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First Report on the Implementation of the German NAPincl

2001-2003

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Preliminary remark

In Germany, discussion about how to overcome mass unemployment and revenue shortage and to solve economic and social problems is now in a state of rapid flux. In the present report, only events, statistics, estimates etc. that occurred or were produced before the 1st of May 2003 will be taken into account. Further developments will be set out in the next report.

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Executive summary

1. The First Governmental National Report on Poverty and Wealth, the setting-up of coordinating groups for the NAPincl and private, public and scientific research on poverty and social exclusion have brought about a change in the perception of these processes and of schemes to counteract them.
2. The NAPincl 2001-2003 placed the main emphasis on labour-market integration of the social excluded. Although there have been many and various schemes, the results have not been very convincing and long-lasting. The situation on the labour market is contradictory: although there has been an increase in mass and long-term unemployment, it has been possible to reduce the level of unemployment among disabled people. The Federal Government and the *Länder* start now to extend the opportunities for the provision of child-care in order to improve the compatibility between work and family.
3. There have been several efforts to better facilitate access to resources, rights, goods and services for all. Especially the implementation of a new regulation for social assistance to pensioners is a step in the right direction towards combatting hidden poverty. On the other hand, local authorities and the *Länder* have – as a reaction to revenue shortage – distinguished more or less sharply between the tasks that they are obliged compelled to fulfil and those that are voluntary. There is thus a particular shortage of needed services for social integration.
4. The fact that a new Immigration Act failed to make it through the Bundesrat has meant a severe setback to the better integration of immigrants. Although expectations of ‘integration’ are often reduced to learning the German language, one nevertheless needs such a new in order Act to finance not only the higher degree of integration afforded learning this language, but also to promote other steps in the process of integration, such as culture, school, vocational training etc.
5. The Federal/*Land* programme for urban areas with special development needs, as well as local and regional initiatives, are examples of well-integrated policies, especially with regard to the future inclusion of persons living under conditions of social exclusion.
6. The energetic discussion - of the Hartz Proposals for changes in labour placement, of the PISA study, of the reform both of the Immigration Act and of state revenues to include the finances of local authorities - all this demonstrates strong interest on the part of broad sectors within Germany - at state level, among the social partners and non-statutory welfare organisations, not to mention several NGOs and private persons, including parts of the scientific community - not only to discuss but to change the unsatisfactory situation of social exclusion, although the means preferred to effect this are different, sometimes markedly so.
7. Now, several measures that are under discussion or have even been put into practice harbour the danger of exacerbating social exclusion rather than overcoming it, but that is only one tendency, albeit the dominant one; there are other schemes as well for integrating the socially excluded, under present-day conditions of mean shortage and a more “activating” approach. The situation is inconsistent.

8. Till now, no linking mechanisms have been discernible between the usual manner of coordinating (or not coordinating) policy at individual levels of the German welfare state and the open method of coordination favoured elsewhere within Europe. The decision of the Bundesrat of March 2001 – critical for the implementation of the open method – is one further indication that each level of the German welfare state will tend to jealously guard its own areas of competence in identifying social problems, deciding whether anything is to be done, planning concrete schemes, and evaluating (or not) the effects.
9. “Progress is a snail,” as Günter Grass observed some forty years ago. One needs a long breath – not only in Germany. But one must not be satisfied with the status quo!

1. Approach and framework of Social Policy in Germany 2001 – 2003

Since the treaties of Maastricht, the governments of the member states have declared their inhabitants to be citizens of the European Union: a Union without the prerogatives of a state or the nature of a union of states -- but a union of citizens! The German philosopher Jürgen Habermas posits that citizenship has to have a utility value (“Gebrauchswert“) and has to pay off in terms of social, ecological and cultural rights. In this sense, social policy has an important function for the legitimatising of society.¹ It is thus logical that the treaties of Maastricht and Amsterdam and the governmental agreements of Lisbon and Nice are at least requiring living conditions in the lower strata of European societies to be made more tolerable and for pathways to be opened to social inclusion, and, secondly, are for the first time finding ways to avoid an increase in poverty and social exclusion by the open method of co-ordination.

In May 2001, the Federal Government of Germany published its NAPincl for 2001 – 2003. The NAPincl explicitly espouses the principle of a “socially fair society” and at the same time adheres to the strategy of Lisbon, to combine a “spreading knowledge-based society” with the concept of strengthening social cohesion. The welfare state has to activate; at the same time, it has to care – to care and to activate (“fördern und fordern”). Each person has to be more responsible for him/herself and at the same time his/her participation in social life has to be secured. The NAPincl is, in particular, resolved to avoid poverty cycles. Along with public and municipal actors, the aspect of civil society has to be strengthened. Non-governmental actors have to be included to a greater extent in solving social problems. The NAPincl, pursuing the Nice objectives, makes reference to a whole raft of single measures and best practices to illustrate this conceptual aim, without any claim to completeness.

The German NAPincl is – in some regards – characteristic of an essentially inconsistent pattern of behaviour in the implementation of German policy: Conversely, Germany and its economy enjoys the greatest advantages in terms of European economic unification, but Germany is paying more into Europe’s coffers than it is getting out of them; one may assume more knowledge about social exclusion, poverty and so on could be followed by yet further costs for Germany, on the one side. On the other side the Federal Government starts to draw up the second national Report on Poverty and Wealth for Germany itself, which will be published in 2004 and which may have consequences not only for the policy at all but for the expenditure policy too. Secondly, there is acceptance at the Federal level of the agreement of Lisbon and Nice, but the *Länder*, it was reported in March 2001², insisted that there must be no enlargement of the method of open coordination in such political sectors where there is no, or only limited, responsibility on the part of the EU. And thirdly, the *Länder* governments and the local authorities take care that their constitutional rights, especially in the cultural sector and with regard to the autonomy of local authorities, will be respected on both the German federal and the European level. But in article 72 (2), 3. of the German Basic Law, all policy measures are obliged to take due cognisance of “the unity of rights and economy, especially as the unity of living conditions throughout the territory of a *Land* makes this necessary...”³

¹ Habermas, Jürgen, Die postnationale Konstellation und die Zukunft der Demokratie, in: Blätter für deutsche und internationale Politik, Heft 7, 1998, p. 804 ff.

² Deutscher Bundesrat, Drucksache 86/01 (Beschluss) of 9. März 2001

³ “Wahrung der Rechts- und Wirtschaftseinheit, insbesondere die Wahrung der Einheitlichkeit der Lebensverhältnisse über das Gebiet eines Landes hinaus...”

Within the framework of the economic and monetary unit of the Union, this part of the Basic Law will need to be interpreted in a more liberal manner.

The National Conference on Poverty (Nationale Armutskonferenz, NAK) criticized the strict employment orientation of the first NAPincl and demanded that other persons and groups with particular social problems such as drug abusers, asylum seekers and homeless people and other structural problems should be taken into account. The NAK criticized the fact that the *Länder* and the local authorities had not participated fully enough in the process of formulating the NAPincl, either as a result of limited amount of time that had elapsed since the Nice conference, or as a result of communication problems within the German welfare state.⁴

The Joint Report Inclusion of 2002 set out the main challenges for the future of German social policy with regard to avoiding and overcoming social exclusion: a more integrated structural approach and efforts on the part of all relevant actors to reintegrate people into the labour market, education, vocational training and ongoing worker training. One has especially to take note of the higher unemployment rate in eastern Germany. The Commission urged the future integration of the *Länder* and the local authorities into the process of social inclusion.

The framework in which the NAPincl has to be implemented has changed. Since 1998, the National GDP has increased while the unemployment rate has decreased. The Federal Government started to reduce the budget deficit. From the very beginning it was a problem for Germany to fulfil the Maastricht criteria in order to participate in the EURO-zone. This is the result of the former government policy to refinance several costs for eastern Germany by creating more debt and by using the social security systems. During the 1990s as a whole, Germany made use of a special kind of deficit spending – reunification worked, in fact, as a permanent global working scheme. At the same time, it became obvious that the structural changes in the economies of the eastern German *Länder* were destroying many of the old jobs while new ones had not been established in a comparable manner. So existing mass unemployment in the western was exacerbated by mass unemployment in the east. The result of this policy has been that the Federal Government today has no possibility to make more debts in order to improve the current situation.

At present the Federal Government is trying to combine a European strategy of strengthening the economic supply structure by reducing taxes and social costs with a strategy of providing social inclusion by restructuring the social system. The majority in the First Chamber of the German Federal Parliament (Deutscher Bundestag) took several decisions to reduce the overall tax burden, but these catered more especially for the entrepreneurial sector. This is part of the European strategy to reduce the state quota. But while reducing taxes for private households could be expected to strengthen private demand, reducing taxes for the business sector also means considerably reducing the official demand of the municipalities, the *Länder* and even of the Federal Government. And there is no empirical evidence that increasing business profits will have a positive effect on employment. The situation has become even worse: although this policy led to a cost reduction in the private business sector, large firms in particular diminished the number of employees in 2002 and 2003, in some cases even quite sharply.

⁴ Bewertung des deutschen Nationales Aktionsplanes, Typoskript, Bonn 12.06.2001 (ed. by Bundesverband der Arbeiterwohlfahrt e.V.)

As a result, the budgetary situation of many municipalities turned out to be very dramatically negative. And the situation of the *Länder* became increasingly painful. Last but not least, even the social security system was unable to cope with the financial situation obtaining on the labour market, in the health-care system and in the pensions funds without increasing the contribution to the social funds.

In 2002, further economic growth was expected. But the international economical situation, declining trade capacity and problems in the USA in particular prevented an economic upturn in Europe, including Germany. International economic advisory institutions point out that most of the economic problems in Germany had been caused by the kind of policy involved in refinancing German reunification – transfers for consumption, reluctance to carry out necessary changes in the social security system.⁵ This had consequences for the income side of the state budgets and the social systems. The whole scenario led to a change in official policy: The Federal Government opened a new discussion about the aims and the sense of social policy in general. In spring 2002, an independent commission, called by its chairman the “Hartz Commission”, was installed to find new solutions for a labour market strategy under conditions of Europeanisation and globalisation. By August, before the Federal polls, it had completed its work. To sum it up, the implementation phase of the first NAPincl can be characterised by the following key words: a satisfactory economic situation at the end of the 1990s gave way to central social and economic problems which led to addition deterioration caused by internal financial policies. This provoked discussion about how to find a new balance between public revenue and state expenditure that could include the social systems under the umbrella of an international framework.

⁵ Cf OECD Wirtschaftsberichte, Deutschland 2002, Berlin 2003, www1.oecd.org/deutschland/esgermany02.html ; „Brüssel warnt Bundesrepublik vor Risiken“, in: Frankfurter Rundschau, 09.01.03, p. 1 and 9; Die Lage der Weltwirtschaft und der deutschen Wirtschaft im Frühjahr 2003, Gutachten der Institute, in: DIW-Wochenbericht Nr. 16/2003, p. 269 ff.

2. Implementation of the first NAPincl to date

2.1 To facilitate participation in employment and access by all to resources, rights, goods and services

The NAPincl 2001 – 2003 focused on measures for employment. Indeed, unemployment is one of the most important reasons for social exclusion, leading to dependency on social benefits and to poverty. The plan asked for integration of special groups into the labour market. Along with this, the NAPincl was seeking other avenues of integration too, especially via special resources and rights. But it should also be kept in mind that there is a close relationship with the NAPempl concerning this topic. Within the scope of the present assessment, specific information will be provided on the most vulnerable groups and the main policy measures to combat unemployment. The aim is to show (possible) risks of social exclusion resulting from current social policy.

a. Facilitating participation in employment

aa. Overall situation

The first NAPincl established that the unemployment rate has been going down since 1998, that the overall employment rate – especially of women – has been rising, and that the number of long-term unemployed persons is declining as well. On the other hand, certain groups were identified, which still had enormous problems in being integrated into the labour market, which was the chief reason to keep labour market policies active on a high level. A special programme to reduce long-term unemployment was launched as well as a qualification campaign (“Qualifizierungsoffensive”). In this area, the NAPincl focused on the most vulnerable groups, such as long-term unemployed social assistance receivers, persons with low qualifications, disabled people, and immigrants. Special efforts were announced to improve the job situation for single parents, families with more than two children and disabled persons. To sum up, two central questions arise: What were the measures taken? And: What were the results of this plan?

From 1991 to 2001, GDP rose about 15.8 percent (in absolute figures: 1,710.8 to 1,980.8 billion EURO). In the same period, the overall working volume (measured in hours) declined by 4.7 percent, accompanied by a slight increase in employed persons. In comparison to 1991 there was an increase of 1.2 percent, which meant 463,000 more employed persons. In the same period, the working time per employed person was reduced by 5.8 percent, so that the productivity of each employee rose by 14.4 percent. In fact, the increase in GDP and worker productivity was followed by only a slight increase in new employment. This effect was mostly targeted by an increase in the rate of part-time-work (1991 – 2001: old German *Länder* + 9.4 percent; eastern Germany + 14.8 percent) As a matter of fact, part-time work was a job creator in the western part, whereas in the eastern part it failed to compensate for the loss of full-time-work opportunities. Compared to the loss of full-time jobs, the surplus of part-time work opportunities was 850,000 in western Germany. In the eastern part, despite the new part-time jobs there were still 1.3 million jobs lost. To sum it up, between 1991 – 2001 the total

decrease in full-time jobs in both parts of Germany was around 4 million. In the same period, only 3.7 million part-time jobs were created in compensation.⁶

In March 2003, 4,607,855 unemployed persons were registered by the Federal Labour Office. In comparison to March 2002 this was an increase of 10.8 percent. The overall rate was 11.1 percent (west: 8.8 percent; east: 19.6 percent) and according to the EU standard 8.9 percent. In the same period, the number of reported job-vacancies declined at the Employment Offices by 21.3 percent in comparison to March 2002.⁷ According to the February database, the gap between job offer and job demand is twice as high in the eastern parts than in the western parts of Germany. On the other side, pressure on the labour market seemed to be higher in the western than in the east. In comparison to February 2002, the number of new unemployed increased in western Germany by 18.1 percent; in eastern Germany by only 5 percent. But still the overall level of unemployment was much higher in the east than in the west. And there was more mobility in the western than in the eastern labour market. The rate of persons leaving unemployment was still positive in the western part, with an increase of 6.8 percent, whereas in the eastern part there was a decrease of 3.7 percent in the last year.⁸

Table 1: Key data on labour market situation

All data: end of the month	March 03	March 02	February 2003		
	Germany		Germany	western	eastern
Absolute number of unemployed persons	4 607 855	4 156 016	4 706 211	--	--
Share on the overall number of unemployed persons (percent):					
Unemployed women	42.7	43.6	42.2	40.4	45.1
Persons younger than 25 years	12.2	12.2	12.3	12.6	11.9
among them: persons younger than 20 years	1.9	2.3	2.0	2.2	1.8
Persons older than 50 years	25.2	27.2	25.0	25.1	24.9
among them: persons older than 55 years	12.8	15.2	12.9	13.6	11.6
Long term unemployed persons	31.7	31.5	30.6	27.3	36.1
Disabled people ⁹	3.7	3.9	3.6	4.3	2.4
Non-Germans ¹⁰	12.4	12.3	12.3	16.9	4.6
Number of vacancies at the Employment Offices	414 841	527 130	388 491	327 956	60 535
Number of benefit receivers	4 226 000	3 676 291	--	--	--

Source: Federal Labour Office, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg, March / April 2003

Although the labour market situation between February and March 2003 improved slightly, all the specific labour market groups were hit by a more or less strong increase in unemployment over the last months. In terms of the NAPincl assessment, this turns out to be a new situation. Between 1998 and 2001 there was a positive development on the labour market. The number of those in socially secured employment was constantly rising. About 600,000 new jobs were created. The unemployment rate dropped from 8.8 percent in 1999 down to 7.4 percent in 2001. This had positive effects on the overall social situation. For example, the number of social-assistance receivers declined in this period as well. At the end of 2001 the

⁶ Institut für Arbeitsmarkt- und Berufsforschung, Zahlen-Fibel Stand 25.11.2002, Nürnberg 2003

⁷ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg April 2003

⁸ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

⁹ In this particular case disabled people are defined according to the rules of the Schwerbehindertengesetz (SchwbG). The extent of their handicap has to be at least 50 percent.

¹⁰ An unemployed Non-German is defined as a person, who has not the German nationality but who is officially allowed to work in Germany.

situation began to change. Since November 2001 there has been a constant decline in the number of employed persons.¹¹ As a dramatic result of these developments there has been an erosion of the number of employees paying social-security contributions. In comparison to the period December 2001 – December 2002, there was a minus of 302,994 socially insured work-places.¹² Between March 2002 and January 2003 the decrease was 1.2 percent, which meant a loss of 328,288 work-places.¹³ This is not only serious because of the decreasing number of contributors to the social security system but also because of an increasing number of prospective receivers of social benefits.¹⁴

Overall, it turns out that there is a conspicuous difference between the labour-market situation in eastern Germany and that obtaining in western Germany, which indicates a grave economic crisis especially in the eastern part. As a result, it is reasonable to assume that the imbalance on the labour market will continue through 2003. This development is characterised by huge insecurities.¹⁵

bb. Most vulnerable groups

(1.) Unemployed persons younger than 20 / 25 years

The Federal Government is convinced of the absolute importance of a knowledge-based labour market policy: “A high level of qualification and ongoing worker training is the core of a modern education policy and an important provision for the future. This is decisive for the general job and living opportunities and are therefore the most important predestination for individual chances for social participation in the economy and society.”¹⁶ Although the job situation especially for young people in Germany is quite good compared to the situation in most of the other EU member states, there are some developments, which might turn out to be problematical in terms of social exclusion in the future. In March 2003, 561,821 persons among the unemployed were younger than 25 years. 89,568 were even younger than 20 years. Compared to the situation in December last year this is an increase of 15 percent.¹⁷

Analysing the labour market database, it seems that the duration of youth unemployment is changing. More and more young people face problems entering the labour market after finishing school. In February 2003 20 percent of the young unemployed were longer than six months without a job. And although special attempts to fight youth unemployment have been made (e.g. JUMP), the specific figure was high and increasing. From February 2002 to 2003 there was an increase of 22.9 percent and from January to February 2003 of 10.7 percent. The situation was especially marked in the eastern part of Germany. Over one third of the unemployed under 25 years of age were living there. Between February 2002 and 2003 the number increased about a quarter, whereas in the western part it was “only” a fifth. According to the absolute overall figure the difference between western and eastern Germany was only about

¹¹ Statistisches Bundesamt Deutschland, Wirtschaft aktuell, Wiesbaden 2002, 2003

¹² Institut für Arbeitsmarkt- und Berufsforschung, Zahlen-Fibel (25.11.2002), Nürnberg 2003

¹³ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg April 2003

¹⁴ Bundesanstalt für Arbeit, Statistiken der Bundesanstalt für Arbeit, Nürnberg 2003
<http://www.arbeitsamt.de/hst/services/statistik/index.html>

¹⁵ Bundesanstalt für Arbeit, Der Arbeitsmarkt 2003 und 2004, IAB Kurzbericht No. 1, Nürnberg 2003; Bundesanstalt für Arbeit, Warten auf den Aufschwung, IAB Materialien No. 4, Nürnberg 2002

¹⁶ Bundesministerium für Bildung und Forschung, Berufsbildungsbericht 2003, Berlin 2003, p. 2

¹⁷ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg April 2003

8,500 persons.¹⁸ Secondly, the active labour market schemes have an enormous effect on the employment situation of young persons. At the end of March 2003 about 558,000 young people were engaged in active labour market schemes. Without this active labour market policy the unemployment rate of young people would nearly double.¹⁹ And thirdly, the situation for the trainees is also deteriorating because of weak economic development. In September 2002 about 24,000 young persons could not be mediated into trainee places. At the end of March there were 190,200 vacant trainee places and 331,000 candidates. It is quite clear that this gap will get smaller up to September when the trainee year will begin. But anyhow the situation is deteriorating more in the western than in the eastern parts of Germany. One of the results of this situation is that more young school leavers are trying to enter the universities.²⁰ Given the current situation, it is already predictable that there will be a lack of highly skilled workers in the years immediately to come.

(2.) Unemployed persons over 50 / 55 years

Although there is extensive discussion of the importance of life-long learning and the knowledge-based society, there has in recent years been enormous pressure on older employees in particular to leave their jobs. As a result there has been an overall tendency towards decreasing employment for older people and an increasing figure for people claiming pensions before reaching the official age limit of the pension system. This was the direct consequence of the past “official age limit policy” (“Altersgrenzenpolitik”²¹). During the 1970s and the early 1980s this limit was reduced for reasons related to social and health policies. This changed during the 1980s, when the age-limit policy turned into a labour-market policy measure to fight mass unemployment. Several regulations made it not only easier but also (financially) attractive to switch into the pension system (“Altersteilzeitgesetz” 1996).²² The problem of this strategy was that employers grasped the opportunity to reduce staff and to reduce the average age of their employees. But they failed to create new jobs for younger persons. This is one important reason why there was again a change in policy during the 1990s. Early retirement caused financial problems in the pension system. So several cutbacks for early pensioning legislation were made. The aim was to prolong the duration of life employment and to stop the promotion of early retirement.²³

This policy change causes problematical situations especially in the eastern part of Germany. On the one hand, the age group of 45 – 60-year-old employees will no longer profit from the specific GDR legislation to transfer the individual pension entitlement. In the long term, this will reduce their pension claim. On the other hand, they will no longer participate in the special entitlement to early pensioning which was introduced in the eastern part of Germany to cope with the structural change in the economy after reunification. In the same period, this

¹⁸ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

¹⁹ Bundesanstalt für Arbeit, Statistiken der Bundesanstalt für Arbeit, Nürnberg 2003 <http://www.arbeitsamt.de/hst/services/statistik/index.html>

²⁰ Bundesministerium für Bildung und Forschung, Berufsbildungsbericht 2003, Berlin 2003, p. 9, 16,

²¹ Alber, Jens, Schölkopf, Martin, Seniorenpolitik. Die soziale Lage älterer Menschen in Deutschland und EUROpa, Amsterdam 1999

²² Schade, Otto-Werner, Bilanz der Arbeitsmarktpolitik in Baden-Württemberg - Konzepte für eine Zukunft der Langzeitarbeitslosen, Stuttgart 2002

²³ Boeckh, Jürgen, Rentenpolitik im Spannungsfeld zwischen nationalem Gestaltungsanspruch und europäischen Adaptionserfordernissen, in: PVS-Literatur, Heft 3/2000, Berlin 2000, p. 550-559

group has been especially hit by the serious situation on the labour market. The combination of annulling legal claims to early retirement and the high risk of discontinuous employment might turn out as a special risk for social exclusion. Therefore it is very likely that this situation will again lead to a divergent and imbalanced distribution of the average incomes of older people between eastern and western Germany.²⁴

During the 1990s there was a constant increase in the unemployment figure of persons older than 55 years. At the end of the 1990s there was a turning-point in this development. In comparison to the period between March 2002 and March 2003 the unemployment figure of this target group declined by 6.5 percent. This has demographic causes as well, and is also an effect of early-retirement opportunities. But the most important reason is the decrease in new entries into the unemployment market.

