

# Employment Observatory

## MISEP BASIC INFORMATION REPORT GERMANY 1994

Employment & labour market



Employment & social affairs



European Commission

Mutual Information System  
on Employment Policies (MISEP)

Basic Information Report

FEDERAL REPUBLIC OF GERMANY

Institutions, Procedures and Measures

1994

European Commission

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On the basis of an agreement reached by the directors-general for employment, the European Commission created a Mutual Information System on Employment Policies (MISEP) in 1982.

The system operates with a network of correspondents from the departments responsible for employment policy in the Member States or from employment services. The centralised secretariat is fully accountable to the Commission.

MISEP was set up by the Commission in response to a need voiced by the delegations of the Member States in the Council for a mutual information exchange on developments in national employment policy measures and structures. The definition of MISEP's objective is to gather, synthesise, translate and disseminate relevant information in the Member States, serving each of the responsible national ministries and agencies in their daily decision-making, and aiding the Commission in its co-ordinating role at Community level.

The Basic Information Reports describe the structure and content of employment policy in each Member State. The reports all have a common structure and contain basic information which is essential for an understanding of how employment policies are conceived and implemented.

The material in this Basic Information Report has been provided by the German correspondents and is correct as of 1 October 1994. It is intended as a guide and an explanation of national policy measures in force at that date in the Federal Republic of Germany; it is not a substitute for the corresponding legal texts. It is designed to describe the policies and practices in Germany without value judgements either on the part of the Commission or the national correspondents.

While these reports will be updated periodically, further information and regular updating of measures are published in the system's quarterly policy bulletin, "inforMISEP Policies".

This document was produced on behalf of the European Commission by the Institute for Applied Socio-Economics in close collaboration with the correspondents from the Federal Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Sozialordnung*) and the Federal Employment Service (*Bundesanstalt für Arbeit*). It can be ordered from:

MISEP Secretariat  
I.A.S. - Institute for Applied Socio-Economics  
Novalisstrasse 10  
D-10115 Berlin

Tel. +49 - 30 - 2 82 10 47  
Fax +49 - 30 - 2 82 63 78

## BENCHMARK STATISTICS

<b>The Land (1992)</b>						
Area	356,733 km <sup>2*</sup>					
<b>The People (1992)</b>						
Resident population	80.438 million*					
<b>Production (1992)</b>						
Gross Domestic Product	DM 2,772 billion*					
	West <sup>1</sup>			East <sup>2</sup>		
	total	men	women	total	men	women
<b>Labour Market</b>						
Working age population (15-65 years)	44.42 million**	22.61 million	21.81 million	10.57 million**	5.27 million	5.3 million
Labour force (15-65 years)	31.57 million**	18.59 million	12.97 million	8,119 million**	4,185 million	3,934 million
			(41.1%)			(48.5%)
<b>Activity Rate</b>	71.1%	82.2%	59.5%	77.7%	80.7%	74.7%
<b>Employment (total)</b>	30.09 million**			6.84 million		
Of which:						
- women	12.25 million			3.97 million		
- under 25 years	4.52 million			1.04 million		
By Sector:						
- Agriculture	3.5%			4.9%		
- Manufacturing	40.0%			38.5%		
- Trade and transport	18.0%			18.4%		
- Other services	36.6%			38.2%		
Total	100%			100%		
<b>Unemployment (1993)</b>	2,270,349***			1,148,792***		
Of which:						
- women	993,261			734,320		
	(43.7%)			(63.9%)		
- under 20 years	67,452			22,562		
	(3.0%)			(2.0%)		
<b>Unemployment Rate (1993)***</b>	8.2%			15.8%		
By education						
(15-65 years, September 1993)						
Total	2,287,972	1,270,777	1,017,195	1,159,098	401,533	757,565
Of which:						
- In-firm training	42.1%	44.6%	39.0%	64.0%	60.9%	65.7%
- Basic vocational school	2.1%	1.5%	2.9%	1.7%	1.4%	1.8%
- Technical college	2.9%	2.5%	3.4%	6.6%	6.0%	7.0%
- Technical college of higher education	2.0%	2.3%	1.6%	0.8%	1.1%	0.7%
- University/institute of higher education	4.4%	4.2%	4.6%	3.7%	5.8%	2.5%
- No vocational training completed	46.5%	44.8%	48.5%	23.2%	24.8%	22.3%
Total	100%	100%	100%	100%	100%	100%

1 West - old Federal States

2 East - new Federal States, including East Berlin

\* Source: Statistical Yearbook 1993

\*\* Source: Federal Statistical Office - Special Series 1 Series 4.1.1 - microcensus April 1992

\*\*\* Source: Official News of the Federal Employment Service (ANBA) - Employment Statistics 1993, Structural Analysis 1993

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# CHAPTER I INSTITUTIONS

## 1. General

Labour market policy in the Federal Republic of Germany is particularly closely linked with social and economic policy. For this reason, the Labour Promotion Act (*AFG*) of 1 July 1969 in its capacity as the authoritative legal basis for labour market policy lays down that labour market policy measures are to be carried out within the framework of social and economic policy (§ 1 *AFG*).

The major objectives of employment policy are to achieve a higher level of employment, reduce unemployment and integrate the baby boom age groups into the labour force. The Federal Minister of Economic Affairs is responsible for the growth and investment policy needed to achieve these goals. The law on the promotion of economic stability and growth constitutes an important statutory basis.

Apart from promoting economic growth, the policies on working hours and on vocational training make a major contribution to coping with employment problems. Together with the actual labour market policy instruments they make up labour market policy in the broader sense.

Labour market policy, broadly interpreted, is an area spanning the whole federal structure of the Federal Republic of Germany. Thus, for instance, a major part of the regional structural policy which is important for the labour market belongs to the area of responsibility of the *Länder* (Federal states). The spheres of competence of the *Bund* (Federation) and the *Land* (Federal state) also play an important role in the transition from the educational system to working life, the more so since this transition typically takes place through qualified vocational training.

