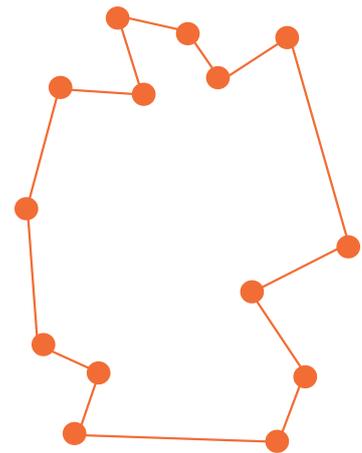




COUNTRY MONITOR



GERMANY

Social Rights Monitor 2019



Germany finds itself in an economically stable situation, at least from the surface. With a budget surplus of 1.7% in 2018, Germany sees its surplus increasing and therefore has ample space to boost public investment. What dwells beyond the numbers highlights the fact that major reforms and improvements must be made when it comes to public investments into education, social protection and infrastructure, research, digitalisation, sustainable transport and affordable housing. The desire for conservative public accounting must not be bigger than valuable investments into education, social mobility and fair labour conditions. The minimum wage was one of the most prominent policies in the area of social and employment law in recent years in Germany. While it counteracted the stagnation of wages since its introduction in 2015, there are still severe concerns regarding the circumvention of the minimum wage in sectors such as construction, hospitality or cleaning. Furthermore, due to several reasons, the minimum wage did not have the hoped effect of efficiently lowering poverty rates and social exclusion. The low unemployment rates in Germany are a positive sign, however, the potential and opportunities of under-represented groups such as women and people with a migrant background must be significantly enhanced and supported. Pressured by an increasing right-wing rhetoric, the coalition government of the conservative party CDU and the social democrats SPD pushed through a controversial migration package in 2018. Amongst other things, it included the federal introduction of mass reception centres *Ankerzentren* as well as eased regulations to deport asylum seekers.



Gini Index: 29.1

Unemployment: 3.4%

Gender equality index: 66.9

Youth unemployment: 6.2%

AROPE: 19%

Social welfare spending (as % of GDP): 19.4%

Tax on labour as share of total taxes: 56.9%

In work poverty: 9.1%

CIVICUS civic space monitor: Open

Equal opportunities and fair working conditions

Significantly aided by economic growth, unemployment levels in Germany fell to 3.2% by the end of 2018 and to 6.2% for youth. While the figures for employment are mostly gratifying, real wage growth has been very limited to around 1%¹. The section on minimum income shows that it takes many efforts to counteract this tendency. This is particularly of concern for low-income earners that are faced with too heavy tax burdens. Indirect tax such as the VAT which is set at 19% (reduced rate at 7%) in Germany hits low-income households the hardest, as they have to spend a higher amount of their income on taxes². Moreover, concerns in the labour market relate to under-represented groups such as women or people with a migrant background, including refugees, who see their talents and potentials under-used³. Demographic change will further strain public finances, highlighting the fact that the German pension system must be made more sustainable and adequate for the future.

Minimum wage

The German minimum wage was decided in July 2014 and introduced in January 2015 at a level of €8.50 per hour. It was adjusted to €9.19 in 2019. 2 million employees and workers benefit from this

enhancement in Germany⁴. The minimum wage applies to all full-aged employees and workers. Exceptions are made for long-term unemployed after starting work in the first six months as well as apprentices, compulsory internships and internships under three months. The minimum wage, when well implemented and adjusted to living costs, is an important tool to fight wage stagnation prevalent in many European countries.

Findings show that the minimum wage in Germany has not reduced the number of total jobs as was feared by some but, at the same time, only marginally helped people out of poverty and did not improve levels of inequality as hoped⁵. There are a few reasons why this is the case. Firstly, the minimum wage regulation is still too heavily circumvented, particularly in sectors such as construction, hospitality or cleaning. Within those sectors, particularly affected were people with 'mini-jobs' (max. €450 per month), employees of small firms and foreigners⁶. Furthermore, a 73% of minimum wage receivers live in high-income households, among students, pupils or pensioners. Three quarters of people in poverty in Germany are not in employment, which is why the minimum wage does not improve their situation and has a very limited effect on the 'at risk of poverty' numbers⁷. Therefore, the minimum wage remains an important tool in fighting stagnating and extremely low, to effectively fight poverty more and other social inclusion measures need to be taken.