In March 2003 a quarter of the overall unemployed persons were older than 50 years. Of these, some 12.8 percent were even older than 55.²⁵ Concerning the average duration of unemployment, it turns out that persons over 50 are – regardless of qualifications and health status – in clear danger of becoming chronically unemployed. In June 2002, the average duration of unemployment among those younger than 50 years was six months; the average duration of unemployment among skilled workers over 50 was 13.7 months. If they additionally had health handicaps the average duration prolonged up to 15.9 months. For the unskilled unemployed these figures were even higher; without health problems the average duration was 16.6 months, with health handicaps 20.2 months! Older unemployed persons (> 50 years) and regardless of their age the health handicapped persons - had specific problems to end unemployment. On average it took them 13.3 months to end unemployment. In February 2003 27 percent of the new unemployed belonged to this group, their share on the overall rate of unemployed was 41 percent and the specific share on the long termed unemployed was even 58 percent.²⁶

The number of reported unemployed being older than 55 years is decreasing. People are no longer willing to give up their jobs. They try to reach the official retirement age limit to preserve their claims on the pension system. And somebody who becomes jobless at this age will have not a better but an even worse prospect of finding a job than in earlier times. In this respect, the (planned) reduction of the duration of unemployment benefit claims could be very problematical in terms of social exclusion. It might turn out to be a one-way street into “non preventable existential financial and social decline.”²⁷

(3.) long-term unemployed persons

Along with the persistence of overall mass unemployment, chronic unemployment is one of the most serious problems. It is not a problem peculiar to the eastern part, but here the overall development is more pronounced than in the western part. 30.6 percent of unemployed per-

²⁴ Alber, Jens, Schölkopf, Martin, *Seniorenpolitik. Die soziale Lage älterer Menschen in Deutschland und Europa*, Amsterdam 1999, p. 224

²⁵ Bundesanstalt für Arbeit, *Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA)*, Nürnberg March 2003

²⁶ Bundesanstalt für Arbeit, *Die Entwicklung des Arbeitsmarktes im Februar 2003*, Nürnberg March 2003, p. 4 ff.

²⁷ Koller, Barbara, Bach, Hans-Uwe, Brix, Udo, *Ältere ab 55 Jahren – Erwerbstätigkeit, Arbeitslosigkeit und Leistungen der Bundesanstalt für Arbeit*, in: IAB Werkstattbericht No. 5, Nürnberg 2003, p. 19

sons were out of work for longer than one year. Compared with the situation in February 2002, this was an increase of 9.1 percent. Male persons were much more strongly targeted than females. During the last year, the number of males increased by 14.6 percent, the number of long-term unemployed females by only 3.5 percent. This might be an indication that during a period of mass unemployment it is especially the women that leave the (un)employment market to concentrate more strongly on home and family work. What might be cause for surprise is a complete different situation obtaining between western and eastern Germany. In the western part the total number of chronically unemployed females was much lower than the rate for males. And the increasing rate for women was – with a difference of 2.3 percent – also only slightly higher. In eastern Germany we find the situation that more women than men are chronically unemployed. And the increasing rate in chronic unemployment of women is 13.2 percent higher than the male rate. Between February 2002 and 2003 the ratio of chronic unemployed increased in the eastern part by 36.1 percent (west: 27.3 percent); the ratio of the long-term female unemployment rose in the same period by 43.3 percent (west: 28.6 percent), whereas the male rate only increased by 30.2 percent. Obviously, it is especially the eastern German women – who had in the past a much higher employment rate than the western German women – who have been sorted out of the labour market by the effects of the economic crisis.²⁸

In December 2002 more than 4.2 million people were registered as jobless. In the course of the whole year over 7 million people left the unemployment statistic. So the labour market is characterised by certain mobility.²⁹ In the same period, the number of those characterized as chronically unemployed has been constantly increasing, between February 2002 and February 2003 by 9.1 percent. In western Germany the increase is slower (+ 7.1 percent) than in eastern Germany (+ 11.7 percent).³⁰ So not only the risk of becoming unemployed but also of being excluded from the labour market for a longer period of time is rising in Germany. Especially for physically handicapped unemployed there is the danger of a vicious circle. This latter group have to face unfavourable reintegration prospects and are more strongly threatened by long-term unemployment.³¹ In this connection, it was high time that the Federal Government made proposals for accelerating the (re)integration of unemployed in the labour market. It will be interesting to monitor the further effects of the Hartz proposals in this respect.

(4.) Disabled people

Policy-makers have been trying for years to improve the employment situation of disabled people. In October 2000 a new law to combat unemployment among disabled people (“Gesetz zur Bekämpfung der Arbeitslosigkeit Schwerbehinderter”) was passed. Based on the unemployment figure of the year 1999 (190,000 persons), the aim set by law was to reduce the number of unemployed by a minimum of 25 percent up to October 2002. And indeed, some progress was made. Between October 1999 and October 2002 the unemployment figure was

²⁸ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

²⁹ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg April 2003

³⁰ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

³¹ Hollederer, Alfons, Arbeitslosigkeit und Gesundheit. Ein Überblick über empirische Befunde und die Arbeitslosen- und Krankenkassenstatistik, in: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, Nürnberg 2002, p. 411-428

reduced by 144,292 persons or 24 percent.³² But now the situation is deteriorating. Disabled people have also been hit by the economic crisis taking place – the more, the older they are. Overall unemployment among this group was significantly rising. Between March 2002 and March 2003 the increase was 4.2 percent.³³ This means that according to the 25 percent target, only 10.8 percent were reached currently. In western Germany the ratio relating to the overall unemployment figure was nearly twice as high as in the eastern part.

It seems that the policy measures for disabled people were only capable of reducing or stabilising the job situation of this target group for a short time. In other words, if the Federal Government will not give up its ambitious aim to reduce this specific unemployment figure, much further effort will have to be made to reach this target in the future.

(5.) Non-Germans and recent immigrants from the former SU and MEEC (“Spätaussiedler”)

Just now the employment situation, especially for non-Germans, is very bad.³⁴ In comparison to February 2002 the rate of unemployment increased by 9.2 percent. At first glance this might not seem so extraordinary. The problem is a specific unemployment figure, which suggests that immigrants are highly vulnerable to social exclusion as transmitted by unemployment. Among the immigrants themselves 21.6 percent were unemployed in February 2003. The situation in eastern Germany is even worse. Apart from Thuringia (35.1 percent) there was no eastern country where the specific unemployment rate for foreigners was lower than 40 percent; at the top of the list was Brandenburg with 45.0 percent. But one has to remember that in East Germany there are much less immigrants than in West Germany. In the western part of the country, Baden-Württemberg had the lowest specific rate with 14.6 percent and Bremen the highest with 28.6 percent.³⁵

Concerning the situation of recent immigrants from the former SU and MEEC (“Spätaussiedler”), there was a slight improvement in the labour market situation. During the period February 2002 to 2003, unemployment decreased by 4.4 percent. In western Germany the amount of decrease was stronger (- 5.2 percent) than in the eastern part (- 1.7 percent).³⁶

cc) National labour market policy

(1.) Policy measures and their effects on unemployment

As a result of the federal structure of Germany there are several actors in the field of employment policy. The Federal Government as well as the German *Länder* and municipalities are trying to establish policy schemes to reduce unemployment figures. For this reason it is difficult to point out very specific schemes. There is a wide variety of different programmes, tar-

³² Rauch, Angela, Brehm, Hannelore, Licht am Ende des Tunnels? Eine aktuelle Analyse der Situation schwerbehinderter Menschen am Arbeitsmarkt, in: IAB Werkstattberichte No. 6, Nürnberg 2003

³³ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg April 2003

³⁴ Bogai, Dieter, Zuwanderung und Integration: Bildungs- und arbeitsmarktpolitische Herausforderungen, in: WSI Mitteilungen No. 07/2002, 2002, p. 397-402

³⁵ Bundesanstalt für Arbeit, Arbeitsmarkt in Zahlen Februar 2003, Nürnberg March 2003, p. 32

³⁶ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

get groups, and budgets.³⁷ Nevertheless there are general initiatives, which aim to reduce unemployment. So, although it might be difficult to evaluate specific measures, it should be possible to provide a general assessment of the question of how successful these measures have been in reducing overall unemployment and the unemployment rates of specific groups.

The active labour market schemes in Germany are based on the regulations contained in the Federal employment support law (“Sozialgesetzbuch III, Arbeitsförderung”). Three different groups can be eligible under this law: 1. employees; 2. employers and 3. providers of employment projects. There are also three different forms of supportable measures: 1. work-provision measures (“Arbeitsbeschaffungsmassnahmen”, “ABM”), 2. structural adjustment measures (“Strukturanpassungsmassnahmen”, “SAM”) and 3. job-promoting infrastructural measures (“Beschäftigungsfördernde Infrastrukturmassnahmen”).

On the 1st of January 2002 the so-called Job AQTIV law was launched. The aim was to improve the measures to be adopted in active labour market policy. AQTIV is the abbreviation for: Activating, Qualifying, Training; Investing, job-Finding (“Vermitteln”). It was intended to prevent unemployment by early counselling of people threatened by joblessness or to reintegrate jobless people as soon as possible into the labour market. In the case of ABM, it was no longer mandatory for these jobs to be additional work, but now there has to be a co-financing input. The SAM were no longer restricted to projects for improving the economic infrastructure; now any project for improving the infrastructure can be supported.³⁸ The Job AQTIV law was accompanied by an initiative to introduce a combination of social benefits and regular wage pay. This programme is known under the abbreviation CAST, which means “Opportunities and incentives for obtaining socially secure work” (“Chancen und Anreize zur Aufnahme sozialversicherungspflichtiger Arbeit”). As the so called “Mainzer Modell” it was one of the best practices, noted in the NAPinl 2001. Since the 1st of March 2002 the programme has been extended nation-wide but in the scope of the Hartz programme it will probably lose its importance.

To combat youth unemployment, the so-called JUMP programme had already been introduced in 1999. It is also called “100 000 jobs for youth” or an emergency programme to reduce youth unemployment (“Sofortprogramm zum Abbau der Jugendarbeitslosigkeit”). The main measures involved are paying wage subsidies to employers to encourage them to hire young workers; the supporting of local and regional projects to increase the number of traineeships; the provision of traineeships on the secondary labour market, and job creating projects.

The active labour market measures can be combined with financial aid provided by the European structural fund (ESF) and the EQUAL-programme.³⁹ For example, there is a programme

³⁷ Bundesregierung (ed.), Reform für mehr Beschäftigung, REGIERUNGonline, Berlin 2003, www.bundesregierung.de; Bundesanstalt für Arbeit (ed.), Moderne Dienstleistungen. Hartz-Gesetze I und II, *Arbeitsamt online*, www.arbeitsamt.de/hast/services/moderne_dienstleistungen/hartz/schlagwortverzeichnis.html

³⁸ Bundesregierung (ed.), Job-AQTIV-Gesetz: Arbeitslosigkeit bekämpfen bevor sie entsteht, www.bunderegierung.de; Wesentliche Inhalte des Gesetzes, www.bundesregierung.de

³⁹ Stadt Dortmund, EU-Gemeinschaftsinitiative URBAN II 2000-2006: Wirksamkeit der Maßnahmen ständig auf dem Prüfstand, Dortmund 2003, <http://g2.www.dortmund.de>; Ministerium für Soziales, Frauen, Familie und Gesundheit in Niedersachsen (ed.), Ergänzendes Programmplanungsdokument Niedersachsens zur Entwicklungsstrategie für die Ziel 3-Gebiete der Bundesrepublik Deutschland. ESF-Interventionsperiode 2000-2006, Hannover, www.mfas.niedersachsen.de; Ministerium für Wirtschaft und Mittelstand, Energie und Verkehr

that supports the creation of new small enterprises (“Existenzgründungen”), which is called the ESF-BA programme and which combines financing via the ESF and the Federal Labour Office within the scope of the SGB III. As well as this, parts of the programme to combat youth unemployment (“JUMP”) are co-financed by the ESF. In the financial period 2000 – 2006 Germany will be taking about 11.5 billion EURO out of the ESF. The biggest share of this amount – according to a distribution plan worked out conjointly on the Federal and the *Länder* level – will be directly transferred to the German *Länder*. The ESF only provides co-financing, which in fact nearly doubles the budget, because of the mandatory contributions. On the other hand, there is the problem that poor regions may not be able to afford to participate in such programmes.

To examine the effects of active labour market policies one can make use of the statistical data gathered by the Federal Labour Office on the re-entry into the workforce of unemployed persons, which has been sorted according to the reasons provided by the informants. These figures also give some indication of the relative importance of various measures. Between February 2002 and February 2003 the number of ABM measures were reduced by some 29.5 percent! With respect to the SAM, there was a reduction of 7.6 percent. But compared with the situation in 2002 the SAM measures still increased by 19.1 percent.⁴⁰ That means that there were a lot more persons being assisted in January 2003 than in 2002. But it is the efficiency of ABM in particular that has to be critically analysed. Recent research on the effectiveness of ABM measures in helping formerly unemployed participants into a regular job shows that ABM are not very effective in the reintegration of the unemployed. Only a small number of participants became re-employed. Between February 2000 and March 2002 only 16.2 percent of all participants of ABM measures were no longer reported as job-seekers.⁴¹

Other active measures increased by 4.0 percent between February 2002 – 2003 and by 12.3 percent when compared January/February 2002 with January/February 2003. The number of persons who found independent work in their own business (“Selbstständige”) increased till January/February 2003 very strongly by 49.5 percent in comparison to January/February 2002. In terms of social exclusion, it might turn out to be very problematical in the future if the number of German-language courses for immigrants are reduced sharply – here, in comparison to February 2002, there was a minus of 45.5 percent. And the measures undertaken to aid disabled people also underwent reduction till 2003 – relative to February 2002 there was a minus of 5.5 percent; relative to January/February 2002 the minus was 0.4 percent.⁴²

The figures show that it will be necessary to continue to keep a vigilant eye on the development of the use of active labour schemes throughout 2003. It might well be that the current trend towards reducing active labour market schemes will have to be phased back over the

des Landes Nordrhein-Westfalen (ed), Ziel 2-Programm 2000 – 2006. Jährlicher Durchführungsbericht für das Jahr 2001 gemäß Art. 37 der Verordnung (EG) Nr. 1260/1999 des Rates vom 21. Juni 1999 mit den allgemeinen Bestimmungen über die Strukturfonds, Düsseldorf, www.ziel2-nrw.de

⁴⁰ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

⁴¹ Caliendo, Marco, Hujer, Reinhard, Thomsen, Stephan L., Evaluation der Netto-Effekte von ABM in Deutschland. Ein Matching-Ansatz mit Berücksichtigung von regionalen und individuellen Unterschieden, in: IAB Werkstattbericht No. 2, Nürnberg 2003

⁴² Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

whole year. It is not possible at the moment to provide hard empirical facts on the overall development for 2003.

But reporting about the development of ratios of different measures is the one thing, analysing how many people could have been reached another. In February 2003 about 850,000 persons were in the various schemes under the aegis of active labour market policy. Nearly 85 percent of them took part in different forms of vocational training (“berufliche Bildungsmaßnahmen”). In the case of ongoing worker education (“Berufliche Weiterbildung”) there was a decline in the number of persons supported by 12.1 percent relative to February 2002. On the other hand, offers for job preparatory courses increased by 15.3 percent. There has been a sharp decline in the number of ABM and SAM programmes: compared with the situation in February 2002, there was a minus of 18.1 percent / 14.5 percent respectively. In the western *Länder*, the decline was more significant: 22.5 percent fewer persons in ABM and 14.3 percent fewer in SAM projects. But in the new *Länder*, too, the decline was 16.4 percent respectively 14.6 percent. It is at any rate evident that active labour market measures continued to be more concentrated in the eastern *Länder* at the beginning of 2003. The number of persons entering the secondary labour market via ABM was nearly twice as high as in western Germany and for the SAM measures it was nearly five times higher. In February 2003 there were 74,308 persons in ABM and 36,310 in SAM schemes in eastern Germany. In the old *Länder*, only 26,527 persons were supported by ABM and a further 7,645 by SAM.⁴³

The same effect showed up in the JUMP programme to combat youth unemployment. 40,483 young people have been supported in the eastern and 31,671 in the western part of the country. But the decline in the number of participants was sharper in the east (28.7 percent) than in western Germany (16.6 percent) compared to the situation obtaining in February 2002. With regard to costs, 1,160.6 Mio EURO were spent on different measures involving vocational training (“berufliche Bildungsmaßnahmen”) between January and February 2003 in the eastern part and 1,317 Mio EURO in the western part of Germany (inclusive of the JUMP programme). These figures have to be added to the money spent on measures for reintegration in the regular labour market; for the so-called free support (“Freie Förderung”) of the Federal Labour Office; short-time work and measures to support the transfer into the pension system (“Vorruhestandsregelungen”)⁴⁴. For the western part this was in the amount of 799.7 Mio EURO; for the eastern part of 547.3 Mio EURO. Although the number of people of employable age was much lower in the eastern than in the western part of Germany the overall difference between the expenses incurred in active labour market policies was only 408.8 Mio EURO. So it is evident that the budgetary transfer was still very important in improving the job situation in eastern Germany.⁴⁵

This is also necessary to keep in mind when we consider the importance of the ESF. In February 2003, 30,000 persons were engaged in projects run by the ESF. 14,000 of them lived in the western, 16,000 in the eastern part of Germany. Compared to the financial situation, the ESF lost considerably in importance, at least if we monitor the developments taking place in

⁴³ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

⁴⁴ This includes supported measures of the BA for elderly part time workers (“Altersteilzeit”) and not unemployed elderly assistance receivers (“Nichtarbeitslose ältere Leistungsempfänger, § 428 SGB III)

⁴⁵ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

the first two months of 2002 and 2003 respectively. In eastern Germany the subsidies granted by the ESF declined by 14.1 percent, so that only 14.6 Million EURO were spent. In western Germany the decline was 2.4 percent, which means that 20.2 Mio EURO were spent on active labour market projects. Compared with the overall spending, the quantitative contribution of the EU towards improving the labour market situation was marginal.⁴⁶

To give a general assessment of the changes occurring in active labour market policies one can say that there might be a change in philosophy, datable from the launching of the Job AQTIV law. The principle of “caring and activating” (“fördern und fordern”) was introduced with this law. One of the most significant effects of this law was that those unemployed persons who did not receive benefits from the Employment Offices vanished from the labour market. For February 2003 the Federal Labour Office reported that the rate of persons leaving registered unemployment was very high, whereas the number of persons entering the labour market was only insignificantly positive. It seems that in the current economic situation unemployed persons lose heart, and hope that they will find a job through the assistance of the unemployment authorities. Both ABM and SAM and vocational training schemes seem to be losing their importance as well, little by little. This is a considerable problem for local labour market policy, too. In North Rhine-Westphalia, for example, contributions earmarked for the “work instead of social assistance programme” (“Arbeit statt Sozialhilfe (ASS)”) were siphoned off temporarily to co-finance the EU programmes. The speaker of the heads of the municipalities of North Rhine Westphalia, Ernst-Otto Stüber, considers that the chances of enlisting the cooperation of social assistance receivers within the ESF would not be sufficient to make up for the loss of the ASS programme. The conditions set down by the ESF programmes regarding qualification and reintegration in the primary labour market are too strict, hence cannot be met by most of the jobless social assistance receivers. On the other hand, it would not be possible for the municipalities to finance the ASS programme by themselves. So the retreat of the government of North Rhine Westphalia from the ASS programme, which has been caused by budgetary problems and the resulting policy change in active labour market policy, will over-tax local resources. Combined with strict programme conditions on the part of the ESF, this will get to the point where the job finding situation of one of the most vulnerable groups on the labour market will deteriorate.⁴⁷

In the same time-period, the contributions towards measures of reintegration into the regular labour market and start-up financing (“Existenzgründer”) underwent a marked increase. For example, the contributions paid out to unemployed persons to found their own business (“Überbrückungsgeld”) were increased by 63.7 percent; wage subsidies for new companies (“Einstellungszuschuss bei Neugründungen”) were increased by 58.8 percent and the integration grants (“Eingliederungszuschüsse”) increased by 78.1 percent. It might be better to finance reintegration in the primary labour market than to finance the secondary labour market, because persons will often not get the chance to re-enter the regular market after breaking out of the cycle of participating in one active labour market scheme after the other. On the other hand, reintegration schemes for the primary labour market have also reached their limits. This

⁴⁶ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003

⁴⁷ Städtetag Nordrhein-Westfalen (ed.), Arbeits- und Sozialminister streicht Mittel für Arbeit statt Sozialhilfe. Städte müssen wegen Politik des Landes Stellen für Arbeitslose streichen, www.staedtetag-nrw.de

has been made clear by the CAST project (“Kombilohn Modell” or “Mainzer Modell”). Since March 2002 this pilot project has spread out over the whole Republic,⁴⁸ but with poor results: its creator, Florian Gerster (as Minister of social affairs for Rhineland-Palatine inventor of this scheme, and since 2002 chief of the Federal Labour Office), termed it a “relative success”.⁴⁹ Between March 2002 and the end of February 2003 only 11,300 persons were supported by this scheme. It becomes obvious that subvention of integration does not automatically create new jobs. This is more a question of business cycles and economic upswing.

