

ATLAS OF WORK

Facts and figures
about jobs, employment
and livelihoods



IMPRINT

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Chief executive editors: Daniel Haufler, Maike Rademaker (DGB), Dorothea Voss (HBS)

Managing editor: Dietmar Bartz
Art director: Ellen Stockmar

Atlas  **Manufaktur**
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English editor: Paul Mundy
Proofreader: Maria Lanman
Fact checking by Infotext Berlin

Contributors: Wilhelm Adamy, Matthias Anbuhl, Gerhard Bäcker, Reinhard Bispinck, Andreas Botsch, Michael Braun, Manuela Conte, Barbara Dribbusch, Béla Galgóczi, Daniel Haufler, Ulrike Herrmann, Frank Hoffer, Markus Hofmann, Johannes Jakob, Annette Jensen, Yvonne Lott, Frank Meissner, Mareike Richter, Ingo Schäfer, Thomas Seifert, Jan Stern, Oliver Suchy, Anja Weusthoff, Edlira Xhafa, Frank Zach

Cover design: Ellen Stockmar, cover elements: Ilya Rumyantsev/fotolia.com

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Editorial responsibility (V. i. S. d. P.): Maike Rademaker, Deutscher Gewerkschaftsbund

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Deutscher Gewerkschaftsbund, Henriette-Herz-Platz 2, 10178 Berlin
www.dgb.de/atlas-of-work and www.dgb.de/atlas-der-arbeit

Hans-Böckler-Stiftung, Hans-Böckler-Str. 39, 40476 Düsseldorf
www.boeckler.de/atlas-of-work and www.boeckler.de/atlas-der-arbeit

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2018

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INTRODUCTION

For most of us, work is more than merely a means to earn our daily bread. Work usually defines our social status, not only through our incomes but also through our professions. Being able to work means we can participate in society and are integrated in our community. Throughout the world, people are debating the meaning of work and the values that are tied to it.

Labour is not a commodity where prices and conditions can be set at will or left to the market to determine. Working conditions and wages are always the result of political decisions, and often of tough conflict and hostile political systems. This Atlas of Work aims to present the range of labour relationships, without any claim to be exhaustive. It compares the systems in various countries and describes how working conditions can be shaped. It illustrates that we are still very far from assuring good working conditions and equal rights at work for all workers, and it reveals where and how political action is needed.

The organization of working conditions ceased to be a purely national matter years ago. It has become an issue of international policies. Competition in tax regimes and capital markets have long steered investments and trade, thereby influencing national policies. It is the workers who are hardest hit when multinationals engage in systematic tax evasion and avoidance (shifting offices and factories to low-tax jurisdictions), and when capital markets fluctuate wildly or crash. Policy makers still lack adequate responses, whether at the national, European or international levels.

New challenges are arising in the world of work while longstanding abuses have not been resolved. We have not even succeeded in eliminating the worst form of labour exploitation, slavery. Even in traditional industries and services, workers are still missing basic rights and needs. Digitalization is fundamentally changing almost all types of work. Rules and legal regulations are inadequate to fit the new situation. The vanishing boundaries

between work and leisure time, crowdworking (digital platforms that recruit freelancers), Big Data (crunching massive datasets to reveal insights), international service platforms, the emergence of new professions and the disappearance of old ones, privacy issues, the concentration of power in corporations, rising inequality – the transformation of the current employment landscape into a new world of work presents a major challenge for policy makers, and especially for trade unions.

Trade unions play an important role worldwide in shaping the working conditions of the present and the future. Employees are significantly better-off in countries where unions are strong and wherever there is worker's representation and participation in a company. Through collective bargaining, unions achieve not only pay increases; they also make forward-looking proposals on working time arrangements, further training and pension schemes.

They drive political demands such as national minimum wages and high occupational safety standards. Their international organisations support trade unionists around the globe. But in some countries unions are weak, and suppressed or even banned.

This Atlas of Work explains many aspects of how our working world is structured today, how it is in constant motion, and what opportunities we, especially policy makers, unions and civil society, have to change it. The Atlas offers a solid basis for discussions on work in the future.

We hope you enjoy reading it.

Reiner Hoffmann
President, German
Confederation of
Trade Unions (DGB)

Michael Guggemos
Spokesman,
Hans Böckler
Foundation (HBS)

16 SHORT LESSONS

ABOUT THE WORLD OF WORK

- 1 Workers have **BETTER PAY AND CONDITIONS** if unions represent their interests and negotiate **COLLECTIVE BARGAINING AGREEMENTS** on their behalf.



- 2 Incomes in Germany are moving apart. **INCOME FROM LABOUR** is rising slowly, if at all; income **FROM CAPITAL** is growing much faster.

- 3 **WOMEN** still earn less than men and have worse career prospects. They also receive **LOWER PENSIONS**.



- 4 Jobs are not going to run out, although **AUTOMATION** and **DIGITALIZATION** are making workers ever more productive.



- 5 **DEREGULATION** of the employment market means that millions of people now have only a minijob, part-time or contract work, or a **TEMPORARY JOB**.

- 6 The **LOW-WAGE SECTOR** in Germany has grown rapidly since the 1990s and is now one of the largest in Europe.



- 7 **DIGITALIZATION** is changing work patterns and requires workers to be more flexible. The boundaries between **WORK AND LEISURE TIME** are blurring.

8 Although more people are at work in Germany than ever before, the numbers of **LONG-TERM UNEMPLOYED** have barely fallen. The government has not done much for them.

9 The **RIGHT TO STRIKE** is both a fundamental right and a human right – but one that is threatened in many countries.

10 Around the world, 40 million people are victims of **MODERN SLAVERY**. Most of them are women.



11 More than two-thirds of jobs in **INDIA** are threatened by automation; in **CHINA** the numbers are even higher. Future **HIGH-TECH PRODUCTS** will be produced in Europe and the United States.

12 Work that **USED TO BE UNPAID**, such as childcare, care of the elderly and housework, is increasingly being outsourced to private service providers.



13 Germany's **DUAL TRAINING SYSTEM** in vocational schools and companies guarantees a high level of qualification for apprentices. But the system is not sufficiently prepared for digitalization.

14 In Germany, Scandinavia and the Netherlands, **YOUNG PEOPLE** have good job prospects. Their counterparts in southern Europe see themselves confronted with either unemployment or precarious jobs.



15 More and more people work **OUTSIDE THEIR HOME COUNTRIES**. This trend will increase markedly in the future.

16 **CAPITALISM** is **NOT A PERMANENT CLASS STRUGGLE**, but functions best when workers also benefit.

OF HARDSHIP AND TOIL

In most parts of the world, pay slips have long replaced whips and shackles as a way to motivate workers. The nature of work, and how it is viewed by society, has transformed markedly over the centuries. It continues to change in often unpredictable ways.

He who does not work, neither shall he eat.” This quotation from the Apostle Paul is cited by Christians and atheists alike. It even made it into the 1936 Constitution of the Soviet Union: Article 12 makes this principle a duty and a matter of honour for all able-bodied Soviet citizens to work. But that misinterprets the scripture. It actually refers to life after expulsion from paradise. Work is hardship and toil, a punishment from God. It is nothing desirable.

It is not just the Bible that sees work in a negative light. The ancient Greeks regarded work and civil rights as opposites. Physical labour was performed by slaves. The debates held by citizens in the meeting-place were seen as an intellectual activity, not work. Similar attitudes also pervaded Christendom for more than 1,000 years.

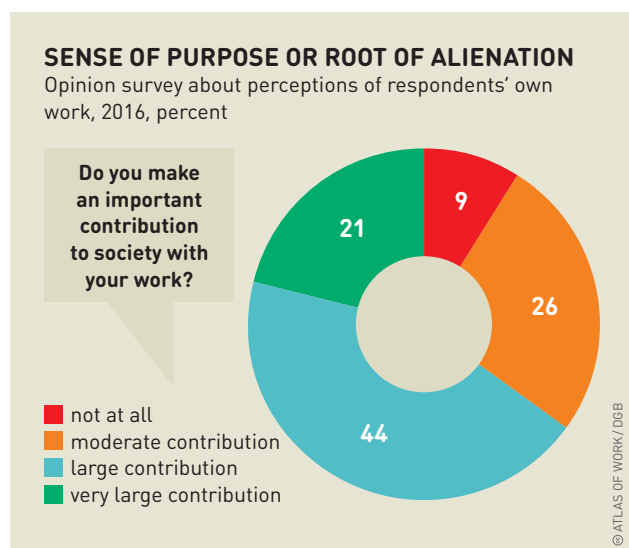
The Middle Ages and early modern era saw a shift in views. Luther’s stress on *ora et labora* (prayer and work), Enlightenment thinkers, and Max Weber’s Protestant ethic all reflect a growing appreciation of work, which came to be seen as the source of property, prosperity and self-realization. Adam Smith believed that work offers the opportunity to change the internal and external nature of humans. According to the philosopher Immanuel Kant,

“The busier we are, the more acutely we feel that we live, the more conscious we are of life.”

That may have been true for parts of the bourgeoisie. For the majority, however, work still meant the hardship and toil needed to make a living – though they were starting to realize the true value of their sweat, as the growing labour movement showed. In the late 18th century, the rise of capitalism and industrialization introduced the concept of wage labour and the “work society”, in which people were defined according to the type of work they did. It was followed in the late 19th and the 20th centuries by the industrial society, in which most working people worked in industry, and in the 1970s in the West by the service society. The last two decades have seen the emergence of post-industrial societies where digitalization has begun to revolutionize the world of work.

Despite these changes, one thing has stayed constant: capitalism continues to dominate the economy, and within it, employment and particularly dependent wage labour. Wage labour has existed since the earliest times, but it is now a mass phenomenon, an object of market transactions: a commodity. Friedrich Engels viewed labour as “a commodity, like any other, and its price is therefore determined by exactly the same laws that apply to other commodities.” In *Das Kapital*, Karl Marx in 1867 developed the theory of surplus value, which defined the exchange value of a good as the amount of work it represents. Given that a human could work for longer than required for the goods he or she needs to survive, the surplus value could be skimmed off by capitalists. But Marx was refuted empirically during his lifetime, as workers joined forces in powerful unions that achieved wage rises and thus gained their share of the surplus value.

Since then, the concept of work has continued to change. At some point, the idea of a “normal employment relationship” in which a man can earn enough to support his family, took root. But in reality, for most people outside the nobility and bourgeoisie, a single income was never enough. Before the industrial era, it was even rarer for a single wage earner to be able to support a family. Women have always worked, and in recent times more than ever. This is not just because of the emancipation of women, but also a result of economic necessity. The social historian Jürgen Kocka thinks that the “normal employ-



*Work does not just benefit individuals:
it also is also a basis for society.
Many realize that they play a part in this*



ment relationship" only existed between 1950 and 1975 – during the heyday of the welfare state. Apart from that time, it was "rather a norm than normality".

The pendulum continues to swing. Industrialization and urbanization shifted work from the house to the mine, factory and office. The spheres of work and non-work (which came to be known as "leisure") were separated – though non-work also included unpaid housework and care activities. Today that distinction is being disrupted by digitalization. That affords more flexibility for workers, but more pressure to perform – they are always at work. Today the boundaries of work and non-work are blurred in terms of time and space.

In many European languages, words for "work" have negative roots that we do not realize today

Meanwhile, the concept of work is expanding from paid employment to include hitherto unpaid activities, such as volunteering and care work. New, unexplored possibilities are opening up. They may lead to people in the future to think differently from Werner von Siemens, who summed up his life in 1892 in the words of the Psalm 90:10, "The days of our years are three-score years and ten; and if by reason of strength they be four-score years, yet is their strength labour and sorrow." —

WELCOME TO THE WORLD OF WORK

Machinery, automation and digitalization are rapidly changing the nature of work. The job market demands an ever more highly skilled workforce – but at the same time, an increasing number of workers are saying goodbye to the typical 9-to-5, five-day workweek, lifelong employment relationship.

Work looms large in our society. In Germany, 75 percent of the working-age population aged 15 to 65 years are employed, and the proportion is growing. In 2017, more than 44 million individuals contributed to Germany's economic performance, and 32 million paid income tax and social security contributions. These figures have risen by 20 percent since the middle of the last century. One-eighth of the employed population has a "minijob" (part-time work not subject to social security contributions) or a "one-euro" job (workfare arrangements for people on social security). Another tenth are self-employed or work for family members.

Beneath the surface of these figures, the job market is in constant flux. Every year, up to 10 million employment relationships begin or end. Young people leave school, apprenticeship or university to join the labour market; other workers move workplaces, switch jobs with the same employer, take parental leave, or return to employment.

The unemployed are involved in approximately a third to a quarter of these changes. Even in boom years, around 2.5 million people become unemployed, and around the same number find a new job. Turnover is especially high in contract work. Many such job relationships are short-term, and the risk of unemployment in this sector is five

times higher than in the economy as a whole. Fewer workers are laid off in manufacturing, even though it employs ten times as many people as contract work. This industrial and craftbased sector employs around 29 percent of German workers and makes a disproportionately large contribution to the national economy of Germany.

However, services are the runaway winner in the most recent structural changes in the employment landscape. Since 2015, they have employed some 70 percent of all workers. Employment in services has risen by more than 5 million since 1999, especially in the health, care and childcare sectors.

The East-West divide in Germany is still plain to see. The population of the East is shrinking and greying. Compared to their Western colleagues, workers there are more likely to be employed in small enterprises, the construction industry and public administration. Sectors with an emphasis on research and development that focus on bringing new products to market are underrepresented.

The number of "atypical" employment relationships has more than doubled since the early 1990s. These include minijobs, fixed-term employment, temping, and own-account work. These employment relationships pay less and are less stable than regular employment; they offer inadequate social security in case of unemployment and after retirement. People with limited or no qualifications often end up in such jobs.

Fixed-term employment is used in public administra-

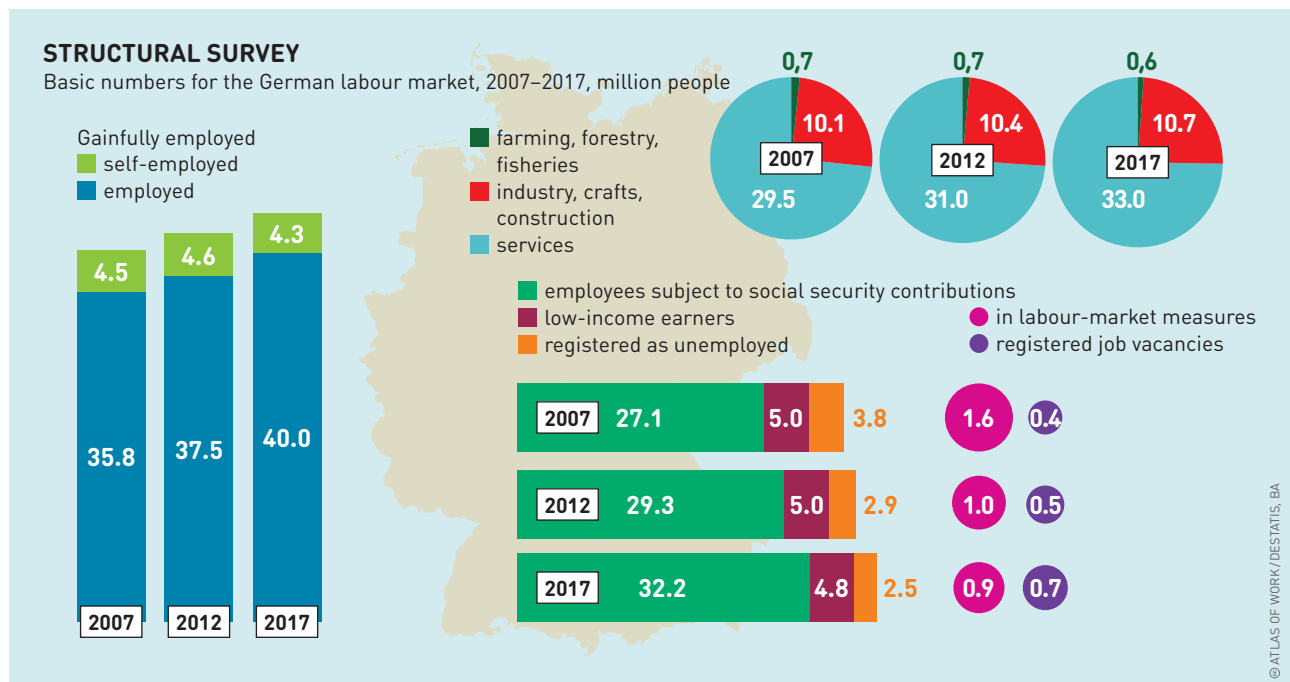
Employment statistics use their own jargon. Mapping these terms reveals the structure of the employment market

COMING TO TERMS

Official labour market terminology



* The hidden unemployed include individuals in labour-market measures (such as training) and in a narrow sense, jobseekers who are not registered as unemployed and persons who may return to the labour market



tion as well as in the private sector. Minijobs are found mainly in the private service sector. Income from these jobs is exempt from tax and social security contributions. Three million people currently have a minijob in addition to their main source of income.

The number of part-time jobs that are subject to tax and social security contributions has doubled in the last 20 years: as with minijobs, they mostly concern women. The rise in female employment is wholly due to swelling part-time employment. When women start families, they often reduce their working hours or interrupt their employment, while the proportion of men in full-time employment stays relatively constant. Men tend to work parttime only at the beginning and end of their careers.

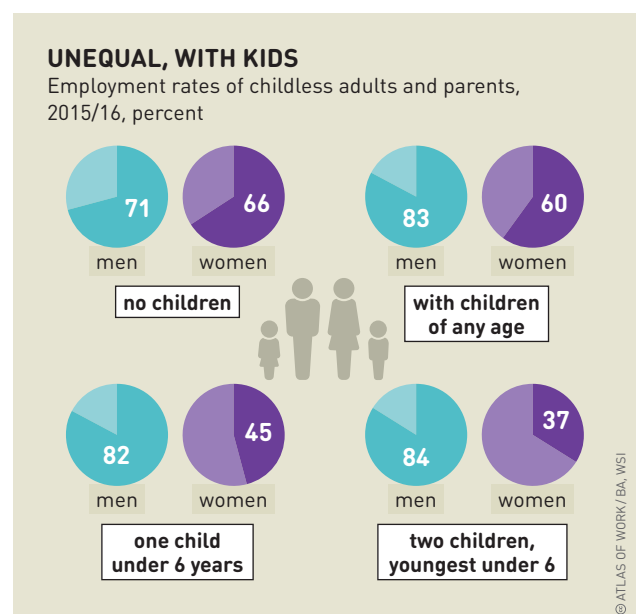
The boundaries between work and leisure have blurred. Work outside normal working hours is becoming more common. The number of working hours in Germany is below the EU average, but even so, one-ninth of all full-time workers put in more than 48 hours a week. Less than half of all overtime hours are paid. One-quarter of jobholders work on Saturdays, and 14 percent now work on Sundays. Employees who are on call or who do night or shiftwork are expected to be especially flexible.

Pure manufacturing and physical labour are losing importance and are being replaced by labour-saving devices. But while the intensity of work is rising, the workers' scope to determine how they do is declining. Industrial production is highly automated and traditional office work is being replaced by digital workflows. This opens

Employment is rising, but millions still earn low wages or are looking for work

career opportunities for qualified workers, while low-skilled occupations are dwindling. Business processes are faster and more flexible; the demands for networked activity are growing, as are the social and psychological burdens on workers. The digital transformation is giving rise to new production and logistics chains, such as on-line commerce. As the world of work diversifies, it is also becoming more precarious: these trends are reinforced by the social significance we put on employment and our identification with what we do for a living. —

The biggest differences in the labour market are between men and women with small children



WORKING MORE, EARNING LESS

Income and wealth inequality has been on the rise for decades in Germany, heralding economic, social and political problems. The gap between rich and poor is moving to centre stage in the national debate.

Rising inequality is evident in the wage share – the proportion of national income that goes to wages and salaries. This figure has declined in recent years, while the share that goes to capital and profit has grown. At the turn of the millennium, the wage share was around 72 percent; it has now fallen to about 68 percent. The number of people with low incomes has increased; the middle-income ranks are thinning out, and the high-income group is growing. This split is made more acute because the wages of the bottom 40 percent of earners are not growing fast enough to make up for increasing prices – especially as housing rents soar.

One reason for this fissure in earnings is the decrease in the number of firms that apply collective bargaining agreements. Wages and salaries in Germany are largely determined by collective agreements that are negotiated by individual employers, or employers' associations, with trade unions. These agreements then generally apply for all workers (not just union members) in firms that are party to the agreement. Collective agreements that cover a

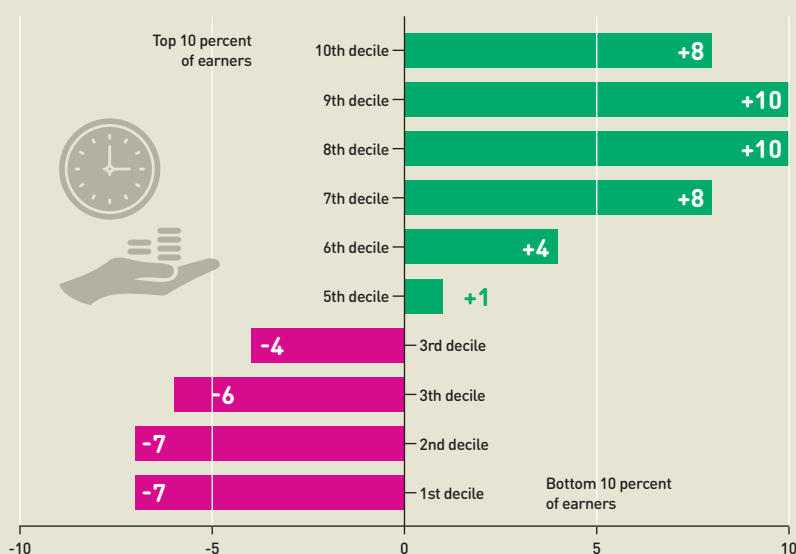
whole industry sector are a key feature of the bargaining landscape. In 2014, workers covered by collective agreement earned an average of 20.74 euros an hour, around 18 percent more than their equivalents in firms not bound by an agreement (17.52 euros). But many firms are abandoning such collective arrangements in order to cut costs. Today, only every other employee works in a firm that is party to such arrangements.

Earnings vary widely, depending on the sector and the size of the firm. At the bottom end, someone in the hotel and tourism industry earns an average gross income of 9.63 euros an hour. Workers in the retail sector earn 14.95 euros, those in manufacturing earn 21.05 euros, while at the top end, energy-sector workers take home 27.80 euros before tax. Part-time workers receive on average over 3 euros less per hour than full-time employees. Big firms with more than 1,000 employees pay an average of 21.99 euros – much more than the 12.39 euros paid by small firms with less than nine workers. In general, women earn less than men; for years, the gender wage gap has remained around 22 percent.

A major cause of the polarized income structure in Germany is the growth of the low-wage sector that began in the 1990s. This sector is now one of the biggest in Europe. In 2015, almost one in four workers earned less than the low-pay threshold of 10.22 euros an hour. Minijobbers, people with low qualifications, young people and foreign-

FOR BETTER OR WORSE

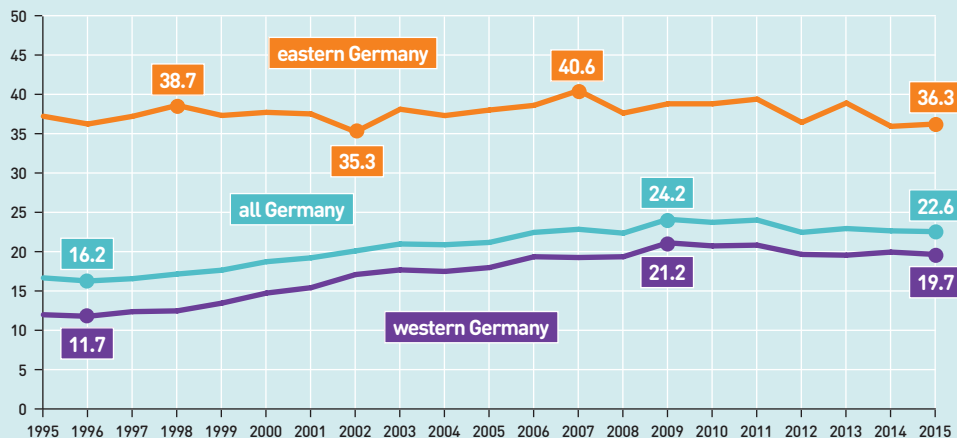
Hourly wages by income group (in deciles), average change 1995–2015, corrected for inflation, percent



While higher income earners have seen their salaries rise, the bottom 40 percent now earn a lot less

NO PROGRESS: THE LOW-WAGE SECTOR

Hourly wages below two-thirds of the median income in East, West and all of Germany, 1995–2015, percent of employees



In 2015, low wages were defined as those below 10.22 euros an hour.

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ers – all these tend to work for low pay. The growth of this sector has its roots in policies: the Hartz labour market reforms that deregulated the labour market in the early 2000s and put enormous economic pressure on the unemployed. It allowed contract employment to boom.

Another factor has been shifts in the structure of the economy. Germany's industrial sector contributes a relatively high 23 percent of value added, but the share of services is growing, and with it the number of unskilled, low-paying jobs. The outsourcing of services such as catering, cleaning and maintenance by industrial firms reinforces this trend.

In 2015, after a long struggle, a minimum wage of 8.50 euros an hour was introduced to stem the rise of poorly paid jobs. This was a first for Germany. In 2017, it was raised to 8.84 euros on the basis of the previous round of collective wage agreements. The forecasts of many economists that setting a minimum wage would push up unemployment has not materialized. On the contrary, the employment picture has continued to improve. The number of minijobs has declined as some have been converted into jobs subject to income tax and social security contributions. Overall, the minimum wage has stabilized incomes at the bottom of the pyramid.

But many employers illegally circumvent the minimum-wage requirement because controls are inadequate. The minimum wage is currently set at around half the median hourly wage. To reach the level of an adequate living wage it would have to rise more quickly than the rates set in future collective bargaining agreements.

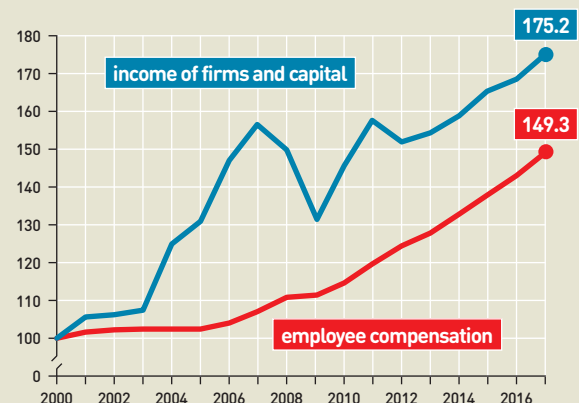
Since 2000, companies' income has grown faster than wages and salaries – despite the financial crisis of 2008–9

Low wages have become a fixed part of the landscape. But the minimum wage has shown that the economy can cope with pay rises

Reasonable earnings above the minimum wage can be achieved only by strengthening the collective bargaining system. Since 2015, it has become easier to extend a collective agreement and make them legally binding for all companies in a particular sector – including those that are not party to the bargaining process. The working conditions and wages of such an extended agreement apply to all employees in a particular sector. Around 440 agreements, or just 1.5 percent of all collective agreements, are extended and thus generally binding. That leaves a lot of room for improvement. —

TO HIM SHALL BE GIVEN

Changes in income distribution in Germany, 2000–2017, 2000 = 100



© ATLAS OF WORK / DESTATIS

BANDING TOGETHER

Unions have been at the forefront of the fight for workers' rights, decent wages and working conditions since the mid-19th century. Although they still perform that role, they have been weakened by structural changes in the labour market and now face new challenges.

Workers in Germany have benefited from the unions: they no longer have to put in 16 hours a day, they are entitled to receive their wages when they fall ill, and they get regular pay raises. And all around the world, where unions are strong, workers do better. Taken together, the eight unions gathered under the umbrella of the German Trade Union Federation (Deutscher Gewerkschaftsbund, DGB) are the country's biggest civil society organization.

