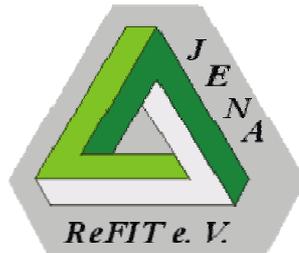


THE GERMAN LABOUR MARKET

EWOSSED PROJECT



**LEDA Partenariat
Association ltd.**

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ReFIT e. V

Verein zur Regionalförderung von Forschung, Innovation und Technologie für
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A. Overview

The economic situation in Germany:

The **Gross Domestic Product** in 2002 amounted to 2,108 billion € the real GDP constitutes 1,984 billion € It is 0.2% higher than in 2001 were the real GDP constituted 2,108 billion € The real GDP per inhabitant is 24,100 €¹



The real Gross Domestic Product of Germany in billion Euro, in: Wirtschaftsfakten – kommentiert- Nr.2/2003, Mai, Graphic 10

- The **distribution** of the Gross Domestic Product is 60% for private consumption, 19% for consumption of the state and 21% for gross investment.² The **trade balance** has been positive since 1993. In the first quarter of 2003 the export was worth 162.9 billion € the import 133.6 billion € The balance of trade surplus therefore amounted to 29.4 billion €³
- The rate of real **economic growth** was +0.2% in 2002. There is an expected growth of 0.75% for 2003.⁴
- The **working productivity**, the GDP per employee, was raised by 15% in a ten year period, from 44,500 in 1991 up to 51,100 in 2001 in prices of 1995.

The composition of the **Gross Value Added** has changed over the past years.

- There have not been great changes the sectors of Agriculture, forestry, and fishery; in the building sector; in trade, hotel and restaurant industry and the transport sector; and the public and private service providers.

¹ Wirtschaftsfakten -kommentiert- Nr.2/2003, Kurzkomentar zu Grafik 10

² Datenreport 2002, p. 247

³ Wirtschaftsfakten –kommentiert- Nr.2/2003, Kurzkomentar zu Grafik 18 und 19

⁴ Wirtschaftsfakten –kommentiert- Nr.2/2003, Kurzkomentar zu Grafik 8

- But there has been a diminution in the industrial sector (excluding the building sector) by 5% from 1991 to 2001. However there was an increase in the sector of Finance, tenancy and Corporate Services by 6%.
- The **National Income** (the sum of salaries, business and investment income) averages out to 18,500 € per inhabitant in 2001. The average salary amounted 31,900 € per employee, including social insurance contribution and income tax. The portion for the employer of the social insurance contribution has increased from 18.1% in 1991 to 18.8% in 2001.⁵

Labour Markets:

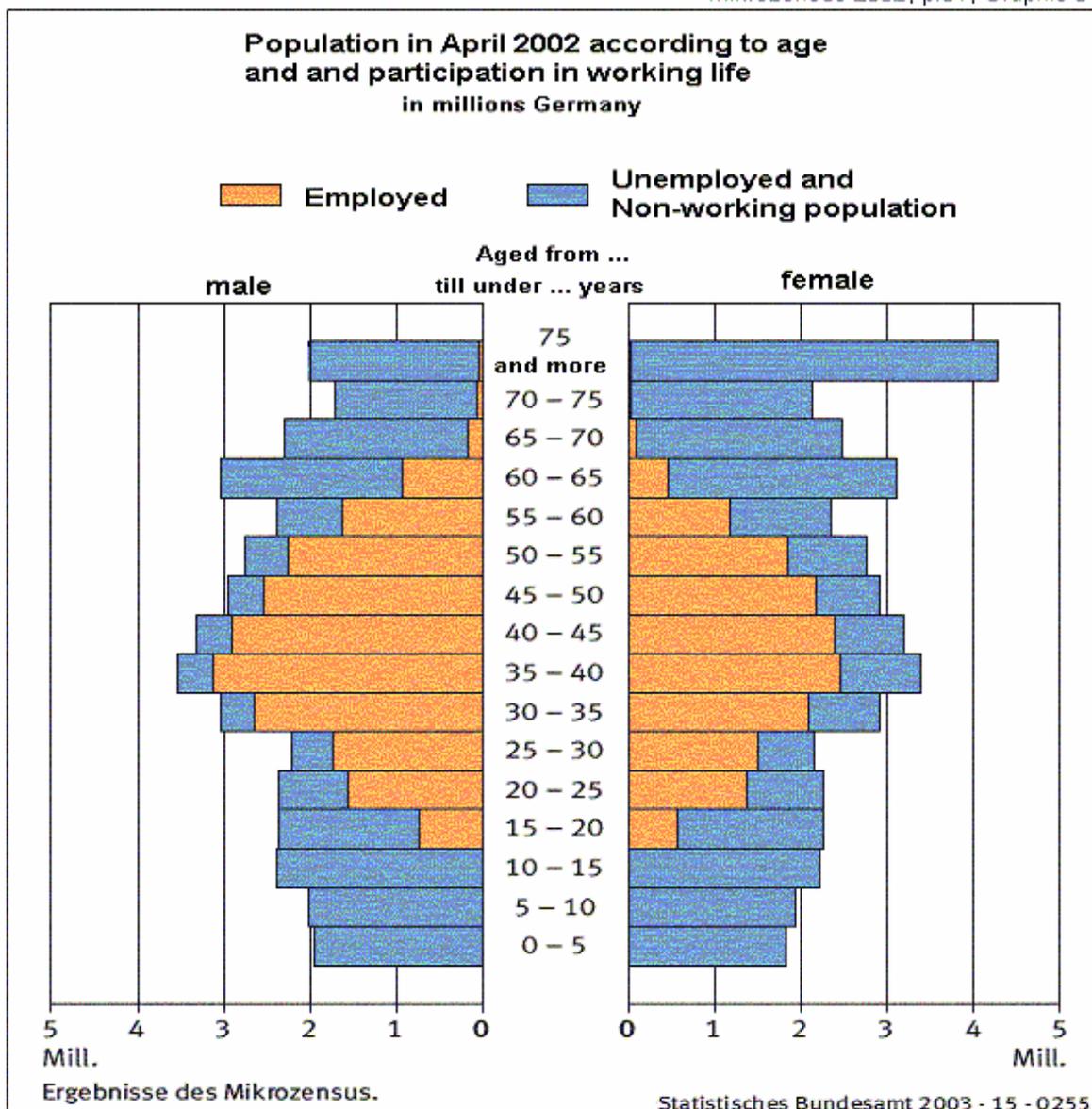
Evolution and Development

In April 2002 out of 36.5 million employed people 20.4 million (that is 56%) belong to the age group of the 30 to under 50-years-old. The **average employee** is 40.1 years-old, the **age** has increased by almost 2 years since 1991 because of the delayed entry of young people into the work force. The reasons for this are a longer stay in the education system, and – in the East – increasing unemployment.⁶

⁵ Datenreport 2002, pp. 244-249

⁶ Mikrozensus 2002, p.51-53

Mikrozensus 2002, p.51, Graphic 31



In general a couple of things have changed on the job market in the time between 1991 and 2002. Mostly this concerns the increase in fixed term employments, part time work, and self employment as well as the realization of flexible working times. A lot of it has also to do with the evolution of the market in East Germany. There is a more detailed description of the different forms of employment and working times in chapter C.

The number of people working **flexible work hours** has increased since 1991 by 5.47%, that is 17.1 million, of the employees work constantly, regularly or occasionally on the weekend, at night and/or on rotating shifts. Most employees work in the sector of commerce and hotel and restaurant industry.⁷

⁷ Mikrozensus 2002, p. 56

Mikrozensus 2002, p.57, Graphic 36



Employees increasingly have degrees from universities and universities of applied sciences. This **academization** in numbers means 5.2 million employees in April 2002, that is 15% of all employees while in 1991 there were only 12%.⁸

The restructured composition of the Gross Value Added influenced the **distribution of employment**.

- The employment decreased in the sectors of agriculture, forestry and fishery from 4% in 1991 to 2.4% in 2001; in industry without the building sector by 8% from 30% in 1991 down to 22% in 2001.
- It increased in the sector of public and private services by 3% from 25% in 1991 to 28% in 2001 and also in the sector of finance, tenancy and corporate services by 5% from 10% in 1991 to 15% in 2001.⁹

Reforms:

⁸ Mikrozensus 2002, p.53

⁹ Datenreport 2002, pp. 246-247

The most important reform on the job market is called “Modern Services on the Labour Market” also known as the “**Hartz**” **Concept**, named after the head of the commission Peter Hartz, a manager at Volkswagen. It contains new forms of employment, de-bureaucratization in terms of unemployment benefits and social benefits, and support for founders of new businesses. The concept will be realized in different stages, having started 1st of January 2003, letting most new conditions follow up until 2005. The Motto is “**to promote and to demand**”.

New Conditions are:

- The “**Mini-Job**”: wages can be earned up to a maximum of 400 € the employer will have to pay 25% taxes flat, in a private household only 12%. There will be one central registration office
- **PSA** (Personal Service Agency), a temporary employment agency, which also grants subsidies to the company that employs the person
- **Ich-AG**, the I-company: people employ themselves for small services and pay a fixed amount of taxes (10% of the income), as founder of new businesses they also receive a grant over a period of three years
- **Job Floater**: “Capital in exchange for Work”, small and medium-sized businesses will be supported with loans when they hire an unemployed person
- **Job to Job**: as soon as the person receives dismissal, he is obliged to notify the Federal Employment Office and search actively for a new employment.
- **JUMP**: Work for **young unemployed** people till the age of 25, an ESF-supported Program since 1999 that includes qualification in terms of school certificate, further qualifications, IT knowledge, social supervision, State work creation scheme, employment subsidy, internships and support of local and regional projects.¹⁰

Employment, Unemployment, participation rates

Employment

In April 2002 existed a population of 83.6 million people in Germany, 67.8 million in West Germany and 15.0 million in East Germany.¹¹

In July 2003 38.1 million were **employed**. In **West** Germany the number of employed was 21.67 million people, in **East** Germany there were 5.2 million.

- In the year 2002 44% of the employed population in whole Germany have been **women**, the same amount is reflected in the population of former **West** Germany while in **East** Germany 46% of the employed have been women.
- Employment by **sectors** in the year 2002: 2.5% in the **primary** sector, 32% in the **secondary** sector, 22.9% in the sector of **trade, hotel and restaurant industry and traffic**, and 42.7% in **other services**.¹²
- The **average age** of employment is currently at 40.1%.

Unemployment

The **unemployment rate** in July 2003 is 10.4% (the total number being 4.35 million people) in Germany, in more detail **West** Germany has a rate of 8.3% (the total number being 2.74 million) and **East** Germany 18.5% (total number 1.62 million).¹³

¹⁰ Eckpunkte der Arbeitsmarktreform II, BMGS 2003

¹¹ Mikrozensus 2002, p.9 and p.51

¹² Statistisches Bundesamt Deutschland, August 2003, www.destatis.de

¹³ Arbeitsmarkt in Dtl., Monatsbericht Juli 2003, pp. 2-9

East Germany has a problem with a high unemployment rate. A closer look on the **individual states** confirms this:

- The **highest** unemployment rate has Sachsen-Anhalt with 20.2%, followed by Mecklenburg-Vorpommern, Brandenburg, Berlin, Saxony, all about 18%.
- It is the south that has the **lowest** unemployment rates: Baden Württemberg has 5.9%, Bavaria 6.4%.¹⁴

Participation Rate

In whole Germany, with a total population of 83.6 million and the number of 38.1 million employed and of 4.35 million unemployed, the **participation rate** is 50.8% in 2003.

- **West** Germany therefore has a participation rate of 36%.
- **East** Germany has a participation rate of 45.5%.¹⁵

Gender gap

There are still gaps between the sexes concerning employment, pay and position, with differences between East and West Germany.

- The **labour-force participation rate** of women in 2002 in regard to the age between 15 and 65 was 65.3% in Germany, the number of men was 80.1%.¹⁶

The rate of women has constantly been rising over the past years.

- There are more married women who want to work.
- More part time jobs are available.

There is however a **discrepancy** between the participation rate and the **employment rate**. Based on the number of the female population between 15 and 65 years from December 31st 1999 (that is 27.519 million)¹⁷, **58.9%** (1.782 million based on numbers from 2002) of the women in Germany are employed compared to 71.6% (20.336 million) of the men.