At this stage it is very hard to evaluate the impact of the EQUAL programme on improving active labour market policies and on combatting discrimination and inequalities among job-seekers, because the new initiative only started in 2002. It is clear that 40 percent of the total financial means (2000 – 2006: 514.4 million EURO) will be spent in the first programme phase (2002 – 2005: 205.8 Mio EURO). It is clear too that out of the overall financial means 40.6 percent will be reserved for projects in the eastern part and 59.6 percent in the western part of Germany. 109 projects (developing partnerships) have been accepted, most of them dealing with the improvement of employment capability (46). Since 1995 the active labour market schemes of the Federal Labour Office has been supported by ESF funds. This has been continued in the new broader scope granted to ESF for the period 2000 – 2006.⁵⁰ The so-called ESF-BA-programme supports additional measures for enforcing the foundation of small enterprises. Before starting into self-employment, the prospective entrepreneurs can avail themselves of business foundation seminars (“Existenzgründungsseminare”) or, after launching their business, of a specific coaching programme (since 2003 supported by the SGB III).

The Institut für Arbeitsmarkt und Berufsforschung (IAB) made a first attempt at evaluating the effects of the ESF-BA-programme in July 2000 to July 2001. In this period, some 5,000 coaching programmes and nearly 5,000 seminars took place. This was a share of 8 percent of the total number of measures offered to assist founders of small businesses. The IAB noted that 44 percent of the persons taking part in the seminars afterwards actually went on to found a small business. This can be counted a definite success. But they also noted that it is too early to tell whether these founders will be more successful than those who did not participate in an ESF-BA-seminar.⁵¹

It was the aim of the new chief of the Federal Labour Office, Florian Gerster, to decline federal assistance to the budget of his institution in this year. According to several press releases and statements of politicians in the last few days, it is reasonable to assume that this target will not be fulfilled. The question nobody can answer right now is the forthcoming dimension of this probable deficit. Be that as it may, in setting such a goal the Federal Labour Office must pursue a logic of its own in terms of policy. For example, it would make sense for the

⁴⁸ Holleederer, Alfons, Rudolph, Helmut, Bisher erreichte Zielgruppen in den CAST-Modellarbeitsämtern, Forschungsverbund CAST Projektbrief No. 6, Bonn 2002

⁴⁹ Bundesanstalt für Arbeit, Die Entwicklung des Arbeitsmarktes im Februar 2003, Nürnberg March 2003, p. 8

⁵⁰ Bundesministerium für Arbeit und Sozialordnung, Programm für die Gemeinschaftsinitiative EQUAL in der Bundesrepublik Deutschland 2000 bis 2006, Berlin 2001; Gemeinschaftsinitiative EQUAL, Informationsportal www.equal-de.de

⁵¹ Kurtz, Beate, Förderung von Existenzgründungen: Das ESF-BA-Programm im Zusammenspiel mit der Regelförderung des SGB III, in: IAB Werkstattbericht No. 8, Nürnberg 2002

Federal Labour Office as an institution to concentrate on giving preference to persons with a claim to unemployment benefit. That is why, in contrast to the unemployment assistance receivers, they are paid out of the Federal Labour Office budget. The head of the Employment Office in Bochum, Heinz Wilken, has already made suggestions as to how to meet the (regional) economising targets of the Federal Labour Office. Beneath a general cut in active labour market schemes, the main issue was to concentrate on unemployment benefit receivers.⁵²

Another problem that might arise is the future of the vocational and ongoing worker training schemes. The Federal Labour Office is planning to introduce new minimum standards for these which are not linked together. Beginning in 2003 measures will only be refinanced if the carrier can guarantee an integration quota (= the number of participants who do not become jobless again after 6 months) (“Verbleibsquote”) of 70 percent. The final integration rate (= number of persons who would have obtained a socially secure job after completing a scheme) (“Eingliederungsquote”) will have to be 55 percent.⁵³ It is more than likely that it is especially those measures for the very problematical target groups that will not be able to reach these levels. There is a great danger that those people who need most help will receive the least number of offers!

So, in more general sense, it will be the task of further research to find out which groups among the unemployed will be the winners and which groups will be the losers in the process and what this will mean in terms of social exclusion. At the moment it turns out that the economic crisis is affecting all relevant groups of unemployed persons. We have a situation in which the well-known exclusion factors are in general being exacerbated. And there is no positive sign on the horizon for even a single target group. Whether this might change in future thanks to the shifts in approach in terms of labour market policy cannot be assessed at the present time.

(2.) *Compatibility of working life and family life: child-care*

The German structure of public child-care is still characterised by the following two aspects:

- First, the legislative and administrative responsibility for schooling and child-care is placed in the hands of the *Länder* and the local authorities. Although there is a central state law on youth welfare (*KJHG Kinder- und Jugendhilfegesetz*), this allows different conceptions and mixtures of schooling and child-care to develop in the different *Länder*.
- Secondly, the situation in eastern and western Germany differs significantly. In the western part, the three-phase model (training and working phase, child-care phase, perhaps with (part-time) work after a few years) is still the dominant pattern for “combining” child-care and female employment. In the new German *Länder* there is a tradition of early combination of work and child-care.

Because of the primary competencies of the *Länder* and local authorities in the field of child-care and education and the related diversity of structures and reforms, there is currently a lack of comparable data or comparability of data, and some obstacles exist that prevent overall analysis. There are two important central state reports which provide an overview and analy-

⁵² Westdeutsche Allgemeine Zeitung, Dem Arbeitsamt fehlen 25 Millionen Fördergeld, Bochum 26.03.2003

⁵³ Bundesanstalt für Arbeit, Die Entwicklung des Arbeitsmarktes im Februar 2003, Nürnberg March 2003, p. 6

sis of societal development, problems and efforts in supply and demand and which refer to policy measures: the family report, and the report on youth. The last family report (2000)⁵⁴ concentrates on the situation of families with a foreign background. The next one will be published in the year 2005 and will focus on “The future of family – societal change and social cohesion”. The last youth report (2002)⁵⁵ gives an analysis of the life situation of youth and German youth welfare.

As a result of the traditional three-phase orientation of family policy in western Germany, there is a gap of child-care up to 3 years of age. Here child-care is (traditionally) seen primarily as a private responsibility. The gap in child-care provision, especially for children from 0-3 years and school-age children, is well known in Germany since beginning of the 1980s. Currently in western Germany, fewer than 5 percent of children up to three years are in public child-care facilities. In eastern Germany the corresponding figure is approximately 35 percent. The NAPIncl 2001⁵⁶ stated the will to reach a higher quantitative and qualitative level of child-care for pre-school-age and school-age children.

Since 1995 there has been a legal claim on a kindergarten place for children between 3 to 6 years (children of asylum seekers are excluded from this legal claim⁵⁷). But the frequently inflexible hours of supervision at kindergartens (as a rule from 8 to 12 a.m. or 8 a.m. to 4 p.m. with a lunch-break) continue to be incompatible with part-time or even full-time employment.⁵⁸

In the western *Länder* the day-care of school-age children is traditionally also primarily seen as a responsibility of the families. In the eastern *Länder* and eastern-Berlin, the former situation of the GDR continues in some degree. In 1989 in eastern Germany 88 percent of children under 10 were cared for in the so called *Horts* (day-care centres for pupils).⁵⁹ The situation in western Germany is characterised by a general lack of places in this type of facility. In addition, the school hours of the primary and secondary schools are often irregular, differing from day to day. In 2001 there were only about 1,000 regular all-day schools.⁶⁰

In some cases, additional child-care offers are made to bridge the gap resulting from this neglect of public places. Some doubts concerning the quality of these offers are often voiced.⁶¹ Workers often have to cope with short-term *contracts*, only a few places for the whole school

⁵⁴ Bundesministerium für Familie, Senioren, Frauen und Jugend, Familien ausländischer Herkunft in Deutschland. Leistungen. Belastungen. Herausforderungen. Sechster Familienbericht, Berlin 2000

⁵⁵ Bundesministerium für Familie, Senioren, Frauen und Jugend, Elfter Kinder- und Jugendbericht. ‘Bericht über die Lebenssituation junger Menschen und die Leistungen der Kinder- und Jugendhilfe in Deutschland, Berlin 2002

⁵⁶ p. 15f (English version)

⁵⁷ Cf Bundesministerium für Familie, Frauen und Jugend, Zehnter Kinder- und Jugendbericht, Bonn 1998, p. XXXI, 195

⁵⁸ Cf Deutsches Jugendinstitut, *Zahlenspiegel. Daten zu Tageseinrichtungen für Kinder. Kindertageseinrichtungen in Stadtteilen mit besonderem Entwicklungsbedarf*, München 2002, p. 123 ff; cf. Esch, Karin, Stöbe-Blossey, Sybille, *Kinderbetreuung. Ganztags für alle? Differenzierte Arbeitszeiten erfordern flexible Angebote*, Institut Arbeit und Technik, IAT-Report 2002-09, Gelsenkirchen 2002

⁵⁹ Bundesministerium für Familie und Senioren, Fünfter Familienbericht, Bonn 1994, p. 190

⁶⁰ Frankfurter Rundschau, Bayerischer Städtetag fordert Ganztagschulen, 14 July 2001, p. 4

⁶¹ Cf Bundesministerium für Familie, Senioren, Frauen und Jugend, Zehnter Kinder- und Jugendbericht, Bonn 1998, p. 219

will be offered, the pedagogical criteria and the rooms and equipment supply often remains unclear. The financial resources for staff and care programmes are often minimal.

As in other European countries, a few types of child-care facilities exist which are partly provided by the public sector (municipalities), partly by non-statutory welfare organisations (*Wohlfahrtsverbände*). To a lesser extent there are also facilities provided by parental initiatives and enterprises. The various forms have different supervisory hours and care programmes, and focus on different age groups.

There is no need to promoting only one common form of child-care in all the schools and for all pre-school-age children. For example, there are different needs in different kinds of family, as well as between cities, towns and rural areas. Nevertheless, there are more places demanded than offered for children under 3 years and of school age: This is the responsibility of the *Länder* and the local authorities, and these vary greatly, according to their official budgets, chief guidelines on the responsibility for child-care (traditionally: family, mother, relatives) and the pressure exerted by parents and families.

(3.) *Child-raising allowance, Child-raising time, Part-time jobs*

Regulations concerning child-raising allowance (“*Erziehungsgeld*”) and child-raising time (“*Erziehungszeit*”) were introduced to improve the possibility of combining child minding with work. On the 1st of January 2001 some modifications were put into law. Now it is possible 1. to receive a higher monthly child-raising allowance of 460 EURO for a maximum of one year (instead of max. 307 EURO per month for 24 months); 2. for parents to share child-raising time; 3. for the period of child-raising to be transferred if parents choose not to take the whole child-raising period of three years at once (“flexible third year”) and 4. for parents to have a legal claim to part-time work during child-raising time (max. 30 hours a week per person). Officially accepted asylum seekers and refugees now enjoy the same rights as other citizens under the protection of this legislation.⁶²

At the moment it is not possible to give an empirical assessment of the effects of these changes. The database of the Federal Statistical Agency ends with the year 1999. But the new regulations have definitely brought improvements, especially for unmarried couples and asylum seekers. There is now also more flexibility in the system of child-raising time and benefits. On the other hand, some problems still persist. First of all, 307 EURO per month is usually not enough to compensate for the loss of income incurred by either a male or a female who is in employment. So the incentive for working males in particular to give up their work for child-raising is still quite low. In 1999 only 1.55 percent of parents engaged in such child-raising were male. The Federal Government hopes that the new opportunities for combining child-raising time with part-time work will increase the number of child-minding males.⁶³

Secondly, reduction of income-level involved in claiming child-minding benefit is still low, especially after the first six months. But it should be kept in mind, that the current government already raised this level. Parents with one children earning more than 16,470 EURO a year

⁶² Bundesministerium für Familie, Senioren, Frauen und Jugend, Bundeserziehungsgeldgesetz, Berlin 2001, www.bmfsfj.de

⁶³ Statistisches Bundesamt (ed.), Datenreport 2002. Zahlen und Fakten über die Bundesrepublik Deutschland, Bonn 2002

have to face cuts in their benefits – in the case of single-parent households, this amounts to 13,498 EURO. Especially for young families, children thus remain the main factor leading to risk of poverty, since state contributions are insufficient to compensate for the loss of income incurred during child-raising time.⁶⁴

On the 1st of January 2001 a new federal law was passed regulating part-time work and short-term contract work (“Gesetz über Teilzeitarbeit und befristete Arbeitsverträge (TzBfG)”). The aim was to improve the framework for, and to restrict discrimination against part-time and short-term contract workers. Under the new law, employees have the right to shorten (§ 8 TzBfG) or - if there is a suitable working place in the firm - to prolong (§ 9 TzBfG) their working time. Any form of discrimination (e.g. wage level; working conditions; career options) is now forbidden by law.⁶⁵ Employees have to have been with the firm for longer than six months. This part of the new regulation is valid for all firms with more than 15 employees. An application based on this law can only be refused if the shortening or prolongation of working time is likely to have negative effects on the interests of the employing firm.⁶⁶

The Ifo-Institute was instructed by the Federal Labour Ministry to evaluate the effects of this law. The results of their research will be published in the autumn of 2003. According to the data base of the Federal Statistic Bureau (micro-census, May 2002) it seems that the new law has already had positive effects, especially on the working situation of women. In comparison to the level within the EU as a whole, Germany moved up to fourth place between 2000 and 2001 with regard to the use of part-time work. The main reason for this is that it is chiefly women who take up the possibility of part-time work. In 2001 nearly 40 percent of all employed women had part-time jobs. In total 86.4 percent of all part-time workers are female, of whom some 62 percent did this for family-related or personal reasons.⁶⁷ So there is some evidence that women still have to navigate between employment and family work, whereas males still tend to choose full-time employment for their individual life-planning. On the other hand, one can say that the new legislation offers a third option for women, because it has now become easier to combine employment with child-care. Before the introduction of the law, women often only had the choice between full-time work or no work at all. Now there are better opportunities for re-entering the labour market by means of part-time work after the cessation of child-raising time. According to the database of the Institut für Arbeits- und Berufsforschung (IAB), which published a first evaluation in autumn 2002, about 85,000 employees (western: 74,000 / eastern: 11,000) submitted an application in accordance with to this new regulation; three-quarters (western) to four-fifths (eastern) of them were woman. Relative to the overall figure of full-time employees, this is a ratio of 0.3 percent (western) or 0.2 percent (eastern). 92 percent (western) and 96 percent (eastern) of the applications respectively were accepted by employers. Analysing the effects on employment, the IAB pointed

⁶⁴ Bundesministerium für Familie, Senioren, Frauen und Jugend (ed.), 11. Kinder- und Jugendbericht. Bericht über die Lebenssituation junger Menschen und die Leistungen der Kinder- und Jugendhilfe in Deutschland, Berlin 2001, p. 138 This act does not claim to bring such a compensation; it agrees itself as a addition of income.

⁶⁵ Magvas, Emil, Spitznagel, Eugen, Das Teilzeitgesetz - gelungener Start einer Reform, in: Bundesarbeitsblatt No. 11-2002, p. 10-12

⁶⁶ Bundesministerium für Arbeit und Sozialordnung (ed.), Gesetz über Teilzeitarbeit und befristete Arbeitsverträge, www.bundesrecht.juris.de

⁶⁷ Viethen, Hans, Peter, Scheddler, Albrecht, Zwei Jahre Teilzeit- und Befristungsgesetz, in: Bundesarbeitsblatt No. 11-2002, Stuttgart 2002, p. 5-9

out that nearly 50 percent of the employers' responses had positive effects on overall employment (additional hiring; avoidance of dismissal; work-time prolongation for other part-time workers). 50 percent involved a positive influence on productivity (transfer, cancelling or rationalising of tasks).⁶⁸

The Federal Government is convinced that the new law will be a positive path towards achieving goals orientated towards labour market, family, and gender equality policies. But one should keep in mind the fact that the possibility of doing part-time work only works if there are enough child-minding places available.⁶⁹ And there is still a gap. Another problem that has to be faced is the fact that part-time work in most cases means only part-time income. In a social system based on the insurance principle, this automatically means low claims on social benefits and therefore a more vulnerable social situation than full-time workers will have to face. Here there are many more problems to be solved.

b. Facilitating access to resources, rights, goods and services for all

aa) Social protection

(1) Pensions and poverty among the elderly

Combating poverty *among the elderly* was one of the most important targets of the NAPincl 2001 and national policy as a whole.⁷⁰ Indeed, the degree of low income and poverty among some groups of elderly people is much higher than among others or than that of the average German household (14.9 percent). In 2001, between 27 percent (65 – 74 years) and 30 percent (75 years and over, women) of singles over 65 were in the low-income bracket. In comparison to the average, the two-person households among those over 65 had a low-income rate of around 10 percent. For pensioners the state pension is the most important source of income, followed by the equivalent of renting of a privately owned and occupied apartment. Only for pensioners in the fourth and fifth quintiles is working income from a job more important than the equivalent of living in their own apartment. In sum: state pension and self-owned and occupied accommodation are essential parameters for the living conditions of the pensioners in the first and the second quintiles. Other kinds of private income – private capital or private pensions – are very rare.⁷¹

This is why the Federal Parliament decided in 2001 to carry out a reform of the pension system, in two directions: first they decided to increase the level of private pensions. In parallel with civil service pensions (first pillar) and the pensions of the business sector (second pillar), the third pillar, private social security for old age should be further encouraged through private initiatives and government assistance (reduction of charges; direct additional financial emoluments). In addition, home purchase can also be financed via this scheme. There is also

⁶⁸ Magvas, Emil, Spitznagel, Eugen, Das Teilzeitgesetz – gelungener Start einer Reform, in: Bundesarbeitsblatt No. 11-2002, Stuttgart 2002, p. 10-12

⁶⁹ Spieß, Katharina, Vereinbarkeit von Familie und Beruf – Fakten, Mängel und Reformen. Auch ein Plädoyer für eine Entideologisierung der Debatten, in: Sozialer Fortschritt No. 1-2003, Berlin 2003, p. 17-23

⁷⁰ Bundesrepublik Deutschland, Nationaler Strategiebericht Alterssicherung (NSB) 2002, Typoskript; www.bmgs.bund.de/downloads/rente_strategiebericht.pdf

⁷¹ Deutsches Institut für Wirtschaftsforschung, Wochenbericht Nr. 12/2003, p. 190 ff. This research takes the so called square root scale for the household-equivalence-income with the consequence of a higher poverty rate than with the old OECD scale.

the possibility to convert part of one's income into a business pension system.⁷² Up till now, these new possibilities for building up an individual additional pension system have not been accepted by large numbers of employees. Only 3.4 million employees (about 15 percent of the total) are currently availing themselves of this system.⁷³ On the other side: 18.8 million employees are working under conditions of wage agreements that include the possibility of company-subsidized pensions or additional private pensions.⁷⁴

In his inaugural speech for 1998, Chancellor Schröder stressed the fact that private care for the aged will only occur if there is a personal financial capacity and a personal will to invest in savings schemes. With regard to financial capacity, only 71 percent of all people are saving money, a third of them only irregularly, and about 46 percent of them put away a different sum each time they save money. Only about a third of the total make regular savings and are trying to make provision for emergencies and old age.⁷⁵ So it is no wonder that until now only 15 percent of working adults are participating in this new kind of pension system, although there are some official financial incentives. Perhaps the chance of converting part of one's current income into business pensions will prove a more effective option. Private care for old age depends on one's financial means, but also on one's mental attitude and on the feeling that private efforts will be successful, especially in the face of the negative prospects indicated by the breakdown of private pension funds in the USA.

So the second part of this reform will be definitely more effective in combatting social exclusion among old-age pensioners: Since 2003 all pensioners who receive less than 844 EURO in benefits will be informed by the official pension administration that they have a claim on social assistance if there is no other source of income or other private means.⁷⁶ The regulations applying to this minimum-income system for elderly people and invalids are less strict than for the social assistance system. For example, no resort will normally be made to the income of the children or of the parents. Also, other restrictive features of the official law governing social assistance will not be applied to these elderly or disabled people.

In the past most elderly people with an income under the limit of social benefits did not go to the social administration, fearing that their children would have to pay part of the social benefits. Policy argues correctly that this law will do much to lower the level of hidden poverty in old age. Although we do not yet have enough experience in the effects of these policy changes, this law can already be seen to be an important step in overcoming social exclusion, not only regarding the level of state aid but in respect of making the procedure easier.

(2) Adjustment of social assistance payments according to the Social Assistance Act (BSHG)

⁷² Bundesministerium für Arbeit und Sozialordnung, Sozialbericht 2001, Bonn 2001, p. 104 ff.

⁷³ Chancellor Schröder in his inaugural speech of the 14. March 2003,

⁷⁴ Pressemitteilung des Bundesministeriums für Gesundheit und Soziale Sicherung from 28. 11.2002, www.bmgs.bund.de/archiv/presse_bmgs/presse2002/m/189.htm

⁷⁵ Claupein, Erika, Vermögen und Vermögensbildungsprozesse der privaten Haushalte, Berlin 1990, p. 28 f.; cf. Huster, Ernst-Ulrich, Eißel, Dieter, Boeckh, Jürgen, Reichtumsgrenzen für empirische Analysen der Vermögensverteilung, Instrumente für den staatlichen Umgang mit großen Vermögen, ökonomische, soziologische und ethische Beurteilung großer Vermögen, Forschungsprojekt, Lebenslagen in Deutschland, Der erste Armuts- und Reichtumsbericht der Bundesregierung, ed.. vom Bundesministerium für Arbeit und Sozialordnung, Bonn 2001, p. 82 ff.

⁷⁶ Cf Deutscher Bundestag, Drucksache 14/5150; Pressemitteilung des Bundesministeriums für Gesundheit und Soziale Sicherung from 30.12.2002, www.bmggesundheits.de/inhalte-frames_presse/presse2002/m/214.htm/

For more than a decade, the adjustment of the amounts of social assistance (*HLU Hilfe zum Lebensunterhalt*) was an unsolved problem. The “statistical model” of index-linking for the amount of social assistance has not been used since 1993. The last check on necessary means according to § 1 section 2 and § 22 of the BSHG took place in 1989. For ten years now, adjustment of the amount of HLU has been pegged (maximally) to the increase of the take-home pay respectively since 1996 of the pension payments. As a consequence of this practice, at the beginning of the first action plan an analysis undertaken by the *Paritätische Wohlfahrtsverband* concluded in its report⁷⁷ that there was a shortfall of 7.8 percent (for the amounts up from 1 July 2000) in meeting demand (inflationary adjustment), as calculated according to the recommendation of the *Deutscher Verein* in 1988. In 2001 the German government extended the provisional regulation up to the year 2005. The Federal Government however argues, § 22 BSHG not only asks for an adjustment base on cost of living but also on changes in net income and consumer behaviour.

