

Increasing numbers of German children live in poverty

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Child poverty is on the increase in Germany. In western German cities such as Bremerhaven, and in many eastern German cities and municipalities, nearly every second child lives in poverty. Since the introduction in 2003 of a new Hartz IV system of welfare payments by the former Social Democratic Party (SPD)-Green coalition government, an ever-larger proportion of the German population (7.4 million persons) are dependent on Hartz IV payments. This total includes nearly 2 million children under the age of 15 years.

If one includes young people under 18, this latter total rises to 2.5 million, according to the president of the German Association for the Protection of Children (DKB), Heinz Hilgers. In 2004, one year prior to the introduction of the Hartz laws, this total stood at about 1.1 million.

In the past, the DKB had been accused of spreading overinflated figures, but as Hilgers recently told the press, “The truth is much worse.”

The current debate over the increase in child poverty by the grand coalition government partners—the SPD and Christian Democratic Union (CDU)—is thoroughly hypocritical and resembles an attempt to close the barn door after the horse has bolted.

Five years ago, the SPD-Green government led by Gerhard Schröder (SPD) introduced the Hartz laws with the energetic support of the CDU/CSU (Christian Social Union). The job market reform laws I to IV had been drawn up by a group of “experts” comprising representatives from business circles, politics and the trade unions. The group was chaired by the head of the Volkswagen Motors personnel committee, Peter Hartz (since resigned following a public scandal involving VW executives).

There is virtually nothing left of a number of the reforms in the first three Hartz laws aimed at combating unemployment. The term “personnel service agencies” introduced in the initial legislation and praised as a new measure to create jobs has silently dropped from sight.

The fourth law, however, Hartz IV, has achieved its goal. Combining previously separate unemployment payments and social welfare assistance to create the new “unemployment benefit II” (Arbeitslosengeld II—ALG II), the new system introduced on January 1, 2005, has resulted in a drastic

reduction of income for the unemployed. At the same time, it has served to increase pressure on workers with regular full-time jobs and create the basis for a blossoming cheap-labour market in Germany.

Independently of a worker’s previous earnings, the new law means that after one year of unemployment, the unemployed person receives just €345 euros (approximately US\$470). The benefit is paid out only to those who have used up all their savings. The new system has provided employers with a powerful weapon for cutting wages, slashing jobs and worsening working conditions.

Against those who argue that the Hartz IV laws were some sort of mistake, or implemented in haste, the reality is that the Schröder government imposed the new measures in the summer of 2004 in the face of mass protests in order to achieve precisely the current state of affairs.

At the same time, it was already clear that families with children would be especially hard hit by the laws. Children up to the age of 14 years living in a family with unemployed parents receive the equivalent of 60 percent of the main payment sum—i.e., €208 euros per month. Young persons from 15 years upwards receive 80 percent, or €278 euros per month. Children under 15 years in a Hartz IV family receive only an estimated €2.57 euros per day for food. Those between 15 and 18 receive €3.42 euros per day for food.

“Even those who buy only at discount stores must pay on average €4.68 daily in order to satisfy the appetite of a teenager with reasonable food,” concludes an extensive study by the Research Institute for Child Nutrition (FKE) at the University of Bonn. A growing number of schools now report that increasing numbers of children no longer take school meals because their families cannot afford them.

The new law allots a sum of €12.77 per month for books, stationery, software, library lending fees and school materials, which means that every year poor parents are forced to scrimp in order to provide their children with school supplies for the new school year.

Hartz IV parents are allocated just €3.65 to pay for their children’s shoes and just €1.36 per month for leisure activities such as a visit to the cinema or participation in sport. This means a child from a Hartz IV family would have to save over

a four-month period for a cheap cinema ticket.

While in the past, those receiving social welfare could apply for one-time assistance, these benefits were abolished in 2005. Now, any domestic crisis for a poor family—such as increased costs for medicine, electricity, gas or food—can have calamitous consequences.

Following drastic increases in the price of butter and milk a few weeks ago, a number of politicians—particularly in the CSU—intimated that consideration should perhaps be given to a small increase in payments for the long-term unemployed. Just over a year ago, however, a vigorous campaign was undertaken by all of the government coalition parties, including demands for a reduction in the basic rate of payment.

This hint at a change in course on the part of the CSU is undoubtedly bound up with growing opposition to the coalition's social policies, with opinion polls showing that a large majority of the electorate rejects the government's policies. In addition, populist appeals for minimal improvements to payments by the Bavarian-based CSU are evidently bound up with the party's search for a replacement for Edmund Stoiber as long-time CSU party chief.

The declarations of support now being made by the CSU on behalf of the long-term unemployed are hypocritical. It is noteworthy, however, that the party most opposed to any increase in payments is the SPD. SPD parliamentary fraction head Peter Struck has just issued a document in which he harshly criticises the Left Party for calling for a paltry increase in benefits to €420. Struck argues that such a measure would cost the treasury €10 billion, which it cannot afford.

Franz Müntefering (SPD), minister for labour and social affairs, is playing for time and says he will investigate over the coming months whether any increase is justified. But German welfare organisations and social experts are united in the opinion that the current level of payments is insufficient for subsistence. The original level of payments was determined in a completely arbitrary fashion and simply ignored the special needs of children.

To counter those arguing for an increase in Hartz IV payments, Müntefering also introduced a new argument: any increase in Hartz IV would be dependent on the introduction of a minimum wage in Germany—a demand that is fiercely rejected by Müntefering's coalition partner, Chancellor Angela Merkel (CDU). The *Süddeutsche Zeitung* commented: "In the course of the coalition dispute over the minimum wage, the interests of the poor in a rich country will soon be forgotten."

Following the recent study by the Bremen Institute for Job Market Research, which announced that 1.9 million children under 14 were dependent on welfare payments, the coalition partners came up with a further manoeuvre aimed at deflecting criticisms of increasing child poverty.

Last weekend, proposals were made for an increase in the so-called child allowance, which is paid to working families that

earn insufficient wages to finance their children's needs. In fact, recent statistics make clear that only a small number of families receive such payments. Since the introduction of the child allowance at the beginning of 2005, more than 830,000 families applied for the subsidy, but only 90,000 applications (approximately 11 percent) were granted. A third of all applicants failed to receive an allowance for their children because their incomes were reckoned to be too low—in other words, their income was under the minimum limit established by the government for such payments!

In response, the government has announced plans to increase the granting of child allowances in order to combat child poverty, and the initiative was praised by politicians across the party spectrum.

"Barely was the proposal made, politicians were singing its praises," reported *Die Tageszeitung*, and quoted the Schleswig Holstein Social Minister Gitta Trauernicht (SPD) saying, "This is social-democratic heart and soul." Leading trade unionist Annelie Buntenbach (Greens) said that "the idea is as pleasing as it is overdue." The proposal was also greeted by Bavarian social minister Christa Stewens (CSU) and a number of other leading political figures.

According to Vice-Chancellor Franz Müntefering (SPD), the coalition will make a definite proposal following its cabinet sitting in Meseburg this week, but there are already indications that government ministers are back-peddalling.

In any event, DKB President Heinz Hilgers is sceptical that the grand coalition will agree to any increases in child allowance before the next election. The government has not even drawn up a ministerial draft bill.

Hilgers also doubted the readiness of the government to undertake measures to combat child poverty and recalled the initial contract programme drawn up by the coalition partners. Page 118 includes the subheading "Family-Friendly Society," which declares: "We want to reduce real child poverty and to this end increase child allowances from the year 2006." In fact, the government has chosen up to now to simply ignore its own programme on this point.



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