

Social Exclusion and Poverty in Germany

The Definition of Poverty

In Germany we are talking of Relative Poverty

Relative poverty inflicts a shortage of material and immaterial goods and restrictions of chances in ones life, compared with the average wealth of the society.

This means:

- 60% less than average = *threatened* by poverty,
- 50 % less than average = poverty,
- 40 % less than average = heavy poverty

Subsistence income in Germany in 2012: 7.896 € per year or 656 € per month for a single person

Diagramm: Percentage of people threatened by poverty in Germany



What are the origins of today's poverty in Germany

- Industrial conversion, loss of industrial workplace since 1980.
- Technical development.
- Deregulation of the labour market during the last decade.
- Globalization and power of banks contra social welfare

Industrial conversion has an extremely strong impact on our region, the Ruhr Area. Traditionally the Ruhr Area has been an area of coal mining and steel production.

The dramatic results are:

1. Many people belong to the Working Poor, they are severely threatened by poverty although they are employed
2. A high rate of long term unemployment

The Working Poor

Every fourth earner (25%) is working on low wage, which means:

In Germany, more than 4 Mio earners are working for less than 7 € per hour (gross wage), 1,4 Mio earners on less than 5 €.

Who are they?

Employed persons in

- regular full time jobs
- hired out employment
- internships
- Minijobs / 400€-jobs

Affected are

- Young adults, even well qualified. 75% are qualified or with an university degree
- Well trained men and women working as professionals in hospitals, in nursery school, retail trade and other services.
- Part time work /low wages – especially women and single parents (mostly women)

Unemployment

- Unemployment in Germany: 2012: 2.8 Mio = 6.8%
- Unemployment in our region Ruhr Area: 2012: 744.222 = 8.3 %

In Dortmund:

- Unemployment June 2013: 13.2 %
- Long term unemployment: 46.7%

A very severe turning point was implemented by federal legislation in 2005 - the so called **Hartz** regulation I – IV in the framework of the “Agenda 2010”. This new system of state transfer payments, especially of unemployment payments (Hartz IV) has been named after its inventor Peter Hartz, a former Board Member of the Volkswagen AG and a close friend of former Chancellor Gerhard Schröder.

Since the implementation of Hartz IV every person between 15 and 65 years old who is able to work at least 3 hours a day is expected to accept any employment, refusal causes the cut down of benefit. After one year of unemployment every unemployed person and his or her family members becomes subject to Hartz IV regulation. Therefore also highly qualified persons, who had earned good money for many years, are forced to live on Hartz IV benefit after one year of unemployment. A family living on Hartz IV is called a “Bedarfsgemeinschaft” (household in need). If any member of the family earns more than 160 Euro per month this is drawn off the benefit.

Hartz IV benefits are only slightly above the minimum subsistence for the family. Per month this is:

382 € for a Single; 345 € for each partner in couples; 224 € for children under 6; 255 € for children 6 – 13; 289 € for children 14 – 17; 306 € for children 18 – 24.

Additional there is a benefit for rent (limited square meters) and heating (not for electricity and electrical heating)

Social exclusion

Single persons and families who have to live on Hartz IV benefit live their everyday life threatened by poverty or even in poverty. This means a hard decrease of quality of life, the rise of health problems and social exclusion. A steadily increasing problem is the extremely high costs for heating and hot water. In many cheap flats you find radiators run on electricity instead of central gas heating. As benefits do not cover the expenses for electricity, many people cannot afford heating and warm water. Social exclusion hits the families, especially lone parents and seniors. The income of the benefit doesn't allow spending the money on social and cultural participation. Social exclusion very often also leads to growing loneliness, people not being able to invite friends, to go restaurants or to the cinema.

There is a dramatic situation for senior citizens ahead

- More than 30% will have pensions below 600 €/month
- Already today many women face poverty, especially when they have spent some years with family work.
- After 35 years work as a nurse might receive not more than 500 €/month.
- Low wages and unemployment will create extreme poverty for senior citizens in Germany.

Political demands by NGOs

- Nationwide implementation of guaranteed minimum wages
- Improvement of the unemployment insurance for short time employed persons
- Aid for employed persons with low wages, especially with children
- Equal wages for temporary workers, limited duration of temporary work
- Every employment must be subject to social insurance

Labour market strategies to fight long term unemployment

Due to the decrease of general unemployment on federal level, in the last four years the German Federal Government had cut down the financial means of job creating and qualification projects. They shut their eyes toward long term unemployment and the problem of poverty.

NGOs demand for long lasting labour market strategies to create funded employment

There are various programs of the federal Employment Agency and the regional Jobcenters to fund employment of long term unemployed persons. Widest spread and best known are the so called "One-Euro-Jobs", in German "Arbeitsgelegenheiten (AGH). Those are funded workplaces in the social sector or in community work. In AGH, long term unemployed persons with very low chances to find regular employment are working up to 30 hours a week in public or social institutions. In addition to the Hartz IV benefit the AGH-employee receives 180 Euros per month. The aim of AGH is to promote the integration into the labour market by giving the possibility to get work experience and to develop professional and personal skills.

