

Rapid increase in child poverty in Germany

The consequences of Hartz IV

By Elisabeth Zimmermann
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On August 25 the *Paritätische Wohlfahrtsverband* (DPWV), a German charity, released its study into the effects of the German government's latest welfare reforms—known as Hartz IV—on child poverty. With German parliamentary elections less than a week away (polling due on September 18) the results of the study constitute a devastating critique of the social policies of the Social Democratic Party (SPD)-Green Party federal coalition government. Hartz IV marked the greatest attack on social conditions in the history of the German republic.

The report and its concluding section are entitled “Hartz IV means too little for too many.” According to the calculations in the report, the introduction of so-called “Unemployment Benefits II,” which drastically reduced unemployment benefits and was the main component of the Hartz IV laws, increased the number of children under the age of 15 living in poverty by 1.7 million. It states that the number living at the level of social welfare benefits is 1.5 million. In addition, another 200,000 are estimated to be eligible for benefits, but are not claiming them. At the end of 2004, 965,000 children were dependent on social welfare payments, according to official statistics.

In total, 14.2 percent of children nationally—one in every seven—are living in poverty. In western Germany, the figure is 12.4 percent; in the areas constituting the former East Germany, 23.7 percent of children live in poverty. In many east German cities, the figure is well over 30 percent. The total in the German capital city of Berlin is 29.9 percent, and in the towns of Schwerin and Görlitz, 34.3 and 35 percent, respectively.

Several cities in western Germany also register a similarly appalling statistic. Bremerhaven is on top of the list with 38.4 percent; Kiel, 29.6; Offenbach am Main, 28.7 percent; Gelsenkirchen in the Ruhr area sits

at 28.1. In most other Ruhr cities—constituting the industrial centre of Germany—the figure is above 20 percent.

The chairman of the DPWV, Ulrich Schneider, explained during the presentation of the report: “It is devastating for a community when a third of all children are excluded from normal social life. For children who have to live off Unemployment Benefits II or from social welfare, many things are taboo, things that are taken for granted by others: music lessons, gymnastics, visits to the zoo or computer courses.” He also stated that even special assistance for children with learning difficulties is out of the question.

The DPWV arrived at the conclusion that the level of child poverty in Germany had reached a new dimension. “What is new is not the increase in numbers. What is new is the fact that this record level of child poverty has been produced literally overnight with the enactment of Hartz IV.”

The increase in child poverty is a direct consequence of a situation in which the number of people living off the extremely low level of social welfare payments has more than doubled since the introduction of Hartz IV.

“Whereas up until the end of 2004 [just before Hartz IV was introduced at the start of 2005], 3 million people were living on social welfare, the numbers in the subsequent seven months increased to 6.16 million,” the report states. It goes on: “If one counts the number of people who could claim benefits, but for various reasons do not do so, the number increases further still to 7.18 million people—8.7 percent of the population.”

With the introduction of Unemployment Benefits II (€345 per month in the West, €331 in the East), the level of unemployment payments, which were previously around 60 percent of a worker's last

take-home pay, have sunk to the level of social security benefits. In addition, a large proportion of previous social welfare recipients have now been classified as being able to work and been transferred to unemployment benefits. All others still on social welfare receive the same amount as Unemployment Benefits II.

The transfer of people from one payment type to another has at the same time cancelled these peoples' eligibility for a range of entitlements that were previously available to them as social welfare recipients. This includes the reimbursement of schooling expenses, such as schoolbags, sports clothing, and writing implements and material. Such expenses can easily add up to around €200. Schneider posed the following rhetorical question: "How is this supposed to be provided for with a monthly child allowance of €207 per month," an allowance that is also supposed to cover housing, health and food expenses?

Schneider said that social welfare and unemployment benefits have to be raised by at least 19 percent to cover basic living expenses. As a result, Schneider has adapted himself to the fact that social welfare payments have fallen for years in relation to the rising cost of living and that the German government has selected statistics carefully to keep increases to a bare minimum.

As Hartz IV was being introduced at the beginning of the year, much discussion centred on the "assistance" to and "demands" from the unemployed. Today, there is only talk about demands. Receiving Unemployment Benefits II is tied to a wide set of strict criteria. Every form of cheap labour, especially the so-called one-euro jobs, have to be taken when offered, otherwise payments are reduced and further rejections of job offers resulting in payments cut off altogether.

Schneider noted: "After eight months of Hartz IV, the reality for the millions of job searchers and their dependents is the reduction in their payments to the level of social security."

The DPWV study also dealt with the myth that low-income families with children, whose parents are employed, would, through the introduction of a new child allowance, be prevented from falling to the income of Unemployment Benefits II. The child allowance is a maximum of just €140 per child per

month, has to be applied for in a special procedure, and is paid for a maximum of only 36 months.

Those who receive this child allowance are often worse off than those out of work and receiving unemployment benefits, who are entitled to €207 per month. Figures from the DPWV show that this is the case. They show that from July 31, 2005, only 31,852 households, encompassing 44,141 children, were in receipt of the child allowance. Moreover, between January and July of this year, the government received more than 500,000 applications for the allowance, of which more than 300,000 were rejected, including 100,000 in July alone.

In conclusion, the DPWV study provides insightful and current material on the effects of Hartz IV on millions of people. The complete report, which includes many tabled statistics, can be downloaded at www.paritaet.org.

The rapid increase in child poverty in Germany is a major indictment of the bankrupt policies of the Schröder government and a social order that has propelled a large percentage of children into poverty and offers them no perspective for the future.

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