According to the Basic Law (*Grundgesetz*) of the Federal Republic of Germany, important parts of the educational system are the sole responsibility of the *Länder*. Their competence covers mainly schools providing general education and vocational training as well as major parts of the university system.

On the other hand, the *Bund* has, as regards training, conflicting legislative powers with regard to in-firm vocational training (the most usual form of training for young people), and to laying down the rules for the promotion of training. The minister responsible in this area on the national level is the Federal Minister of Education and Science. For fulfilling his task he can turn to the work of the Federal Institute for Vocational Training (*Bundesinstitut für Berufsbildung*) in Berlin. Its major organs are the main committee and the Secretary General. The main committee decides on the Institute's affairs and gives the Federal Government advice on fundamental questions of vocational training. It is a tripartite body with representatives of employers, employees and public authorities.

The labour market, and hence indirectly labour market policy, is influenced not only by the Federal Government, the *Länder* and other public law institutions, in particular the employment service, but also to a large extent by collective agreements concluded between the social partners. Corporate personnel policy, including personnel planning and corporate social benefit schemes as well as the firm's labour relations code, also have an impact on the labour market.



## 2. Federal Ministry of Labour and Social Affairs - *BMA* (*Bundesministerium für Arbeit und Sozialordnung*)

In carrying out his tasks with regard to labour market policy, the Federal Minister of Labour and Social Affairs seeks a concordance of views with all persons concerned. It is obvious that this leads to close contacts with the other federal ministries and in particular with the Federal Employment Service. Some projects which concern the labour market do not fall under the overall control of the *BMA*; for instance, the Federal Ministers of Economic Affairs and Finance are responsible for regional and sectoral structural policy and also for monetary and cyclical economic policy. In such matters it is the task of the Federal Minister of Labour and Social Affairs to introduce all important aspects concerning labour market policy into the discussion.

Furthermore, the Minister frequently exchanges views with the *Länder*, the employers' associations and trade unions. In addition, civil servants responsible for labour market questions in the Ministries of Labour in the *Länder* are invited in turn to take part in discussions on short or longer-term labour market problems. Questions relating to labour market policy are also discussed at the standing conferences of *Länder* ministers of labour and labour senators. Given the federal structure of Germany, such exchanges are useful and important as they enable the Federal Minister of Labour and Social Affairs to explain his ideas on labour market policy and to gain the *Länder* governments' collaboration, while at the same time the problems of the *Länder* are made clear to the Federal Government.

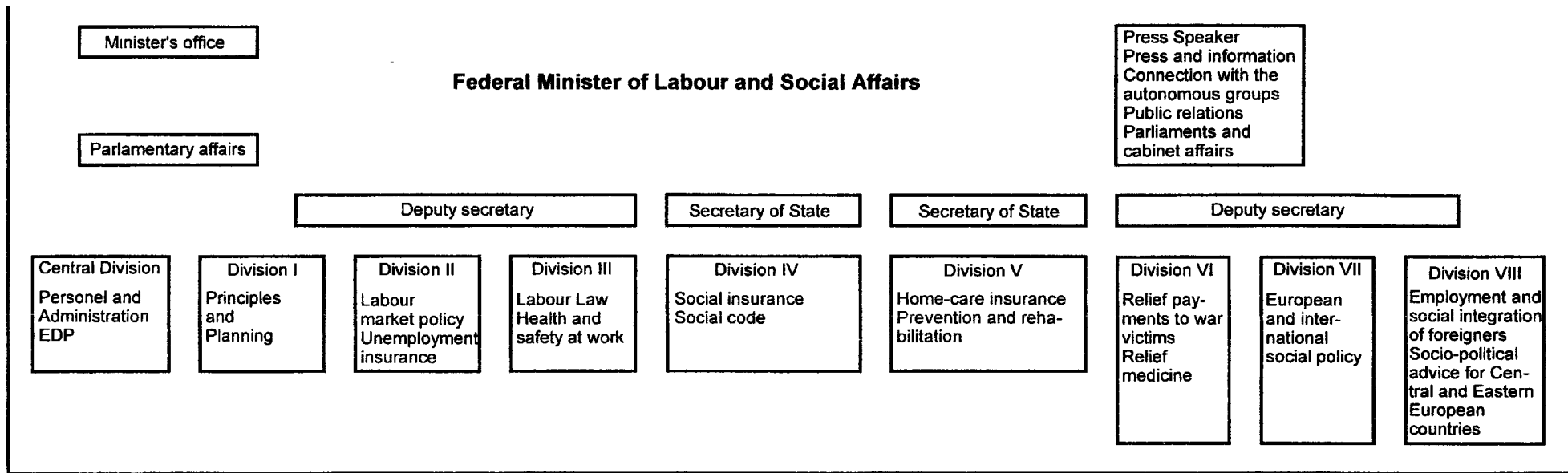
### *Organisation and responsibilities*

Below top management, the *BMA* is divided into a number of specialist departments which are grouped into divisions according to their areas of responsibility. The Federal Ministries' Joint Standing Orders make this type of organisation mandatory for all ministries.