There is the critical point that AGH-work is mandatory. The local Jobcenters oblige persons receiving Hartz IV benefits to take up work in AGH. Many persons, also long term unemployed academics and immigrants with high qualifications, have to work in unattractive workplaces or low positions below their qualifications. This neither promotes their motivation nor does it help to get a new permanent job. If one refuses to take part in the program one risks the cut-down of monthly benefit. Over all the success of the program in view of integration into a permanent job is rather small

On the other hand this program offers help and professional support to quite a number of long term unemployed who have no other chances to get out of total social and professional exclusion. Taking part in an AGH job offers the opportunity to start into the day going to work, to feel proud to have a useful task, to learn new skills and to get into contact with fellow colleagues.



Some information about Dortmund

The history of Dortmunds backbone of coal, steel and beer

Dortmund is a town with nearly 600.000 inhabitants. It lies in the heart of the federal state North Rhine-Westphalia in the western part of Germany and on the eastern fringe of the Ruhr Area. For more than a century it was known as the city of coal, steel and beer, these three production lines being the backbone of economy. All of them nearly vanished within the last twenty years, and an enormous conversion of the city and the region has taken place.

At the end of 19th century there has been a very fast development of coal mining, starting at the river Ruhr in the south of Dortmund and working its way up to Dortmund and to further northern regions. Until the middle of 20th century there existed 15 coal mines in Dortmund. In the mines and as well in the mining supplier business ten thousands of workers found employment, for generations sons taking over from their father. Furthermore, at that time thousands of labourers from Poland and Silesia found employment in the companies that were in need of more labourers. Immigration on large scale started. Today you can find many Dortmund families with Polish names, living and feeling like old-established Dortmund people.

In the late 1950ies, when it became cheaper to buy coal on the global market, the decline of the Dortmund coal mining began, and a first huge wave of job losses took place. In 1987 the last pit was shut down.

The development of coal mining was accompanied by the development of steel production. The main steel company, the Hoesch AG, was founded in 1871 and existed with three production sites, a coking plant and many companies of mechanical engineering for generations within the urban region of Dortmund. Again there was a big need of labour, and in the Sixties the companies started to recruit labourers from Turkey and other southern European countries. In 1991 year the Hoesch Company was subject to a hostile takeover by Krupp Company, which later merged with Thyssen Company with the consequence, that steel production and steel forming in Dortmund were systematically abolished, although only a couple of years before a huge amount of money had been invested in modern steel technology. Very heavy strikes and demonstrations, not only of the workers and their families, but of a huge part of the citizens, could not stop this development caused by the interests of banks and beginning globalization. Thousands of workers dropped into unemployment.

In former times, Dortmund was successful in a third branch of production: beer. Already in the Middle Age, in 1244, Dortmund became quite famous for its special beer which was brewed together with a number of herbs like rosemary, myrtle, caraway, juniper, laurel and resin as special ingredients, and the town was awarded the monopoly to brew beer by king and emperor. In the 15th century the herbs were replaced by hop, which gave the beer a better taste and, more important, made it easier to preserve. So it could be exported to places far away. In early 20th century the "Dortmund Export" became a very famous brand and Dortmund became beer town number one in Europe and No. two in the world. But, with the decline of the industrial production and the mass redundancies the beer drinking declined too and many breweries closed, adding more unemployment to the labour market in Dortmund.

In the time between 1969 until 1994 the number of persons employed in industrial production in Dortmund decreased from 127.000 to 37.000.

Dortmund today

Some facts: In December 2012 Dortmund has 579.012 inhabitants. 12.8% are younger than 15 years, 20.4% are older than 65 years.

80.088 persons live on Hartz IV, including 57.633 persons who are registered as being able to work, although many of them don't have a chance to integrate into labour market: lone parents with small children, people in severe difficulties, handicapped people, people over 50 years old.

177.000 (30.5%) of the inhabitants in Dortmund have non-German roots, with about 99.900 having obtained German citizenship and about 77.000 with a foreign passport. Of all ethnic groups with non-German roots the Turkish group with about 41.000 persons (23,2%) is the largest one, followed by the Polish group with 38.000 persons (21,7%). (Source: Dortmund statistics 2013)



Due to the industrial conversion, Dortmund made great efforts to create new fields of business and employment. Many new workplaces in IT-technology, Microsystems, Logistics, Retail Trade, Banking and Financial Services have been created in the past 10 years, But these places, most of them requiring very high qualifications, could not replace the huge loss of the industrial workplace. With the support of European funding many new conversion projects were implemented, abandoned steel plants and pits were transformed into interesting places of historical sightseeing, new technology became a priority scheme, and many projects to qualify people for the new kind of jobs were and are still carried through. Nevertheless, economy being more and more ruled by international market deregulation, the structural change still does not offer realistic chances to the majority of the former industrial workers' families. Many families live to see the third generation of unemployment.