But the number of union members is sinking, and with it their influence over working conditions and wages. At the end of 2017, the DGB had just over 6 million members, out of a total of around 40 million employees nationwide. At the turn of the millennium, membership stood at 7.8 million. This downward movement has many causes. Companies, especially in unionized industries, are restructuring jobs, replacing humans with machinery, or outsourcing work. Privatization of the rail and postal services has taken its toll, as has the growing service sector with its relatively small enterprises. These jobs are often precarious and workers are less likely to organize them-

selves as they do in industrial sectors. Despite this, the decline in membership has slowed considerably. Some unions have even been able to boost their rolls through new recruitment approaches.

The most important task for unions are collective bargaining activities, i.e., regular negotiations with employers. This involves both quantitative goals for wages and salaries, as well as qualitative aspects such as working hours, holidays, job security and staffing levels. In 2018 alone, collective agreements will be negotiated for nearly 10 million workers. And since the agreements apply to all workers in companies that are party to them, it is not just union members who benefit. In Germany, there are currently more than 70,000 collective agreements. Each year, between 5,000 and 6,000 of them are renegotiated.

Most negotiations are concluded without recourse to strike action. But as a last resort, unions may decide to use this tactic. International comparisons show that Germany has relatively few strikes, also because political strikes, for example to pressure the government, are outlawed – unlike in some other European countries.

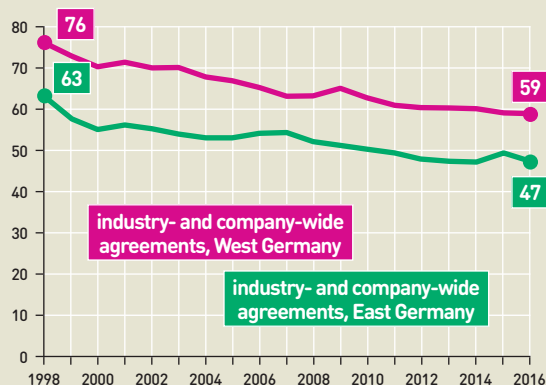
The incidence of strikes fluctuates from one year to the next. When IG Metall, a German industrial union that is well organized in firms that produce for export, holds a round of negotiations, the number of strikes goes up, and several hundred thousand workers may down tools. And the DGB is not alone: professional associations such as Cockpit (pilots), GDL (train drivers) and the Marburger Bund (doctors) have not been afraid to flex their strike muscles.

The collective-bargaining landscape is changing as an increasing number of employers opt out of their industry's sectoral wage agreements in order to cut costs. Struggles over company-level agreements are growing in importance. Digitalization poses fresh problems for unions: platforms such as Deliveroo (food delivery), Uber (ridehailing) and Helpling (home cleaning) provide employment for people who are formally self-employed and, as a result, are not subject to a collective bargaining agreement. The poor working conditions in such enterprises are increasingly leading to protests. In January 2018, bicycle couriers with Deliveroo formed a works council.

The second pillar of German industrial relations is worker's participation. In firms with at least five employees, workers may elect works councils to represent their

GOING IT ALONE

Employees in collective bargaining agreements 1998–2016, percent



Collective bargaining agreements are made between individual employers or employers' associations and trade unions on behalf of workers

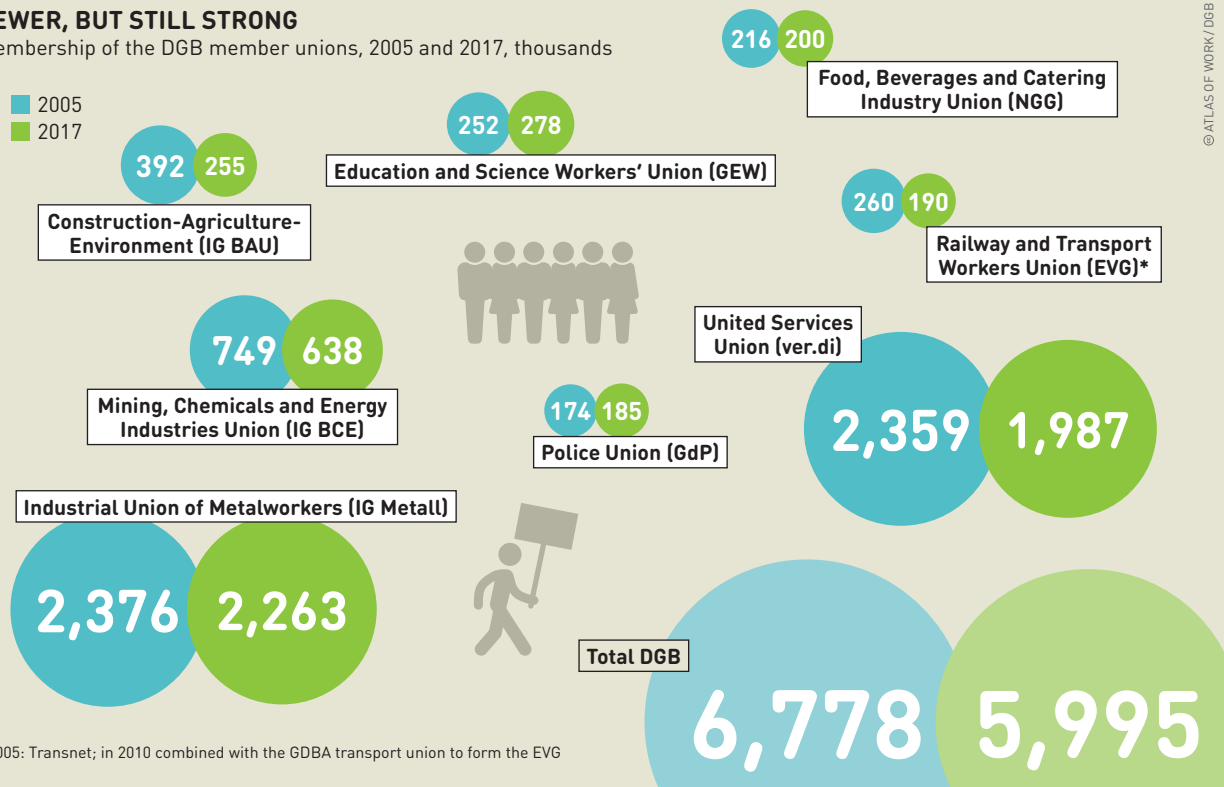
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Wages tend to be lower where employers and unions have not negotiated a collective agreement

FEWER, BUT STILL STRONG

Membership of the DGB member unions, 2005 and 2017, thousands

2005
2017



© ATLAS OF WORK / DGB

interests. In the public sector, the equivalent bodies are known as staff councils. Works councils are common in big companies, but fewer than one in ten workers of small companies has a firm-level representation. Workers who want to form a works council often face strong opposition from their employers.

Another type of worker's participation is the co-determination through employee representatives on supervisory boards. (German firms have a two-tier board system: an executive board ("Vorstand") that deals with day-to-day issues, and a supervisory board ("Aufsichtsrat") to oversee it.) The parity co-determination in the coal and steel industry from 1951 regulates that in companies with more than 1000 employees, there is parity in representation at the board. Some companies with over 2,000 employees follow the same principle but with a double voting right of the chair, and those with between 500 and 2,000 employees are subject to one-third of the board members representing worker's interest. But the number of companies subject to these rules is shrinking as they try to find loopholes in German law or instead apply European legal forms.

The value of worker's participation was revealed during the 2007/8 financial crisis. As unemployment shot up around the world, trade unions, works councils and em-

Strikes in the labour-intensive services sector can eclipse big disputes involving metalworkers

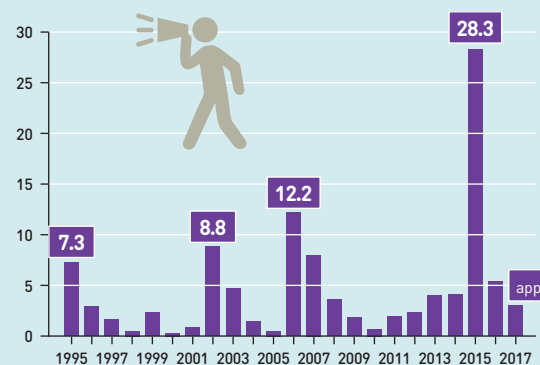
Falling memberships: Many jobs have been lost in large companies despite well-organized unions

ployers in Germany found ways to protect jobs, especially by using working time accounts and publicly supported short-time working schemes.

Digitalization presents new challenges for the unions in collective bargaining activities as well as in worker's participation. Safeguarding and improving working conditions and social security along new paths will be a key task for them in the future. —

WARNINGS TO EMPLOYERS

Days lost to strikes and lockouts, per 1,000 employees



In 2015, the main strikes were by teachers and employees of delivery services

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UNEMPLOYMENT

OUT OF WORK, OUT OF SIGHT

Germany is currently enjoying an economic boom, with low unemployment and a large proportion of people in work. But the scenario could change – if the economy falters, joblessness rises. Unemployment benefits are a vital mechanism to cushion fluctuations in the labour market for workers and employers alike.

Looking back through history, the supply and demand of workers has very rarely been in balance. During the 1950s and 1960s, Germany was constantly in need of more workers, but afterwards unemployment rose sharply. Reunification in 1990 led to huge numbers of job losses and unemployment only declined again after 2005. Currently 44 million people are gainfully employed in Germany, some 32 million of them in jobs subject to social security contributions. In 2017, the number of people in employment hit a new high.

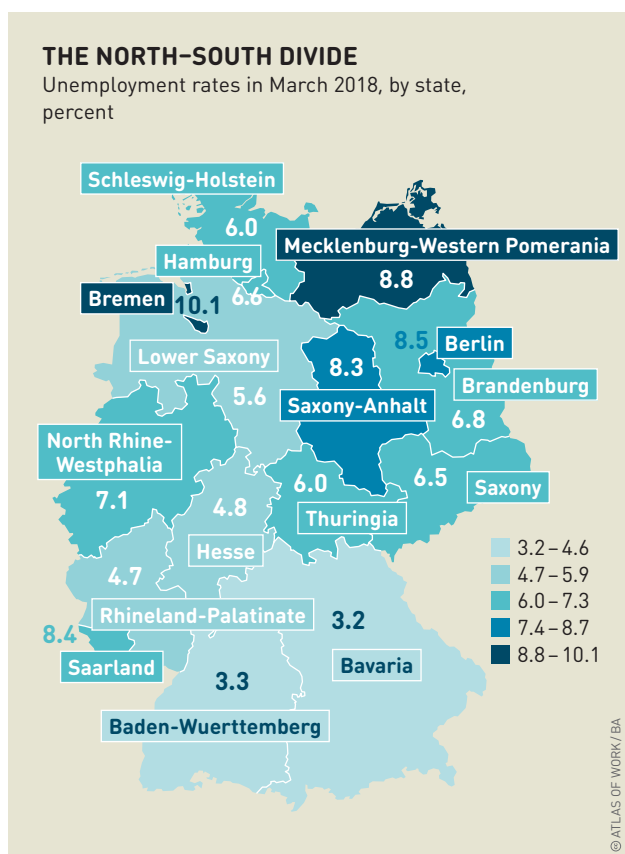
Current figures show that 70 percent of women and 78 percent of men aged 15 to 65 years are in work – as employees, self-employed, part-time workers or as individuals with minijobs (who may earn a maximum of 450 euros a month). That puts Germany in the top third for overall employment among the European Union Member States. A comparison with other European countries also shows that an unusually large number of people in Germany work part-time. In 2014, 29 million people had jobs requiring social-security payments – but almost 8 million of those were part-time, a 66 percent rise since 2004. Women are four times more likely to work part-time than men. The prominence of part-time work is partly caused by the law that gives tax breaks for minijobs.

Despite the expanding labour market, 2.5 million people are still registered as unemployed. Another million are looking for work but do not count as unemployed because they are attending training, are participating in government employment schemes, or are registered with private job agencies.

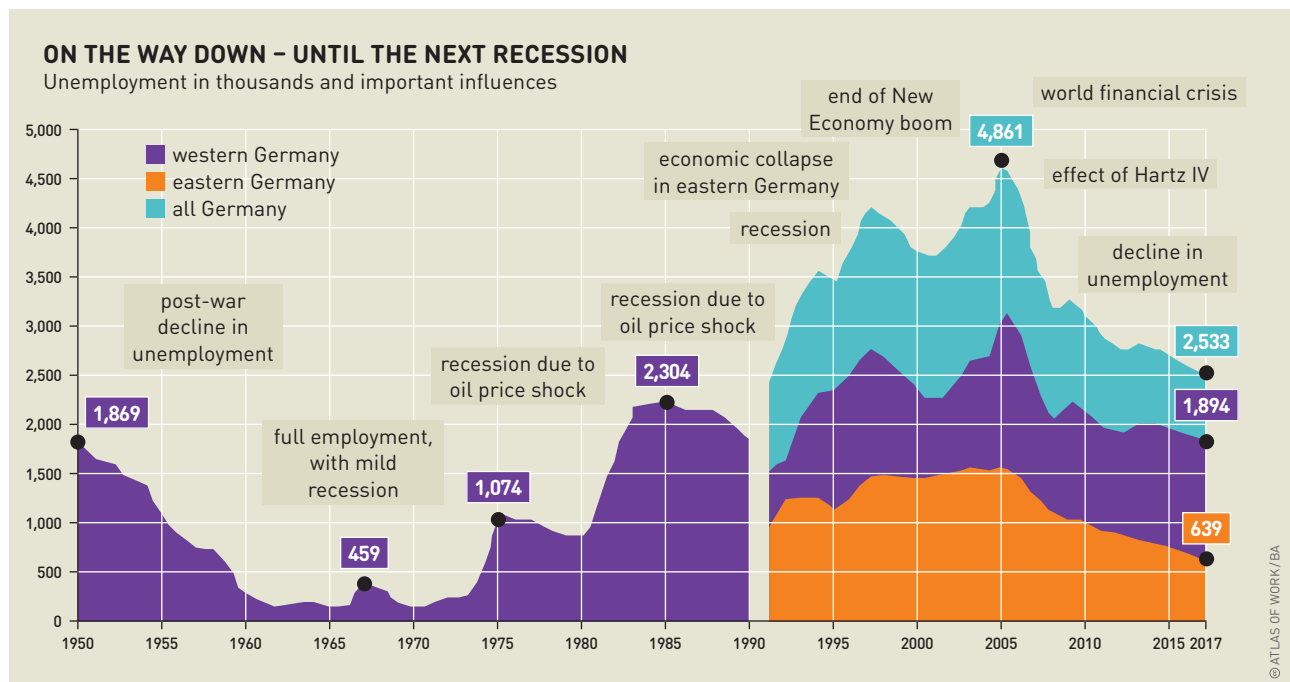
Any measure of unemployment is politically charged, and the figures are subject to constant political debate. Arguments rage over the true number of unemployed as well as when, and whether, one can speak of “full employment”. East Germany officially had no joblessness, so unemployment statistics did not exist. West Germany hit its lowest unemployment levels in September 1965, when 85,000 people were registered as out of work. Such figures are out of reach today, mainly because of the high level of “base unemployment”: people who cannot find jobs because they are ill, lack qualifications or are close to retirement age.

It is remarkable that in the last four years, over 2 million new jobs, which are subject to social security contributions, have been created – but at the same time, the number of unemployed has fallen by only 400,000. Most of the new jobs have been taken up by migrants, as well as by tapping the “hidden reserve” of people who are looking for work but are not registered as unemployed.

Training is seen as an effective way for the employment agencies and JobCenters to help the jobless. But especially the JobCenters, which are tasked with taking



Still in crisis: structural change has overwhelmed former industrial areas in western and eastern Germany



care of the longterm unemployed, lack the funding to offer training. That is one reason why an estimated one million people have been out of work long-term. Their chances of finding a job are small, and get smaller with each passing day.

The labour market is no ordinary market, such as for food or cars. For the vast majority of the employed, their job is the basis for their existence. That is why laws and regulations protect workers and promote job creation. Trade unions have the task of helping to regulate working conditions, and especially pay. Education and social policies also affect the labour market, along with the general economic and structural policies to prevent and fight crisis.

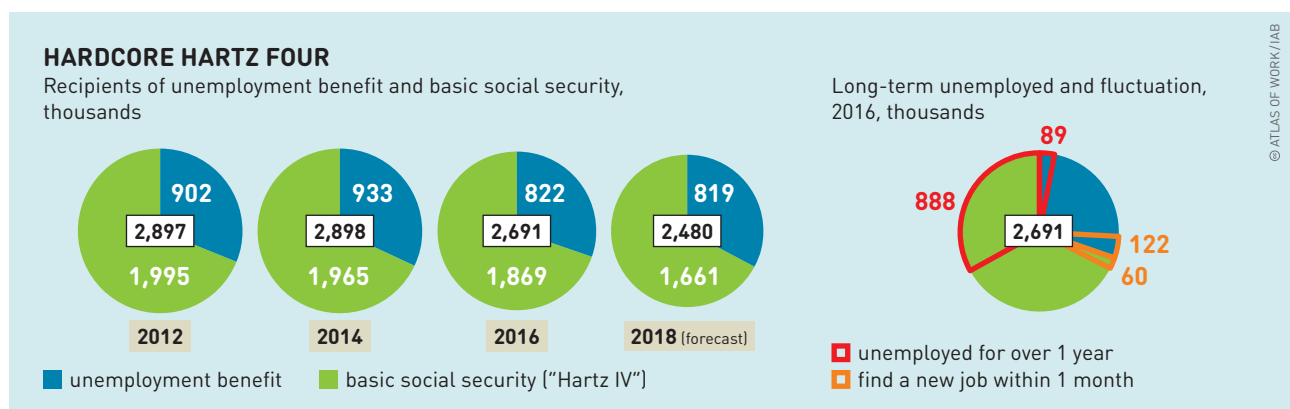
Unemployment insurance cushions workers from the vagaries of the labour market. Both workers and em-

The base level of unemployment used to rise from one crisis to the next. Now the trend seems to be broken, but the base still exists

ployers pay into to the unemployment insurance, which supports the inherent balancing processes of the labour market through social protection mechanisms. The most important aspect of this is the “dole”, or unemployment benefit, paid to workers when they lose their jobs.

For employers, unemployment benefit plays an important role. It prevents workers who are laid off from landing in an existential crisis, diminishing conflicts that arise through dismissals. It also allows employers to shift part of their responsibilities onto the insurance system, which is why it is appropriate for both workers and employers to shoulder some of the costs. At the same time, unemployment insurance ensures that jobseekers maintain and enhance their skills and can continue to offer their services to other employers in the future. That is also in the interest of employers. —

The labour market might be opening slowly for 1–2 million people. But they will still find it hard to get a job



OUT OF THE ORDINARY

Deregulation of the labour market, intended to cure the scourge of unemployment, has led to the rise of part-time, insecure, low-paying jobs.

The West German labour market has undergone two major changes over the last 30 years. In the early 1980s, employment relationships were strikingly uniform: a large majority – 86 percent of all employees – enjoyed permanent, full-time employment. After a long struggle, workers’ movements and trade unions had forced through reasonably standard conditions for pay and working hours. One disadvantage was that such jobs were confined mainly to the male breadwinner of the family.

But with the deregulation of the labour market in the mid-1980s, various new or unusual forms of employment blossomed: minijobs, part-time work, temporary work, work contracts and fixed-term positions. Reasons were high unemployment and declining memberships in both unions and employers’ associations that resulted in a weakening of sector-wide collective bargaining agreements. It was getting harder for the partners in collective bargaining arrangements to set the norms for their sector.

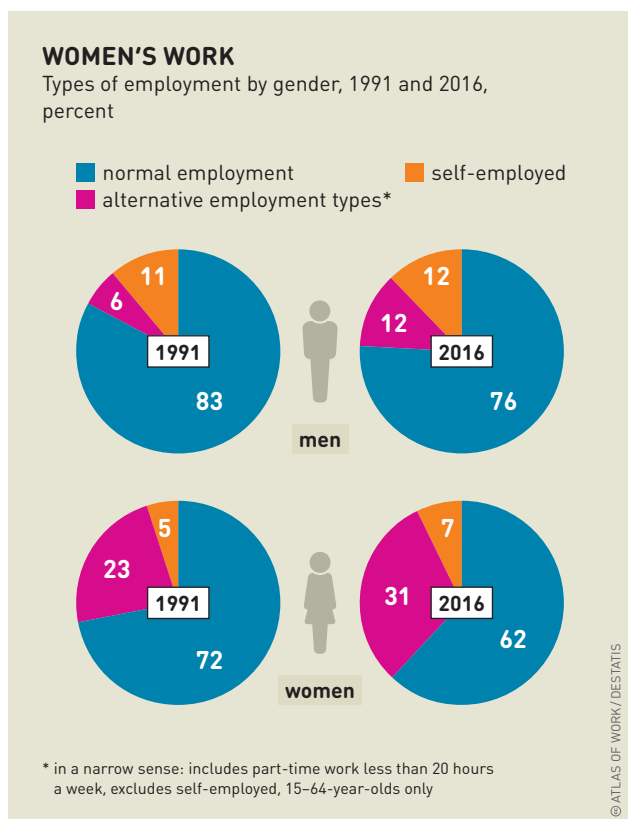
Some 7.5 million people in Germany now hold a mini-job, which allows them to earn up to 450 euros a month and to be exempt from tax and social security contributions. For 5.5 million people, a minijob is their only source of income. The original idea of minijobs was to enable people to work their way into a full-time job. They have proved to be anything but that.

Part-time employment has also risen, especially among women. These jobs help mothers reconcile work and family life, and achieve a good work-life balance. But all too often they fail to offer a pathway leading to full-time work. For many women, the birth of their first child marks the start of part-time employment that can stretch all the way to retirement. And many companies discriminate against part-time workers by denying them a proper career path.

Employers use the services of temporary workers as a means of responding to ups and downs in production: the employer can hire workers through an agency, then let them go again when they are no longer needed. Germany now has over a million temporary workers. For many people, temping, switching between phases of temporary work, joblessness and work with no prospect of a permanent contract have become a permanent way of life. A particular problem with temping is that it splits the workers at a particular company into two classes: regular employees, and temps.

No official statistics exist for work contracts – where workers are paid for performing an individual task. The statistics capture only the numbers of self-employed, who are the main group to take on such contracts. Their numbers ballooned from 1.4 million in 1991 to 2.3 million in 2016. Half of the self-employed in Germany fall into the low-income bracket. They are poorly protected against illness, loss of earnings and in their old age. In 2004, as part of the Hartz reforms of the employment market, the German government promoted “ich-AGs” (“Me, Inc.”, or one-person companies) as a way of cutting unemployment. That dramatically increased the number of self-employed people – but for most, it has not led to a long-term employment prospects.

The number of fixed-term positions has also risen sharply. Some 44 percent of all new hires are now subject to such conditions. Half of them have their contracts time-limited without a specific reason, such as to cover



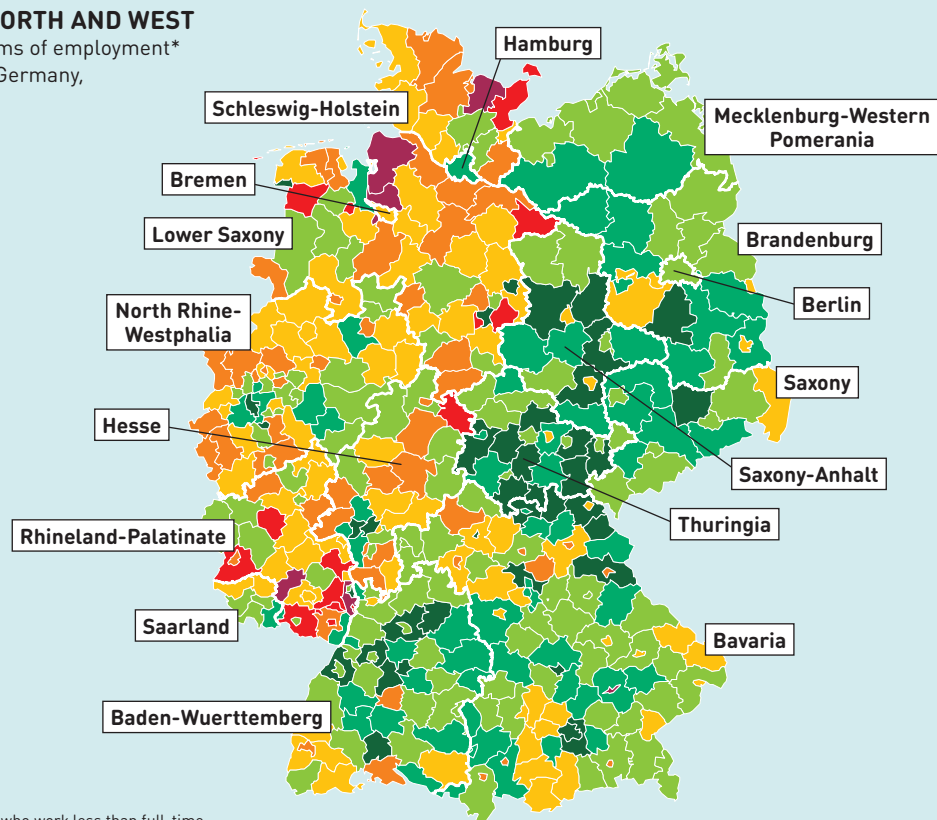
It's clear in the stats: many mothers work less – voluntarily, because of tradition, or by necessity

MIXING IT IN THE NORTH AND WEST

Share of alternative forms of employment* in total employment in Germany, by district, 2016

percent

- under 35
- 35 to 37.9
- 38 to 40.9
- 41 to 43.9
- 44 to 46.9
- 47 to 49.9
- over 50



*in broad sense: all employees who work less than full-time

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for employees who are on parental leave. Fixed-term positions are frequently extended when they expire, so a worker can go for years, or even decades, without knowing how long he or she will still have a job. Fixed-term contracts affect over 60 percent of all workers under the age of 35. They are the dominant form of employment in certain sectors, such as public service and in scientific research institutions.

Those non-standard employment arrangements are a problem when they are precarious. They all follow a similar pattern: low income, limited social protection, and little participation of workers. And even though the risks are borne mainly by the workers in the non-standard categories, the mainstream workforce suffers too: fearful of losing their own jobs, workers come under pressure to make concessions to their employers.

A far-reaching consequence of the growth in insecure employment is the rise of the low-income wage sector, which is bigger in Germany than elsewhere in Western Europe. Some 1.2 million workers earn so little that they are dependent on the government's "Hartz IV" income-support scheme. The proportion of such working poor doubled between 2004 and 2014.

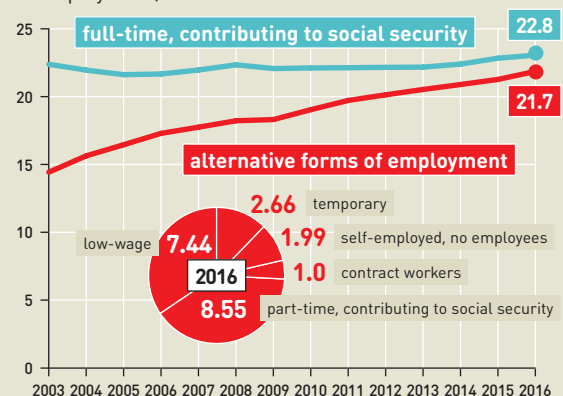
Alternative forms of employment cover a broad spectrum: some workers choose these types of jobs; others are forced to by their economic and personal circumstances

In eastern Germany, more women work full-time than in the west; in the south, the favourable economy keeps the number of alternative jobs down

Criticism increases about the problems associated with non-standard jobs. Proposals aim to convert insecure positions into regular ones. The introduction of the minimum wage in 2015 was a step towards preventing low pay from sinking even lower, and towards combatting the rise in the working poverty rate. —

FULL TIME ON BORROWED TIME

Full-time employees and those in alternative forms of employment, millions



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DEMOGRAPHICS

A TALLER, THINNER PYRAMID

In the long term, demographic changes can be unpredictable. But medium term trends are nevertheless clear: Germany will have more elderly people and fewer people of working age to support them. That will have a big impact on the labour market – and on society as a whole.

Every year since 1972, more people have died each year in Germany than have been born. In 2016, some 800,000 babies took their first breath, but more than 900,000 people took their last. Although the birth rate has recovered somewhat in recent years, Germany's population continues to fall, and the consequences for society and the labour market are far-reaching.

How will society respond to the shifts in the age pyramid? What will the relationship be between a shrinking number of actively employed people and the cohorts that need to be supported in their old age? Will there be enough people to care for older people, or to do skilled jobs? With a shrinking population, can the German economy maintain its leading position in the world economy?