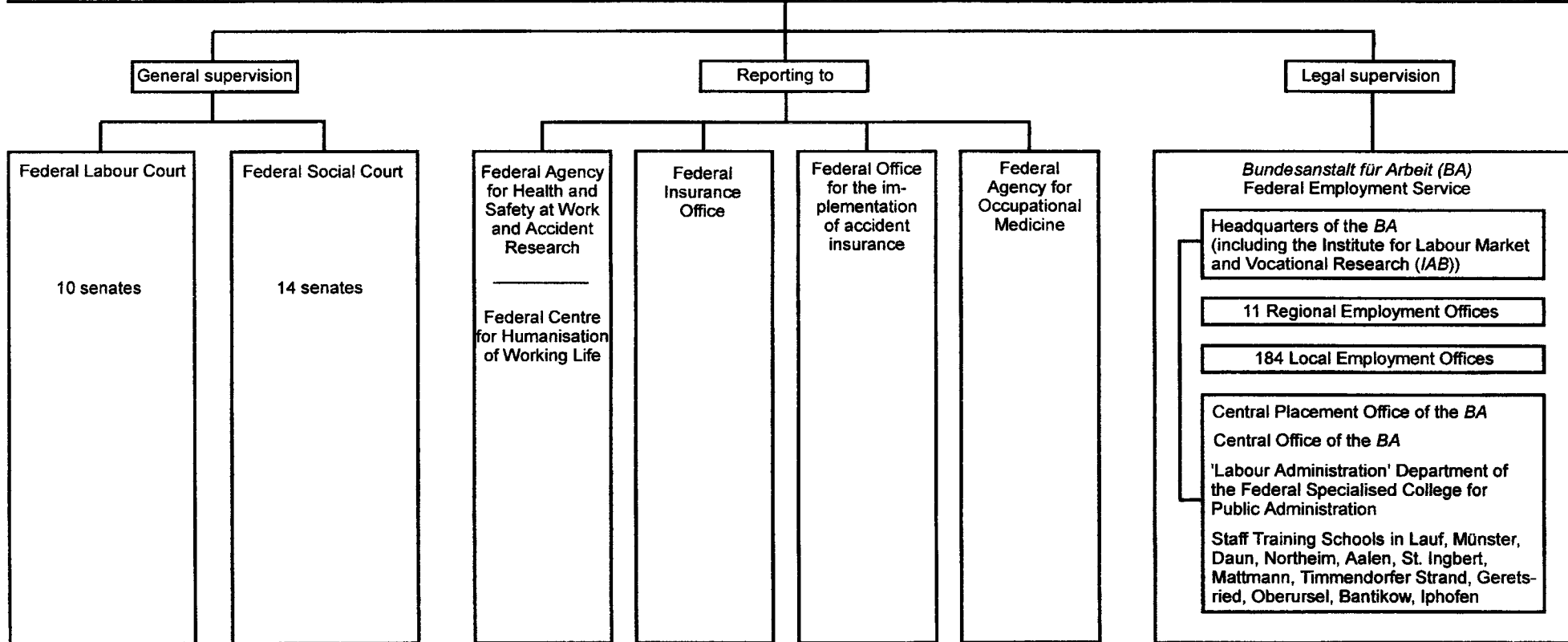
At present, in addition to the central division which is responsible for personnel and administration, there are eight divisions of *BMA* covering the following areas:

Division I	Social policy, economic policy and financial policy questions as well as mathematical and financial aspects of social policy
Division II	Labour market policy, employment promotion/unemployment insurance
Division III	Labour law, health and safety at work
Division IV	Social insurance, social code
Division V	Home-care insurance, prevention and rehabilitation
Division VI	Relief payments to war victims, relief medicine
Division VII	European and international social policy
Division VIII	Employment and social integration of foreigners, socio-political advice for Central and Eastern European countries.

The following bodies in particular fall within the ambit of the *BMA*: the Federal Labour Court, the Federal Social Court, the Federal Agency for Health and Safety at Work and Accident Research, the Federal Insurance Office, the Federal Agency for Occupational Medicine, the Federal Employment Service, further subordinated bodies and a series of insurance institutions and their federations (cf. organisation chart, p. 3).



Instructions



One of the most important tasks of the *BMA* at the present time is to shape labour market policy, which is entrusted to Division II. The division is divided into two sub-divisions, responsible for "labour market policy" and "employment promotion and unemployment insurance" respectively.

The legal basis for implementing labour market policy instruments, including the counselling and placement services, is the Labour Promotion Act (*AFG*) (cf. p. 35).

The tasks set out in the *AFG* are carried out not by the *BMA* but by the Federal Office for Placement and Unemployment Insurance set up in 1952, now known as the Federal Employment Service (*BA*). The *BMA* works in close co-operation with the *BA* to achieve the aims of the Labour Promotion Act. The Federal Minister of Labour is responsible for the legal supervision of the *BA*, in other words he is authorised and required to monitor the lawfulness and legality of, and if necessary, to query the decisions of the *BA*. He has the right to take part in the closed sessions of the self-governing bodies of the *BA* and to express his opinions there. Furthermore, he authorises the orders issued by the self-administration. The annual budget of the *BA* requires the authorisation of the Federal Government.

