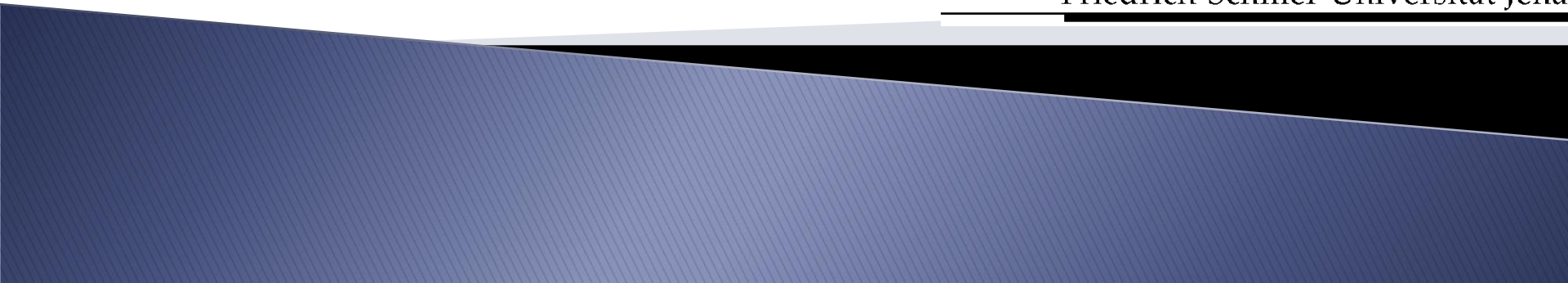


Germany After the Crisis. An Employment Miracle or Discriminating Precarity?

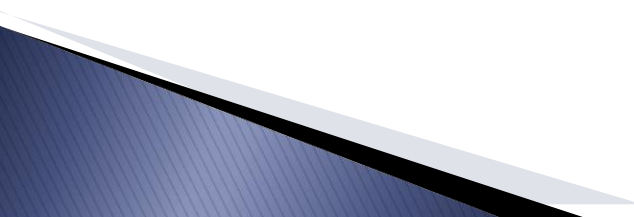
Prof. Dr. Klaus Dörre, Germany

11.03.2011 Ort: Dublin

Friedrich-Schiller-Universität Jena



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I. A German–Employment Miracle?

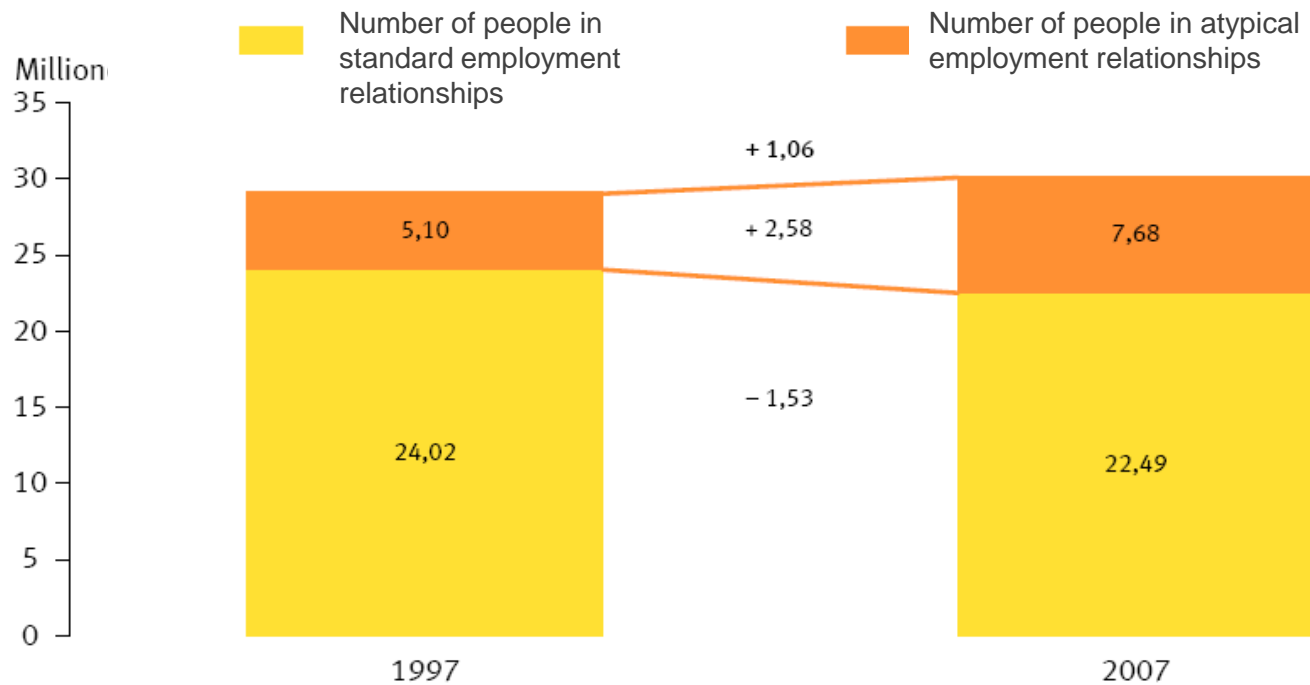
- ▶ (1) Germany is emerging from the global financial and economic crisis as one of the winners. By conventional means, e.g. short-time work and the "*Abwrackprämie*", unemployment was held at bay during the crisis.
- ▶ (2) The employment miracle in Germany is accompanied by an extensive precarization of work and employment.