- In **West** Germany, **58%** (13.252 million) of the women were employed compared to 72.2% (20.336 million) of the men.
- In **East** Germany, **61.9%** (2.948 million) were employed compared to 69% (3.456 million) of the men.¹⁸

In East Germany it has been a normal thing for women to earn their own living in full time jobs. There is a higher density of children day care centers, and there is a higher social acceptance for women to work and leave their child in day care.¹⁹

Concerning the number of women in the workforce it has increased to 44% of the employed.

- In West Germany, 44% of the working population are women. In East Germany it is 46%.
- But the **volume of work** has not increased with it. In 2002 **73.3%** (7.509 million) of the people that work **under 35 hours** a week were women.²⁰
- In 2002, in Germany 40% of the women were working **part time** while only 5% of the men were doing so. 86% of all part time workers are women. Part time workers in East Germany usually work longer hours than in West Germany.²¹

¹⁴ Arbeitsmarkt in Zahlen, Juni 2003, frontpage

¹⁵ based on Mikrozensus 2002, p.9

¹⁶ Statistisches Bundesamt April 2002

¹⁷ Datenreport 2002, p.27. Unfortunately more recent data was not available

¹⁸ Statistisches Bundesamt 2002

¹⁹ Arbeitsmarkt für Frauen 2000, Bundesanstalt für Arbeit

²⁰ Statistisches Bundesamt 2002

Women work part time because there are no fulltime jobs available or they work in State work creation scheme. Also the reasons often lie in personal and family obligations.

- Women constitute most of the **insignificant employment**: in 1998 there were 77% in the West and 61% in the East. Insignificant employment means that the employee can earn up to 400 € a month and is tax free. The employer pays a tax flat rate of 25%, or if it is a private household, a flat rate of 12%.²²

Development of employment according to branches:

55.6% of the women work in the **service sector**, public and private services, 25% in the hotel and restaurant industry. Also they constitute about half of the overall employees in these sectors.²³

Looking at **qualification** and employment, there have been great gains in the academic field degree (+52% from 1991 – 1998) but usually the female employees had to begin at a lower level than their qualification suggested.

In the professional **hierarchy** most women work on **levels 2 and 3**, that is middle and senior management, there are hardly any in top and lower management.

Most women work in **small and medium sized enterprises**. Despite same qualification and working hours women **earn less**, on average one quarter less.²⁴

B: Skills development and life long learning

Lifelong learning policies

Good school education and thorough initial training pave the way to the labour market and social integration. However, they no longer guarantee permanent individual employability. The changes caused by the transition from an industrial society to a globalised, networked, technologised and knowledge-based society have been too fast and too fundamental. As a result, Lifelong Learning is not only essential to enable people to actively design social and economic structural changes. Lifelong Learning also opens the opportunities for people to safeguard their jobs and for companies to develop the market for their products and services through continuous innovation.

²¹ Mikrozensus 2002

²² Arbeitsmarkt für Frauen 2000, Bundesanstalt für Arbeit

²³ Statistisches Bundesamt 2002

²⁴ Arbeitsmarkt für Frauen 2000, Bundesanstalt für Arbeit

In autumn 2000 the European Commission published a Memorandum on Lifelong Learning aiming at stimulating the implementation of comprehensive strategies on lifelong learning in the member states. But Lifelong Learning is a mayor topic on national level as well. In January 2001 the German Minister of Education and Research, Edelgard Bulmahn, started a major programme entitled “Lifelong Learning for All” (Lebensbegleitendes Lernen für Alle”). The guiding principles of the Action Programme “Lifelong Learning for All” are:

- Strengthening individual responsibility and self-direction of learners
- Reduction of inequality of opportunities
- Cooperation of education providers
- Strengthening of links between the various areas of education.

These guiding principles are to be implemented in different fields of action.

- Networking to linking training sectors and training providers at regional and supraregional level
- Quality assurance in transparent and comparable procedures
- Certification and recognition of professionally relevant qualifications and skills, also of those acquired in informal learning processes
- Increasing programme transparency, improving information and counselling, motivation
- Support for new teaching and learning cultures (e.g. informal, self-directed learning, use of new media, learning counselling and monitoring)
- Creation of an environment which is conducive to learning for people in special situations in life (e.g. encouraging people’s readiness to engage in education, also at work, strategies for preserving the skills of unemployed persons)
- Intensifying exchanges and international cooperation, encouraging the acquisition of international skills.

In order to specify these fields of action, several programmes and projects have been launched by the Federal Ministry of Education and Research over the past few years which are all under the auspices of the Action Programme. This includes:

- Federal programme “Learning Regions – Providing Support for Networks”
- Action “Quality in Continuing Education”
- Initiatives in dual vocational education, funding concept “Intercompany training centres”
- Research and development programme “Learning Culture – Skill Development”
- Framework concept “Innovative Work Design – The Future of Work”
- Programme “School – Economy/Working Life”
- Support for innovative projects in general continuing education
- Support for projects in higher education
- Programme “New Media in Education”
- BLK pilot programme “Lifelong Learning”.

What is the strategic approach of this Action Programme?

In contrast to its regulatory policy measures, the Federal Ministry intends the Action Programme to provide incentives by means of government funding:

- to strengthen the position of continuing education and
- to achieve a better interlinkage of programmes and measures in all areas of education which foster lifelong learning and also
- To provide greater transparency with regard to its funding activities.

Vocational Training

The Foundation: the education system

The general education system and vocational training are inextricably linked in Germany. The choice of secondary school has a substantial influence on a young person's later career options, and it is therefore important to begin with a brief introduction to the general education system in Germany.

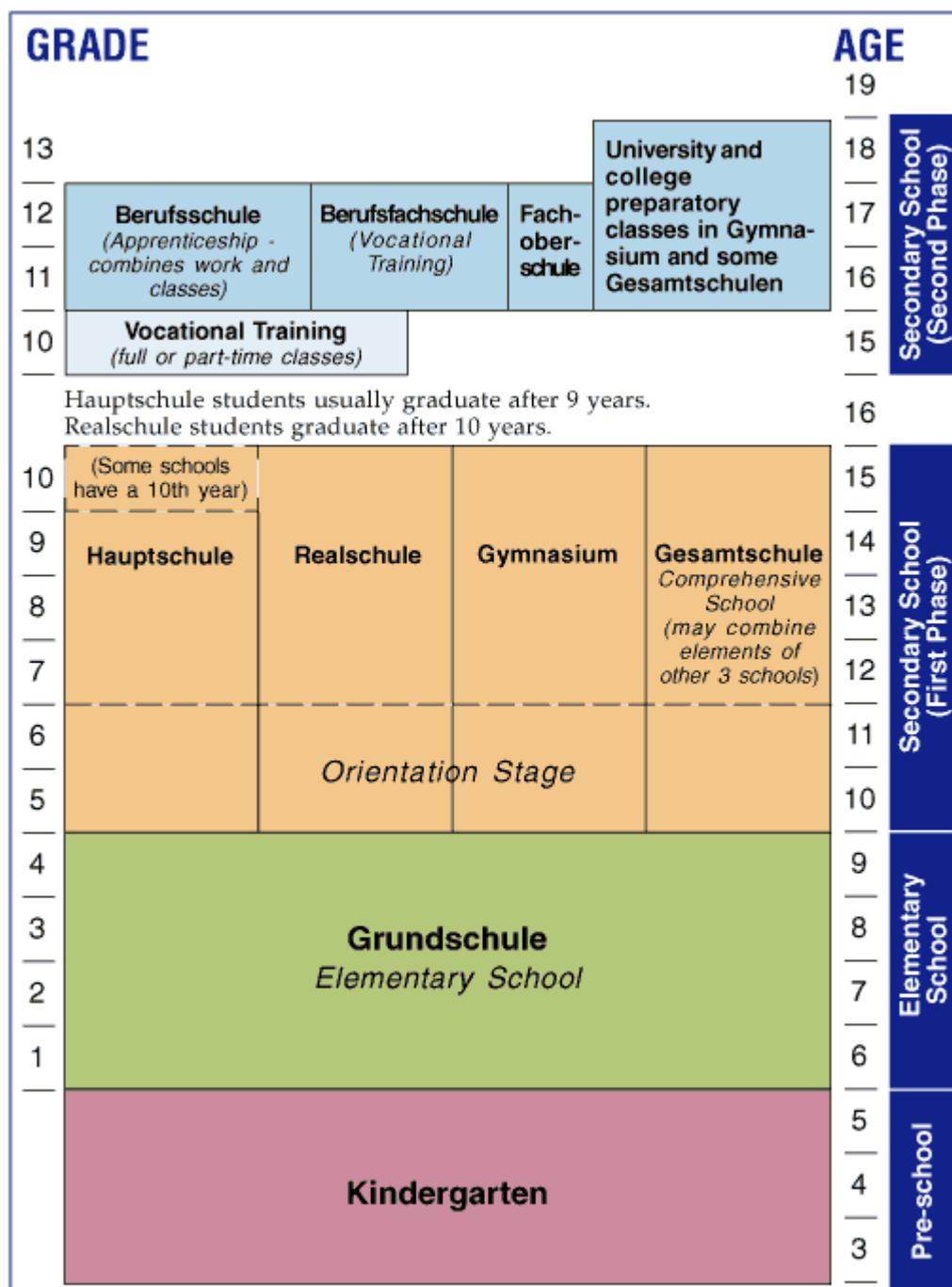
The Federal Republic of Germany is made up of 16 *Länder* (states), as a result of German unification through a Treaty between the Federal Republic of Germany and the German Democratic Republic on 3 October 1990. Each Land has its own constitution and government. The basic Law stipulates that the *Länder* have the right to legislate insofar as the Basic Law does not confer legislative power on the State. Educational legislation and administration of the educational system are therefore primarily the responsibility of the *Länder*.

The education system is divided into pre-school education, primary education, secondary education, tertiary education and continuing education. The first stages of the education system are characterised by relatively early pre-selection, based on pupils' achievements. However, there are opportunities for pupils to change their educational career.

Pre-school

Pre-school education is provided by institutions catering for children between the ages of 3 and 6 years (mainly *Kindergarten*). It is publicly or privately maintained and formally not part of the school system. Parents have to pay for a place in the *Kindergarten*. Pre-school education is not organised into grades, groups usually consist of children from different age groups. As a rule, each group is looked after by at least one trained educational staff member and also at least one helper.

Children of school age who have not yet attained a sufficient level of development to attend a school have a further option (*Schulkindergarten, Vorklassen*). These institutions are either assigned to the pre-school or the primary sector according to the particular *Land*. Attendance is usually voluntary, although in most *Länder* the authorities are entitled to make it compulsory for children of school age who are slow to develop.



Primary education

Once children reach the age of six, they are obliged to attend primary school (*Grundschule*). All pupils in Germany enter the *Grundschule* which covers grades one to four. In Berlin and Brandenburg, the *Grundschule* covers six grades.

The transfer from primary school to one of several different types of lower secondary school where pupils remain at least until the completion of their full-time compulsory education is dealt with differently, depending on *Land* legislation. The advice of the school which the pupil is leaving is taken as a basis for the decision or as guidance in the decision regarding the pupil's future school career. This is accompanied by detailed consultations with parents. The final decision is made by the parents, but for certain school types is also dependent on pupils demonstrating a certain level of ability and/or on the capacity available in the desired school and/or on a decision by the school supervisory authority.

Secondary education

Secondary education breaks down into lower secondary level (*Sekundarstufe I*), which comprises education from grades 5 to 10 (or 7 to 10) of school for pupils in the age group 10-16 years old, and upper secondary level (*Sekundarstufe II*), which comprises all the courses of education that build on the foundations laid in the lower secondary level for pupils between 16 and 19 years old. Both age groups are required to attend school: the former full-time, the latter also full-time or part-time for three years. There are several types of secondary level education: *Hauptschule*, *Realschule*, *Gymnasium* and *Gesamtschule*. The pupils of the *Grundschule* continue in *Realschulen* and *Gymnasien* (each about 30%), some 25% continue in *Hauptschulen* and some 10% in *Gesamtschulen*.

This chapter is primarily based on Eurydice European Unit report on German (higher) education of the European Commission.

