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Kontakt / Contact:
peDOCS
DIPF | Leibniz-Institut für Bildungsforschung und Bildungsinformation
Informationszentrum (IZ) Bildung
E-Mail: pedocs@dipf.de
Internet: www.pedocs.de
Strategies against child poverty in Germany – why East German children are poorer...

M. Hübenthal

1. Introduction

Debates about child poverty have gained significant importance during recent years in Germany – in scientific analyses, public media and welfare state action. Despite the increased attention, children in Germany have, for years, formed the population group that is affected the most by poverty. Due to the contradiction that, on the one hand, child poverty is high and rising and, on the other hand, that the German Federal Government has been propagating its intention to fight child poverty for more than a decade, an analysis of government action is attempted here. Due to the significantly higher child poverty rate in the newly-formed German states (former East Germany) compared to the old federal states (former West Germany), I intend to focus my analysis on this particular difference. The leading assumption is that the higher child poverty rate of East German children is not a coincidence, but the result of a discrepancy between the Federal Government’s actions against child poverty on the one hand and family structures and labour market conditions on the other hand, whereby this discrepancy is higher in East than in West Germany. With this analysis I intend to show the limits of the current Federal Government’s action to fight child poverty in Germany and to emphasize the need for an alternative solution on a federal policy level.

Firstly, I will give a brief insight into empirical data on child poverty in Germany (chapter 2). Next, I will reconstruct the Federal Government’s understanding of child poverty as well as the rationale behind the political strategy (chapter 3) and demonstrate their measures against child poverty (chapter 4). Based on this, I will answer the question about what meaning the East-West difference of the economic living conditions of children has in the Federal Government’s action against child poverty. I will also analyse three structural problems that are crucial to the high child poverty rate in Germany in general, and in East Germany in particular (chapter 5). Finally, I will argue for an alternative solution on the federal policy level by focusing on a re-think of the current assignment of responsibility for producing the economic well-being of children and expanding the recognition of children’s societal status (chapter 6).

2. Child poverty in Germany – empirical data

Since the late 1980s the risk of poverty in Germany has shifted from elderly people to families with children. Compared to other age groups, as well as in relation to the population average, children are affected the most by income poverty. According to data of the Socio-Economic Panel (SOEP) in 2006, 18% of the German population lived under the 60% poverty line, whereas the poverty rate among children under the age of fifteen was 26% (cf. BMAS 2008a: 294). First of all, children of unemployed or low-income parents, children in lone-parent families, children in large families, and children with a migration background are affected by poverty (cf. BJK 2009, Hübenthal 2009). Differentiated by regions,
child poverty is more a phenomenon in big cities than in the countryside and more common in East than in West Germany. The ‘Data Report 2008’ shows that the poverty rate of East German children is twice as high as the child poverty rate in the whole of Germany and has increased much more within the last five years (SOEP; 60%-poverty line). In 2006, in East Germany, one of three children under the age of eighteen lived in relative income poverty (cf. Goebel et al. 2008: 169). The UNICEF report on the situation of children in Germany affirms the difference between East and West Germany and, beyond that, demonstrates a decline of the child poverty rate from north to south (especially in West Germany). Whereas the poverty rates of children under eighteen (50%-poverty line; Median; 2002) in the newly-formed federal states such as Saxony-Anhalt (21.0%), Mecklenburg-West Pomerania (20.9%) and Brandenburg (19.6%) are about one-in-five, the child poverty rate in the old federal states in the south of Germany with less than one-in-ten is significantly lower: e. g. Baden-Wuerttemberg (6.7%), Bavaria (7.6%) and Rhineland-Palatinate (9.3%). From a comparative, international perspective the federal states in East Germany are affected by a child poverty rate that is similar to that of liberal welfare states with low-established social security systems such as the USA (21.7%). At the same time, the child poverty rate of the old federal states in south-west Germany is broadly similar to those of sophisticated Scandinavian welfare states such as Denmark (2.4%), Finland (3.4%) as well as Sweden and Norway (both 3.6%) (cf. Bertram 2008: 63-64).

3. The reception of child poverty in the German Federal Government

The social phenomenon of child poverty has been discussed since the end of the 1980s under the scientific label ‘infantilisation of poverty’ (Hauser 1989). Since the end of the 1990s, successive German Federal Governments have considered it also as a relevant political problem. The goal of fighting poverty among children and families is explicitly mentioned in all four coalition agreements since the end of the Chancellor Kohl era (1982-1998). The current coalition agreement of the Conservative and Liberal parties (2009) states that: ‘We want to support children from the beginning, realise their power, promote their chances, prevent disadvantages and fight child poverty’ (CDU/CSU/FDP 2009: 68). The National Action Plan ‘For a child-oriented Germany 2005-2010’ (NAP), published by the Federal Ministry of Family Affairs, identifies the fight against child poverty and the provision of a decent standard of living for all children as one of six central, political goals in the field of child and family policy (cf. BMFSFJ 2006a: 60).

3.1 Child poverty from a social investment point of view

The stimulus for the German Federal Government’s action against child poverty is not so much driven by children’s rights derived from legal obligations of the UN convention on the rights of the child (CRC) as by the ideology of an investive and activating welfare state - the leading principle of European welfare states for at least one decade (cf. European Council 2000). Hereby, it is the ‘child-centred social investment strategy’ which serves as a blueprint for the Federal German Government (cf. Esping-Andersen 2002). Under this strategy, the goal of social policy shifts from achieving social equality by redistribution of resources to achieving social inclusion by producing employability. Investing in human capital is considered the best way of preparing for a future in a globalised world and knowledge-based economy. Lack of access to knowledge and fewer (or even the
absence of) skills are identified as the new social risks of the knowledge-based economy. Rather than being provided with direct security through mechanisms of redistribution, citizens will be equipped through this process of investment to negotiate their own integration into the labour market. Thus, the participation of most citizens in the labour force is regarded as the key strategy for securing social cohesion and economic competitiveness of the national state.