Social assistance recipients continue to be the losers of techno-bureaucratic and – even more so – political disagreement among the levels and Ministries (of Finance and of Social Welfare) of the German welfare state. Social inclusion means at the very least that living standards be maintained as hitherto; in reality, the standard of living is decreasing continuously.⁷⁸

⁷⁹

bb) Housing

In Germany there is no longer a general lack of housing – indeed, quite the opposite. Particularly in eastern Germany there is a surplus of apartments (about 1 million). On the other hand, especially in some of the larger cities of western Germany there is a lack of affordable flats for persons or families with low income. During the 14th session of Parliament, there was a reform of the housing benefit, by which the average household entitled to housing benefits receives 42 EURO more (an increase of 50 percent), with families consisting of several persons even receiving 61 EURO.⁸⁰ The NAPIncl has provided information about this.

Since the early 1950s, the German housing support system for low-income persons and households has also been based on a second pillar, State housing (sozialer Wohnungsbau), where the construction of apartment blocks has been state-aided. The aim was to overcome the extreme housing shortage caused by the vast destruction of houses during the Second World War and the consequences of immigration afterwards. Today the law on State-aided accommodation (Wohnbaugesetz) is focused more on the modernisation and privatisation of existing apartments than on supporting the construction of new housing space.⁸¹

Indeed, in Germany there is no housing shortage any longer – on average. But a surplus of houses in eastern Germany cannot help a low-income family in the Rhine-Main area or around Munich. And: an average increase in housing benefits may help the average family,

⁷⁷ Schneider, Ulrich, Expertise zur Frage der bedarfsgerechten Fortschreibung des Regelsatzes für Haushaltsvorstände gem. § 22 BSHG, Frankfurt am Main 2001, <http://www.infothek.paritaet.org>

⁷⁸ cf. Bündnis90/Die Grünen: Grün ist der Wechsel. Programm zu Bundestagswahl 1998, Bonn 1998, p. 72

⁷⁹ cf. Richard Hauser and Irene Becker, Einkommensverteilung im Querschnitt und im Zeitverlauf 1973-1998, Forschungsprojekt, Lebenslagen in Deutschland, Der erste Armuts- und Reichtumsbericht der Bundesregierung, ed. by Bundesministerium für Arbeit und Sozialordnung, Bonn 2001

⁸⁰ Bundesministerium für Arbeit und Sozialordnung, Sozialbericht 2001, Bonn 2002, p. 265 ff.

⁸¹ *ibid.* p. 268 ff.

but not families in areas with housing shortages and/or high levels of rent. Poor families do not only have poor housing conditions to contend with, but they have to pay more than the average from their net income on rent. The policy of privatising State-aided apartments might make sense in terms of multiple households, but to buy them one needs private capital or creditworthiness – two conditions which one will not find among the poor population. So special help for socially excluded persons and families will still be necessary in the future.

cc) Nursing/Medical care

In Germany we have almost 100 percent health insurance coverage (statutory or/and private); poor people with no insurance or insufficient coverage may get help from the social assistance system (help for health, help for care). The NAPincl 2001 – 2003 underlines the necessity to improve the medical care situation for some groups, especially the homeless. There are several projects under way to improve the situation of this latter group, but their living conditions nevertheless remain highly unsatisfactory.

With the health-care insurance system (“Pflegeversicherung”), a new domain of the German social security system was introduced. With regard to legal status, there remain, alongside indisputable advantages, deficiencies affecting certain groups. The social assistance system has thus had to bear a greater share of health-care costs than was intended by introducing this new domain into the social security system.⁸²

Immigrants, especially females, have several problems with respect to the German health system. Not only are there language problems, but the structure, organisation, and behaviour of professional care persons can create problems in daily life. That is why more foreign professionals need to be integrated into the health system; an act of law on nursing/caring stresses the necessity of integrating multicultural competencies into the training of nurses and other professionals in the caring and nursing system.

dd) Public services: education, justice, culture, sports, leisure activities

In Germany there are several different kinds of public services: those that are purely voluntary, those that are voluntary but necessary, and those that are an obligation on the part of local or other authorities. Because of revenue shortages, several forms of public services have been reduced or altered in recent years. But there are large differences among the various agencies. Every report on the local revenues⁸³ or umbrella organisations of individual private charities provides examples of worst practice: e.g. the reduction of schemes to provide holidays for poor children, radical economies in the use of childminding facilities, reducing the size of, or abolishing, advisory councils for people with special problems, hiking entrance fees for leisure activities.

On the other hand, there are several plans underfoot to reform social services by integrating different social benefit providers, parts of the local authority and/or the employment office. In North Rhine – Westphalia, for example, new “social agencies” are trying to get round the rigidities of the existing public system of social services by providing “help from one hand”.

⁸² Boeckh, Jürgen, Huster, Ernst-Ulrich, Gesundheit/Pflege – Entwicklungsperspektiven und Reformnotwendigkeiten, in: Theorie und Praxis der Sozialen Arbeit, Heft 1/2003, p. 4 ff.

⁸³ Karrenberg, Hanns, Münstermann, Engelbert, Städtische Finanzen: Kollaps oder Reformen!, Der Gemeindefinanzbericht 2002, in: der städtetag, Heft 4/2002

North Rhine–Westphalia has fared well so far, with 11 pilot projects under way.⁸⁴ Other examples could be given for other *Länder* and municipalities.

Since the publication of local social reports – such as that for Hanover⁸⁵ – we know that social public services are often not located in those city districts which are most affected by social exclusion. Middle-class orientation of, in particular, services for pedagogical and psychological advice, means that such services, understandably, are often to be found in middle-class-dominated areas of town.

The regulations governing public services are often miles removed from realities on the ground: although, for example, young people have a right to the necessary subsidies granted by the social benefit providers – according the youth welfare framework (SGB VIII) – the authorities baulk at taking a decision, or will make wrong decisions. More and more young people thus affected are therefore trying to find alternative ways to enforce their legal claim. They will contact a private upholder of the services demanded directly to apply for the help needed. The upholder itself then tries to get the financial means out of the authorities, voluntarily or by court order. While the refusal to act on the part of the youth-welfare office, or the latter's wrong decisions, can often enough be explained in terms of revenue shortage, the decisions issued by several courts have secured the rights of the affected persons, such that a young person will now receive the necessary help immediately, while those responsible for disbursement will receive the financial means – only after a delay.⁸⁶

2.2 Prevention the risk of exclusion

In Germany one distinguishes among primary, secondary and tertiary prevention: to avoid a social risk, to shorten an inceptive or ongoing risk, and to diminish the negative consequences of an existing risk.⁸⁷ The secondary and tertiary kinds of prevention have taken place ever since the institution of existing social policy, while primary prevention acquired legal status in social welfare for the first time in the 1960s, in the form of special kinds of medical check-up, first for children, and later on for adults as well. In 1969, with the Federal Labour Law, this aspect of primary prevention for the first time became the priority for the secondary and tertiary categories: it is the aim of this law to prevent unemployment, not to pay for it. But the still ongoing mass unemployment also indicates that the realisation of this aim has failed to occur over several years.

Nevertheless, there have been several examples of good practice in terms of primary prevention in combatting social exclusion:

- Family insurance for health care, which prevents poor families being unable to make use of the medical system in case of illness of their children for pecuniary reasons;

⁸⁴ Ministerium für Arbeit und Soziales, Qualifikation und Technologie des Landes Nordrhein-Westfalen, *initiativ in NRW. Sozialagenturen – Hilfe aus einer Hand*, Düsseldorf 2002

⁸⁵ Landeshauptstadt Hannover (ed.), *Sozialbericht 1993. Zur Lage der Kinder, Jugendlichen und Familien in Hannover*, in: *Schriftenreihe zur kommunalen Sozial-, Jugend- und Gesundheitspolitik*, vol. 13, Hannover 1993

⁸⁶ Cf Hinrichs, Knut, *Selbstbeschaffung im Jugendhilferecht, Zur Aktualität fürsorgerechtlicher Grundsätze in der Jugendhilfe*, Dissertation an der Juristischen Fakultät der Johann Wolfgang Goethe-Universität Frankfurt 2002, being published

⁸⁷ Hofemann, Klaus, Huster, Ernst-Ulrich, *Präventive Sozialpolitik: Ideologie und Realität*, in: *WSI-Mitteilungen*, Heft 10/1979, p. 554 ff.

- several housing schemes for offering inexpensive apartments or to lower the cost of a rented accommodation;
- pre-school courses for children with language or other social problems that would hinder them from entering primary school;
- reduction of kindergarten fees for poor families;
- subsidized holidays/leisure-time activities for poor children;

Other schemes could be added; they often differ from upholder to upholder, from local authority or one *Land* to another. Several of these schemes require a complementary personal investment of commitment on the part of the person involved: at the very least, time, perhaps more mobility, and in several cases even private financial means. But there are always prophylactic measures to combat the possibility of social exclusion in Germany at all levels of the welfare state. Other schemes are part of a strategy of secondary or tertiary prevention –, but there are also schemes that can have contrary effects on different agents or recipients, sometimes helping avoid social exclusion, at other times making the condition of exclusion even worse.

The NAPincl 2001-2003 has listed some schemes and objectives of a strategy for the prevention of social exclusion:

a. Optimal use of the knowledge-based society

German society is moving towards being knowledge-based: the number of people using the internet is growing rapidly, along with the range of subjects and investments in hard- and software in schools, while there has been a veritable explosion in the number of classes in ongoing training at private, state or commercial training centres.

But a discussion has started about whether – along with this new knowledge-based society or at the core of it – two new forms of poverty and social exclusion may be brought into being as a result: first, for those who incur debts in using the internet, multi-media or other kinds of new communication; secondly, for those who will not receive enough instruction or who will not have the intellectual capacity to use these media and therefore remain only in a passive state of consumption. Unfortunately there have as yet only been general indications in newspapers about the increase of debt among children as a result of the mobile-phone culture.

b. Measures against over-indebtedness, illegally quitting or/and expulsion from school, loss of accommodation and drug-dependency

- Indebtedness is on the increase in Germany, and several measures have had to be implemented to avoid this. Indebted persons belong to those groups that are most vulnerable to social exclusion, as the following observations should indicate.
- More and more children are leaving school, although they are obliged to attend regularly. This development started in the 1980s and has been exacerbated in recent years. Not only children of immigrants but other children as well refuse to see school-time as a chance for later participation in life, and there are often problems in whatever remains in the way of family life. On the other hand, children also encounter problems in school-time itself, and certain circumstances and conditions may lead to their being expelled

from a regular school and assigned to a special institution. This used to be a problem for the police to deal with: In several towns they would have to comb shops, cities, parks etc. during school-time to see whether there were children of school age there, and would thereupon inform the parents and/or the school. In more recent years, Länder-authorities and schools have come to see that this is no longer a task of prime importance for the police, but a special social problem and they have begun to look for new schemes that may integrate these pupils into the regular school system or to find other, better ways of social inclusion. Further reports on social inclusion will be obliged to analyse these efforts and their results.

- The NAPincl 2001 – 2003 reported on the necessity to avoid the loss of accommodation and to set up schemes to help people thus affected. Several schemes involve primary prevention, and are either part of the general housing policy or part of specific measures supporting the most vulnerable groups. (See below.)
- Unfortunately, the NAPincl did not discuss the problem of drug abuse and preventive strategies for overcoming this widespread social risk. Nevertheless, there are several initiatives, programmes and reports in Germany involving the installation and evaluation of preventive schemes on all three levels of prophylaxis, cure or abatement of drug abuse.⁸⁸ Further NAPincl will have to devote more attention to this subject.

c. Solidarity within the family

“How to integrate children?” is the central question prompting the development of a conclusive concept for combatting poverty and social exclusion among children throughout Europe. The Deutscher Kinderschutzbund is one of the member organisations of this network.⁸⁹ Children are one of the most vulnerable groups. The participation of adults, especially mothers, on the labour market when children are still of pre-school and school age underscores the urgent continuing need for appropriate childminding facilities, wages and social benefits; all this serves to underlining the crucial importance of preventing social exclusion or finding strategies for improved social inclusion (see below).

But apart from the various resources required (grants, child-care facilities, structure and organisation of schools etc.), there are also the conditions within families to consider, conditions that affect the degree of successful inclusion: living conditions, activities within the family and with friends, the experience of violence.⁹⁰ The NAPincl 2001 – 2003 underlines some activities at both Federal and *Länder* level, such as the right of the mother to remain without the husband in the apartment after violence has been done to her and the right of the children to an education without violence. But these are only the extreme events; – below the line of violence – there are even worse influences on the development of children. Earlier research has shown that unemployment and poverty on the part of one or both parents affects the chil-

⁸⁸ Ministerium für Frauen, Jugend, Familie und Gesundheit des Landes Nordrhein-Westfalen, Landesprogramm gegen Sucht, Düsseldorf 2001; INDRO e.V., Jahresbericht 2002, Drogentherapeutische Ambulanz (DTA) und Konsumraum, Münster 2003; Bundesregierung, Suchtbericht 2003, i.E., www.bmgs.bund.de/deu/gra/publikationen/

⁸⁹ e-mail: Europeanchildrennetwork@skynet.be

⁹⁰ Hock, Beate et.al., Gute Kindheit – Schlechte Kindheit? Armut und Zukunftschancen von Kindern und Jugendlichen in Deutschland, Abschlussbericht zur Studie im Auftrag des Bundesverbandes der Arbeiterwohlfahrt, Frankfurt am Main 2000

dren in the same manner as it does the adults themselves.⁹¹ Research undertaken by the ISS in Frankfurt on poverty among children stresses the fact that children living in such conditions often have a less solid emotional network than those living under better social conditions.⁹²

d. Cohabitation by persons of the same sex

According to the survey *Mikrozensus 2001*⁹³ in April 2001, between 96,000 and 294,000 men and women in Germany live in (non-statutory) cohabitation with persons of the same sex. From the 1st of August 2001 the Same-Sex Cohabitation (Ending of Discrimination Act, *Gesetz zur Beendigung der Diskriminierung gleichgeschlechtlicher Gemeinschaften: Lebenspartnerschaften*) created a legal institution for homosexuals to enter a partnership for life with reciprocal rights and obligations, which is to some degree comparable to heterosexual marriage. However, the full extent of harmonisation with the law of marriage as intended by the German government could not be realised, because of opposition in the *Bundesrat* from representatives of the governments of conservative *Länder*. After confirmation by the Constitutional Court of the first part of the new legislation (this part of the law did not need the agreement of the *Bundesrat*),⁹⁴ this part was put into effect. In Berlin, for example, between August 2001 and December 2002, 921 submissions for statutory cohabitation between men and 219 between women were ratified.⁹⁵ With regard to the second part (*Lebenspartnerschaftsgesetz-Ergänzungsgesetz*), which affects the jurisdiction of the *Länder* with respect, for example, to the rights and obligations relating to social assistance and taxes, further negotiations between the two chambers of the German parliament will be necessary.

2.3 To help the most vulnerable

a. Over-indebtedness

The First National Report on Poverty and Wealth pointed out that in Germany 2.77 million households were heavily in debt in 1999 (1.9 million of them living in western and 0.87 million in eastern Germany).⁹⁶ The Federal Government demanded an effective advisory system for deeply indebted households. Up to now there have been no fresh concrete data,⁹⁷ only estimates. These give to understand that there has been no decrease or increase since 1999. A new Federal Government report (the basis of the Second National Report on Poverty and Wealth) will supply concrete figures. The situation of the institutions charged with advising those who are heavily in debt also seems to remain on the same level. Because they are organized locally there is no standardized kind of organization, personal equipment, or financial

⁹¹ Zenke, K.G., Ludwig, G., Kinder arbeitsloser Eltern, Erfahrungen, Einsichten und Zwischenergebnisse aus einem laufenden Projekt, in: Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, Heft 2/1985, p. 265 ff.

⁹² Holz, Gerda, Skoluda, Susanne, "Armut im frühen Grundschulalter", Abschlussbericht der vertiefenden Untersuchung zu Lebenssituation, Ressourcen und Bewältigungshandeln von Kindern im Auftrag des Bundesverbandes der Arbeiterwohlfahrt, Frankfurt am Main 2003

⁹³ Statistisches Bundesamt, Leben und Arbeiten in Deutschland. Ergebnisse des Mikrozensus 2001. Presseexemplar, Wiesbaden 2002, www.destatis.de, p. 22 f

⁹⁴ Cf BVerfG, 1 BvQ 23/01 from 18 July 2001 and BVerfG, 1 BvF 1/01 from 17 July 2002, www.bverfg.de

⁹⁵ Abgeordnetenhaus Berlin, Antwort des Senators für Inneres auf die kleine Anfrage des Abgeordneten Volker Ratzmann (Bündnis 90/Die Grünen). Gleichgeschlechtliche Lebenspartnerschaften, Drucksache 15/10 291, Berlin 2003

⁹⁶ Lebenslagen in Deutschland, Erster Armuts- und Reichtumsbericht, Unterrichtung durch die Bundesregierung, Deutscher Bundestag, Drucksache 14/5990, p. 63 ff.

⁹⁷ Figures about debts of households till 2001: DIW – Wochenbericht Nr. 17/2003, p. 277 ff. "A quarter of all private households in Germany has consumption-credit-obligations"

means. Efforts to improve the qualification of debt advisers in particular information centres, improvements in the law of private insolvency, and raising the limit of distraint are still important measures for preventing further long-term social decline.

The Ministry for Families, the Elderly, Women and Youth has published a new information booklet for heavily indebted families and has also provided advice on the internet. Although a needful measure, this cannot replace a sufficient infrastructure of well-equipped advisory offices that function more preventively.⁹⁸ But this depends on sufficient financial means on the part of the local authorities and the Länder.

b. Loss of accommodation, homelessness

After some years of decline in the number of cases of homelessness (from app. 930,000 in 1996 to fewer than 500,000 in 2000), the figure seems to have been on the increase again since summer 2001, especially in conurbations.⁹⁹ Here, the counselling centres of the Protestant Church's homeless aid (*Diakonisches Werk*), which provides about 40 percent of homelessness aid for the whole of Germany, registered an increase in cases of up to 30 percent.¹⁰⁰

Contrary to this trend, the programme "Avoiding homelessness – securing a permanent place to live (*Wohnungslosigkeit vermeiden – dauerhaftes Wohnen sichern*)", which was reported as a good practice in the action plan, has obviously helped to decrease the cases of homelessness in North Rhine-Westphalia. According to the social minister of the *Land* government, Birgit Fischer, the number of registered homeless people has – in line with the overall trend – decreased since 1996, but also in the year 2002 (8 percent less than 2001). In some towns and cities (Duisburg, Wuppertal, Hagen) the figure even went down by up to 90 percent.¹⁰¹

Nevertheless, the question remains: Where can homeless people stay? Where are they permitted to stay during the daytime and at night? Several city councils, for example, have passed a decree prohibiting homeless people from staying in certain parts of the city. Private businesses are engaging private security agencies in their towns or at least in their streets with the strict order to drive away homeless people. In this context, one development during the first NAPincl period, which was intensively discussed in the media and among the general public, was the acceptance of homeless people in railway stations. In the past, the stations and areas around them played an important role as meeting points and places for social services for the homeless. To improve the attractiveness and image of the now privatised railway company, the chairman of the board of the Bahn SA, Hartmut Mehdorn, declared in October 2000 that homeless people were no longer welcome in railway stations. The nation-wide 100 facilities of the Traveller's Aid Society (*Bahnhofsmision*) of both the Catholic and Protestant churches

⁹⁸ Debt-counselling agencies of the Caritas in Frankfurt/M decided to work together with "professionals of the finance world". They like to advice persons with debts, but without being jet over-indebted. Cf Gießener Anzeiger 07.05.03, p. 5

⁹⁹ Diakonisches Werk der Evangelischen Kirche in Deutschland, Bei Sozialreformen an Ausgegrenzte denken, press report, Berlin 6 November 2002

¹⁰⁰ *ibid.*

¹⁰¹ Frankfurter Rundschau, Nordrhein-Westfalen. Zahl der Obdachlosen sinkt dank Landesprogramm, 30 January 2003, p. 32

were asked to end their soup-kitchen programmes.¹⁰² Those lobbying for the homelessness reacted with a poster campaign.

c. Disabled people

Since the first NAPincl of Germany was published a lot of new legal regulations for disabled people were put into effect. The IXth section of the *Sozialgesetzbuch* (SGB) was a particularly important step towards unifying the disparate regulations under one Act and making it easier to realize individual rights. One of the most important innovations was the so called “Gemeinsame Servicestellen”. These are services provided by rehabilitation institutions situated mostly in larger local authorities and administrative districts. Every person has the right to an answer to his request within three weeks as to what should be done; under certain conditions this deadline may be extended for another four weeks. But it is no longer necessary that the claimant have to prove which institution should be responsible for him. It is the task of the service-centre and the rehabilitation institutions to clarify this. The principal of ‘causality’ (The institution responsible and the costs incurred depends on the reason why somebody becomes disabled.), which is dominant in the German social-security system, has thus been modified in an important respect: Although this principle remains, the final improvement (“Zuständigkeitsprüfung”) is now part of the system itself. But, with regard to this principle, the kind of help offered also differs according to the causes that produced a given disability. Secondly, there is the problem of the establishment of these service centres depending on the financial means of the institutions involved. The setting-up should be neutral with regard to the means required. It will therefore be necessary to monitor the effectiveness of the new regulations and the further development of their realization.¹⁰³ Another new feature concerning disabled people now will be conceived, the so-called personal budget (“Persönliches Budget”), which is already used in the UK and the Netherlands: The person affected need not to apply to the social administration for every single request: e.g. help for mobility, help in housekeeping, schooling, etc., but she/he receives a sum of money and can individually decide what is more necessary or less important. In Hamburg, for example, there is a pilot project to test this new increase in personal responsibility and freedom. This budget must not be used for cutting costs, so it is only an alternative, while the old system is also in service and each individual can go back to submitting single requests and proposals if this will be better for him/her.¹⁰⁴

The act on combatting unemployment among disabled people (“Gesetz zur Bekämpfung der Arbeitslosigkeit Schwerbehinderter”, as a part of SGB IX) of October 2000, stressed the need to lower by about 25 percent the level of unemployed disabled people by October 2002. The unemployment report of October 2002 shows that since 1999 there has been a reduction by 45,474 of the total number of unemployed disabled people – a reduction of 24 percent. This is why the Federal Government will not raise the quota for entrepreneurs. But companies are still not meeting the legally required quota of 5 percent so that more disabled persons could be

¹⁰² Cf Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege, *Die Freie Wohlfahrtspflege. Profil und Leistungen*, Freiburg im Breisgau 2002, p. 140 f.

