

## Where are we at the End of the European Year for Combating Poverty and Social Exclusion?

A conference by AGF and the European Commission Representation in Germany on  
**30. November 2010, Europäisches Haus Berlin**

Currently, nearly one in five children in the EU live at risk of poverty. The fight against child poverty is not only an expression of recognition of the dignity and rights of children and young people, but also an investment into the future of Europe.

The European Union had declared 2010 the European Year for combating poverty and social exclusion. Its aims were to raise public awareness of the situation of people affected by poverty and to give new momentum to the political commitment of the EU and Member States in the fight against poverty and social exclusion. The combating of poverty and social exclusion in Germany and Europe remains of continuing relevance.

The conference discussed the actual achievements of the European year, how the poverty situation of children and families in Europe and in Germany has changed and what further steps for an effective policy against child poverty are still required.



## Child Poverty in Germany and Europe

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for Combating Poverty and Social Exclusion?

30. November 2010, 14.00 – 17.00 h

Europäisches Haus Berlin

## Childpoverty – Important, but not important enough?

**Matthias Petschke**, head of the European Commission Representation in Germany, stressed in his opening speech the importance of the issue of child poverty. The cooperation event with the AGF is a good opportunity to show a common flag. In his speech, he reiterated that the EU will continue, within its competence, the fight against poverty above and beyond the year 2010 and that the Member States could count on assistance in the implementation of their actions. In this context, he announced an event of the European Commission in Berlin, to be held in January, concerning the new "Platform against Poverty and Social Exclusion".

Representing the AGF, **Edith Schwab** welcomed the participants. She pointed out that child poverty, both individually and socially, has serious consequences. Especially in affluent societies, it often leads to stigmatization. In Germany, about one in six children are affected. They suffer from difficult starting conditions and lack of future opportunities. Their situation would become increasingly hopeless, the less often they experience that it is possible to get out of poverty. She criticized that, despite the available knowledge, there are not enough political strategies to combat child poverty efficiently - in Germany as in Europe.

The moderator of the conference, **Maria von Welser**, journalist and vice chairwoman of UNICEF Germany, described how she experienced child poverty for the first time, in Hamburg. From her impressions the book, "Life in the vicious circle. Child poverty in Germany - but no one looks in," came about. She made no secret of her anger and disappointment and urged the improvement of the situation of children and to urgently enable them to fair social participation. Just by studying the current political development, there would be an urgent need for the elimination of child poverty to be further discussed.



## European Perspectives: Input by Barbara Steffner, head of the political department at the European Commission Representation in Germany

In her keynote speech, Barbara Steffner for the European Commission stated: It is politically unacceptable that so many people and particularly children are affected by poverty in Europe. The relevant policies are subject, however to the political responsibility of Member States, thus in Germany this also falls within the responsibility of the single federal states. The European Union has only complementary and coordinating skills in this area. Since 2001, the EU has made child poverty a major issue. However, 2007 was hold a focus year Child Poverty, in line with the Open Method of Coordination (OMC), particularly aimed at socially excluded groups (e.g. disabled) and minorities (e.g. Roma). Since then the issue had priority in the national action plans of Member States.

Yet, the gap between rich and poor is widening further, and the people affected by poverty find it increasingly difficult to come out again. The savings deals developed by the EU Member States as a result of the financial crisis have further aggravated the situation. On top of that came the challenges to the social systems as a result of the demographic change. Against this background, according to Steffner, the European Union has developed the Europe 2020 Strategy. Three of the five objectives named therein may directly contribute to improving the poverty situation: 1 increasing the employment rate, 2 reducing the amount of early school leavers and 3 reducing the number of people affected by poverty by 20 million. For the third objective, there will be three different indicators to test the result: the income situation (i.e. a disposable income of less than 60 per cent of the national median), material deprivation and the number of unemployed households. Germany has proposed the "jobless households" indicator and will also apply it themselves. Overall, the Europe 2020

Strategy places the combating of poverty at the top of the political agenda of the EU.



In order to reduce poverty, the Commission has, in line with the Europe 2020 Strategy, launched the leading initiative "Platform against Poverty and Social Exclusion". This builds on the open method of coordination (OMC) and establishes three structural areas: improved engagement with the ESF, the political mainstreaming of poverty reduction and greater involvement of civil society and a better networking of the regional and local levels.



## Stocktaking Germany: Input by Dr. Markus Grabka, DIW Berlin



Dr. Markus Grabka from the German Institute for Economic Research laid open the poverty trends in Germany. Using data from the Socio-Economic Panel (SOEP), which are conducted in Germany since 1984, he made it clear that even in Germany, the gap between rich and poor continues to widen. Thus, during the last ten years in the uppermost income bracket, there was an increase in income of 16,6 percent. In comparison, the income of the lowest group sank by 9.6 percent.

Children and young people from the ages of 0 to 18 years, and also young adults increasingly bear a particularly high risk of poverty. Dr. Grabka stressed that this is currently the crucial problem group in Germany: poverty among the young has increased dramatically. If one considers the households affected by poverty, they confirm this finding. Particularly vulnerable households are those of single persons under 30 years and single parents with children. Couples with children were much less affected; however, danger exists if the children are young, and for couples with three or more children. In all endangered groups the risk of poverty has greatly increased in the past ten years.