Demographic shifts are not a cause for immediate alarm; the ongoing improvements in productivity mean that ever fewer people can use technology, energy and

knowhow to produce ever more. This trend is further reinforced by the digitalization of many forms of production.

Having said that, it is clear that productivity increases have their limits. The future calls for three approaches. First, a larger number of people must become gainfully employed. Second, work has to be designed in such a way as to ensure that workers stay healthy and are given the opportunity to remain employed for longer. And third, more immigration is inevitable.

The employment rate in Germany is already fairly high. Some 74 percent of working-age women, and 82 percent of men, are currently employed. But it is notable that while only 11 percent of men have part-time jobs, 48 percent of women do. This discrepancy reveals a huge potential that remains to be tapped.

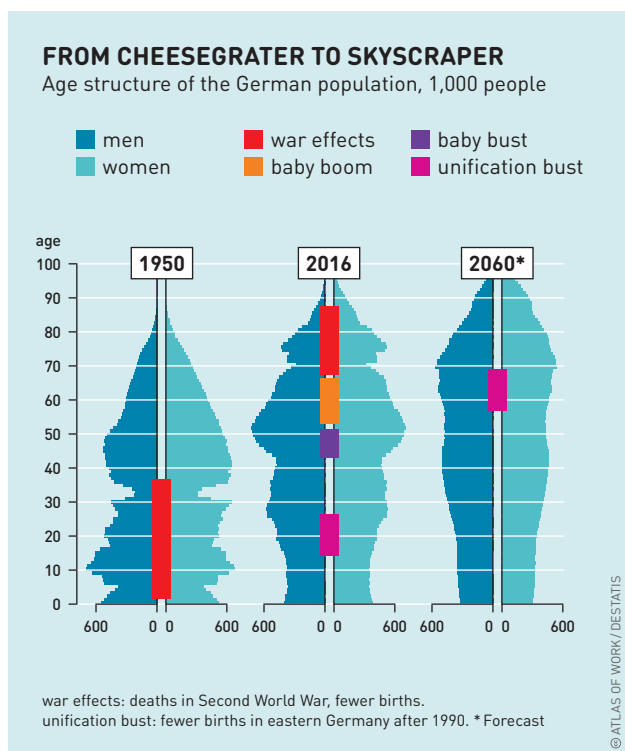
Despite high employment rates, some 2.5 million people are still registered as unemployed. Another million are not economically active but do not count as unemployed for one reason or another – they are either attending training or are registered with private job agencies. Demographic change means that Germany cannot do without the potential they represent.

Those individuals who have jobs must continually improve their skills. Lifelong learning is key to this. Workers will need advice of the type currently offered by the Employment Agencies; employers must take matters in their own hands and assume responsibility for the further education of their employees.

An important prerequisite for employees is a good basic vocational education. The “education summit” of 2008 in Dresden included a pledge to halve the number of young adults who join the labour market without a vocational qualification from 17 percent to 8.5 percent. Progress has been made on this front, but the goal has not yet been reached. It would make sense to support both older adolescents and young adults by giving them the opportunity to learn skills and make up for qualifications they have missed.

Health is just as important as training and further education. Poor working conditions, monotonous work and hard manual labour in many professions make people ill and prevent them from working until the regular retirement age. Companies will have to address this problem if they want their employees to remain active and useful for longer.

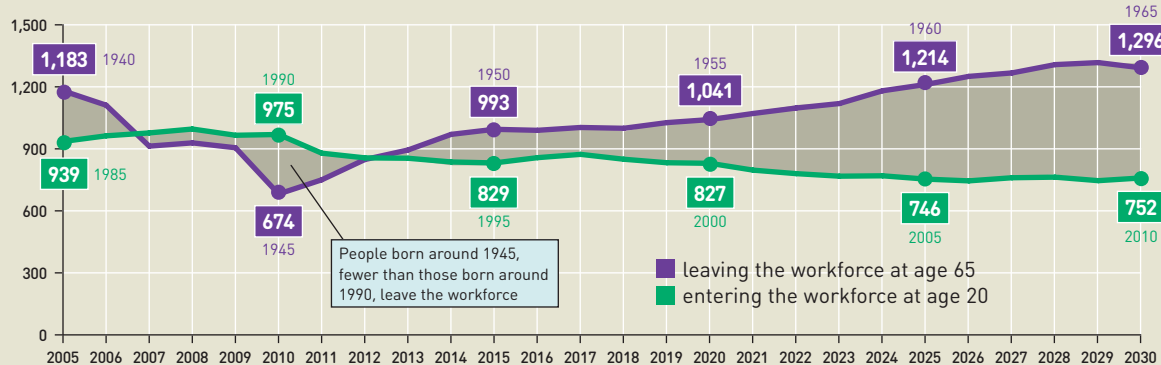
The effects of war and declining birth rates have given “population pyramids” another shape. They need a new name: “population gherkin”, perhaps?



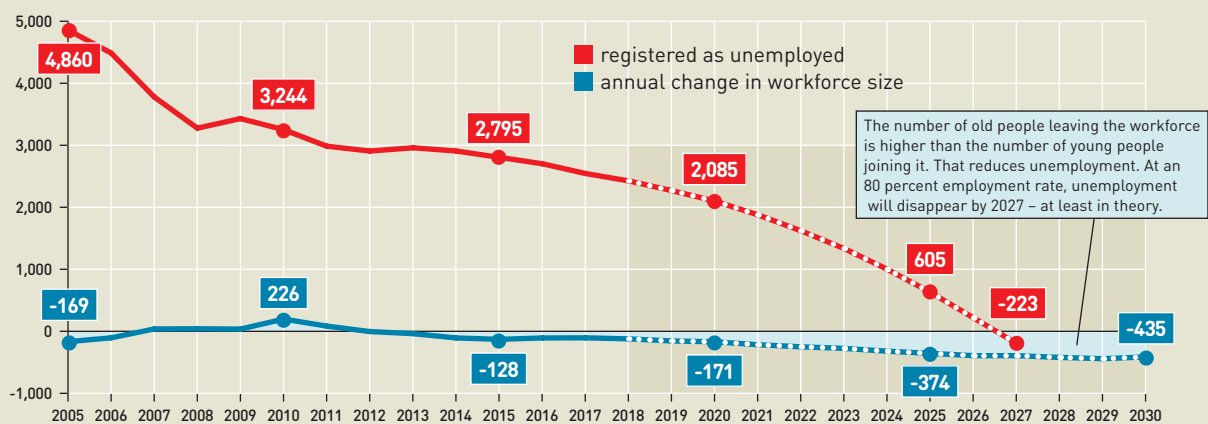
AN END TO UNEMPLOYMENT?

The fall in the birth rate is a social opportunity. One scenario.

Changes in the working-age population, with years of birth, in thousands



Actual and predicted numbers of unemployed and annual change in workforce size due to demographic change*, in thousands



* The employment rate of 20-to-64-year-olds rose from 69.4 percent in 2005 to 78.6 percent in 2016. The graph assumes 80 percent employment for 2018–2030. Numbers of job vacancies and people in labour-market schemes equal 0.8 million in 2018; neither are included here.

An optimistic view

Relatively few people were born during the Second World War, and they have now left the workforce. The demographic transition is now having a positive effect on the labour market.

Between 2013 and 2018, the workforce is expected to shrink by 100,000 a year; between 2019 and 2023, up to 200,000 jobs will become vacant each year; between 2024 and 2027, up to 300,000,

and after 2028, more than 300,000.

Arithmetically, this means unemployment could be completely eliminated by 2027. In reality this will not happen, so immigration will have to fill the gap. But the demand for workers might well break the familiar, decades-old pattern of joblessness and poverty.

Millions fewer unemployed will relieve the welfare state of a huge burden,

while the newly employed workers will pay taxes. A scarcity of labour will stimulate significant pay rises. The government will be able to raise the level of low pensions. Improving the education system will be vital.

A prudent set of labour, social and education policies will be able to correct some of the mistakes of the past few decades.

Immigration will become more important than ever. Today, more than half of all new jobs go to foreigners. Most of these people come from other European Union countries. In 2016, more than a million people from eastern EU member states worked in Germany; another 600,000 came from the southern EU states. They all have unrestricted access to the German labour market. Germany is especially attractive for highly qualified professionals, but people in the skilled trades, the care sector and workers in various service industries are well integrated.

Immigration from non-EU countries is controversial

in German society. However, since the economy will need more workers in the long term, a clear legal framework for immigration is becoming more and more urgent. The creation of an immigration system that enables people to come to Germany and work here legally is therefore essential. At the same time, the movement of skilled, talented people causes problems in the migrants' countries of origin. Germany could act in a responsible way by helping these countries improve their training programmes, which would lead to an increase in the number of skilled workers. Such an approach would benefit both Germany and the countries of origin. —

WORKING HOURS

OVERTIME, NOT FREE TIME

We all put in an extra hour or two every now and then. But for all too many employees, the extra hour at work – often unpaid – has become an unavoidable, and unacceptable, way of life. The daily grind is getting longer and is turning into the nighttime grind, the weekend grind, and the work-at-home-in-the-evening grind.

For working men and women, where and when they toil is more important than ever. In many families, both partners are employed and have to reconcile their work with their private lives. When IG Metall, a big German trade union, ran a survey on working hours in 2017, the results were no surprise: the majority of the 680,000 employees who responded said they would like to be able to reduce their working hours temporarily to,

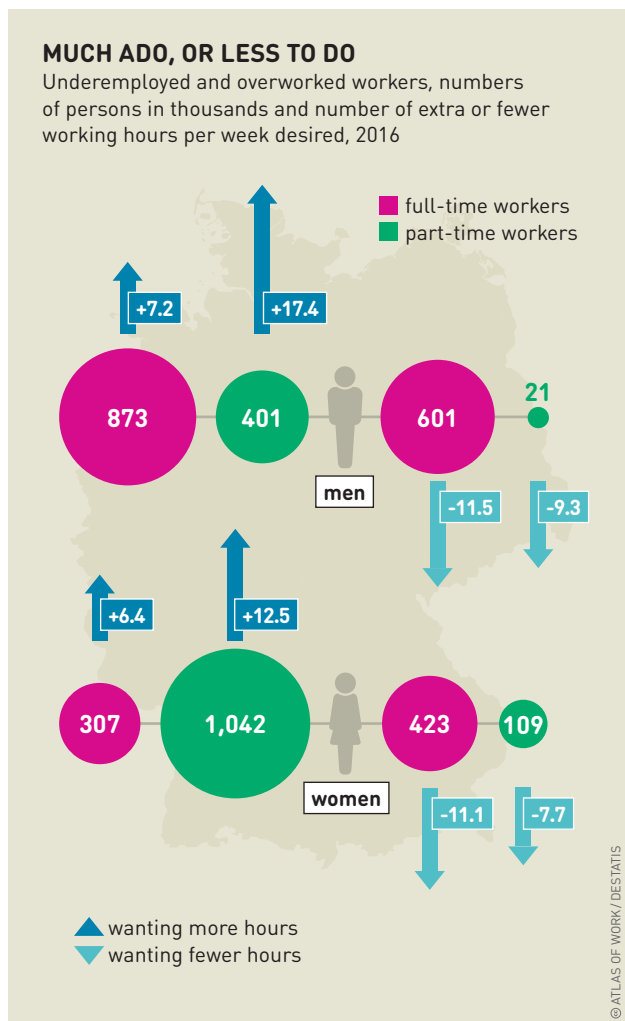
for example, be able to spend more time with their families. And in wage negotiations involving the Railway and Transport Union (EVG), more than half the workers chose to forego a second rise in pay in favour of six days' more holiday a year. For the future, it is clear that employees want to have more flexibility in managing their time.

We have already seen big changes in the hours we spend at work. The average working week fell from 38.1 hours in 1992 to 35.6 hours in 2015 – not because people were working any less, but because more were employed in part-time jobs. While full-time employees worked for just under 42 hours a week, part-timers put in slightly less than 20. Between 2006 and 2015, the proportion of part-timers rose from 12 to 22 percent – most of them were women.

Non-standard working times have also gone up: more people now toil at weekends, at night, and on shifts. In 2015, one in five employees regularly worked outside the traditional hours between 7 a.m. and 7 p.m. Six million people worked shifts. Admittedly, that brings certain advantages for melding family and work, and it can be financially attractive. But the drawbacks are obvious: shift work means fighting against the body clock, and can lead to health problems, according to the Federal Institute for Occupational Safety and Health.

Workers often cannot choose their own working hours. More than one-third of employees have variable working hours and almost one-quarter have flexitime, but less than 10 percent can themselves decide when they clock in and out. It is mostly men and employees in higher positions who enjoy a more flexible work schedule. In addition, workers must hang in there longer because the official retirement age is rising. But many do not make it that far: only just over half of all over-60s are still employed.

On top of all this, the impact of digitalization and job cutbacks have made work much more stressful in recent years, leading to a rise in unpaid overtime. In the 1990s, workers put in around 49 hours of paid overtime and another 23 hours for which they were not paid. By 2013, the proportions had reversed: the average worker was paid for 20 hours of overtime, but not paid for another 27. And these figures only include the hours that were recorded. In 2016 alone, workers put in 1.8 billion hours of overtime – and around half of those were unpaid. Part-time workers

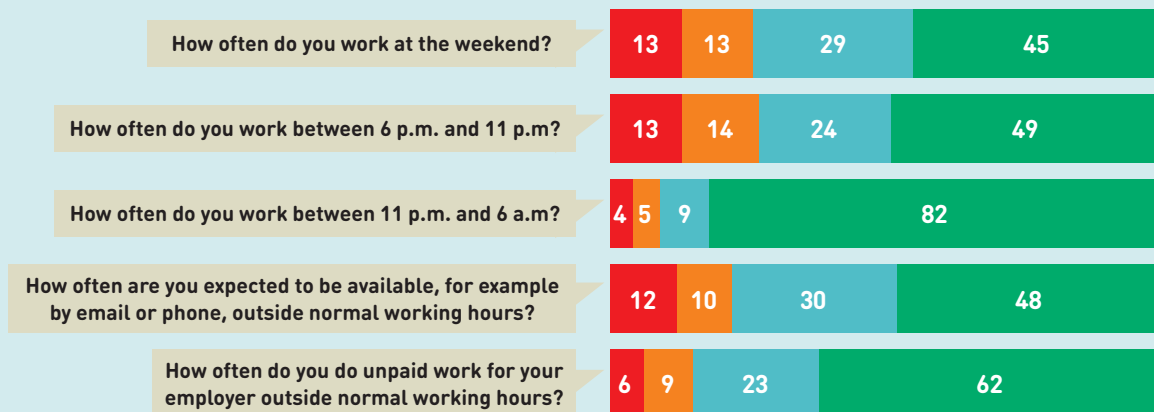


A million full-time employees would like to switch to three-quarters time, even if their pay drops

ABOUT TIME TO KNOCK OFF

Work-related activities outside regular working hours, percent

very often often rarely never



© ATLAS OF WORK / DGB

are particularly susceptible to extended hours and more intensive work as they try to do more in the limited time they have available.

Workers who have been set targets for sales or output are especially unlikely to be able to stick to the official time allotments and regulations. Their employment is oriented to preset goals rather than how much time they actually put in. If their working hours are not set, employees toil on average four hours a week longer than those who work rigid hours. The absence of working-time arrangements mainly affects men – under these conditions they tend to put in more hours at work than women.

The digitalization of work is causing more and more psychological stress and health problems. Around 80 percent of all workers now work digitally: they use computers, the internet, robots, smartphones and other net-

Full-time jobs are still mostly a male domain. Men in part-time jobs work fewer hours than women

A normal working day is anything but normal for around one-quarter of employees. The boundaries between work and leisure are disappearing

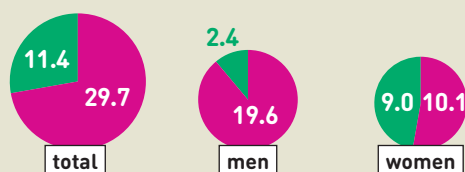
worked equipment. The higher the level of digitalization, the more employees complain of increasing pressure, stress and unpaid extra work.

To take advantage of the opportunities offered by the wave of digitalization, employers propose loosening working-time rules. The law sets regular working hours at an average of eight hours a day with a maximum of 48 hours a week. Exceptions can be made under certain conditions and for a limited period. These rules apply across the European Union and are based on scientific studies that linked long working hours to illness. That is why violations of the law bring severe punishment. Trade unions are strictly against relaxing these rules. They say that working-time accounts, overtime, and collective agreements in a sector or individual company already offer sufficient flexibility to respond to the new challenges and opportunities. —

FULL-TIME, PART-TIME

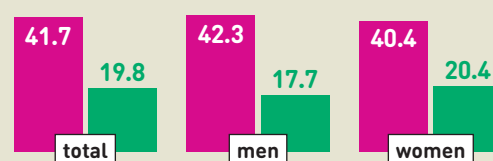
Working hours per week, men and women, 2016

million people



full-time part-time

working-hours per week



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LEARNING TO WORK

Much admired and copied, Germany's dual education system is being challenged by rapid changes in the labour market.

A good education plays a vital role in our society. In Germany, someone who successfully completes vocational training or gains a degree is less likely to become unemployed and will probably earn more than someone without qualifications. Germany, Austria and Switzerland – all of which have a dual education system – have far lower youth unemployment rates than other countries in Europe.

Dual education is a unique system that links practical, on-the-job learning in the enterprise with parallel classroom training, it is seen by many in Europe and elsewhere as a model to be imitated. It is also one of the foundations of the high quality German workmanship traditions. The training period lasts two to three-and-a-half years. During this time, young people acquire the basic skills they need to succeed in the labour market and to work in a range of companies and industries.

Every year, some 1.3 million young people attend these training programmes, which encompass approximately 330 occupations in industry, the skilled trades, freelance professions and public administration. Most enterprises have a mix of employees, with university graduates work-

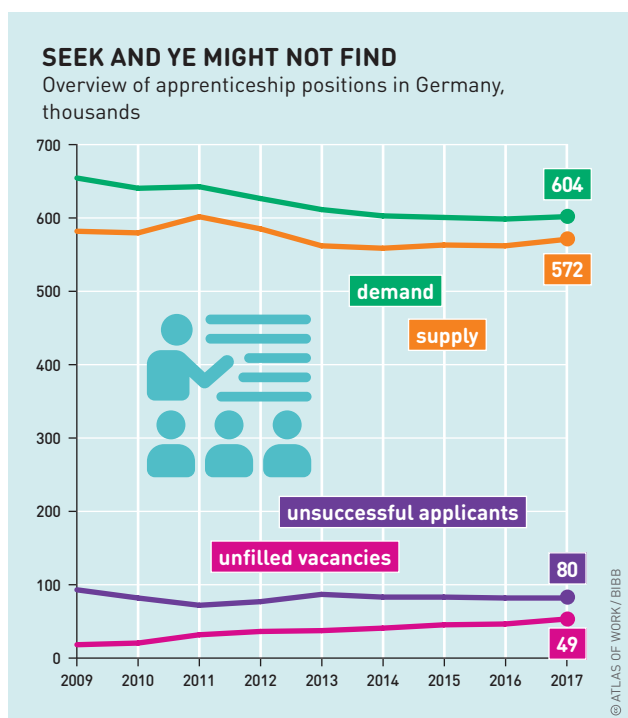
ing alongside skilled workers, apprentices and unqualified personnel. Germany's 3.5 million companies rely on a broad middle class of technically qualified staff. The high levels of technical competence of this workforce mean they can identify and solve problems independently, permitting enterprises to introduce new technologies or adjust production lines rapidly. This adaptability is the core of these companies' ability to innovate.

The dual education system is jointly controlled by trade unions, employers and the government. It is enshrined in the National Vocational Training Act. The partners draw on the expertise of practical specialists to formulate the training curriculum for each profession. In doing so, they ensure that the trainees are well prepared when they join the world of work.

But the dual education system has been under pressure for nearly 20 years. Fewer and fewer young people are attending vocational training in Germany. The number of apprenticeships on offer has sunk by 80,000 since 2007, but in the same period 155,000 fewer young people have applied for such placements.

This is due to many factors. The number of births has fallen sharply, and at the same time more than half of all schoolchildren now stay on to take their Abitur (high school diploma for university entrance) or a Fachhochschulreife (advanced technical college certificate). These students can then choose if they want to complete a vocational training or apply to a university – many of them opt for a university. Twenty years ago, a vocational qualification was a ticket to a well-paid job. But this guarantee has been eroded by the growth of low-paying jobs. One in five people in Germany with a technical qualification earns less than 10 euros an hour before tax. In eastern Germany it is almost two in five. This makes it hard for employers to attract talented young people to take up apprenticeships. One reason for the low wage rates is that many firms no longer have collective bargaining arrangements.

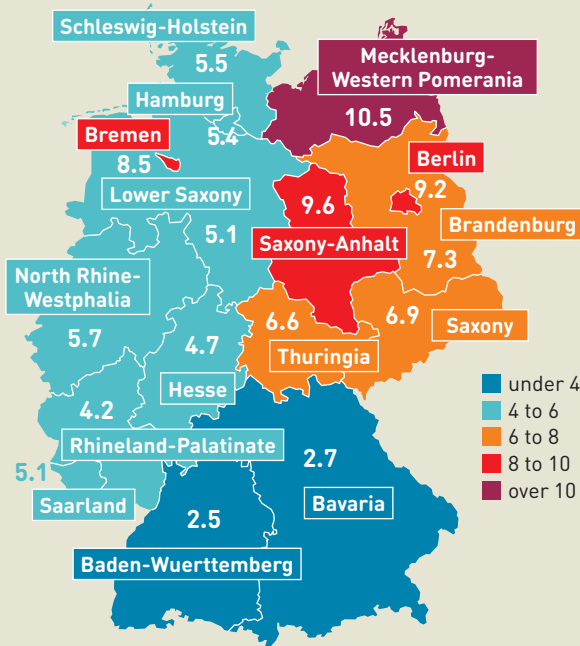
As more school-leavers complete their secondary education with a high school diploma or technical college certificate, companies often prefer to hire them. That has dramatic consequences for students at the Hauptschule (secondary modern schools), who generally go on to attend vocational training colleges. These students are effectively excluded from half of all vocational professions,



Young people in search of training are not as flexible as older workers – and an apprenticeship does not pay enough to let them commute

YOUNG AT HEART, WHERE TO START?

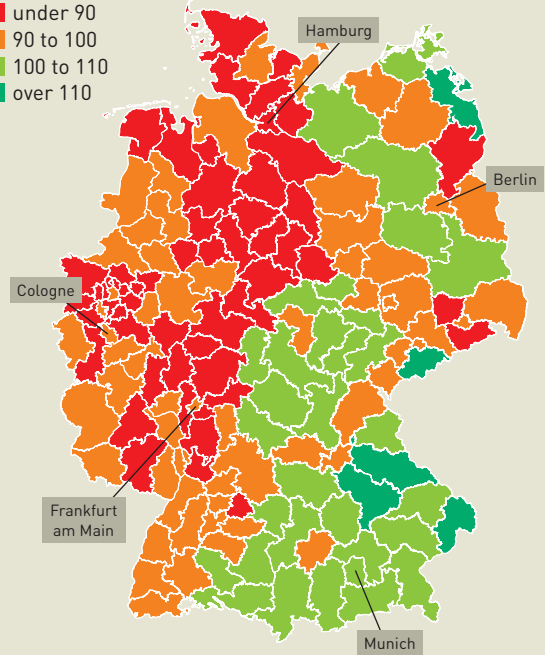
Youth unemployment by federal state, March 2018, percent



Supply and demand of apprenticeship positions by employment agency district, 2016

Number of positions per 100 applicants

under 90
90 to 100
100 to 110
over 110



says the National Education Report, an independent assessment of the education system.

As a result, more than 1.2 million people between the ages of 20 and 29 have no vocational qualification. Many have graduated from school but either fail to find a suitable apprenticeship, break off their training before they complete it, or are stuck in a school-to-work transition scheme. As a result, every year, over 120,000 young people fall through the vocational training system in this way. Young people with a Hauptschule certificate, along with immigrants, are less and less likely to make the leap from school to vocational training.

Digitalization makes it even harder for these groups to crack the labour market. It also presents challenges for vocational training: many of Germany's 3,500 vocational schools are poorly equipped to deal with it. They lack the teachers and facilities required to prepare students for the new world they will be faced with.

Changes in educational requirements and in corporate structures, demographic trends and the advent of the digital age are a tectonic shift that threatens one of the bases of the "Made in Germany" brand: the high quality of its workers. New approaches are under consideration, such as partial or shortened forms of vocational training.

The number of young people with a lower secondary school certificate (Hauptschulabschluss) is falling by about one percent a year

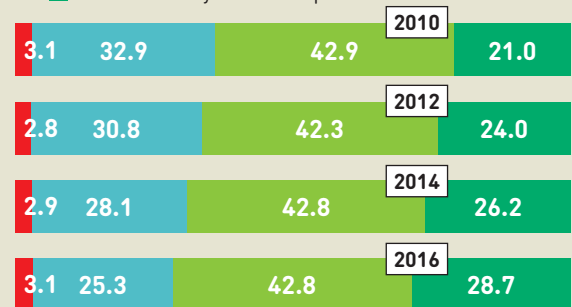
In areas with many unemployed young people, unfilled apprenticeship vacancies are probably very unattractive

However, trade unions are sceptical. They feel that these solutions are unsuited to prepare trainees for ever more complex challenges. In addition, the graduates of such courses would not command the same income as those with a full vocational qualification. Only a fully fledged vocational training can create the highly skilled labour force that the labour market urgently requires. —

A GOOD FINISH LEADS TO A GOOD START

School qualifications at start of apprenticeship, percent

without secondary school certificate
with lower secondary school certificate
with intermediate secondary school certificate
with university entrance qualification



PENSIONS

IN SICKNESS AND OLD AGE

**“Die Rente ist sicher” – “Pensions are secure!”
But in fact, pensions are declining relative to income, and many workers face an uncertain future when they retire or if they are disabled.**

Very few people would choose to work until the end of their days. And most people cannot do so anyway because of health issues. The fact that we do not have to work till we drop is thanks to the advent of old-age pensions over 125 years ago. In 1891, the state pension scheme assumed responsibility for these pensions, which were set up primarily because workers demanded security in their old age and in case of disability. At the time, workers had to rely on assistance from their families and from private insurance to support them when they were too old to work and if they were incapacitated. However, these sources were often inadequate, and many fell into poverty and misery.

The principle of statutory pensions is simple. The working population forms a community of solidarity that insures its members. Workers pay contributions into a fund. Those who can no longer work are paid a pension. It also provides assistance to individuals who are unemployed or who are raising children. How much a person gets depends on the duration and level of contributions he or she has made over their working lifetime. After a certain retirement age – currently 65 years and 8 months – no one is forced to continue working. Currently active employees can thus expect to be supported in their own old age or if they are unable to work; this promise offsets the income they have foregone.

Since the 1990s, the German parliament has made a lot of changes to the safeguards for old age and infirmity. The levels of contributions for the statutory pension have been lowered and limited in the long term. At the same time, lawmakers have trimmed the value of pensions relative to wages, raised the retirement age, and pruned other benefits. People have to make up for the reduced social protection by resorting to private sources, and the government now promotes private pension schemes. Consequently, the level of the statutory pension has already fallen by about 10 percent and is expected to fall by another 13 percent by 2045; this means that it will then amount to less than 42 percent of the former income.

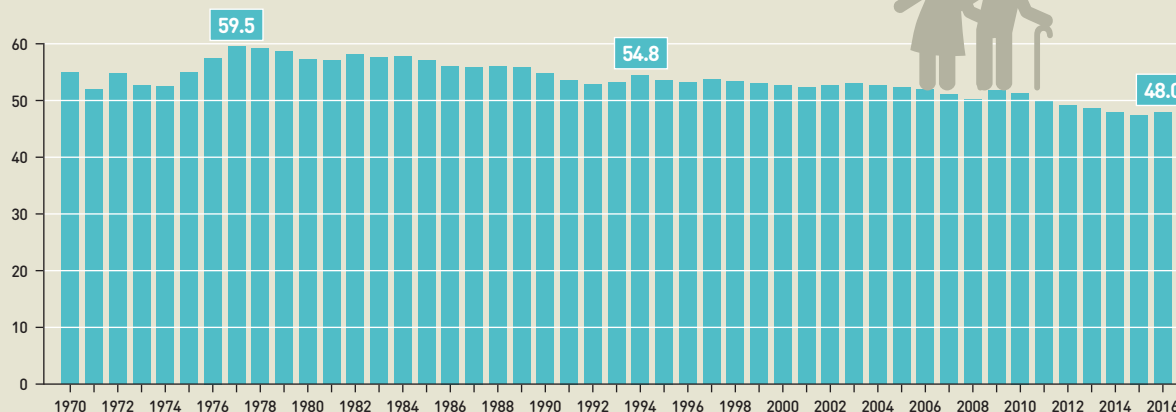
As a result of these changes in the pensions policy, huge numbers of pensioners now face problems similar to those of their great-grandparents in the 19th century. They no longer have enough money in their old age (or if they are disabled) to live a decent life, let alone maintain their previous standard of living. Pensioners can afford less, and growing numbers are reliant on measures such as supplementary welfare. This trend will continue unless the policies are adapted.