Within the social investment ideology, children play a crucial role, whereas previously they played only a marginal role in broad political strategies. The new importance of this population group and the idea of fighting child poverty derive from the assumption that the ability to build up human capital is determined especially during the first years of life. A lack of economic capital (e.g. money) and cultural capital (e.g. education) is identified as the central causal mechanism for the inheritance of deprived life chances. From the social investment point of view, no modern welfare state can afford to waste potentially available human capital and to let children grow up in living conditions that do not promote the formation of human capital skills. To overcome the inheritance of restricted life chances and guarantee a maximum investment in the next generation, Esping-Andersen argues in favour of a double strategy: On the one hand, he pleads for an inclusion of fathers and mothers in the labour market as well as an expansion of economic transfers for families to improve their material welfare. On the other, he propagates the expansion of high-quality early childcare and education, especially for children under the age of three, in order to improve their cultural capital – above all for children of deprived families (cf. Esping-Andersen 2002; see also Olk/Hübenthal 2009).

3.2 Fighting child poverty: half speed ahead…

In contrast to this expression of an ambitious political will and despite the perception of an economically pressing need for action, the Federal Government tends to downplay the dimension of child poverty in Germany by trivialising the problem. In particular, this can be observed in the ‘Third Poverty and Wealth Report’ published in 2008 by the Federal Ministry for Labour and Social Affairs (cf. BMAS 2008a). In the scientific background report (cf. DIW et al. 2007) it is stated that there are at least two databases which provide information about poverty in Germany: the European Survey on Income and Living Conditions (EU-SILC) and the Socio-Economic Panel (SOEP). Although the scientific background report clearly identifies methodical deficits in the EU-SILC data, which cause a massive underestimation of the child poverty rate (cf. DIW et al. 2007: VII-VIII, see also Hauser 2008), the German Federal Government focuses primarily on this non-valid data in the ‘Third Poverty and Wealth Report’. SOEP data that seem to draw a more realistic and valid picture are only given marginal importance. Relying on EU-SILC data, the German Federal Government propagates a child poverty rate of only 12% and not of 26% (SOEP) and ranks Germany among the countries with the lowest child poverty rates compared to other European countries (cf. BMAS 2008a: 86; BMFSFJ 2008a: 32). As a consequence, this ‘Poverty and Wealth Report’ was heavily criticised by civil society organisations and leading poverty researchers (cf. e.g. Hauser 2008, DCV 2008a, DPWV 2008, VAMV 2008).

In addition to downplaying the dimension of the problem, until now no coherent strategy has been developed that coordinates the actions of different federal ministries and announces clearly defined political goals within a time
Whereas, in 1998, Tony Blair propagated the (probably exaggerated, but at least verifiable) political goal to halve child poverty in the United Kingdom by 2010 and to end it by 2020, a political goal of this kind was never formulated by the German Federal Government. Hence, children's rights organisations such as UNICEF demand that the Federal Government should create a 'national action plan with concrete goals for reducing child poverty' (UNICEF 2010). This demand is also emphasized by political recommendations of the OECD-study 'Doing better for children'. The study proposes to establish targets for the outcome of children's well-being, whereby these targets are considered to create positive incentives for politicians and policy makers to meet their stated goals. Hence, these targets 'need to be clear, achievable through policy change and attainable within the specified time period' (OECD 2009: 11).

4. Measures of the German Federal Government

As discussed above, the German Federal Government acts on the assumption that child poverty, seen from a quantitative perspective, is no major issue. Thus, fighting poverty is not a top priority for political decisions. Nevertheless, the Federal Government has launched measures and programs to reduce child poverty. Based on an investment-oriented and activating welfare state ideology, action is first of all being focused on education and the labour market to reduce child poverty. Expanding economic redistribution is considered to be less important.

4.1 The silver bullet: labour market participation

The dominating leitmotif of the German Federal Government for fighting child poverty emphasizes that: 'Gainfully employed parents are the best protection against child poverty' (BMFSFJ 2009). Taking into account the relatively low proportion of mothers in gainful employment, above all else the Federal Government focuses on increasing the participation of mothers in the labour market (cf. Rürup/Gruescu 2003: 54). The belief that the gainful employment of both parents is the best measure for fighting child poverty derives from empirical evidence. Empirical studies find that child poverty is low when both parents are gainfully employed (cf. BMFSFJ 2008b: 21). In the ‘Third Poverty and Wealth Report’ it is argued that starting full-time employment reduces the poverty rate of formerly unemployed families with children from 48% to less than 10%2 (cf. BMAS 2008a: 89; see also BMFSFJ 2008b: 17-19).

The political goal of a broader integration of hitherto unemployed parents should be achieved by means of a generally activating labour market and social policy (cf. Dingeldey 2006). Since the integration of social assistance for the long-term unemployed and the social assistance for the poor in 20053, the pressure on all unemployed groups was significantly increased and state support reduced. Parallel to this, within the framework of a 'sustainable family policy', the integration of unemployed mothers with young children is particularly propagated as a means of tackling child poverty. To enhance the labour market participation

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2 One parent is working full-time or both parents are working part-time: 8% of families with children are poor; both parents are working full time: 4% of families with children are poor (EU-SILC data).

3 This new measure is based on 'The Social Security Law II' [Sozialgesetzbuch II] and called 'unemployment benefit II' [Arbeitslosengeld II].
of this hitherto significantly excluded group, the Federal Government proposes the quantitative expansion of the previously marginalised system of early childcare for children under the age of three. On the quantitative level the Federal Government intends to increase the provision rate for children under the age of three from a current 13.6% to 35% in all Germany by 2013 and, in doing so, to fulfil the EU benchmark of 33% (cf. Hübenthal/Ifland 2011). By being temporarily released from their task of parenting and, hence, having the opportunity to participate in the labour market, single mothers should be enabled to overcome their high risk of living in income poverty (including the poverty of their children).