¹⁰³ Cf www.isl-ev.org/article/32.html

¹⁰⁴ Nachrichten PARITÄT, Magazin des Deutschen Paritätischen Wohlfahrtsverbandes, Heft 1/2002, p.8 f.

in employment than is presently the case.¹⁰⁵ – Beside this policy to combat unemployment of disabled people the new act of the minimum-income for pensioners also is valid for disabled people below pension age, if they are not able to gain their own income.¹⁰⁶

Thirdly, there is a new law of equality for disabled persons (Behindertengleichstellungsgesetz, BGG). This Act stresses that it must be possible to use public services without any barriers – this means buildings, traffic and other public institutions. The law firstly is an obligation for the Federal level; the *Länder* are now looking how they are able to follow this policy. In several concrete activities, official forms and information should be published in the kinds of communication that are commonly available to these persons. The electronic media are also to be included.¹⁰⁷

And, finally: public debate between persons affected, parents, NGOs, health and welfare associations and official institutions to improve the integration of children with disabilities into normal institutions for children (kindergartens, schools etc) is now much more strongly encouraged. Responsibility for this has been decentralized among the persons affected, the institutions themselves, their supporters, the municipalities and the *Länder*, so that one can now easily provide examples of both best and worst practice. Experts stress the fact that steps are being undertaken to provide greater normality for disabled children, but that it is also possible to see how institutions may try to coax more financial aid out of the system by making the worst-possible diagnosis of an affected child. But such cases are the exception rather than the rule.¹⁰⁸

d. Immigrants

The question of whether Germany is a nation of immigrants is hotly debated.¹⁰⁹ While especially the present Federal Government, its coalition parties, the Liberals, the churches, the trade unions and employers point out that immigration has been a fact ever since the 1950s, that it increased in the 1960s and after reunification in the 1990s and that Germany is a multicultural society, important sectors, especially among conservatives and certain *Länder*, are of the opinion that further immigration to Germany can take place only if it does not conflict with the interests of the population already living in Germany. On a semantic level, the differences are not so large, because the Federal Government is asking for immigrants primarily to compensate for the low birth rate and shrinking work-force in our ageing society. Both sides agree on the need to provide integration help for immigrants, although there is perhaps some unclarity as to how this will be paid for and who should finance it. The most important difference is the issue: Who must change as a result of further immigration, and what changes will take place in a society as a consequence of migration? Especially among the conservatives – there are exceptions too, of course – people's fears are focused on the suspicion that immi-

¹⁰⁵ Cf www.jobs-fuer-schwerbehinderte.de/; Pressemitteilung des Bundesministeriums für Gesundheit und Soziale Sicherung vom 05.12.2002

¹⁰⁶ ¹⁰⁶ Cf Deutscher Bundestag, Drucksache 14/5150; Pressemitteilung des Bundesministeriums für Gesundheit und Soziale Sicherung from 30.12.2002, www.bmgesundheit.de/inhalte-frames_presse/presse2002/m/214.htm/

¹⁰⁷ Beauftragter der Bundesregierung für die Belange behinderter Menschen, Presseerklärung from 22. 08.2002 and from 29.10.2002; www.barrierefreiesinternet.de/

¹⁰⁸ www.uni-dortmund.de/FB13/Lernbehinderung/ProjektGU/SeiteProjekt.htm

¹⁰⁹ Bundesverband der Arbeiterwohlfahrt, Sozialbericht 2002: Ein Einwanderungsland, das keines sein will, Ausländerpolitik und Integration, Bonn 2003; “In Germany immigration is administrated, not formed...”, AWO-Bundesvorsitzender Manfred Ragati, Pressemitteilung vom 20.03.2003

grants will lower the living standards of the Germans or of migrants already living in Germany. This is why the section of the PISA study indicating that pupils in school classes with a high proportion of migrants achieved worse school results than did pupils in classes with a higher proportion of German nationals led to the suggestion of channelling migration more stringently than in the past.

The refusal of the conservative dominated second chamber, the Bundesrat, to pass a new immigration law by can chiefly be explained by two factors: first, the shortage of public financial means to implement further integration; secondly, the more central motive of restricting opportunities for immigration to Germany. It was especially the conservatives who turned down the proposal of the Red-Green Federal Government to grant refugee status to victims of sexual repression. After an unclear vote was cast by in the Federal Council (Bundesrat) by the Bundesland of Brandenburg, conservative *Länder* appealed successful to the Federal Constitutional Court (Bundesverfassungsgericht), which declared Brandenburg's vote in the Bundesrat to be invalid, and so the law failed to be passed. The Federal Government is now starting a second effort to pass a new immigration act.

In Germany there are about 7 million foreigners, most of them long resident in the country. There is a large degree of fluctuation: In 2001 more than 685,000 persons came to Germany, but about 500,000 left the country – on balance, then, there was an intake of some 188,000 new settlers. Apart from these, about 70,000 asylum seekers were counted in 2002. This figure has been decreasing rapidly since a change in Germany's asylum law in 1994. As well as this, there is the group of "late settlers" of German heritage from eastern Europe. This figure has been declining too; nevertheless, in the past three years about 300,000 such immigrants entered Germany. While these immigrants in the early 1990s were more or less able to speak German, this linguistic competency has diminished more recently.

Immigrants living in Germany face many obstacles to social inclusion, especially those coming from countries with a lower living standard than in Germany. Public opinion and even large numbers of politicians argue that these persons are only coming to Germany for their own economic advantage; not a few Germans fear that they will have to pay too much for these new citizens, whether they have a German passport or not.

Some 19 percent of the children of foreigners (i.e. without German citizenship) leave secondary modern school (Hauptschule) without taking the final examination (in comparison: German nationals make up only 8 percent). Only 10 percent pass the school-leaving exam (in comparison: Germans 26 percent). The number of foreigners between the ages of 15 and 20 in the German educational system has risen; also, the proportion taking middle and higher examinations has increased, but there are differences between the different nationalities.¹¹⁰ Conversely, in 2000 there was a decrease in vocational training places and the participation of young foreigners in vocational schools, especially qualified services and in new profes-

¹¹⁰ Bundesministerium für Familie, Senioren, Frauen und Jugend, Familien mit ausländischer Herkunft in Deutschland, Leistungen – Belastungen – Herausforderungen und Stellungnahme der Bundesregierung, Sechster Familienbericht, Deutscher Bundestag, Drucksache 14/4357, p. 169 ff.; Krummacher, Michael, Thesen zur Integration von Zuwanderern – Herausforderungen für das Gemeinwesen unter besonderer Berücksichtigung von multiethnischen Stadtteilen, ed. Diakonisches Werk der EKD eV., Integration von Zuwandernden – Herausforderung für das Gemeinwesen, Fachforum am 04.06.2002 in Magdeburg, Diakonie Dokumentation 01/2003, Stuttgart, p. 10 ff.

sions.¹¹¹ Only 70 percent of those foreign pupils who attended a vocational school found a vocational training place in 2000, in comparison with 84 percent of Germans.¹¹² It turned out that only 38 percent of all foreign young people had a vocational training place at all!¹¹³ As to the job situation, 51 percent of foreigners were working as unskilled worker (Germans 10 percent). The poverty rate among non-Germans was more than three times as high as that of German nationals (21.6 percent as against 6.6 percent, 50 percent level). More than 57 percent of the foreigners were living under the 75-percent border (in comparison: Germans 28,4 percent).¹¹⁴

In recent years the question of integration has narrowed down to the aspect of learning the German language. One important obstacle (not only for foreigners and asylum seekers but also for German “late settlers” from eastern Europe) is doubtless insufficient language competency. A study of poverty among children stressed the fact that the risk of poverty increases with a very low level of German knowledge among parents and the children themselves.¹¹⁵ That is why the Federal Republic’s unsuccessful immigration Bill underscored the necessity of integration through learning German. Turning down offers to take language courses should be sanctioned in various stages of severity, ending with the obligation to leave Germany. But the immigration act would not increase the financial means for these classes: 169 million EURO is to be made available per year, which is half the sum calculated as being necessary by the Migration Commission of the Federal Government under the leadership of Rita Süsmuth. At the very least, the need for more linguistic integration is self-evident, in view of the results of tests taken among school beginners in a wide range of schools.¹¹⁶

But integration means more: advising and accompanying, the intercultural opening-up of society, activities for integration into all sectors of life, and help in the immigrants’ own organization. This will be made concrete through support for language-learning, schemes for qualification and employment, promotion of the local economy, social and cultural infrastructure, renewal of living conditions, intercultural social work. In this endeavour, the – failed – immigration Act would only be one step; a number of problems relating to migration would still remain.

To a large extent this is also valid for recent immigrants from eastern Europe. As they have German nationality they are allowed to stay in Germany with or without knowledge of the German language. But there are several problems of integration, especially for elderly persons but also for children and young adults . Research shows a very high risk of integration failing,

¹¹¹ Ausbildung junger Ausländer in Deutschland: Rückschritte bei der Berufsausbildung, in: DIW – Wochenbericht Nr. 27/2002, p. 436 ff.

¹¹² Ausländer in Deutschland, AiD, Informationsdienst zu aktuellen Fragen der Ausländerarbeit, Heft 4/2002, p. 6

¹¹³ Bundesministerium für Familie, Frauen und Jugend, Bericht über die Lebenssituation junger Menschen und die Leistungen der Kinder- und Jugendhilfe in Deutschland, Elfter Kinder- und Jugendbericht, Unterrichtung durch die Bundesregierung, Deutscher Bundestag, Drucksache Nr. 14/8181, p.206 f.

¹¹⁴ Statistisches Bundesamt, Datenreport 2002, Bonn 2002, p.589

¹¹⁵ Hock, Beate, Holz, Gerda, Wüstendörfer, Werner, Frühe Folgen – langfristige Konsequenzen? Armut und Benachteiligung im Vorschulalter, 4. Zwischenbericht, Frankfurt am Main 2000; Hock, Beate et.al., Gute Kindheit – Schlechte Kindheit? Armut und Zukunftschancen von Kindern und Jugendlichen in Deutschland, Abschlussbericht, Frankfurt am Main 2000

¹¹⁶ Ausländer in Deutschland, AiD, Informationsdienst zu aktuellen Fragen der Ausländerarbeit, Heft 4/2002, p. 3 f.

and therefore of deviant behaviour.¹¹⁷ Further efforts toward effective integration will thus be necessary for the persons themselves and for society as a whole – with or without a new immigration Act!

e. Persons with particular social problems

On 1st of August 2001 a revised ordinance (“*Durchführungsverordnung*”) related to article 72 of the German Social Assistance Act (“*BSHG Bundessozialhilfegesetz*”) was implemented. With this reform the German government followed a longstanding demand on the part of experts in this field to reform the basic regulations for helping people with particular social problems, such as keeping and finding accommodation, establishing and maintaining social relationships, etc. One important aim was to overcome discriminatory group definitions. Not intended was the improvement or reduction of the financial elements of the measures as a whole, to extend or restrict the scope of benefits or to widen the methods and extent of aid.¹¹⁸

Less than two years after its adoption, assessments of the results of this reform must be approached very carefully. According to a survey¹¹⁹ undertaken by the German Association of Social Shelters and Sheltered Workplaces (“*ZHW Zentralverband sozialer Heim- und Werkstätten e.V.*”), dating from June 2002, in which 59 facilities or bodies responsible in eight *Länder* were surveyed, the *Länder* guidelines to implement the § 72 BSHG were revised only in some of the German *Länder*. 90 percent of those asked claimed that their clientele had not changed. 80 percent answered that the duration of aid through measures of § 72 had not been shortened in the meantime. In the summary of the survey, the authors showed a certain degree of surprise at the fact that the implementation of the ordinance – because of the federal structure of Germany – differs significantly from one federal state to another. The reform of the ordinance has up to now clearly not broadened the scope of beneficiaries nor cases of terminating aid because of increased engagement on the part of beneficiaries. The master plan (*Gesamtplan*), as a new instrument of the revised ordinance, has not led, as feared, to a greater extent of breaking off the aid process, it is rather a qualitative change in the practice of social work.

f. Socially excluded children

Children are first and foremost a source of pleasure and enrichment, but they do cause costs. In the member countries of the European Union they are identified as one of the major risks for poverty and social exclusion among families.¹²⁰ In Germany the proportion of children receiving social benefits is double the average for all inhabitants (2001: all: 3.3 percent, children less than 7 years: 8.4 percent, 7 – 11 years 6.4 percent, 11 – 15 years 5.3 percent, 15 – 18 years 4.4 percent). The poverty rate (50 percent line), too, is in 2000 – compared with the av-

¹¹⁷ Pfeiffer, Christian, Ohlemacher, Thomas, Anstieg der (Gewalt-)Kriminalität und der Armut junger Menschen, in: Siegfried Lamnek (Hg.), *Jugend und Gewalt, Devianz und Kriminalität in Ost und western*, Opladen 1995, p. 259 ff.

¹¹⁸ Cf Bundesministerium für Arbeit und Sozialordnung, Begründung zur Bundestagsdrucksache 734/00, Berlin 2000, www.zhw.de/dvo.pdf

¹¹⁹ Matthaei, Jörg, Güra, Christoph, ZHW Umfrage zur neuen DVO zu § 72 BSHG (06/2002), presentation on the autumn working conference, Hanover 9-11 October 2002, www.zhw.de

¹²⁰ Europäische Kommission, *Beschreibung der sozialen Lage in EUROpa 2001*, Luxemburg 2001, p. 49

erage 9.1 percent – for children till 10 years with 15.6 percent very high (11 – 20 years even 16.4 percent).¹²¹

That is why the German Federal Government decided to increase the child allowance in 2002 by 30 DM. At the same time it decided to improve the conditions for combining working and family, e.g. the institutions for child-minding (as mentioned before).

As the Federal Constitutional Court (“Bundesverfassungsgericht”) has issued clear guidelines for the support of families with tax exemptions and child-allowance, both together have to be compared for each household in order to get the best kind of support for each family. Most parents only receive child allowance, because tax exemptions are only advantageous for parents on higher incomes.¹²²

Since 2002 child allowance for the first three children has amounted to 154 EURO per capita, and, beginning with the fourth child, to 179 EURO. Parallel to this, tax exemptions increased in a comparable manner. Parents have to pay part of the costs for their children. If one takes the real costs for a child, 50 percent of them would be about 300 EURO, a sum the German Kinderschutzbund has been demanding as the basis of child allowance for several years now.¹²³ Exemption from the costs for children in German families thus only amounts between 25 and 35 percent of the real financial requirement.¹²⁴

If one calculates according to the new conditions governing the balance of family costs, beginning with 2002 and projecting to 2005, there will be about 2.5 billion EURO in child allowance and tax exemptions for families per year. Increasing child allowance since 1998 by about 41.50 EURO¹²⁵, this represents one step towards relieving families of the costs burden for children. But it is not enough to relieve families in such a way that the disadvantages, in comparison with families or singles without children, will be balanced! Up till now there is no index linking, each adjustment has to be decided by the Federal Parliament. And the children of benefit recipients will derive no advantage from this adjustment anyhow, because child-allowance will be charged for the social benefits (with one exception: an earlier adjustment of about 20 DM was not charged for social benefits).

In 2002 the Federal Constitutional Court decided that contributions towards the Social Security System of care (“Pflegeversicherung”) for those people with children have to be less than for those without children. Perhaps this will lead to a new set of criteria for the treatment of families within the social system and for the future of society as a whole.

But apart from this assistance, help is extended for socially excluded children, within, for example, the framework of the Children and Youth Act (KJHG): help for education and vocational training, help for families with special problems, help for handicapped children etc. In

¹²¹ Statistisches Bundesamt, Sozialleistungen, Fachserie 13, Reihe 2.2, Statistik der Sozialhilfe – Hilfe zum Lebensunterhalt, Wiesbaden 2002, figure A5.2

¹²² Bäcker, Gerhard et.al., Sozialpolitik und soziale Lage in Deutschland, vol. 2, Wiesbaden ³2000, p.184 ff.

¹²³ Presseerklärung des Deutschen Kinderschutzbund from 14.5.2000, www.kinderschutzbund.de/cgi-bin/presse_detail.pl?id=16

¹²⁴ Münnich, Margot, Krebs, Thomas, Ausgaben für Kinder in Deutschland, in: Wirtschaft und Statistik, Heft 12-2002, p. 1080-1100

¹²⁵ Bundesministerium für Arbeit und Sozialordnung, Sozialbericht 2001, Bonn 2002, p. 224 f.

2001 about 17 billion EURO were spent on tasks relating to this act. But in practice there are several problems because of the financial crisis being undergone by municipalities.

In dealing with the question of preventing the social exclusion of children, the NAPincl 2001 – 2003 had its focus on the pecuniary development of the child-raising benefit (“Erziehungsgeld”) and child benefit (“Kindergeld”). Some improvements were reported. But the main problem still remains that the social exclusion term used by the Federal Government is restricted too narrowly to financial aspects. This betrays an approach, orientated towards resource management, that is insufficient to cover the life situations and social exclusion risks experienced by children.¹²⁶ Some brief indications should suffice to help show the possible direction of a new orientation. It is well-known that an increasing and (in relation to the overall population) over-proportionately high number of children and juveniles are too often living in conditions of poverty. Chronic mass unemployment leads one to fear that the situation will further deteriorate.¹²⁷ The PISA report in particular drew attention to certain areas, which are also very problematical in terms of social risks. The social exclusion of children definitely does not start in school, but this is the place where the consequences of unbalanced starting chances between children become most evident. A growing number of school children suffer from stress symptoms. This is caused by increased competitiveness and pressure to achieve (“Leistungsdruck”) in school, high expectations on the part of parents concerning the development of their children’s abilities, tensions and conflict within the family circle, the overwhelming onslaught of the media, and a plethora of leisure-time activities which itself often becomes a stress factor. Many children react with psychosomatic emotional conditions. The interesting fact is that these problems are affecting both over-extended and under-encouraged children.¹²⁸ In one pilot project, a public health insurance agency (“Krankenkasse”) offered special stress prevention programmes to help children to avoid health disorders.¹²⁹ The problem of being overburdened is often closely linked to the living conditions of single-parent families in particular. In 1999 22.8 percent of all social assistance recipients were single female parent and their children.¹³⁰ The psychological effects of divorce, the social “decline” that marks becoming a social assistance recipient, and the challenge of having to be solely responsible for children often bring about a situation in which not only the adults but also the

¹²⁶ Hock, Beate, Holz, Gerda, Simmedinger, Renate, Wüstendörfer, Werner, Gute Kindheit – Schlechte Kindheit? Armut und Zukunftschancen von Kindern und Jugendlichen in Deutschland. Abschlußbericht zur Studie im Auftrag des Bundesverbandes der Arbeiterwohlfahrt, Frankfurt a.M. 2000; Huster, Ernst-Ulrich, Kinderarmut in Deutschland – Zentrale Ergebnisse der AWO / ISS-Studie „Gute Kindheit – Schlechte Kindheit“, in: Sozialer Fortschritt No. 1-2003, Berlin 2003, p. 10-17

¹²⁷ Boeckh, Jürgen, Huster, Ernst-Ulrich, Wachsende Armut – Zunehmender Reichtum. Zur sozialen Spaltung der Bundesrepublik Deutschland, in: Rohrman, Eckhard (ed.), Mehr Ungleichheit für alle. Fakten, Analysen und Berichte zur sozialen Lage der Republik am Anfang des 21. Jahrhunderts, Heidelberg 2001, p. 19-42; Becker, Irene, Familien im Spektrum der Einkommensverteilung: Eine Bestandsaufnahme für Deutschland, in: Sozialer Fortschritt No. 1-2003, Berlin 2003, p. 2-10

¹²⁸ Stadt Remscheid (ed.), Armut hat viele Gesichter, Dokumentation des 5. Remscheider Jugendhilfetages, Remscheid 2002; Hock, Beate, Holz, Gerda (ed.), „Erfolg oder Scheitern? Arme und benachteiligte Jugendliche auf dem Weg ins Berufsleben“. Fünfter Zwischenbericht zu einer Studie im Auftrag des Bundesverbandes der Arbeiterwohlfahrt, Frankfurt a.M. 2000

¹²⁹ Berufsverband Deutscher Psychologinnen und Psychologen e.V., "Bleib locker" – Stressbewältigung für Kinder, <http://www.bdp-gus.de/gp/massnahmen1/bleib-locker.htm>

¹³⁰ Statistisches Bundesamt (ed.), Datenreport 2002. Zahlen und Fakten über die Bundesrepublik Deutschland, Bonn 2002, p. 43, 209

affected children are overburdened.¹³¹ Quite often the consequences are an increase in drug and alcohol abuse, an increase in psychological illness, and a growing number of aggressive and maladjusted children (“verhaltensauffällige Kinder”).¹³² Several single-parent families need help: The first child monitoring report of Bochum showed, that the family constellation is the most important factor for taking up measures for upbringing (“Hilfen zur Erziehung”). 56 percent of children receiving that form of help had separate living or divorced parents.¹³³ A third area involving the social exclusion of children is the problem of insufficient language and speaking skills. This affects not only the children of migrants but also the children of native-speakers. By analysing school beginners, the University of Bielefeld found out that 15 percent of each age-class have problems with reading and writing. Without special support 70 percent of them will face serious school problems later on.¹³⁴ For immigrants there is the additional problem of the fact that their language skills are inadequate. The PISA report showed that about 50 percent of fifteen-year-old Turkish immigrants were only able to understand very basic German texts. This is the beginning of a vicious circle of social exclusion.

