



Volume 10. One Germany in Europe 1989 – 2009

Popular Outrage against Cuts in Unemployment Benefits (August 9, 2004)

A team of journalists describes the surprising surge of protest and popular outrage against the government-sponsored Hartz Commission and its recommended cuts to unemployment benefits. The public response intimidated reform-oriented politicians; the only politicians who benefited from all of this were post-Communists in the East and hardline Leftists in the West.

The Big Hartz Hysteria

Germany in panic: the planned social cutbacks have sparked a vague mood of impending doom, even among those not directly affected by them. CDU and FDP strategists are already distancing themselves – from themselves. The PDS is the main winner in this eagerly stoked panic.

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“Hartz IV has got to go.” A wave of summer-time indignation is washing over the country. It started in the dreary residential districts of Leipzig-Grünau, Berlin-Marzahn, and Hamburg-Steilshoop, and from there it spread through virtually all strata of the population. Agenda 2010 – Chancellor Gerhard Schröder’s already unpopular reform program, which involves, among other key measures, merging unemployment and welfare benefits – is encountering fierce resistance, and this is hardly attributable to the cutbacks that were actually passed. For it cannot be said that all benefit recipients will be worse off starting next January. It won’t be clear whether the reforms succeed or fail for at least a year, when the unemployment figures either go down, as Schröder promised they would, or when they reach new record highs, as his critics fear.

But the current wave of indignation permits no time for reflection. It washed away the arguments of the reformers and is now in the process of engulfing the reform advocates in the ranks of the Union and FDP as well. The Chancellery noted with displeasure that politicians who once fought [with Schröder] to push the Hartz package through the Bundestag are now abandoning him in the face of [public] outrage. It seems there are no longer party differences in Germany, only Hartz opponents. CDU party leader Hermann-Josef Arentz spoke of “a campaign against the long-term unemployed.” SPD social policy expert Ottmar Schreiner spoke of “a policy that opposes the historical core of social democracy.” Even politicians who previously demanded the radical dismantling of the welfare state are suddenly discovering their sympathy for the seemingly or actually downtrodden.

For example, CDU economy expert Friedrich Merz, who was just trying to get rid of lay-off protection altogether, criticized the labor market reform as “a highway toll plus a can deposit to the tenth power.”¹ CDU chief Edmund Stoiber, who wants to cut welfare benefits at quarterly intervals, complained of a “social imbalance.” FDP chief Guido Westerwelle found the whole thing “very out of touch with real life.” But most of all, politicians’ actions during the summer debate suggest that they’re all suffering from a kind of collective amnesia. It was only last December that they – with the exception of those federal states with government coalitions involving the PDS – approved the reform in the Bundesrat: the FDP and the SPD alike, the Union and the Greens. Now even the various party chiefs are acting as if they had absolutely nothing to do with the whole affair. CDU chief Angela Merkel now talks about “the social decline of multitudes” through reforms she largely helped formulate. And head of the Greens, Reinhard Bütikofer, demanded that the “allowance for individual savings” be “reconsidered.” East German minister presidents Matthias Platzeck (SPD) and Georg Milbradt (CDU) are using a particularly convoluted argument to try to get off the hook. Fearing their constituents’ rage, they are claiming that they voted against the reform in the Bundesrat. But in fact their vetoes were only against the new structure of administrative responsibilities. They expressly voted yes to the planned benefit cuts.

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The hysteria is being fanned by some media outlets. For weeks, journalists for [the tabloid] *Super Illu* (Headline: “The East is on Fire”) have been reporting on the fate of individuals like Manja Kling of Neubrandenburg, who doesn’t know how she’ll manage to go on. But, in fact, the single mother of two is among the winners of the reform. Starting next year, she’ll have more money in her pocket than she does today. Likewise, the Central German Broadcasting Company (MDR) isn’t sticking to actual facts in its “Exact” television news-magazine. With a mournful-sounding cemetery bell ringing in the background, the TV station reported on the case of Hans-Jürgen Tengler and his “last bit of property”: his garden hut. But the regulations governing a case like his weren’t changed at all. The *Bild* [tabloid] has declared a Hartz witch hunt and published a fictitious “supplemental form for children” (“Do your Playmobil figures weigh more than a kilogram?”). This – as *Bild* wryly comments – “must never happen.” The winner of this summer-time mishmash of legitimate concerns, vague fears, and demagogic polemics has already been determined: the PDS. During the upcoming elections in Saxony and Brandenburg, the party will be campaigning with the catchy slogan: “Hartz IV – poverty by law.” And because the protest party would also like to present itself as a kind of post-socialist self-help group, it is offering a helping hand in addition to a clenched fist.