II. Some Trends

- ▶ (1) Already before the crisis, the segment of non-standardised employment relationships (part-time, temporary work, fixed-term jobs and marginal employment) was growing continuously.

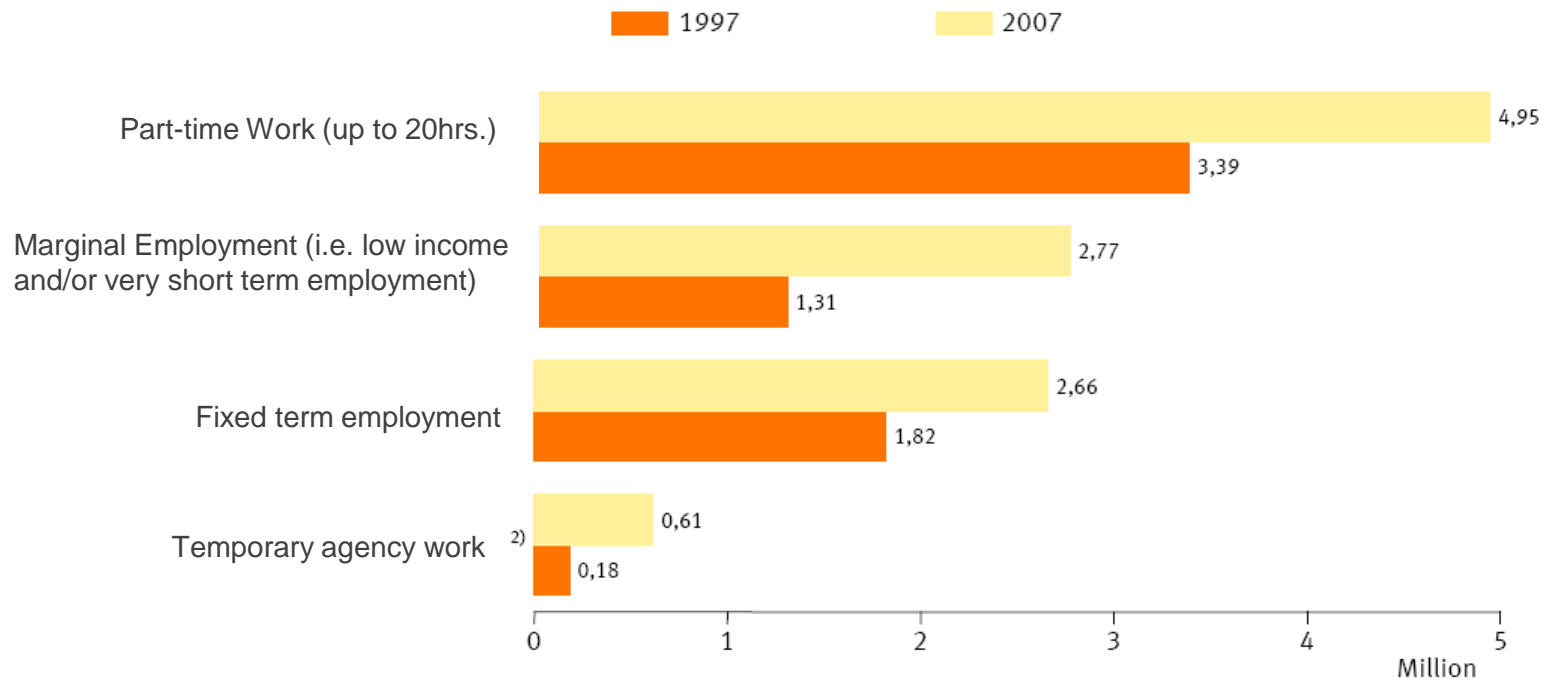
Standard employees and persons in atypical employment