4.2 The long-term view: educational chances
In the long-term, the Federal Government aims at improving and evening out the education chances of children from socially deprived families. With the ‘Future Education and Care’ investment programme, the Federal Government has launched an expansion of all-day schools. The core of this social investment policy is the new importance of an institutional, early childcare system for children under the age of three. As the Twelfth Child & Youth Report emphasizes, the challenge faced by the German Federal Government is quantitative expansion (especially in western Germany) as well as improving the quality in early childcare facilities in the whole of Germany (cf. BMFSFJ 2005: 249; see also BMFSFJ 2006b). Whereas, in the above mentioned context of integrating mothers into the labour market, the quantitative expansion is to the forefront, in this context the qualitative improvement of early childcare institutions plays a crucial role (cf. Hübenthal/Olk 2009). More than previously, early childcare institutions should fulfil educational functions and, in doing so, prepare children for school more effectively and create the basics for the demands of a knowledge-based economy. This effort is based on the assumption that investing in early childhood education has significant, long-term human capital and economic returns. This is especially true for children of deprived families. High-quality, early childhood education is regarded as being able to compensate for deficits in children’s cognitive stimulation by their families and, in so doing, improve their life chances and ability to overcome the reproduction of social inequality (cf. Esping-Andersen 2002, 2005, Carneiro/Heckman 2003; see also Olk 2007).

4.3 The poor cousin: economic redistribution
The German Federal Government is well aware of the impact of economic transfers on children and families. For example, the impact of universal child allowance [Kindergeld] on the material well-being of children of lone parents and children in large families is acknowledged. In large families this child allowance comprises 15%, in lone-parent households with one child 10% of the total income, and in lone-parent households with two children up to 21% (cf. BMFSFJ 2008b: 29-30, see also BMAS 2008a: 88). Using the non-valid EU-SILC data, the ‘Third Poverty and Wealth Report’ declares: ‘Transfers like unemployment benefit II, child allowance, supplementary benefit for children [Kinderzuschlag], housing benefits [Wohngeld] and parental leave benefits [Erziehungsgeld; since 2007 Elterngeld] significantly reduce the income poverty of families. Public transfers, for example, reduce the poverty risk of children by nearly two-thirds from 34% to 12%’ (BMAS 2008a: 87-88). The Ministry of Family Affairs propagates nearly the
same and assumes that the welfare state has halved child poverty in Germany from 31% to 14%. From this perspective, Germany ranks in the middle among the EU-15 (BMFSFJ 2008b: 26; 49). Based on findings like these, the German Federal Government emphasizes that: ‘The welfare state is effective’, as the former Minister for Labour and Social Affairs, Olaf Scholz, stated in May of 2008 (BMAS 2008b).

Although improving the redistribution of material resources plays no significant role for the Federal Government, several slight changes have taken place since the new paradigm of a social investment state gained influence in Germany: In 2005, the ‘supplementary benefit for children’ was introduced as a means-tested measure to help fight child poverty. This measure was designed to provide up to €140 per child per month, and can be claimed by parents of unmarried children under the age of twenty-five. The eligibility criteria is that the parental income is sufficient to cover their own needs, but would be eligible for the unemployment benefit II due to the additional needs of their child(ren).

With the help of a new regulation for families [Familienleistungsgesetz] introduced in January, 2009, and as part of a broader economic stimulus package [Konjunkturpaket II] adopted in February, 2009, some further improvements were implemented. With the former came a slight increase in child allowance as well as an increased tax exemption for dependent children and household related services. Due to the new regulation for families, school children in households receiving unemployment benefit II are eligible for €100 per annum for school material. Additionally, the standard rate for children within the social assistance system was split into three age groups instead of the former two. Since July 2009 children up to 6 years of age receive 60% of the standard rate for an adult, children between 7 and 14 years of age receive 70% and children above 14 receive 80% (cf. Olk/Hübenthal 2009).

To Sum up: With the intention of integrating unemployed parents more strongly into the labour market (first of all mothers with young children) and with the ‘education campaign’, especially in the early childcare system, the German Federal Government is completely in line with influential scientific experts like Esping-Andersen (cf. 2002) and international organisations like the OECD and the EU. However, by neglecting the significant expansion of economic redistribution the Federal Government is straying from the path of social investment strategy as propagated by Esping-Andersen. This can be understood as the consequence of a conceptual tension: On the one hand, the development and learning conditions of children as ‘worthy poor’ and bearers of potential human capital should be promoted in the best way possible; on the other hand, their often unemployed parents are conceived as ‘unworthy poor’, who are to be integrated into the labour market as quickly as possible, and who are under an implicit suspicion of misusing economic resources. According to this Federal Government’s point of view, the expansion of material resources for poor children can be functional in the logic of investing in children, but at the same time it also implies the risk to undermine the intention of activating parents into the labour market by also increasing the pressure on their material living conditions.

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4 The child allowance was increased for the first and the second child by €10 and by €16 for the third and all further child(ren).

5 The economic stimulus package II also provided a lump sum of €100 per child for all recipients of child allowance.
5. Child poverty in a divided society

Based on the Federal Government’s obligation within constitutional law to create equivalent living conditions, it appears important to ask how it deals with the large disparity in material living conditions between children growing up in the eastern and western parts of Germany. A related study about poverty amongst children and youths, published by the Ministry of Family Affairs in 2008, is an example of how this difference tends to be downplayed. This study shows a variance of the child poverty rate from 11% in Baden-Wuerttemberg to 30% in Saxony-Anhalt, whereby the five new federal states clearly show disproportionately high levels of child poverty. However, the study advocates that ‘this seemingly dramatic East-West gradient’ (BMFSFJ 2008b: 10) needs to be relativized. The following three reasons are given as to why:

1. The study argues that the average median income in Germany as a whole is used as the reference parameter for calculating poverty levels, and that this is correct for calculating which federal states have the highest levels of poverty relative to the whole of Germany. However, the study notes that this reference parameter is not the only option available. Equally, the median income of the single federal states could be used as a reference, whereby, in doing so, the East-West gradient can no longer be observed (cf. BMFSFJ 2008b: 11). The Seventh Family Report argues that this is due to the fact that, in the new federal states, the income of families with children is approximately the same as the average income of their respective federal state. According to the report, this is primarily the consequence of circumstances where, in the new federal states more often than in the old ones, both partners contribute to the family income. A dual-income family, due to its broader economic base, provides more financial stability (e.g. for the economic well-being of children) in case of unemployment or family break-up than a single-income household (cf. BMFSFJ 2006b: 317; see also Bertram 2008: 65). However, taking the median income of a particular federal state as a reference provides only information about the income distribution within this particular federal state and not about the income distribution within all of Germany. If one wants to draw conclusions about income distribution and the effects of poverty within all of Germany, then it remains unavoidable to use the average income at federal level. This is especially true as Germany is an established constitutional state and sees itself as a collective society. The functional need for viewing Germany as a whole is confirmed not only by poverty research but also, for example, by official consumer statistics which have used a standardized ‘basket of goods’ for all of Germany since 2003. This approach is used due to the insight that consumer habits in both East and West, as well as consumer price indices, have become practically the same (cf. Egner 2003: 424).

2. Furthermore, according the study of the Federal Family Ministry, regionally different price levels need to be considered. The purchasing power of a given income is generally higher in the federal states which are financially weaker and where the poverty rate is greater. This means that, in an economically weak federal state, a relatively low income can have the same or a higher purchasing power than a higher income in an economically stronger state (cf. BMFSFJ 2008b: 11-12). This link postulated by the Family Ministry has been confirmed by a study carried out by Ifo (The Institute for Economy Research). Even though many goods and services cost the same throughout Germany, significant price differences in rent, household related services and other locally-traded goods can
be found between individual regions. Goods and services with prices which are strongly influenced by wages, such as driver's licences, journeys by taxi, places in old people's homes, or builders, are cheaper in the newly-formed federal states. For example, in Munich one would have to pay 30% more for an identical 'basket of goods' than in Leipzig. However, Ifo stresses that the cost of living in former East Germany is not as low as is generally assumed. The three regions with the lowest prices are actually in the West. The difference in the cost of living between East and West is a mere 5.6%. Hence, the income deficit in the East is not compensated but just moderated, because these calculation show that the real income in the East is 16.5% lower than in the West (cf. Krawka 2010).6

3. Lastly, the study of the Federal Family Ministry states that regional differences in in-kind transfers for children also have to be considered. Although these do not directly affect family income, they influence spending and in turn disposable income (cf. BMFSFJ 2008b: 12). Regional differences among in-kind benefits occur on the level of the federal states and also on the level of local communities. For example, federal law allows the sixteen federal states to charge parental fees for early childcare (§ 90 Social Security Law 8), whereby the government recommends that those expenses be staggered in relation to parents' income, number of children and how long the children are in the early childcare facility. As the German Youth Institute (DJJ) demonstrates, this framework is made concrete in three ways. The federal state laws either (1) define the exact scale of the parents’ fees according to the number of children and level of income, (2) require the providers or communities to set the fee scale, or (3) merely recommend setting such a fee scale7. The variance which occurs due to this legal framework can be observed in circumstances where, in five out of sixteen federal states, parents do not have to pay for the last year of early childcare before school. However, among these five federal states there is no former East German federal state (except Berlin) which provides this cost-free last year (cf. Lange 2008: 242-243). A study by the 'Institute of German Economy Cologne' showed that fees for early childcare in the 100 biggest cities in Germany have decreased in the last two years due to the introduction of the cost-free year in early childcare in many communities. However, it also showed that there is a significant difference in fees among different communities in Germany. Annual fees for a half-day place in early childcare varied from zero to €3,696, payable by the same model family and entirely dependent on the region8. Along with a north-south gradient, a difference between the newly-formed federal states and the old federal states can be observed: In the fourteen former East German cities among the 100 cities in the study, early childcare fees were higher than in the former West German cities, whereby average wage earners with two children were particularly affected. On average the two-child model family in this study has to pay €417 more per annum in the East than in the West (cf. INSM/Eltern

6 The ‘German institute for economic research’ comes to a similar conclusion, based on SOEP data, and states that the price levels tend to be a little lower in the East, which compensates about 25% of the income difference compared to West Germany. Nevertheless, the income discrepancy is not entirely compensated and still remains (cf. Goebel et al. 2009).

7 Most of the federal states require the providers of early childcare or the communities to take social aspects into account when setting these fee scales.

8 For example early childcare fees for ‘high income families’ (gross wage €80,000 per annum) with two children in early childcare: €0 in Düsseldorf, Hanau, Heilbronn, Kaiserslautern, Koblenz, Ludwigshafen, Mainz, Salzgitter and Trier up to €3,692 in Cottbus and €3,696 in Potsdam and Tübingen.
A further important source of differences are in-kind benefits which communities voluntarily offer to low-income earners such as social benefit recipients (e.g. unemployment benefit II). These benefits might often include price concessions for public museums, libraries, sports associations, school dinners, etc. A few communities go even further. Mönheim am Rhein (North-Rhine Westphalia) has set up a prevention chain ‘from birth to apprenticeship’ which combines a huge spectrum of resources and services of the communal youth welfare system. This is directly meant to tackle the different aspects and problems of child and youth poverty (cf. Reißlandt/Nollmann 2006). When considering which voluntary in-kind benefits to offer, many communities face the problem of having only a small budget. This is more frequently the consequence of increasing social expenditure caused by the continuing high unemployment rate (cf. Deutscher Städtetag 2010a+b). Thus, the gap between wealthier and poorer communities continues to grow. According to the head of finances of the ‘Association of German Cities and Towns’, the ‘growing difference between rich and poor cities is the most serious problem of the communal budget system’ (Deutscher Städtetag 2008). The problem of low earnings in the community, combined with high social expenditure particularly affects cities in regions with a weak economic infrastructure (cf. Deutscher Städtetag 2008, 2009). Further confirmation of the problem was provided by the overall head of the ‘Association of German Cities and Towns’, Christian Ude, when he announced in an interview that communities in former East Germany were particularly affected (cf. FOCUS 2009). Against this backdrop, it remains at least very questionable as to how far the consideration of regional in-kind transfers can be understood as an argument for reducing the dramatic appearance of greater child poverty in former East Germany.