### **3. Federal Employment Service - *BA* (*Bundesanstalt für Arbeit*)**

#### **3.1 Legal status and constitutional competence**

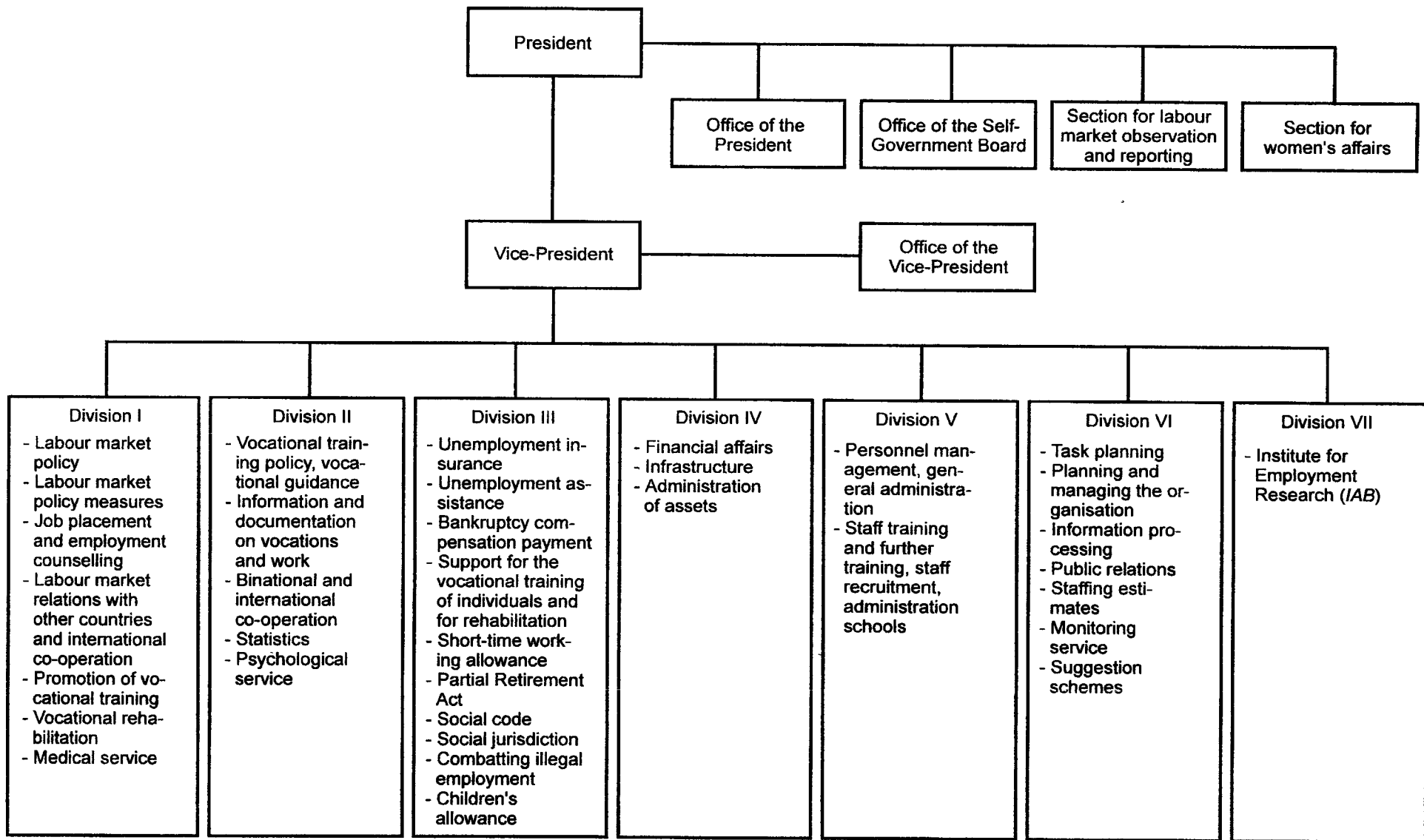
In the Federal Republic of Germany placement, vocational counselling and placement of apprentices are functions which have been legally conferred on the Federal Employment Service. The *BA*, which has its head office in Nuremberg, is also in charge of the promotion of vocational training and the administration of unemployment insurance. In addition, unemployment assistance is paid by the *BA* on behalf of the Federal Government.

The *BA* was established on 1.5.1952 (Act of 10.3.1952 on the Establishment of a Federal Office for Placement and Unemployment Insurance - Federal Law Gazette I, p. 123) as a public body. Its self-governing organs have tripartite composition of representatives of employees, employers and public bodies (federal and *Land* Governments, associations of municipalities and local governments). Legally, and in its organisation and functions, it is a continuation of the National Office for Placement and Unemployment Insurance founded in 1927.

As a public body directly associated with the Federal Government, the *BA* is subject to legal supervision by the *BMA* to ensure observation of the law and other legal directives.

The *BA*'s organisation offers the advantage of bringing together in a single institution both a well-trying system of financial help designed to achieve the aims of labour market policy and to provide subsistence in the event of unemployment, as well as placement and vocational counselling services.

## Organisation Chart of the Head Office of the Federal Employment Service (BA)



## 3.2 Decision-making bodies

The tasks of the *BA* directly affect the vital interests of employees and employers. When a state institution was created in the form of an employment service, important co-determining rights were granted to the social partners since they had already taken on responsibilities for providing a placement service and financial support during unemployment before corresponding provisions were made by the State.

The *BA* is a self-governing body incorporated under public law. Representatives of employees, employers and public bodies, acting as honorary members of the self-governing organs, directly influence the *BA*'s purpose and the way in which it operates. Establishing the necessary close links between the organs of the *BA* and public social and economic life, they ensure that the tasks of the *BA* are carried out in a realistic way. Besides dealing with day-to-day business, they are also called upon to stimulate the employment service to find new solutions to problems.

The self-governing organs of the *BA* have a political mandate: in matters which do not require the intervention of the State, the social partners are expected to take charge on their own authority.

The self-governing principle is systematically applied at all administrative levels of the *BA*. The central organs are the Governing Body (*Verwaltungsrat*) and the Executive Board (*Vorstand*); in the Regional Employment Offices and the Local Employment Offices the functions of self-government are performed by the administrative committees (*Verwaltungsausschüsse*). All organs are composed of equal numbers of representatives of employees, employers and public bodies who are appointed on the basis of suggestions from the responsible associations or bodies.

The Governing Body enacts the statutes of the *BA* and determines its budget. Within the scope of its autonomy it issues regulations in accordance with the provisions of the Labour Promotion Act to define the benefits and services provided by the *BA*, in particular with regard to eligibility, the prerequisites for the submission of claims, the amount of the benefits, and the procedure.

The Executive Board represents the *BA* both judicially and extrajudicially in those cases where this task does not fall under the responsibility of the President of the *BA* within the scope of routine administration. The Executive Board issues directives for the management of routine administration by the President. It prepares the budget for the *BA* which is then submitted to the Governing Body for assessment. As far as personnel is concerned, the Executive Board plays an important part in deciding upon appointments of staff to senior positions. It is also responsible for the administration and investment of *BA* funds.