Then there are the shifts in the labour market. People are now more often unemployed than previously. Many jobs pay less, and more are part-time. Many workers are not covered by social security because they hold minijobs or are self-employed. But if they don't earn much or are

With pensions that are less than half the wages, below-average earners can avoid a big fall in their living standards only if they have a minijob after they retire

LESS THAN HALF

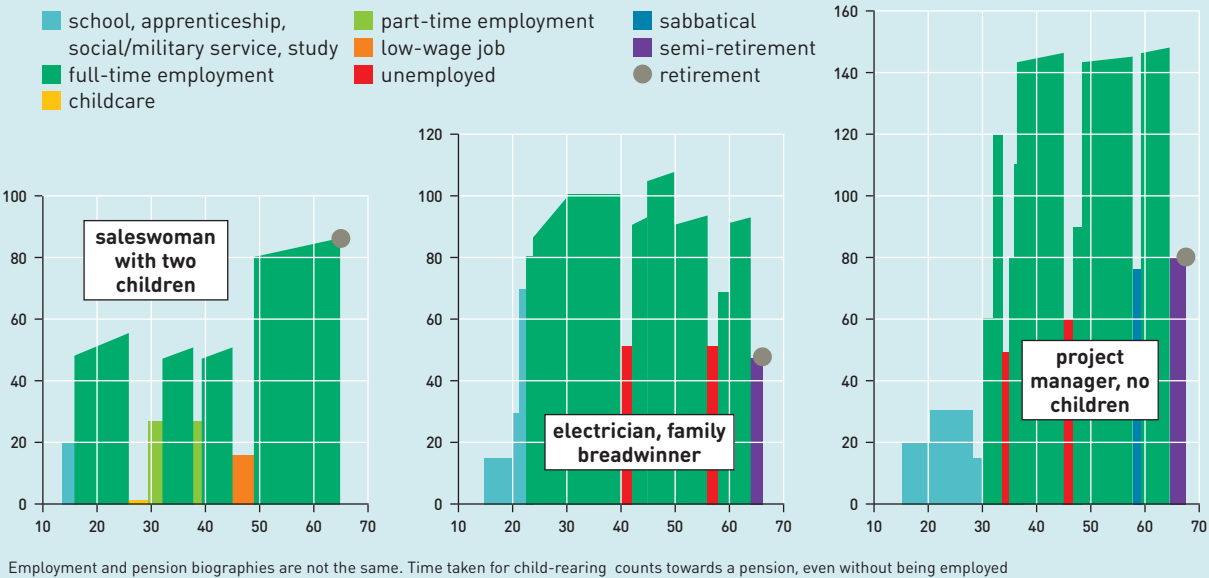
Changes in standard pension levels, percent of income while employed



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CAREER VARIETY, PENSION ANXIETY

Three sample biographies, income in percent of average earnings



unemployed, they can later expect only a small pension, or none at all. Low earners and the unemployed often do not have the funds to contribute to a private insurance scheme. That further raises the number of people who have tiny pensions.

On top of this, workers who can no longer practise their profession for health reasons do not qualify for a pension (for those born before 1961, a transition arrangement exists). Instead, such individuals are required to take on any type of work – regardless of how badly paid it is. If they cannot find work, they are dependent on their partners, or have to apply for unemployment benefits (often called “Hartz IV”), a miserly form of social assistance. Many unfortunate people have to make do with this until they are old enough to qualify for a pension. A similar fate awaits those who lose their jobs shortly before they are due to retire. Despite all the homilies heard from employers, older workers who lose their jobs have little chance to find another one that will support them.

A revision in the labour market would be necessary to provide people a proper pension in their later years. This would involve decent working conditions and collective agreements offering high wages. Unjustified time limits on contracts should be abolished, and involuntary part-time work phased out, enabling people to work until they reach their pensionable age, and thereafter, without the fear of poverty. It is also important to create prospects for well-paid employment for individuals with health con-

Private insurance, inheritance, own fortune or support from spouse: without these, people are forced to rely on a state pension

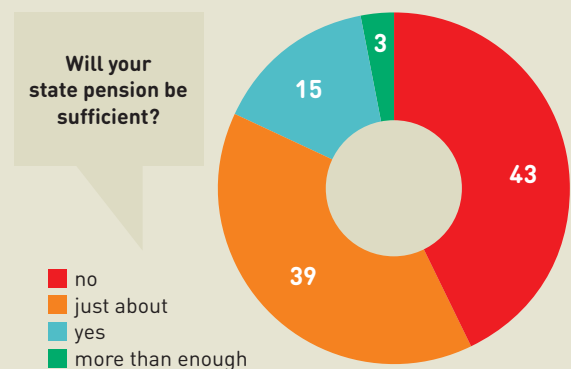
The best approach to cutting old-age poverty is to raise wages for low-paid jobs and to boost the state pension

straints and for older unemployed people. Furthermore, raising the retirement age must be avoided to ensure that young and old are not competing for the same jobs.

The key question is whether the German government strengthens the state pension scheme. Doing so would involve stabilizing and raising the level of pensions. Periods of low income, unemployment and training should not lead to a low pension. Everyone should be able to live with dignity in their old age or if they become disabled, and they should be permitted to play a full part in society. —

MORE, PLEASE

Survey results on state pensions, 2016, percent



WOMEN

HALF THE SKY, BUT FOR LESS PAY

Our society prides itself on offering opportunities for all. But half the population faces inherent disadvantages: compared to men, women end up working fewer hours, for lower pay, in dead-end jobs. Structural changes are needed to ensure they can play an equal role in the labour market.

After the Industrial Revolution, women's participation in the workforce was long seen as necessary to support their families' meagre earnings. The archetype was a strict division of labour, in which the wife stayed at home to take care of the household while her husband went out to work. In the latter half of the 19th century, nearly all layers in society strove towards this ideal, although by no means all men earned well enough to realize it. The turn of the 20th century saw a shift in attitudes: young women were encouraged to aim for a good education and a profession. Feminist pioneers in the workers' movement regarded women's employment as a major step towards emancipation.

Today men and women are much more evenly matched in working life. Some 82 percent of working-age men are gainfully employed, slightly higher than the 74 percent of women. But unlike men, women often do

not work full-time (a phenomenon known as the "gender time gap"). In 2016, almost one in every two women worked part-time, compared with only one in ten men. Because women tend to spend more than double the amount of time on unpaid work such as housework, childcare, care of relatives and voluntary work, this is known as the "gender care gap".

Throughout their careers, until they reach retirement age, women are faced with special constraints, for instance career decisions, or starting a family. On average their pretax pay is 21 percent less per hour than men (this is the "gender pay gap"). This gap can be accounted for by several factors. Women often opt for careers in the service sector, which tend to command comparatively low incomes. They often cut back or interrupt their employment for family reasons. Plus, women are more likely than men to work in small enterprises, which seldom comply with collective bargaining agreements or allow workers to participate for example in a works council.

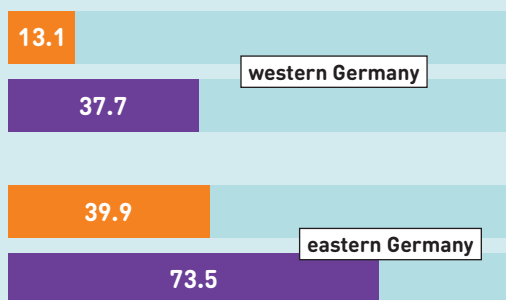
Men, on the other hand, are more likely to work in manufacturing, where pay is higher. Society values pre-

Full-time daycare is key for single parents. The division of labour between parents must also change

TAKING CARE OF THE KIDS – OUTSIDE AND AT HOME

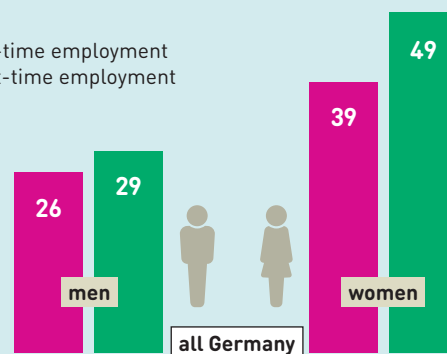
Children in full-day care, percent

under 3 years old 3 to 6 years



Average number of hours per week that employed people devote to their children, 2016

full-time employment
part-time employment

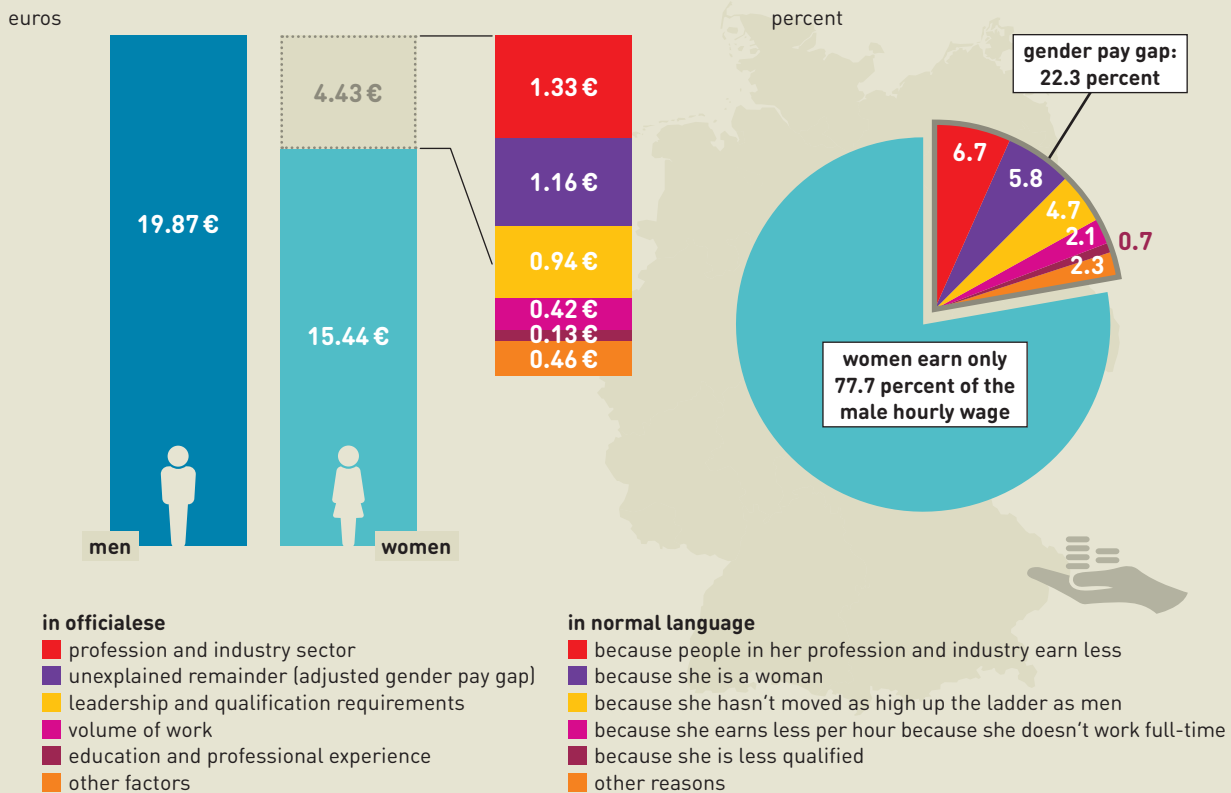


Part-time: under 35 hours per week

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WHY WOMEN EARN LESS

Gross hourly earnings and components of the gender pay gap



The Federal Statistical Office calculates the gender pay gap every four years. Differences due to rounding

dominantly male jobs more highly than social, people-oriented jobs. Young women are only now beginning to interest themselves in careers in fields involving mathematics, computing, science and technology, which are particularly future-oriented in light of digitalization.

Most importantly, giving up their jobs for childcare limits women's financial security, chances of career development and promotion. However, a sea change is taking place: today one in three fathers takes parental leave, which is made possible by government-funded parental allowances. That, in turn, helps their partners return to their career pathways. Nearly half the men would like their partners to be able to work as long as they do, and are ready to do a fairer share of work around the house.

Most children grow up together with both their parents, but in 2016, Germany had around 1.6 million single parents. Only 200,000 of them were single fathers. Single parents generally have to find full-time day care for their offspring to be able to return to work. For them, good childcare services are even more important than for other workers. It is important that they are available for children until they start school, and that professional care is also available for other family members.

The longer the baby break, the harder it is for women

The gender pay gap will close only when the traditional roles of men and women change. That is a challenge for society as a whole

to return to work. It may not be possible for them to go back to their old jobs. Working hours frequently cannot be adjusted to suit the employees. Women would find it easier to return to work if they had a say in their working hours. Access to further training or to qualifications when they are working part-time or after a pause in their employment would also help.

Because of their interrupted employment histories and their inadequate earnings, women generally receive much lower pensions than men. In 2017, they received on average 53 percent less than their male counterparts (this is the "gender pension gap"). To protect women better in their old age, the statutory pension system should be strengthened: it is the only way to compensate for career breaks due to childbearing and care.

Without an improved social framework, a more equitable division of paid and care work, and better opportunities for further training and career advancement, women will not have the same chances as men to earn a living wage. —

FINANCIAL CRISIS

BOOM AND BUST

Capitalism has brought huge benefits for society, but it also brings with it inequality, and it is subject to periodic turmoil. Looking back at past crises can reveal warning signs for the future. The current signals are alarming.

Modern capitalism emerged in England around 1760 as looms and spinning mills were mechanized. A new era in world history dawned. Until that time, the worldwide economy had stagnated for millennia. Since then, it has constantly grown.

Why industrialization actually started in England, is still a subject for research, even today. Among the twenty theories that have been proposed, the most convincing points to the production costs; in the 18th century, workers' wages in England were among the highest in the world, making English products uncompetitive on the global market. Because labour was dear, it was worth investing in machinery: to build capital. Improved technology permitted each worker to produce more goods, begetting growth.

At first, only a tiny minority profited from this upswing, while most people were left worse off. High wages

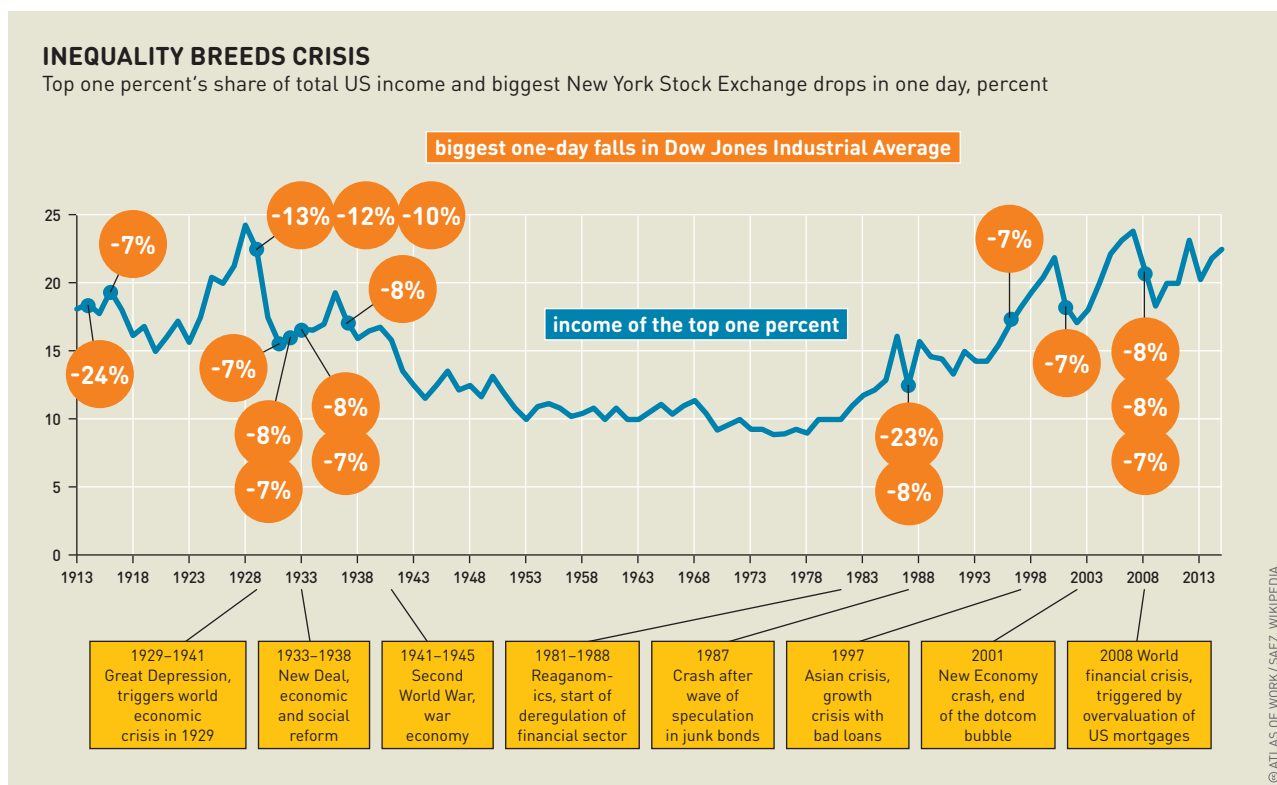
had triggered industrialization, but this resulted in a fall in living standards for the masses. Economic historians call this phenomenon the "early growth paradox".

The new technologies put many men out of work, because their craft skills were devalued. The work they had done was now performed by machines, which could often be operated by women or children working for minimal wages. The impoverishment of the lower classes can be clearly measured: the average height of English soldiers declined by two centimetres between 1830 and 1860, as a result of poverty and poor diets.

The transition to today's affluent society began around 1880 as wages started to rise significantly. This development was largely due to the trade unions, which were gradually permitted in Europe after 1870. Rising wages led to mass purchasing power and the dawn of the consumer society, changing capitalism yet again.

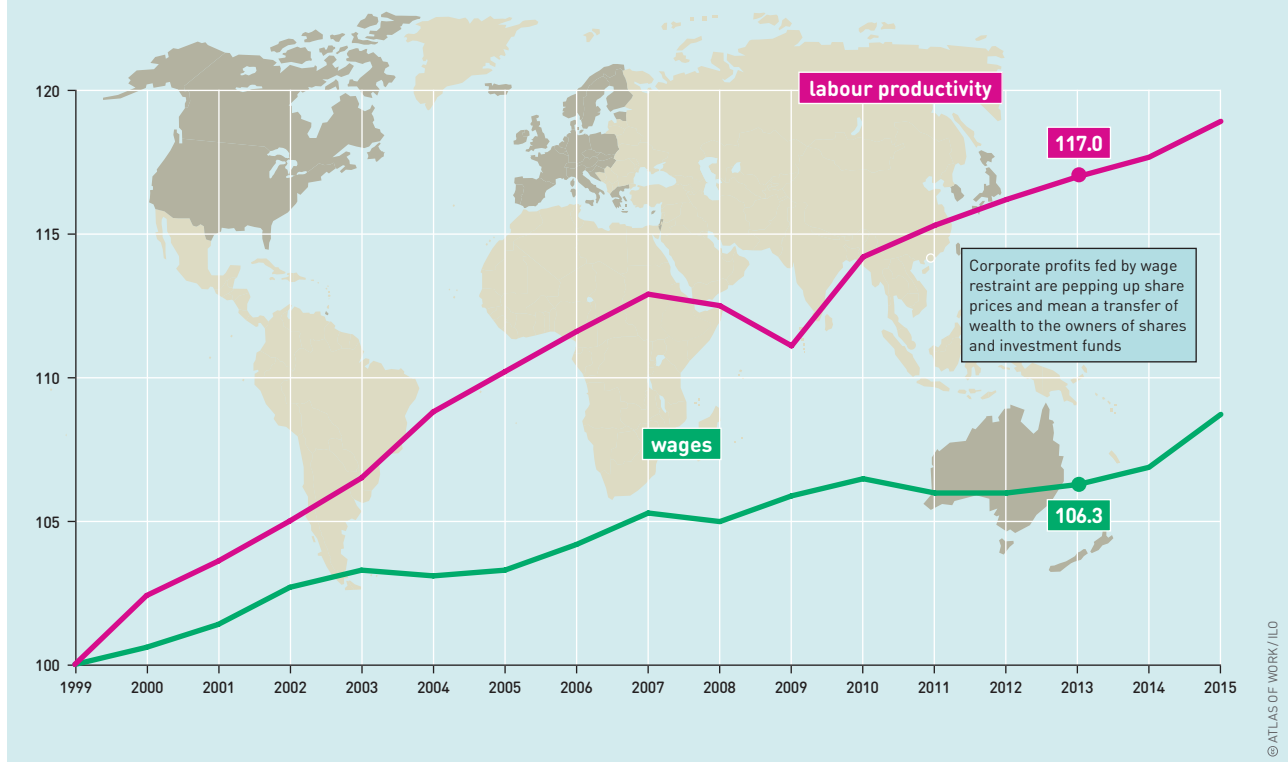
Without this, capitalism would have collapsed very quickly. Workers generated enormous demand thus triggering the development of new products and spurts

The lesson of 1929: if mass demand is low while the rich get richer, a stock market crash is around the corner



BELT-TIGHTENING, SHARE FATTENING

Development of labour productivity and wages in 36 developed countries, 1999 = 100



in growth, which would not have been possible had it only come from the wealthy few. The purchasing power of workers made it profitable to develop consumer items such as cars, radios, televisions, washing machines and mobile phones.

Capitalism is therefore not a permanent struggle between the classes that is based on exploitation. Rather, it functions best when workers also benefit. Conversely, capitalism quickly falls into a crisis whenever the income of workers does not keep pace with advances in technology – because then the potential buyers of new products do not materialize.

This inner logic of capitalism was evident in the Great Depression, set off by the Wall Street Crash of 1929. This stock market crash occurred because real wages of American workers had hardly changed between 1919 and 1929, while productivity per worker rose by 43 percent. Each worker was producing 1.5 times as much as 10 years earlier. But the flood of new goods could not find a market because the workers had not received a significant rise in pay.

Only a minority profited from the growth. In 1927, the richest 10 percent in the United States controlled 46 percent of the national income. The richest 1 percent controlled 24 percent of the income.

But entrepreneurs and capital owners did not want to invest their profits in the real economy because of the lack of mass demand. At the same time, enormous profits

Many experts think that an increase in wages relative to productivity would boost both demand and employment

signalled that the stock market would continue to rise. So companies increasingly speculated in a stock market that no longer reflected the true value of the companies whose shares were traded.

By the end of the crash, shares had lost 89 percent of their value. The consequences for the real economy were devastating. Worldwide economic output fell by a third; world trade sank by two-thirds; one in four Americans and one in three Germans was out of work.

To avoid future crises, financial markets were strictly regulated. Speculative trading in shares, bonds, foreign exchange and derivatives was either banned or became very difficult. But a turnaround has been evident since 1980.

Financial markets were again deregulated. Wages have again failed to keep up with technological advances. In the United States, average real wages have not risen since 1975; in Japan they have stagnated since 1990. In Germany they sank by 1.6 percent between 1992 and 2012, and have barely recovered since.

The consequences are the same as before the Crash of 1929. Too little is being invested in the real economy, while speculation booms. The next financial crisis is surely just a question of time. —

THE FOURTH WAVE

We are currently experiencing a fourth industrial transformation. The first began with the mechanization of the textile and iron industries, which ushered in the Industrial Revolution. The second was the advent of the assembly line and mass production. Computers and automation formed a third wave. Now the emergence of smart, networked technologies is expected to have a massive effect on all aspects of our lives.

For a long time, no one dared make a forecast: what does digitalization mean for the labour market? How many jobs will disappear, how many will be created, and what will they look like? A 2013 paper by the economist Carl Benedikt Frey and the computer scientist Michael A. Osborne was a wakeup call. According to their estimates, around 47 percent of all US jobs will vanish as a result of digitalization. They made no predictions as to the number of new jobs that would emerge.

Their estimate was controversial right from the start. The Institute for Employment Research in Nuremberg

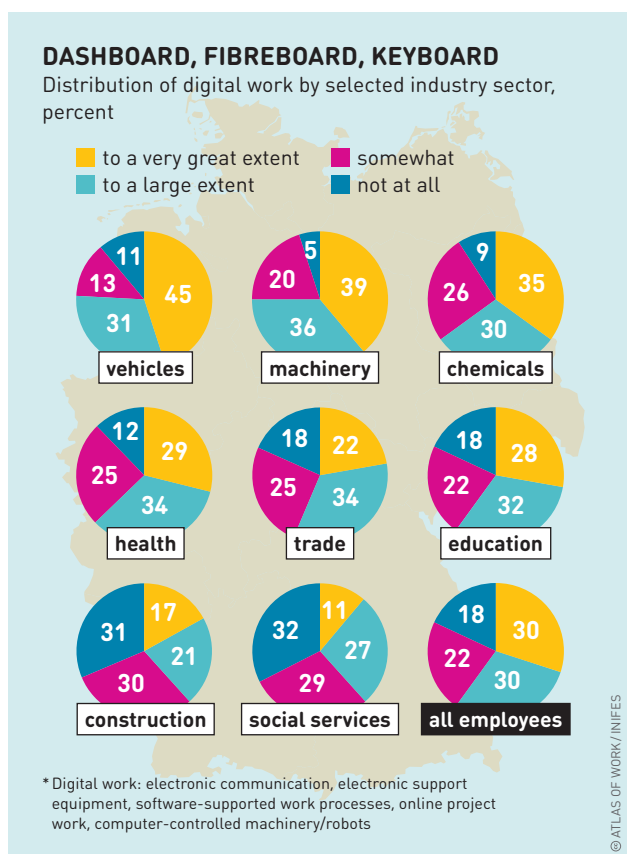
currently expects German industry to shed 490,000 jobs as a result of this structural change, but anticipates the creation of 430,000 new service jobs. Digitalization has already fundamentally changed the labour market and the working conditions, and it continues to do so. New power structures are emerging. Information technology companies such as Google, Amazon, Facebook and Apple from the United States, along with their Chinese counterparts, are pushing their products and platforms ever deeper into the worlds of work and daily life. In highly developed countries such as Germany, “Industry 4.0” is the name given to the new, digitalized, networked economic system.

Part of the vision is the “internet of things”: devices, appliances and machines that are digitally networked with one another, smart robots in factories, sensors that control processes by transmitting information to machines and humans, 3-dimensional printing, and quantum computing. Digital platforms that mediate services such as cleaning and delivery are changing employment relationships. Networked services will change our cities and homes. Boundaries between markets, regions, companies, machines and people are dissolving.

The data thereby generated are considered to be the “new mineral oil” in the future economy. Big Data – the analysis of huge datasets to detect patterns – can forecast trends in human behaviour, creating new business models. Artificial intelligence builds on this, and is developing at an extraordinary pace. It is creating a new kind of operating system that will manage work in the future.

Some of this is not new in Germany, where industry is already highly automated. But complete value chains of suppliers, processors, manufacturers, service providers and customers are now being affected. The ubiquity of smartphones – a technology that is only 10 years old – shows how quickly change can, and will, occur.