Although the East-West difference is played down, the Federal Government is taking regional differences in the effects of child poverty into consideration for their action against child poverty. In the ‘Third Poverty and Wealth Report’ the Federal Government takes the view that: ‘The regional distribution of poverty risks, poverty causes and accompanying phenomena of family and child poverty clearly shows that regionally fitting solutions are needed to establish and coordinate a chain of a preventive and supportive measures from birth to job entry’ (BMAS 2008a: 94). In the context of this approach to ‘treat differences differently’ the Federal Government supports programs with a local focus, such as ‘neighbourhoods with special developmental needs – the social city’ ['Stadtteile mit besonderem Entwicklungsbedarf – die soziale Stadt'], a programme initiated jointly by the Federal Government and the federal states in 1999 to improve the living conditions in disadvantaged neighbourhoods. Furthermore with the initiative ‘Local Alliances for the Family’ ['Lokale Bündnisse für Familie'] the Federal Government supports alliances on a local level to improve the work-life balance of families; beyond that, the Government also propagates the continued development of local ‘prevention chains’ to better integrate and link up social services (cf. BMFSFJ 2006a, 2008b).

Despite the high value of these and comparable projects, it would be excessively optimistic to assume that these will provide a sustainable reduction in East-West differences in child poverty. This seems unrealistic as these East-

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9 E.g. costs for housing within the unemployment benefit II
West differences are the result of structural problems such as the mismatch between state, market and family. The leading assumption in this paper is that the greater effect of child poverty in the East compared to the West can be understood as the result of a larger disparity between current welfare state intervention, prevailing family structures and labour market conditions. In order to reduce the difference in those effects of child poverty between East and West, in particular, and to reduce child poverty in all of Germany, in general, it seems fruitful to discuss potential areas of structural change. In what follows, I take a critical look at three central areas of the Federal Government’s action to fight child poverty: 1) the limits of the current strategy of better integrating mothers into the labour market, 2) the lack of attention paid to the needs of children from socially deprived families in central welfare state areas, and 3) the conservative family ideal that partially prevails within the Federal Government’s action.

5.1 Mothers into the labour market: a mantra without music

Despite support programmes such as the Solidarity Pact I (1995-2004) and II (2005-2019), activating labour market policies face more difficulties in the East than in the West due to the weaker economic infrastructure and the lack of jobs that accompanies this problem. The Institute for Economic Research in Halle (IWH) states that the gap between the number of jobs and the number of job seekers is considerably higher in the East compared to the West. A total supply of 5.6 million positions in former East Germany in 2003 meant that 1.7 million jobs were lacking. Whereas in East Germany, for each 1,000 employable citizens, 178 positions were lacking, it was only ninety-three in former West Germany. The IWH sees one of the main reasons for this in the fact that women in East Germany have a greater tendency to seek employment. According to the IWH, the share of working women in relation to the total employable population, of around 58%, was nearly the same in East and West Germany in 2003. However, the share of working women in relation to employable women in East Germany was 9% higher than in West Germany. Furthermore, the number of women working full-time is higher in East Germany than in West Germany while at the same time women in East Germany held a part-time job as their sole employment - only half as often as women in West Germany. The IWH emphasizes that East German women work part-time much more often than West German women only due to a lack of full-time positions. Their job gap is three times higher than in West Germany (cf. Brautzsch et al. 2006).

The reason for this is different role patterns of women and mothers in East and West Germany (see also Statistisches Bundesamt 2010). Whereas, in the former GDR (German Democratic Republic), women and mothers were broadly integrated into the labour market as part of the ideology of a 'socialist working society', the FRG (Federal Republic of Germany) supported a more conservative family ideal which focused on male breadwinners and women responsible for unpaid housework and childcare. The consequences of these two paths can still be observed nowadays. In both West and East Germany a large percentage of non-working mothers with small children would like to work, whereby the share in East Germany (more than 90 % of mothers with children under twelve) is still

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10 East Germany: 340 women per 1,000 employable women; West Germany: 309 women per 1,000 employable women (cf. Brautzsch et al. 2006).
11 East Germany: 63 women per 1,000 employable women; West Germany: 118 women per 1,000 employable women (cf. Brautzsch et al. 2006).
higher than in West Germany (almost 70%) (cf. Büchel/Spieß 2002a+b). As a further consequence, institutional early childcare was much more developed in East than in West Germany. Currently, in former East Germany, there is a provision rate of approximately 40% which already fulfills the EU benchmark of 33%, while West Germany has a provision rate of less than 10%.\textsuperscript{12}

Analyses of the Federal Statistical Bureau (FSB) confirm this difference with particular regard to the labour market participation of mothers. According to the Federal Statistical Bureau, there is a difference in the labour participation level when comparing mothers with children under fifteen in the old federal states and the new ones (including Berlin). Although the labour participation of East German mothers, with 58%, is only marginally higher than for West German mothers (55%), the study notes that many more women in East Germany work full-time. Every second mother (53%) with a youngest child under fifteen holds a full-time job, which is more than twice as many as in West Germany (22%). When explaining why they have a part-time job, fewer women in the new federal states (52%) give reasons related to personal or family commitments compared to women in the old federal states (89%). Almost four out of ten East German women (38%) mentioned a lack of full-time jobs as the main reason for not working more than part-time (cf. Statistisches Bundesamt 2010).