The administrative committees of the Regional and Local Employment Offices assume the tasks of self-government for their respective districts. Within these limits they deal with everything concerning the execution of functions of the *BA* and any related matters. They ensure that specialised functions, such as job placement, vocational counselling, promotion of vocational training, and also improvements in the district organisational structure, are carried out as successfully as possible. The administrative committees are consulted on the pre-

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paration of proposals from their departments on the overall budget of the *BA* as well as on important personnel matters.

All levels of the self-governing organs work together in close co-operation and in confidence both with each other and with the executive administration.

### 3.3 Organisation

The agencies of the *BA* are situated throughout the Federal territory. The districts that they serve are defined according to the labour market and according to economic factors.

The *BA* consists of:

- 1 head office
- 11 Regional Employment Offices
- 184 Local Employment Offices

The head office in Nuremberg, with its Institute for Employment Research (*Institut für Arbeitsmarkt und Berufsforschung - IAB*), issues basic instructions to ensure that the tasks of the *BA* are properly and uniformly carried out throughout the Federal territory. Immediately under its control are the following special offices for central and inter-regional tasks:

- the Central Office in Nuremberg;
- the Central Placement Office in Frankfurt/Main;
- the Staff Training Schools in Lauf, Münster, Daun, Northeim, Aalen, St. Ingbert, Mettmann, Timmendorfer Strand, Geretsried, Oberursel, Bantikow, Iphofen;
- the "Labour Administration" Department of the Federal Specialised College for Public Administration in Mannheim and its branch office in Schwerin;
- the Pre-Audit Office in Nuremberg.

The Regional Employment Offices are responsible for a large number of Local Employment Offices and co-ordinate their work. Their administrative districts usually comprise two Federal states. One large state (Bavaria) is divided into two Regional Employment Office districts.

The Local Employment Offices are responsible for dealing directly with the public in all fields. Where necessary, permanently or temporarily manned external offices (branch and auxiliary offices) are established in the Local Employment Office districts that mostly comprise several municipal and regional districts.

### 3.4 Personnel

The tasks of the *BA* are carried out by civil servants and by employees working under private law contracts. On July 1994 the staff at the *BA* was made up of 15,920 civil servants, 1,217 auxiliary personnel with civil servant status and 65,921 employees, 10,329 of them part-time. In addition 7,936 people (1,107 of them part-time) were employed on fixed-term contracts.

The rating of positions and activities for civil servants and employees is carried out according to a standard assessment system embodied in either a special assessment catalogue or the collectively agreed regulation of the remuneration system.

All personnel must be professionally qualified and versatile. Particular importance is therefore attached to a good training and further training of staff. A special sub-division has been set up at Head Office to deal with training and further training matters. The Regional Employment Offices have training units, and there are educational officers and practical instructors in the Local Employment Offices. In addition, the *BA* maintains several schools for the education and further training of its staff. Trainees for higher career positions are instructed in "labour administration" at the Federal Specialised Technical College for Public Administration in Mannheim and at its branch office in Schwerin (cf. 3.3 above).

### **3.5 Operational budget**

#### *Raising funds*

In order to carry out its functions the *BA* levies contributions. The current rate of both employers' and employees' contributions is 3.25% of the contribution assessment basis, which is defined as the wage/salary which is subject to contributions up to the contribution assessment ceiling of compulsory pension insurance.

Basically, all persons who are employed as blue-collar or white-collar workers in return for remuneration or to undergo vocational training are liable to pay contributions irrespective of the amount of their income. These persons are referred to as employees. Contributions are compulsory within the area of jurisdiction of the Labour Promotion Act. Employment abroad may, however, be equated with employment at home by supranational law or international agreements.

The following persons are exempt from contributions:

- civil servants, students and schoolchildren;
- employees who draw pensions because of incapacity to work;
- employees who, because of reduced capacity to work, are permanently unavailable for placement;
- employees engaged in temporary, occasional or incidental work;
- casual workers.

Employees' and employers' contributions are paid by the employer to the national health service (collection agencies). The collection agencies pass these contributions on to the *BA*.

#### *Budget and assets*

As a body incorporated under public law, the *BA* has its own budget. The budget, drawn up by the Executive Board and assessed by the Governing Body, requires the approval of the Federal Government. A budget surplus is transferred to the reserve fund and budget deficits are covered by corresponding withdrawals from the reserve. If the funds required by the *BA* cannot be covered by contributions or the reserve fund, the Federal Government grants the

*BA* a loan equal to that portion of the reserve which has been invested long term. If requirements are still not covered, the necessary subsidy is granted according to Art. 120 of the Basic Law.

The Federal Commissioner of Audits (*Bundesrechnungshof*) examines the budget and business accounts of the *BA*.

The main budget income (more than 75% of income) for the *BA* to finance its functions according to the Labour Promotion Act is derived from the contributions paid to it. The funds for financing compensation for loss of earnings due to weather conditions or bankruptcy are raised by special contributions.

The financial resources of the *BA* may only be used for legally prescribed or permitted purposes. Among the main budgetary expenses are the allowances for labour market policy programmes (especially for vocational training and rehabilitation and incentives to enter employment), the allowances for job maintenance and creation (especially promotion of job creation measures and short-time working, winter and bad weather allowances), and benefits in the event of unemployment or an employer's insolvency.

### *Expenditure on behalf of the Federal Government*

The *BA* also pays out considerable amounts on behalf of the Federal Government. These are chiefly benefits under the Federal Child Benefit Act (*Bundeskindergeldgesetz*) and unemployment assistance. The administrative costs for carrying out the provisions of the Federal Child Benefit Act are refunded to the *BA* by the Federal Government.

## **3.6 Co-operation and co-ordinated activities**

The *BA* has close relationships with the *BMA* and also with the main employers' associations and trade unions.