Lower secondary education

General lower secondary schools build on the primary education provided at *Grundschulen*. In addition to and departure of the four types of secondary education, some *Länder* have introduced new types of schools. These new school types combine the educational paths of the *Hauptschule* and the *Realschule*. Depending on the *Land* they are called either the *Mittelschule*, the *Sekundarschule*, the *Regelschule*, the *Integrierte Haupt- und Realschule*, the *Verbundene Haupt- und Realschule*, *Erweiterte Realschule* or the *Regionale Schule*.

The function of all the courses of education at lower secondary level is to prepare pupils for courses of education at upper secondary level, the completion of which is required to qualify for tertiary education: either higher vocational, university or continuing education. Accordingly, lower secondary education is predominantly of a general nature whereas, although there are differences. The *Gymnasien*, for instance, focus on liberal education, whereas *Realschulen* focus on a combination of liberal and practical education.

Hauptschule

The *Hauptschule* provides its pupils with a basic general education. It generally comprises the fifth to the ninth year. The subjects are in principle similar to those in other types of schools, but the pace of instruction is generally slower and the contents is more basic.

Realschule

Realschulen provide a more extensive general education. The standard *Realschule* covers the fifth to tenth year. In many *Länder* the *Realschule* is divided in a *Unterstufe* and *Oberstufe* (of each three years). In Bayern, Berlin, Brandenburg, and Hamburg, the standard *Realschule* is usually limited to four years, i.e. it only begins in the sixth year. In addition there is a three- or four-year *Realschule* course for pupils who, after the sixth or seventh year at a *Hauptschule*, wish to transfer to *Realschule*. In three *Länder* (Saxony, Saxony-Anhalt and Thuringia) the *Realschule* as such is not offered in the lower secondary school system, but the *Realschule* leaving certificate can be chosen alongside the *Hauptschule* leaving certificate at *Mittelschulen* (in Saxony), *Sekundarschulen* (in Saxony-Anhalt) and *Regelschulen* (in Thuringia).

Gymnasium

Gymnasien provide an intensified general or liberal education. The *Gymnasium* normally covers the fifth to the thirteenth grades, (or – where *Grundschule* lasts for six years and where there is an orientation stage independent of the school type- the seventh to thirteenth year) with a continuous course of education in lower and upper secondary levels. Apart from standard *Gymnasien*, there are special types of *Gymnasium* into which *Hauptschule* pupils can transfer

following the seventh grade as well as special courses for particularly able *Realschule* and vocational school leavers. At the end of the tenth year of *Gymnasium*, pupils who have achieved at least pass marks in all subjects are promoted to the upper level of *Gymnasium* (*gymnasiale Oberstufe*).

Schools offering more than one educational path

The *Gesamtschulen* are offering more than one type of course of education. At these schools several courses of education in specific subjects and for specific grades is provided either in classes geared towards a particular final qualification or in set classes divided up into at least two levels of ability.

Certificates

On completion of the courses of education in lower secondary level, the pupils receive a certificate, provided that they have successfully completed grade 9 or 10 - depending on the type of school - or, in some *Länder*, passed a final examination. As a rule, pupils at the *Gymnasium* are not issued certificates, but a qualification to attend the *Gymnasiale Oberstufe*, the upper level of the *Gymnasium*. Pupils who have not achieved the objectives of the course of education they were pursuing receive a school-leaving report instead. The forms for the certificates are prescribed by the Ministry of Education and Cultural Affairs of the *Länder*.

Qualification after grade 9

At the end of grade 9, it is possible in any *Land* to obtain a first general education qualification, which is called the *Hauptschulabschluß* (*Hauptschule* certificate). A certificate is issued if adequate marks are received in every subject. The certificate in general education is usually used for admission to vocational training in the so-called dual system. In addition, it qualifies a pupil, under certain conditions, for admission to *Berufsfachschulen* (a certain type of vocational school) and for a *Berufsgrundbildungsjahr* (a year of basic vocational training). Moreover, it is a prerequisite for subsequent admission to certain *Fachschulen* (technical schools) and institutions offering secondary education for adults (*Zweiter Bildungsweg*).

Qualification after grade 10

At the end of grade 10, it is possible in any *Land* to obtain an intermediate qualification (*Mittlerer Schulabschluß*) which is called *Realschulabschluß* (*Realschule* certificate). This certificate is issued by *Realschulen* if adequate marks are received in every subject. The *Mittlerer Schulabschluß* can be obtained after grade 10 at other types of lower secondary schools as well if certain standards of achievement are met, and also at the *Berufsschule* with the requisite achievement level and average mark. The *Realschulabschluß* qualifies a pupil for admission to upper secondary education courses, e.g. at special *Berufsfachschulen* and at the *Fachoberschule*. It is also used for entering a course of vocational training within the dual system.

Entitlement to proceed to the Gymnasiale Oberstufe

The entitlement to proceed to the upper level of the *Gymnasium* (*Gymnasiale Oberstufe*) is obtained, if certain standards of achievement are met, at the end of the 10th grade at the *Gymnasium* or *Gesamtschule* (in two *Länder* at the end of the 9th grade at the *Gymnasium*). However, an entrance qualification required for transfer to the *Gymnasiale Oberstufe* may be obtained by way of a *Mittlerer Schulabschluß* or via qualifications from a vocational school, if a certain level of performance is achieved.

Upper secondary education

Once pupils have completed compulsory schooling - generally when they reach the age of 15 - they move into upper secondary education, available for 16 to 19-year-olds. The type of school entered depends on the qualifications and entitlements obtained at the end of lower secondary education. The range of courses on offer includes full-time general education, vocational education and training, as well as vocational training within the dual system (*duales System*, see section 2.4.2.2.2). Grades 5 and 6 at all secondary schools can be organised as a phase of orientation (*Orientierungsstufe Förderstufe*) with the choice of school career being left open until the end of grade 6. In some *Länder* the orientation stage may be a separate organisational unit independent of the standard school types. In this case the secondary schools subsequently attended will begin with the 7th grade.

General education: Gymnasiale Oberstufe

The *Gymnasiale Oberstufe* (upper level of the *Gymnasium*) covers grades 11 to 13 (in four *Länder*, grades 10 to 12 or 11 to 12) and is usually divided up into a one-year introductory phase and a two-year qualification phase. Building on the foundations laid at lower secondary level, pupils are no longer taught in the class unit but follow half-year courses on completion of the introductory phase. Whilst still required to take certain subjects or subject combinations during the qualification phase, they now have extensive scope for individual specialisation and a wider range of subjects to choose from. Related subjects, the names of which may differ from one *Land* to another, are grouped together into three main areas: languages, literature and the arts; social sciences; and mathematics, natural sciences and technology. Each of these three subject areas must be represented in the school record of each pupil until the end of the upper secondary level of the *Gymnasium* and in the *Abitur* examination. Religious education in line with the provisions of the *Land* and sports are also compulsory.

Grundkurse (basic courses) and *Leistungskurse* (intensified courses) help to organise the pupils' studies. Basic courses (usually two to three periods a week) are intended to provide a broad general education, intensified courses (at least five periods a week) are intended to provide a more in-depth introduction to liberal education, as a preparation for academic study. Basic courses constitute up to two-thirds of courses. Pupils are required to choose at least two intensified courses, one of which must be either German, continuation of a foreign language, mathematics or a natural science. If German is the first intensified course, the four subjects covered in the *Abitur* examination must include mathematics or a foreign language. New subjects introduced at the *Gymnasiale Oberstufe*, e.g. further foreign languages and vocational subjects, may be offered as a second intensified course. Some *Länder* restrict the choice of intensified courses to certain subject combinations. The *Gymnasiale Oberstufe* concludes with the *Abitur* examination. Subsequent to passing the *Abitur* examination taken after 13 years of school, pupils are issued the certificate *Allgemeine Hochschulreife* (general higher education entrance qualification). This qualification can also be awarded after 12 years of school, provided that attendance of a total of at least 265 weekly periods can be proved for lower secondary level and the *Gymnasiale Oberstufe*. In addition to the results obtained in the *Abitur* examination, performance in the qualification phase is detailed on the pupil's certificate.

Vocational secondary education

Full-time vocational schools

Full-time vocational schools include the *Berufsfachschule*, the *Fachoberschule*, the *Berufliches Gymnasium* or *Fachgymnasium*, the *Fachschule* and other types of schools that exist only in certain *Länder* or are of marginal importance due to their small numbers.

Berufsfachschule

Berufsfachschulen are full-time schools which prepare their pupils for an occupation as well as extend their general education. They offer a very wide range of courses. There are *Berufsfachschulen* for business occupations, occupations involving foreign languages, crafts industry occupations, home-economics-related and social-work-related occupations, artistic occupations, health sector occupations etc. In cases where such schools do not provide a full career qualification, the period of *Berufsfachschule* attendance may - under certain conditions - be recognised as equivalent to the first year of dual system vocational training. Depending on the training objective, *Berufsfachschulen* require their pupils to have either a *Hauptschulabschluss* or a *Mittlerer Schulabschluss*. The duration of training at *Berufsfachschulen* varies from one to three years, depending on the intended career specialisation.

Fachoberschule (technical secondary school)

The *Fachoberschule* covers grades 11 and 12 and requires a *Realschulabschluss* or a qualification considered equivalent, such as the *Mittlerer Schulabschluss*. It equips the pupils with general and specialised theoretical and practical knowledge and skills and leads up to *Fachhochschulreife* (an entrance qualification for the *Fachhochschule*). There are *Fachoberschulen* for technology, business and administration, nutrition and domestic science, agriculture, social work, design, seafaring etc. Practical training takes place in grade 11, i.e. in the first year of this school type, four days a week for the whole year. Alongside this, pupils must spend time in class. Completed vocational training can serve as a substitute for the 11th grade of the *Fachoberschule*, so that pupils with such qualifications can proceed directly with the 12th grade. Grade 12 (second year of the *Fachoberschule*) comprises a large amount of general and specialist instruction. The compulsory specialist subjects are German, social studies, mathematics, natural sciences, one foreign language and sport.

Berufliches Gymnasium/Fachgymnasium (upper level of the gymnasium with a technical bias)

This type of school is called *Berufliches Gymnasium* in some *Länder* and *Fachgymnasium* in others. In contrast to the *Gymnasium*, which normally offers a continuous period of education from grade 5 to grade 12 or 13, the *Berufliches Gymnasium* or *Fachgymnasium* has no lower or intermediate level. This type of school exists in some *Länder* in the form of the *Gymnasiale Oberstufe* with career-oriented specialisations and comprises a three-year course of education. Starting on the basis of a *Realschulabschluss* satisfying the requirements for admittance to the *Gymnasiale Oberstufe* or an equivalent qualification, the *Berufliches Gymnasium/Fachgymnasium* leads, as a rule, to a general entrance qualification for higher education (*Allgemeine Hochschulreife*). Apart from the subjects offered at a *Gymnasium*, these schools have career-oriented subjects like business, engineering, nutrition and home economics and agronomy, which can be chosen in place of general subjects as the second intensified course and are examined in the *Abitur*. Furthermore, *Berufliche Gymnasien* and *Fachgymnasien* in some cases offer pupils the opportunity to obtain more than one qualification at the same time (double qualification courses of education). This is usually a combination of a higher education entrance qualification (*Hochschulreife* / *Fachhochschulreife*) and a vocational qualification in accordance with *Land* law (e.g. for assistant occupations and in a number of recognised occupations requiring formal training - *anerkannte Ausbildungsberufe*). A vocational education of this kind may also be obtained at institutions combining the *Gymnasium* and vocational schools (e.g. *Oberstufenzentren*) or at a particular type of school such as the *Kollegschule* in *Nordrhein-Westfalen*. These double

qualification courses of education at upper secondary level take three to four years to complete.