Mikrozensus, Sample conducted by the Federal Statistical Office



Forms of atypical employment

Mikrozensus, Sample conducted by the Federal Statistical Office

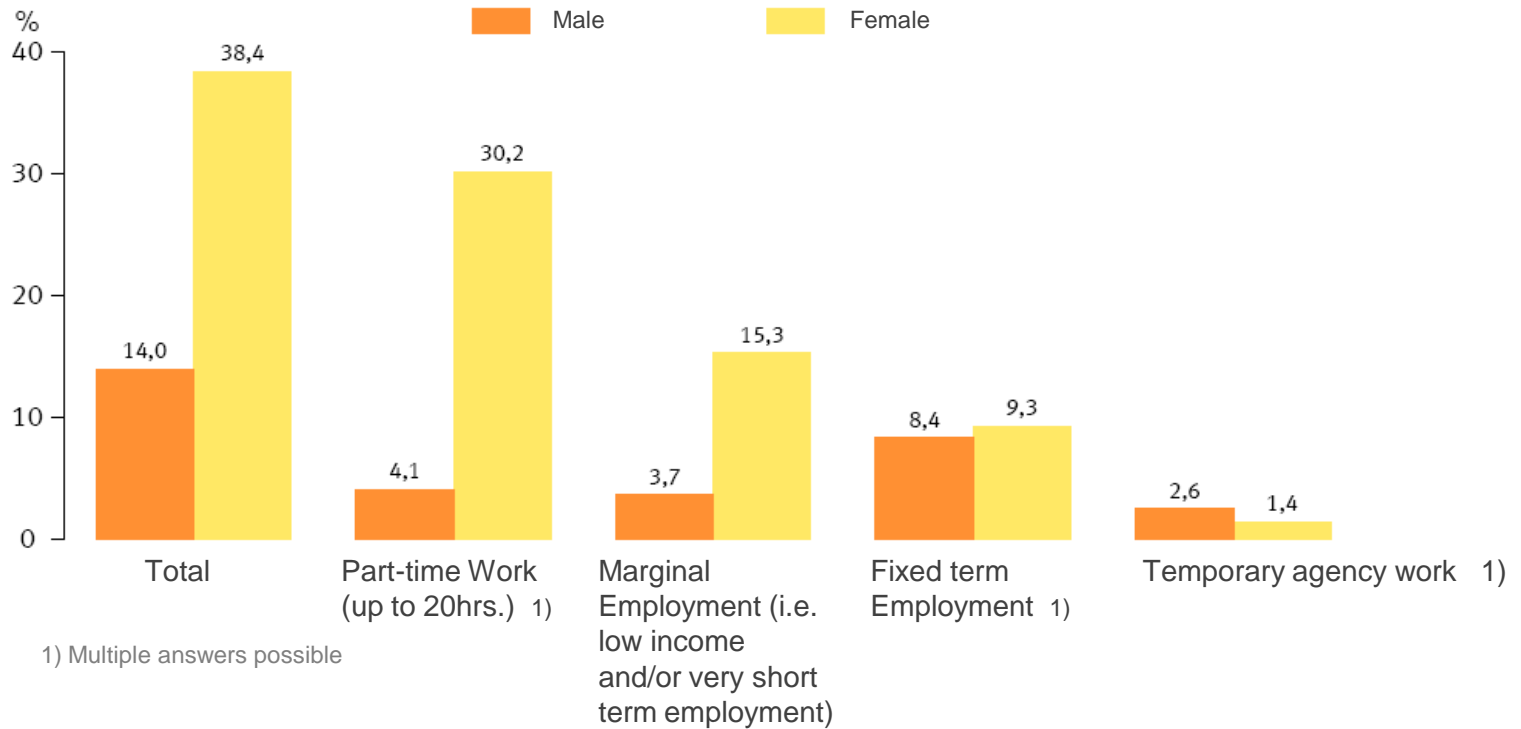


1) Multiple answers possible

2) 1997 estimate by the Federal Labour Agency

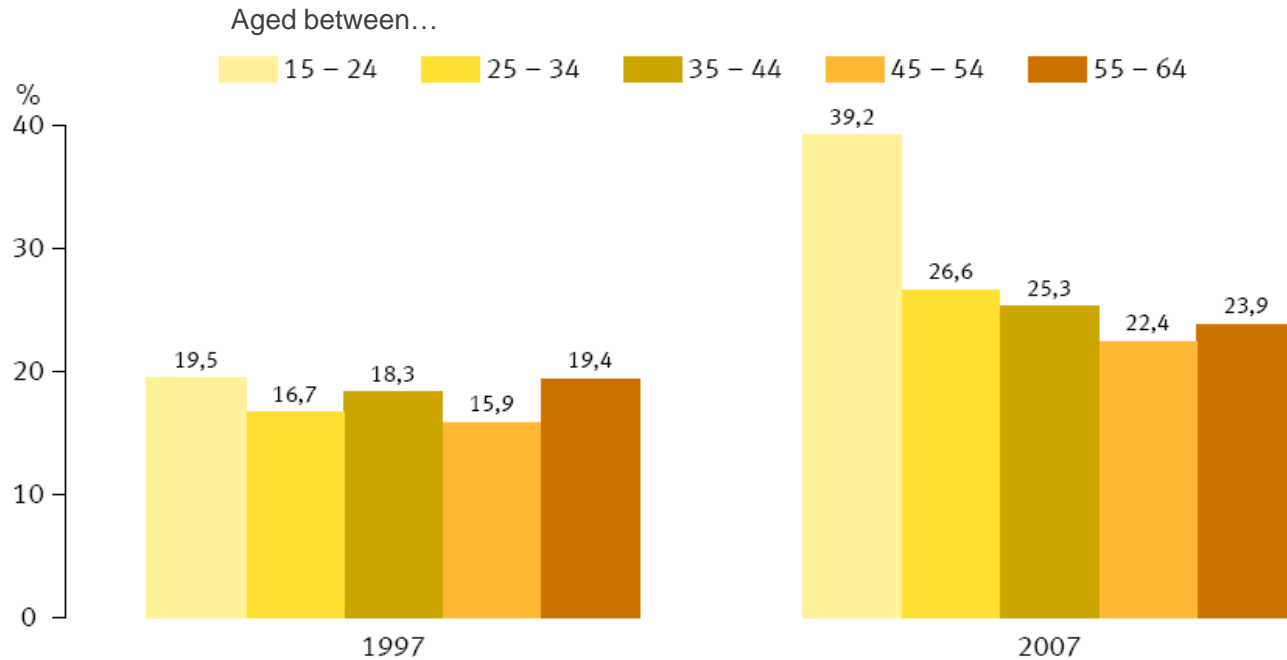
Percentages of atypically employed persons among persons in dependent employment according to sex in 2007