## **3.7 International contacts**

Co-operation with public employment services in other countries is both direct and through international and supranational organisations - for example the European Community (EC), the International Labour Organisation (ILO), the International Association for Social Security (*IVSS*), the World Association of Public Employment Services (WAPES) - as well as through international employers' and trade union organisations, where their activities overlap with the functions of the *BA*.

Various projects of the ILO (for example, technical and personnel aid projects for Third World countries) directly overlap with the *BA*'s sphere of activities. Within the scope of its possibilities, the *BA* supports these activities by making available its know-how and services for the placement of specialised staff. *BA* personnel also participate in the projects, for example in the development and expansion of public employment services in developing countries.



In response to a directive from the Federal Government the *BA* has greatly expanded its operations since 1990, particularly in the field of the development and reform of foreign public employment services. Recognition of the growing need for transferring know-how has led to a special division being set up.

In conjunction with the Society for Technical Co-operation (*Gesellschaft für Technische Zusammenarbeit - GTZ*), the *BA* has set up the working group "Centre for International Migration and Development" (*Centrum für Internationale Migration und Entwicklung - CIM*) in Frankfurt/Main. Staff from the *BA* and the *GTZ* work there together on:

1. the "Integrated Skilled Labour" programme ("*Integrierte Fachkräfte*"), which is a scheme to send German skilled workers to Third World countries, where they will be taken on as employees by local employers under local working conditions. In addition to receiving the local rate of pay, these skilled workers are paid a subsidy from the funds of the Federal Ministry for Economic Co-operation (*BMZ*);
2. the reintegration of foreign workers, skilled workers and executives who receive training or further training in the Federal Republic of Germany.

# CHAPTER II      LEGAL FRAMEWORK AND PROCEDURES

## 1.      Sources of Law

Some important principles of labour law are guaranteed by the Constitution. The Basic Law guarantees the inviolability of human dignity (Art. 1); the right to free development of the personality (Art. 2); the equality of men and women at work (Art. 3, Section 2); the ban on arbitrary treatment of an employee on grounds of sex, birth, race, language, nationality and origin, faith, religious or political views (Art. 3, Section 3); the right to free collective bargaining together with the freedom of association (Art. 9, Section 3; the (German) employee's freedom of movement and his/her right to freely choose his/her occupation, place of work and training (Art. 11 and 12, Section 1); and finally the ban on forced labour (Art. 12, Sections 2 and 3).

There is no uniform statutory regulation under German labour law. The Civil Code regulates formal aspects of contractual obligations, in particular the contract of employment. To these regulations are added numerous special laws (e. g. protection against wage seizure in the Code of Civil Procedure).

In addition to government regulations (laws and statutory orders (cf. 2 below), accident prevention regulations issued by the trade associations as bodies incorporated under public law constitute important sources of law as regards health and safety at work which encompasses in particular industrial and social health and safety. Governmental and trade associations' regulations are complementary. The implementation of health and safety at work is the employer's responsibility. He/she is required to equip workplaces, machinery, equipment, plants and other installations, look after their maintenance and ensure their operation in such a way that the workers are protected against risks to their life or health. Just as there are regulations stemming from the government and from the trade associations, there are two supervisory bodies inspecting the implementation of regulations for protecting the workers: the Offices for Health and Safety at Work, or factory inspectorates (*Gewerbeaufsichtsämter*), and the technical supervisory bodies of the trade associations. The public inspectorates employ some 4,000 and the trade associations some 2,900 persons who carry out inspection in the plants.

In practice, central agreements (collective agreements and company agreements) are an important source of law in labour legislation. They constitute autonomous law, self-imposed by the employers' organisations or individual employers and employees or by company bodies (the employer and the works council). The terms of such agreements are binding, provided they lie within the law. The task of the trade unions and the employers' organisations, guaranteed in the Basic Law, is to lay down in comprehensive collective agreements the conditions of employment and to adapt them continuously to the prevailing economic and social developments. Employers and unions act autonomously, i. e. on their own authority and without government influence but within the general conditions set by the Constitution and by legislation.

However, a number of questions pertaining to labour law are not settled either by government regulations or by collective agreements or by agreements at plant level. This is where the so-called case law (*Richterrecht*) has assumed a generally accepted legal function. The labour courts, with the Federal Labour Court at the top, have in many areas drawn on indivi-

dual and collective labour law, amending Statute Law or adapting it to the changing social and economic environment.

In the Federal Republic of Germany disputes resulting from the employment relationship or at company level cannot be settled by industrial action. Nor is this necessary, for labour can turn to the independent labour courts which give effective legal protection. There are three levels of appeal: the Labour Court, the Regional Labour Court, and the Federal Labour Court. Employee and employer representatives are involved in all three levels of appeal as lay judges. However, the best labour court system would be of no use if legal protection were expensive. Therefore labour court proceedings are relatively inexpensive compared to those of other courts.

## **2. Summary of the Main Statutes**

### **2.1 Law pertaining to the employment relationship**

#### **The Civil Code (*Bürgerliches Gesetzbuch [BGB]*) "*Schuldrecht*" (Law of Contract)**

The Civil Code covers fundamental aspects of employer-employee relationships, such as the right to adequate remuneration, date of payment of the remuneration, remuneration in the case of non-acceptance of the work by the employer, remuneration in the case of a temporary inability of the employee to report to work, equal treatment of men and women, safeguarding of employees' rights on transfer of undertakings, the employer's obligation to take protective measures, periods of notice of employment relationships, and the substantive right of summary dismissal/resignation without notice.

#### **Sickness Benefits Act (*Lohnfortzahlungsgesetz*)**

Workers who, through no fault of their own, are unfit to work because of illness are legally entitled to continued payment of their wages/salary for six weeks.

#### **Statutory Leave Act (*Bundesurlaubsgesetz*)**

Workers currently have a legal right to a minimum of 18 working days' paid leave in the old Federal states, and 20 working days' paid leave in the new Federal states. From 1 January 1995 workers will be entitled to a uniform 24 working days' (4 weeks) statutory paid leave. Considerably longer paid leave (up to 6 weeks) is provided for in the contracts of those employees bound by collective wage agreements.