Fachschule (technical school providing advanced vocational training)

The aim of the continuing vocational training provided at *Fachschulen* is to enable skilled workers with job experience to take on responsibilities in middle management, i.e. to manage enterprises in their field (e.g. agriculture or domestic science) independently and to train junior personnel or to assume major responsibilities within clearly defined spheres of competence. Those who complete training at the *Fachschulen* figure as intermediaries between the functional sphere of graduates and that of qualified employees. As a rule, *Fachschulen* only take pupils who have completed vocational training in a recognised occupation requiring formal training (*anerkannter Ausbildungsberuf*) and have the relevant practical experience. *Fachschulen* offer one- to three-year courses. Two-year courses are available in about 90 different specialisations in the fields of technology, business and design and lead up to a state-administered examination. The most strongly represented subjects include electrical engineering, mechanical engineering, construction engineering, chemical engineering and business management. There are also two-year *Fachschulen* for domestic science and for geriatric nursing as well as one-year *Fachschulen* (e.g. for agriculture) and three to four-year course at *Fachschulen* for social work, where pupils are trained to become "state-certified youth and child care workers", so-called *Erzieher* (for *Kindergarten*, among other things).

Vocational training in the dual system

Two-thirds of young people in Germany participate in vocational training in the dual system (*duales System*) for two to three and a half years, depending on the occupation chosen. It is described as a "dual system" because training is carried out in two places of learning: at the workplace (on the job training) and in a vocational school (*Berufsschule*). The aim of training in the dual system is to provide a broadly based basic vocational training and impart the skills and knowledge necessary to practice a skilled occupation within a structured course of training. Those successfully completing the training are entitled to do skilled work in one of about 370 recognised occupations requiring formal training (*anerkannte Ausbildungsberufe*). Compulsory full-time schooling must be completed before commencing vocational training in the dual system. There are no other prerequisites for admission to the dual system. The training is based on a training contract under civil law between a training company and the trainee. The trainees spend three or four days a week at the company and up to two days at the *Berufsschule*. The training companies assume the costs of the on-the-job training and pay the trainee a training allowance in accordance with the collective bargaining agreement in the sector concerned. The skills and knowledge to be acquired in the course of training at the workplace are set out in the *Ausbildungsordnung* (training regulations) and broken down in terms of content and time in a framework training plan, the particulars of which are specified by the training company in an individual training plan. *Berufsschule* classes cover the material for each recognised occupation requiring formal training as set out in a *Rahmenlehrplan* (framework curriculum).

Training at the *Berufsschule*

In the context of the dual system of vocational education the *Berufsschule* is an autonomous place of learning. It works together on an equal footing with the companies participating in vocational training. The function of the *Berufsschule* is to provide pupils with general and vocational education, having particular regard for the requirements of vocational training.

Berufsschulen are also expected to offer courses preparing for vocational education or accompanying professional activities. *Berufsschulen* equip their pupils with basic and specialised vocational training, adding to the general education they have already received. The purpose is to enable them to carry out their occupational duties and to help shape the world of work and society as a whole with a sense of social and ecological responsibility. Education by the *Berufsschulen* is organised very flexible to meet the demands from students and industry, and to reach high attendance rates and to forestall drop-out.

On-the-job training

Vocational training places outside school (on the job) are available in industry and the civil service sector, in independent professions and in private households. Based on the *Ausbildungsordnungen* (training regulations), the training companies impart specific and general technical skills for practical application on the job. The theoretical knowledge acquired at the *Berufsschule* is combined with work experience and applied in specific situations. The binding *Ausbildungsordnungen* have been established to set uniform national standards that are independent of the companies' current operational needs and meet the requirements in the respective occupation.

Training may only be provided in training companies in which the skills demanded by the training regulations can be imparted by training personnel with the necessary proven qualification. The qualification of training companies and in-company training personnel is determined and continually reviewed by the competent autonomous organisations (chambers) of the various occupations and branches of industry. The chambers also monitor the training to make sure it is conducted properly.

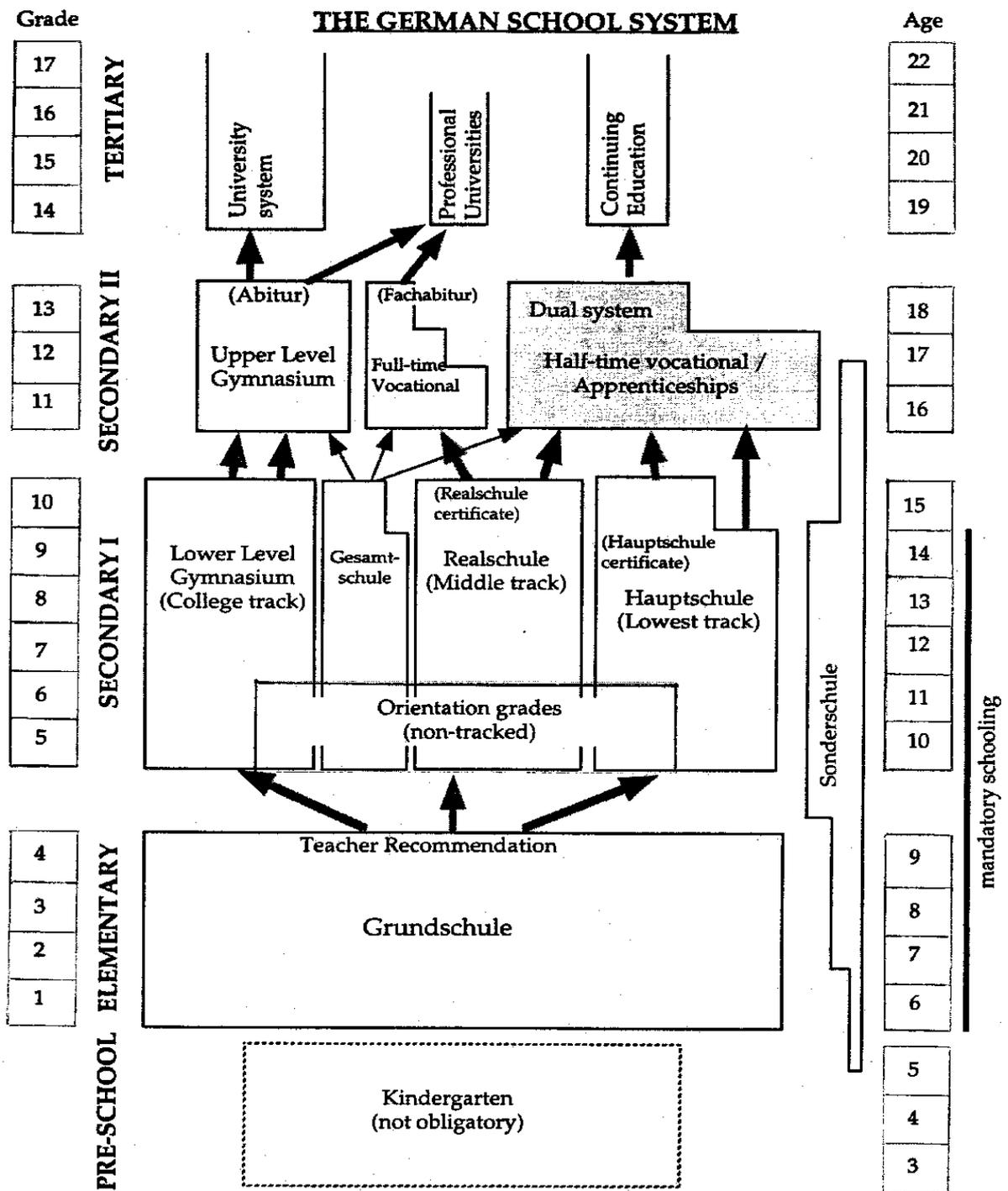
Certificates

The programme at *Berufsfachschulen* (full-time vocational schools) normally concludes with a final examination. A *Mittlerer Schulabschluss* which is equivalent to a *Realschule* certificate, can be obtained at *Berufsfachschulen* where the programme takes two years or more to complete and where a *Hauptschulabschluss* is required for admission. The two-year *Berufsfachschulen* that require a *Realschule* certificate for admission lead up to qualification in various subjects as a 'state-certified technical assistant' (e.g. specialising in biochemistry, garment making, information technology, mechanical engineering) or as a 'state-certified business assistant' specialising in data processing, foreign languages or secretarial skills.

The programme at the *Fachoberschule* (technical secondary school) concludes with a final examination after the 12th grade. This exam covers three general subjects (German, mathematics, foreign language) and individual specialised subjects (e.g. in engineering, business or administration). On passing the exam, pupils receive the certificate of *Fachhochschulreife*, a higher education entrance qualification qualifying for *Fachhochschulen*. Satisfactory completion of the *Fachschule* (technical school providing advanced vocational training) confers on a pupil the occupational title of state-certified engineer/business manager/designer, depending on his/her specialisation, as well as other titles for the social work sector.

In the dual system of vocational training, trainees take final examinations administered by the "authorities responsible for vocational training". These finals have a practical and a written part. The boards of examiners are made up of representatives of industry and labour and teachers at *Berufsschulen*. Successful candidates are awarded a certificate showing proficiency as a skilled worker, commercial assistant or journeyman (*Facharbeiterbrief*, *Kaufmannsgehilfenbrief*, *Gesellenbrief*). Concomitantly, the *Berufsschule* issues a certificate, which may incorporate a *Hauptschulabschluss* or *Realschulabschluss*, depending on the candidate's achievements.

Figure 1 - The German school system



Taken from MPI, 1994.

Vocational Training in Germany - The Dual System

Vocational training in the Federal Republic of Germany is provided on the job and in vocational training schools. Based on what is referred to as the dual system, practical vocational training is given at work, backed up by theoretical training and general education provided in vocational training schools which are generally attended on one or two days a week.

The characteristic feature of this system is that the provision of knowledge and skills is linked to the acquisition of the required job experience. This ensures that training will proceed under the same conditions that the trainee will encounter when practising his chosen occupation. Only on the job will a trainee be able to learn to cope with the constantly changing demands of the job and to appreciate the variety of social relationships that exist in the field of labour. In addition, learning by doing will give a sense of achievement and provide a special source of motivation for the trainee. It promotes independence and a sense of responsibility, which are indispensable qualities in a developed industrial country, because by tackling concrete tasks under true working conditions the trainee can give evidence of the knowledge and skills he has acquired and can himself experience the success of his efforts. This shows that training on the job is more than just a process of institutionalized and organized learning.

- Vocational schools: Berufsschule/ Berufsfachschulen/ Berufsaufbauschulen/ berufliches Gymnasium
- The Dual System in Detail
Regulations:
 1. The Vocational Training Acts from 1969 and 1993 (Berufsbildungsgesetz)

The importance of plants for training is reflected in the fact that standards and rules for this kind of training were set up by the self-governing economic bodies, i. e. mainly by the Chambers. It was not until 1969 that a Vocational Training Act was passed by the German parliament that brought together the few relevant regulations contained in other legislation and gave the force of law to much that had until then been regulated by the statutes of the Chambers. The Act made no alteration in the training system itself. The Vocational Training Act regulates not only the training of young persons after their period of compulsory school attendance. As determined in the Act, the concept of vocational training comprises initial training, further training and vocational retraining. In conformity with the powers of jurisdiction laid down in the German constitution, the Vocational Training Act does not apply to vocational training schools, for which the constituent states of the Federal Republic (the „Laender“) are responsible. The form of German vocational training, with its basis of learning by doing and with the training employers as its central element, meant that the regulations governing it could not be taken from education law alone. There is also a very extensive labour law component. For instance, the relationship between employer and trainee is based on a civil law training contract which is subject to the legal principles and provisions governing contracts of employment, provided there are no other provisions to the contrary.

The consequence of this is general freedom to contract. The employer can decide whether he wishes to take on trainees and with whom he concludes a training contract. The same applies to the young persons. Neither for employers nor for young persons is there an obligation to train. Nor are young persons directed into specific occupations: the labour offices merely give vocational advice and help to find training places for prospective trainees.

2. The Vocational Training Development Act of 1981 (Berufsausbildungsförderungsgesetz)
3. The Craft Regulations (Handwerksordnungen)
4. The Youth Employment Protection Act of 1960 (Jugendarbeitsschutzgesetz)

Current Issues

Generally speaking, the dual system has always been, and still is, widely accepted in Germany. It still commands tremendous domestic confidence and international admiration, and the `social partners` are united in the wish to preserve and strengthen the system.

- Costs
- Flexibility
- Youth Unemployment

Continuous training at the work place

Foundation

Vocational Further Training means according to a reliable definition given by the Bund-Länder-Kommission für Bildungsplanung (i.e. a commission for educational planning and encouragement of research of the Federal States) “the continuation or resumption the first phase of education and after having started to practice a profession”.