Mikrozensus, Sample conducted by the Federal Statistical Office



Percentages of atypically employed persons among persons in dependent employment according to age groups

Mikrozensus, Sample conducted by the Federal Statistical Office



II. Some Trends

- ▶ (2) Meanwhile, approx. 20.7% of the workforce are employed in the low-wage sector, i.e. they earn less than two thirds of the median wage.

Fig. 1: Percentage of low-wage earners among persons in dependent employment - differentiated low-wage thresholds for East and West Germany (including part-time work and minijobs)

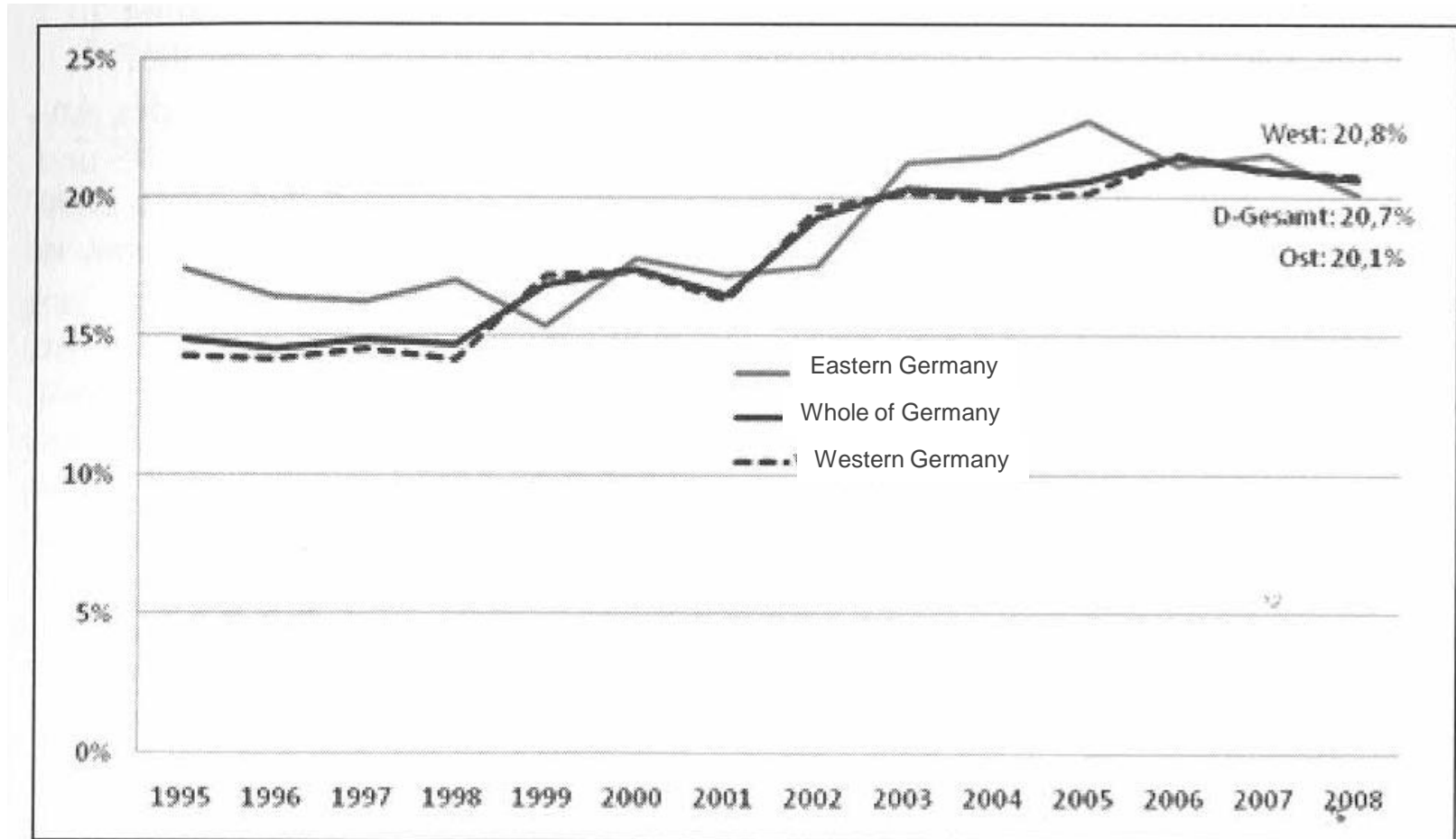


Table 1: Percentage of low-wage earners and percentage in the low-wage sector according to group categories (Germany, all persons in dependent employment, separate low-wage thresholds for East and West Germany)