To sum up: preventing the social exclusion of children is not only a question of providing sufficient benefits. It is more a question of social behaviour and values. It has to be accepted that children are all too easily exposed to the risk of social exclusion. They cannot merely be counted as part of a household survey to analyse the pecuniary resources of a family. To avoid social exclusion, policy measures need to develop particular approaches geared specifically at children and juveniles. As we have seen this would affect a great number of policy areas (e.g. health, education, housing, taxation). So it would be helpful if child-mainstreaming could be established in line with gender-mainstreaming. In this regard, it would be not only highly desirable but also absolutely necessary for the Federal Government to broaden its approach to the social exclusion of children within the terms of the forthcoming NAPincl 2003 – 2005.

g. Federal/Land programme for urban areas with special development needs (“Die Soziale Stadt – The social city”)

One of the most important programmes for social integration and for cooperation among all relevant bodies is the programme Federal/*Land* programme “Die Soziale Stadt – The social city.”¹³⁵ This programme aims at the melioration of districts in cities with special development needs (“Stadtteile mit besonderem Entwicklungsbedarf”). It targets better living conditions for people in districts with special problems: all relevant policy areas – housing, economy, labour and social questions – should be arranged under an integrative master-heading. For districts with very old and uncomfortable housing conditions, with a melting pot of multi-ethnic

¹³¹ Ott, Notburga, Die sozialpolitische Situation von Alleinerziehenden und spezifische Belastungen, in: Bundesministerium für Familie, Senioren, Frauen und Jugend (ed.), Alleinerziehen in Deutschland. Ressourcen und Risiken einer Lebensform, Berlin 2001, p. 31-50

¹³² Bundesministerium für Familie, Senioren, Frauen und Jugend (ed.), 11. Kinder- und Jugendbericht. Bericht über die Lebenssituation junger Menschen und die Leistungen der Kinder- und Jugendhilfe in Deutschland, Berlin 2001, p. 218 ff.

¹³³ Jugendamt Bochum (ed.) Jugendhilfeplanung Bochum, Teilplan V/0, www.bochum.de/jugendamt/bochum.pdf; Jugendamt Bochum (ed.), Kinderleben in Bochum. 1. Bochumer Kinderbericht, www.bochum.de/jugendamt/bochum.pdf

¹³⁴ epd Nachrichtendienst, Kindergartenkinder früh auf die Grundschule vorbereiten, 2002

¹³⁵ www.sozialestadt.de/index2.shtml

groups of migrants, with a lack of child-minding institutions,¹³⁶ of workplaces etc., an action plan should be installed to integrate the inhabitants¹³⁷ and all relevant actors: municipal authorities, churches, health and welfare associations (Wohlfahrtsverbände), grass-roots initiatives etc.¹³⁸

In 1999 and 2000 the Federal Government and the *Länder* each paid about 50 million EURO, in 2001 and 2002 the financial means were increased further to about 150 million EURO. Adding the financial means of the municipalities, between 1999 and 2001 some 536 million EURO were available in all. About 250 projects in 184 municipalities were financed by these means.¹³⁹

Alongside the official evaluation of this programme by the Deutsches Institut für Urbanistik in Nuremberg,¹⁴⁰ several projects themselves submitted reports. For example, the health and welfare association Arbeiterwohlfahrt, the Deutscher Städtetag et al. organised two competitive campaigns within the projects. In 2002, 214 individual projects participated. A document has been published describing several of these initiatives. One can see here a welcome emphasis on building communication centres, increasing opportunities for the integration of immigrants and helping handicapped persons, launching initiatives against violence, engaging in labour market and environmental activities etc.¹⁴¹

This programme, the local initiatives and those on the district level are examples of issues promoting a well-integrated policy concentrating on persons living under conditions of social exclusion and helping to ensure future inclusion.

2.4 To mobilise all relevant bodies: the institutional arrangements in place

Germany has an institutionalised kind of arrangement between all stakeholders in social policy. There is a federal structure, reaching from the central level through the *Länder* down to the local authorities. All departments conduct consultation at ministerial level and on the level of the specialists within the ministries. On the *Länder* level there are institutional meetings between *Land* and municipalities. There are special institutionalised working and advisory groups on municipal and *Länder* levels dealing with social affairs and the support of young persons (Sozialausschuss, Jugendhilfeausschuss). The health and welfare associations and their umbrella organizations (Wohlfahrtsverbände, Spitzenverbände der Wohlfahrtspflege) are integrated into these coordinating groups. The mobilization of NGOs on this institutional level differs as between the various *Länder* and the local authorities.

¹³⁶ Deutsches Jugendinstitut e.V., Abteilung Kinder und Kinderbetreuung, Bundesministerium für Familien, Senioren, Frauen und Jugend, Zahlenspiegel, Daten zu Tageseinrichtungen für Kinder, Kindertageseinrichtungen in Stadtteilen mit besonderem Entwicklungsbedarf, München 2002

¹³⁷ Mühlich, Eberhard, Pfeiffer, Ulrich, Auf dem Weg zur sozialen Stadt, in: Frankfurter Rundschau 01.04.2003, p. 7

¹³⁸ Institut für Landes- und Stadtentwicklungsforschung des Landes Nordrhein-Westfalen (ILS), Monitoring und Controlling in Stadtteilen mit besonderem Erneuerungsbedarf, Reader zu einem Workshop am 30.08.2002, Typoskript

¹³⁹ Bundesministerium für Arbeit und Sozialordnung, Sozialbericht 2001, Bonn 2002, p.271 f.

¹⁴⁰ www.difu.de/

¹⁴¹ Arbeiterwohlfahrt Bundesverband e.V., Deutscher Städtetag et.al., Preis Soziale Stadt 2002, Dokumentation, Berlin 2002

No law can be passed without the agreement of the Bundesrat if *Länder* or municipal competency is affected by the constitutional order. So the *Länder* are a hinge in the federal welfare state between the concrete municipal level of action (especially with respect to social services) on one side and the *Bund* (Federation) on the other. Usually the non-official stakeholders participate in the discussion process on each level.

While planning and writing the first, and now the second, Governmental National Report on Poverty and Wealth the Federal Government installed two consulting groups: an advisory board of scientists and a group of advisors. In the second group there are members of the social partners, the private and the official welfare workers, several social groups, representatives of all levels of the federal welfare state, the Federal Bank, and representatives of the National Conference on Poverty (NAK) and NGOs as well. The Federal Government has decided to continue this process of consulting and to bring together the activities of the Report on Poverty and Wealth and the NAPincl.

Since the start of the Red-Green-coalition there has been a clear priority for the first Report on Poverty and Wealth in Germany. Before, when the present coalition formed the opposition, these parties criticized the former CDU/CSU/FDP government for failing to report the reality of poverty in Germany. In 1997 and 1998, before the polls, there was a broad-based and controversial discussion about the 10th Report on children and youth.¹⁴² After the first Report on Poverty and Wealth appeared, there was an intense public and parliamentary debate about this subject and how to handle the consequences. But this Report was written under the responsibility of the Bund; the *Länder*, the local authorities etc. participated only as advisers, like the other stakeholders. Some *Länder* and local authorities had already reported about poverty and even wealth on their own initiative before the first national report was published, but there has been no coordination of the federal and the regional or local reports, and there is still no agreement on how often these reports will have to be made. Reporting on poverty and formulating a policy to combat social exclusion in Germany has generally been seen as a task engaging each individual level in the graded welfare state independently. One important and gratifying effect of this kind of procedure is the fact that each level of the welfare state may define different stages/indicators as being responsible for poverty and social exclusion.

The discussion (or, rather, non discussion) of the first NAPincl is only one aspect of this problematical approach: The Federal Government decided to participate in the open method of coordination in Lisbon and Nice, so it was responsible for formulating the report an mobilizing all relevant participants. The Federal Government consequently installed, on the federal level, an advisory board – the same one as used for the Report on Poverty and Wealth. The *Länder* demanded, as mentioned earlier¹⁴³, that the open method must not widen the competencies of the European Commission. On the other side, the umbrella organizations of the health and welfare associations, grassroots initiatives and other NGOs coordinated in the NAK demanded that the Federal Government engage in more regular consultation Federal Government with all relevant stakeholders and include them in the conceptualisation and re-

¹⁴² Bundesministerium für Familie, Frauen und Kinder, Zehnter Kinder- und Jugendbericht: Deutscher Bundestag, Drucksache 13/11368, Bonn 1998

¹⁴³ Bundesrat, Drucksache 86/01 vom 09.03.2001

alization of the NAPincl as well.¹⁴⁴ They also demanded decentralization of the NAPincl policy and the coordination of these various processes hitherto occurring separately at the federal, regional and local levels.

Since the first reports on poverty at the end of the 1970s – written by scientists, non-statutory welfare organisations, trade unions, local authorities, the churches etc. – and the first National Report on Poverty and Wealth, more than 20 years have passed. At this rate, discussion of how to coordinate a policy of social inclusion in a multilayered welfare state is likely to take at least some years more – to put it mildly. On the other side, each level is formulating and practising its own brand of social-inclusion policy; on a number of concrete topics, there is also a competition between the partners, either in improving living conditions or in economising, or in reforming the use of the legal and financial resources. Given this fact, a policy of National Actions Plans could be a positive change in Germany's multilayered welfare system.

¹⁴⁴ Pressemitteilung vom 12.06.2001

3. Presenting changes in social policy to date, and the implementation of new policy measures in the context of poverty and social exclusion

The social security system in Germany is based primarily on the principle of insurance. Employees and employers therefore pay most of their contributions into the social security system. The chronic mass unemployment, the consequences of a policy pursued over the past 25 years – and accepted by all parties, in both government and opposition – to relieve the labour market by bringing people into the purview of the social security system, the continuing after-effects of German reunification, and the transient problems making themselves felt within the international and national economy – all these are heavy burdens on the social security system. It has turned out to be the case that the introduction of a new energy tax in 1998 (“Ökosteuern”), which was meant to stabilise the pension system, was insufficient to stabilise the level of employer / employee contributions. The ageing phenomenon (growing number of pensioners; prolongation of life-expectancy) and the insufficient number of employees paying contributions into the pension system caused a financial crisis in the whole system. The economic problem with simply adapting the amount of contributions to the rate of cost increases is that the costs for work automatically go up as well. This has negative effects on overall employment. The other problem is that a decreasing number of those paying contributions will be financing an increasing number of benefit recipients. In a situation of real wage decrease, this will not only be socially unjust, it will also, in the long term, overburden both employees and employers.

3.1 A wide-ranging debate: reduction in / or alteration the face of the welfare state

Discussions of, and initial moves towards handling, this situation are embedded in a general debate taking place within Germany as in the other member states and in the European Union itself – it turns on the question of how to secure the welfare state under changing conditions of ageing, economic debility, Europeanisation, and globalisation.

Chancellor Schröder in his inaugural speech of 29 October 2002¹⁴⁵, stated that people have decided with their vote not to disturb the welfare state, but to reform it without denying the principle of solidarity. In a second address to the Federal Parliament of 14 March 2003¹⁴⁶, the Chancellor urged that some areas of the social security system need to be curtailed in order to preserve the welfare state as a whole.

This position has provoked critical remarks from two quarters. Parts of the opposition and the employers, in particular, have argued that there have to be substantial cuts in the social security system, labour law and union/employer negotiations in order to motivate private entrepreneurs to make investments and create new workplaces. The framework of the economy can only improve if the costs of work (including especially the costs for social security) and the regulations for employment are radically trimmed. They point out that the increase in the

¹⁴⁵ Deutscher Bundestag, Stenographischer Bericht der Sitzung vom 29. 10.2002, Plenarprotokoll 15/4, p. 51 ff.

¹⁴⁶ Deutscher Bundestag, Stenographischer Bericht der Sitzung vom 14.03.2003, Plenarprotokoll 15/ 32, p. 2479 ff.

German GDP is the lowest in the EU, and have asked for further tax exemptions for entrepreneurs.¹⁴⁷

The trade unions and the left-wingers inside the parliamentary fractions in the Federal Parliament have criticised the Federal Government for denying the function of private demand in the economy. Social benefits, pensions etc., but also wages, would not be only costs, but substantial for making full use of the capacities of the private economy. Furthermore, the regulations arising from labour law and wage negotiations would be necessary to avoid imbalance on the labour market and within the decision-making structure of the business world.¹⁴⁸

This debate is taking place within both the scientific society and several official and private participating organisations. The German Federal Bank (Deutsche Bundesbank), for example, in March 2003 published “Wirtschaftspolitische Denkanstöße für Deutschland” (“Political-economic food for thought for Germany”) under the title “Wege aus der Krise” (“Paths out of the Crisis”). The institution pointed out that the German economy is obviously facing a crisis of confidence and growth, and it underlined the need to give priority to production and results before distribution. Social policy should – only – obey the principle of subsidiarity; the social protection system therefore urgently requires a thorough overhaul.¹⁴⁹

But the pressure on the Federal Government and the coalition to change social policy is also being regarded critically. The respected weekly “Die Zeit”, for example, launched a vicious attack on demands that there has to be only a swing (“Ruck”) in Germany to improve the economic situation by reducing benefits, thus forcing unemployed persons to look for any job, reducing company taxes, privatising parts of the care scheme for those socially at risk, and so on.¹⁵⁰

On the one side the government has maintained the view that every individual must be guaranteed the chance to be included in the social security system and labour market. Nevertheless, public policy has started to see whether reducing social benefits, unemployment assistance, industrial law etc. could be efficacious measures in overcoming mass unemployment and stimulating economic growth by strengthening the chances of competition, both on the European market and world-wide. On the other side, public policy is concerned with confirming basic needs and consolidating public finances, and is desirous of not overtaxing the private business sector and personal budgets. Chancellor Schröder pointed out explicitly the primacy of policy (“Primat der Politik”)¹⁵¹ over all private interests. The effects of this process of political debate in Germany are still a completely open question.

¹⁴⁷ Since the last half year in each number of each newspaper! Cf Frankfurter Rundschau 06.05.2003 and 08.03.2003

¹⁴⁸ Since the last half year in each number of each newspaper! Cf Frankfurter Rundschau 06.05.2003 and 08.03.2003

¹⁴⁹ published Frankfurt am Main March 2003, www.bundesbank.de

¹⁵⁰ DIE ZEIT, Susanne Gaschke, Die Stillstandslüge, Warum dieses Land nicht unmittelbar vor dem Untergang steht, Nr. 51/2002 vom 16.12.2002

¹⁵¹ Cf Inaugural speech of the 29.10.2002, Deutscher Bundestag, Stenographische Berichte der Sitzung vom 29.10.2002, Drucksache 15/xxx, p.

3.2 “Caring and activating” or “activating and obeying” („Fördern und Fordern“ oder „Fordern und Folgen“) – Changing more than the philosophy of labour market policy?

Half a year before the federal elections, the Federal Government installed an independent commission with Dr. Hartz, head of the personnel department of Volkswagen SA, as its chairman. The task of the commission was, as soon as possible, but at least before polling day in September 2002, to develop proposals for reforming the Federal Labour Office and renewing job-placement procedures, with a view to reducing unemployment figures as rapidly as possible. The proposals were further designed to enable the government to reduce substantially its subsidies to the Federal Labour Office. The commission was composed of scientists, members of the business community and unions, *Länder* representatives, executives of the Federal Bank etc. The commission worked until August 2002, completing its task four weeks before election day.¹⁵²

It was the first time in Germany that such a procedure took place: stakeholders of several social and political interest groups came to an agreement on how to reorganize the whole federal labour policy.

In Germany there is a long tradition of paying for both unemployment and unemployment schemes, but the results in terms of combatting mass unemployment have not been so successful as in other countries of the European Union, especially Denmark, the United Kingdom, Ireland and the Netherlands.¹⁵³

The idea behind all the proposals made is: “Releasing more self-activities – guaranteeing security” (“Eigenaktivitäten auslösen – Sicherheit einlösen.”). Labour market policy should not only be active – as in the past – but should activate the person himself. Instead of endorsing current labour market schemes, the commission is not only prescribing individual measures but is orientated towards centralised results. At the core of all activities should be the concrete individual demand for integration into the primary labour market. Labour market activities should be combined with regional and structural economic activities. Labour market policy should be part of the concrete natural spaces of economies. In the long term, unemployment insurance should become an insurance for employment.

Individual steps that were set out included, in particular:

- Reorganisation of the employment exchange, decentralisation, cooperation between official and private employment agencies and – as a mid-range objective – inclusion of employable social assistance recipients within the responsibility of the employment exchange.
- More effectiveness and competencies on the part of the employment administration. So called JobCentres should be more flexible, in having direct contact with employers offering workplace and in creating more responsibility for all services concerning persons seeking work. The most important aim is to shorten the time it takes to find a new job, in order to avoid prolonged or even permanent exclusion. The employee will accordingly

¹⁵² Moderne Dienstleistungen am Arbeitsmarkt, Bericht der Kommission, Berlin 16.08.2002

¹⁵³ Cf Deutsches Institut für Wirtschaftsforschung, Wochenbericht 16/1997

have to inform the JobCentre as soon as possible that he is about to lose his job, otherwise he will get less money from the employment exchange. The employment arranged should respect the special situation of families, e.g. child-minding expenses will form part of the job-location process. On the other side, especially persons without family should accept more flexible working conditions and should be more mobile.

- Public financial means, given in the form of a credit, are designed to enable small businesses to finance the costs of a workplace (Job floater) or a vocational traineeship (Certificate for vocational training). These credits will be given by a public bank and are to be paid back.
- Elderly employees or unemployed persons – as we saw above, a group very much under threat of exclusion from the labour market – should be offered special possibilities for qualification and job-finding.
- One of the most important issues involves unemployment benefits and social assistance, which should be unified for employable recipients.
- So called PersonalServiceAgencies (PSA) are to put unemployed persons into temporary jobs: employed in these agencies, they should work in various businesses, with the aim of getting a permanent workplace. Wages should be comparable to those obtaining in regular workplaces.
- Finally, the commission is looking for ways of minimising undeclared work. So called “Ich-AG” and Mini-Jobs should be supported by low social security costs and taxes. The aim is to provide incentives to ‘moonlighters’ to legalize their working situation.

To sum up: controlling, e-government and benchmarking should introduce greater transparency and effectiveness into the process of job-finding, qualification in and alongside jobs, and new forms of self-employment. The structure of one of the largest public social authorities in Germany, the Federal Labour Office, should be changed. There should be more responsibility on the local level, and the middle and top levels should be reduced to carrying out special tasks. What is being sought is more synergy between all stakeholders in employment and labour market policy.

Reducing the unemployment figure by about 2 million persons means a prospective decrease in the costs of unemployment benefits of 20 billion EURO. Conversely, there will be costs incurred for new tasks, especially services involved in job-finding; nevertheless, reduction of unemployment will be much cheaper than paying for unemployed persons.

After the election the new/old Red-Green Federal Government immediately set about realising these plans. There have been some corrections, Mr. Hartz pointed out, because the changes were so draconian in some respects that they changed the core of the commission proposals. Nevertheless, since the 1st of January 2003 some of the proposals have been fixed in a law and are waiting to be put into effect. In the course of the legislation process, the Bundesrat, dominated by the CDU/CSU, introduced some amendments.¹⁵⁴

¹⁵⁴ Gesetzentwurf der Fraktionen SPD und Bündnis90/DIE GRÜNEN, Entwurf eines Ersten Gesetzes für moderne Dienstleistungen am Arbeitsmarkt, Deutscher Bundestag, Drucksache 15/25 und Entwurf eines Zweiten Gesetzes für moderne Dienstleistungen am Arbeitsmarkt, Deutscher Bundestag, Drucksache 15/26;

First steps for active labour market policies in 2003 are:

- On the 1st of January 2003 ‘training vouchers’ (“Bildungsgutscheine”) were introduced. Since this time, unemployed persons can decide on a training objective in cooperation with the job centre. The training voucher then offers them the opportunity to find a qualification programme provider on their own.
- Since the end of January 2003, tenders calling for the creation of new staff-service agencies (PSA) have been launched. 840 PSA for 38,000 employees have been announced. Because of present regulations, the earliest date for starting the first PSA was April 2003. The target group for the PSA is unemployed persons who are able to be integrated in the labour market immediately but who are in general able to work. Each job centre will have to provide at least one PSA. This goal is to be reached by the middle of 2003. In this year it is planned to employ 50,000 persons in the PSA. It is amply clear that implementation of the Hartz proposals has started.
- In early March 2003, the Federal Labour Office issued a report on the labour market situation. The main goal with regard to active labour market schemes has been to provide more quality by guaranteeing the same quantity (“Mehr Qualität bei gleicher Quantität”). The strategy for 2003 is not to support fewer unemployed persons but to change the instruments in use. Every unemployed person is to receive the offer he needs to be transferred onto the labour market. The task will be to find the most suitable and, at the same time, cheapest instrument for each unemployed person. For schemes of integration in the labour market, the Federal Labour Office is planning to spend 13.5 billion EURO in 2003. 39 percent shall be used to help upgrade vocational education (“berufliche Weiterbildung”). 260,000 persons are expected to be reached by means of this budgetary title. ABM measures will be further reduced, and shall only be used if there is no more economical alternative in any concrete case. Only 13 percent of the integration budgetary title will be used for ABM in 2003. Another 8 billion EURO will be mobilised to finance other labour market schemes. Relative to 2002, this is a decrease of 600 Million EURO. The aim is to reach an activation rate (“Aktivierungsrate”) of 20 percent, which would be the same as 2002.¹⁵⁵

Up to now, no final conclusions have been drawn about what the effects of these measures are likely to be, especially whether these schemes will curtail mass unemployment or not. The German government has expected that all the proposals the government accepted from the Hartz-Commission will reduce the costs in the central states budget by about 3.4 billion EURO and the budget of the Labour authority by about 2.5 billion EURO in 2003.¹⁵⁶ However, the Federal Labour Office has meanwhile declared that because of the current labour market situation it seems to be impossible to secure its budget without transfers from the central states budget in this year as well. But the cost-cutting effects should be more noticeable in the following years. Most of these effects will depend on reducing passive financial aid to the

Beschlussempfehlung des Vermittlungsausschusses zu dem Zweiten Gesetz für moderne Dienstleistungen am Arbeitsmarkt, Deutscher Bundestag, Drucksache 15/202

¹⁵⁵ Bundesanstalt für Arbeit, Die Entwicklung des Arbeitsmarktes im Februar 2003, Nürnberg March 2003

¹⁵⁶ Gesetzentwurf der Fraktionen SPD und Bündnis 90/DIE GRÜNEN, Entwurf eines Ersten Gesetzes für moderne Dienstleistungen am Arbeitsmarkt, Deutscher Bundestag, Drucksache 15/25 vom 05.11.2002, p. 4 f.

unemployed persons. The commission on reforming the local authorities budgets estimates, that after the unification of unemployment assistance with the social assistance scheme takes place in 2004, 13 to 35 percent of the current 1.8 million recipients¹⁵⁷ of unemployment assistance will no longer get financial aid.¹⁵⁸

We assess: On the one side there will be positive effects if it proves possible to shorten the duration of individual cases of unemployment. The PersonalServiceAgencies in particular might be an effective way out of unemployment.