The educational political foundation for the Vocational Further Training is the demand of “life-long learning”. This demand means that evermore people have to gain new knowledge skills and social requirements. The traditional idea that learning is confined to the period of education in the beginning of life has been over come by the view according to which organized and non-organized process of learning are distributed over the whole active working and vocational life.

Aims and Tasks

Apart from vocational further training general and political further trainings are considered component parts of further training.

According to the aims of qualification the following most important tasks of further training have to be differentiated:

- Vocational Further Training (Berufliche Fortbildung)
 1. Further Training for Adaptation (Anpassungsfortbildung)
 2. Further Training for Advancement (Aufstiegsfortbildung)
 3. Vocational Retraining (Berufliche Umschulung)
 4. Familiarizing with Jobs (Betriebliche Einarbeitung)
 5. Vocational competence of Action (Berufliche Handlungskompetenz)

Features of the System

Vocational further training differs from the other parts of the educational system by the following features, in particular:

- Pluralism of suppliers
- Market character
- Subsidiary role of state

Structure

In the tension field of the market, public responsibility and state regulations, partial fields of further education have developed the specific profiles of suppliers, offers and users of which are to be outlined as follows: They are

- Individual Further Education (Individuelle Weiterbildung)
- Further Education in Enterprises (Betriebliche Weiterbildung)
- Further Training supported by the Work Promotion Act (AFG-geförderte Weiterbildung)
- new: the system of vocational further training by obtaining a so-called “Bildungsgutschein”

Legal Foundation

- Vocational Training Act (BBiG) (Berufsbildungsgesetz)
- Work Promotion Act (AFG) (Arbeitsförderungsgesetz)
- Reform of the Upgrading Training Assistance Act (AFBG) (Aufstiegsfortbildungsförderungsgesetz, Meister-Bafög)

Apart from BBiG und AFG, there are other federal laws to be mentioned:

- The Correspondence course Protection Act (FernUSG) (Fernunterrichtsschutzgesetz) which is regulating the admission to correspondence course
- The Works Constitution Law (Betriebsverfassungsgesetz) which gives the works councils in the enterprises the right of consultation, participation and codetermination in the enterprise vocational training
- The Vocational Training Promotion Law (Berufsausbildungsförderungsgesetz) which is regulating planning and statistics of vocational training as well as the activities of the Federal Institute for vocational training.

Regulations of Exemption (Freistellungsregelungen)

Different legal fundamentals regulate the exemption of employees from their work in order to participate in further education courses. A part from individual regulation between enterprise and employee Educational Holidays Act of the Federal States and the industrial agreement regulations of the social partners are to be underlined.

- Legal Exemption Regulations (Gesetzliche Freistellungsregelungen)
- Industrial Agreement Regulations (Tarifvertragliche Regelungen)

new vocational further training

- Jump plus

Skills development on ICT

Evolution and Development of the ICT market

	1999	2000	2001	2002
Erwerbstätige:				
ITK-Branche gesamt:	745.000	820.000	819.000	784.000
- Informationstechnik:	418.000	490.000	492.000	475.000
- Herstellung von Büromaschinen u. DV-Geräten:	117.000	108.000	104.000	95.000
- Software u. IT-Dienstleistungen:	301.000	382.000	388.000	380.000
- Telekommunikation:	327.000	330.000	327.000	309.000
- Herstellung von nachrichtentechn. Geräten u. Einrichtungen:	76.000	83.000	80.000	70.000
- Telekommunikationsdienste:	251.000	247.000	247.000	239.000
Umsatz (in Mrd. Euro):				
ITK-Branche gesamt:	121,3	135,6	137,9	136,1
- Informationstechnik:	66,8	73,8	74,0	71,5
- Telekommunikation:	54,5	61,8	63,9	64,5
- nach Bereichen:				
- ITK-Hardware und Systeme:	41,7	46,6	42,5	38,1
- Software:	12,6	14,4	15,2	15,1
- IT-Services:	25,1	28,0	29,3	29,2
- Telekommunikationsdienste:	41,9	46,5	50,9	53,6

Quelle: BITKOM

Branchenkonjunktur

Die Informations- und Telekommunikationsbranche hat sich in den zurückliegenden Jahren dynamisch entwickelt. Allein im Zeitraum 1996-2000 sind rd. 200.000 zusätzliche Arbeitsplätze in der ITK-Branche entstanden. Die Krise der New Economy und die allgemeine Konjunkturertrübung führten im Jahr 2001 zu einem deutlich verlangsamten Wachstum und im Jahr 2002 zu einem Rückgang beim Umsatz von 1,3 % und bei der Beschäftigung um 36.000. Für das Jahr 2003 ist noch keine signifikante Besserung zu erwarten. Die mittelfristigen Aussichten der Branche werden aber weiterhin positiv eingeschätzt. Insbesondere von der Einführung und Verbreitung neuer Technologien, z.B. UMTS und Breitband, werden wichtige Impulse für die zukünftige Entwicklung der ITK-Branche und der Gesamtwirtschaft erwartet. **Eckdaten der deutschen ITK-Branche**

Multimedia in education

In all Länder of the Federal Republic of Germany different solutions and numerous initiatives to integrate New Media in education have been developed.

In the last 15 years the states focused on the following activities:

- Introduction of basic ICT education (“Informationstechnische Grundbildung ITG”) as mandatory in secondary I grades of all school types,
- Equipment of schools with adequate hard- and software, including networking and multimedia,
- Measures of further teacher training,
- Establishment of consultancy and advisory system regarding questions on ICT in education,
- Equal access and social equity for male and female students.

Besides the established institutions new impulses in education come from

- Recently established public agencies which stimulate a societal discourse involving representatives from the federal and States level, and experts from economy, education and science, for example “Forum Bildung”
- Private companies, networks of private firms or private foundations suggest changes in educational policies and stimulate a public discourse on the future of education, for example Bertelsmann Foundation or Initiative D21

IT education

The rapid development and dissemination of information and communications technologies confronts initial and continuing training with new challenges in terms of new content and structure. It is necessary to provide all education institutions with multimedia-grade computers and Internet connections and to make available high-quality educational software. Also, it is necessary to improve the framework conditions for providing a sufficient number of highly qualified IT specialists and to develop and use new multimedia-based forms of teaching and learning. This is to be supported by the BMBF programme "**New Media in Education**", which was launched on March 20th 2000. The focus of this programme is on the development, testing and broad utilization of teaching and learning software in schools, higher education institutions and vocational training. Activities like "**Schools Online**", "Marketplace for Schools", "Internet Classroom" and other sponsoring services by industry are to contribute to solving the problem of providing schools with high-quality hardware and Internet connections. In order to remedy the shortage of highly qualified personnel in the area of information and communications technologies, a bundle of measures was agreed in the dialogue on the "**Employment Potential in the Information Industry**" within the framework of the "Alliance for Jobs, Training and Competitiveness". The purpose of the measures is to increase the number of IT training places and to expand and improve provision of initial and continuing IT training. The Federal Government supports these measures with its Green Card Initiative.

ICT initiatives and Programs/ Projects

There is large variety of different ICT initiatives, programs and projects in Germany on federal, regional (States) and local level including public and private partners.

- In April 1996 the Federal Ministry of Education and Research (BMBF) and Deutsche Telekom AG launched the national initiative "**Schulen ans Netz**" (“Schools Online”). The project is backed by the non-profit association Schulen ans Netz e.V. “The aim of this association is to firmly establish the new media and the use of the Internet as an integral part of day-to-day teaching in schools”.

- By 1999 all States have supplementary initiatives in place. In the Land Northrhine-Westfalia (NRW) for example the “e-initiative – Network for education” is the follow-up initiative of “NRW-Schulen ans Netz – Verständigung weltweit” (1996-1999).
- In September 1999 the BMBF launched the action program “Innovation and jobs in the information society of the 21st century”.
- In September 2000, Federal Chancellor Gerhard Schroeder introduces the program entitled “Internet for All – 10 steps along the road to the information society”. Numerous activities under the program have primarily addresses at people who have so far had no or little contact with the internet. The campaign comprises the following measures:
 1. “Kids an die Maus” (Kids to the mouse – internet truck in 20 of Germany’s cities)
 2. “Im Internet geht`s weiter” (Going further on the internet)
 3. “Internet ohne Barrieren” (Internet without barriers)
 4. “Mit dem Roten Kreuz in Internet” (Into the internet with the Red Cross)
 5. „Mission Internet“

Continuing IT education and training – an new model

In the year 2002 the Federal Government has created a new continuing IT education and training system (IT-Fortbildungsverordnung). The new system defines upgrading profiles on three levels of qualification, i.e. specialists and operating and strategic professionals. The continuing IT education and training system was put in place in May 2002.

Equal rights for women and men to participate

The Federal Government has adopted the goal of implementing the strategy of gender mainstreaming as anchored in the Amsterdam Treaty on European Union and of introducing the equality of women and men to participate is principle informing all policy fields, programs and measures:

- “Women on the net” initiative”, which has run by the Federal Government together with Deutsche Telekom AG, the Federal Labour Office and the magazine “Brigitte”
- “Girls Day”
- “Be.it – www.werde-informatikerin.de”
- “Muffin 21

Examples of good practice at national level

- The action plan “Lifelong Learning for All” launched 2000 by the German Minister of Education and Research Edelgard Bulmahn.
- The action program “Innovation and Jobs in the information society of the 21st century” launched 1999 by the BMBF.

C: Forms of Employment and working times

Information on Permanent Employment

Permanent employment is still the **main form** of employment but there is a **decrease** in favor of fixed term employment. Changes in the economy and new developments bring about that there is no life long employment anymore. A person will have a variety of jobs during his working years.

Temporary jobs

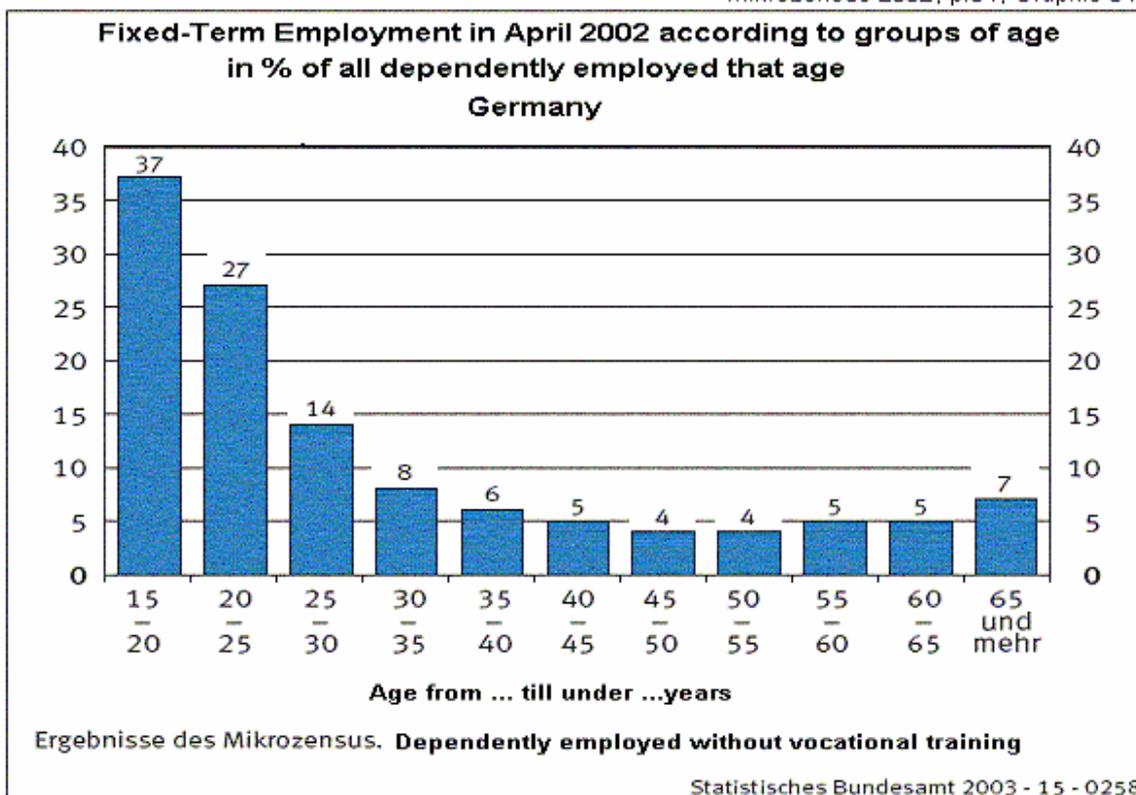
Seasonal work mostly concerns mostly the **agricultural** and the service sector, especially the **hotel and restaurant industry**. In the agricultural sector a lot of foreigners come to work in Germany. In the year 2001 287,000 seasonal workers from the Eastern European Countries worked in the agricultural field.²⁵

Fixed-term employment

Nowadays especially **entrants** start out with fixed term employment. This also goes along with the thesis that there is no longer life long employment in the same company and in the same working field anymore.

