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Preliminary Remarks

...The 5th Conference on Social Law in Speyer
The Prevention of Old-Age Poverty – Analyses, Impacts, and Concepts

Author: Hartmut Hüfken

Old-Age Poverty as a Social Problem in the Future?

Author: Prof. Dr. Gerhard Bäcker

Location: Duisburg

The risk of an increase of old-age poverty takes center stage in the current political discussion. However, the definition and measurability of “poverty” in an affluent society remains indistinct. Furthermore, the dimension of the problem and the factors acutally increasing the risk of old-age poverty have not been entirely clarified. The article describes the current state of research and deals with external and internal risk factors. This distinction allows an in-depth analysis of the problem and a systematization of possible solutions. The author concludes that an increase of the risk of old-age poverty has to be expected, though, considering numerous influencing factors and the imponderabilities regarding the development of labor market and ways of life, an estimate of the risk potential is not possible.

The Prevention of Old-Age Poverty as a Social Task

Author: Prof. Dr. Dr. h. c. Eberhard Eichenhofer

Location: Jena

The prevention of old-age poverty has been a challenge for the statutory pension scheme from the start. The statutory pension scheme had been established to obviate old-age poverty, i. e. to prevent elderly persons from becoming dependent on social welfare. Even though an individual “guarantee” against old-age poverty cannot be issued, an increasing degree of old-age poverty would show a constructional defect of the statutory pension scheme. However, a vast broadening of old-age poverty is due to various imponderabilities. The economic situation, especially the development of the labor market, the development of

standard wages, and the general distribution of income and wealth play an important role. Furthermore, social policy can contribute to a mitigation of old-age poverty. The author discusses potential reform measures – such as an extension of the “Rente nach Mindesteinkommen” (see Section 262 of the Social Code VI, a provision granting minimum earning points in phases of low income), an east-west-adjustment, the integration of self-employed persons into the statutory pension scheme, a revaluation of credited periods with receipt of unemployment benefit II (“Hartz IV”), and an amendment of the provisions regarding the consideration of income in case of receipt of need-orientated basic income support for a reduction in earning capacity and for elderly persons (“Grundsicherung im Alter und bei Erwerbsminderung”), for example as to Riester pensions (i. e. an optional pension scheme that is tax related and aiming at a compensation for cuts in state pension) – and offers a differentiated solution.

The Prevention of Old-Age Poverty – Constitutional Aspects

Author: Univ.-Prof. em. Dr. Dr. Detlef Merten

Location: Speyer

Concepts aiming at a prevention of old-age poverty raise constitutional questions, but for a start, the terms “old-age” and “poverty” must be defined. The constitutional principle of welfare state comprises the prevention of old-age poverty, however, the constitutional orientation towards self-determination and responsibility must be respected. In addition, the federal legislative competences are limited to the fields of “public welfare” and “social insurance”, and would not cover a general tax-financed supply for all citizens irrespective of individual need. In case of a “design” that is consistent with the constitution, a basic state pension (“Sockelrente”) for longtime insured persons can be legitimated, as long as the injustice of the “Rente nach Mindesteinkommen” (see Section 262 of the Social Code VI, a provision granting minimum earning points in phases of low income) is avoided. The constitutional prohibition of a “mixed” administration (“Verbot der Mischverwaltung”) and the respect for a self-determined exercise of municipal functions require a separation of pension award and social welfare award. Nevertheless, this would not hinder an outpayment of both benefits by the statutory pension scheme to counter hidden poverty in old age (“verschämte Altersarmut”).

Even conference issues have their history. 1978, the German Federation of Social Courts (“Deutscher Sozialgerichtsverband”) held a meeting in Karlsruhe with the theme “Over- and Underprovision in the Field of Old-Age Security” (“Über- und Unterversorgung bei der Alterssicherung”). The theme of this article refers only to underprovision – though the terms “old-age” and “poverty” could, taken by themselves, easily be made subject of a conference.

The Prevention of Old-Age Poverty

Author: State Secretary Christoph Habermann

Location: Mainz

In the German welfare state, pension are – first of all – the result of earning-related contributions paid in the phase of employment. The still persisting differences in the careers of men and women, the increasing number of unsecured self-employed without staff (so called “Solo-Selbständige”), longterm unemployment, and the extending low wage sector increase the poverty risk for certain groups of persons. This development is enforced by the paradigm shift in pension policy which leads to a stabilization of the financial situation, but

also to a limitation of benefits. The individual pension provision, as a supplementation to the statutory pension, is reasonable. However, the prevention of old-age poverty lies mainly in the responsibility of the statutory pension scheme. A reduction of the statutory pension to a basic income support is no answer to the problem. Instead, a foresighted social policy must aim at the completion of insurance records. Only if this preventive approach is not effective, a systematic expansion of pension calculation elements aiming at a prevention of old-age poverty must be considered.

How to Prevent Old-Age Poverty

Author: Prof. Dr. Diether Döring

Location: Frankfurt/Main

The German statutory pension scheme can look back on an impressive historical achievement. Since the transformation of the statutory pension scheme into a high-performance, dynamic system in the course of the reform of 1956/1957, the problem of old-age poverty has been successfully repressed. Within the long phase of full employment until 1973/1974, there were only few obstacles to profitable employment and, consequently, to the statutory pension system. Strong collective agreements limited the disparity of incomes. Since the beginning of the phase of underemployment and especially since the German reunion, the surrounding conditions for the statutory pension scheme changed decisively: the high rate of unemployment weakens both the financial basis and the security function, and an increasing number of jobs is not covered by social insurance. The weakening of collective agreements intensifies income disparity. The prevention of old-age poverty must be discussed against this background. One of the most important issues is, in this context, the adjustment of the subjection to compulsory insurance to the modern working situation. Another question that has to be settled is the handling of low income in pension calculation.