At the same time, there is bound to be losers, such as women, or those persons who are not successfully integrated into this process. There is the danger that especially women with children will work in deregulated workplaces more often than they do now. There is also the risk of 'creaming the poor' even more if there is no increase in the number of real (fulltime) workplaces or if (fulltime) workplaces are transformed into unsecured places. If the Federal Government really manages to realise its plans to shorten the duration of paying unemployment benefits through the implementation of the Hartz proposals and via the combination of social and unemployment assistance, the old and/or healthy handicapped unemployed will be one of the groups most affected. And there will be a negative drift in working conditions (e.g. shortening of protection against wrongful dismissal). In Germany there may be a time-lag in the job-finding process, but there certainly is a lack of workplaces! Particularly eastern Germany needs new workplaces, and it will take a very long time before balance is reached between supply and demand. The danger of becoming one of the working poor will increase as well. Regarding to the working-place-orientated social security system in Germany, changing the workplace often and with interruptions and lower income while working would have negative consequences not only in case of new unemployment (unemployment benefit or assistance) but for the age of pension too (patchwork biographies).¹⁵⁹

As long as the problems on the labour market remain chiefly problems of job-finding, of more and better combined and integrated qualifications, of more consecutive and integrated measures of labour market policy, of more help for persons on low-income jobs, of better access of employable social assistance recipients to help via the active employment measures of the employment exchange, these proposals could help to diminish large areas of unemployment and social exclusion. But as long as these problems mostly emerge as a consequence of structural problems in economic growth, of a better distribution of given or increasing demand for

¹⁵⁷ Bundesanstalt für Arbeit, Amtliche Nachrichten der Bundesanstalt für Arbeit (ANBA), Nürnberg March 2003, p 82

¹⁵⁸ Arbeitsgruppe "Arbeitslosenhilfe/Sozialhilfe" der Kommission zur Reform der Gemeindefinanzen, Abschlussbericht. Entwurf Stand 08.04.03, www.sozialpolitik-aktuell.de, p. 32.

There are other estimations too: Die Economical Advisory Board of the Federal Government demanded in his last report to limit the duration of unemployment benefits immediately at 12 months and to abolish unemployment assistance totally; about 50 percent of the current recipients of unemployment assistance would loose any right of benefits in cash. The Neue Züricher Zeitung estimates that such measures will lead to a cost reduction about 14 billion EURO. But this is only one proposal among several and it's one estimation; the proposal is – till now – very unrealistic

¹⁵⁹ Cf Deutscher Gewerkschaftsbund, Bundesvorstand, Abteilung Wirtschafts- und Tarifpolitik, Offensive für Beschäftigung und Wirtschaftswachstum des Deutschen Gewerkschaftsbundes (DGB), Vorlage zur Pressekonferenz mit DGB-Vorstandsmitglied Heinz Putzhammer, Berlin 19. 02.2003, Typoskript; Bundesarbeitsgemeinschaft der Sozialhilfeinitiativen e.V., "Innovation" ohne Rücksicht auf die Betroffenen!, Pressemitteilung vom 22.08.2002 Trube, Achum, Wohlfahrt, Norbert, "Die Arbeitslosen halbieren", in: spw, Zeitschrift für sozialistische Politik und Wirtschaft, Heft 127, September/October 2002, p. 20 ff.

workplaces, especially for special groups, on the labour market (women, migrants etc.), of German reunification, of competition between the low-income economies in the MEE – countries –in short: a lack of workplaces – these proposals might well only bring small results. As in the past, several scientific studies have already shown that cutting social and unemployment benefits and lowering wages will not lead to new workplaces at all. It remains a moot point whether this is more a strategy of “caring and activating” or an “activating and obeying” scheme, or, in other words, a strategy for or against the unemployed and social excluded citizens of Germany!¹⁶⁰

3.3 Unification of unemployment assistance and social assistance for employable recipients into “unemployment benefit II”

Since 2002 the abolition of unemployment assistance the unification of unemployment and social assistance has been discussed intensively¹⁶¹ and, at the end of the first action plan period, the first steps in reforming the unemployment assistance took place (especially the reduction of charge-free income and property). Today, there are ongoing negotiations between the German governing levels, namely within the framework of the commission to reform the municipalities finances (*Kommission zur Reform der Gemeindefinanzen*). Until now, only the background and initial steps of the reform are accessible for inspection, but a few structural decisions are already predictable:

- According to the Hartz concept, 900,000 social assistance recipients are employable but not actually employed, or are participants in further education measures.¹⁶²
- Round about 270,000 persons receive social assistance as well as unemployment benefits (unemployment benefit or -assistance).¹⁶³
- In September 2002 approx. 1.6 million people received unemployment assistance. Approx. 130,000 of these additionally received social assistance. The rest lived in nearly 1.5 million households comprising 3.2 million persons.¹⁶⁴
- The sum of all entitled employable recipients of both systems (unemployment assistance, social assistance) is around 2.2 million (together with members of their household: 5.6 million).¹⁶⁵

¹⁶⁰ Cf Lessenich, Stephan, Der Arme in der Aktivgesellschaft – zum sozialen Sinn des “Förderns und Forderns”, in: WSI-Mitteilungen, Heft 2/2003, p. 214 ff.

¹⁶¹ Cf Kaltenborn, Bruno, Integration von Arbeitslosen- und Sozialhilfe. Quantitative Wirkungen und Anreize für die beteiligten Fiskal. Expertise im Auftrag der Bertelsmann Stiftung (Gütersloh) für die Arbeitsgruppe “Reform von Arbeitslosenhilfe und Sozialhilfe”, Bonn 2002; cf. Kaltenborn, Bruno, Neuordnung der Arbeitslosenhilfe im Rahmen eines dreistufigen Systems, IAB-Werkstattbericht. Diskussionsbeiträge des Instituts für Arbeitsmarkt- und Berufsforschung der Bundesanstalt für Arbeit, Ausgabe Nr. 16, Nürnberg 25 November 2002

¹⁶² Bundesministerium für Arbeit und Sozialordnung, Moderne Dienstleistungen am Arbeitsmarkt. Vorschläge der Kommission zum Abbau der Arbeitslosigkeit und zur Umstrukturierung der Bundesanstalt für Arbeit, Berlin 2002, p. 126; cf. Arbeitsgruppe “Arbeitslosenhilfe/Sozialhilfe” der Kommission zur Reform der Gemeindefinanzen, Abschlussbericht. Entwurf Stand 08.04.03, www.sozialpolitik-aktuell.de, p 13 f.

¹⁶³ Bundesministerium für Arbeit und Sozialordnung, Moderne Dienstleistungen am Arbeitsmarkt. Vorschläge der Kommission zum Abbau der Arbeitslosigkeit und zur Umstrukturierung der Bundesanstalt für Arbeit, Berlin 2002, p. 126

¹⁶⁴ Kommission zur Reform der Gemeindefinanzen. Arbeitsgruppe Quantifizierung, Sitzungsunterlage zu TOP 3 der Sitzung der AG Arbeitslosenhilfe/Sozialhilfe der Kommission zur Reform der Gemeindefinanzen am 15. Januar 2003 – Bericht aus dem Arbeitskreis Quantifizierung, www.arbeitnehmerkammer.de

- As the Federal Chancellor Schröder said in his inaugural speech of 14 March 2003, the amount of the new unemployment benefit II will be in general the same as the amount of social assistance. But as well as this version, three other (more generous) models were discussed by the respective task force of the commission for reform of municipal finances.

Which brings us to the first – partly only predictable or possible – result: in accordance with the plans for unifying both systems for employable recipients, three longstanding demands of most of the experts in this field will be adopted:

- The active labour market policy measures will also be offered to employable (former) social assistance recipients.
- These former social assistance recipients will be included in the social insurance schemes (for health care, for long-term care, and perhaps also for pensions).
- The financial responsibility for this group will be transferred to the central state or to local authorities, the latter receiving compensation for their costs within the scope of reforming the local authority finances.

On the other side, there are some aspects that are relevant to increasing inequality and poverty: the abolition of the former wage orientation and the orientation of the new system towards the degree of social assistance, the strengthening of the partner's obligation to pay maintenance, and the cutbacks in charge-free income and means.

- The task force has calculated that after the unification of both systems, 13 to 35 percent (depending on which of the four models discussed will be realised) of the long-term unemployed (particularly married women) will no longer receive any support from the state, because of their and their partner's own income, means, and obligation to pay maintenance.¹⁶⁶
- The stricter rules of entitlement and cutbacks in the payment level of unemployment assistance will reduce the income of the long-term unemployed by 0.5-3.5 billion EUROS (depending on the model chosen).¹⁶⁷ The *Deutscher Gewerkschaftsbund* estimates the loss of income and means at up to 7.5 billion EURO.¹⁶⁸
- Unemployment assistance has also the function of interregional redistribution of net income, which would then be lost to a large extent.¹⁶⁹

An important question will be how the criteria for deciding whether a beneficiary is employable (and therefore a client of the new unemployment benefit II) or not shall be fixed. In the

¹⁶⁵ Bundesministerium für Wirtschaft und Arbeit. AG "Arbeitslosenhilfe/Sozialhilfe" der Kommission zur Reform der Gemeindefinanzen, Unterlage zur Sitzung vom 11.02.2003 zu TOP 4. Differenzierung von Erwerbstätigkeit: Definition, Feststellung und Konsequenzen. Entwurf und Gesprächsleitfaden, www.arbeitnehmerkammer.de, p. 1, 4

¹⁶⁶ Arbeitsgruppe "Arbeitslosenhilfe/Sozialhilfe" der Kommission zur Reform der Gemeindefinanzen, Abschlussbericht. Entwurf Stand 08.04.03, www.sozialpolitik-aktuell.de, p. 27, 32

¹⁶⁷ *ibid.*

¹⁶⁸ Nationale Armutskonferenz, Keine Zusammenlegung von Arbeitslosen- und Sozialhilfe auf dem Niveau der Sozialhilfe, www.nationale-armutskonferenz.de, p. 3

¹⁶⁹ Cf Arbeitsgruppe "Arbeitslosenhilfe/Sozialhilfe" der Kommission zur Reform der Gemeindefinanzen, Abschlussbericht. Entwurf Stand 08.04.03, www.sozialpolitik-aktuell.de, p. 10, 45

so called “large option”, municipal social assistance will mainly only be responsible for those unemployed who are unemployable for health reasons. Circa 1.3 million employable (together with members of their household: 2.3 million) of the 2.5 million social assistance recipients would enter into the new system. In the “small option”, unemployed person facing “subjective“ difficulties in arranging jobs (such as private care of children or other relative, over-indebtedness, drug dependency or long-term-unemployment) would also be clients of the social assistance system. This means that fewer beneficiaries (app. 0.9 million / together with members of their household: 1.6 million) will be able to participate in the active employment measures of the new system. Because of the difficulty both potentially responsible bodies (Federal Labour Office or local authorities) will have in dealing with approx. 5.6 million clients, the staff of the Social Offices and the Federal Labour Office may administer the new system together (provisional). By unifying both systems, all state levels together will save between 1.3 billion EURO (solely through the expected improved efficiency in case of a not cost-cutting model, the trade unions preferred) and 5.7 billion EURO (in case of the social assistance model).¹⁷⁰ However, employable social assistance recipients could be in a better position than before the reform, while many unemployment assistance recipients will be the losers from the unification of both systems.

3.4 Health care and pension systems

At the end of 2002 the budgets of the health care and pension security systems developed dramatically. To improve the situation, the Federal Government launched a new law on the 1st of January 2003. It was called the Law for Securing Contribution Shares (“Beitragsatzsicherungsgesetz”).¹⁷¹ The aim was to stabilise the level of contributions to the pension and health care systems. In the pension system the income limit for calculating the contribution of employees (“Beitragsbemessungsgrenze”) was increased in the western part of the country to 5,100 EURO a month, and in the eastern part to 4,250 EURO. The financial reserve-fund of the pension system was cut to half a month’s expenses. The raising of the wage limit only affects those in the higher income bracket, those who might be called socially balanced. Conversely, higher incomes do not really close a financial gap, because the higher contributions mean higher benefits in case of delayed retirement. To balance the financial problems caused by factors beyond the control either of the employees or of the employers, it would probably be more socially balanced to enlist society as a whole by increasing the tax-financed contribution of the Federal state to the pension system.

In the health care system we have a similar situation. Between 1970 and July 2002 the average monthly contribution rate grew from 8.2 percent to nearly 14 percent. Between 1970 and 1980 the overall expenses in the health system increased about eightfold. But since the 1980s the cost increase has undergone almost the same development as in the overall social product. So the main problem is not that the costs of the health care system will increase much faster

¹⁷⁰ Arbeitsgruppe “Arbeitslosenhilfe/Sozialhilfe” der Kommission zur Reform der Gemeindefinanzen, Abschlussbericht. Entwurf Stand 08.04.03, www.sozialpolitik-aktuell.de; Frankfurter Rundschau, Erwerbslosenhilfe. Kommunen kontern Attacke Gerters, 10 March 2003, p. 9; cf. Frankfurter Rundschau, Zwischen Arbeitslosengeld I und II soll ein Zuschlag den Übergang erleichtern, 25 January 2003, p. 17

¹⁷¹ Bundesministerium für Justiz (ed.), Gesetz zur Sicherung der Beitragsätze in der gesetzlichen Krankenversicherung und in der gesetzlichen Rentenversicherung (Beitragsicherungsgesetz – BSSichG), in: Bundesgesetzblatt, Teil 1 No. 87; Berlin 2002, p. 4637 ff.

than the gross domestic product. The problem is that the financial base is growing more slowly than the social product. Between 1990 and 1998 the sum of the basic wage (“Grundlohnsumme”) grew by about 28 percent in the western part, whereas nominal GDP increased by 38 percent. Since the mid-1980s the share of wages and salaries in the overall public income (“Volkseinkommen”) has been decreasing. The effect is that health care expenses have to be paid out of a decreasing employment income rate (“Arbeitnehmereinkommensquote”). From 1990 to 1998, the basic wage of contributors to the health care system increased by 3.6 percent, whereas the costs per capita rose by 6.0 percent. To close this gap, the contribution rate was constantly increased. Another problem is that in the social system financial burdens are often transferred from one purse to another without due thought being given to the consequences or even to the need for compensation via the Federal budget. For example, the contributions of unemployment benefit receivers were cut by 20 percent, which caused an income deficit in the health care system. The overall contribution deficit resulting from such decisions is estimated to be 20 billion EURO per year. In the same period, the growing number of elderly people will become a problem for expenditures. The older people get, the more they need medical aid. At the moment, contributions of pensioners cover only 40 percent of their costs. In other words, we have not so much the problem of an unaffordable health system as the challenge of finding a more socially balanced refinancing of the system.¹⁷²

To compensate for this development in expenditure, the Law for Securing Contribution Shares (“Beitragsatzsicherungsgesetz”) has also made itself felt within the health care system. One big problem has been the increasing costs for medicine. Since the 1st of January 2003, chemist’s shops and the pharmaceutical industry must give discounts to the public health insurance agencies (“Krankenkassen”). Public health insurance agencies are now forbidden to increase their contribution rate in 2003. The salaries of physicians and dentists as well as the contributions to hospitals will not be increased this year. To halt the exodus of young and high-earning members to the private health insurance companies, the mandatory limit for the public health insurance system (“Versicherungspflichtgrenze der Gesetzlichen Krankenversicherung”) will be increased to 3,825 EURO and the wage limit for calculating the contribution will be 3,450 EURO for the whole of Germany.¹⁷³ These measures can only have a short-term effect.¹⁷⁴

This is one reason why the Federal Government has introduced a task force for the reform of the social security system. The proposals of the so called Rürup Commission will be published in 2003. Then it will – perhaps – become clearer how the government will distribute the burden of preserving the social security system as a whole. And it will also become clear whether or not the government will manage to preserve solidarity in the health care system. In the last ten years the reforms within the health care system have generally been characterised in terms of a cutback in services and an increase in special contributions on the part of the

¹⁷² Bäcker, Gerhard, Bispinck, Reinhard, Hofemann, Klaus, Naegele, Gerhard, Sozialpolitik und soziale Lage in Deutschland, Wiesbaden ³2000

¹⁷³ Bundesministerium für Justiz (ed.), Gesetz zur Sicherung der Beitragssätze in der gesetzlichen Krankenversicherung und in der gesetzlichen Rentenversicherung (Beitragsversicherungsgesetz – BSSichG), in: Bundesgesetzblatt, Teil 1 No. 87; Berlin 2002, p. 4637 ff.; Bundesministerium für Gesundheit und Soziale Sicherung (ed.), Eckpunkte zur Modernisierung des Gesundheitswesens (Übersicht), Berlin 2003

¹⁷⁴ Boeckh, Jürgen, Huster, Ernst-Ulrich, Gesundheit/Pflege – Entwicklungsperspektiven und Reformnotwendigkeiten, in: Theorie und Praxis der Sozialen Arbeit No. 1/2003, Münster 2003, p. 4 – 10

persons insured. And although health is an important factor in social exclusion we have the situation in Germany that health-related social exclusion is not so much a matter of the health care system as a question of knowledge and behaviour. Nearly 90 percent of the people living in Germany are covered by the public health care system. And according to the principle of civic solidarity, which is very strongly represented in this branch of the social security system, they all have nearly the same right to health care (with minor distinctions between the private and the public health care insurance system; almost 10 percent are covered by the private health insurance companies.). Poor people without a sufficient insurance may get help within the social assistance system. It will be the task of the further monitoring of health care policy to determine whether Germany is able to preserve this high level of supply or not.

3.5 Pisa – Shock

At the end of 2001 a study, called PISA, was published comparing school performance internationally.¹⁷⁵ This study caused a shock-wave to run through the public policy sector and public opinion: Educational performance in the German school system is clearly below that of the average in the OECD countries, in respect not only to the lowest level of competence but also to the highest. On the one hand, PISA indicated that there are no “extremely high successes in support of top qualifications”; on the other, there is in Germany “a high correlation between social origin and the achievement of competence”, especially in the domain of reading-skills.¹⁷⁶

Initial official reactions betrayed great uncertainty: Will the division of the German school system into its several different branches require revision? What is the status of the linguistic skills of migrants? Will it be necessary to extend total duration of schooling by beginning earlier (at the age of four years) or by having a longer school day as in all other countries? What about the skills, qualifications and responsibilities of teachers?

Initial public comments emanating from the scientific community tended to favour a change in the public school system: the highest-ranking group in this respect – the Scandinavian countries – prompted a proposal to have less social selection by more integration, more help for children with lower competence and social problems, more all-day schools, more facilities for child-minding at school.¹⁷⁷

In 2003 a second international study concentrating on a comparison of reading ability and mathematical skills confirmed the PISA results,. This study – a comparison of primary schools (Iglu) – showed that German pupils, up to the fourth school year, are in the upper middle field, but decline in the following years. It has been publicly stated that no other nation selects its pupils on the basis of social origins so much as does Germany.¹⁷⁸

¹⁷⁵ OECD PISA, Programme for International Student Assessment, Schülerleistungen im internationalen Vergleich, im Auftrag der Kultusminister der Länder in der Bundesrepublik Deutschland und in Zusammenarbeit mit dem Bundesministerium für Bildung und Forschung; www.mpib-berlin.mpg.de/pisa

¹⁷⁶ Ständige Konferenz der Kultusminister der Länder in der Bundesrepublik Deutschland, Pressemitteilung vom 04.12.2001

¹⁷⁷ Cf Erziehung und Wissenschaft, Zeitschrift der Bildungsgewerkschaft GEW, Heft 12/2001; Klemm, Klaus, Wenn schon kein Umbau, dann auch keine Rolle rückwärts, in: Frankfurter Rundschau 28./29. 03. 2002, p. 15

¹⁷⁸ Spiewak, Martin: Von klein auf geht's bergab, Deutsche Grundschüler schneiden in der Iglu-Studie passabel ab. Was machen die Schulen später falsch?, DIE ZEIT, Nr. 15/2003, from 03.04.2003, p. 28

After this shock there have been several suggestions and even activities for transforming these proposals into reality. In 2002 the new/old Red-Green German government stressed in their coalition agreement that: “An offer of child-care which meets the requirements of children up to 16 years of age is the most important goal of family policy over the next few years. We will (...) significantly improve child-care for children up to 3 years in both quality and quantity. (...) The State will institute legislation to ensure that in this legislature period 20 percent of children under 3 years will be suitably cared for.”¹⁷⁹ The German government will thus have to spend 1.5 billion EURO, starting in 2004. The necessary means are to be raised from local-authority savings in the cost of social assistance because of the Hartz Concept, which the municipalities are therefore “allowed to save”.¹⁸⁰ The German Minister for Family Affairs, Renate Schmidt, recently declared that resistance on the part of local authorities to this goal seems to be weaker than expected. But for her part she made two concessions: the goal of 20 percent child-care support will not have to be implemented in each *Land*, because of the different needs within different *Länder* (e.g. the city state of Hamburg and the rural character of Bavaria). Secondly, the goal of 20 percent will not have to be implemented until 2006, because there are still *Länder* like Bavaria, Baden-Württemberg and Rhineland-Palatinate that currently have a supply of 1.4 percent. Despite all efforts, it will be unrealistic to meet the 20 percent within two years between 2004-2006.¹⁸¹ The coalition agreement of 2002 demanded 10,000 all-day schools in Germany.¹⁸² The German government will thus provide 4 billion EURO over four years (300 million as a first instalment in 2003) to create these 10,000 all-day schools (at primary and secondary level).¹⁸³ Today, the federal and regional governments are still in negotiation about finding common administrative criteria and educational standards for distributing monies from the so-called investment programme “future of education and care” (*Investitionsprogramm “Zukunft Bildung und Betreuung”*). In this connection, a controversy has arisen about the question of how to use the means. While the *Länder* governed by the conservatives want to use the funds for running-costs and personnel, the German government wants them to be used solely as investment grants. There is also heated debate over whether the Federal Government should have any influence on the settlement or extent of all-day schools and child-care for pupils in school, because education is constitutionally the task of the German *Länder*.