- **13%** of all employees have a fixed term contract. In East Germany there are 18% of 5.8 million and in West Germany 11% of 26.6 million employees.
- 45% of them are in **training**, 10% are in a **qualifying period** and 10% choose this form of employment because there was **no permanent position** available. Again the numbers differ in East Germany with 18% and 8% in West Germany.
- In the group of **under age of 20**, 37% have a fixed term contract. In the group of 20 -24 years old, 27% have a fixed term contract.²⁶

Mikrozensus 2002, p.54, Graphic 34



²⁵ Archipel Juni 2003, Forumcivique.org

²⁶ Mikrozensus 2002, p.54

Fulltime and part time employment

- Change in the structure to **more part time employment** and jobs in the field of **insignificant employment**

- In 2000 there were in the group of the **16-34 years old men** in **West Germany** 80% employed, thereof 60% full time, 10% working part time or in insignificant employment and 10% were in training. In **East Germany** 74% were employed, 48% full time, 10% part time and 16% in training.

Women in the **West** were employed to 65%, 36% full time, 22% part time and 7% in training. In the **East**, 63% were employed, 36% full time, 18% part time and 10% in training.

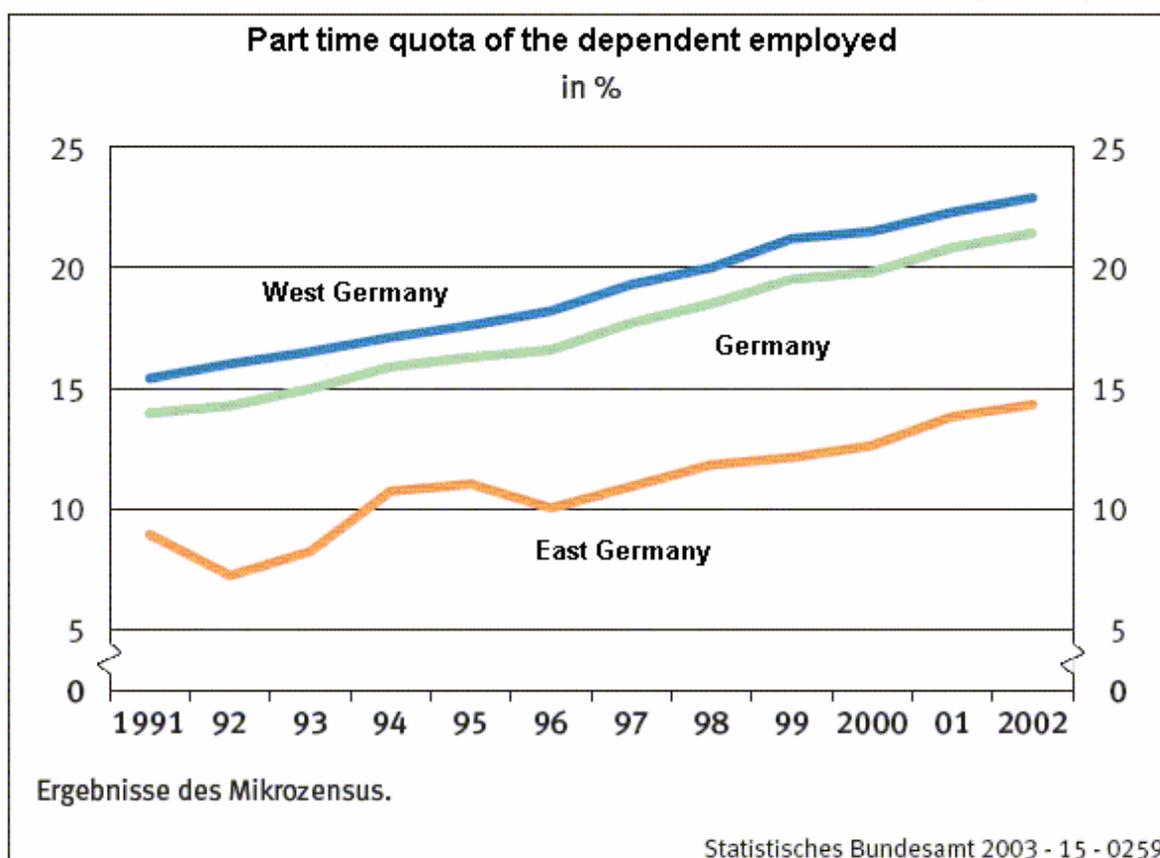
- In the group of the **35 –55 years old men** in **West Germany** 92% were employed, 88% full time and 4% part time. In **East Germany** 85% were employed, 81% full time, 4% part time and 1% in training.

Women in the **West** were to 73% employed, 35% full time and 38% part time. In the **East**, 78% were employed, 55% full time, 22% part time and 1% in training.

- In the group of the **56-65 years old men** in **West Germany** 52% were employed, 47% full time and 6% part time. In the **East**, 42% were employed, 35% full time and 6% part time.

Women in the **West** were employed to 38%, 18% full time and 20% part time. In the **East**, 30% were employed, 20% full time and 10% part time.²⁷

Mikrozensus 2002, p.55, Graphic 35



²⁷ Datenreport 2002, pp. 495-496

Self Employment

Out of the employed population of 36.5 million people, **3.7 million** are **self employed**, that is 10%. 28% of the self employed are **women**. A distinction can be made between self employed **without employees** (5.1%, of whom 33% are women) and self employed who have **employees** (4.9%, of whom 23% are women). The percentage of **women** in the self employment is steady at 30 -33% in East and West Germany except for the self employed with employees in west Germany who make up only 22%.²⁸

For more information look up in the annex a graphic about employed and selfemployed according to sex and sectors.

Reconciliation between life and working time

In 2002, 58.2% of the employed have been working between **36 and 40 hours** per week. 13.8% have been working **over 41 hours** per week and 13.1% have been working between **31-35 hours** per week.²⁹

- In the year 2000, 1.9% of the employees in **West Germany** worked **more than 40 hours** per week while in **East Germany** it was 45.6%. 24.9% in West Germany worked **38 hours** per week, in East Germany 34.4%. **Less than 36 hours** worked 37.7% in West Germany and 0.2% in East Germany.
- 80% of the employees working on collective labour agreement have had a **vacation time** of 6 weeks per year.³⁰

Flexible working times are becoming more important, employers use **working time accounts** to minimize the overtime hours and reimburse the employees with recreation time.

Mostly **high qualified employees** work more overtime.

- In 2001 **22%** of the employees with a degree from university worked **overtime** while only **12%** with a vocational training were doing so.
- **15%** of the employees with a degree from university were working more than **5 hours** per week overtime, while only **6%** of the employees with a vocational training were doing so.³¹

Examples of good practice at national level

- **Ich-AG**, the I-company: people employ themselves for small services and pay a fixed amount of taxes (10% of the income), as founder of new businesses they also receive a grant over a period of three years
- The **“Mini-Job”**: wages can be earned up to a maximum of 400 € the employer will have to pay 25% taxes flat, in a private household only 12%. There will be one central registration office.

²⁸ Mikrozensus 2002 pp. 57-58

²⁹ Statistisches Bundesamt Deutschland 2002

³⁰ Datenreport 2002, pp. 149-151

³¹ Mikrozensus 2001, pp. 41-45

D: The role of social partners in shaping the labour market

Social Dialogue in Germany

- The social partners
 1. Trade unions

Deutscher Gewerkschaftsbund	www.dgb.de
IG Metall	www.igmetall.de
Verdi	www.verdi.de
Erziehung und Wissenschaft	www.gew.de
 2. Employer's associations

Bundesverband d. dt. Industrie	www.bdi-online.de
Deutscher Arbeitgeberverband	www.bda-online.de
 3. Government

BM for Economy and work	www.bmwa.bund.de
BM for health and Social Security	www.bmgs.de
Bundesanstalt für Arbeit	www.arbeitsamt.de
 4. Others

Catholic Church	http://dbk.de/
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- Legal foundations
- The Industrial Relations

The debate about the German industrial relations system had been advanced in the nineties by conservative and liberal politicians who strongly attacked consensus-building and partnership as outdated approaches. After the election of a social-democratic-green government in autumn 1998 the appreciation for the consensus-oriented system has resurfaced. While the search for new solutions and institutional arrangements continues, the controversy has lost its less than productive ideological component. The new government of Gerhard Schroeder does try to promote flexibility, openness, change and tries to advance the application of such concepts and principles on industrial relations practices. However, this request for change is coupled with a clear commitment to a strong role for unions and employers' federations and the need for finding consensual arrangements. Very often the "Dutch job miracle" was quoted as an example for this.

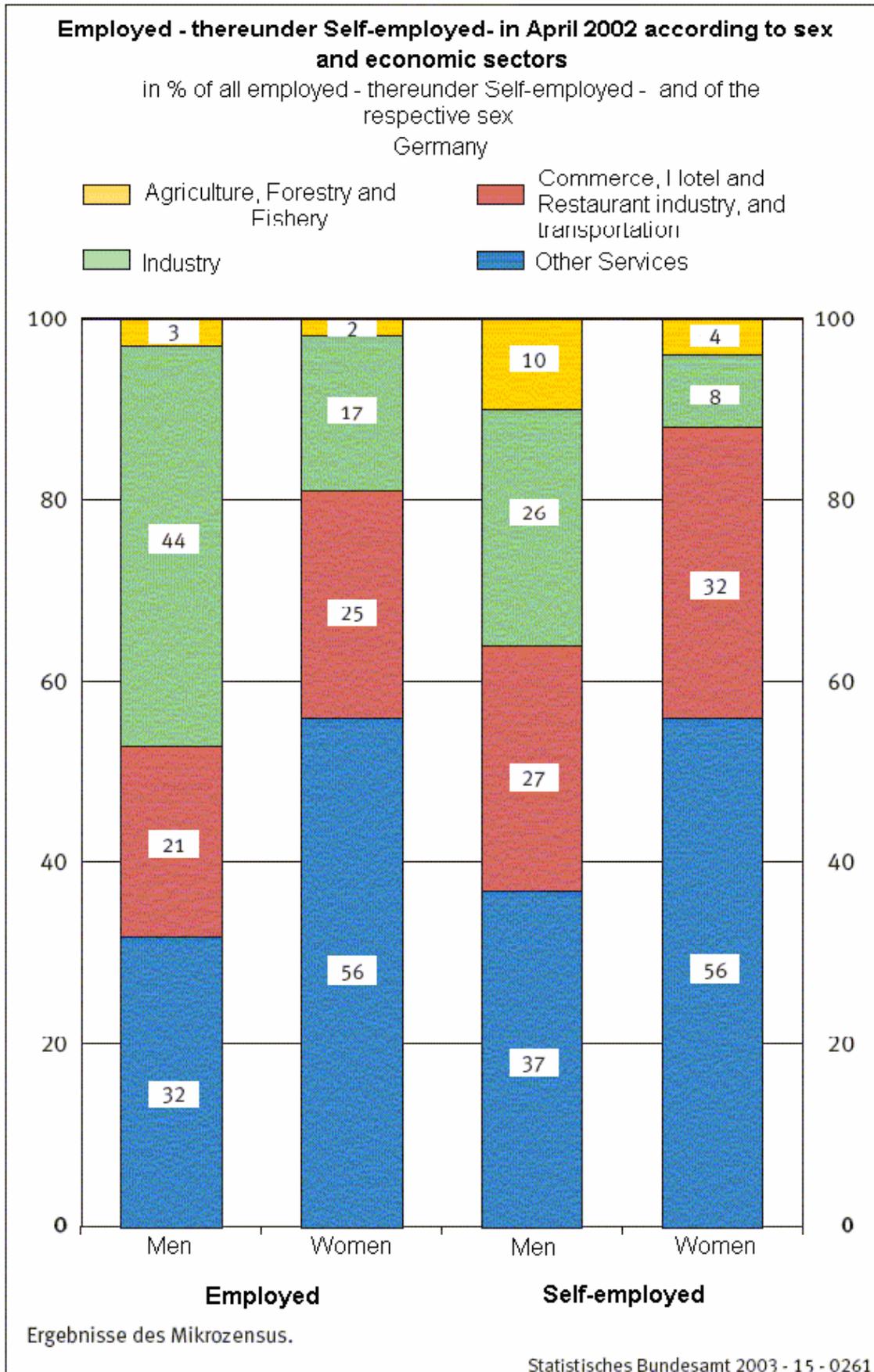
-“Alliance for Jobs”

Alliance for Job-Creation and Qualification" (Buendnis fuer Arbeit und Ausbildung), an institutional structure for dialogue between government, unions and employers' federations has been organized in order to re-establish consensus and trust between social partners, to mediate between different interest groups, to move Germany forward in terms of reforming the economic and social system. The alliance for jobs brings these groups together in order to debate on vocational training, social security matters, tax policy, working time, severance pay and developments in East Germany. Most important is the alliance for job at the national level, but the system is supposed to include similar alliances at the regional, local and firm level.