Category		Low-Wage percentage in category		Percentage in low wage sector	
		1995	2008	1995	2008
Qualification	No vocational training	29,2	37,9	29,1	20,4
	vocational training	14,0	21,8	63,4	71,9
	university/university of applied science degree	6,0	7,6	7,6	7,7
Gender	Male	8,0	12,2	31,6	30,8
	female	24,9	29,9	68,4	69,2
Age	up to 25 years	34,3	54,4	15,3	13,2
	25 - 34	14,0	21,6	26,8	21,6
	35 - 44	12,3	17,7	22,7	25,4
	45 - 54	12,0	15,6	19,2	22,2
	55+	17,5	23,8	16	17,5
Nationality	Germans	14,3	19,5	87,3	86,2
	Foreign national	20,6	33,7	12,7	13,8
Fixed-term contract	Fixed-term contract	28,3	38,9	11,5	21,8
	Open-ended contract	13,8	16,1	88,5	78,2
Working time arrangement	Full-time employment	11,3	12,7	61,1	44,7
	Part-time (subject to social insurance contribution)	21,5	24,9	24,3	23,5
	Marginal Employment	85,1	86,2	14,6	31,8
Total (Germany)		14,9	20,7	100,0	100,0

**Table 2: Distribution of hourly wages in the low-wage sector, Germany, 2008
(persons in dependent employment, incl. part-time and minijobs)**

Hourly wage	Total	Percentage
Less than 5 €	1.149.077	3,6%
Less than 6 €	2.113.036	6,7%
Less than 7 €	3.400.090	10,7%
Less than 8 €	4.970.999	15,7%
Less than 8,50 €	5.834.332	18,4%
More than 8,50 €	25.889.439	81,6%

Further analyses have show that extremely low hourly wages are much more widespread in Eastern Germany. In 2008, about one in eight employees (12.8%) earned less than 6 € per hour, compared to 5.4% in Western Germany. Obviosly, extremely low wages are not just an Eastern phenomenon. (Kalina/Weinkopf 2010)

II. Some Trends

- ▶ (3) The number of underemployed persons is decreasing only very slowly. Despite decreasing unemployment, the number of households eligible for unemployment benefit (*Arbeitslosengeld II* or "Hartz IV") is also declining rather slowly.

Table: Development of (long-term) unemployment since 2005

Year	Unemployed	SGB III Unemployment benefit	SGB II „Hartz IV“	Long-term Unemployed
2005	4.860.685	1.816.969	3.043.716	k.A.
2006	4.487.233	1.663.909	2.823.324	1.676.032
2007	3.776.425	1.253.403	2.523.022	1.386.748
2008	3.267.943	1.010.570	2.257.372	1.088.252
2009	3.423.283	1.193.785	2.229.498	932.733
Juli 2010	3.191.800	1.030.862	2.160.938	947.000

Source: Bundesagentur für Arbeit (Federal Labour Agency) (own illustration)

Table: Development of underemployment and numbers of benefit recipients

Year	Underemploy - ment	ALG I* benefit recipients	ALGII*benefit recipients	Bedarfs- gemeinschaf- ten (community of members of a household in need of benefit)
2005	k.A.	1.686.235	4.763.747	3.717.108
2006	k.A.	1.405.073	5.169.038	3.978.753
2007	4.962.608	1.162.111	4.949.407	3.725.134
2008	4.323.686	831.561	5.040.136	3.576.252
2009	4.514.487	1.162.111	4.949.407	3.558.562
Juli 2010	4.303.624	945.692	4.962.218	3.626.000

