



# Coming Challenges

Stockholm, 14. September 2011

Prof. Dr. Michael Hüther

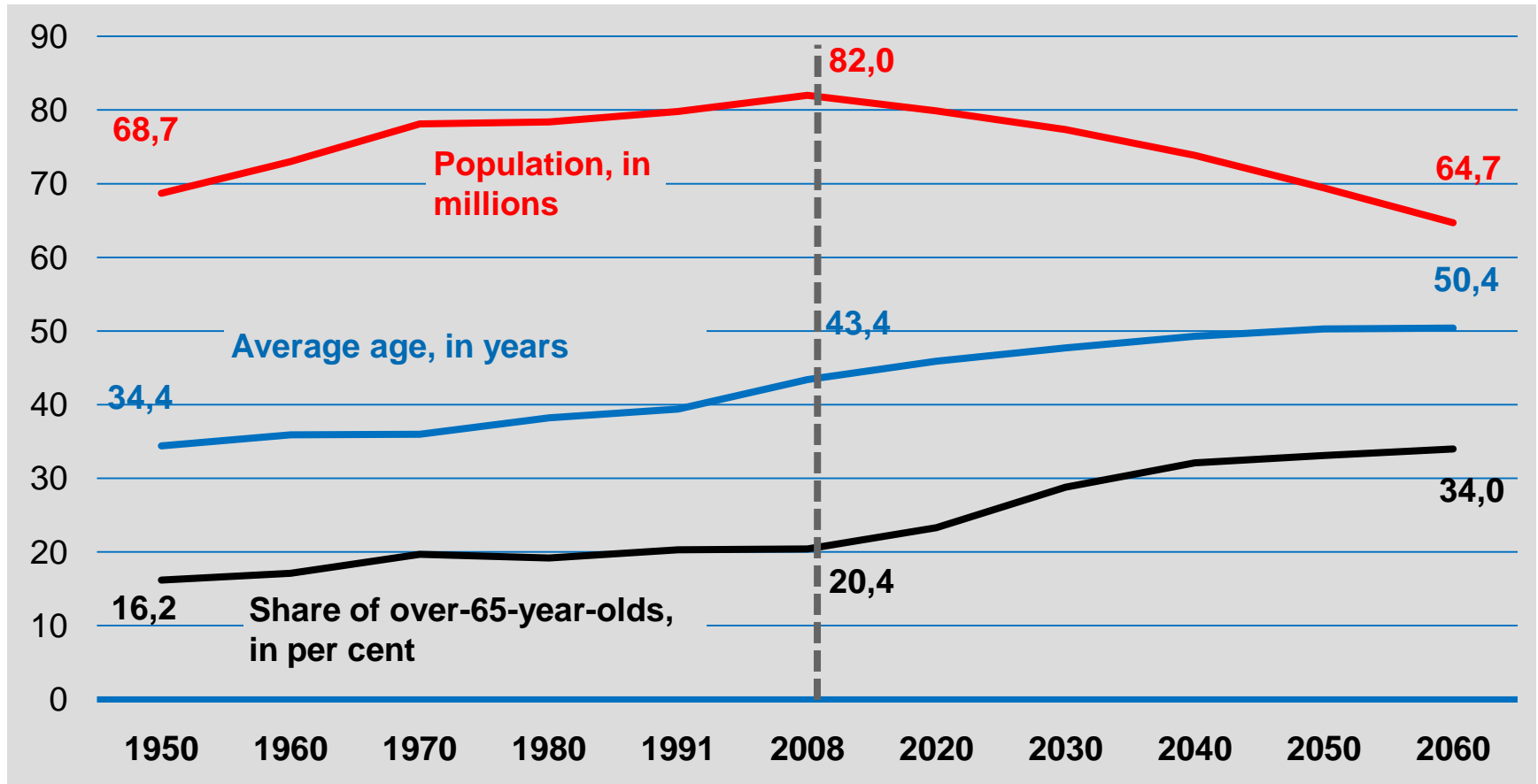
# Agenda

SHORTAGE OF WELL TRAINED LABOUR

THE POTENTIAL OF MIGRANTS

THE ROLE OF WAGES AND UNIONS

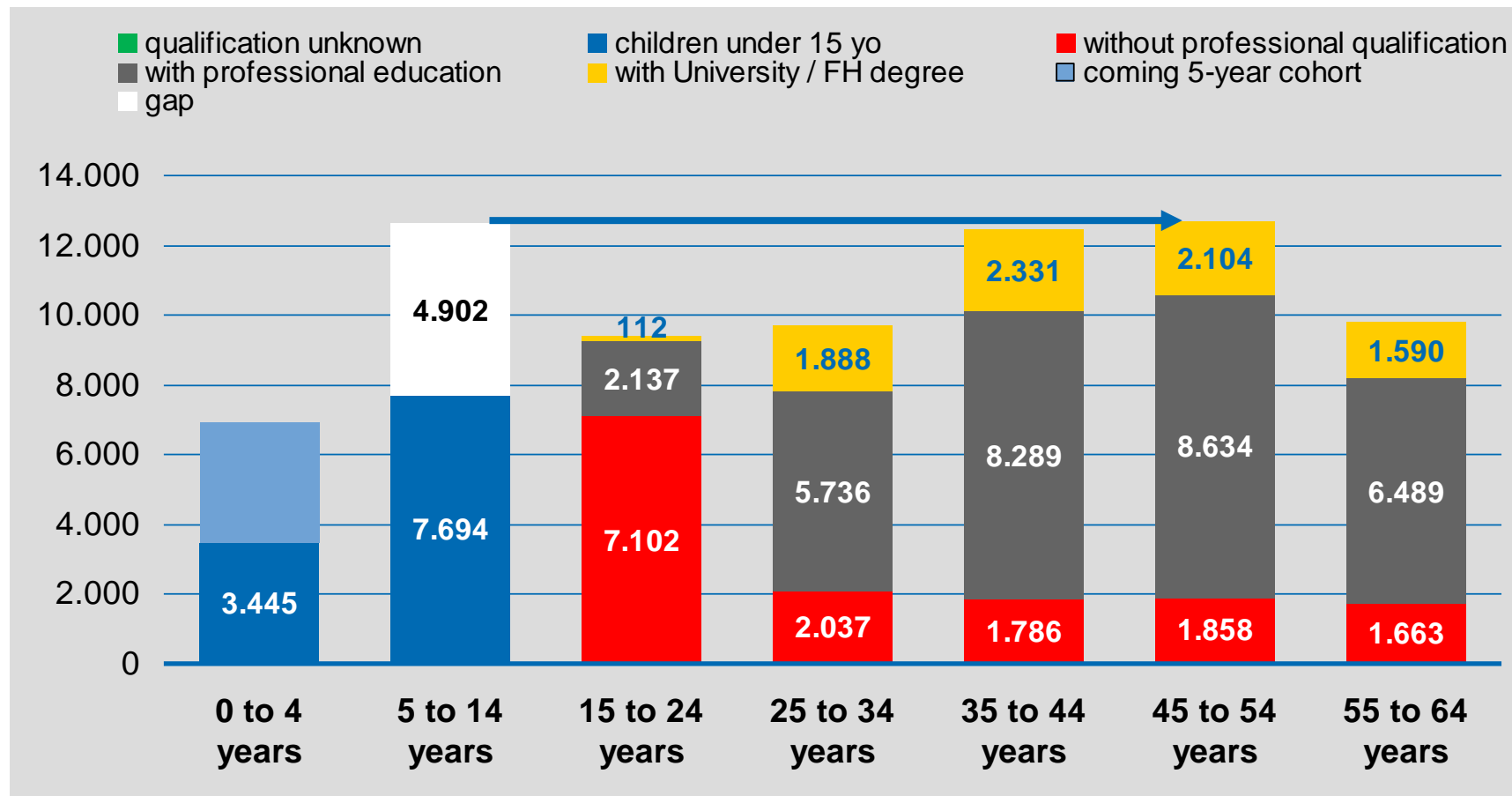