For example: action plan for vocational training 2003 (Ausbildungsoffensive 2003) in the annex.

Annex

Mikrozensus 2002, p.59, Graphic 37



The significance of the new red-green government for German industrial relations

In October 1998, the Germany's new "red-green" (Social Democrat/Green) federal government presented its coalition agreement, which determines its political programme for the next four years. In the field of industrial relations, the new government's programme contains various legal and political initiatives for a more active labour market policy, fairer conditions on the labour market and improved employees' rights. The new administration's most important project is the establishment of a new "alliance for jobs" as a permanent tripartite institution at national level. However, since employers' associations and trade unions have rather different views on the new government's policy, the construction of such a national employment pact is still uncertain.

The German general election held on 27 September 1998 saw a substantial drop in the vote for the former ruling government coalition, which was composed of the Christian Democratic Party ([Christlich Demokratische Union, CDU](#)), its Bavarian associate party, [Christlich Soziale Union, \(CSU\)](#) and the Free Democratic Party ([Freie Demokratische Partei, FDP](#)). After 16 years in power, the Conservative/Liberal government coalition was replaced by a new "red-green coalition" composed of the Social Democratic Party ([Sozialdemokratische Partei Deutschlands, SPD](#)) and Alliance 90/The Greens ([Bündnis 90/Die Grünen](#)), which gained a majority of 21 seats in parliament (Bundestag) ([DE9810280N](#)).

Industrial relations aspects of the new government's programme

On 20 October 1998, the Social Democrats and the Greens signed a 50-page coalition agreement, entitled *Awakening and renewal - Germany's way into the 21 century* ([Aufbruch und Erneuerung - Deutschlands Weg ins 21. Jahrhundert](#)) which determines the new government's political programme for the forthcoming four years. As far as industrial relations aspects are concerned, the agreement outlines at least five major fields of action:

1. the creation of an "alliance for jobs and vocational training";
2. a more active labour market policy;
3. initiatives to create fairer conditions on the labour market;
4. initiatives to strengthen collective bargaining autonomy and to improve employees' rights, by reforming labour law; and
5. reduction of non-wage labour costs.

Alliance for jobs and vocational training

The reduction of the persistently high level of unemployment has been defined as the top political priority of the new government. As one major instrument in reaching that goal, it believes that a new national "alliance for jobs and vocational training" ([Bündnis für Arbeit und Ausbildung](#)) must be established, wherein the new government, together with the trade unions and the employers, would agree concrete measures for the reduction of unemployment and the safeguarding of vocational training places. The first initiative for a national "alliance for jobs" failed under the old Conservative/Liberal government in 1996 ([DE9702202F](#)) and the new red-green coalition will now make a second attempt, aiming to establish a new permanent tripartite institution at national level.

The coalition agreement contains a lengthy list of topics on which the new government wishes to reach agreements within the framework of an "alliance for jobs", such as:

- safeguarding qualified training places for all young people;
- integrating young unemployed people into the labour market;
- better employment opportunities for low-skilled workers;
- more flexible and employment-creating working time arrangements (for example, part-time work, partial retirement, reduction of overtime and better compatibility of family and work life);
- new regulation of unemployment benefits;
- modernising vocational and continued training;
- improving employee participation in productive capital; and
- more social dialogue at sectoral and regional level, with the aim of improving innovation in the sectors and regions.

To support these possible agreements within the "alliance for jobs", the government has agreed to take the corresponding political and legal action, in particular in the fields of vocational training, employee participation in productive capital and working time policy. In addition to the "alliance for jobs", however, the red-green coalition agreement also states that all the social actors involved have their own specific responsibilities in improving the employment situation. Therefore, the "alliance for jobs" should be based on the principles that:

- trade unions and employers are responsible for an employment-oriented collective bargaining policy and organisation of work, which fulfils the company's need for flexibility and the employees' wish for "time sovereignty";
- companies are responsible for improving innovation and investment and increasing the number of training places, in order to guarantee every young person a vocational training place; and
- the government is responsible for creating the framework conditions for sustainable growth and employment by reforming the tax system, decreasing social security contributions, modernising public services and launching a new "innovation offensive" in training, research and sciences.

Active labour market policy

Under the coalition agreement, the new German government places much more emphasis on active labour market policy than its predecessor. This is particularly true in the field of youth unemployment, where the new government wants to adopt a political action programme immediately, aimed at about 100,000 young unemployed people in order to find them a job or a vocational training place as soon as possible. Priority under this programme should be focused on eastern Germany.

Since unemployment in Germany currently costs about DEM 170 billion per year, the new government wants to transform as much of that money as possible into active labour market policy. Thereby, it promises to improve the Employment Promotion Act (Arbeitsförderungsgesetz) and to promote, in particular, the employment of women and employment in private services.

In contrast to its predecessor, the new administration also strongly supports a more active European employment policy. The government has already announced its intention to use its EU Presidency in the first half of 1999 to come forward with concrete proposals for a European employment pact which should give the EU Employment Guidelines a more binding and verifiable character ([DE9811184F](#)).

Fairer conditions on the labour market

According to the coalition agreement, it is a central aim of the new government to fight against illegal employment and "wage dumping". The latter has become a growing problem, in particular in the German construction sector. Therefore, the new government intends to:

- increase drastically the fines for illegal employment;
- make user companies responsible when the subcontractors they work with use illegal employment; and
- improve the Posted Workers Act ([DE9702202F](#)) and extend it for an unlimited period (the current Act runs only until August 1999).

In addition, the new government wants to take initiatives against the misuse of marginal part-time workers and "pseudo self-employment" (Scheinselbstständigkeit).

Improvement of employee rights

During the election campaign, one of the major pledges of the Social Democrat and Green parties was to repeal some of the changes in labour law which had been introduced, to the detriment of the employees, by the previous Conservative-Liberal government. The red-green coalition agreement, therefore, lays down the following initiatives:

- the reintroduction of 100% payment of remuneration in the event of sickness, which was reduced to 80% by the old government in 1996 ([DE9709131F](#));
- the reintroduction of comprehensive dismissal protection for small companies with five or more employees;
- the reintroduction of the bad-weather allowance for the construction industry ([DE9705211F](#)); and
- the introduction of equality among the collective bargaining parties regarding the opportunity to organise industrial action.

Furthermore, the new government announces a modernisation of the [Works Constitution Act](#) (Betriebsverfassungsgesetz) and a renewal of the procedures to extend collective agreements. Finally, the government wants to safeguard and to develop "qualified co-determination" in Europe through European Works Councils and the European Company Statute.

Reduction of non-wage labour costs

To improve competitiveness and to create new employment, the new government has declared the reduction of statutory non-wage labour costs as one of its major aims. Since social security contributions, in particular, have risen constantly in recent years, the new administration wants to reverse this development and attempt to reduce these contributions from the current 42.3% of gross pay to below 40% by reforming the social security and tax system. As a first step, the new government has announced that it will use the revenue from a new energy tax for a 0.8 percentage point reduction in social security contributions.

Reactions from trade unions and employers' associations

During the election campaign, the trade unions and employers' associations expressed significant differences in their political expectations of a new government ([DE9803254F](#)).

The publication of the coalition agreement, therefore, led to rather controversial debates and reactions among the labour market parties. While the unions generally welcomed the agreement as a "good basis" for a "change in German politics", the employers heavily criticised the new government's policy programme as a "programme of discouragement for investment and economic growth", which largely worsens the framework conditions for competitiveness and employment.

Trade union reactions

After 16 years of Conservative-Liberal government, the German trade unions greatly appreciate the election victory of the red-green coalition and have expressed their hope that the "change in power" would also lead to a real "change in politics". In a first comment, the German Federation of Trade Unions ([Deutscher Gewerkschaftsbund, DGB](#)) said that the red-green coalition agreement constituted "significant progress" in the direction of more employment and social justice. DGB welcomes, in particular, the new government's announcement that it will repeal the old government's directives in the fields of sick pay, dismissal protection, bad-weather allowances and equality of bargaining parties in industrial action. DGB also encourages all proposals for a more active labour market policy.

DGB strongly supports the creation of a new "alliance for jobs" as a permanent tripartite institution. On 6 October 1998, the DGB executive board agreed a [policy paper](#) on a "new alliance for jobs, vocational training and social justice", which contains a broad catalogue of topics for tripartite talks. According to the this document, a new "social pact" should be based on seven guidelines:

1. a fair and solidarity distribution of income and work;
2. innovative and modern companies in industry and service;
3. a socially acceptable and employment-creating environmental and energy policy;
4. a "future-oriented" vocational and continuing training system;
5. a functioning welfare state and a fair tax system;
6. a fair distribution of wealth; and
7. a "social and employment-oriented process of European integration"

According to the president of DGB, [Dieter Schulte](#), new agreements for a better redistribution of work must be at the core of an "alliance for jobs". DGB thus argues for: further individual and collective working time reduction; more part-time work; a stricter limitation of overtime; and a new "pact between generations" (Pakt der Generationen), which should allow employees to retire at the age of 60 without any losses in pension rights.

For the unions, the question of partial or early retirement has become a top priority for any tripartite jobs alliance. Early retirement before the statutory retirement age of 65 years is not currently very attractive to employees, since most of them have to accept a reduction of up to 18% in their pension. Therefore, the president of the [IG Metall](#) German metalworkers' union, [Klaus Zwickel](#), has proposed creating a "collective bargaining fund," jointly financed by employers, employees and the state, to guarantee older employees a full pension from the age of 60 when accepting voluntary early retirement.

As far as wages are concerned, the trade unions have made clear that, in line with the principle of collective bargaining autonomy, concrete wage guidelines or wage restraint could not be a topic covered in an "alliance for jobs". On the contrary, after several years of moderate wage increases, many unions are now calling for an "end of modesty" in the 1999

bargaining round ([DE9810279F](#)). However, some union leaders have also stated that a tax policy which provides relief for employees might have a damping influence on the unions' pay policy.

Employers' reactions

Employers' associations had sharply criticised the election programmes of the Social Democrat and Green parties. In a comment on the red-green coalition agreement, the Confederation of German Employers' Associations ([Bundesvereinigung der deutschen Arbeitgeberverbände, BDA](#)) called the new government's programme a step backward which will worsen Germany's competitiveness and is, therefore, not able to create new employment. BDA criticised, in particular, the planned reintroduction of 100% sick pay and the bad-weather allowance, as well as the strengthening of dismissal protection, which will lead to a significant increase in labour costs. In addition, BDA expressed its strong disagreement with the government's plan for a reform of taxes and social security, which might lead to an increase in companies' financial burdens. Finally, BDA rejected as impracticable and too expensive the trade unions' proposals for a collective bargaining fund to compensate for losses in pensions in the event of early retirement. Instead, the employers propose introducing a company pension scheme for partial retirement, similar to that agreed in the chemicals industry ([DE9805265N](#)).