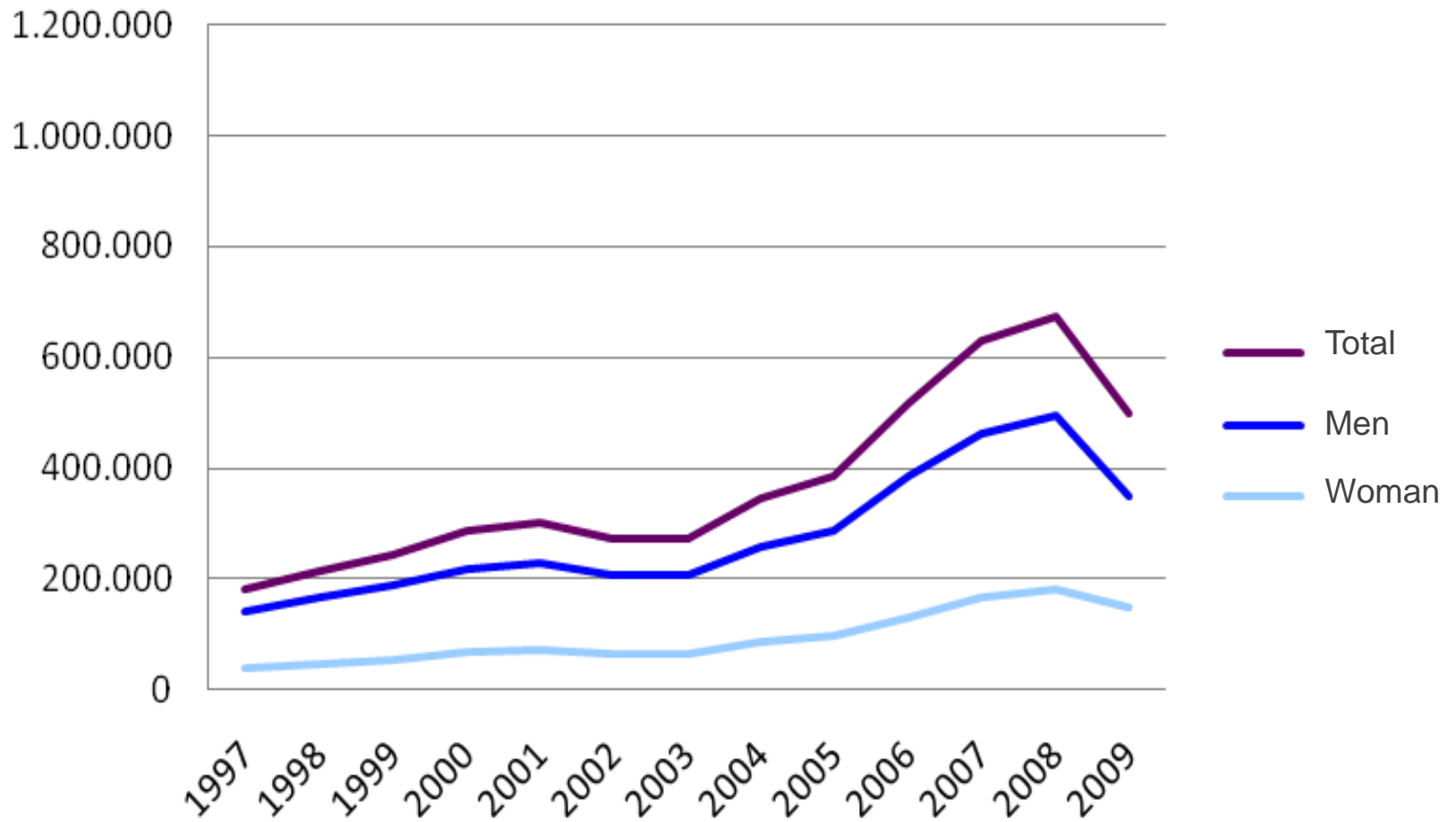
Source: Quelle: Federal Labour Agency (own illustration)