Mothers with young children in West Germany who are willing to participate in the labour market face the problem of a lack of early childcare facilities when compared with East Germany. East German women are more often confronted with a lack of (full-time) employment (see also Bertram 2008: 65). Hence, although East Germany, due to its history as a ‘socialist working society’, is much closer to the current political ideal of a two-earner family and women are comparably more integrated into the labour market (cf. BMFSFJ 2006b: 96; 118; see also Leitner et al. 2008), the child poverty rate is higher than in West Germany due to a broader lack of full-time employment and a comparably lower income generally. These circumstances illustrate the limit of the current effort of integrating mothers with young children into the labour market. Empirical data indicate that shifting from unemployment to full-time employment significantly reduces child poverty. According to SOEP data, the effects of child poverty decrease from 67.2% (children in single-parent households) and 85.5% (children in couple households) to 10.7% and 11.5%, respectively, if one parent starts full-time employment. However, apart from this significant decrease, this data also demonstrates that one in ten children still remains in poverty even if one parent starts working full-time. Whereas, in couple households, this share declines further to 5.4%, for children in single-parent households no further reduction is possible (cf. Strengmann-Kuhn 2006: 448).

In contrast to the perspective of the former Minister of Family Affairs and current Minister of Labour and Social Affairs, Ursula von der Leyen, if the increased labour market participation of mothers with young children is to contribute to reduced child poverty and to overcome the difference of economic well-being of children in East and West Germany, it would seem necessary to further link the child poverty discourse with debates concerning ‘just’ payments (cf. Süddeutsche Zeitung 2008).

\textsuperscript{12}In the eastern part of Germany 39.7 % of the children under the age of three and 92.4 % of the children between three and six years attend early childcare facilities; in the western part only 8 % of children under three and 86.1 % of children between three and six years are included in early childcare facilities (year 2006; cf. Riedel 2008: 13).
5.2 Social assistance, family and educational policy – a trio not in the interest of children from socially deprived families

At the present time around two million children in Germany live in families receiving social benefits based on the 'Social Security Law II' – either with unemployed parents or in ‘working poor’ families, where the parents earn so little that they require additional social benefits. As the scientific background report of the 'Third Poverty and Wealth Report' points out, unemployment benefit II is not sufficient to overcome relative poverty. Irrespective of whether the benefits are paid to a single person without children, couples without children, couples with children or single parents, the benefits (unemployment benefit II including average support for housing) almost always lie below the 60% poverty line13. For example, in 2005 a single mother with one young child living in the newly-formed federal states received an average of €993 per month, whereas €1,136 would have been required to stay above the poverty threshold (cf. DIW et. al 2007: 47-49).

Although unemployment benefit II is supposed to fulfil the basic needs of its recipients, the amount of this benefit for children continues to be criticised because it does not cover their primary needs. This inadequacy is due to the procedure by means of which the standard rate for this benefit is calculated. From a child-related perspective it is open to criticism that children only receive a reduced share of the benefit of an adult. The major issue is that this benefit for children is not calculated on the basis of their needs but derived as a percentile share of the standard rate for an adult. For example, the benefit for a child’s daily nutrition is only €2.54 for children under fifteen years of age and €3.42 for children who are older14. However, the average cost of healthy and balanced meals for children is €4.68 per day. Following these calculations, the rate of €2.54 is only enough for children aged four to six – and only if the parents restrict themselves to special offers (cf. Spellbrink 2008: 7). Furthermore, apart from the €100 per annum for school material introduced in 2009, the costs associated with education are completely excluded from the calculation of the standard rate for children. This is in sharp contrast to the social investment ideology and is not in line with the political goal of overcoming the social heritage of children of deprived families by means of the educational system.

This critique was also formulated by a decision of The Federal Social Court [Bundessozialgericht] in January of 2009. The main thrust of the court’s decision was a strong suspicion that the standard rate for children in the social assistance system is unconstitutional (cf. Bundessozialgericht 2009). What was criticised was not the amount of the benefit, but the missing rationale. Regarding an issue as important as the minimum standard of living, the needs of children must be a stand-alone calculation and not simply deduced from the standard rate for an adult. Among other things, this situation violates the dignity of man and goes against the Welfare State Imperative [Sozialstaatsgebot] as stipulated in German Constitutional Law. The Federal Social Court has passed its decision on to the Federal Constitutional Court [Bundesverfassungsgericht], which confirmed the The Federal Social Court’s decision. The Federal Government has until the end

13 Only for single parents with two children living in the old federal states the social benefit (€1,443) was slightly higher than the income needed to stay above the 60%-poverty line (€1,398).
14 This calculation is based on the former two age groups of children (under and above the age of fifteen) within the social assistance systems, which in 2009 were changed into three age groups (children under the age of seven, between seven and fourteen and above fifteen years).
of 2010 to change the currently unconstitutional regulation of the standard rate of the unemployment benefit II (cf. Bundesverfassungsgericht 2009).

Parallel to the lack of orientation regarding (poor) children’s needs in the social assistance system, family policy measures also show a significant neglect of the needs of children from socially deprived families. The ‘supplementary benefit for children’ – the family policy step before the social assistance system – was criticised from the very beginning due to its minimal effectiveness and range (see for detailed critique Becker/Hauser 2008, DCV 2008, Olk/Hübenthal 2009). Neither the originally intended number of children and families who should profit from the benefit, nor the intention to support ‘gainful employment instead of unemployment’ and to ‘make work pay’ for unemployed parents were attainable (cf. CDU/CSU/SPD 2005: 118; BMFSFJ 2008c: 10). Complex and restrictive bureaucratic procedures resulted in a high refusal rate which led to a slight reform of this measure in 2008. At the moment, the approval rate for supplementary benefit is 18%. This means that only 100,000 instead of the initially-planned 150,000 children profit from the benefit (cf. BMFSFJ 2008c: 10).

Besides the deficit of this new means-tested measure also the slight increase in the child allowance as well as the increased tax exemption for dependent children and household related services introduced in 2009 does not show a serious consideration for the situation of socially deprived children: Due to the fact that the child allowance is reducing the amount of the unemployment benefit II which the parent(s) receive(s), the increase in the child allowance, in end effect, does not raise the household income. Furthermore, low-income families are unable to profit from tax exemptions because their income falls below the threshold of taxation, i.e. is too low to be taxed.