Workers are already feeling the impact of digitalization: it dissolves the boundaries between work and leisure time, it demands multitasking, and it speeds up activities. For many this means additional pressure. A representative survey conducted by the German Trade Union Confederation (DGB) in 2016 found that digitalization had led to greater workloads and more stress for almost half of the of 10,000 employees interviewed. Few suitable training courses are on offer, and staff often do not have the



Work is least digitalized where the spoken word and manual labour dominate: in the social services and construction

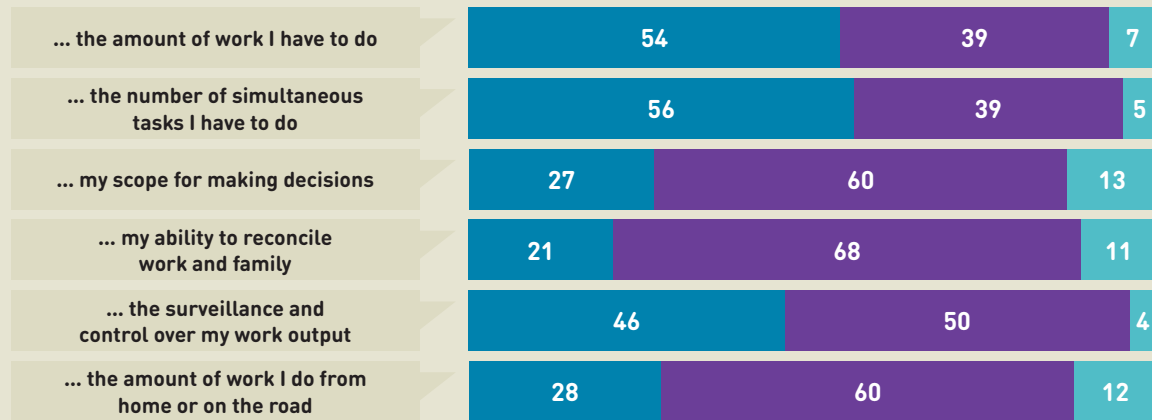
PERCEPTIONS OF DIGITALIZATION AT WORK

Survey for the DGB "good work" index 2016, responses of the 60 percent of respondents who said their work was heavily or very heavily affected by digitalization



Through digitalization ...

■ has grown ■ has stayed the same ■ has shrunk



Can you influence the application of digital technology in your workplace?



How often do you feel at the mercy of digital technology in your work?



Representative nationwide survey of 9,737 employees working 10 or more hours per week; excluding freelancers and self-employed

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time to attend them. Many feel they are at the mercy of technology change.

The use of data for commercial purposes raises ethical questions. Digital control systems can optimize the logistics in a warehouse, and the assignment of care personnel in a home or hospital. But it can also lead to intrusive surveillance and control of the staff involved.

Digitalization is a social process. The government, employers, unions and scientists are responsible for shaping the transformation process, using research evidence as a basis for practical implementation. That is possible. A look back to the 1960s shows that as automation took hold in manufacturing production lines, a programme later known as Humanisierung der Arbeitswelt (Humanizing the World of Work) proposed ways to protect people from stressful working methods. A human-friendly design of work is still part of Germany's labour protection law.

Creating appropriate laws to protect people in the workplace is not enough. Although digital education is necessary, it is also not enough to counter the powerlessness that many people feel when faced with the largely

More flexibility – with all its advantages and disadvantages – is the biggest perceived effect of digitalization

invisible technological revolution, and the fear that they will lose their jobs and position in society. Concrete ideas and fair rules are needed to indicate what work and the welfare state should look like in the future. And a change in attitude is required: digitalization should be used to systematically improve working conditions.

In Germany, the debate over how we will live and work in the future is discussed under the rubric "Arbeit 4.0", (Work 4.0), paralleling the name "Industry 4.0". There is general agreement that the German welfare state model will have to develop further. Many also agree that digital education, lifelong learning and worker's participation, flexibility, data security and privacy will play a central role. But there is as yet no agreement on how to implement these strategies, or how to manage the digital transformation. The politically initiated "Work 4.0" discussions still have to produce concrete results. —

WORKLESS IN WUPPERTAL, DESPERATE IN DHAKA

Unemployment figures around the world are a paradox: more people are officially classified as unemployed in rich countries than in poor ones. But that does not mean that people are somehow better off if they live in sub-Saharan Africa instead of affluent Europe. Rather, it reflects the lack of social protection in developing nations, and how the statistics are compiled.

In 2017, the world was home to some 7.55 billion people. According to International Labour Organization (ILO) figures, 201 million of them were registered as unemployed, giving a modest worldwide unemployment rate of 5.8 percent. But these statistics only include those

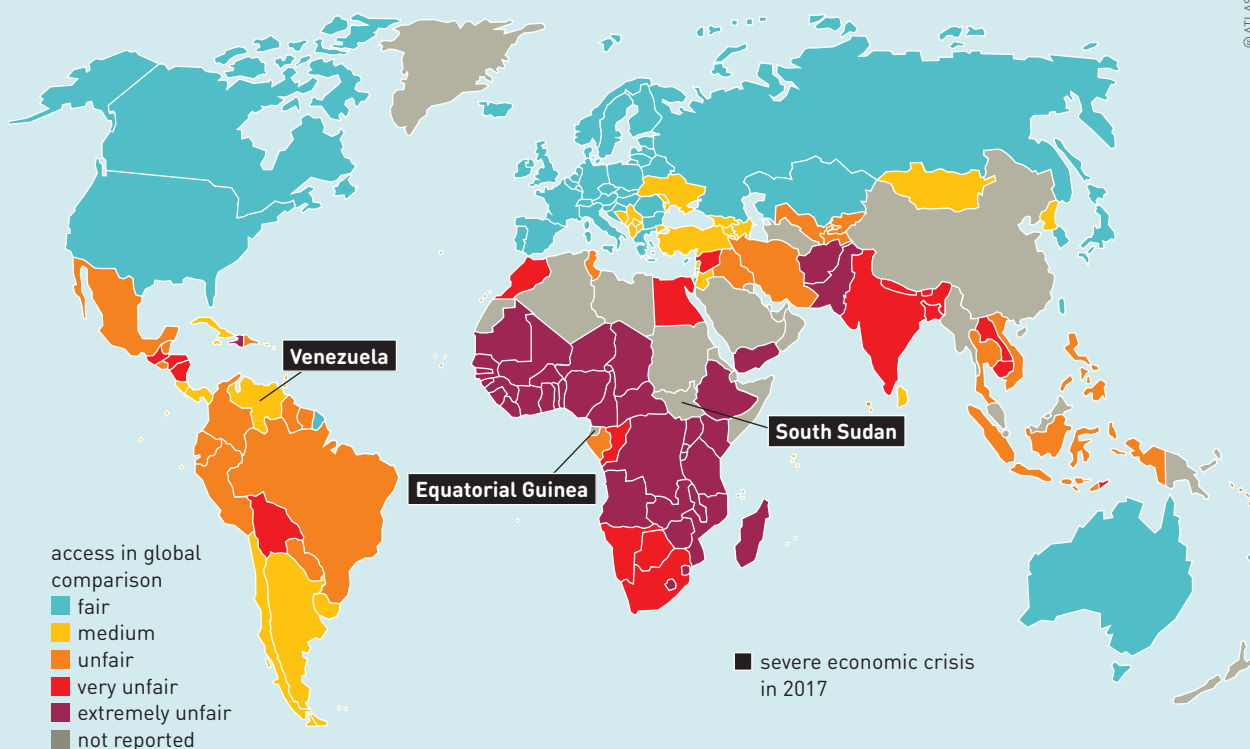
people that do not have any job, are available on the labour market and actively looking for work – which presupposes that an authority exists where they can register. To get a more accurate picture of the labour market situation around the world, we must delve into the social protection systems of each of the 193 member states of the United Nations.

Social protection includes employment agencies that assist the jobless with financial support and by helping them find a job, plus services such as health insurance, social security and pensions. Without government assis-

Migration pressures arise not just from absolute need, but also from inequality. Where both occur – as is often the case – the urge to move can be huge

SOME ARE MORE UNEQUAL THAN OTHERS

Index combining income, health and education levels in international comparison and inequality levels within each country, 2015



The Inequality-adjusted Human Development Index (IHDI) is prepared by the United Nations Development Programme. Countries with severe economic crisis: decline in gross domestic product exceeds 5 percent a year

tance, people are forced to scrape together a living for themselves and their families by toiling even under the most inhumane conditions – in doing so, they are not considered unemployed. That is why the official unemployment figures in developed countries are higher than in the developing world. According to the ILO, the unemployment rate in France reached 9.2 percent in 2017; in Rwanda, one of the world's poorest countries, it was only 2.4 percent. Just one-third of the world's population has broad access to social protection. Workers in Bangladesh who lose their jobs are entitled only to a one-time severance payment. In Kenya, they do not get even that. But Rwanda, meanwhile, has set up a health insurance scheme to cover everyone.

The lack of social protection has serious consequences. Some 1.4 billion people worldwide are in “vulnerable employment”: a definition that covers own-account workers, smallholder farmers, and relatives who help out in the family business. The number of workers in the informal sector is expected to grow by 11 million a year. Because they are not subject to rules on working conditions or pay, let alone social protection, illness and accidents involve the risk of social exclusion and destitution. In the developing world, the informal sector employs almost 80 percent of workers; in the developed world it is around 10 percent.

The ILO and the United Nations are pushing against this trend. They urge countries to adopt social security systems that offer a basic level of protection to guarantee income security and decent work. One of the UN's Sustainable Development Goals is to eliminate poverty. Implementing this and the other goals is voluntary, and each state decides for itself how it will go about achieving it. The UN is trying to measure progress by measuring a set of indicators. These keep track of unemployment, earnings, productivity, work safety, skills training, and the existence of social-protection measures, among other things.

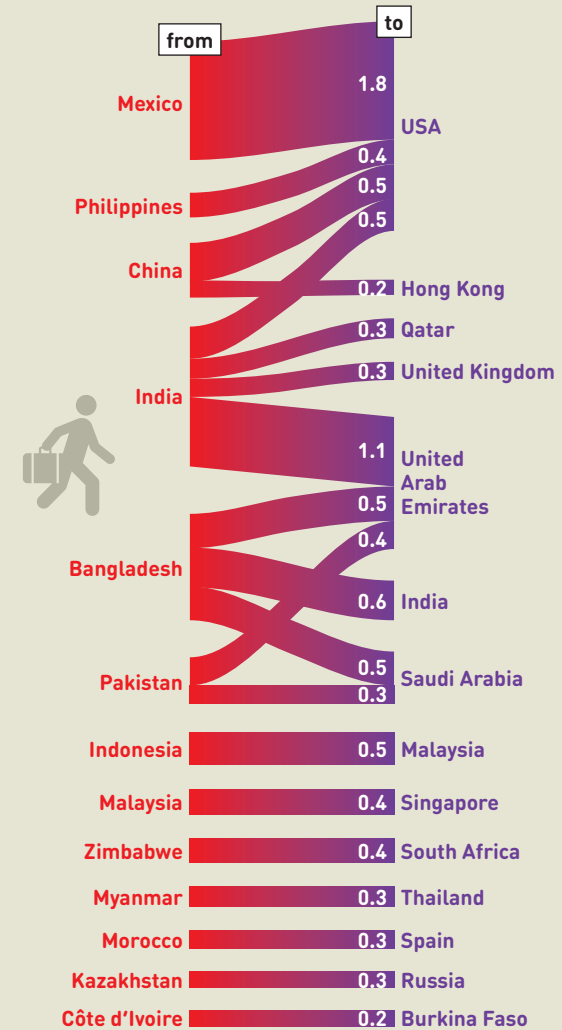
Improving employment and wage levels are the most important instruments for reducing poverty. But around 770 million people still live in moderate to extreme poverty – they earn less than \$3 per day even though they are employed. The worst situation is in sub-Saharan Africa, where over 60 percent of the working-age population fall into this category. In South Asia, almost half the workforce does.

At the same time, the gap between rich and poor is widening. The wage share – the proportion of national income that goes towards wages – has shrunk continuously in recent years. The difference has instead flowed to the owners of capital as profits rather than to workers in the form of better pay. This trend is clearest in the developed world, though middle- and lower-income countries are also affected.

How digitalization and automation will affect the world labour market remains to be seen. Experts predict

MIGRATION MAGNETS

International migration movements 2005–2010, millions



Does not include refugees or displaced persons.
Figures for 2005–2010 published 2013; more recent figures not available

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Millions of people emigrate permanently, for example to the USA, or for long periods, such as to the oil-rich Gulf states

a 10 percent job loss in the developed world, and it is thought that another 25 percent will change dramatically. How many new jobs will be created is uncertain. Worldwide, it is likely that the labour market will become even more polarized between high-skill and low-skill jobs.

Migration of workers can be expected to rise. Currently some 244 million people live outside their country of origin. Around 150 million of them are workers. Since the financial crisis of 2007–8, workers' readiness to move to parts of the world that offer better prospects has risen everywhere except in Asia. Poor prospects at home, poverty and the threat of environmental disasters contribute to this increase. —

UPPING STICKS

The European Union is based on four economic freedoms: the free movement of goods, services, capital and labour. Millions of citizens have taken advantage of the last of these – free movement of people – to work and live in another member country. But the results have not all been positive, especially in the workers' home countries.

One of the basic rights of EU citizens is to move and live wherever they want in the Union. Member states may not discriminate against citizens of other EU countries in terms of labour rights and social benefits. But at the same time, governing the labour market and social policies lies within the national competence of the member states. A European labour market policy framework is largely absent. And free movement applies across a continent with huge income and wage differences: Luxembourg's GDP per person is 10 times higher than Bulgaria's.

Most experts and policy makers believe that workers' mobility helps European labour markets function smoothly. In theory, it raises the Union's overall GDP by improving the match between workers' skills and job vacancies. If a worker from a poorer country takes a better-paying job in a richer one, the overall "labour allocation" improves as his or her higher wages automatically result in higher productivity for Europe as a whole. But how the free movement of workers functions in reality, and what effects it has on the labour markets in sending and receiving countries, is another matter altogether.

In 2016, 11.7 million EU citizens aged between 15 and 64 were residents of another EU member state, or only 3.7 percent of the total working-age population. Of these, 8.5 million were employed or were looking for work. This is a very modest level of migration: just a fraction of the labour mobility between states in the United States.

Of the 8.5 million mobile workers, more than half (4.4 million) were from new member states that joined the EU after 2004 (the EU13) – a much bigger proportion than their 21 percent share in total EU employment. Only 2 percent of citizens of the older member states (EU15) live in another country in the EU; for the newer members the figure is close to 10 percent. There was not much change in labour mobility in the older member states between 2006 and 2016 where it rose from 3.15 to 3.94 million, but for the newer members it shot up from 1.8 million to 4.4 million.

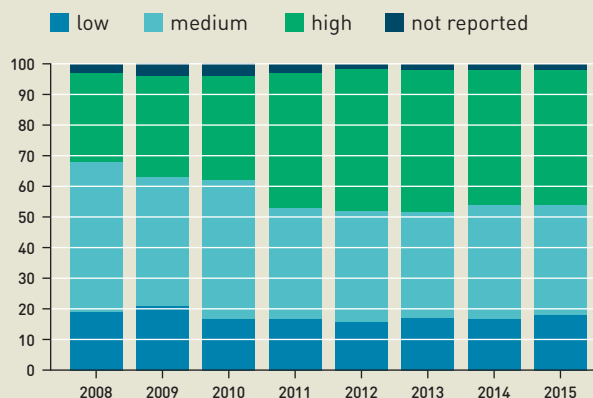
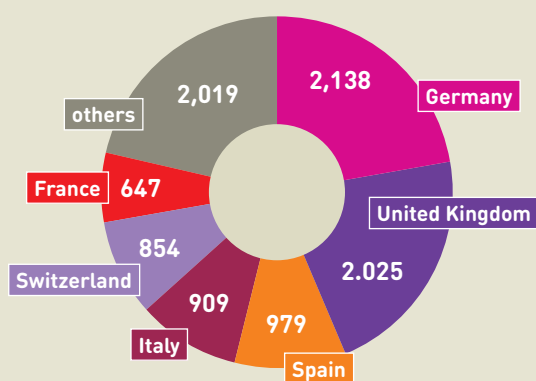
A number of factors drive cross-border labour mobility: different income levels between countries, labour market opportunities, and historical patterns. Experts often talk about "pull" and "push" factors. In Europe, people are attracted by better employment opportunities offered in other countries (a pull), or they move elsewhere because they do not see any chance of finding a decent job at home (a push).

Labour flows between the EU member states are not in balance. A few favoured destinations attract a large

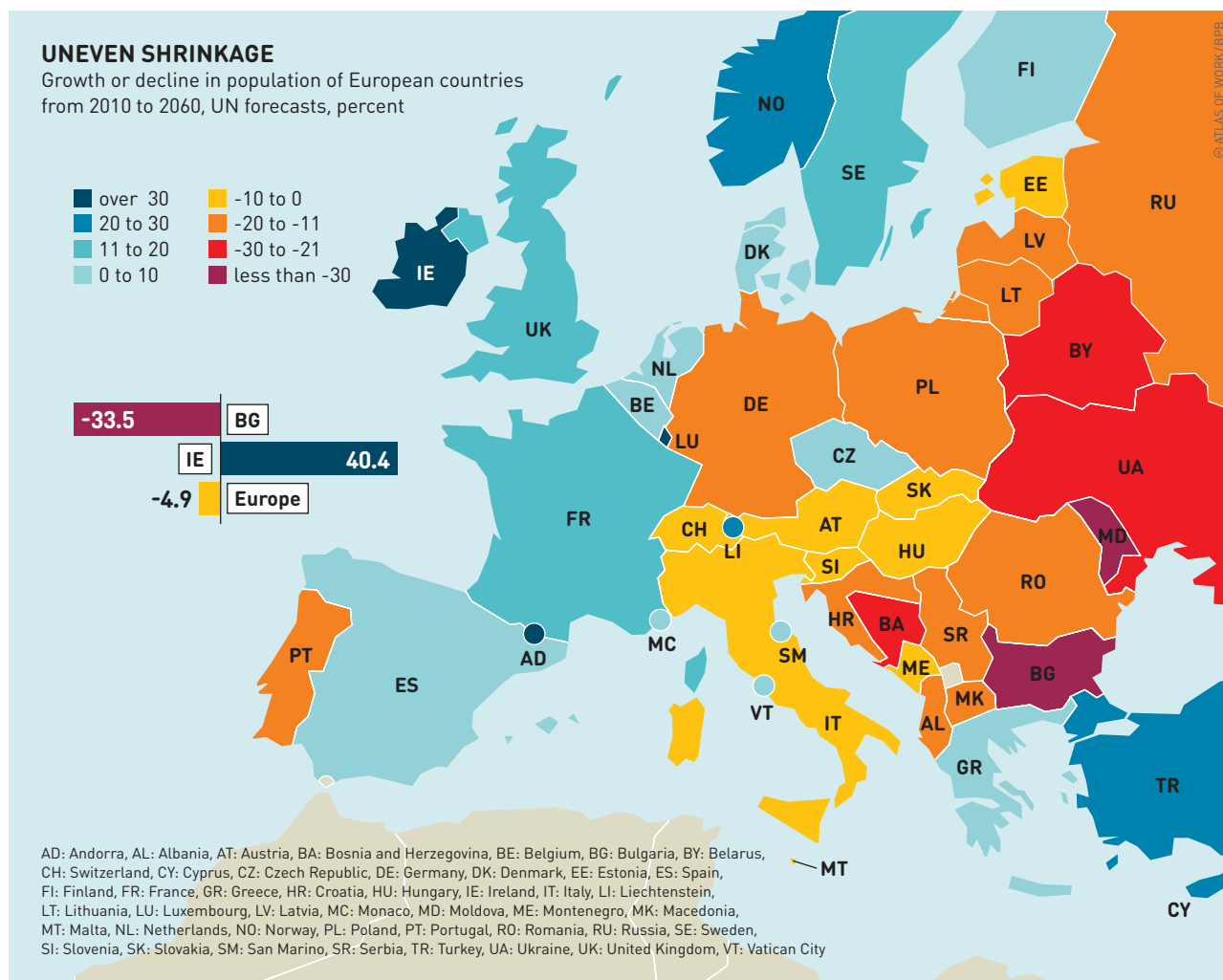
Too big a brain drain – the outmigration of qualified workers – harms development in their home countries

THE BEST ARE ON THE WAY

EU internal migration of 20- to 64-year-olds, destination countries and educational attainments, 2015, percent



© ATLAS OF WORK / EUROSTAT



share of mobile EU workers: Germany (with 2.3 million workers from elsewhere in the EU), the UK (2.2 million), Italy (790,000), Spain (773,000) and France (673,000). These five countries host almost 75 percent of the mobile workers from another member state. But in relation to their populations, Luxembourg (43 percent) and Cyprus (15 percent) have the largest numbers.

Taking the EU's newer entrants, the EU13 as a group, workers from these countries generally flock to a small number of destination countries: mainly the UK (1.28 million) where their presence was a major factor leading to the vote to leave the EU, and Germany (1.18 million). Their numbers are rising more quickly in Germany.

This movement of workers has mostly benefitted the host countries because of the influx of flexible labour. But for the sending countries, the outcomes of migration are more mixed. Early on, unemployment was much higher in the EU13 than in the older members. In the short-term, the emigration of workers acted as a safety valve and improved national budgets through the inflow of remittances.

But unemployment in the EU13 has declined substantially in recent years, while movements from east to west have continued to grow. Many of the EU13 countries

In the long term, Europe's big industrial powers will not be able to rely on workers from their neighbours

now suffer from signs of labour shortages – especially of skilled workers. This poses a serious challenge for these countries' development.

In the decade prior to 2008, wage levels in the eastern members of the EU were catching up quickly with those in the West. But since the financial crisis of that year, they have stagnated or even declined. In spite of job opportunities at home, the temptation of higher wages elsewhere often proves irresistible. Some eastern members are now experiencing a breakdown in essential public services because of a lack of personnel. Romania lost half its doctors between 2009 and 2015, and reports say that 10 percent of its population does not have access to medical care.

A further long-term concern of these countries is the fact that the migrants tend to do low-skill work in their new locations. Some 37 percent of workers who have recently left the EU13 say they are overqualified for their current jobs. This waste of human resources suggests that labour mobility within the EU is failing to live up to both the initial expectations and its true potential. —

IN A CRISIS, THE WORKERS LOSE

The European Union prides itself on being able to balance economic needs with workers' rights. Compared to many other parts of the world, European workers enjoy a range of rights and benefits others can only dream of. But in a crisis, undertakings are forgotten and agreements are set aside. It is always workers who suffer most when push comes to a shove.

When Americans come to Europe to work, they are frequently amazed: four weeks of annual paid holiday entitlement, paid sick days, parental leave. Nothing of these are to be found in the United States, let alone rules that apply across the whole country. The EU has long been more than a common market and free-travel zone. Its rules and guidelines for workers' rights affect the lives of every European, for better or for worse.

When the European Community was founded in 1958, economic interests were at the top of the agenda, not workers' rights. But gradually the realization took hold that social policy must play a central role in integrating the countries of Europe. The Social Policy Protocol attached to the 1992 Treaty of Maastricht was an important milestone. With the signing of the 2007 Treaty of Lisbon, it was incorporated into the EU Constitution, along with the Charter of Fundamental Rights, which specifies basic rights in case of dismissals, working conditions and social security, and states that, "every worker has the right to working conditions which respect his or her health, safety and dignity".

The constitutional status of these rights commits the EU to take action if certain agreed objectives are not achieved, such as promoting employment, providing adequate social protection, and combatting exclusion. The Working Time Directive of 2003 states that a worker may not work for more than 48 hours per week. Parental leave policies grant parents a minimum of four months leave on the birth or adoption of a child. In reality, many EU member states offer better conditions than this because social policy remains within their area of competence. Aside from these basic rights, the EU also has a range of "softer" measures, including the "European Pillar of So-

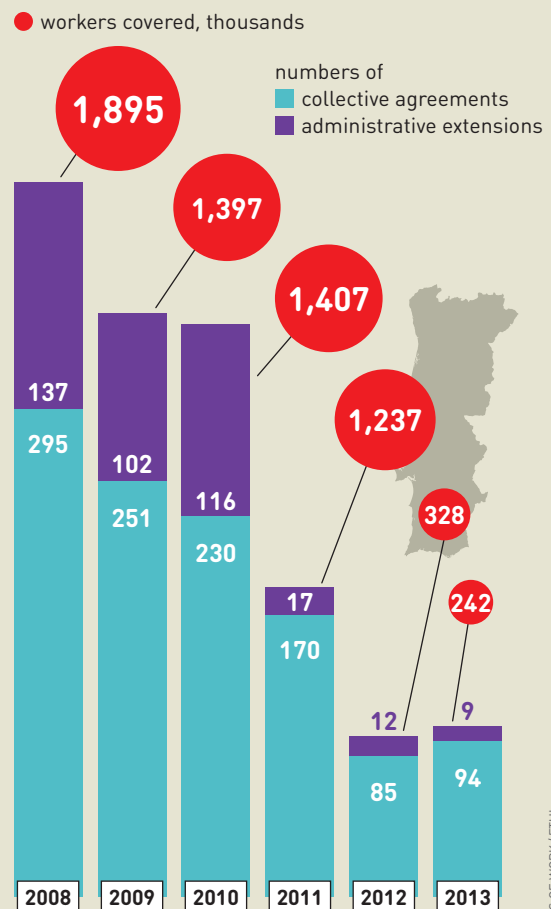
cial Rights", proclaimed in November 2017. This includes 20 principles that aim for fairer and more efficient labour markets – though these principles are not yet legally binding.

The EU's employment and social policies are often grouped together under the umbrella term "social acquis communautaire" – the accumulated body of relevant EU laws and obligations that members must comply with. Excluded from EU treaties are wage policies, the right of association, and the right to strike. In addition, EU-level measures may not affect national principles of social security and their financial viability.

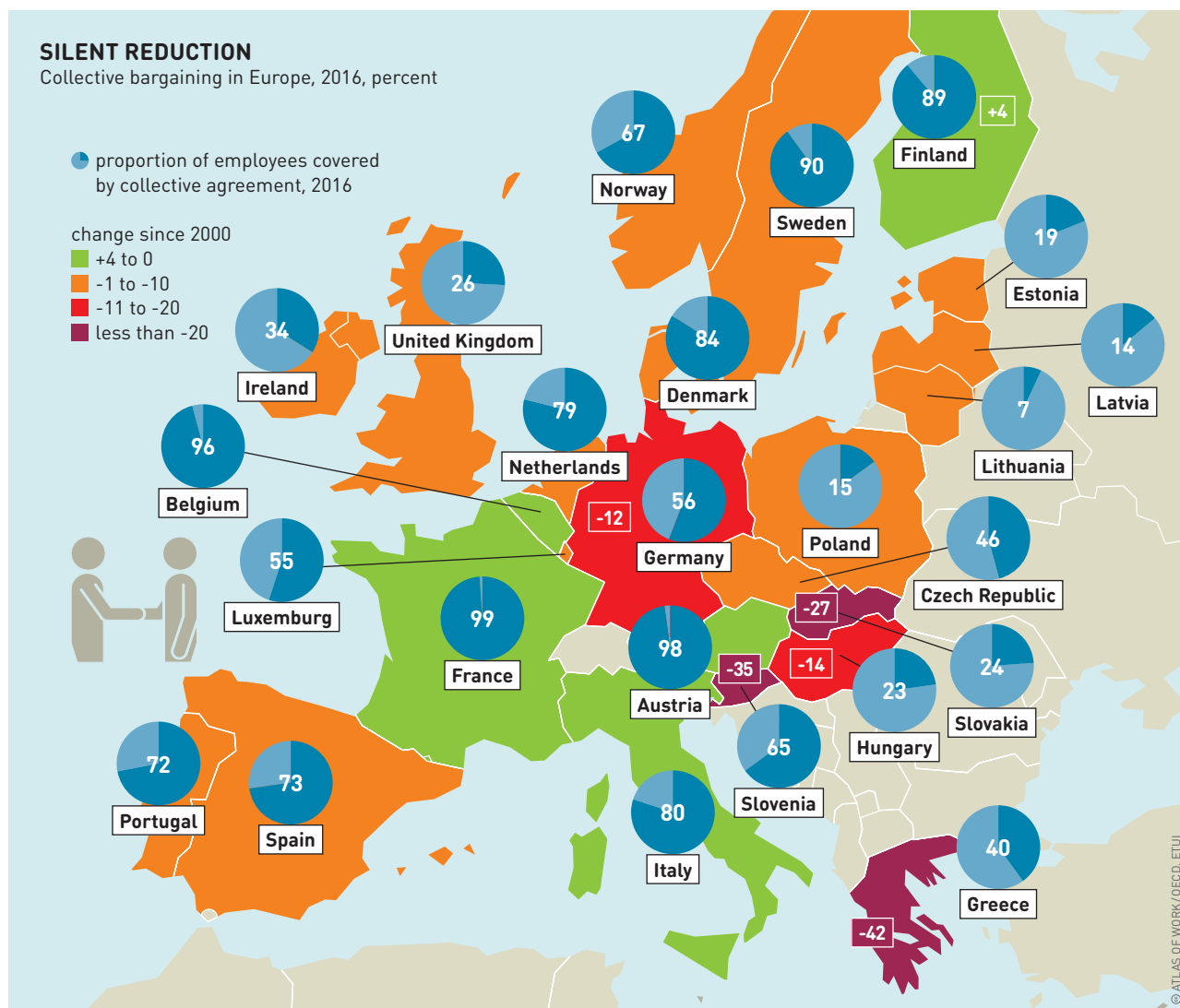
The social acquis is a comprehensive package of measures to protect workers. But judgements by the European Court of Justice and experience gathered during

ON THE BACKS OF THE WORKERS

Portugal: Decline in the number of collective bargaining agreements (branch, multi-employer and company) and the administrative extension of agreements to other workers



During the euro crisis, the EU pressed for collective bargaining agreements in Portugal to be waived, limited or bypassed



the financial and economic crisis in the first decade of the millennium both raise doubt as to whether and how fundamental social rights can actually be applied in everyday policies.