In the PDS office in Jüterbog, in southern Brandenburg, the party is promising the same thing that it’s currently promising everywhere in the East: “Come here for help filling out the Hartz

¹ Merz views Hartz IV as the culmination of controversial red-green government coalition reform measures, following the introduction of a highway toll for trucks and a deposit on beverage cans – trans.

questionnaire.” On the very first day, they drew more than sixty people, who showed up with Federal Employment Agency forms, insurance policies, and savings-account passbooks in hand. “The people were utterly helpless,” said Maritta Böttcher. In the GDR, she had worked her way up the SED ladder to First Secretary of the Regional Directorate, and she represented the PDS in the Bundestag until 2002. Now she directs the PDS federal office in Berlin. From there, the resistance is being strengthened throughout the East.

The Federal Employment Agency had barely sent out their questionnaires to hundreds of thousands of jobless when all PDS regional associations received an email reminder from their comrade in the federal office: the important thing right now is to be an “everyday party” and “to offer help one or more times a week at all locations.” This help is also self-help for a party that had already been declared dead. With a pitiful four percent of the vote in the 2002 elections, the PDS failed to cross the five percent threshold needed to secure a place in the Bundestag, and its top functionaries were mired in serious trench warfare. Now they are mounting an astounding comeback. For the post-communists, “Hartz IV” is a last-minute rescue; it’s what the [Oder River] flood [in the East] was for Chancellor Schröder during the 2002 campaign. The Eastern comrades make no bones about that. PDS secretary general Rolf Kutzmutz polemicized against the “most brutal cuts in social services.” Petra Pau of the Berlin PDS called economics minister Wolfgang Clement a “robber of social benefits.” These comrades are all too familiar with the insecure East German soul. Justified fears, the federal government’s chaotic information policy, false information, and a jumble of new reform proposals – all of this is coming together in a vague mixture that is causing problems for Easterners. The average unemployment rate between Rügen and the Thuringian Forest is almost nineteen percent at the moment. People there have long stopped believing in political promises to finally create jobs.

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Andreas Ehrholdt, from the 400-person village of Woltersdorf in Saxony-Anhalt, also knows what unemployment means. He lost his job as a transport worker for the East German Railroad right after the collapse of the GDR. After that he never really got back on his feet. He tried starting his own business, first as a security guard, then as a pizza maker. Ehrholdt completed a retraining program to become an office administrator. But then he couldn’t find a job. But he became well-known after deciding to revive the Monday demonstrations held in Magdeburg during the *Wende* in 1989-90. This time, however, the demonstrations were to protest unemployment. “It’s the last straw. Enough talking, it’s time to take to the streets.” Ehrholdt made 200 posters advertising his demonstration and got a police permit for the first one on Cathedral Square. The officers asked him how many people he expected. Ehrholdt shrugged his shoulders. “Make it 100,” suggested the policeman. “Come on, don’t be so pessimistic,” the organizer said, “At least 200.” In the end there were 600. And last Monday there were 6,000. For the coming Monday Ehrholdt registered 12,000. Other cities are following suit – people will be hitting the streets in Leipzig, Dresden, and Suhl. A prominent Social Democrat even gave them his blessings: “Whoever becomes unemployed will wind up in the poverty trap with Hartz IV,” wrote theologian Friedrich Schorlemmer in *Neues Deutschland*. “The SPD is digging its own

grave.” The wave of indignation that is crashing over Eastern Germany could soon have its first political consequences. Pollsters are predicting large gains for the PDS in the upcoming state parliament [*Landtag*] elections. In Brandenburg, where Manfred Stolpe [SPD] once got 54 percent of the vote, his successor Matthias Platzeck could fall victim to the mixture of public outrage and fear-mongering that PDS candidate Dagmar Enkelmann is presently fanning on the campaign trail. Hartz IV, declared SPD social minister Günter Baaske, “Could break our necks.” The anger is hitting leading politicians in general. Now Saxony’s CDU minister president Georg Milbradt has to worry about securing the absolute majority he supposedly had in the bag at one point. Last week, pollsters suddenly predicted only forty-four percent for him. Now he sounds just like the PDS, saying that Hartz IV needs to be stopped and delayed.