#### **Protection against Dismissal Act (*Kündigungsschutzgesetz*)**

This Act provides protection against dismissal for employees working in companies where the regular workforce numbers more than five, and who have worked in that company for more than six months. The law considers dismissal to be "socially unjustifiable" if there is no

reason arising from the nature or behaviour of the person involved or from the urgent requirements of the company impeding the continued employment of the person with the company.

"Urgent company requirements" constitute the major reason for dismissal in times of economic recession. These include company closure or lasting shortages of orders, provided that these have already assumed tangible forms. In selecting those members of the workforce who are to be made redundant because of urgent company requirements the employer has to take social circumstances into consideration. If, in making his/her selection, the employer has not given any, or has given insufficient consideration to these social aspects, the dismissal will be void despite urgent company requirements. This does not apply, however, if technical, economic or any other justified company requirements make it necessary to maintain one or more specific workers in employment, thereby preventing selection based on social aspects. What matters is to decide which worker has the least need of keeping his job.

If a works council exists in a company, its view has to be heard in accordance with the Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) prior to any dismissal by the employer, irrespective of whether it is a question of dismissal with notice or summary dismissal. For the hearing to be effective, the employer is required to inform the works council of the planned dismissal, stating at the same time the reason for it. The information must be given in good time to enable the works council to consider the case and to give its opinion. Without such a hearing the dismissal is void from the outset.

Protection against dismissal procedure (*Kündigungsschutzverfahren*): Appeals against socially unjustifiable dismissals can be made to the Labour Court. Within three weeks of having received his/her notice, the worker has to institute dismissal protection proceedings against the employer with the Labour Court.

Termination of the employment relationship with financial compensation (*Auflösung des Arbeitsverhältnisses gegen Abfindung*): It often happens that the parties to a dismissal dispute are on such bad terms that meaningful collaboration is no longer possible. Therefore, the law authorises the judge, on request and under specific conditions, to terminate the employment relationship with payment of compensation by the employer, although there were insufficient grounds for dismissal.

The law extends special protection to members of the works council, disabled persons, pregnant women, mothers and persons on parental leave.

### **Employment Promotion Act (*Beschäftigungsförderungsgesetz*)**

This Act contains a whole set of employment policy measures for the legislator to react to the difficult labour market situation.

Under the provisions of the Act, the rules relating to fixed-term contracts are relaxed. Until 31 December 2000, employment contracts may be concluded for a fixed term of 18 months (24 months in the case of new companies being set up) when an employee is taken on for a new appointment, or when a vocational trainee/apprentice is employed on a temporary basis immediately after vocational training, although there are no posts available for a permanent appointment.

The Act also improves the protection of the part-time worker as regards labour legislation:

- An employer may not treat a part-time worker differently from a full-time worker because of his/her status as a part-timer unless there are objective reasons for him/her to be treated differently.
- Furthermore, special types of part-time in-company work which have been developed, such as adaptation of working hours to meet the volume of work or job-sharing, are made socially acceptable through regulations designed to protect the employee.

### **Temporary Employment Businesses Act (*Arbeitnehmerüberlassungsgesetz*)**

This Act regulates the supply of workers by temporary employment agencies (*Leiharbeit*). Such supply of workers is subject to authorisation by the competent Regional Employment Office. The authorisation is refused to businesses lacking reliability or if workers are to be supplied for longer than nine months.

The following are prohibited:

- contracts between temporary employment agencies and employers as well as between temporary employment agencies and workers to be hired out, if the employment agency does not have the requisite authorisation;
- agreements which forbid the employer to take on the temporary worker at a time when the latter no longer has a contract with the temporary employment business.

## **2.2 Law pertaining to health and safety at work (industrial and social health and safety, protection of working time and protection of certain categories of workers)**

### **Commercial and Industrial Activities Law (*Gewerbeordnung*)**

The Commercial and Industrial Activities Law constitutes the basis for maintaining industrial safety standards. They apply to all workers, technical employees, apprentices, technicians and foremen in trade and industry.

### **Working Hours Act (*Arbeitszeitgesetz*)**

The new Working Hours Act, which came into force on 1 July 1994, fixes maximum daily working hours, minimum rest breaks during working hours and minimum rest periods after working hours. At the same time, it improves the framework conditions for agreements on flexible working hours. For the first time, night work is covered by occupational medicine and social policy regulations. Regulations on Sunday and holiday work have been brought up to date. The law has abolished unnecessary employment bans, thus improving employment prospects for women. The Working Hours Act only fixes the framework which must be observed for reasons of health protection. Actual working hours are determined by collective agreements, plant agreements or individual employment contracts.

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**Regulation on places of work (*Arbeitsstättenverordnung*)**

The regulation on places of work sets out minimum requirements for workplaces in industry, including workrooms, places of work in the open air and on building sites. It contains numerous provisions pertaining to the size of the workrooms, lighting, ventilation, protection from noise, facilities, rest rooms, sanitary facilities and escape and rescue routes.

**Disabled Persons Act (*Schwerbehindertengesetz*)**

This Act extends special protection to disabled persons. When filling a vacancy, the employer is required to examine whether he/she can employ a disabled person. Enterprises employing more than 15 workers must employ a certain quota of disabled persons. An employer who does not recruit the requisite number must pay a compensation levy for each obligatory post not filled. The dismissal of a disabled worker is subject to prior approval by the main welfare service (*Hauptfürsorgestelle*). Enterprises and public services permanently employing at least five disabled workers have to arrange for the election of a representative of the disabled workers to look after their interests in the enterprise and give them help and advice.

**Act on Outwork (*Heimarbeitsgesetz*)**

This Act provides special protection against risks and dismissal as well as a remuneration safeguard for outworkers. The main provisions of the Act concern remuneration and its safeguard. The highest regional manpower authorities effectively monitor remuneration by means of so-called remuneration auditors (*Entgeltprüfer*).