During the crisis, economic and tax-related conditions of the Stability and Growth Pact (which aims to maintain fiscal discipline) proved stronger than the employment and social measures that ought to have protected people against the consequences of the crisis. The rights of workers were violated in many EU member states because collective bargaining agreements were broken or undermined. The countries of southern Europe and Ireland were particularly badly hit.

In Portugal, extensions of collective bargaining agreements to the sector-level were suspended in order to comply with requirements defined by the “Troika” of the International Monetary Fund, the European Commission and the European Central Bank. In many southern European countries, employers were allowed to make company-specific deals that undercut sector-wide collective agreements. Protests were muted: who wants to fight against a decline in employment conditions when their

own job is at stake?

Between 2008 and 2012, nearly one-third of all employees in Spain, lost the protection of a collective bargaining agreement. Before the crisis, 12 million workers were covered under such agreements; afterwards, only 8.5 million were left.

Alongside austerity policies, labour law was deregulated and made more flexible, mostly to the disadvantage of the employees. But that was not the only cost they were forced to bear: at the same time, governments trimmed pensions, wages and unemployment benefits, and public services bore the brunt of the savings. The European Commission faced a massive loss of confidence. Violating basic social rights and democratic traditions risks the loss of political legitimacy. We will soon see how far the 510 million people of Europe still believe in the promise of social integration: the next round of European elections is in early 2019. —

Collective bargaining agreements lead to higher wages. If fewer firms sign them, workers' incomes sag

JOSTLING FOR NON-EXISTENT JOBS

Our teens and twenties should be the happiest years of our lives. Spurred by hopes and dreams, the world is at our feet. But for many young people in Europe, hopes have faded and the dreams have turned to dust. Massive youth unemployment and a sclerotic job market leave them with a threeway choice: enforced idleness, emigration, or protest.

Attend school until you are 16, or maybe 19 years old. Learn a trade or go to university, and then you can stand on your own two feet. Pass your exams, and the world is your oyster: you earn your own money, you can think about getting your own place to live, you can start a family. That is what a teenager should be able to look forward to.

But this cut-and-dried course of events is becoming less commonplace in Europe. For all too many young people, school, university or apprenticeship are followed by – nothing. No job contract, either permanent or short-term. Not even a temporary job or casual work. No money in their pockets. Millions of young people in Europe are looking for work but cannot find it. Such a fate can strike anyone: mainly those with no qualifications, but also those who have learned a trade or got their degree and then jostle their way through the jobs market.

In 2017, 3.8 million young people under the age of 25 in the EU were unemployed. In 2013, at the height of the

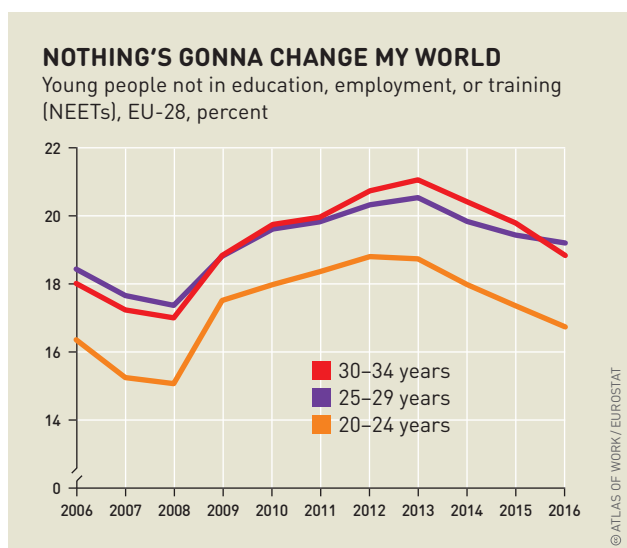
euro crisis, the figure was 5.5 million. The statistics show that youth unemployment affects countries in different ways. In some countries, such as Germany, Denmark, Austria and the Netherlands, young women and men find it fairly easy to start a career. But there are countries where finding a job is not as straightforward. France has a youth unemployment rate of 25 percent, according to the OECD. In Italy and Spain the figure is nearly 40 percent; in Greece it is even higher.

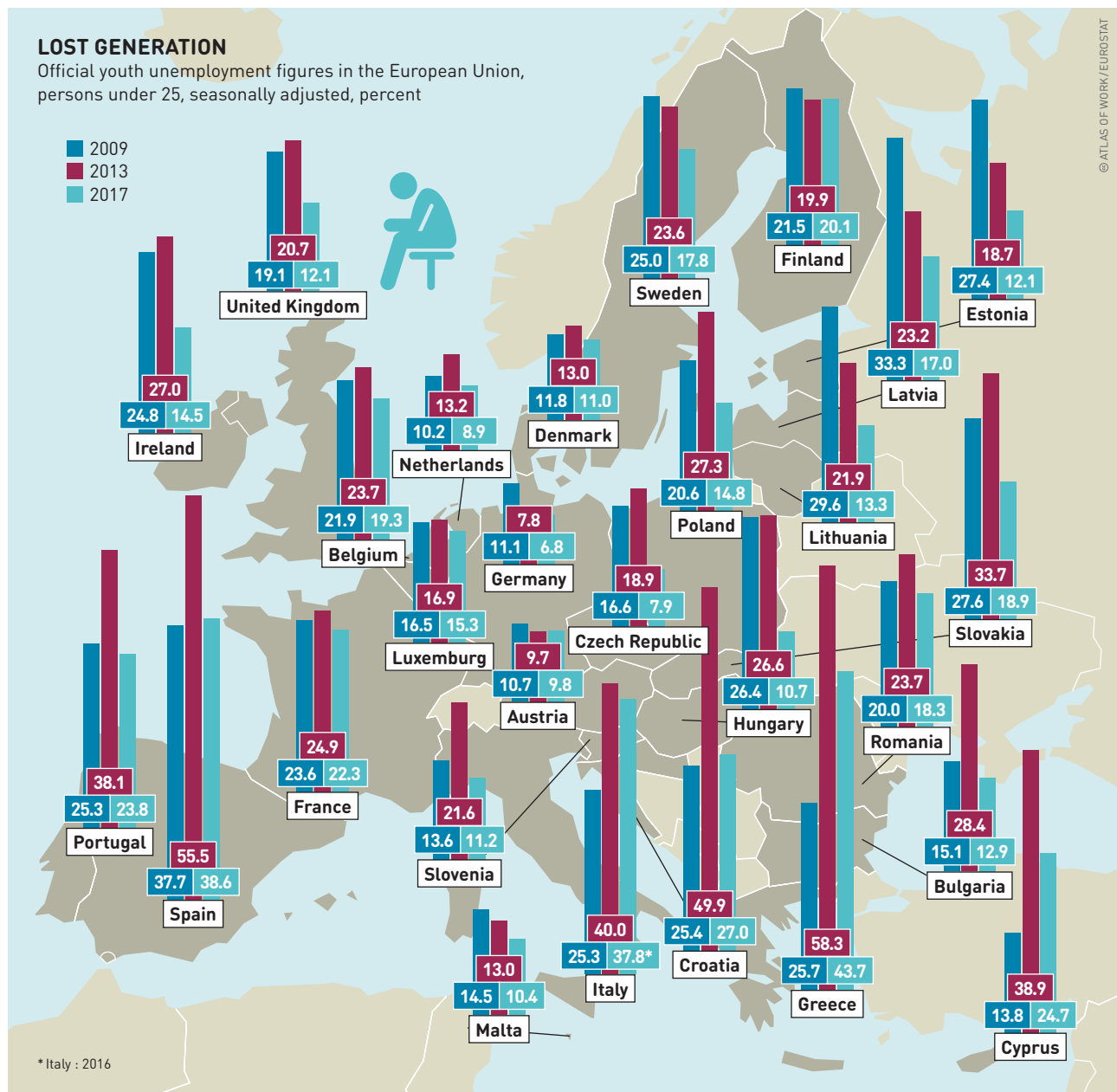
But that does not mean that nearly one in every two people under the age of 25 is out of work. This is because the youth unemployment figures do not refer to all in a particular age cohort, but only to those who are at work or who are seeking a job – so they exclude young people who are at school or are studying. The number of NEETs, young people Not in Employment, Education or Training, gives a better view of the prospects that face the younger generation. They include Carmen from Andalusia and Roberto from Sardinia, both of whom have long given up any hope of finding a job. Eurostat collects statistics regarding the number of people aged between 20 and 34 that belong to this group. Around one-fifth of them sit idle at home; in Italy and Greece, it is 30 percent.

More alarming still is the fact that the proportion is relatively constant for each cohort within the age group: the risk of joblessness basically remains the same for the 20-year-olds as for the over 30s, and it even rises for the older cohorts. That is what hopelessness looks like: instead of a bright future, these young people have only the dull, grey present. At best they receive social support; in southern Europe they can survive only thanks to the assistance of their parents and grandparents.

Youth unemployment means eternal youth in the worst sense of the word. Almost 90 percent of young men between 16 and 29 in Italy still live with their parents. The figure for young women is 80 percent. Most do so because they have no income, or their precarious jobs pay far too little for them to finally start out on their own. Their lives are often marked by poverty, and their future looks no better: 30-year-olds for whom no employer has ever paid into their pension fund are all too common in southern Europe.

*No improvement for 10 years:
one in six of the under 35s has
abandoned the labour market*





Talk of a “lost generation” in parts of Europe is no exaggeration. Young Germans, Scandinavians and Dutch have plans; their southern European brothers and sisters know that only joblessness or part-time, casual work awaits them. 16-to-20-year-olds talk about only one thing: moving away. Greece, Portugal, Spain and Italy have experienced massive emigration over the last decade.

But many of those who do stay are raising their voices. The last 10 years has seen the emergence of protest movements and political parties that attract outside support from young voters. In 2011 and 2012, “Los Indignados” (“the Outraged”) took to the streets of Spain to protest the consequences of the deep economic crisis and against the government’s austerity policies. This movement was the springboard for the radical-left party Podemos, which gained well over 40 percent of the youth vote, twice as much as among the population as a whole.

Without their parents’ and grandparents’ support, many young adults in southern Europe would not be able to survive

Italy, whose enormous youth unemployment has not decreased in years, is another example. In 2009, Beppe Grillo, a comedian, founded the “Five Star Movement” (M5S), a party run mainly by young activists. Unlike Podemos, it does not claim to be either left or right, but it scores with young voters with its central platform of a “citizen’s income”, payable to anyone who is looking for work. From a standing start, Five Star won 25 percent of the vote in the 2013 elections – and 35 percent of the youth vote. In the 2018 election, it took 32 percent of the vote and became Italy’s strongest party. Such results are typical for a generation that feels abandoned and has little reason to hope for better times. —

TEXTILES

SEW WHAT

The textile industry was the first to be mechanized, with the spinning jenny and the power loom leading the surge of industrialization that has washed over the world ever since. But making clothes is highly labour-intensive, and it still relies on low-paid workers. That pushes it to countries where labour is abundant.

The invention of the mechanical loom turned Manchester into the textile capital of the world. In just a few years, enormous increases in productivity devalued the labour of skilled manual weavers. Traditional skilled workers were replaced by unskilled, female factory workers who produced large volumes of cloth in a short time. Luddites smashed mechanical looms in England, weavers revolted in Silesia, and hundreds of thousands of handloom-workers in Kolkata starved as a result of mechanization in the textile industry.

Despite the fact that today the production of cloth is highly mechanized, turning cloth into clothes still involves a lot of work. The sewing machines that Asian women use to make our clothes are little different from the Singer machines at which seamstresses in Chemnitz and Hamburg used to toil.

Because the industry is so labour-intensive, production firms seek out locations where large numbers of young women live in poverty. These workers often prefer

10–14 hours of drudgery, six days a week, over the grinding hardship of rural villages or the daily fight for survival in the slums of megacities. Since the dawn of the industrial era, the textile industry has flitted around the world: first from England to nearby parts of continental Europe, after the Second World War to southern Europe, then to Japan, Korea, Hong Kong and Taiwan. Today, almost half the world's textile exports come from China.

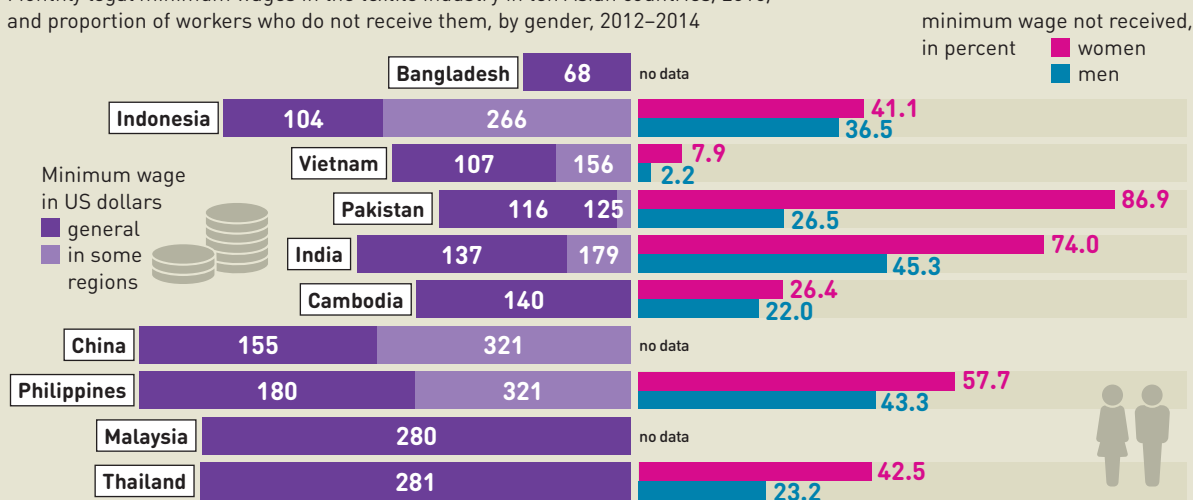
The industry is on the move again. Companies are now shifting their factories to even poorer countries such as India, Vietnam, Cambodia and Bangladesh. Africa is also coming into their sights as the last continent where the population is growing rapidly and many young women are looking for work. A minimum wage of €17 a month in Ethiopia is less than half the minimum wage of a seamstress in Bangladesh.

It is the wage differential between affluent and impoverished parts of the world that makes textiles the most globalized of industries. Just 18 cents out of the sale price of a T-shirt goes towards wages. If a seamstress in Bangladesh who earns 50 euros a month were paid the same as her German counterparts, the wage cost would be 5.40 euros per T-shirt. Without effective labour market rules, social benefits or collective bargaining agreements, wages are

Many textile workers are being paid less than the minimum wage. Women workers are especially likely to be underpaid

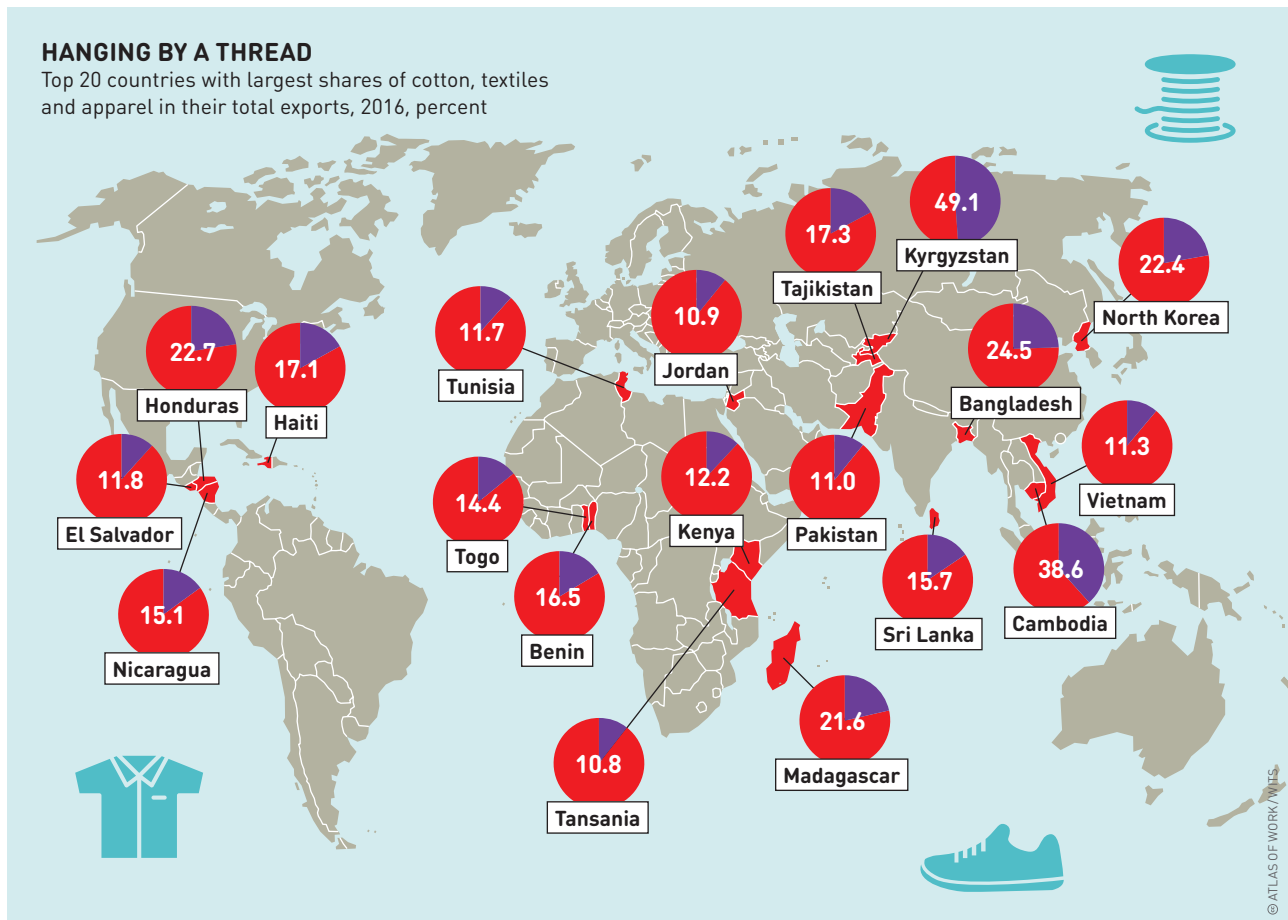
EVERYDAY LOW PRICES, EVERYDAY LOW WAGES

Monthly legal minimum wages in the textile industry in ten Asian countries, 2016, and proportion of workers who do not receive them, by gender, 2012–2014



HANGING BY A THREAD

Top 20 countries with largest shares of cotton, textiles and apparel in their total exports, 2016, percent



set by supply and demand – which guarantees poverty as there is an oversupply of labour. The superabundance of labour in Bangladesh is the reason that real wages there have not increased for 30 years.

Consumers are the big winners from strong competition in the textile trade. In Europe, a T-shirt costs little more than a cappuccino. But such comparisons should not be used to hide the fact that many low-income earners in Europe cannot afford the luxury of ethically responsible shopping. With the growing chasm between rich and poor in our society, one cannot expect Europe's poor to show solidarity with even poorer people elsewhere in the world.

Despite low profit margins, big fashion houses can still make piles of money by increasing their sales volumes. Amancio Ortega, the founder of the Inditex group (with Zara as its major brand) has a fortune of \$70 billion, making him the world's sixth-richest man. The prevailing business model forces all companies to bring ever more products onto the market at ever-lower prices.

To improve the living and working conditions of textile workers around the world, a bigger share of the value added must stay in the producing countries. Official minimum wages or widespread pay agreements could rein in the market forces that push wages down. Living wages are a human right that multinationals are supposed to guarantee to comply with the UN's Guiding Principles

International textile producers can pick and choose where they spin and sew: there is always another country that is cheaper still

for Business and Human Rights. Joint action is the best way to make progress. This has been demonstrated by the Bangladesh Accord, a legally binding agreement between global federations of trade unions and over 200 textile companies, which has improved fire-safety measures in more than 1,500 factories in Bangladesh. "Action, Collaboration, Transformation" (ACT) is a joint initiative of IndustriALL, a global trade union federation representing garment and textile workers, and 16 international brands and retailers. It aims to ensure living wages through industry-wide collective bargaining agreements in producing countries. The Partnership for Sustainable Textiles, initiated by the German government, sees living wages as a priority; it has joined forces with ACT in a strategic partnership.

The companies that respect human rights may suffer from a systematic competitive disadvantage because of their higher wage costs. This can be prevented by promoting greater public awareness, organizing protests against inhumane working conditions, and enforcing government controls. Furthermore, consumers can help put an end to the cut-throat competition that degrades human lives by making socially responsible purchases. —

MODE D'EMPLOI

German workers look enviously across the Rhine at the Gallic lifestyle: haute cuisine, fashion, workers' rights... even the weather is better. But the French gaze back at Germany and see a more successful economy with lower unemployment. Both countries have much to learn from each other.

Foreigners who start a job in France are impressed, at least at first. The law sets the working week at 35 hours. Collective agreements hold for 90 percent of workers – compared to just half in neighbouring Germany. And employers make bigger contributions to social security than workers. OK – so the average annual income is just 29,000 euros, lower than the 40,000 euros in Germany, and Paris is an expensive place to live, but the French labour, tax and social system offers a lot of advantages.

Families, and especially women, are among the major beneficiaries of a very different set of structures. France has 16 million fewer inhabitants than Germany, but it has 160,000 more births a year, and almost every child goes to an all-day crèche or to preschool. If the facilities do not exist, or if all the places are full, the local government generally provides childminders to look after the little ones at home. So it is not surprising that, with 1.88 births per woman and despite a recent decline, France is still right at the top of the European Union's league table for births. With a fertility rate of 1.5 children per mother, Germany is in 16th place. The child-friendly infrastructure tempts more French mothers to rejoin the labour market than their German counterparts. Only about 10 percent give up their careers, compared to the 18 percent of German mothers who become stay-at-home mums.

Why is that? France offers mothers greater incentives to work. One reason is the relatively small difference in earnings between men and women – 15 percent, compared to 22 percent in Germany. This gender pay gap is shrinking faster than elsewhere in Europe. Then there is the tax system, which treats families very differently. In Germany, married couples can benefit from the “couple splitting” rule when one partner is not employed: couples are treated as a single unit for tax purposes. The income is divided equally between the partners, so it is taxed at a lower rate. That is particularly advantageous if one partner (usually the man) earns a lot more than the other.

France, on the other hand, takes all the family members into account: the level of income tax depends on the number of people in the household. The first two children each count half (so the income of a family of four is divid-

ed by three for tax purposes). The third child counts as one (the income of a family of five is divided by four); this is to encourage couple to have a third child. Each subsequent child counts half.

Despite all this, the French see Germany as a model for imitation. The unemployment rate on the right side of the Rhine is 5.7 percent, as compared to 9.5 percent in France, where it has not dipped below 7 percent for many years. The French government is under enormous pressure to change this. Germany's Hartz reforms, which were completed in 2005, are perceived as a showcase of labour market reforms. According to this interpretation, these reforms were successful – and indeed, resulted in a jobs miracle – because they combined flexibility and security and the principle of promoting and challenging. Together they sparked a new dynamic that helped overcome the financial crisis of 2007–8.

The French President, Emmanuel Macron, has announced a similar, rapid overhaul of the French labour market. The collective bargaining landscape and the representation of company interests are under the hammer; it will be easier to dismiss workers, and severance pay is due to be capped. The idea of these reforms is clear: more flexibility will pave the way for a more competitive wage policy. Employers who have hitherto been subject to a sectoral bargaining agreement will be able to negotiate company-specific agreements on central issues such as working hours. The 35-hour week would exist only on paper. Earlier attempts at reforms led to the trade unions going up in arms: unlike Germany, France does not ban general strikes over labour market and social policy issues. But this time, major protests have not materialized.

Macron has kept silent about one thing. The price of the reforms in Germany was, and remains, high. Although it is the richest country in Europe, Germany has the biggest low-income sector, and the social security system is at a standstill. Facilities that Frenchwomen take for granted are a distant dream in Germany. Inequality in the German labour market has risen: on the one hand, workers in regular employment relationships, with collective wage agreements, subject to social security payments and open-ended contracts. On the other hand, workers in irregular forms of employment such as casual, temporary or part-time work and fixed-term contracts. French workers are in for interesting times. —

France regards Germany as a model for low unemployment. On the other hand, France offers a better education and a longer life

FRANCE AND GERMANY COMPARED

Social, employment and educational statistics

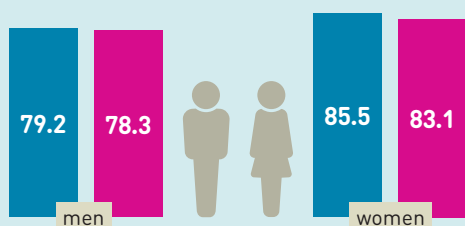
France Germany



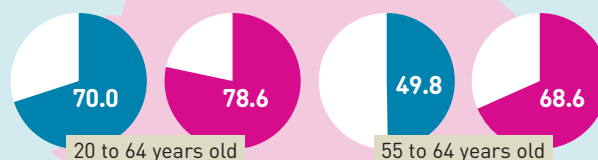
current and projected population, millions



children per woman, 2017



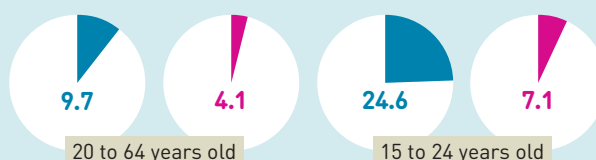
life expectancy, 2015, years



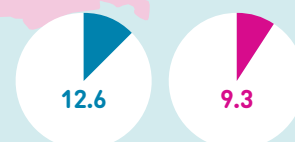
employed, 2016, percent



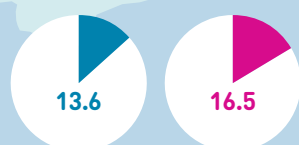
gender pay gap, 2014, per 100 euros



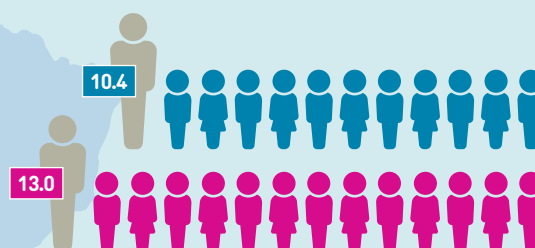
unemployment rate, 2014, percent



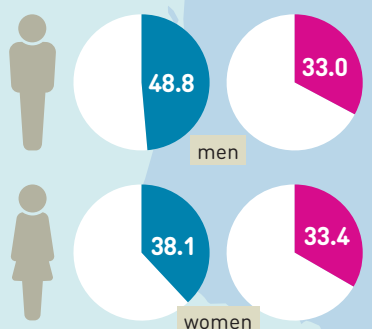
children and young people up to 18 years in jobless households, 2014, percent



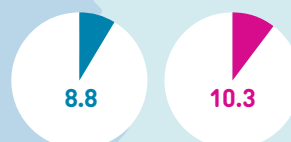
population at risk of poverty, 2014, percent



schoolchildren per teacher, secondary schools, 2015

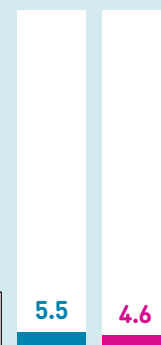


30-34-year-olds with high school certificate, 2016, percent



early school leavers among 18- to 24-year-olds, 2014, percent

educational expenditures as share of gross domestic product, 2014, percent



* at most intermediate secondary school certificate

EMERGING ASIA

BEYOND THE PEAK OF INDUSTRIALIZATION

The path from poverty to affluence generally follows the same pattern: countries begin to industrialize with low-paying factory jobs, often to produce items for export. They then gradually move on to more sophisticated products and processes requiring more skilled and better-paid jobs. Emerging economies in Asia have used this approach. But the window of opportunity may be closing as the economic landscape shifts.