# A shrinking and ageing population



Source: StBA; Var. 1-W1 der 12. koordinierten BVB; IW-Berechnungen

# Demography: The long run

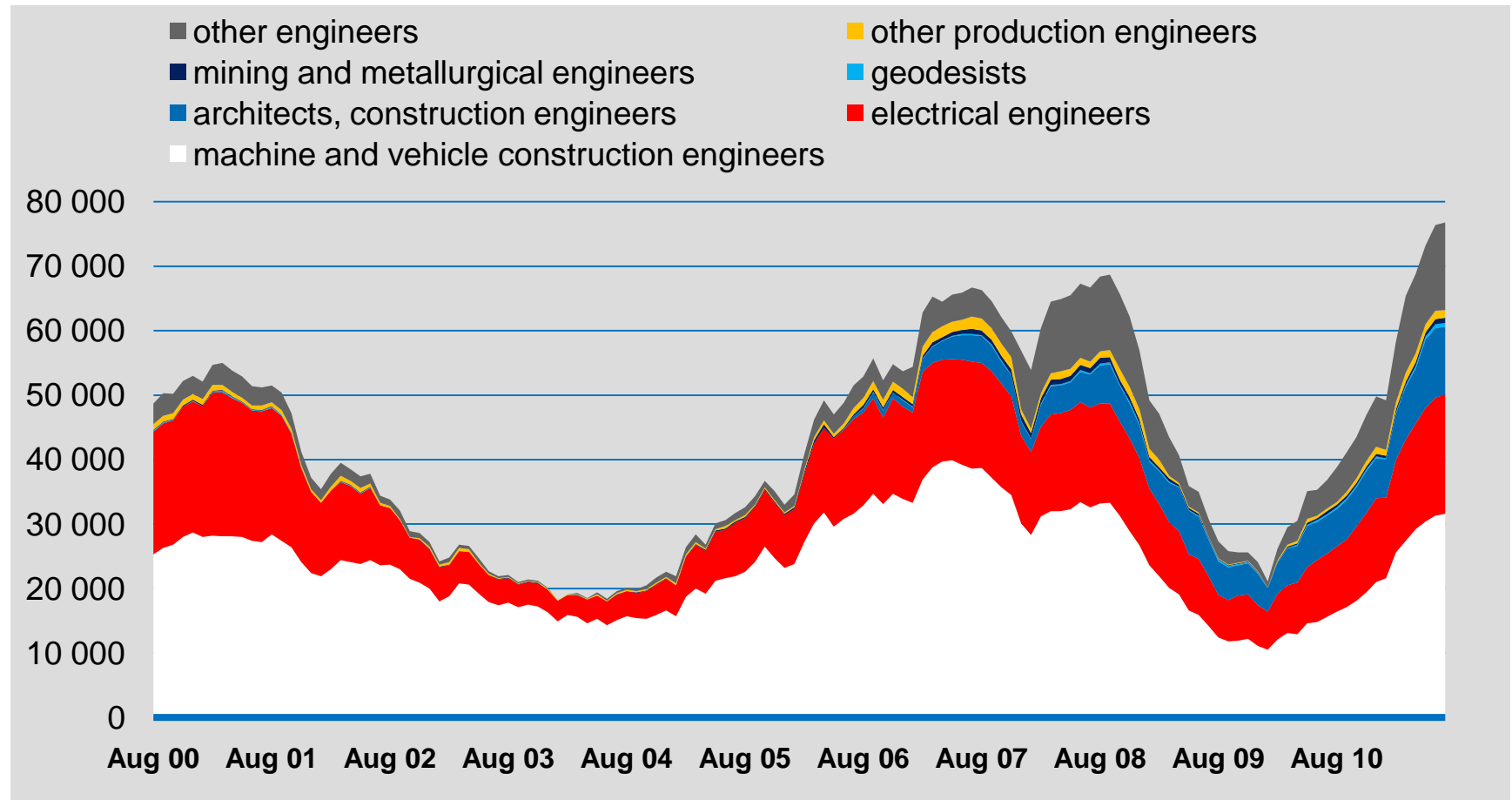
Population by qualification and age, 2009, Germany, in thousands



