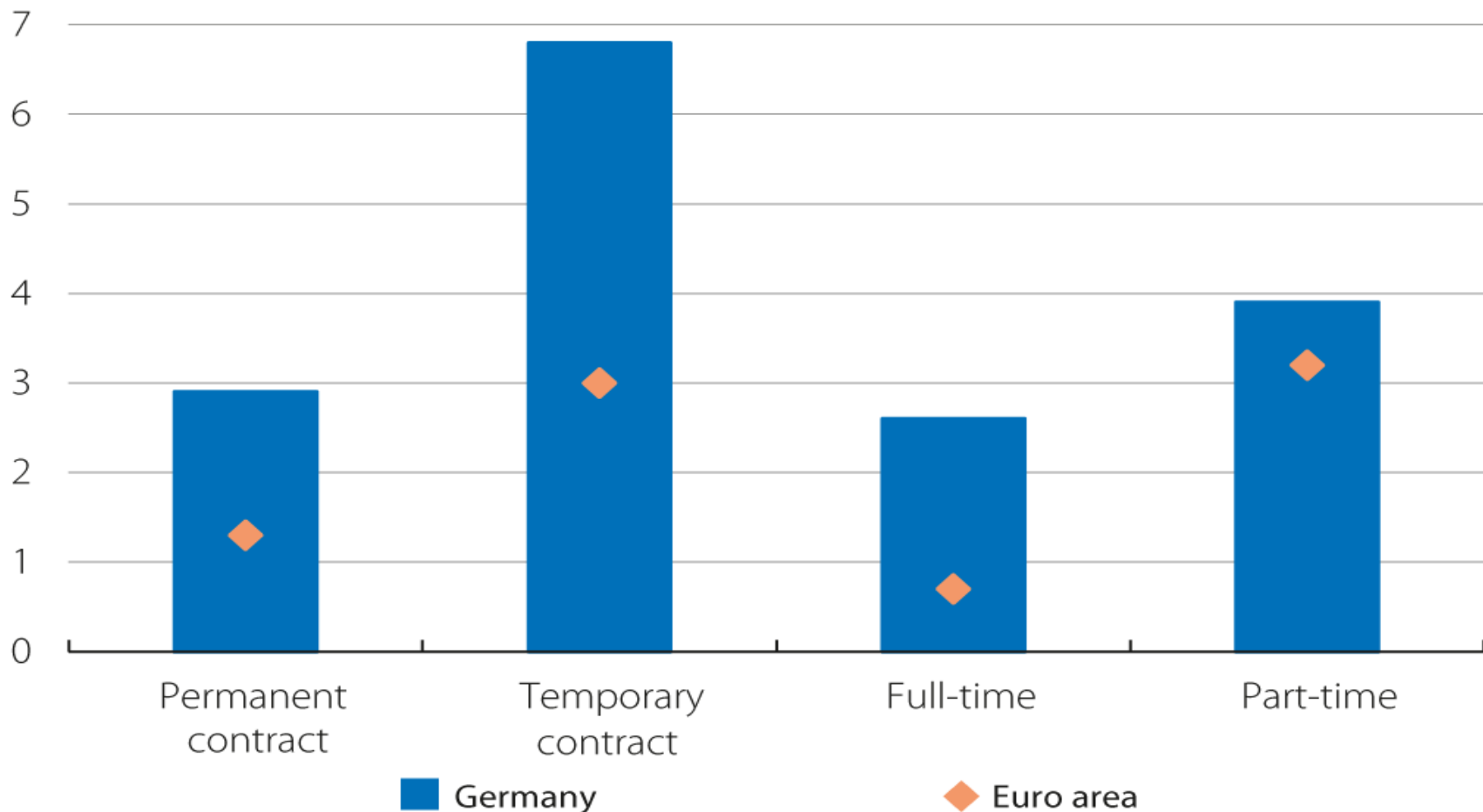
Financial Times



See: (LSE) *The Rise of Foodbanks in Germany*
German poverty rising (DW - film) 2m

