

Households' coping strategies under financial pressure: increasing poverty and difference in the capacities to cope with it

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The context of the increasing hardship that households experience in Germany is documented in the 2013 state report on poverty and wealth. The report confirms that income inequality increased continuously during the last 25 years in Germany, regardless which political parties were in the government. However, as the first years of the crisis coincided in Germany with a phase of economic growth, there was until the end of 2008 less concern about increasing poverty than in many other European states. Nevertheless, poverty increased and will – though with considerable regional difference - further increase with the expected decrease in economic growth.

In a conference context that mainly addresses countries with a high share of home-ownership, it is important to remind that in Germany, rental tenures overweigh, despite the private net assets in Germany increased by 1.4 Trillion Euro between 2007 and 2012 and doubled from 4.6 to about 10 Trillion Euro. This wealth is unequally distributed: more than half of the overall private net assets are concentrated in the 10% wealthy households. At the same time, the public assets declined between 1992 and 2012 by more than 800 Billion Euro and the lower half of the German households have only one percent of the overall private assets at their disposal. According to the report, one in six persons in Germany risks poverty. Generally, the gender pay-gap in Germany is still between 22% and 30%, in terms of tax relevant income the gap remains even higher. In 2011, whereas 40% of fully employed men only 27% of the women who were fully employed lived in owner occupied property,

Women face in all age-groups and in all ethnical groups a considerably higher risk of poverty than men. An above average risk exists for unemployed women, single parents and single women. The highest poverty risk was with 24% observed for single parents. Apart from this, the most significant difference between women and men occurs in the population aged 65+: 17% of women risks poverty, but only 12% men. The recent OECD-Study on international migrations states that also in

Germany, the crisis has stronger poverty effects on immigrants, due to increasing unemployment in these populations. This notably concerns young male migrants (24% at average). A specific development in Germany is that the share of unemployed immigrant women decreased, possibly due to the increasing demand in the care sector.

Women's employment and poverty

On the level of employment, generally, the share of precarious occupations increases amongst women and men, even in groups with higher educational status. On the one hand, employment rates of women increased, but as this increase takes to a large extent place in part time work, mini-jobs and temporary employment and is not a voluntary choice, it increases the risk of women's poverty both at present and in a long-term / old age perspective. In 2014 this sector increased to 17%. Nearly half of the women working employed work part time, and whereas 2,7 million men work in mini-jobs, 4,5 million women have no other opportunities.

Women's higher poverty risk is not only a specific phenomenon in the German society, though there may, particularly amongst elder women, be a difference in post-communist countries where the double bread-winner model overweighs. There are two recent European Parliament Reports that state that the poverty effects of the economic crisis on women are under-researched and under-represented in the data. Women are over-represented in informal, unsecure and low income occupations whilst they are still under-represented on the decision-making level in economy. They are thus more concerned by precarious occupational conditions, dismissals and poverty, and they generally benefit less from the social welfare system. In terms of a multidimensional approach for the analysis of poverty development, it is thus worth pointing at the necessity of a gender differentiated perspective on this situation and furthermore a diversity sensitive perspective.

Coping with poverty in different family-patterns/household structures

To consider women suffering from poverty or risking poverty it is necessary to differentiate whether the household already depends on state transfer payments or became due to the crisis dependent of such support as part of "working poor", that is

to say women whose income from part- or full-time jobs' does not cover the everyday life cost of the households. To analyze whether or not women can develop strategies/have opportunities to cope with poverty it is furthermore important to differentiate between different family patterns, household structures and breadwinner-models that have an impact on the capacity to cope with poverty. The categories to be taken in account are:

- Single women of all ages
- **Single mothers**
 - On the one hand, these women face multiple discrimination (lacking job opportunities, difficulties to access rent contracts, income poverty, less opportunities to use time as a resource)
 - On the other hand, in socially deprived regions / neighbourhoods, there are examples that young women with lower education tend to get more children assuming to then be eligible for a better social welfare supply and to subsequently escape from non-motivating job opportunities / discrimination on the job market. How far does covering the accommodation cost support such behavior?
 - These women show the greatest dependence on spatial proximity of child care, educational and health institutions, everyday consumption offer, jobs and
 - Show a strong dependence on (often not locally existing) extended family networks and private informal networks.
- Women living in traditional family patterns: married women/women living in couples, male/single breadwinner or double breadwinner model
- Women living in patchwork/ divorced families, mix of / different breadwinner models
- Married women/women living in couples, double breadwinner model
- Married women/women living in couples, male/single breadwinner model
- **Old women**
 - Old women have lower rents than men, get older, have hardly housing property and if so, no resources to maintain / adapt the buildings to the needs of old age and to rehabilitate buildings in order to fulfill energy efficiency requirements.

- Since the crisis, municipalities implement the rules for space per capita allowed when accommodation costs are taken on within social benefit / Hartz IV are being implemented more strictly > in the majority women have to move in old age, loose social networks.
- Old women have the strongest need for community oriented housing, promising mutual support in an economically and health wise vulnerable phase of life, but women have hardly access to owner occupied property that is more likely to provide such housing forms.

Cross-cutting aspects of the consideration must be:

- Intersectional aspects of discrimination, such as female sex + migration
- Having children or not, though the poverty and wealth report considers having children not be a greater poverty risk. (*At the same time, the number of children growing up in poverty and poor housing conditions has increased, poverty risk is at 17%, including families with two persons working fulltime*).
- Women's discrimination in access to housing property or rent-contracts, being minor compared to men's.