Central to the description of the situation in Germany, is however the development of income mobility. The chance of escaping from precarious income situations

has become significantly worse. In contrast, the wealthy bear a much smaller risk of falling out of the well earning bracket. Germany orientates itself on the level of income inequality, similar to liberal welfare states such as Britain, and no longer on the level of welfare states such as France or the Netherlands. In the international comparison there is the strongest link between poverty and unemployment in Germany. Here we are faced with the question of the compatibility of family and professional life. A full-time job indeed reduces the risk of poverty significantly. However, at the same time taking up employment and the associated achieved income, is often not sufficient enough in order to rise above the poverty threshold. Problematic are the emerging careers of poverty in Germany as a result of a lack of educational and employment opportunities, but also as a result of the increasing, precarious, occupational relationships and declining income mobility.

Dr. Grabka reminded the audience that, in addition to income poverty, especially where child and youth poverty are concerned, other aspects should also be included in the poverty debate. In this context, he pointed out that much money flowed into pre-school and tertiary education. Thus benefiting, precisely those children who come from well-funded households. The OECD has shown that Germany indeed operates a strong redistributive policy of the available funds according to international standards, but uses less than the average efficiency. Within the political measures there are too many contradictions and also partially the wrong addressees. Poor children need purposeful measures of a strong welfare state, which actively fights against their disadvantages in the areas of Education and health.

## Lack of political will? Panel with Edith Schwab, Thomas Mann and Dr. Jens Regg

The inadequate government responses to child poverty were also discussed at the subsequent panel discussion.



On the stage sat Edith Schwab, chairwoman of the AGF, Thomas Mann, Vice Chairman of the Committee on Employment and Social Affairs in the European Parliament, and Dr. Jens Regg, Managing Director Basic Social Security, Regional Directorate Berlin-Brandenburg of the Federal Employment Agency (BA). The discussion was chaired by Maria von Welser, a journalist and deputy chairwoman of UNICEF Germany.

The ephemeral nature of the current policy in Germany and the focus on quick results, have been denounced by Edith Schwab as obstacles to a truly effective policy. It lacks a political master plan to combat poverty in all relevant areas. There exists neither existence securing employment, or good support and training opportunities, or real freedom of learning means. A good infrastructure, such as for example fulltime day care, is the be all and end all to increase the opportunities in the labor market. Apparently, politics is not willing to prepare a comprehensive policy and apply it. Instead, inequalities were set in stone and continually inherited.

Thomas Mann of the European Parliament disagreed, pointing out that only framework conditions can be set at a European level. With the resources of the ESF, however, pilot projects that make a difference would

however be created. As an example he cited the intensive care for small groups of young students in Hessen, which as a result obtained a good education and training. These "best practice" projects could then serve as a model for others. Mann admitted that the methods of policy and the results are perhaps not always right - but the will is present in every case.

When asked what way to bring about the return of poverty-stricken families to existence securing employment, Dr. Jens Regg replied with the statement, that the possibilities by the Agency for Employment were limited. The measures are of a more temporary effect and are only "a drop in the bucket". The longer people rely on Hartz IV (unemployment benefit), the more difficult it is to bring them out of it. Already for example, good cooperation between the Federal Employment Agency and local organizations has been held. Such programs in which more partners work together could achieve a lot more in the future. It depends not only on the advice, but also on the individual consultant. Although the infrastructural conditions may be good, it is nevertheless difficult to achieve an employment income, from which you can feed a family - even full-time. This applies in particular to Berlin. Berlin is a prime example of precarious employment with its high amount of 400 to 800 euro jobs. What the agency could do is by far insufficient, given the many facets of poverty and integration. One must begin much earlier than the time of entry into employment.

When questioned about the outcome of the European Year 2010 Thomas Mann pointed out that at the beginning of 2011 a conclusion would be drawn. The results will be used further and new steps have already been initiated. The debates of the European Parliament concerning this are open to the public and thus what is decided is apparent to everyone. Furthermore, the European Union continues to work on the EU Child



Rights Strategy, which also contains poverty-related issues.

The audience noted that the risks posed by European liberalization policies have enabled the current poverty trends. One should not only look at social policy, without taking into consideration the basic political orientation. The question may be: what Europe itself has contributed to poverty? The current political activity here in Germany does not show results in combating



poverty but rather produces poverty. Dr. Grabka added that the said pilot projects were good, but were ultimately symbolic politics. The current savings package of the German government makes cutbacks above all in the social field, especially concerning the instruments for employment service. Thus the people, already suffering from poverty are the most affected and so the poverty deepens. The German decision to apply the indicator of jobless households in order to measure poverty in the context of Agenda 2020 was criticized as lacking a uniform minimum wage as well as the declining empathy in society.

The panel participants cited the following as the main starting points for targeted and effective policies of poverty reduction:

- to strengthen parental responsibility for the welfare of children and a joint effort together with the schools to enable the children to take their lives into their own hands
- listen, listening, and conversing with the children and young people
- An education that encourages every child in the best possible way
- A policy that sets the course, rather than supporting individual projects, and a social climate of empathy.



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