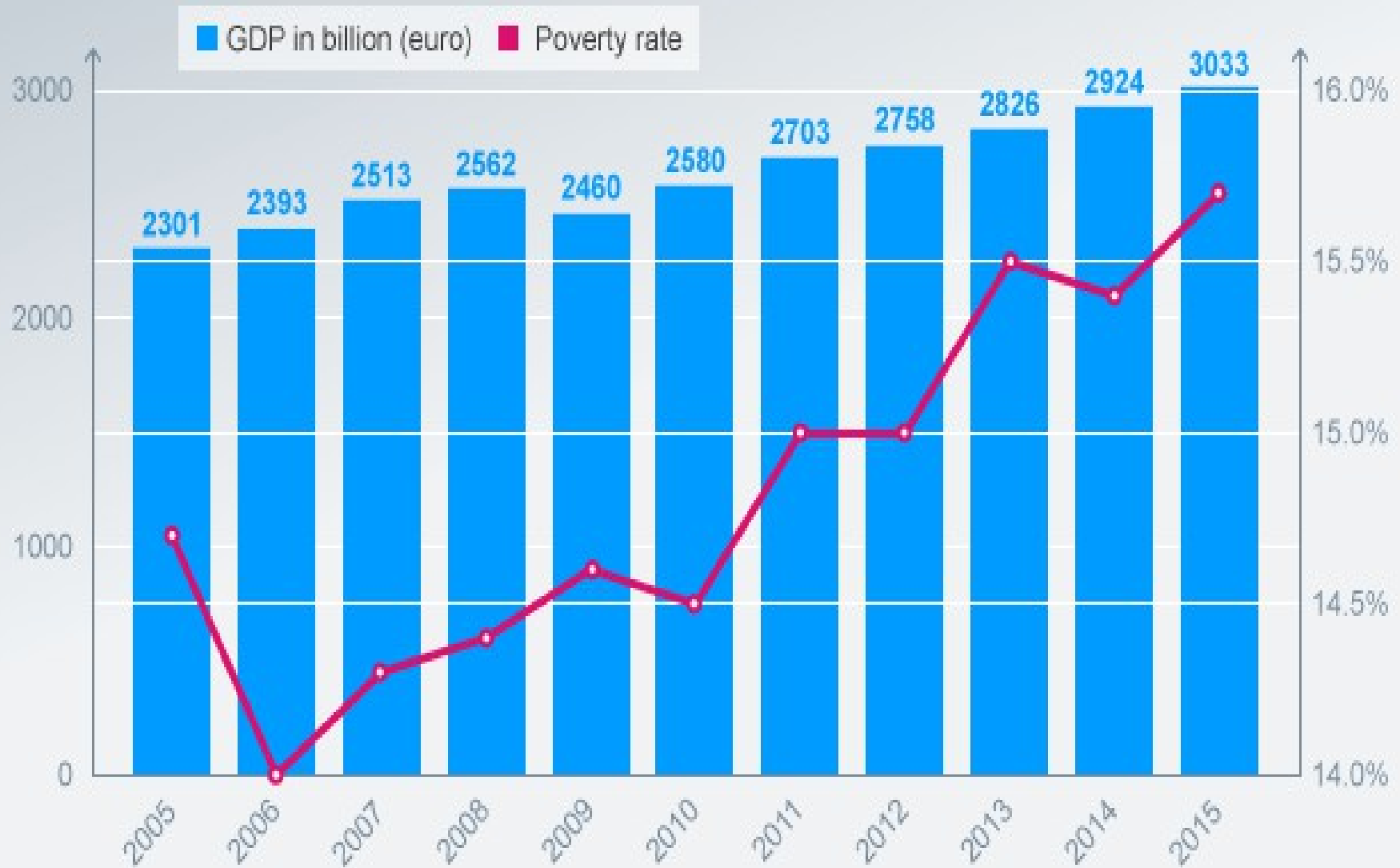
The risk of poverty has risen among the unemployed and more flexible occupations

Change in poverty risk by contract type, 2005-2011
(percentage points)



Sources: Eurostat and "la Caixa" Research.

Poverty and economic development in Germany 2005-2015



Source: Federal and State Statistics Offices, German Central Bank

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References and Links

Minijobs don't work in Germany and won't work in the UK (The Guardian)

Bitter Legacy - The Social Democrats and the Hartz Reforms | People & Politics

The German model in one minute – film 1m

A French / German economic comparison.

Science Daily. For the full article: Hartz IV reform did not reduce unemployment in Germany

<https://www.sciencedaily.com/releases/2013/11/131107094029.htm>

(in French) 'L'enfer du Miracle Allemand' Le Monde Diplomatique Sept. 2017

(London School of Economics) The Rise of Foodbanks in Germany

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The good and bad in Germany's economic model are strongly linked (The Economist -"Vorsprung durch Angst")

Controversial Reform - Hartz IV Five Years On | People & Politics