In addition, within educational policy, children from underprivileged families are significantly disadvantaged. Although the Federal Government invests great hopes in the educational system for overcoming the reproduction of social inequality, it needs to be pointed out that, until now, it has actually done the opposite. As is known since the ‘PISA shock’ in 2000, the correlation between social background and school success is particularly high in Germany. Children from weak socio-economic backgrounds are highly over-represented in junior high schools [Hauptschule] and dramatically under-represented in grammar schools [Gymnasium]. Additionally, these children are less likely to be recommended by their teachers to go to a grammar school even when their school marks are the same as those of children with higher socio-economic backgrounds.

According to the Third International Mathematics and Science Study (TIMMS), German fourth grade pupils scored an average of 525 points in mathematical skills, putting them in the top one-third of students internationally. However, children from poor families score significantly lower (494 points). Accordingly, non-poor students perform significantly better than average (539 points). Although Germany is also placed in the top one-third in the natural sciences (528 points), the difference between poor (491 points) and non-poor (544 points) students is even more significant (cf. Bos et al. 2010: 67). Hence, the German school system has not yet been able to overcome the influence of socio-economic background (see also Allmendinger/Nikolai 2006).

Also concerning early childhood education, which is currently the favoured means of the German Federal Government to overcome the reproduction of social inequality, also mechanism of reproducing the inheritance of deprived life
chances can be identified. A study conducted by Büchel/Spieß shows that children of mothers with an academic education and children from families with higher income are more likely to attend early childcare facilities (children under the age of three) than children from non-academic educated mothers and children from low-income families (cf. Büchel/Spieß 2002b: 43-45). Parallel to this empirical correlation, in some federal states children of unemployed parents - and, hence (following the Federal Government's logic of social investment) children who are more likely than others to profit from institutional early childcare – are mainly only eligible to attend early childcare half-days, whereas children of employed parents are eligible for a full-day place.

The comparably low wages and strong dominance of the low-income sector (cf. DIW et al 2007: 146)\(^\text{15}\), combined with the comparably high (long-term) unemployment level in the East (cf. Boeckh et al. 2006: 214)\(^\text{16}\) not only lead to increased relative child poverty but also to a higher proportion of children living in families receiving social benefits than in former West Germany. The proportion of children under fifteen years old living in families receiving social benefits (unemployment benefit II) in the East is more than twice as high that in the West (29.7% vs. 13.8%; June 2008). That greater inclusion of East German children in the social assistance system can also be observed in data of the individual federal states. After Berlin (37.1%), the other East German states of Saxony-Anhalt (32.3%), Mecklenburg-West Pomerania (31.1%), Saxony (26.5%), Brandenburg (25.0%) and Thuringia (24.5%) have the highest levels of children living in households receiving unemployment benefit II, along with the West German city state Bremen (31.6%). The old federal states in the south, Bavaria, Baden-Wuerttemberg and Rhineland-Palatinate, show the opposite pattern with shares of less than 10%. In some East German cities almost half of all children live in families receiving unemployment benefit II: Görlitz (42.7%), Hoyerswerda (42.6%), Schwerin (41.6%) and Halle (Saale) (40.2%) (cf. BIAJ 2008; see also Hübenthal 2009: 12-13).

As a consequence, the problems caused by neglect of the needs of children from socially deprived families within the social assistance system, as well as within family and education policy, affect former East more than former West Germany and, therefore, lead to a higher child poverty rate and social exclusion. Currently, the most optimistic progress can be found within the educational system. According to the PISA-studies, the correlation between school performance and social background is comparably lower in East German federal states than in West Germany (cf. Allmendinger 2006).

5.3 The conservative ideal of family: creating poverty by an anachronism
A third deficit of the Federal Government's action against child poverty is the anachronism of the understanding of family and the role of women and mothers. Whereas policies concerning children and families increasingly aim at the reconciliation of family and work and a stronger integration of mothers with younger children into the labour market, above all, the tax law (joint tax

\(^{15}\) Whereas in the old federal states around 6% of the fulltime employees are working in the low-income sector, this share is around 20% in the newly-formed federal states. Hence, in East Germany one of five fulltime employees is earning a gross income that is less than two thirds of the median income of all employees (cf. DIW et al. 2007: 146).

\(^{16}\) In 2006 the unemployment rate in West Germany was 11.0%, whereas in East Germany this share was 20.5% (cf. Boeckh et al. 2006: 214).
assessment of married couples) produces contradictory efforts. According to the regulations established in 1958, the income of both married partners is initially added together, and then halved to calculate the tax owed. This form of taxation results in a tax saving when compared to taxes assessed on an individual basis – the greater the difference between the incomes of the couple the more they profit. For this reason the joint tax assessment of married couples is identified by experts as producing negative incentives for the participation of married women in the labour market (cf. Dingeldey 2002). While the Scandinavian countries rely on a strategy of ‘de-familialisation’ of women by means of an individualized tax system, the German tax system supports the male-breadwinner family model, and thus, the familialisation of women. Beyond that, a study by the OECD demonstrates that, during recent years, social security contributions and income taxes have decreased slightly for employees. However, as a result of these relief measures, it is mostly high income employees who are single and without children who profit. Single parents with low incomes actually have to pay more than they did before. When comparing the gross income of a single, well-paid employee without children (earning 167% of the average wage of a full-time industrial worker) between 2000 and 2006, we see that the deductions were reduced by 2.8% to 46.3%. A married, average earner with two children and with a non-working spouse pays 1.4% less – 23.1% of the gross salary (social security contributions, income tax less child allowance). A single parent with two children, earning two-thirds of an average wage, however, has to pay 0.8% more in 2006 than in 2000 – 21.1% of the gross salary (cf. OECD 2007).