Social protection and inclusion

Lacking social mobility

Despite overall economic wealth in Germany, major deficiencies persist in equality of opportunity and a robust persistence of intergenerational inequality. A study conducted by the OECD claims that it takes a child from a poor family background six generations or 180 years to reach the average national income⁸. Children from poor families therefore have



a very hard time climbing the social ladder, particularly when compared to other EU countries such as Denmark where it takes two generations and the United States where it takes five⁹. Those who have succeeded in climbing the social ladder mostly owe this to their own persistence, family support, individual supporters, and often coincidences. This emerges from the study “Pathways to Success”, for which more than 70 newcomers from Turkish families in the Ruhr area, Berlin and Frankfurt am Main were interviewed, including lawyers, teachers, independent entrepreneurs and senior executives¹⁰. Our National Strategy Group highlights some positive policy developments in the realm of social protection and inclusion such as BAföG-Reform (Federal Training Assistance Act), Starke-Familien-Gesetz (Strong Families Act) or the Gute-KiTa-Gesetz (Good Daycare Centre Act).

Migration and reception of asylum seekers

At the forefront of the migration debate were the so-called *anchor centres* (Ankerzentren) that are specific reception centres for asylum seekers in Germany. The Bavarian CSU, sister party of the federal CDU, enforced this demand in the coalition agreement between the CDU and SPD. Up to 1.500 people are to be accommodated in these centres with an “obligation to stay” until a decision on their status has been made¹¹. Various civil society actors and other commentators raised severe concerns about these anchor centres calling the expression euphemistic and veiling¹². The German NGO Pro Asyl is concerned that “a permanent isolation in massing housing is catastrophic for those affected¹³”. The persistent, cramped coexistence of so many people leads to conflicts and burdens people with flight experiences and a very unclear life perspective. They are often also worried about relatives in crisis areas. Despite heavy criticism, the Bundestag under the coalition government of CDU and SPD approved the anchor centres as part of the migration package in June 2018. It provides, besides the anchor centres,

also that people who are to be deported, can be taken more easily in custody and detention. Another concern is the controversial “Orderly Return Law”¹⁴.

Good practice

Project Soul Talk

Soul Talk started in 2017 as a joint project of Doctors Without Borders and the St. Josef Hospital in Schweinfurt. It is a low-threshold offer for psychosocial care of refugees, implementing a concept that MSF has developed for crisis regions. People who themselves have a refugee background and speak the same languages as the refugees are trained to be psychosocial counsellors. Soul Talk does not replace any therapy: “It’s more about prevention, and the refugees should be supported so far in their difficult life situation that they do not suffer from chronic mental illness.¹⁵” Counsellors always work closely with two psychologists and participate regularly in further education. Doctors Without Borders hopes to find imitators for the model project in Germany.

Civic space

Germany faces a rise of growing right-wing extremism most visibly with the continuous election successes¹⁶ for the far-right party “Alternative für Deutschland” (AfD) established in 2013. Since 2017, the AfD is the third biggest party in the German Bundestag and openly cooperates with the far-right and Islamophobic group Pegida (Patriotic Europeans Against the Islamisation of the Occident). Our National Strategy Group is particularly concerned that this development has shaped the public narrative and discourse. While progressive forces can be mobilised as a response to this trend, criticism remains that rather than putting their own issues forward civil society and progressive parties react to a right-wing agenda as can also be witnessed with the introduction of the migration package of 2018¹⁷.



According to CIVICUS Monitor, Germany's civic space can be considered "open" with issues such as climate justice and sustainability, digital rights and anti-surveillance demands taking an important role¹⁸. Nevertheless, the situation for civil society should always be judged based on the standards in the region rather than a global or European average. An example for this is the incidence of the non-governmental organisation Attac which lost its recognition of "general interest" in 2019. Attac is an international movement that seeks alternatives in the globalisation process by putting people and nature before profit and has become known for demanding a financial transaction tax and by protests against the European Central Bank¹⁹. This ruling from the Federal Court of Justice, which might seem like a legal formality, has severe financial consequences for the organisation²⁰. Most German NGOs have this "general interest" label, and thus have easier access to public facilities and their donors can deduct their gifts from tax. The justification was based, in essence, on the fact that Attac was "too political", claiming that their activities were going beyond political education and campaigning. However, such an interpretation of "general interest" puts at risk the work of many other organisations that might feel intimidated by this ruling²¹.

Comparison to Country Specific Recommendations

The Country Specific Recommendations for Germany²² commence with the proposition to put more emphasis on private and public investment, particularly in the areas of education R&D, digitalisation, broadband, sustainable transport and affordable housing. It is notable that even the European Commission is concerned that more investment must be made on the regional and municipal level with the aim to further these areas. This is opposed to purely insisting on a budgetary break-even point, the "black zero" as referred to in German. In terms of labour market

policies, it is recommended to shift tax burden away from labour, reduce the level of involuntary part-time employment as well as strengthen higher wage growth. The sustainability of the pension system is furthermore an important concern that the European Commission raises as well as educational outcomes and skills of disadvantaged groups that must be significantly strengthened. The recommendations for Germany reflect that, while being an economically strong country, significant improvements must be made in terms of redistribution policies and the strengthening of returns to labour rather than to capital.



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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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