Source: Statistisches Bundesamt 2010, eigene Berechnungen

# Right now, engineers are scarce in Germany

Difference between job vacancies and unemployed



Source: Bundesagentur für Arbeit, Institut der deutschen Wirtschaft Köln

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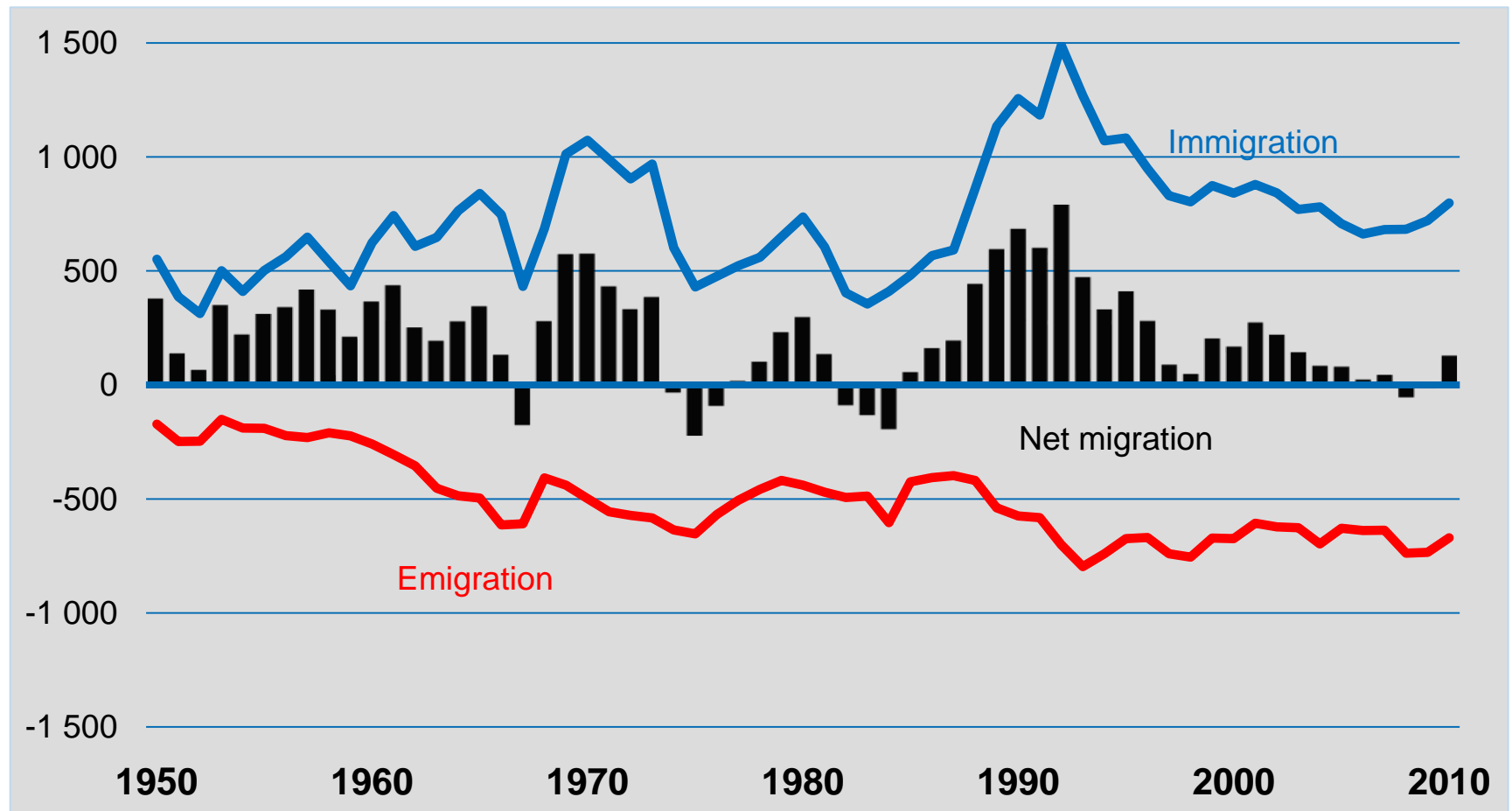
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# Net migration has been no help

Immigration to and emigration from Germany, in thousands



Source: Statistisches Bundesamt

# Qualified immigration is too small to matter

## Migration from third countries

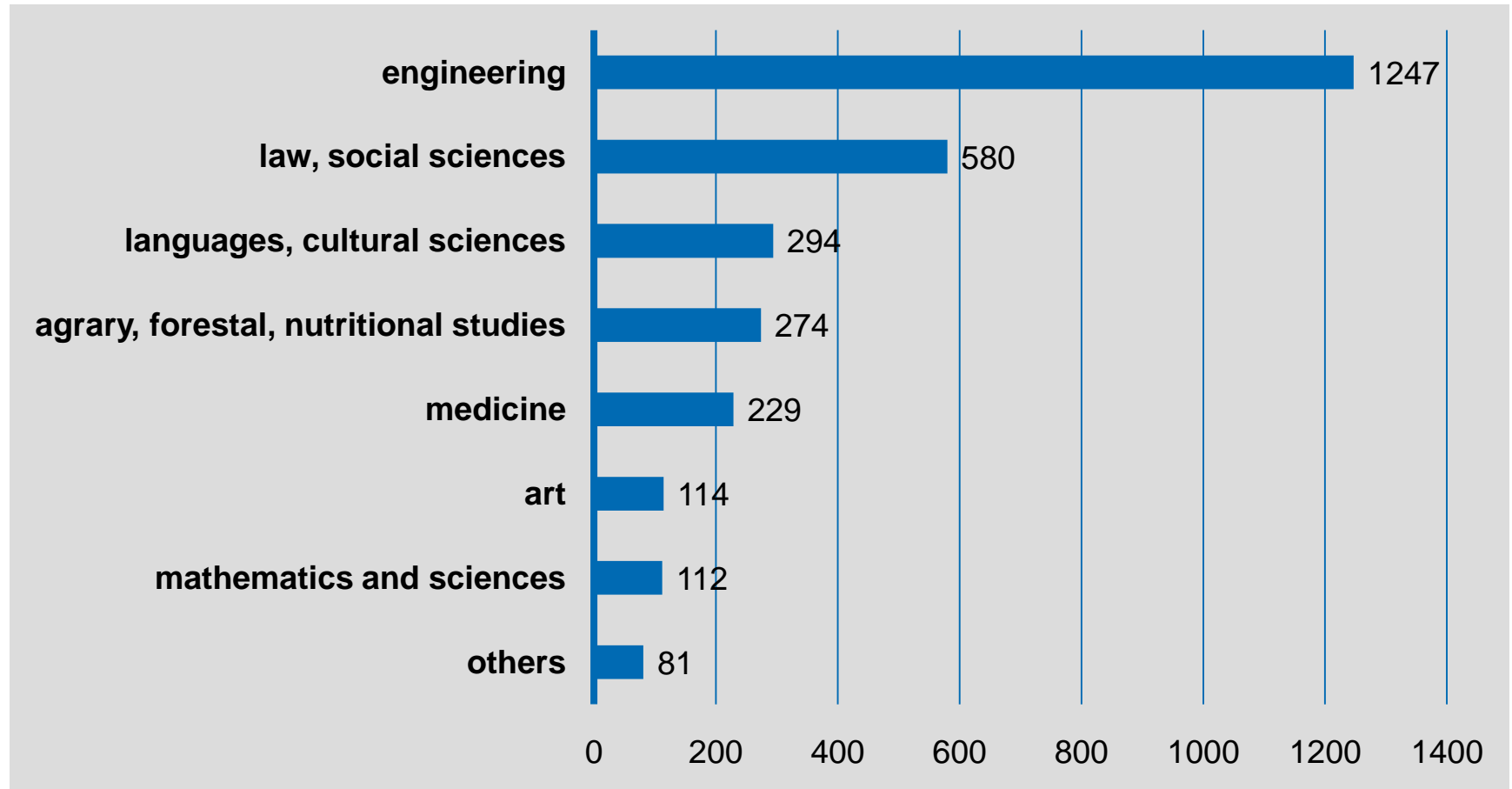
	requirements: Job offer + ...	Influx in 2009
Employment §18 AufenthG	professional training or university studies	14.816
	Without professional training or university studies	8.408
Highly qualified workers and researchers §§ 19, 20 AufenthG	- excellent scientific performance or specific job experience which results in a wage of at least €66.000 special research appointments	311
Self employed § 21 AufenthG	Among others: Investment of at least €250.000 + creation of 5 jobs	1.024