The speed of Asia's economic rise in the last few decades was without historical precedent. But viewed on a longer timescale, it is merely reverting to a more normal state of affairs: between the year 1000 and the start of the Industrial Revolution, China accounted for around one-quarter of the world's economic activity. In 1750, China and India together produced three-quarters of the world's goods. The last two centuries constituted a historical anomaly rather than a normal situation. By 1914, Asia's share of global production had sunk to just 7.5 percent. Europe and the United States had gained overwhelming competitive advantages through technological advances, the exploitation of colonies and the plundering of entire continents.

By 2014, China's contribution to gross domestic prod-

uct had surpassed the US GDP. Not per person, but in terms of purchasing power parity, a measure of what can be bought in the local currency. By 2049, according to current forecasts, China's economy will be double the size of that of the US, and bigger than all western economies together. And India's is expected to be as big as the US economy.

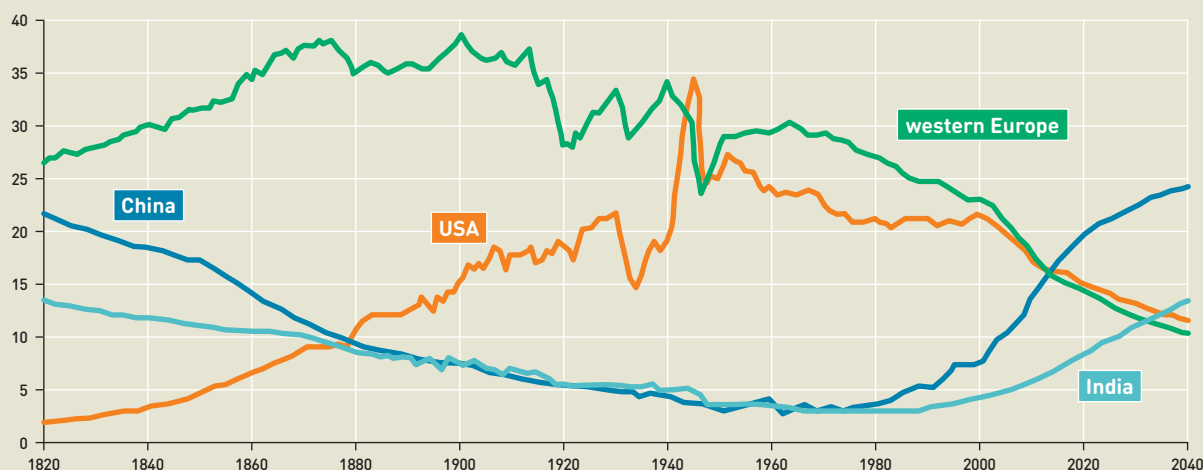
How has East Asia succeeded in achieving this extraordinarily rapid growth? Japan, South Korea, Singapore and Taiwan mastered the art of mobilizing workers for jobs in industry. Productivity rose, and the urbanization associated with the emergence of industrial society improved educational opportunities for the next generation. On the whole, the Asian Tigers imitated the industrial production methods already used in developed countries.

But the window of opportunity for export-oriented, industry-driven development is closing. Economic history shows that industrialization is followed by de-industrialization and structural change in the economy. In Germany the highwater mark for industrial employment was 48.8 percent in 1964. By 2017 it was just 24.1 percent. In China, it peaked at 30.3 percent in 2012; by 2016 it had fallen

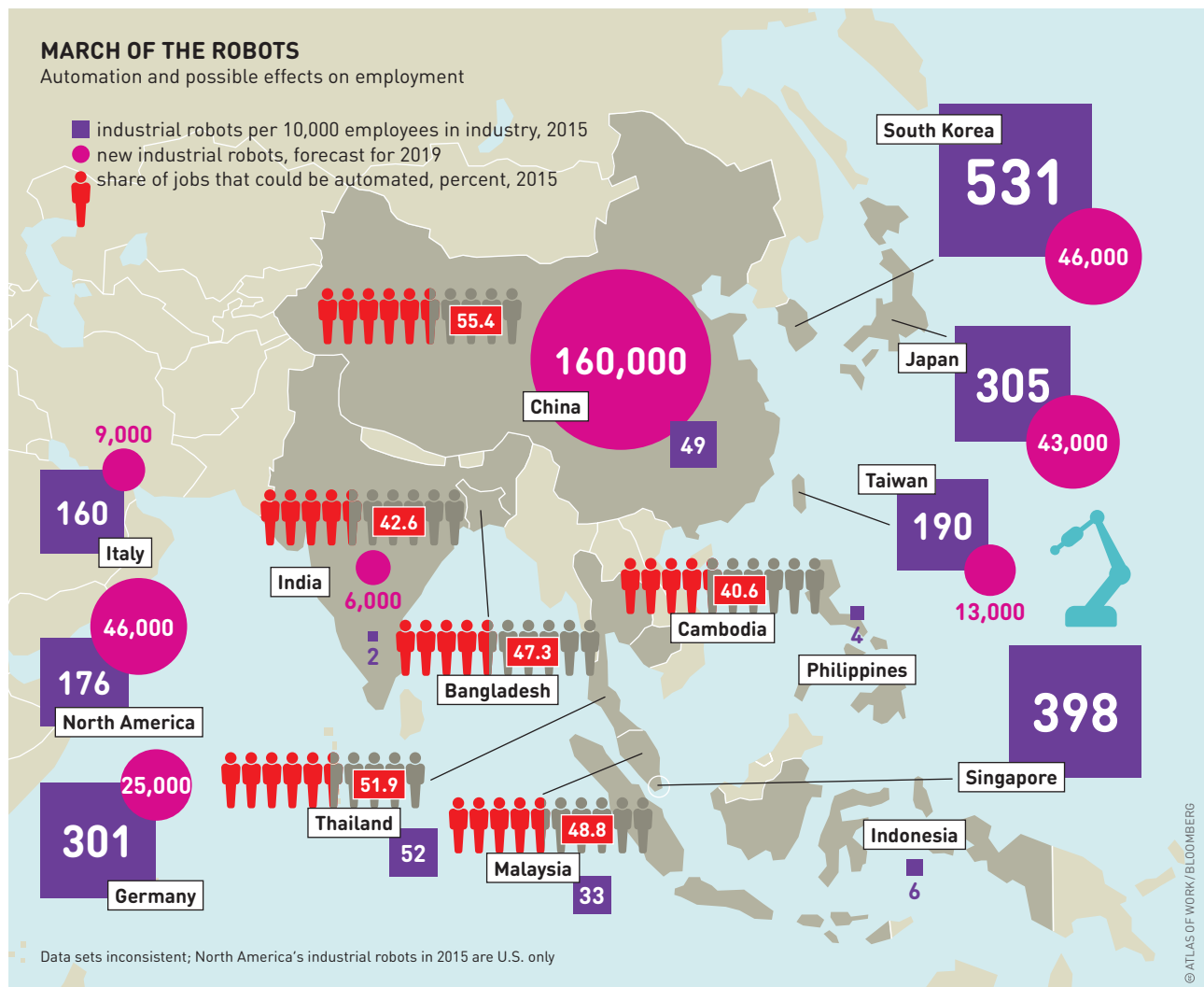
In terms of output per person, China and India are still a long way behind. But their huge size gives them weight in the global economy

RETURN TO THE WORLD ECONOMY

Share of countries and regions in global economic output, with forecasts, percent



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to 28,8 percent. In the case of India, which has already passed the crest at 13 percent, the economist Dani Rodrick speaks of its “premature deindustrialization”.

The situation in India shows that it is much more difficult to use the services sector as a starting-point in the game of economic catch-up. India has managed to carve out a niche in information technology and call centres, but such jobs require knowledge and skills possessed by only a small proportion of workers. India has not yet been able to emulate the economic successes of Japan, South Korea, Singapore and China. A large part of the workforce is stuck in farming or works as day labourers.

The coming wave of digital automation will strengthen the trend of jobless growth – also in Asia. In India, a million young people enter the workforce every month. It will be ever harder for those with few or no qualifications to find a job. What will happen to the 300–400 million people who, according to UN estimates, will crowd into India's cities by 2050, if they are unable to find work?

The situation in China is different because the population is stagnating and is expected to start falling by 2027. But that will bring turbulence into the Chinese development model: when the supply of labour dries up, wages

The introduction of industrial robots – for sewing, in electronics and car-manufacturing – threatens cheap, old-technology jobs

will rise. In the last few years the pool of migrant workers has shrunk by some 40 million people. Since 2022, China's labour costs have increased sixfold.

That is not all. Hightech production, labelled “Industry 4.0”, may be “backshored”, with manufacturing returning to the USA and Europe. The new-generation products will be embedded in the highly developed ecosystems that are currently emerging in the West.

At the same time, according to the World Bank, around 69 percent of jobs in India are threatened by automation; in China the figure is 77 percent; in the five original member countries of ASEAN (Indonesia, Malaysia, Philippines, Singapore, Thailand), the International Labour Organization puts the number at 56 percent. That is because simple industrial tasks are easy to automate. For Europe and the United States, digitalization and the emergence of Industry 4.0 present huge challenges. In Asia, they endanger the development model that has been the basis of the last few golden decades. —

STRIKES

DOWNING TOOLS

Strikes are one of the few weapons that workers have to press for their rights: decent wages, safe working conditions, reasonable hours, and holidays. They are a last resort for workers to put pressure on employers and governments if other forms of bargaining fail. But the right to strike – never universal – is threatened in more and more countries.

Workers have always gone on strike – long before a right to do so even existed. Over 3,000 years ago, labourers working on the Egyptian necropolises laid down their tools several times because payment of their wages in the form of grain had not made. And they succeeded. Centuries later, journeymen's associations were formed in Germany's imperial cities. They acted as a type of employment agency for itinerant craftsmen and could impose a boycott on workshops that treated their workers badly. Time and again, entire craft guilds in a city were hit by their sanctions.

Such early industrial disputes became more important with the dawn of the industrial era. The workers wanted better conditions, more rights and better pay. In the 19th century, strikes became the most important weapon the labour movements had at their disposal in the struggle against employers and the state. In spring 1873, the book printers used it to achieve Germany's first collective agreement.

In Germany as a whole, the right to strike was recognized since 1918, though some industry regulations permitted them before this. Convention 87 of the International Labour Organization (ILO), adopted in 1948, guarantees the right to strike internationally; 187 countries have ratified it.

During the 2012 International Labour Conference, the main annual meeting of the ILO, the employers' representatives disputed the existence of an internationally recognized right to strike. The resulting controversy prevented the publication of a list of countries accused of the worst violations of international labour and social standards, thus weakening the well-established international supervisory mechanism that draws global attention to violations on the right to strike.

According to a 2016 report by the Friedrich Ebert Foundation, a growing number of countries are using new laws to undermine, deter or ban strikes including members of the Organisation for Economic Co-Operation and Development (OECD), a joint institution of industrialized nations. Of the 119 countries covered by the report, 117 have adopted legal measures that violate international standards on the right to strike. Of the 35 OECD members, 23 have restricted the right to strike. In the last five years alone, nine countries (Australia, Belgium, Canada,

Internationally, employers contest the existence of the right to strike. Meanwhile, violations of the right to strike are on the rise

STRIKING AT THE RIGHT TO STRIKE

Number of countries where violations were reported

■ current ■ in the previous five years

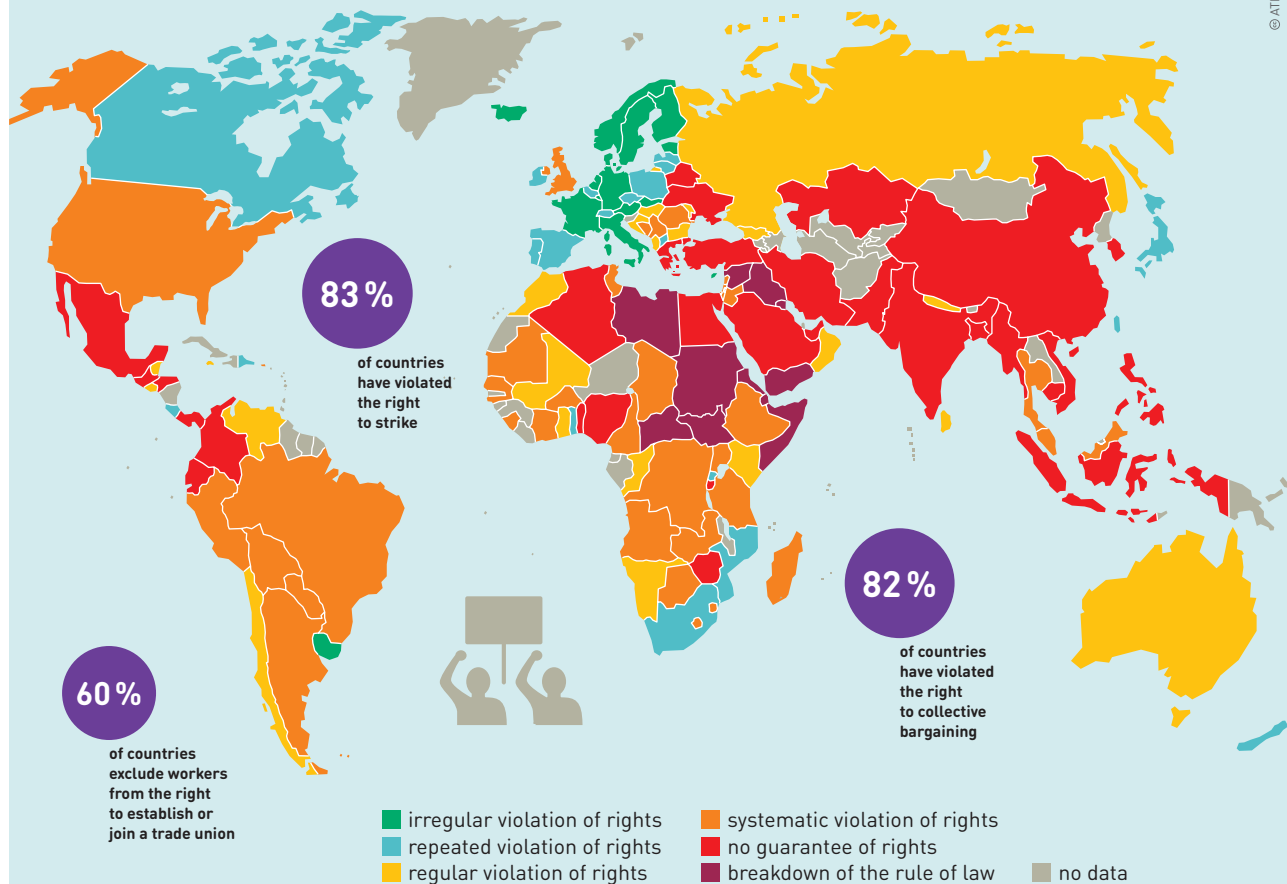


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THE WORST PLACES TO WORK

ITUC Global Rights Index, 2017: violations of workers' rights*, 139 countries, 2016/17

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* List of 97 indicators corresponding to violations to international conventions in law and practice. ITUC: International Trade Union Confederation

Greece, Hungary, Italy, Norway, Spain and Turkey) have introduced legal measures to constrain the right to strike.

Two main trends emerge. First, some groups of workers are denied the right to strike. Sixty countries have adopted such measures, affecting broad, vague categories such as “essential services”, “civil servants” and “strategic or vital establishments”.

Second, workers who are still allowed to strike are subject to increasing repression. The authorities may apply excessive sanctions such as suspending a strike, declaring it to be illegal, or imposing compulsory arbitration in violation of international standards. Such interference is very pervasive: it has been applied in 80 countries. In many cases, bureaucratic procedures and requirements make legal strikes virtually impossible.

Heavier-handed tactics include hiring non-standard and migrant workers to replace strikers, arbitrary dismissals and imprisonment, hefty fines, police repression, and denying access to justice. All in all, it is surprising that workers still consider going on strike to press their claims.

In more than two-thirds of all countries, governments violate trade union rights themselves, or do nothing if they are violated by others

Growing attacks on the right to strike are one of the factors that have eroded the strength of trade unions and their ability to tackle rising inequality and other economic and social problems. But workers across the world continue to show remarkable courage: the fight for the right to strike is far from over. In 2016, 40,000 workers of the telecommunications giant Verizon in the United States walked out for six-and-a-half weeks and won a pay rise and improved benefits. In 2017, coal miners in Kazakhstan went on strike to demand improved pay and working conditions. In 2018, 130,000 metalworkers in Turkey defied a government strike ban, forcing the employers to concede pay rises.

Attacks on the right to strike are attacks on democracy, equality and justice. To counter such attacks, workers will need to strengthen their alliances with each other, their communities and academia. —

SLAVERY

ANYTHING BUT ABOLISHED

Ancient Greece and Rome relied on slavery, as did the colonial empires in the New World. The abolition of the slave trade by European powers in the early 19th century was followed by a ban on slavery in their colonies. The American Civil War was fought largely over the slavery issue. But while whips and shackles have disappeared, the other features of slavery have not.

The worldwide ban on slavery has been an international norm at least since the Universal Declaration of Human Rights was adopted by the United Nations General Assembly in 1948. But forced labour and human trafficking are still widespread today. According to a conservative estimate by the International Labour Organization (ILO), around 40 million people were victims of modern slavery in 2016. The numbers are rising. Some 71 percent of the victims are women; 25 percent were children.

“Modern” slavery exists on all continents – though legal definitions vary from place to place, and many cases go unreported, making the numbers unreliable. The ILO figures are based largely on interviews and extrapolations by the Walk Free Foundation, a private foundation set up

by the Australian billionaire Andrew Forrest. Since 2013, it has published a “global slavery index” – though the methodology the foundation uses is controversial.

While slaves used to be regarded as property, no ownership certificates exist today. Apart from this, modern slavery differs little from the traditional sort: the victims are detained by force, deprived of their freedom, and exploited for economic gain. Some researchers point out that potential slaves are – unlike previously – not scarce, and that the profit margins are now significantly higher than in the mid-19th century. The most widespread forms of slavery and forced labour are in mineral extraction, farming and services. Almost two-thirds of the victims live in the Asia-Pacific region, but the risk of becoming enslaved is highest in Africa.

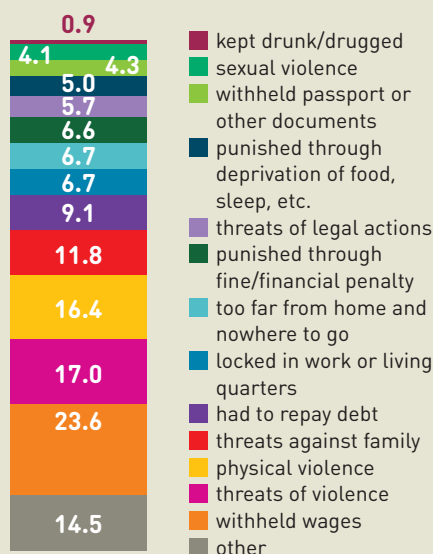
Poverty carries a high risk of being forced into exploitative employment. That is why modern slavery is common in India, where almost one-third of the population lives in dire poverty. Hundreds of thousands of children disappear there every year: the government has even set up a dedicated search portal for them. Time and again, rural families entrust their daughters and sons to people who promise them an easy job and a good education in the city. The girls often end up as housemaids who must work seven-day weeks; many are sexually exploited. Children are also put to work on tea plantations, in backyard factories or as beggars. Although debt bondage has been banned in India since 1976, it is still commonplace. Poor families fall into debt in order to pay for medical care, for example, and pledge their labour in lieu of repayment. Because interest rates are high and wages low, the children are often also put to work; they later take over the debt from their parents.

In Brazil between 1995 and 2015, over 50,000 people were freed from slavlike situations they had fallen into because of debts they could not repay. Despite this, in late 2017 the government of Michel Temer passed a law that loosened the definition of slavery, restricting the ability of state inspectors to control it. Blacklists of companies that profit from slavery are no longer published.

A completely different form of forced labour is found in the 1,000 or so work camps in China, where an estimated 4 million people are held. They are by no means all criminals; many are locked up for political reasons. They are subjected to harsh conditions and forced to produce

MEANS TO AN END

How forced labourers in the private sector are coerced, in percent

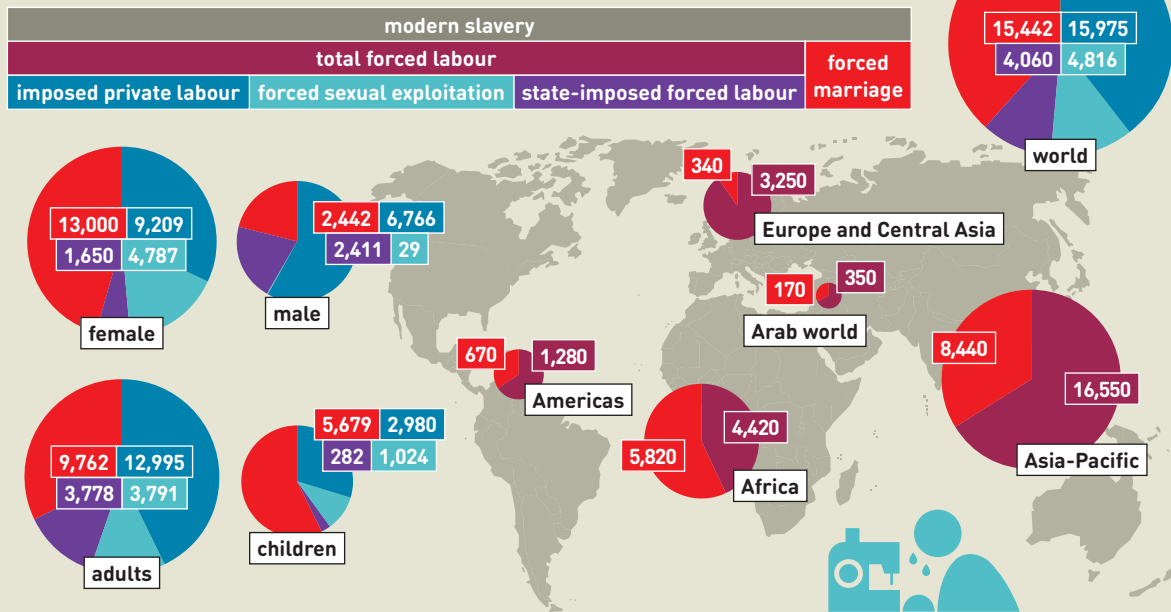


© ATLAS OF WORK / ILO, WALK FREE FOUNDATION

Millions of forced labourers have no way to flee. The perpetrators have many ways to ensure their compliance

WORLD SERVICE

Distribution of forced labour and forced marriage by region, gender and age, thousands



cheap goods for the international market, work in agriculture, or crush ore in mines. Accidents that result in death or serious injury are common.

Many modern slaves live outside their home countries. Traffickers promise good jobs and organize the journey to the destination country. There they demand huge sums in payment. Accommodation and board are often so expensive that the coercive mechanisms are similar to debt bondage. The traffickers routinely confiscate the migrants' documents; without language skills or personal networks, the migrants are powerless to resist. The situation on fishing boats is especially blatant. Recently, 600 men were released in Indonesia; some had not felt solid ground under their feet for years.

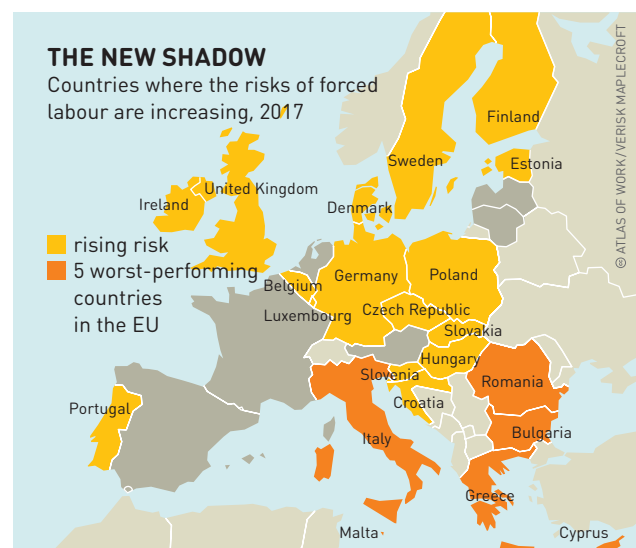
North Korea is a case unto itself: the government sends workers abroad to earn foreign currency. Guarded by compatriots who collect their wages, they build football stadiums in Qatar, sew clothes in Chinese factories, and cut trees in Russia. In Poland, a member of the European Union, they are put to work mainly in shipyards.

According to ILO data, there are at least 4.8 million forced prostitutes around the world, three-quarters of them in the Asia-Pacific region. Germany, too, is a source, transit and destination country of women trafficked for sexual exploitation. The women who work in brothels and apartments as sex workers mostly come from Bulgaria, Romania and Nigeria.

The number of human trafficking and forced immigrant labour cases is rising in several EU countries

Cheap labour, sexual exploitation, prison work gangs – the many types of modern slavery often overlap

Eliminating slavery in all its forms will take a combination of actions. Governments must close legal loopholes and enforce laws. Companies must be held to account if they employ forced labour directly or indirectly. Britain's Modern Slavery Act of 2015 is a good start: it requires companies to report on how they tackle slavery in their global supply chains. Eliminating forced labour in households and small businesses is harder: constant official monitoring is needed, along with public awareness and vigilance to detect and report violations. —



WHAT USED TO BE FREE

Over the last century, household appliances such as washing machines and vacuum cleaners have freed women from much of the drudgery of housework. Housewives have taken off their aprons, donned overalls and business suits, and thronged into the workforce. But some types of work – especially the care of the young and old – cannot easily be delegated to a machine.

This family of four from Berlin is an example of the changing situation. Mr L is an architect. Mrs L works three days a week in a public-relations agency. One of their children goes to nursery school, the other takes part in after-school activities. Their parents pay childcare fees and a babysitter who picks them up from the nursery school and school twice a week. Once a week, a cleaner comes to their home and works for four hours.

Mrs L's 90-year-old mother, who lives in Stuttgart, is fragile and forgetful. One of her sons lives nearby, but because he has a full-time job he can go to see her only once a week. Now a caregiver from Poland, hired through an agency, has moved in with the old lady. The caregiver herself has a teenage son back home – he lives with his father and grandparents. In three months' time she will go back to Poland to see her family for a while.

The family in Berlin, the relatives in Stuttgart, and the household employees are an example of the modern, border-crossing distribution of “care work” – housework, childcare and care for the elderly. Unpaid care work is in

a decline in Germany, and it is partly being transformed into paid jobs.

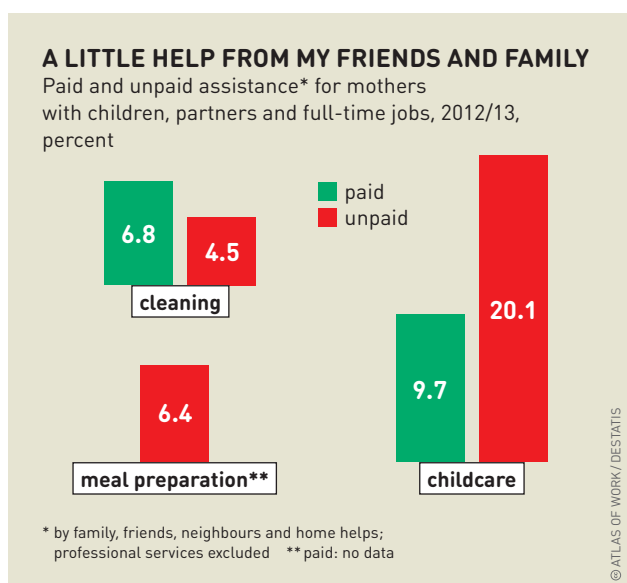
The amount of unpaid work German women do is decreasing. According to the Federal Statistics Office, in 1991/92 they put in nearly 5 hours a day, mainly in child-care, care for the elderly, cooking, cleaning and shopping. The agency's latest time-use survey found that in 2012/13 women spent under 4 hours on unpaid work per day: 20 percent less than two decades earlier.

