A result of the coronavirus pandemic, inflation and the war in Ukraine:

Child and youth poverty in Germany rises sharply

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At the end of January, the Bertelsmann Foundation published its fact sheet on child and youth poverty in Germany. According to the report, 2.88 million children under the age of 18 and 1.55 million young adults under the age of 25 were considered poor or “at risk of poverty” in 2021. This means that more than one in five children and one in four young adults are affected by poverty. Young adults have the highest risk of poverty of all age groups.

Overall, poverty in Germany has risen to a record level. Poverty has risen particularly sharply among pensioners in recent years. Twenty percent of older people, or one in five, now receive a poverty level pension.

Researchers Antje Funcke and Sarah Menne, who prepared the fact sheet on behalf of the Bertelsmann Foundation, based their study on current figures from the federal and state statistical offices. The study contains a detailed breakdown of the extent of child and youth poverty in Germany's individual federal states and in the respective districts and independent cities.

The study defines as “poor” those persons who have so little income “that it is not possible to have the standard of living that is taken for granted or considered normal in our society.” According to the German Federal Statistical Office, the official poverty thresholds in 2021 were 1,148 euro per month for a one-person household and 2,410 euro per month for a two parent household with two children under 14. For a single parent with one child under 14, the threshold was 1,492 euro and for a single parent with three children, two under and one over 14, it was 2,410 euro per month.

It takes little imagination to see that single parents and families with children on these low monthly incomes have great difficulty making ends meet financially. Since inflation has risen to around 10 percent, it is becoming more and more impossible.

Among the most important findings is that many young people need so-called SGB II benefits (the program formerly know as social assistance, Sozialhilfe) to make ends meet. In June 2022, this applied to 1.9 million children and young people under 18. This figure rose significantly in June 2022, the first significant rise in five years. This is due in part to children fleeing the war in Ukraine, who have been eligible to receive SGB II benefits since June 2022.

In reality, the number of poor children and young people in Germany is much higher as there is a large number of unreported cases, because many are not included in the statistics. This applies, for example, to children of parents who work in the low-wage sector and whose income is just above the level required for SGB II benefits or the citizen's allowance (Bürgergeld, formerly known as Hartz IV).

Children and adolescents who grow up in group homes, institutions and youth welfare facilities or live in student dormitories also do not appear in the statistics; neither do the children and adolescents who come as refugees from countries devastated by the U.S./NATO wars, such as Afghanistan, Iraq, Syria and other countries. Refugee children are not counted because they are required to live in refugee facilities (Erstaufnahmezentren or “initial reception centers”), sometimes alone, sometimes with their parents, for months and years until a decision has been made on their asylum application and residence status in Germany, and they are allowed to find their own apartment.

The factsheet also shows that 7 percent of young adults receive social benefits; that's 432,000 young people under 25. It shows that the support systems that are actually intended for this age group—in addition to the SGB II system, for example, student assistance (Bafög) or the housing allowance (Wohngeld)—”do not mesh well and obviously do not prevent poverty,” according to the study.

The front-runner in child and youth poverty is the federal state of Bremen, at 41.1 percent of all children and young people. But the rate is also in double digits in all other German states. Bremen is followed by the states of Saxony-Anhalt with a child and youth poverty rate of 25.2 percent and North Rhine-Westphalia with 24.6 percent.

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Children and young people are particularly likely to be poor if they grow up in single-parent families or in families with three or more children, the report says. For two-parent families with three or more children, the poverty rate was 31.6 percent. For single parents, where no distinction is made by number of children, the poverty rate was 41.6 percent, approaching a situation in which every second single-parent household lives in poverty.

By age group, young adults between 18 and 24 are those with the highest poverty rate, 25.5 percent. One in four young adults is affected by poverty. In eastern Germany, the figure is 32.5 percent compared to 24.2 percent in the west. Overall, 4.43 million under-25s are considered poor in Germany. The proportion of impoverished children and young people, as well as young adults, has remained at a consistently high level for years.

Children and young people growing up in poverty are disadvantaged in every respect, both in terms of their education and health as well as their participation in society. It is a vicious circle from which they usually cannot escape.

In a special section of the study, the researchers discuss the consequences of poverty and provide many examples. They demonstrate that poor young adults who had experienced poverty in their youth are also disadvantaged as adults and suffer from poorer mental health.

The situation is being made much worse as a result of the current crises and the attendant increase in prices. The outbreak of the coronavirus pandemic in early 2020 and developments since then have led to a further sharp increase in poverty. If the policies of capitalist governments in all countries can be summarized under the maxim “profits before lives,” this maxim can be taken literally, too: Well over 20 million people worldwide, almost 170,000 in Germany alone, have fallen victim to the pandemic. At the same time, the governments' “rescue measures” and “aid packages” have made the situation worse for the lower layers of society.

First, billions of euro, dollars and other currencies were handed over to the banks and corporations during the pandemic, and the rich were allowed to enrich themselves further on the misery and suffering of billions of people. At the same time, hardly more than small change was provided to support those who lost their jobs and incomes as a result of the pandemic. Since then, with the outbreak of the US/NATO war against Russia in Ukraine, inflation has soared to record heights, dramatically affecting those who were already barely making ends meet. Again, the hardest and most severely affected were the millions of people working in low-wage jobs, and their families.

As a result of the economic sanctions against Russia, electricity and gas prices in particular have risen dramatically in Germany. The compensation payments that the government granted for the high energy costs proved to be a drop in the bucket. Inflation is effectively the mechanism by which the costs of massive rearmament and war, as well as bailouts for the rich, are squeezed out of the working class.

Like many other studies on poverty and social inequality, the Bertelsmann Foundation fact sheet provides important information and a great deal of useful numerical material. As in all the years before, the demands they derive from it and present to the government will fall on deaf ears. While the ruling coalition can launch a 100-billion special fund for the Bundeswehr (German military) overnight, as well as tens of billions more for rearmament and war, there is ostensibly no money to meet social needs. While the defense budget rises and rises again, spending on health and education has been massively cut in the latest federal budget.

At the end of last year, the Child Protection Association (Kinderschutzbund) warned of a further increase in child poverty. Inflation is hitting poorer families and children in particular, said the president of the Kinderschutzbund, Heinz Hilgers. “Inflation hits families with little money particularly hard,” Hilgers said. Child poverty will therefore inevitably continue to increase. Hilgers also warned that families with children will not be able to get by with the standard rates provided by the citizen's allowance in 2023. This rate increase comes too late and is immediately absorbed by inflation.

While the large majority of the population suffers under inflation and a sharp rise in food and energy prices, there is a small minority at the peak of the society that enriches itself enormously on the consequences of the crisis. Here we need only mention the recently publicized example of Hapag-Lloyd.

On February 8, 2023, *Handelsblatt* reported that the shipping company Hapag-Lloyd would distribute more than eleven billion euro to its shareholders after a “fabulous record year.” Hapag-Lloyd has benefited from the boom in container shipping. The Executive Board therefore intends to almost double the dividend to 63 euro per share compared with the previous year (2021: 35 euro). During the coronavirus crisis, freight rates for transporting goods on the high seas had exploded as a result of disrupted supply chains.

The greatest beneficiary of the wave of dividends is Hamburg billionaire Klaus-Michael Kühne, one of the richest Germans. As a major shareholder in Hapag-Lloyd, he alone receives 3.3 billion euro in dividends. “Within two years, the shipping company's profit dispensations thus add up to more than 17 billion euro,” writes *Handelsblatt* .

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