**Total qualified immigration: 16.151**

Sourcen: BAMF, IW Köln



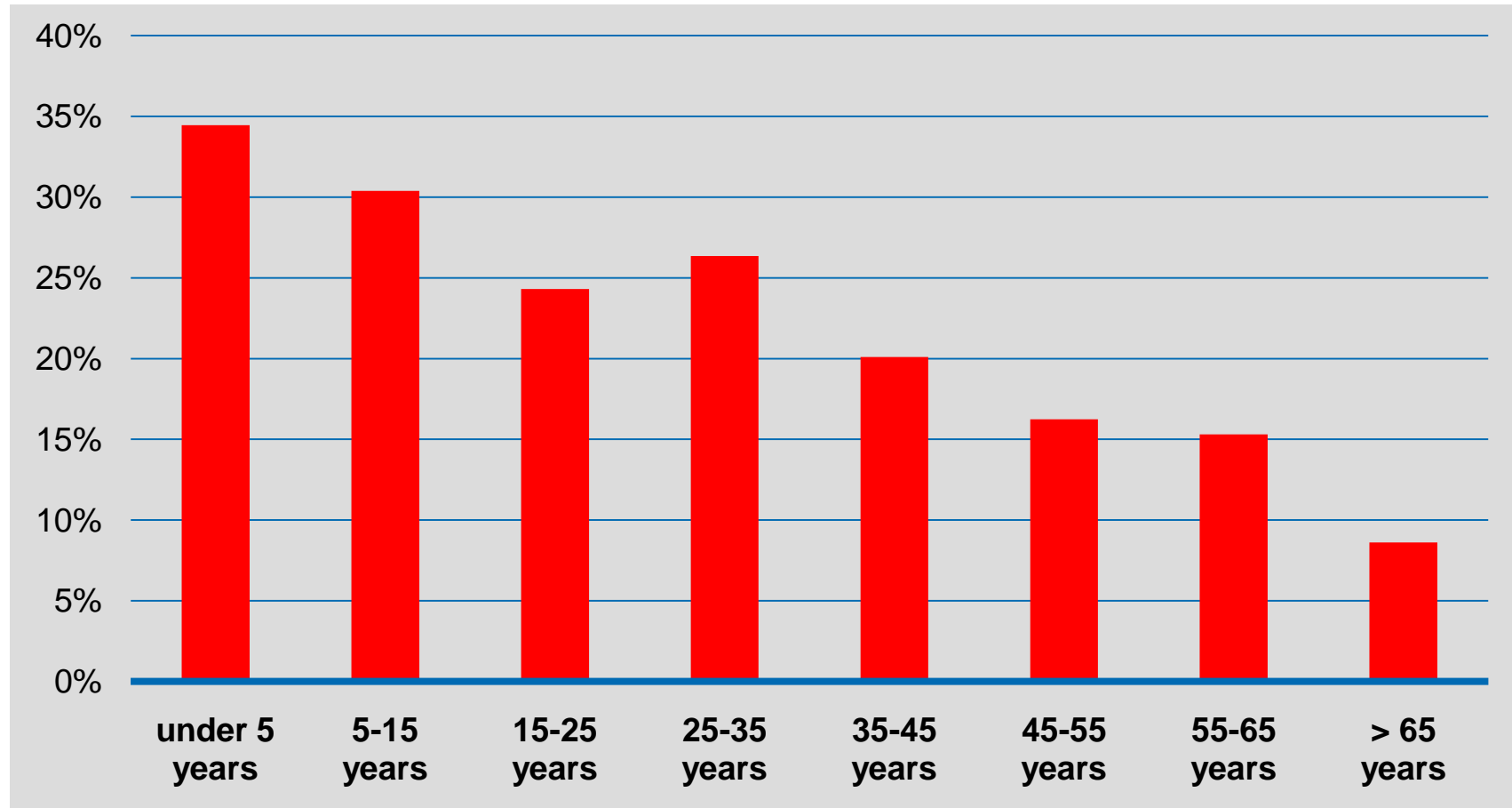
# Potential today: Validation of foreign educational achievements