Overall, BDA has stated that German employers will not accept an "alliance for jobs" which is based on the new government's political programme. BDA, however, has also expressed its openness to cooperation with the new government and declared that it will not reject tripartite talks at national level. On 17 November, the president of BDA, [Dieter Hundt](#), presented a rather different concept for an "alliance for jobs and competitiveness," which should focus mainly on three topics:

1. tax policy;
2. social security; and
3. collective bargaining.

According to Mr Hundt's proposal, a jobs alliance should agree on a significant reduction in tax burdens for companies and a comprehensive reform of the welfare state, which would lead to a significant reduction of social security contributions as well as a continuation of an "employment-oriented" moderate pay policy. The BDA president made clear that there will be no jobs alliance if the unions insist on their position of leaving pay policy out of consideration.

Commentary

The election of the new red-green government will obviously have an impact on the development of German industrial relations. In the short run, the new government will revoke some of the legal initiatives of the old Conservative/Liberal coalition, which were introduced against the resistance of the trade unions in favour of the employers' side. From a trade union point of view, these measures have a high symbolic value, since they seem to demonstrate a real change in German politics.

Even more important for the future of German industrial relations is, however, the question, whether the country's "corporatist actors" will be able to create an "alliance for jobs" as a

permanent tripartite institution at national level, as has been established in many other European countries. The preconditions for such a jobs alliance are not very favourable, since employers' associations and trade unions seem to have rather different opinions on almost all relevant political topics and quite unbridgeable differences in views in the crucial field of pay policy. In this situation, the new government has a really difficult task to moderate among the collective bargaining parties. Whether it will be successful might be seen on 7 December 1998, when tripartite talks for a new "alliance for jobs" will start. (Thorsten Schulten, Institute for Economic and Social Research (WSI))

"Alliance for Jobs" - a suitable tool to improve the employment situation in Germany?

By Markéta Zelenka

Introduction

As unemployment is what worries politicians and employees the most in today's Germany chancellor Schröder and the Social democrats are trying to renew the idea and existence of an *Alliance for Jobs* (Bündnis für Arbeit). The main idea behind this strategy, enforced and favoured by the Social democrats (and the labour unions in 1996 and 1998), is to fight mass-unemployment by a "joint-action". This means that not only the government and labour unions are trying to fight unemployment in Germany by using the tools they have but that the government, labour unions, German employers and social associations try to interact and agree on a strategy which could reduce unemployment in Germany. It should be seen as an attempt to contribute to the improvement of the whole economical and employment situation.

History and political roots

The economic policy of Karl Schiller, minister of economic affairs in the years of 1966-1972, can be seen as a pioneer of a labour market or economic policy as the new government of Social Democrats pursue with the insertion of the *Alliance for Jobs*. Karl Schillers economic policy is known as the policy of a "*concerted action*" (Wirtschaftspolitik der Konzierten Aktion). The ideas of Keynes were very present during this period in Germany and had a big influence on the economic policy. Due to this orientation the *Stabilitätsgesetz* (StWG), a law on promotion of economic stability and growth passed in 1967 and created an orientation on four "magic aims" (stability of prices, high employment rate, economic growth and an outside-economical balance). For reaching these aims new instruments have been available. In general it can be said that the StWG and the new instruments extended the power of the government. The *concerted action* was among those new instruments, stimulated by the Council of experts (Sachverständigenrat). With the influence of Karl Schiller it developed to an institutionalized, regular dialogue between the minister and until 80 representatives from ministries, economy, economical associations and the labour unions. During work it became clear that the expectations of employer associations and labour unions differed and so disabled the outcome and effectiveness. But still the *concerted action* made clear, that the German government did not consider the labour unions as an enemy. Karl Schiller called the *concerted action* the "table of social reason". (Anderson 1997: 538)

Ever since the 70's the idea of a concerted action has been subject of debates. Mainly the idea was picked up by corporatists as it is compatible with the thoughts of corporatism (Neokorporatismus). It means the "incorporation of organized interests in politics and their participation in the formulation and execution of political decisions" (Anderson 1997: 377).

Analyzing the European welfare today Martin Rhodes states that external factors as international competition and globalization are placing pressure on wage and non-wage costs and are constraining the welfare states performance in Europe. He draws out that countries which successfully adjust their economies to the new demands of the era of globalization, global trade etc. will be those which adjust the labour- and product markets (increase efficiency) but at the same time "preserve social cohesion and trust" (Rhodes 1998: 179). He discusses the idea of a *Competitive Corporatism* as he states that through globalization and the world competitiveness *social corporatism* is no longer possible. This does not necessarily mean that the future is either neo-liberal or a big, big problem - the way he recommends for many European countries is *competitive corporatism*. He emphasizes the importance of the institutional structure and objectives that have to (and will) be prioritized in the adjustment strategies as a greater external and internal flexibility in labour markets. Due to competitive corporatism, which means that competitiveness, macro-economical stability, employment creation and redistribution will be prioritized and the future social pacts will be productivity-oriented and pragmatic (Rhodes 1998: 200).

In my opinion this can be observed not only in Germany but in different countries in the world: the stronger orientation towards economy, markets, productivity and stability. Also the effort for an Alliance for Jobs in Germany was born due to this orientation and the wish for a successful try to solve the problem (even a government of social democrats cannot ignore a worldwide direction - above all not in the era of globalization) - but also because unemployment as an economical problem has become a societal problem.

Therefore it seems reasonable (and a success is even more desirable) that during his inaugural speech on Nov. 10th, 1998 Chancellor Schröder stated that the problem of unemployment today can only be overcome if "all actors acting in society" participate. The reason he gave for the "Alliance for Jobs" is that only the combination of all actors in national economy (and their interests) can produce lasting employment - and only if they act together, meaning "Alliance for Jobs - perceive responsibility together".

Throughout the whole process every partner has to fulfil what has been agreed on - so that every side involved is in charge of contributing to the improvement – giving only the best he can. "Cooperation, future-will and confidence" are the coordinates Schröder draws up for the Alliance for Jobs (Inaugural speech, 10.11.'98). But the *Alliance for Jobs* is not only an alliance to secure existing jobs and find ways to create new ones - the new government and Chancellor Schröder enlarged it to an alliance that also should work for youth employment. Due to this it is also called *alliance for Jobs and education* - meaning that the solutions to be found should as well secure training vacancies for young people.

The Netherlands as role model(?)

Throughout the discussion about the necessity and the doubts that have been stated about the impact that the *Alliance for Jobs* will have on the employment situation in Germany, supporters of the Alliance idea quote the success of the Alliance for Jobs in the Netherlands. It is true that the unemployment rates in the Netherlands decreased during the last ten years – and the biggest part for this development can be traced back to the existence, engagement and agreements of the Alliance for Jobs.

source: DER SPIEGEL

In 1982, during a deep recession the partners signed the agreement of Wassenaar. Within this agreement the state (who is able to intervene in the collective bargaining) obliged himself to hold back. The labour unions on their behalf pursued a moderate collective wage bargaining policy (Tarifpolitik) and agreed with the employers on the strategy that over the years the increase of wages stay lower than in the strong competition in Germany (Ohne Zugeständnisse geht nichts, 50/98).

With decreasing continued payment of wages for sick people (as the Kohl government has introduced as well but what already has been cancelled by the new German government by recreation of continued wage-payment in the case of disease) and public spending cuts the state in the Netherlands changed the conditions but on the other hand spent enormous sums for the reconciliation of these social cuts (for example on the early-pension-system). These facts did suite the employers well – that is also a reason why German employers regard the Netherlands as a model. But even German labour unions quote the Dutch success. They praise the flexibility of working-time. Many part-time jobs have been created and comparing the working-time in the Netherlands and Germany it can be seen that the difference cannot be found in the working-time but that the same extent of existing work is only divided up differently.

The question is, can the Dutch model be imported and implemented in Germany? - a question many experts don't know a definitive answer to. It is not even clear, if Germany wants to import the whole system and not only the well looking statistics. At many points the Dutch model is not as perfect as it seems. (For more information about the Dutch Polder Model see The Dutch "Polder Model" - An answer to the German crisis?)

Content and needs within an Alliance for Jobs

There are several points that have to be worked on so that an Alliance can really contribute to the employment situation, as many of them have already been mentioned above. Basically the thinking has to change from the wish preserving the old system to an openness towards a risk of reforms, adjustment and restructuring.

The general concept of an *Alliance for Jobs* is:

- Employees forego wage increasings (Lohnerhöhungen) that overgo the inflation rate for a time and the labour unions refrain from pushing for higher wages. As consequence the companies get the gains from productivity.
- Therefore the employers oblige themselves to use these gains for the creation of new jobs to a certain extent that has been agreed on as minimum.
- The German government has to guarantee social supports as unemployment-support, welfare aid a.o. that the demand can be hold at it's level.

One aim of this agreement is to cut labour costs. Another aim is and should be to flexibilize working-hours for example to include women in the labour market by part-time jobs. The responsibility of the German government is as well to find the right policy mix.

Items considered necessary for this mix (by Schröders economic experts):

- a tax reform and simplification of the tax law

- the recreation of the insurances (pension-, health-, unemployment-) as the Germans will only accept the flexibilization if they can rely on social insurance and welfare systems
- reduction of subventions (to finance tax reliefs and for state debts reduction)
- reorganization of public administration
- modernization of the German education system

These points are considered very important to multiply the chances for allowances of the partners within the Alliance. (DIE ZEIT Nr. 51)

A success of the *Alliance for Jobs* can only be achieved if every participating partner contributes to the effort - and logically the interests of the different representatives differ. Of course they do because every representative within the Alliance for Jobs is representing different groups with different interests and needs of the German society.

On the 7th of December 1998 chancellor Schröder invited the representatives to a first conversation and discussion about the future of the *Alliance for Jobs*. In this first session participated six members of the German government, four representatives of the employers and five labour union heads. During this very satisfying conversation, as everybody told the press afterwards, several problems and questions have been discussed. One topic that has not been mentioned during this first conversation is the collective bargaining policy (Tarifpolitik) - a very sensitive subject. At the beginning of the discussions the "Regierungschef" of the Netherlands, Wim Kok, gave a surprising advice: Many topics should be discussed simultaneously. "The more to do, the more possibilities for a balance of interests" - that's Koks way to a consensus.

Topics, Schröder announced in the run-up which he considers important to mention and discuss are e.g.: What does it mean (and how could this happen) to concentrate welfare aid on the really needy people? What possibilities do instruments as investive wage (Investivlohn) and related ones contain? What scope will be created for investments? What effect will Europe in its new shape have on the labour market? among others. Many points have to be discussed and nobody should expect a prompt miracle but on the other hand it looks like Koks suggestion to an easier and quicker consensus can be easily fulfilled if desired.

Conclusion

At this point there is no answer to the question whether the *Alliance for Jobs* will be successful or not. The answer lies in the future and we can only speculate. Without doubt a success is desirable. The idea of corporatism and Rhodes idea of competitive corporatism is even more worth a try in the era of globalization and the founding of the European Union in a social Europe. If so many different countries are able to work out binding agreements it should be possible to reach a solution within one country.

If the situation in the Netherlands could be improved, even if it took ten years, it can be done in Germany too. It seems a good sign too, that also Italy wants to establish a social pact close to the *Alliance for Jobs* with which the regulated labour market should be flexibilized.

To a large extend the success of the Alliance in Germany depends on the readiness of the participants, the representatives in the Alliance and the best possible compromises that will and have to be achieved. It also depends on the support and the policy mix of the German government. Of course the Alliance can also fail because interests differ too much. The

present situation in Germany shows how fragile the Alliance is: labour unions are pushing for higher wages of about 6.5% while the employers offer about 3.5% max. The situation is tense at the moment and endangers the future of the Alliance.

With the new social democratic German government one possible reason for a failure of the Alliance disappeared. The new government will not cut social spending and follow social dumping. And if somebody is able to take along the labour unions - the Social Democrats Party (SPD) hopefully can. But other threats may be the new tax reform, the labour unions' pushing for higher wages right now, so that as well employers as employees (better to say labour unions) will sabotage further negotiations.

Nevertheless it would be great if the future will show that an interaction of all participating actors - despite diversing interests - can contribute to an improvement for the German economy and society. It would surely create an atmosphere of openness, interest and caring among the different groups of interests - also in the German society and besides that show that Germany is engaged and seriously working on its role as a modern, opened and democratic country.

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