With this tax policy the German Federal Government promotes a conservative ideal of family as a married heterosexual couple where the wife does the unpaid household and childcare work while the man goes off to work as the sole breadwinner. However, this ideal of family corresponds less and less to social reality in Germany, so the German tax system undermines an important part of German child poverty strategy. Although the majority of children still grow up in a household with both parents, other types of families such as non-married couples or single parents are taking on greater significance. In 2006, more children than ten years before were growing up in a cohabitation situation or with a single mother (or father) and, at the same time, the share of children living in married couples declined. In former West Germany the number of minors living with a married couple had fallen by 5% since 1996 (2006: 81%). In former East Germany this number fell by 14% (2006: 61%). Correspondingly, the number of minors living with single parents or couples in long-term relationships rose during this period. This was particularly the case in the new federal states: The number of children in West Germany living with single parents rose by 3% from 1996 to 2006 (2006: 14% ) and those living with couples in long-term relationships by 2% (2006: 5% ). In East Germany these proportions each increased by 7%; in 2006 23% of children were growing up in single-parent households and 16% with couples in long-term relationships (cf. Krieger/Weinmann 2008: 36).

Hence, similar to the deficit of the activation strategy and the neglect of children's need from lower social classes, the anachronism of the conservative family ideal can also be identified as a general problem of the Federal Government's action against child poverty. This is a problem that particularly affects former East Germany rather than former West Germany and contributes to the higher child poverty rate in that area.
6. Conclusion – an alternative in sight?

As shown above, one of the structural reasons for the high child poverty rate in Germany can be identified as a mismatch of welfare state intervention, family structure and labour market conditions. The gap between the question of ‘just’ wages and the activation of mothers into the labour market, the neglect of underprivileged children’s needs within the social assistance system, as well as the family and education policy in combination with an anachronistic ideal of families form a structural deficit in the Federal Government’s action against child poverty – irrespective of the situation in East or West Germany. However, this structural deficit affects regions with particular characteristics more than others such as the newly-formed federal states discussed here, and causes a comparably higher child poverty rate.

What kind of alternative to the current Federal Government’s action can be proposed? An alternative policy response, entailing a more effective reduction of child poverty in all Germany and also evening out the difference in the economic well-being of East and West German children, can be linked to two current discourses of the child poverty debate: the social investment discourse, which serves as a blueprint for the Federal Government, and the children’s rights discourse, which is primarily put forward by NGOs.

6.1 Responsibility – a link to the social investment discourse

According to the social investment ideology, child poverty has to be fought because growing up under socially deprived circumstances does not promote the formation of human capital. With this ideology the life chances of the individual and the primary intention of guaranteeing a prosperous and competitive economy are centre stage. In doing so, the social security system and the pension system should be maintained and a more cohesive society should be established. Apart from the individual and the state it is also the economic sector (e.g. companies) that should profit from successful human capital formation. Within this logic, children through their education efforts and contributions to their socialisation, parents through their education and care work and material support (cf. Mierendorff/Olk 2003; see also BMFuS 1994) as well as the welfare state through the provision of (e.g.) social security and an education infrastructure, all contribute to the process of human capital formation (although their particular contributions may, indeed, be questioned as is done in this paper regarding the welfare state). Against this backdrop, while on the one hand companies also profit from human capital formation and, on the other hand, where current wages even in full-time employment are not always enough to lift individuals above the poverty line, it appears functional to reflect and re-negotiate the role of the economic sector within the system of producing economic well-being. Current possible links are primarily the debates concerning ‘just’ wages, efforts to further reduce income differences between East and West Germany and to overcome the income difference between men and women as well as demands for increasing ‘family friendliness’ within companies. Significant improvements in this field might contribute to evening out the responsibilities for producing the economic well-being of children among all participants who would benefit from the social investment ideology instead of moving further in the current direction of individualising this responsibility.
6.2 Recognition – a link to the children’s rights discourse

Whereas the approach of re-negotiating the responsibility for producing economic well-being for children remains within the logic of social investment, the approach of recognising the societal position of children goes beyond that. From a children’s rights perspective there is a conceptual weakness in the social investment approach: The redistribution of resources – e.g. from adults to children – is legitimated exclusively by its productive effects. At the same time this overlooks, or leaves unacknowledged, the fact that children as children are fully-fledged members of society. This means that they have ‘the right to share to the full in the social heritage and to live the civilised life according to the standards prevailing in society’ (Marshall 1964: 82). From a children’s rights perspective, only if children are not understood exclusively as ‘citizen workers of the future’, but instead acknowledged as full citizens in the here and now, can a political strategy be developed which focuses on a fair share of societal resources for children as children (see also for social recognition: Honneth, 1994).

The most progressive concept from this perspective was propagated by an alliance including charity organisations, children’s rights organisations as well as influential child and poverty researchers, etc. With the help of this concept the wide variety of fragmented transfers like child allowance, supplementary benefit for children, social assistance for children, joint tax assessment of married couples, etc. would be combined into one unified, basic income for children (cf. Bündnis Kindergrundsicherung 2009). The alliance argues that all children should have the same rights regardless of the occupational status of their parent(s), and proposes a basic income of about €500 per month until the age of twenty-seven. In addition to meeting children’s basic needs, this would also provide them with the opportunity to participate in higher education. This measure would be means-tested, and thus the amount of benefit would decrease as the income of the family household rose by means of taxation. A basic income of this kind would come close to meeting the standards stated in the declaration of social rights for children in the CRC, thus being more effective than until now in evening out regional disparities in children’s economic well-being. Eventually, this might also help to overcome the gap between the social investment concept proposed by Esping-Andersen and its current realisation without a significant increase of economic redistribution by the German Federal Government. However, concepts of this kind currently are still far away from political realisation.

7. References


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Contact

Maksim Hübenthal, research assistant & Ph.D. candidate at the chair of Social Work and Social Policy Research (Martin-Luther-University Halle-Wittenberg)
Faculty of Philosophy III – Department of Educational Sciences
Franckeplatz 1/ Haus 6
06099 Halle/ Germany
Email: maksim.huebenthal@paedagogik.uni-halle.de

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