Apart from these institutional arrangements, there is currently public debate over determining common quality criteria for a new policy. In general, discussion of quality in child-care, which is also being promoted by the European Commission, has to be continued. The respective topics have so far focused on the following:

¹⁷⁹ Bündnis 90 – Die Grünen / Sozialdemokratische Partei Deutschlands, Erneuerung – Gerechtigkeit – Nachhaltigkeit. Für ein wirtschaftlich starkes, soziales und ökologisches Deutschland. Für eine lebendige Demokratie, coalition agreement, Berlin 16 October 2002, p. 29

¹⁸⁰ *ibid.*

¹⁸¹ Frankfurter Rundschau, Auf der Suche nach einer Balance zwischen Familie und Beruf, Interview, 27 February 2003, p. 2

¹⁸² Bündnis 90 – Die Grünen / Sozialdemokratische Partei Deutschlands, Erneuerung – Gerechtigkeit – Nachhaltigkeit. Für ein wirtschaftlich starkes, soziales und ökologisches Deutschland. Für eine lebendige Demokratie, coalition agreement, Berlin 16 October 2002, p. 29

¹⁸³ Bundesministerium für Bildung und Forschung, Mittel für Bildung und Forschung wachsen 2003 um mehr als 3 Prozent, press report No 34/2003, Berlin 18 March 2003

- Child-care facilities as a site of upbringing, care, education, meeting and experience for children and their parents.
- The involvement of children and their parents in the working-out of facility conceptions and programmes, in budget responsibility and selection of staff.
- Intercultural education.
- Reform of training and strengthening of further education for teaching staff (Germany, in comparison with the other member states of the European Union, has the lowest formal training qualification for employees in this field).
- Opportunities and risks of increased market orientation in the field of child-care.¹⁸⁴

The legal claim on kindergarten places is not specified in terms of opening hours. The Fifth Report on Children and Youth already called for greater specificity on this matter. According to this report, right of access should be related to six hours opening per day and 30 percent of the places for children 3-6 years old should be provided on a whole-day basis.¹⁸⁵ The *Deutsches Institut für Wirtschaftsforschung* estimates that 17 – 30 billion EURO will be needed to cope with the demand for sufficient child-care facilities.¹⁸⁶

The gap between demand and provision in solving this problem is well known to the authorities responsible, both political parties and the interested public and public pressure groups. Because of the continuing financial difficulties on all levels of the state, it is inconceivable that the modest but longstanding efforts to increase supply are sufficient without stronger pressure on the part of the civil society and the provision of greater financial resources. Current research has encouraged such pressure by highlighting the economic and budgetary advantages of better provision of caring opportunities in Germany.¹⁸⁷ But this also involves flexibility of supply, with efforts being made to meet the changing requirements of employees or persons who are not at present employable because of the lack of opportunities.¹⁸⁸ Angelika Diller of the non-statutory welfare organisation *Arbeiterwohlfahrt* has described the situation in Germany correctly in these words: “The central government is not permitted to do it, the Länder do not do it, and the local authorities are unable to do it.”¹⁸⁹

¹⁸⁴ Fthenakis, Wassilios E., Sturzbecher, Diemar, *Entwicklungstendenzen und Perspektiven in der Kindergartenbetreuung*, In: Sturzbecher, Dietmar, (ed.), *Kindergartenbetreuung in Deutschland. Bilanz und Perspektiven*, Freiburg im Breisgau 1998, p. 281 ff.

¹⁸⁵ Bundesministerium für Familie, Senioren, Frauen und Jugend, *Zehnter Kinder- und Jugendbericht*, Bonn 1998, p. 195, 210

¹⁸⁶ Kryenfeld, Michaela, Spieß, C. Katharina, Wagner, Gerd G., *Finanzierungs- und Organisationsmodelle institutioneller Kinderbetreuung. Analysen zum Status quo und Vorschläge zur Reform, Kurzfassung der Studie und aktuelle Schlussfolgerungen*, www.diw.de

¹⁸⁷ Büchel, Felix, Spieß, C. Katharina, *Form der Kinderbetreuung und Arbeitsmarktverhalten von Müttern in western- und Ostdeutschland*, study of the Max-Planck-Institut für Bildungsforschung and the Deutsches Institut für Wirtschaftsforschung on behalf of the Bundesministerium für Familie, Senioren, Frauen und Jugend, Berlin 2002; Spieß, C. Katharina et al, *Abschätzung der (Brutto-)Einnahmeeffekte öffentlicher Haushalte und der Sozialversicherungsträger bei einem Ausbau von Kinderbetreuungseinrichtungen*, Kurzfassung des Gutachtens des Deutschen Instituts für Wirtschaftsforschung im Auftrag des Bundesministerium für Familie, Senioren, Frauen und Jugend, Berlin 2003

¹⁸⁸ Cf Esch, Karin, Stöbe-Blossey, Sybille, *Kinderbetreuung. Ganztags für alle? Differenzierte Arbeitszeiten erfordern flexible Angebote*, Institut Arbeit und Technik, IAT-Report 2002-09, Gelsenkirchen 2002

¹⁸⁹ Diller, Angelika, *Der Pisa-Schock. Konzepte und Finanzierungen der Kindertageseinrichtungen auf dem Prüfstand*, In: *Theorie und Praxis der Sozialen Arbeit*, 2/2002, p. 92

A year after the appearance of the PISA report, the shock has abated. Gertrud Hovestadt, a researcher on education, has taken stock of *Länder* policy in a comparison with international procedure: most of the old *Länder* want to strengthen the oral competence of children by applying tests and implementing additional schemes of support; about half of the *Länder* would like to see more flexible school entrance criteria applied, to reduce the number of children entering school at too late an age. Most of the efforts on behalf of children from socially excluded sectors of the population, especially the children of migrants, are concentrated in institutions like the kindergarten or primary school. But the worst problem-area of the German school system, the selection at the end of the fourth class into different school-levels, has been exacerbated rather than being modified and ameliorated. Efforts in favour of more centralised tests and final examinations are on the increase. All-day schools in Baden-Württemberg and Bavaria have mostly been established in urban areas with special social problems.¹⁹⁰ In Lower Saxonia there was an abrupt change of direction after the election in February 2003: according to the coalition agreement, the school system, divided into three parallel branches, is to be reinstated after the Social Democrats have been voted out of power.¹⁹¹

3.6 Consolidation of public revenues

Public schemes promoting social inclusion are not only dependent on more money. Often redistribution or better use of available resources could already be helpful and successful. It is doubtless possible to take financial resources from one allocation in the state household and put them in another. But public policy is now being carried out as a balancing act between reducing official expenditure and increasing social risk and social exclusion. On the one hand, we see the current economic situation, with a slowing of the growth of private income as a source of taxes and social contributions, but what is happening is also a consequence of the Maastricht criteria and to some degree of a policy favouring the lowering of public taxation, especially for entrepreneurs and high income earners, with the hope that this will stimulate economic growth. Reform of the capital gains tax (*Kapitalertragssteuer*), in particular, has led to an enormous cut in public revenue: North Rhine-Westphalia alone has had to deal with a drop in income to the tune of 140 billion EURO in 2003, caused by this reform and the collapse of the trade tax.

After winning the election, the Federal Government tried to reverse the reform of the capital gains tax and to change certain other regulations within the tax system, first, to reach a balanced budget below the three percent limit for new debt (Maastricht criteria), secondly, to provide more room for public measures and to improve the conditions of the *Länder* and the local authorities. The Bundesrat, dominated by the CDU/CSU, put a stop to this. It is presently unclear what the outcome of the bargaining process between Bundesrat and Bundestag is likely to be. Nevertheless, there must be a solution, somewhere between reducing expenditure and increasing revenue.

All partners have agreed that it is especially the financial situation of the municipalities that has to improve significantly. On the 23rd of May 2002, a commission was formed of members of the Federal Government, the *Länder* governments, the municipalities, and the employers

¹⁹⁰ Cf Feuck, Jörg, Mehr Strenge nach Pisa, in: Frankfurter Rundschau 14.03.2003

¹⁹¹ Inaugural speech of Ministerpräsident Christian Wulff, 4. March 2003, www.stk.niedersachsen.de

and trade unions, with the goal of working out proposals for a reform of communal finances. This commission is still working; it is looking for a new basis for municipal taxation and seeking ways of reducing the costs caused by reconstructing the federal social systems. In particular, unification of unemployment and social assistance for employable recipients to form a unified benefit scheme is expected to bring a reduction in expenditures on the part of the municipalities. Regarding the decline of the level of public municipal investment, the nature of local infrastructures – including social services – and the stress brought to bear on local social administrations when they are caught between the demands of their clients and the financial means at their disposal, then reform of municipal revenues is unlikely to lead automatically to a policy of inclusion, but it is one of the necessary preconditions for achieving this goal.¹⁹²

¹⁹² Karrenberg, Hanns, Münstermann, Engelbert, Städtische Finanzen: Kollaps oder Reformen! Gemeindefinanzbericht 2002, in: der städtetag, Heft 4, 2002; published each year: The next 2003 *ibid* 4/2003; Hickel, Rudolf, Die Gemeinden sind die großen Verlierer der Steuergesetze, in: Frankfurter Rundschau vom 19.06. 2002, p. 7; Eichel, Hans: Basis für die Gemeindefinanzreform ist gelegt, in: Frankfurter Rundschau from 14.08.2002, p. 9; „Viele Kommunen balancieren am Rand des Ruins“, in: Frankfurter Rundschau, 07.01.2003, p. 13; Kuban, Monika, Verursacher der desolaten Bilanz sind Bund und Länder, in: Frankfurter Rundschau 13.03.2003, p. 7

4. Mapping the most recent development in research, in particular recent trends in policy relevant to social inclusion indicators

Poverty and social exclusion are widespread topics in German research. In the context of the First Governmental National Report on Poverty and Wealth, there have been 12 research projects, financed by the Federal Government and carried out by independent researchers or research groups. The findings of all these reports have been incorporated into the first National Report and published by the Federal Government. For 2004, the Federal Government plans a Second Report, and has accordingly set up new research projects (Estimated number of undetected cases of social assistance receivers, high income receiver etc.), some of these based on a long-term perspective (Low-income panel etc.). Some reports from the first session are to be continued (e.g. the one on heavy debts).

The reports from Richard Hauser and Irene Becker,¹⁹³ Gert G. Wagner and Peter Krause,¹⁹⁴ Walter Hanesch¹⁹⁵ and of Hermann Seewald¹⁹⁶ sum up the empirical data on poverty, the dynamic of entering and leaving this social condition. The statistical basis is made up of the Einkommens- und Verbrauchsstichprobe (EVS), the Sozioökonomische Panel (SOEP) and the statistics for social assistance. Researchers have underlined the necessity of a consolidated statistical basis detailing the financial resources of households and tracing the dynamic of poverty. Beside these reports, Hans-Jürgen Andreß and Gero Lipsmeier¹⁹⁷ analyse not only the *available resources* but also ask what *standard of living* is capable of actual achievement. This approach is providing a more realistic view of living in poverty and social exclusion. A preliminary study by Dietrich Engels and Christine Sellin¹⁹⁸ provides a clear report on the problem of *hidden poverty* in Germany: over several years there have been no new studies, merely estimates, so it will be necessary to obtain new data about this serious problem. The final report will be published in the context of the second National Report.

In Germany there is a widespread network of researchers dealing with poverty and social exclusion, with some of the centres at the Universities of Bielefeld, Bremen, Halle and Cologne, as well as at several Universities of Applied Sciences (Bochum, Darmstadt, Münster) and in several public or private research institutes, such as the Deutsche Jugendinstitut in Munich. Further, several private foundations are supporting researches on poverty and social exclusion, such as the Hans Böckler Stiftung¹⁹⁹ and the Heinrich Böll Stiftung. Within the projects being run by the Hans Böckler Stiftung, research on this subject is one central focus.

Within the framework of these studies, there are three subjects in particular that have been stressed in recent years: poverty among children, poverty and health concerns, and poverty among immigrants.

¹⁹³ Hauser, Richard, Becker, Irene, Einkommensverteilung im Querschnitt und im Zeitverlauf 1973 – 1998, Bonn 2001

¹⁹⁴ Wagner, Gert G., Krause, Peter, Einkommensverteilung und Einkommensmobilität, Bonn 2001

¹⁹⁵ Hanesch, Walter, Einkommenslage bei Erwerbstätigkeit und Arbeitslosigkeit, Bonn 2001

¹⁹⁶ Seewald, Hermann, Umfang, Strukturen und Gründe von Sozialhilfebedürftigkeit, Bonn 2001

¹⁹⁷ Andreß, Hans-Jürgen, Lipsmeier, Gero, Armut und Lebensstandard, Bonn 2001

¹⁹⁸ Engels, Dietrich, Sellin, Christine, Vorstudie zur Nichtinanspruchnahme zustehender Sozialhilfeleistungen, Bonn 2001

¹⁹⁹ Hans Böckler Stiftung, Armut und Reichtum in Deutschland, Forschungsinitiativen für mehr Verteilungsgerechtigkeit, Düsseldorf 2003

- Financed by the Bundesverband der Arbeiterwohlfahrt, the Institute of Sozialarbeit und Sozialpädagogik in Frankfurt/M (ISS) has conducted a long-term study of poverty among children between three and six years during their time at kindergarten. This study was extended to research into a constant group in the primary school. Now the Institute is beginning an additional study. This is the first time in Germany that we have had up-to-date statistics about children of pre-school age living in poverty, especially with the focus on the poverty of the individual child and not that of the family – there can be crucial differences. The study of children of primary-school age confirms the results of the PISA survey: social exclusion is a social fact, which occurs as long as a child is living under poor living conditions. School-time can be one further pressure-point reinforcing social exclusion. Apart from the ISS study,²⁰⁰ there are also some other studies of poverty among children, especially with regard to health and education.²⁰¹
- Poverty and health beyond the context of young people is a second focus. Beginning in the 1990s, there has been growing interest in this subject, and research has brought out the various advantages and disadvantages relating to health concerns specific to a particular social stratum and caused by a health system orientated towards the middle classes. In recent years the medical sector has itself been asking about these different chances of good health; there have been several scientific symposia on this subject.²⁰²
- A further main focus is the situation of immigrants, asylum seekers and recent immigrants to Germany. Germany as a country that has permitted immigration since the Second World War always had to grapple with the problem of how to handle the question of integration. The first to be affected were Germans refugees after the War, then guest workers (*Gastarbeiter*) from other countries within and outside the EU, then, after reunification, from eastern Europe, and now – legal, but illegal too – from all parts of the world.²⁰³ Changing the right to political asylum only put paid to some kinds of social problems; others remain chronic. In particular, the immigration of people of German origin from eastern Europe is ushering in several social problems and forms of exclusion. In reality, the consequences of immigration for social exclusion are a focus of several studies within the scientific community and within the relevant domains of public political opinion, including charitable organisations.²⁰⁴

²⁰⁰ Hock, Beate, Holz, Gerda, Wüstendörfer, Werner, Frühe Folgen – langfristige Konsequenzen? Armut und Benachteiligung im Vorschulalter, 4. Zwischenbericht, Frankfurt am Main 2000; Hock, Beate et al., Gute Kindheit – Schlechte Kindheit? Armut und Zukunftschancen von Kindern und Jugendlichen in Deutschland, Abschlussbericht, Frankfurt am Main 2000; Holz, Gerda, Skoluda, Susanne, “Armut im frühen Grundschulalter”, Frankfurt am Main 2003

²⁰¹ Robert Koch-Institut, Gesundheitsberichterstattung, “Armut bei Kindern und Jugendlichen”, Berlin 2001; Gesundheitsbeirat der Landeshauptstadt München et al., Armut und Gesundheit, Chancengleichheit für Kinder und Jugendliche, Dokumentation, München 2001

²⁰² Mielck, A., Soziale Ungleichheit und Gesundheit, Bern 2000; Helmert, U., Bamann, K. et al., Müssen Arme früher sterben?, Weinheim 2000; Gesundheit Berlin e.V., Ärztekammer Berlin, Deutscher Gewerkschaftsbund Berlin-Brandenburg, Deutscher Paritätischer Wohlfahrtsverband Berlin, Caritasverband für Berlin e.V., Berliner Zentrum Public Health, Armut und Gesundheit, 6. bundesweiter Kongress, 1./2.12.2000 in Berlin.

²⁰³ Holzer, Thomas, Schneider, Gerald, Asylpolitik auf Abwegen, Nationalstaatliche und europäische Reaktionen auf die Globalisierung der Flüchtlingsströme, Opladen 2002

²⁰⁴ Borchert, H. et al., Mittler zwischen den Kulturen, Konzept und Arbeit des Ethnozentrischen Zentrums in Hannover, in: Dr.med Mabuse, Heft Juni/Juli 1995, Frankfurt am Main; Elsner, Erich, Steffen, Wiebke, Kriminalität ist keine Frage des Passes, sondern eine Frage von Lebenslagen. Kriminalität junger Ausländer, in:

One interesting topic is the situation of the working poor in Germany. We know that the number of those receiving social assistance is about the same whether they are employed or unemployed. A recent study by Wolfgang Strengmann-Kuhn²⁰⁵ underlines the fact that the estimated number of those with jobs not availing themselves of social assistance is higher than among those of the – estimated – average. In view of the current discussion and realisation of the Hartz proposals, the findings of these studies promise to be very interesting and relevant.

Hitherto there has been only very little public discussion of new national indicators for social exclusion. Over the past 20 years, both traditional and new parameters have been used to ascertain social exclusion in the income, education, working, housing and health sectors. The First Governmental National Report on Poverty and Wealth was orientated towards a multi-dimensional analysis of social exclusion, in accordance with the so-called “Lebenslagenansatz” developed by Gerhard Weisser in the 1950s.²⁰⁶ The Federal Government discussed these proposals for national indicators on the tertiary level with representatives of the National Conference on Poverty and the Advisory Board for the National Report on Poverty and Wealth in March 2003. In the next NAPincl these findings will be published and then in all likelihood submitted to further discussion.

Deutsches Polizeiblatt Nr. 5/2000; Krummacher, Michael, Zuwanderung, Migration, in: Häußermann (Hg.), Großstadt. Soziologische Stichworte, 2.A. Opladen 2000; Diakonisches Werk der EKD e.V., Bundesarbeitsgemeinschaft Evangelische Jugendsozialarbeit e.V., Integration von Zuwandernden – Herausforderung für das Gemeinwesen, Magdeburg 04.06.2002, Stuttgart 2003; Krummacher, Michael u.a., Soziale Stadt, Sozialraumplanung, Quartiersmanagement, Herausforderungen für Politik, Raumplanung und Soziale Arbeit, Opladen 2003

²⁰⁵ Strengmann-Kuhn, Wolfgang, Armut trotz Erwerbstätigkeit, Analysen und sozialpolitische Konsequenzen, Frankfurt/M New York 2003

²⁰⁶ Glatzer, Wolfgang, Hübinger, Werner, Lebenslagen und Armut, in: Döring, Diether et.al. (ed.), Armut im Wohlstand, Frankfurt am Main 1990, p. 31 ff.

5. Providing an overall view of partnership and of the public debate on poverty and social exclusion within the Member States

The First Governmental National Report on Poverty and Wealth, the establishment of coordinating groups for the NAPincl and private, public and scientific research on poverty and social exclusion have all brought about a change in the perception of these processes and of schemes to combat poverty. For example, the already-cited ISS Study on Poverty among Children has twice been the focus of the official Federal Press Conference in Berlin and has been reported in most German newspapers. This is perhaps an extreme example: it was the first time that the topic of poverty and social exclusion produced such publicity and public reaction. Although other reports and studies would not elicit the same reaction in the public mind, poverty is now clearly a focus of public opinion.

The energetic discussion of the Hartz proposals to change labour placement, of the PISA study, of the reform of the immigration act and of the plans to reform state revenues, including the finances of local authorities – all this has demonstrated the interest on the part of broad sectors of the diverse levels of the state, employers associations and trade unions, non-statutory welfare organisations, several NGOs and private persons, including sections of the scientific community, not only to discuss but to change the unsatisfactory situation of social exclusion, although the means preferred are different, to some extent even radically so.

It is thus a question of how to combine the current debate with a policy of integrating all relevant stakeholders into a strategy of social inclusion. The Federal Government has outlined the necessity for continuing reporting about poverty and wealth. All parties – the *Bund*, the *Länder* and the local authorities – are try to find a balance between their public revenue and the tasks involved in overcoming the present grave economic situation. The measures which now are under discussed or already implemented tend to strengthen social exclusion rather than to overcome it, but this is only one tendency – there are also schemes to integrate socially excluded persons under the current conditions of general shortage and a more “activating” approach. The situation is inconsistent.

There is no linkage to date between the customary approach towards coordinating (or not coordinating) policy on the various levels of the welfare state and the open method of coordination. This latter method is familiar only to a small group of experts inside and outside the domain of public policy and within the ministries. The decision of the Bundesrat of March 2001 is one further indication that each level of the German welfare state tends to hold fast to its own competencies in prioritizing social problems, deciding whether anything will be done or not, planning concrete schemes and evaluating (or not) the effects. There are thus no actors among the *Bund*, the *Länder* and the local authorities committed to public debate about general strategies of social inclusion, apart from the initiative required to integrate the unemployed into the labour market. This discussion centres only on selectively targeted groups.

Generally this is not primarily a question of importance only at election-time (as in 2002), it is a more systemic dilemma: Germany’s social problems are persistent, and will be solved like other social problems in the past – not immediately, but not too late either; not for everybody everywhere, but for most people in certain areas. There is thus no public debate at present about strategy in line with the NAPincl; in the future, however, there will be much more than

a debate – but one cannot at present tell at which concrete point this will be the case. “Progress is a snail,” as Günter Grass observed some forty years ago. One needs a long breath – not only in Germany. But one must not rest content with the status quo!