Source: Mikrozensus, 2009

# Potential tomorrow: migrants' descendants

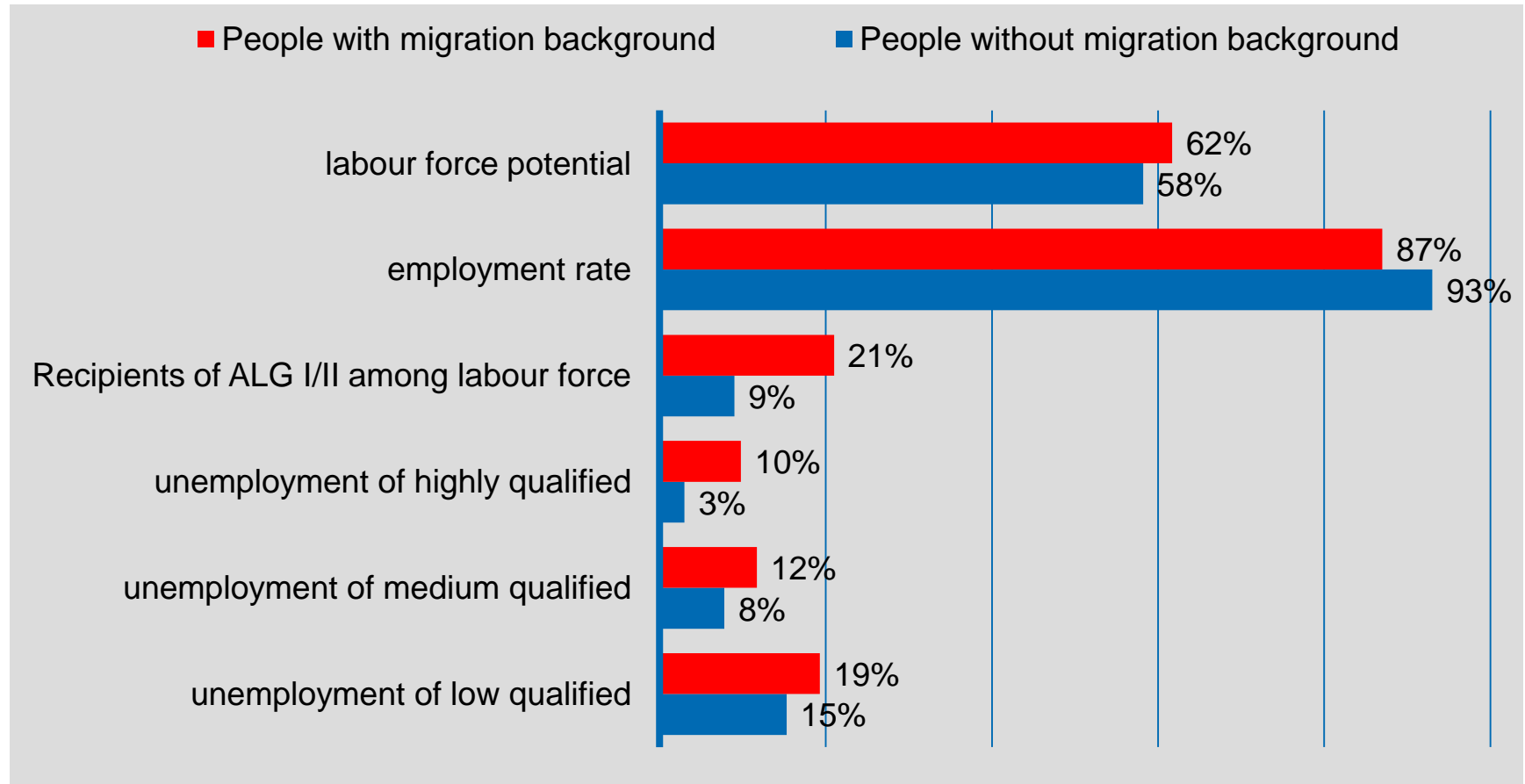
Share of persons with migration background of total population



Source: Statistisches Bundesamt/Mikrozensus 2009

# Need for better education and integration

## Labour market integration of immigrants



Source: IW Köln, Mikrozensus 2009

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# Minimum wages

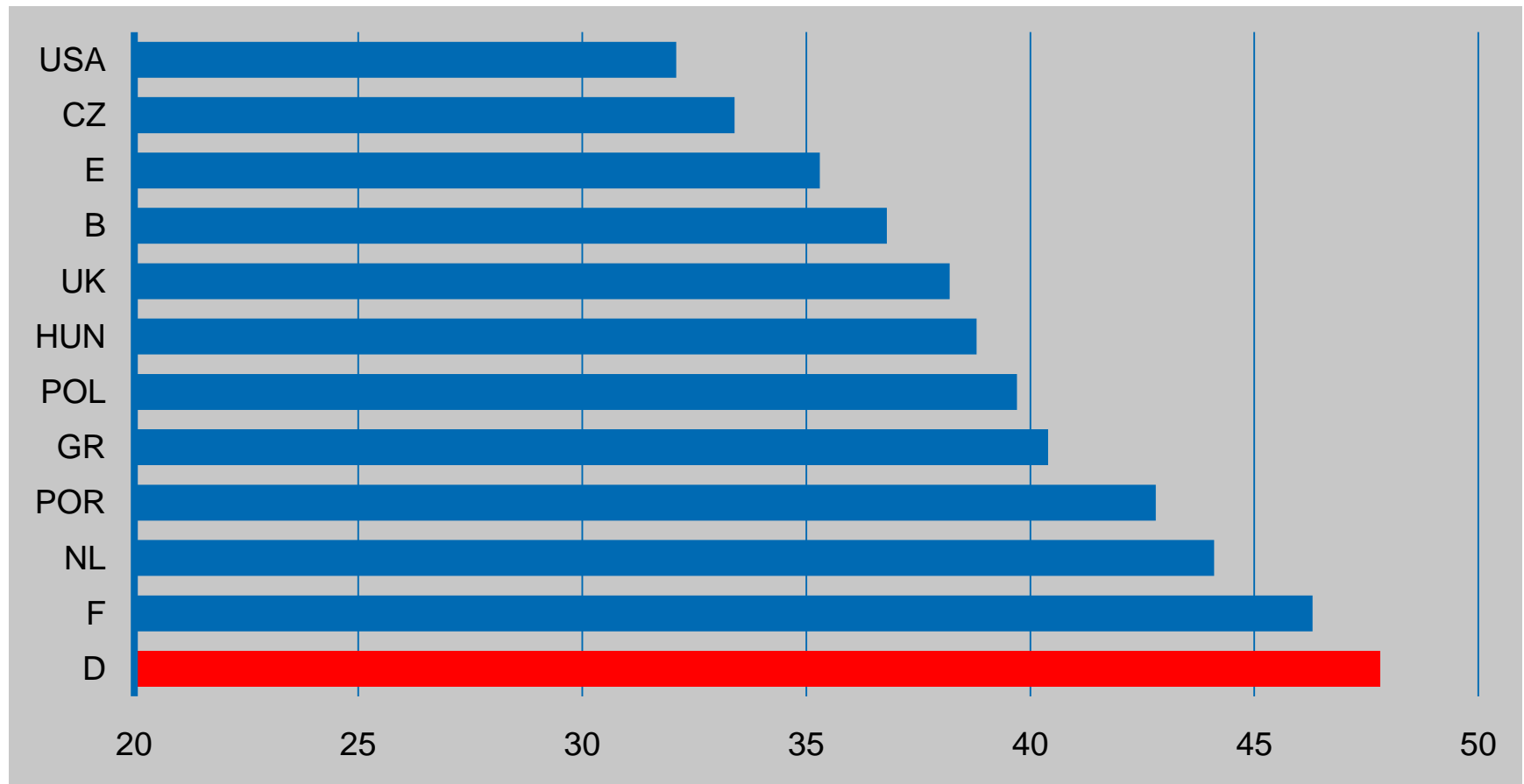
- ▶ A general legal minimum wage is still in discussion. Its proponents see it as a means to reduce the number of „working poor“
- ▶ At the moment, Germany has legally introduced sectoral minimum wages in several sectors of the economy
- ▶ Problems:
  - ▶ High control costs due to segmented application
  - ▶ Outside competition (by firms that do not sign tariff agreements) ceases to exist, this lessens the need for wage moderation
  - ▶ Workers with a productivity less than the minimum wage are in danger to become unemployed