Despite the decline of the welfare state, generally, the most relevant practice to cope with poverty in Germany has so far been to rely on different social transfer payments and, in the field of housing, to rely on the tenants' rights protection, housing allowance and the in part intertwined social welfare and social housing supply. This is accompanied by necessarily changing consumption patterns and increasing indebtedness. Within the native German population the importance of local social networks outweighs family/extended family networks, within less affluent immigrant population everyday practice rather aims at a combination of both. Informal labor markets are generally less existing in Germany than in other European countries, and if existing, above all likely to be found in the care sector, in the construction sector and gastronomy. All three sectors show a significant gender difference in participation and working conditions. Particularly the construction sector is an example for the gender difference in the efficiency of the business stimulating programs that were implemented in the context of the crisis.

To summarize this point: if the consideration of resources and strategies to cope with increasing hardship aims at equal opportunities, it must take in account gender

difference in the availability of resources, and difference in the social capital to use given resources and to develop everyday practice in coping with hardship or escaping from poverty. Also, the relation between affordable housing resources, the lacking offer of community oriented forms of housing for less affluent groups of population and coping with poverty and demographic change needs our attention, not least in the context of another forthcoming crisis: the crisis of care.

(A debate that was in Germany more vivid in the early years of the crisis than at present, but links the debate on the effects of the economic crisis with the debate on the crisis of the labor orientation of society, is the debate about different models of a so-called basic income, independent from social and income status, that should amongst other safeguard access to decent housing for all social groups.)

The housing system's contribution to the security or insecurity of various tenure forms

In the federalist German state, housing policies are to a large extent in the responsibility of the Länder and the municipalities. Thus, the German government and the municipalities started as late as in 2011 to react on the present and long-term lack of affordable housing and particularly very social housing. The policy development is still going on, on the governmental, the Länder and municipal level, and it is obvious that, given the cost for new construction, new building social housing is hardly a solution without subventions.

In the context of the melting German stock of social housing and a decline in affordable housing accessible through the individual funding model, the municipalities increasingly look for cooperation with actors committed to affordable housing (housing cooperatives) and for “affordable rent alliances” with them and the municipal housing companies. The main housing related instruments to help vulnerable populations to cope with poverty are:

- the tenant's rights protection law (unlimited rent-contracts, eviction by the landlord is hardly possible, no class or gender difference),

- the housing allowance (2013 about 2% of the overall population were eligible, in the new Länder nearly the double share, great regional difference, income related , gender difference in need)
- Covering the costs of accommodation > social housing supply included in social welfare

How much stability maintain these instruments in times of crisis?

The first question to consider how much stability these instruments maintain in times of crisis is: what did the government do in this context to support economic and social stability? In 2008, governmental measures to cope with economic crisis addressed mainly the banking system and the economy. Two laws were implemented:

- the “Law to limit the risks related with financial investment” and the “Law to stabilize the financial market”.
- Also, the government guaranteed all private savings accounts and fixed-term deposits.

Given the limited direct effects of such measures on the socially vulnerable populations, trade unions and charitable institutions requested

- economic stimulus programs with not only business activities, but also having immediate social effects and an adaptation of social welfare policies to present poverty risks.

The government reacted with

- two business stimulating programs
 - positive effects in construction sector general , NO effects in housing, NO effects in energy efficiency
 - labor market sectors less relevant for women’s occupations, a lot of job-creation in part-time + mini-jobs
- minor tax reductions
- a bonus program for scrapping cars and building new ones
 - still, less women own and use cars, and if so, in less affluent social groups less expensive vehicles, NO effects on women’s income situation
- health insurance fee reductions (not very relevant for low-income households)
- investment in child care infrastructure and educational infrastructure

The second question to be asked is how far contributed these measures to the capacity of the public sector to respond to the increasing social divide in the cities and in housing?

- investment in child care infrastructure and educational infrastructure
 - relevant for coping with poverty, but no relevance for housing situation

The earlier mentioned fact that the public assets declined between 1992 and 2012, led to the municipalities using any available instruments to reduce their expenses and amongst other, this led to a more rigid implementation of the rules concerning limits of space per capita and accommodation cost accepted. *(A very sad example, just having happened in Berlin: a family with two children, one suffering from cancer, was forced to move due to their apartment being slightly too big and expensive. The child died soon after, and at present the family risks to be forced to move again.)* In the context of the present development of rents in big cities the market hardly provides alternatives other than in neighborhoods at the periphery and or considered socially more deprived. The German model of dispersed social housing is thus at risk to lose its basis.

Is home-ownership a solution for low-income households?

The crisis and very low interests / mortgage rates enforced the banks' suggestions that small housing property could become

- a means to cope with increasing housing costs for lower middle class populations and the lower echelons of society.
- a sustainable strategy to safeguard their savings in times of financial crisis / labor market change

Affordable housing experts however severely criticize this strategy (that is mainly supported by neo-liberal policies) because

- it leads to a lot of irrational housing property building, exposing low income households to economic risks that they usually don't foresee

- at present extremely low interests are expected to rise within the next ten years and those households won't be able to cope with the increasing economic burden
- usually the property bought/affordable for these target groups is of lower quality and in the context of demographic change they have hardly a guarantee that it could once be sold in terms of using housing equity as a long term resource
- most of this property is in the sector of 'used property'; where it comes to necessary repair, the cost is on a five-digit level and these owners have no opportunity to build savings for this.

The support of this strategy is an externalization of affordable housing supply problems to the end-user, neglecting that the target-group's economic vulnerability.