Men are also putting in slightly less unpaid work: from 2.75 hours down to 2.5 hours a day in the same period. This indicates that the decline has nothing to do with a more equitable distribution of work between man and woman. Indeed, the economist Norbert Schwarz of the Federal Statistics Office attributes the decline to three causes: the sharp increase in female employment, the shrinking number of children, and the increasing automation of household tasks.

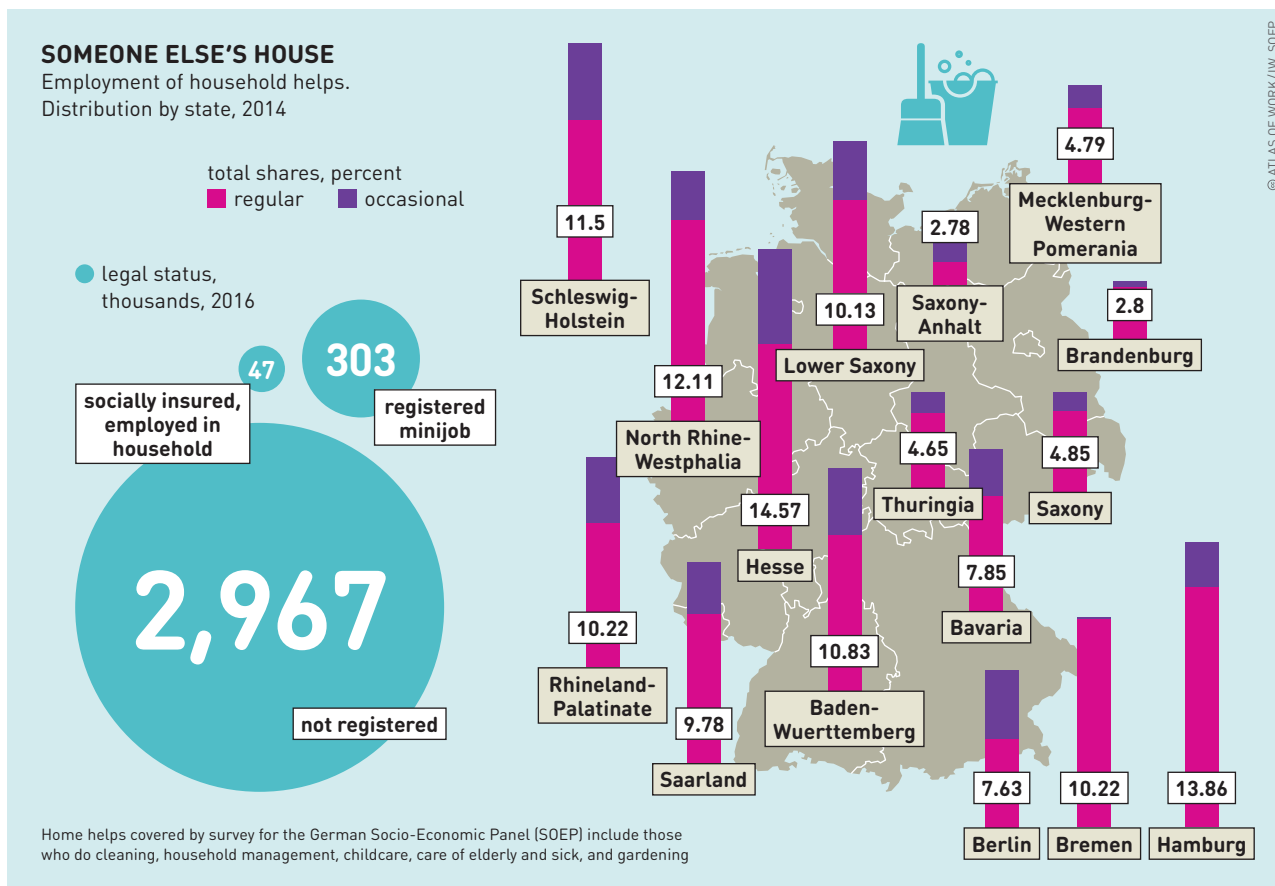
The outsourcing of unpaid work by family members into paid work by childminders, cleaners and care workers also has economic causes. As a result of demographic changes, western societies can no longer afford to do without women – especially well-qualified women – in the workplace. What was normal in the 1950s and 60s is today seen as a massive waste of human resources. But at the same time, women should also be able to have as many children as they wish without motherhood interfering with their employment.

The government wants to keep the costs of paid care work down, and, in doing so, minimize the amount that has to be covered by taxes and social security funds. Most educators and carers are women. Few are organized into trade unions. And if they go on strike, workers in the care sector are often accused of harming the weak. The most important means of pressure that these workers have is the high demand for their services. The chronic lack of care personnel means that they should be offered higher wages. Collective bargaining agreements should be comprehensive so as to cover all workers in the sector: that is a goal set by all three parties in the current German government.

Paying someone to do care work for you is expensive. In many places it is possible only because of the difference in wages between countries. Live-in helpers from central and eastern Europe who assist those in need of care are



As people live longer and more women go out to work, older family members are helping out more with the kids



merely the globalized version of the servants who used to live in their wealthy employers' houses.

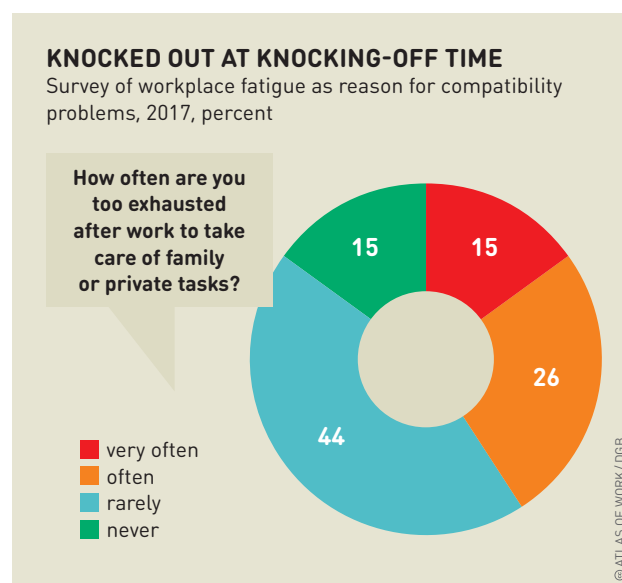
In the end, it comes down to how to pay for care work that used to be done for free. Private, or public? And what are the limits? Unlike the situation with childcare, the answer regarding care of the elderly and infirm is clear: current policy pushes family members to take on this task. Long-term care insurance is regarded as an assistance, not as a replacement, for the family's readiness to pitch in. That is hardly surprising, as full inpatient care is expensive and the social welfare office must often step in with additional funds.

Volunteer services cannot replace unpaid care by family members because there are limits to how far voluntary work can be made mandatory. And the time-use survey found that in the 10 years between 2001/2 and 2012/13, voluntarism declined by 5 percent. This figure contrasts with the Volunteer Survey 2014 conducted by the German Center of Gerontology (DZA). This recorded a rise in commitment: in 2014, 43.6 percent performed voluntary services up from 35.7 percent in 2004. But this survey also included activities like singing in a church choir as voluntary work.

Tired after a stressful day's work in a job you hate? A pile of housework when you get home makes things even worse

Home helps serve the needs of the elderly, families and single-person households – especially those with higher incomes

The demand for paid care for children and the elderly is likely to increase in the future. Who can afford to pay for it, and who is paid how much for doing it, are important questions for the future distribution of wealth in our society. —



MONEY FOR NOTHING

People have always had to work for a living: first, by gathering, hunting or growing their own food, then to earn wages in the form of salt, grain or cowrie shells. The invention of money simplified payments, but people still had to sweat and toil. The welfare state has freed the elderly, sick and unemployed from this imperative. Modern production techniques now make it possible for the first time in history to seriously consider giving everyone a basic income, regardless of whether they work or not.

We work to live. We get a job so we can pay for our daily needs. Granted, the welfare state has loosened the link between employment and livelihood, wage labour and income – but it has not abolished it. Under certain conditions people can receive an income even if they are out of work – for instance if they are ill, old or unemployed. But the social security system provides such substitutes for wages (pensions, unemployment benefit, sick pay) only if the beneficiary has previously been employed and has paid social insurance contributions.

In Germany, people in need can claim a basic income, the level of which is set to cover minimum subsistence requirements. “Need” here means that any wages or social security payments they might receive are not enough to live on. The income of the whole household is taken into account, and it is assumed that the person obtaining benefits is willing to work if work were available to them. If not, he or she may be subject to sanctions, including the complete withdrawal of benefits.

This welfare state model that links income and employment has been criticized for years. Alternative proposals are being aired, the most radical of which is an unconditional basic income. This is a tax-financed cash amount that is given to all citizens, without any conditions or requirements. The payment would be made independent of the recipient’s income or willingness to work. It would truly decouple income from employment.

This idea fascinates and inspires. The right to a decent, no-strings-attached income would free individu-

als from the constraints of having to work for someone else. It could banish the fear of job losses and the threat of mass unemployment. Since a basic income would be an alternative to employment, so the argument goes, it would ease the demand for scarce jobs. At the same time it would open up possibilities to engage in voluntary, artistic or family activities rather than gainful employment. And because every citizen would automatically be given the flatrate benefit, poverty would disappear.

The question remains though: would an unconditional basic income achieve these goals? A key issue is how UBI would be structured – and how high it would be. Supporters of an “emancipatory” basic income talk about 1,000 euros a month as a benchmark. But with Germany’s population of 82.5 million, that would cost almost a trillion euros a year. By comparison, the German gross domestic product is around 2.3 trillion euros and the total of all social expenditures is 920 billion euros. The size of this potential bill causes neoliberal supporters of an unconditional basic income to propose a lower level, for

ENOUGH IS ENOUGH

Opinion survey on the level of an unconditional income, Germany, end 2017

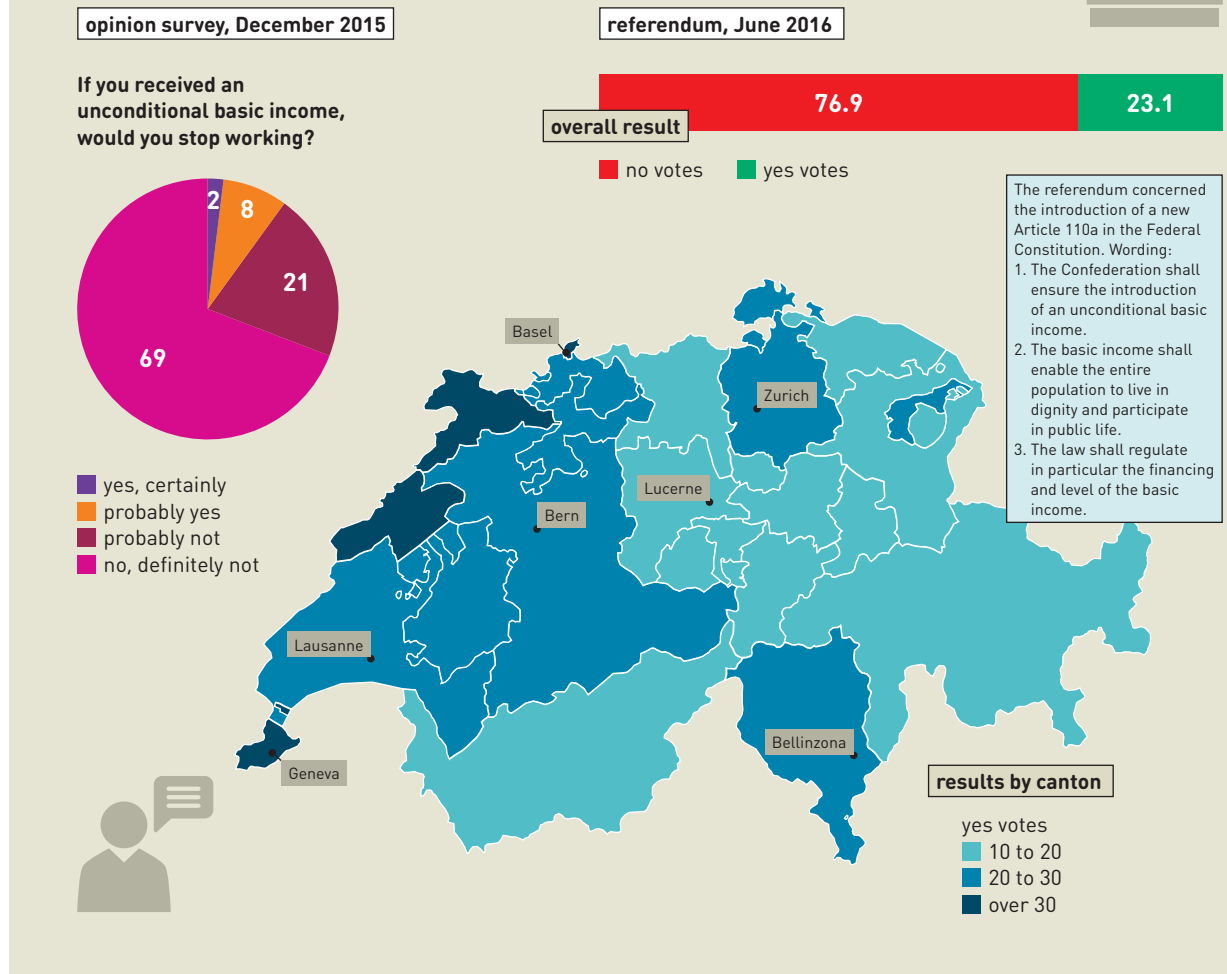


Respondents were asked to state levels they regarded as too high, high but acceptable, low but enough, and too low to live on. Amounts are averages of each of their estimates. Survey October/November 2017, 1,024 respondents aged 18 to 69

A basic income should be around €1,140, about 20 percent above the subsistence level, says a representative sample of Germans

NEARLY ONE IN FOUR SAID YES

Switzerland: Opinion survey and referendum on unconditional basic income, votes, percent



example 500 euros a month, well below the current basic income support. That would mean abandoning the idea of eliminating poverty or providing an alternative to employment. The recipients would have to have an additional income to support themselves.

To fund a basic income that costs a trillion euros, the money would have to be obtained by cutting benefits on one hand and a big rise in taxation on the other. Eliminating the current income support, at 90 billion euros, is by no means enough. Deep cuts to social services – for example the privatization of health and pension insurance – would hit current recipients hard. Cutbacks to counseling, assistance and service provision would also be fatal: efforts to combat poverty and exclusion are not restricted to beneficiary payments.

Higher income taxes would mean that any income earned on top of the basic income would be subject to higher tax rates. We would face a paradox: everyone would get a basic income, including those who do not need it because they already earn enough. Exceeding a certain

The unconditional basic income attracted the most votes in the relatively urban and industrial north and west of Switzerland

income, the amount would be clawed back through tax. The more attractive the basic income is as an alternative to employment, the higher the burden on those who earn enough to pay income taxes.

It is hard to estimate how many people would end up relying on the basic income and withdraw from the labour market altogether, either temporarily or permanently. But everyone who receives state transfers and uses them to purchase goods and services lives from the labour of others. On an individual basis, this process of decoupling and redistribution is both possible and necessary: it is a precondition of any welfare system. But employment is, and will remain, necessary to create the high added value necessary to finance the welfare state. In the final analysis, proposals to decouple income from employment therefore become unrealistic. —

CLOCKING OFF

JUST RELAX

The “idle rich” have been subject to the scorn of the toiling classes since time immemorial: mocked for their unwillingness to raise a sweat or get their hands dirty. But the disdain is mixed with envy: if the gentry can live a life of leisure, why can't I too? Such reasoning has deep philosophical roots.

It is perhaps the best-known anecdote from antiquity. While Alexander the Great was in Corinth preparing for a campaign against the Persians, the city's dignitaries, statesmen and philosophers paid him a visit. But one of them, Diogenes of Sinope, stayed away from the tumult. So Alexander instead went to see the famous philosopher, who was lying in the sun. Alexander greeted him and asked him if he could do anything for him. “Yes”, said Diogenes, “stand a little out of my sun”.

This anecdote shows philosophy in action. Diogenes boldly promotes his idea of frugality, for only this can make people free from conventions or social constraints. This idea is as disconcerting to us now as it was to past generations. Ancient philosophers such as Plato thought little of it. Friedrich Nietzsche even accused Diogenes of providing “the most important remedy against all

thoughts of social subversion” in his call for a simple life-style.

But that is to do Diogenes an injustice. His philosophy was at the time extremely subversive and can still today be read as a plea for indolence. In a way, Diogenes is the precursor of all demands for a right to be idle, and the idea to slow down the pace of life and of work. Over centuries he has inspired countless thinkers and writers.

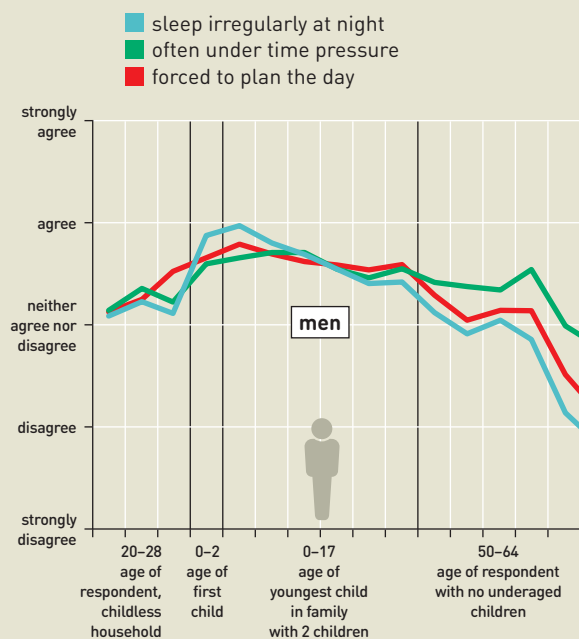
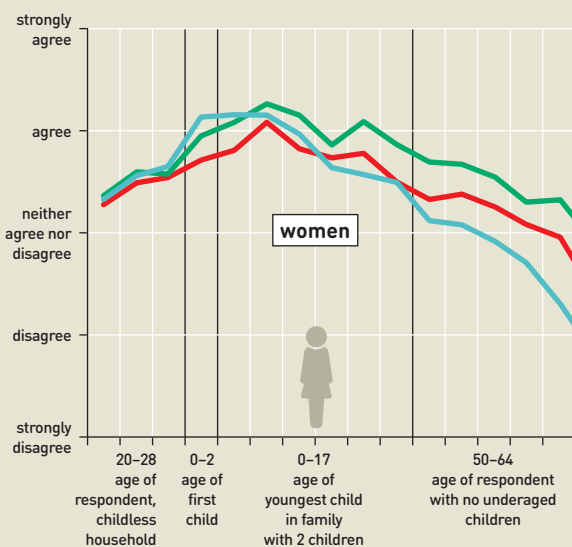
Poet Anatol France thought that work was unnatural; indolence was divine. When the young Vladimir Nabukov (later a novelist) was told to write an essay about laziness, he took it seriously and handed in a blank page. Let others sweat away writing something clever about lethargy. The playwright Anton Chekhov believed that true happiness is impossible without indolence. And philosopher Friedrich Schlegel demanded that the study of sloth should not be ignored, but should be turned into art, science, or religion instead.

However attractive poets and philosophers have made doing nothing sound, this is an elitist idea. A life of leisure is possible only for those rich enough to rely on the

Throughout their lives, women tend to say they have more day-to-day stress than men

THE TREADMILL TILL 50

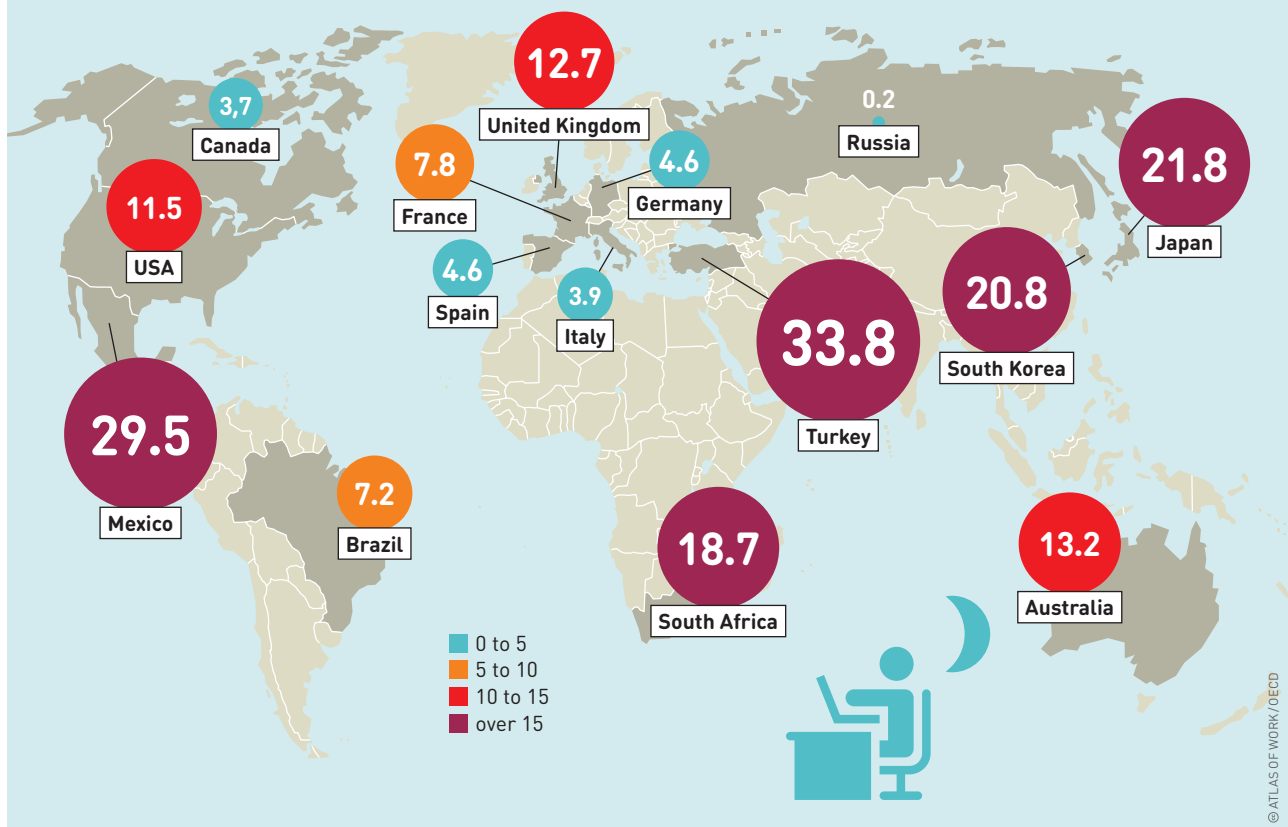
Time pressure, planning pressure and losing sleep during a working life



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WHAT A WAY TO MAKE A LIVING

Share of employees who work more than 50 hours a week, 2016, percent



labour of others – whether in the slave-based societies of antiquity or as the “wage slaves” of early capitalism as defined by Rosa Luxemburg. At the start of the 19th century, the sociologist and early socialist Henri de Saint-Simon criticized the “class of idlers” (nobility, capitalists, clerics), comparing them to the “industrial class”. In his *Fundamentals of Political Economy Criticism* (1858), Karl Marx went further. Society, he said, should strive to reduce working hours to a declining minimum, so everyone would have free time to devote to their own development. For true wealth was the developed productive power of all individuals.

Even the idea of individual “self-realization” crops up in Marx. But that is achieved only through activity that has a “productive or creative character”. In other words, free time is not just time free of work, but time for meaningful scientific or artistic “higher activities” that permit the individual to develop fully.

This idea was hardly surprising: for outside the elites, idleness was always frowned upon – as proverbs tell us: “Idle hands are the Devil’s playthings” and “If a man will not work, he shall not eat.” We can easily spot the Protestant ethic here, which spurred capitalism and which even Marx did not question.

It is therefore remarkable that Marx’s son-in-law, the French revolutionary socialist Paul Lafargue, attacked

In many countries a large percentage of employees put in overtime – voluntary and enforced, paid and unpaid

capitalist morality as a “pathetic copy of Christian morality”. He goes on to say, “There was almost always a fundamental agreement between capital and the labour movement that people must create.” Lafargue instead wanted to replace the right to work with a right to self-determination – The Right to be Lazy – the title of his best-known work. He proposed restricting working time to a maximum of three hours a day. Advances in mechanization would make this possible.

Lafargue’s economic utopia did not make a big splash at the time, but since then working time, leisure and self-determination have been the subject of continuous discussions, at least in the West. The spectrum ranges from Nietzsche to anthropologist David Graeber. In fact, unions have managed to push through continual reductions in working hours, greatly improving the work-life balance. That gives workers greater autonomy, which is necessary if they are to stay fit to handle the rising intensity of work processes. Doing nothing remains a distant utopia, or in the words of the poet Alfred Polgar, “Work is what we do with the unconscious goal of not having to do it any more.” —

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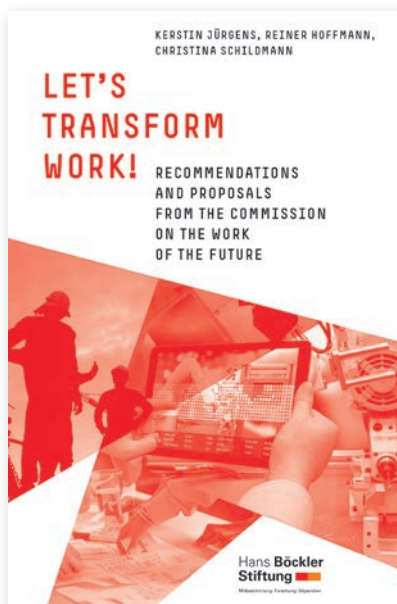
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January 2018, 256 pages

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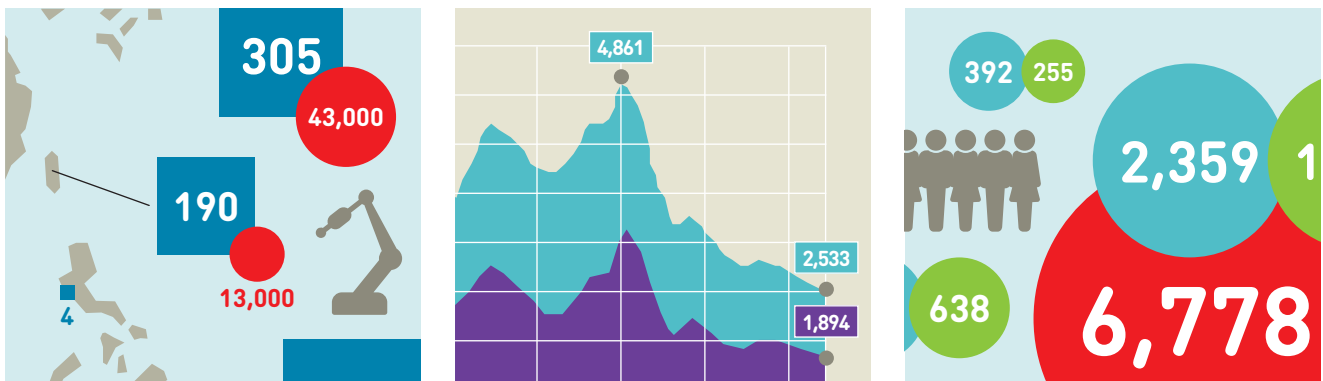
ABOUT THE AUTHORS

KERSTIN JÜRGENS is Professor of Microsociology at the University of Kassel, Germany. She has been researching change in the world of work since the 1990s.

REINER HOFFMANN is President of the German Trade Union Confederation and chair of the executive board of the Hans Böckler Foundation.

CHRISTINA SCHILDMANN heads the scientific secretariat of the Commission on the Work of the Future. She is a specialist in labour market policy, (gender-neutral) digitalisation, care work and family policy.

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The coming wave of digital automation will strengthen the trend of jobless growth – also in Asia.

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