# Minimum wages in several sectors

Sector	Number of concerned employees	Minimum wages in Euros
Special operations in black coal mines	2.000	11,53 bis 12,81
Roofing	84.000	10,80
Construction	678.000	9,75 bis 13,00
Painting Services	110.000	9,75 bis 11,75
Electric Services	310.000	8,65 bis 9,80
Waste management	175.000	8,24
Elderly care	630.000	7,75 bis 8,75
Building cleaning	830.000	7,00 bis 11,33
Laundries	30.000	6,75 bis 7,80
Security firms	170.000	6,53 bis 8,60

# A dangerous proposal: €8,50 per hour

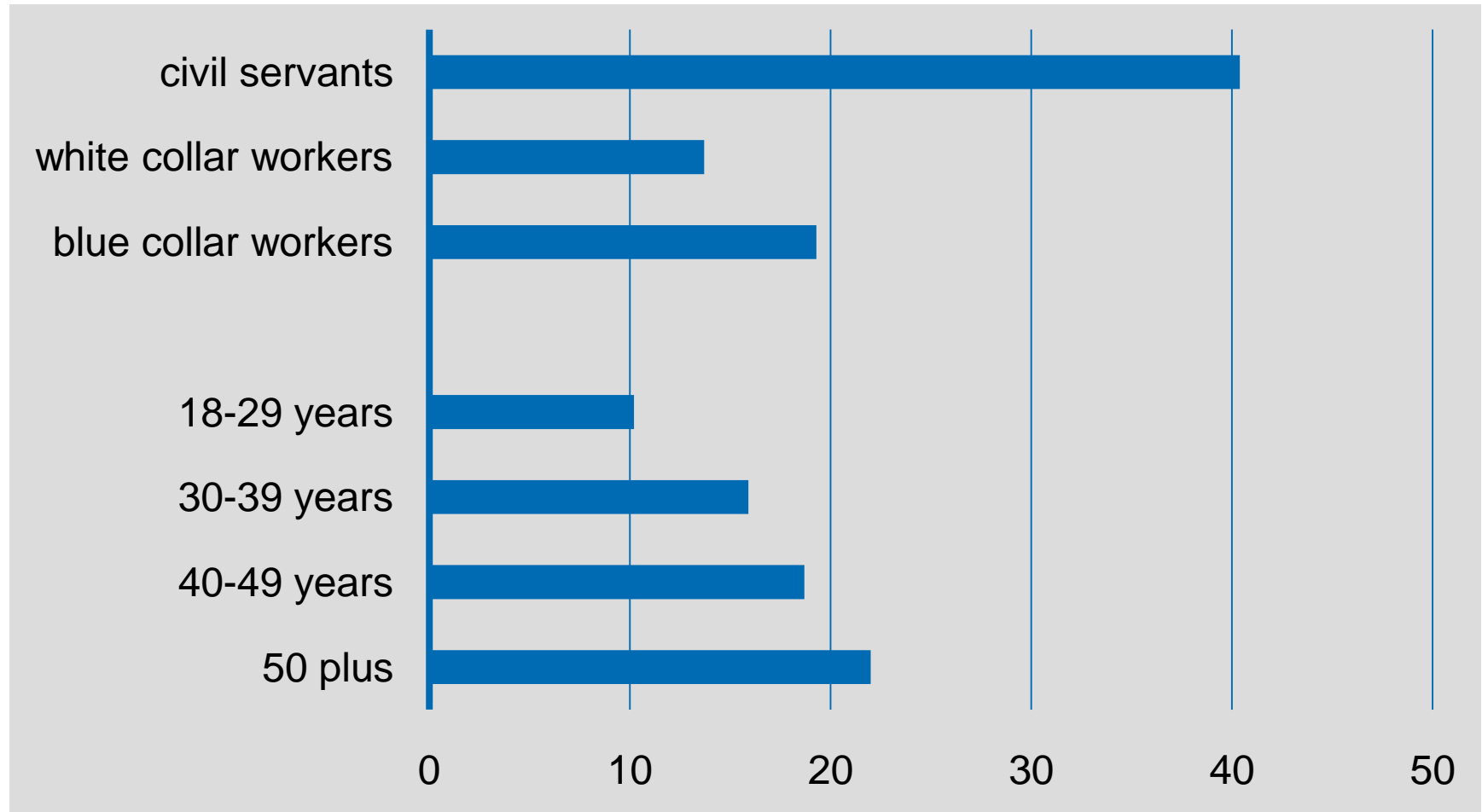
Minimum wages in per cent of average wages



Source: Eurostat;