Therefore, poverty is a very serious problem in Dortmund. Along with the city of Duisburg (on the west fringe of Ruhr Area) Dortmund is regarded as one of the two poorest cities in Germany. In Dortmund 23% of the people are threatened by poverty, a number which increased by 24% since 2005, and there are even 30.2% of poor children under 15 years of age.

Best practice projects visited by LEMOR

In spite of the cut down of financial means by the Federal Government, the Dortmund Jobcenter and the City of Dortmund in cooperation with local NGOs and associations launched some good programs to support projects against long term unemployment and exclusion within the framework of funded AGH-employment.

During the visit of the LEMOR-partners in Dortmund we were able to visit some of these projects. Two of them are described here as best practice examples of the work against exclusion.

Social Department Store in Dortmund



The Social Department Store in Dortmund is implemented and run by Diakonisches Werk Dortmund, the institution of social welfare work of the Protestant Church.

On 1,200 square meters, the Social Department Store offers furniture, household goods and clothing for very low price. All goods are donated, mostly by private persons. A team of truck drivers picks up the goods at the donators' houses. One section of the Department Store houses the cleaning and ironing of the donated clothes. If necessary, the furniture is refurbished in the carpenter workshop "Passgenau". This workshop is also run by Diakonisches Werk as a

project for people in extreme difficulties, often with drug or alcohol addiction.

The idea of the store serves for two aims:

One aim is to offer clothes and other useful items in good condition but cheap to citizens have a very small budget. The majority of its customers are people threatened by poverty, living on benefit, long term unemployed and their families and older people. But the store is also a good place for students and actually is open for everyone, but registered social beneficiaries receive reduction of 5%.

The other aim is to give some time of employment and training.

About 30 to 35 people are working in the AGH program from 15 to 30 hours a week, men mostly as drivers, women in the washing and cleaning of the clothes and in the work in the shop. The main focus is the imparting of experience in retail trade. "80 percent have no experience with it, or even an education" says the manager.

Besides the management there are permanently employed instructors and social pedagogues. They offer training in professional and personal skills with the employees, and give them support in setting up applications and in preparing job interviews.

"It means a lot to me to work here in the social department store," says Barbara. "I'm learning a lot here," says the 57-year old woman, picking up some children's clothing which had dropped on the floor. Barbara and about 35 other men and women are working in various fields in the department store. Because of a long illness, the trained cook assistant couldn't work any longer in a kitchen and was unemployed in Hartz IV. Today, she can work for nine months in the AGH-Program in the Social Department Store. Her aim is to gain experience and skills to work afterwards permanently in retail trade. She learns to deal with POS systems, with the restocking of goods, with decorating and especially with the customer counselling. She is very happy. "I have nice colleagues. They help me to get on." Besides working she and the other employees take part in trainings to acquire professional skills. Especially communication skills with customers are important. The customers who come to look and to purchase goods in the Social Department Store should be treated friendly and with dignity in order not to make them feel like second-class customers.



Haus der Vielfalt (House of Cultural Diversity),

The House of Diversity is run by VMDO, an umbrella association of 34 immigrant associations in Dortmund with different cultural backgrounds like Lazi, Zazaki, Turkish, Kurd, Persian, Russian, Greek, Tamil and from Sierra Leone, Cameroon, Nigeria and more. This umbrella association, existing since 2008 and permanently growing, is unique, locally as well as on national level. The people with different cultural backgrounds decided to pursue the goal to put together their competencies and their experience in order to develop mutual understanding and cultural participation in the Dortmund society. They organize projects for children in the daily child care group KIVI, projects for women as the Mai-Jobcafé, musical education, various professional training courses etc. They also form an important pressure group aiming at local politics and local administration.

Ümit Koşan, Managing Director, of VMDO, received our LEMOR group and told us more about the activities of VMDO and the House of Cultural Diversity.

The building, a former primary school, was donated to VMDO by the Council of the City of Dortmund about one year ago. With the volunteer help of a great number of enthusiastic members from all groups the building was renovated, renovations still going on. It is a three-storey house with many rooms to accommodate the management of some of the organizations, rooms for courses and events and for counselling. On the ground floor there are the rooms of KIVI, offering games, theatre and musical groups and fun to the children of the multicultural neighbourhood in the afternoons and on weekends. <http://vmdo.de/kivi>

On the first floor you find the team of the Mai-Jobcafé. The Jobcafés are open meetings for women with migration background in different languages, installed in several districts in Dortmund. There are cafés in Turkish, in Russian, in Arabian, in English and in French. They offer holistic support to women, many of them living a secluded life because of language problems, unemployment or other difficulties in their personal situation. This project is funded by the City of Dortmund and the Jobcenter Dortmund.

On the second floor is the editorial room of the newspaper ECHO der Vielfalt (Echo of Diversity, a bi-monthly newspaper with 20 000 copies published. Volunteers as well as AGH-employees form the editorial team. They go out to make interviews in associations, with politicians and artists in order to be on top of the interesting and important news about intercultural life in Dortmund and the region.
<http://vmdo.de/echo-dezjan2014/>

At the end of the visit we had a great lunch served in the Café of Diversity.

