

## Half-committed

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Germany has only partially fulfilled its Social Summit commitments. Inequality in income and access to social services has increased slightly in the last few years. Quality of life—although deficient for some groups—is still satisfactory compared with many other countries. The basic social infrastructure is accessible to most.

The decline in Official Development Assistance (ODA) bottomed out in 2000 at a very low level (0.25% of GNP). The German government is pursuing a concept of “International Structural Policy” (e.g. Enhanced HIPC-Initiative) combined with external aid. In reaction to alarming worldwide poverty figures, a national “Action Plan 2015” was announced. It is doubtful whether the German government, in its effort to alleviate poverty, will address crucial issues.

### Growing income inequality and poverty

Inequality of income and access to social services has grown slightly in the last few years despite government initiatives to counteract this trend. Percentile ratios of income distribution show that the 90/10 ratio worsened from 3.04 in 1988 to 3.18 in 1993 to 3.26 in 1998 (new OECD scale). In addition, more people have moved into extreme income positions. The proportions of persons in the lowest and highest income groups have increased.

The growth in inequality has resulted in an increase in relative poverty. In 1998, 11% of the population had incomes under half the average net income compared with 9% ten years earlier (new OECD scale, arithmetic mean, Western Germany). In Western Germany, relative income poverty has been steadily increasing. In Eastern Germany, which started from a more equal income distribution in 1990, relative poverty ratios are lower if calculated using income data for Eastern Germany alone (1998: 4.8% arithmetic mean), but they are 14.7% higher than in Western Germany if calculated using income data for the whole of Germany.

Forty-two per cent of one-parent families with two or more children live below the relative 50% poverty line (1998, arithmetic mean, old OECD-scale, whole of Germany). There are several legislative initiatives to ameliorate living conditions in households with children. A net higher income for all families was achieved by augmenting family benefits and tax reform based on fiscal recognition of a higher subsistence minimum. But much remains to be done to redistribute wealth from households without children to households with children.

The common currency treaty of the European Union forces member states to control expenses by limiting new indebtedness and overall national debt. This disciplinary measure touches all policy sectors, although the social sector is less affected because it is largely financed by worker and employer contributions specifically for this purpose. The social sector is under pressure, however, from (the perception of) stronger economic competition among member states. The

consequence is a general trend from direct to indirect taxes, which are paid disproportionately by low- and middle-income households. Furthermore, policy decisions have reduced employer responsibility for financing social systems.

### Political initiatives to combat poverty and social exclusion

When the Social Democrats came to power in 1998, they promised to make combating poverty a political priority. One result is the first national report on poverty and wealth to be published in 2001. The joint efforts of politicians, bureaucrats, scientists and civil society in producing this report resulted in fruitful discussions that successfully advanced poverty issues, even prior to publication of the report.

There is a trend toward more intensive dialogue between politicians and civil society on poverty issues. A steering committee of the German NGO Forum WSSD was part of the official German delegation at the World Summit for Social Development (WSSD) Special Session in Geneva in June 2000. NGOs were on the advisory board and helped draft the national report on poverty and wealth.

The government has tried to improve the situation in other ways, e.g. in pension politics with the attempt to introduce a means-tested old age benefit program in addition to social security and with policies to help handicapped people. In the health sector, provision of basic and supplementary services is good, but restrictions have led to rationing in some areas. Lower income groups suffer more than others because they cannot easily replace lost services through private spending.

In the education sector, a shortage of teachers is resulting in the movement of teachers from the public to the (better paid) private sector. Most pupils are still educated in the public sector. A second factor that promotes inequality is the distribution of hours allocated to various subjects. The more advanced and specialised a class, the more hours of instruction it gets. Fewer hours are allocated in schools for lower grades and to pupils with learning difficulties.

### Committed by half

In her speech to the WSSD Special Session, the German Minister for Economic Cooperation and Development, Mrs. Wicczorek-Zeul, reiterated the German concept of globalisation with a human face. A system of global rules and regulations should ensure that all countries benefit from globalisation. The Social Democratic government believes that the welfare states and social market economies of some European countries can provide a blueprint for a global market system that would put free market forces in their social and ecological place.

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This is the central idea behind strong German support for the Enhanced Highly Indebted Poor Country (HIPC)-Initiative and the national poverty reduction strategy. Debt relief mechanisms will give national governments incentives to identify crucial tasks for poverty reduction in their countries. Civil society participation in planning and monitoring the poverty reduction strategies should ensure that the concepts work. Many Southern organisations question the role of international financial institutions, especially the World Bank, in debt relief procedures and poverty reduction strategies, and German NGOs share their analysis. NGOs are calling for full debt relief for all highly indebted poor countries, cancellation of obligations exceeding 5% of export proceeds for other developing countries, the formulation of an international insolvency regime, and a switch from credit-based development aid to a system of grants.

At the Millennium Summit in September 2000 in New York, German Chancellor Gerhard Schröder officially supported the UN goal of halving extreme poverty worldwide by 2015 and promised to develop an Action Plan 2015 to show how Germany can contribute in a concrete manner to that goal. A draft of the action plan – scheduled for publication in March 2001 – sets poverty alleviation as the overarching goal for development co-operation and an important component of national policy. It promises that every new German law will be examined for positive effects on development and poverty alleviation and identifies ten priority sectors for poverty alleviation.

After decades of failing to fully acknowledge the human right to development and the economic, cultural and social rights, the mere existence of a national plan represents progress. The mandate to alleviate poverty now extends beyond one small ministry. The whole governmental system is now concerned with the coherence of decisions that affect poverty.

### NGOs criticisms of Action Plan 2015

Somehow the old “trickle-down” ideology is still present. The report does not clearly reflect the significance of direct support for poverty alleviation programs. In reality, the proportion of ODA spent for social services has shrunk dramatically from 18.9% in 1998 to 16.5% in 2000. The 2001-budget draft shows further shrinkage to 13.5%. These figures openly contradict the government’s promise to support the 20:20 Initiative. Basic education and basic health services receive less than 3% of German ODA. The explanation that Southern partner governments are not requesting sectoral support for basic social services systems is not acceptable.

The Action Plan reiterates the government’s commitment to allocate 0.7% of GNP to ODA, but there is no concrete schedule for achieving the goal. The Association of German Development NGOs (VENRO) says that if the next steps are not clearly laid out, the government’s credibility will be further eroded.

Focus on bilateral co-operation in the national plan de-emphasises the role of international regimes and regulations in poverty alleviation. The role the German government could play in the International Monetary Fund (IMF), World Bank and World Trade Organisation (WTO) is not sufficiently considered in the plan. The government is reluctant to discuss a worldwide Currency Transaction Tax despite public debate on the measure fostered by social movements and churches.

NGOs say the plan pays insufficient attention to the need for comprehensive assessments of social and ecological consequences and side effects of trade liberalisation before a new WTO negotiating round is set up. Further, NGOs call for full participation of developing countries in the WTO negotiating processes. There is special need to support developing countries by extending the system of Special and Differential Treatment (SDT) in the context of the Agreement on Agriculture (AoA). ■

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