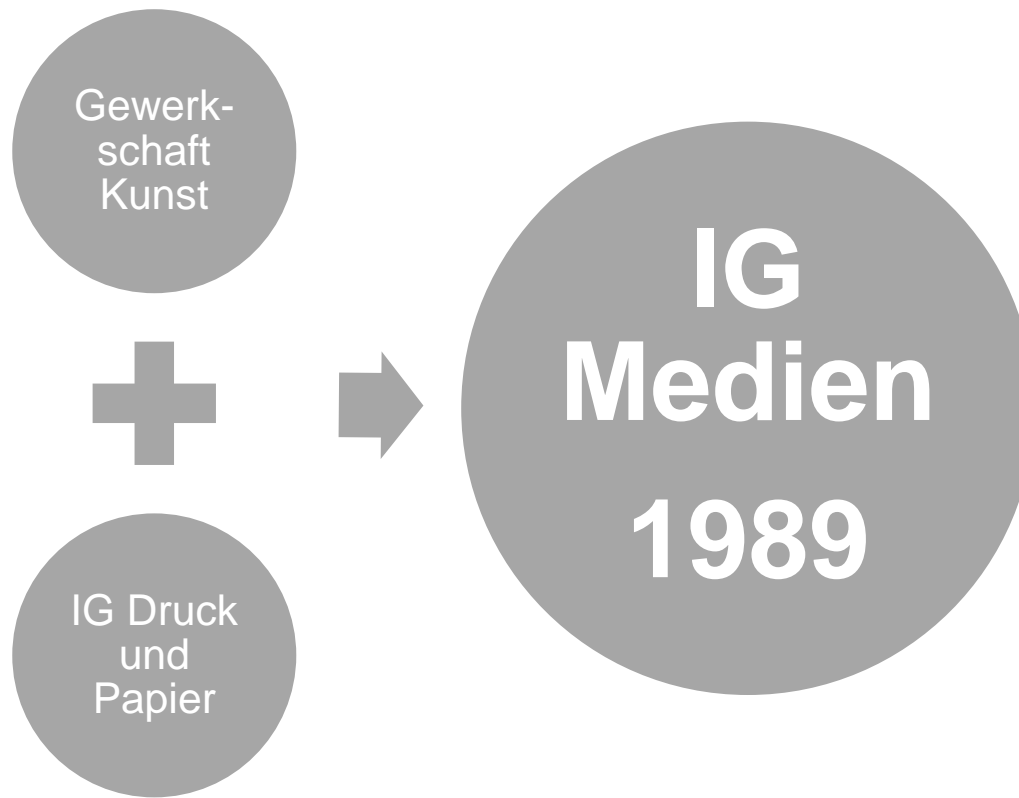
# Membership structure of trade unions

Rate of unionization, 2010

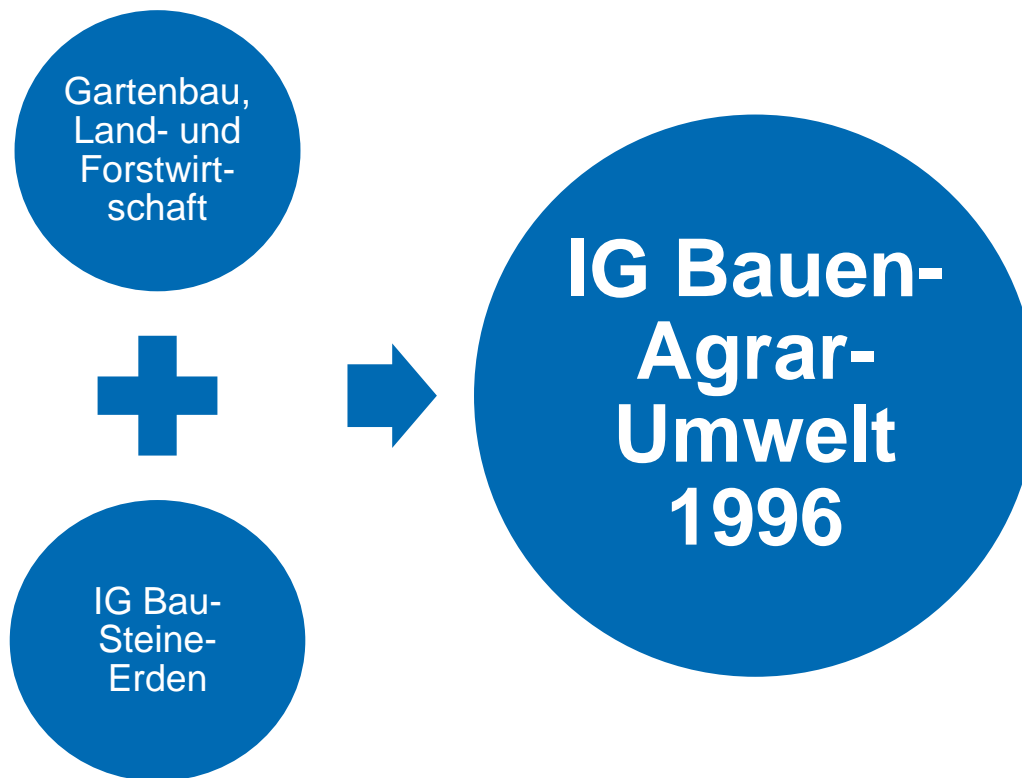




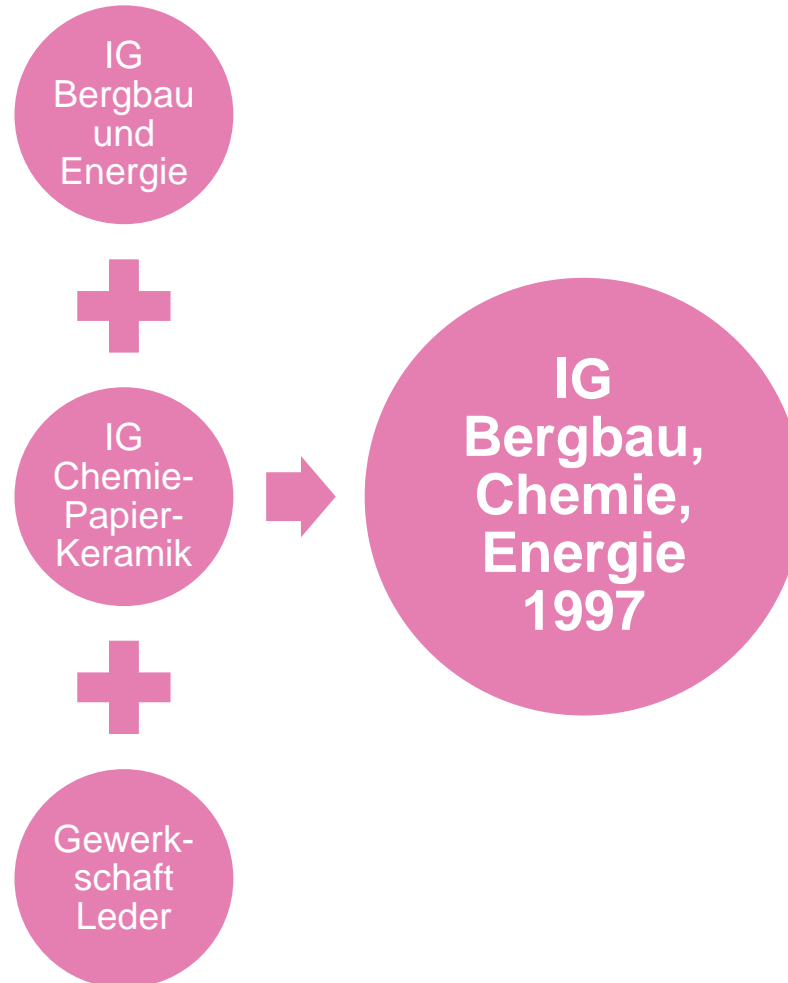
# Fusions of German unions



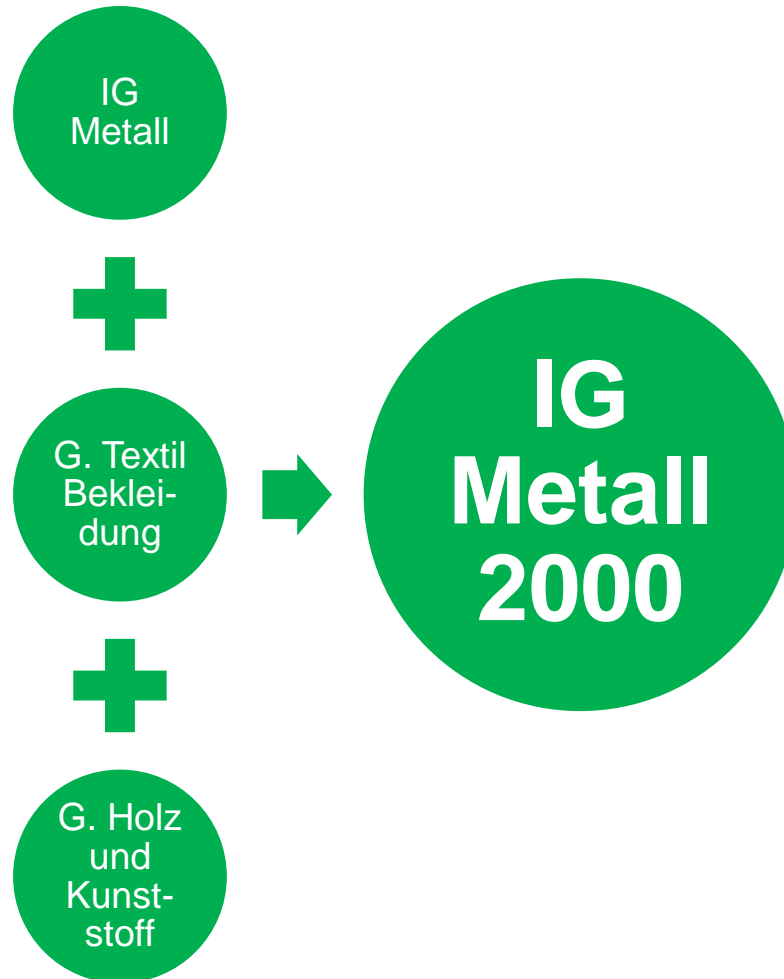
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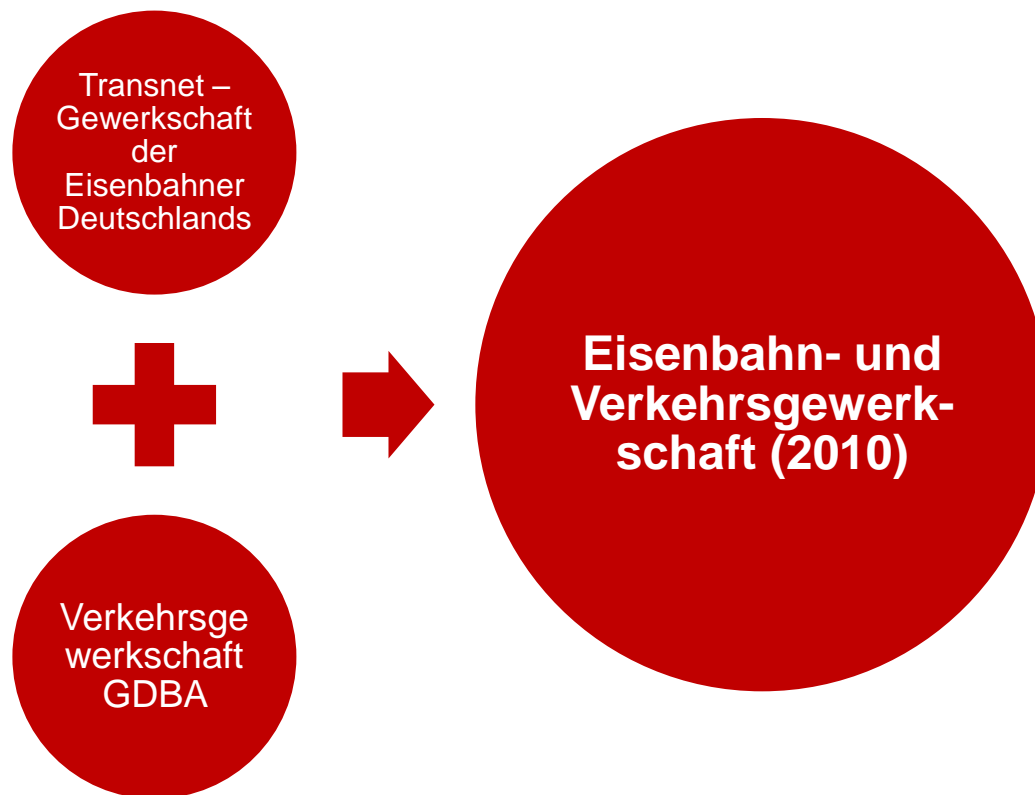
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# Trade unions as actors in industrial relations

- ▶ A recent survey shows: 61 per cent of the interviewed want unions to fight for higher wages (late 1990s: 43 per cent)
- ▶ 42 per cent of the interviewed believe that craft unions can enforce higher wages more effectively than industrial unions, only 30 believe it to be the other way round
  - ▶ As a reaction of the important fusion resulting in ver.di (2001) several craft unions decided to become independent from the new conglomerate. They started to follow a wage policy according their own interests.
  - ▶ The crafts unions of pilots, air traffic controllers, flight attendants, physicians, train drivers have become quite powerful
- ▶ Industrial unions are getting under pressure to rethink their strategy of moderate wage increases

# Wage development depends on labour supply

The upward pressure on wages will be influenced by the developments outlined before:

- ▶ The shortage of well trained labour will lead to an excess demand for workers, which will bring bargaining power to the employees.

This development can be mitigated by various factors:

- ▶ The successful education of the younger generation
  - ▶ A special focus must lie on the education of migrants' descendants
- ▶ Accrediting foreign educational achievements
- ▶ A higher influx of qualified immigrants