*all figures for July

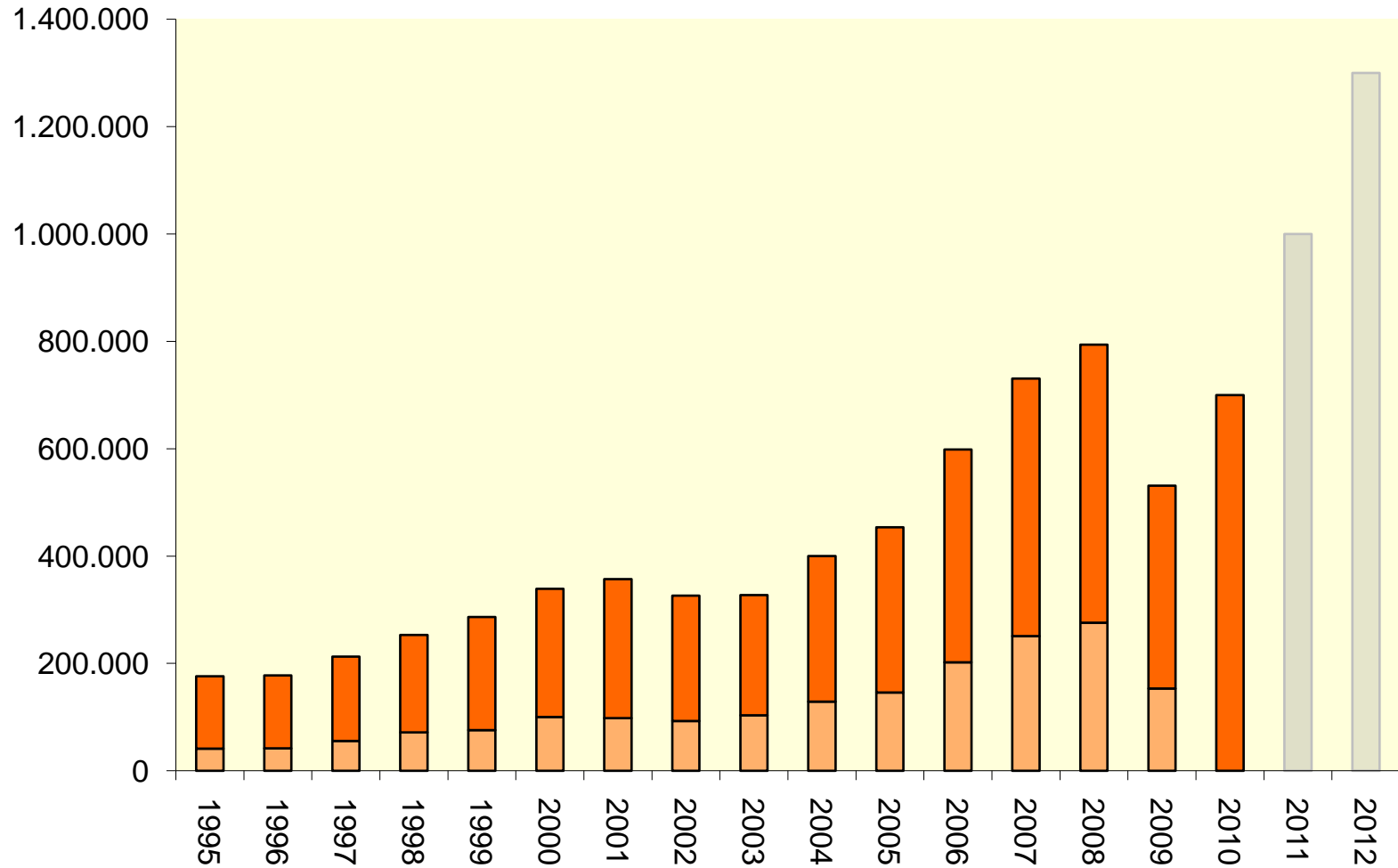
II. Some Trends

- ▶ (4) Since the crisis, the trend towards an expansion of precarious employment is intensifying. Temporary work is booming once more. While before the crisis, it peaked at 870,000 temporary workers, about 300,000 of these jobs were lost within a very short time during the crisis. At present, the number of those temporary workers is likely to have passed the threshold of one million.

Atypical employment: temporary workers



Development of employment in temporary work



II. Some Trends

- ▶ (5) Temporary work is no longer just used ad hoc or in order to cope with order volume peaks, but more and more frequently strategically.

Forms of corporate use of temporary work

	Ad-Hoc Usage	Flexibility-Buffer	Strategic Use
<i>Function of temp-agency work as a flexibilisation-instrument</i>			
Flexibility	Replacement	Volatile order-situation (recruitment costs)	„Security net“: safeguard profitability by reducing redundancy costs in case of crisis <i>plus wages</i>
<i>Form of usage of temporary workers</i>			
Intensity of usage	Minimal	Medium to high (>5%)	Medium to high (>5%)
Range of usage	Selective/isolated	Limited to periphery of workforce	Comprehensive use in all sections
Duration of usage	Impermanet	Impermanent	Permanent
<i>Relation between core workers and agency workers in work process</i>	Little interaction	Core-periphery segmentation	Interlocking of core and periphery

Duration of employment in temporary work

Employment-spells in temporary agency work are extending in time

Duration of employment with an agency

Dec.1999/Dec.2009



III. Forms of Coping

- ▶ (1) The precarization of work and employment functions as a disciplinary regime which also effects those supposedly still in protected employment ("boomerang effect").
- ▶ (2) Even regular employees are confronted with constant tests of their usability. Especially in times of crisis, they keep having to improve their qualifications in the struggle to maintain their permanent jobs. 77 % of over 1,442 blue-collar and white-collar employees at a car plant agreed with the statement that due to global competition between locations, employees are under increasing pressure, only 2% rejected this statement.

3. The typology

Diagram 1: (dis-)Integrating Potentials of Gainful Work – a Typology

zone of integration

1. *secured integration („those being safe“; 31,5 %)*
2. *atypical integration („those being unconventional“ or „self-managers“)*
3. *insecure integration („those feeling insecure“)*
4. *endangered integration („those being threatened by decline“)*

zone of precariousness

5. *precarious employment as an opportunity / temporary integration („those being hopeful“)*
6. *precarious employment as a lasting arrangement („those being realistic“)*
7. *defused precariousness („those being satisfied“)*

zone of decoupling

8. *exclusion which can be overcome: („those willing to change“)*
9. *controlled exclusion/staged integration („those being uncoupled“)*

This typology is based on a qualitative survey with ca. 109 interviewees from all zones of the working society which I have carried out together with K. Kraemer and F. Speidel. Percentages come from a quantitative survey by INIFES which is based on a stratified random sample (n=5.388). Percentages must be relativized in so far as attributing the representative material to our types could only be done approximately. 3,9 % of quantitatively interviewed could not be attributed.