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In fact, though, the “greatest social reform in history” (Clement) will affect our country’s roughly three million long-term unemployed to very different degrees. Those who earned a lot before losing their jobs – or who live with a partner who is well off – will have to endure drastic cuts in benefits in some areas. But many low earners with children, along with the roughly one million employable welfare recipients, will fare better than they do today. In the future, the state will not only pay their contributions to the health, long-term care, and retirement insurance fund. In contrast to the present regulations, they will also be able to have an “appropriate motor vehicle,” and they won’t need to fear that the government will demand the benefits back from their parents or children. Equally false is the idea spread by politicians of all shades that the reform will take the last penny of savings from the long-term jobless, thereby “punishing those who are saving for old age,” as CDU minister president of Saarland Peter Müller lamented. The opposite is true. Presently, a fifty-year-old recipient of unemployment benefits is only allowed to have securities, savings, or life insurance policies totaling 10,000 Euros. Anyone who has saved more for a rainy day can be forced by the government to live first from the accumulated capital. For welfare recipients, the current limit on allowable assets [*Schonvermögen*] is only 1,279 Euros. With Hartz IV, however, the situation is far better: The savings allowance increases to 20,000 Euros, and “Riester” pension plans, an “appropriate” home, and assets from parents or children who do not reside in the household cannot be applied against the benefits.

While politicians are complaining about a supposedly imminent new “wave of expropriations,” benefit recipients are on the relevant internet forums, busily exchanging tips on how to get around the new laws: Eliminate the joint household budget in shared residences? Use a well-padded bank account to pay off a home loan? Invest the securities in a new car with lots of extra features? Among the suggestions included in a pamphlet compiled by advocacy groups for the unemployed: “Necessary and foreseeable future expenditures should be made now and deducted from your assets before you submit your application for Alg II.”²

² *Arbeitslosengeld II* (Alg II, unemployment benefits II) refers to the benefits received within the scope of the Hartz IV reform – trans.

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An international comparison shows just how exaggerated the general debate on impoverishment is. Even after the supposed social thievery of Hartz IV, German unemployment benefits remain good and are comparable to those in Denmark, France, or Sweden. That the debate on the planned labor market reform derailed last week is largely the fault of the federal government itself. To this day, it is still unclear how the government's vociferously touted support for the unemployed is supposed to fit in with its laundry list of demands. Especially disastrous was the decision to send the extremely complicated sixteen-page application form to the country's jobless as early as last month, even though the relevant administrative regulations had not been passed, and employment office advisors were barely prepared. Things went as could be expected. Overwhelmed staff members at agency hotlines gave out extremely contradictory information. The callers were often baffled and confused. Chancellor Gerhard Schröder, SPD faction leader Franz Müntefering, and economics minister Wolfgang Clement were unfazed. Of course, improvements are always possible, Schröder said informally during his trip to Poland. In view of these complex and unprecedented reform processes, [he said that] Germans would have to expect some corrections in the future. "That's not dishonorable," he said, "it's even reasonable." The responsible SPD expert, Klaus Brandner, already listed the demands in a letter to Minister Clement. According to Brandner, a provision to specifically define hardship regulations needs to be added, opportunities to earn extra money need to be expanded, and the planned job creation measures need to be more effective. Even the payment schedule for the new Alg II benefits will be modified. Instead of eleven payments, as was originally planned for next year, there will be twelve after all. Still, Müntefering and Schröder made it very clear that they don't want the core of the reform package to be changed. Staying power is called for, said the chancellor. He showed no sympathy whatsoever for the worst-case scenarios of the PDS and the fickleness of the Union. His response: "That's typical German and typical opposition." Clement knows that his fate in particular is tied to Hartz IV. Postponing the reform – something its numerous critics are demanding once again – is nothing he'll be part of. He made that very clear to his confidants at a recent meeting in the ministry office. "In that case, I might as well go onto the balcony right now," he said, making a gun with his index and middle fingers and pointing it at his temple.

Source: Stefan Berg, Alexander Neubacher, Michael Sauga, and Steffen Winter, "Die große Hartz-Hysterie" ["The Big Hartz Hysteria"], *Der Spiegel* (August 9, 2004).

Translation: Allison Brown