- ▶ (3) Precarization has the effect that blue-collar and white-collar employees increasingly degree consider their permanent employment a privilege which has to be defended rigorously. This also reinforces a tendency towards exclusive solidarity limited primarily to the in-group of regular employees.

Table: Attitudes and opinions concerning temporary work

Item	agree	Partly agree/ disagree	Don't agree	N
Agency work helps the company to react flexibly to market demand.	61,6	25,7	12,7	1.350
Many temp agency workers are lacking qualification.	60,5	28,9	10,6	1.336
Temps need so much time to adjust to a new job that any economic benefit to the enterprise is doubtful.	31,0	40,7	28,3	1.255
The use of temps helps secure the jobs of permanent staff.	20,4	29,2	50,4	1.262
In a sense, this company needs to use more temps.	7,5	19,3	73,2	1.264
The number of temps needs to be limited.	73,6	16,4	10,0	1.274
To some extent agency work is used to increase internal competition.	41,8	28,1	30,1	1.211
Temps often are over-zealous because they are after a permanent job.	57,9	28,1	14,0	1.308
Sometimes the high commitment of temps is having a pull effect on permanent staff.	13,0	29,9	57,1	1.237
Basically, temps are second class employes.	55,1	21,4	23,5	1.291
Temps are a part of the company- just as the permanent workforce.	30,8	26,3	42,9	1.291
Permanent staff and temps are being treated equally by superiors.	34,1	36,6	29,3	1.255
Temps are being well represented by the local works council.	50,0	33,3	16,7	974

IV. Conclusions

- ▶ (1) The deep chasms in the labour market bring about a dramatic "secondary power divide" (Claus Offe) in the labour market. While the bottom quarter of wage-earners recorded a loss of real income of 14% within 10 years (1997–2007), wage earners with at least reasonably secured employment have been able to keep their living standard or their losses within acceptable limits.
- ▶ (2) In the precarious sector, the price of labour is systematically pushed below its value. As a result the state is forced to generously subsidize those employees whose work no longer pays for their living. In this manner, tax money to the amount of 50,000 million Euros has been poured into the low-wage sector.

- ▶ (3) An *activating labour market policy* has speeded up this process. With what is widely known as the "Hartz reforms" a social status below the level of respectability was created. Such a social status repels especially those still holding a regular jobs. This way, the labour market reforms reinforce the disciplining pressure of precarious working and living conditions, and wage-earners can be pushed into conformity more easily.
- ▶ (4) Moreover, in Germany, the crisis has boosted implementation of a historically new form of discriminating precarity.
- ▶ (5) In the perception of the actors involved, precarization thus constitutes a hierarchy in which those living under difficult circumstances who at the same time have the weakest power resources experience themselves as members of a minority whose everyday lives differ from the standards of the "majority society".

Outlook:

- ▶ To a relevant extent the successes of such labour market policies are based on an "exportism" which keeps aggravating the economic and social imbalances in Europe by means of social dumping and demanding restraint in collective bargaining.
- ▶ One of its basic elements is a model of reproduction whose answer to changing forms of living and the increasing average participation of (west German) women in employment is the lack of service staff in the social field and an increase in the number of, often informal, menial domestic jobs.
- ▶ The latent problems in legitimation of the "German model" are becoming more pronounced. In the perception of many (un-) employed persons, there is a lack of justice. More than 70% of the blue-collar and white-collar employees interviewed by us believe that the current economic system is not sustainable in the long run.
- ▶ It is uncertain in what way this latent discontent will be articulated politically in the future. From the perspective of European unity, though, it should be noted clearly that the case of Germany does not represent a model path for reshaping employment policies.

Overview: Legitimation problems

	State- ment fully applies	State- ment rather applies	Partly applies	State- ment rather not applies	State- ment does not apply at all	Don't know, no answer	Total percent
The current economic order is not viable in the long run. (n=428)	14	25	31	21	4	5	100
There is a decreasing consideration for worker's interests. (n=432)	25	39	26	9	-	1	100
German workers are increasingly pressurised by international competition. (n=432)	31	44	18	5	2	-	100
We will only be able to safeguard our prosperity by being a prime location for business. (n=424)	42	41	13	2	1	1	100
Wealth could be much more equally spread. (n=340)	47	32	17	4	-	1	100
Criticising capitalism does not help, you can't change the rules. (n=421)	8	21	27	23	17	3	100
A society that takes care of everybody finding it difficult to cope is not viable in the long run. (n=423)	12	16	36	21	12	3	100
Today, the socially disadvantaged are being paid more attention than those who contribute by working hard. (n=421)	6	13	31	27	17	6	100
It's not directors and management who are key performers, the main contribution to society is being made by the workers. (n=430)	34	34	27	3	1	1	100
The unemployed should be put under more pressure. (n=431)	9	13	45	19	10	4	100
Those who are out of work in Jena for more than a year have proven to have no real interest in a job. (n=430)	3	5	24	32	27	9	100
It would be nice if society was to adhere to the principles traditionally held up at the Zeiss company. (n=422)	30	41	17	3	1	9	100