**Maternity Protection Act (*Mutterschutzgesetz*)**

This Act regulates the special protection of contractually employed mothers and pregnant women. It prohibits certain occupations, contains standards as to the design of the workplace, regulations on how work is performed and organised, rules on payment of benefits (such as safeguarding remuneration, maternity benefit) and provisions concerning maternity leave and prohibition of dismissal.

**Protection of Young Persons Employment Act (*Jugendarbeitsschutzgesetz*)**

This Act provides special protection for young persons. It regulates their working hours and rest periods, contains prohibitions and restrictions on youth employment for the employer and his/her obligations as to health care and prohibits child labour.

## 2.3 Law pertaining to collective bargaining

### **Collective Agreements Act (*Tarifvertragsgesetz*)**

This Act regulates the form and content of collective agreements, the application of collective agreements to members of the bargaining parties and the effects of the rules of law of the collective agreement. It sets out regulations on declaring collective agreements generally binding and defines the collective bargaining parties as well as the leading trade unions and employers' organisations. The Collective Agreements Act does not, however, regulate industrial action which is governed by case law.

### **Act on fixing minimum working conditions (*Gesetz über die Festsetzung von Mindestarbeitsbedingungen*)**

Statutory minimum wages do not exist in the Federal Republic of Germany. The Act does, however, authorise the Federal Minister of Labour and Social Affairs to decree minimum working conditions. The authorisation has so far never been used, since free collective bargaining functions well and there has never been any need to apply the law.

## 2.4 Law governing a firm's labour relations code and co-determination

Mention should be made in particular of the Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) and the statutes which regulate worker co-determination at company level (cf. also 3.4 below).

# 3. Labour Market Institutions and Processes

## 3.1 Employers' associations

Employers' associations are voluntary organisations of employers organised into trade or inter-trade regional groups. The main organisation among these groups is the Confederation of German Employers' Associations (*Bundesvereinigung der Deutschen Arbeitgeberverbände - BDA*).

The *BDA* is composed of 61 member federations, grouped by trade and region, which in turn represent over 1,000 smaller sub-associations, covering roughly 80% of all private enterprises. With its sub-divisions the *BDA* controls a wide network of regional and local offices and institutions. The main function of the *BDA* is to represent employers' interests in the area of social policy.

### 3.2 Trade unions

Since the Second World War, trade unions have been organised mainly according to industry (the so-called "*Industrieverbandsprinzip*" or principle of federations by industry, which means an association of workers of a specific industry regardless of the nature of their job). 16 such industrial unions constitute the German Confederation of Trade Unions (*Deutscher Gewerkschaftsbund - DGB*). The member unions of the *DGB* consider themselves to be "unitary unions" and claim to have no party political or ideological attachments. In addition to the industry-based unions, a salaried employees' union came into existence in the British zone of occupation grouping salaried employees from all branches of industry. Later this union spread over the whole of federal territory and is known today as the German Union of Salaried Employees (*Deutsche Angestellten-Gewerkschaft - DAG*). Mention should also be made of the Christian Confederation of Trade Unions (*Christlicher Gewerkschaftsbund - CGB*) and the German Civil Servants' Confederation (*Deutscher Beamtenbund - DBB*). At the end of 1993, more than 12.2 million wage and salary earners were unionised. At the end of 1993 membership of the *DGB* unions in the old Federal states was 7.4 million and 2.9 million in the new states. However, the degree of unionisation varies considerably from one industry to another. The union having by far the most members is the metalworkers' union (*IG-Metall*). Of the other unions, the *DAG* had 530,000, the *DBB* 1,080,000 and the *CGB* 310,000 members at the end of 1993.

### 3.3 Collective bargaining and the social partners

The Collective Agreements Act contains provisions on the form and content of the collective agreement, the application of the collective agreement to the members of the bargaining parties, the effects of the rules of law of the collective agreement, etc. (cf. 2.3 above). The only bargaining parties on the employees' side are the trade unions and on the employers' side the employers' associations or individual employers. As a rule, pay rises are negotiated for a year at a time. Outline collective agreements (*Manteltarifverträge*) which regulate other conditions of employment such as the working week, annual leave, release from work, bonuses and dismissal notices are traditionally concluded at longer intervals and thus run for a number of years. Collective agreements make it binding on the parties to the agreement to observe industrial peace on the contractually agreed matters for the term of the agreement. Conditions of employment agreed to by collective agreement are legally binding only on the members of the organisations concluding the collective agreement (*Tarifgebundenheit*). In practice, however, employers who are party to a collective agreement often apply the terms of the agreement to all employment contracts in their companies. Thus it is the collective bargaining parties who in the individual collective bargaining sectors bring about uniform industry-wide conditions of employment.

The bargaining parties have made broadest possible use of the scope they were given: collective agreements have been concluded in industry and the services which together employ some 90% of the workforce. From 1949 to the end of 1993, over 271,000 collective agreements were concluded, some 42,000 of which are in force. In recent years some 7,000 new collective agreements have been concluded annually, the figure for 1991 being around 9,000.



In the event of the bargaining parties failing to conclude a new collective agreement in negotiations, an arbitration procedure aimed at reaching agreement between the parties and thus preventing the outbreak of industrial action is often initiated. For important industries covering some two thirds of all persons employed, the collective bargaining parties have made a prior agreement on the modalities of the arbitration procedure. Where this is not the case, the bargaining parties can agree on an ad hoc arbitration procedure or avail themselves of public arbitration boards which are set up in the Federal states. There is no obligation to resort to arbitration or to accept the outcome of an arbitration procedure.

### 3.4 Institutionalised employee representation

#### Works Council (*Betriebsrat*)

The Workplace Labour Relations Act (*Betriebsverfassungsgesetz*) regulates the composition and function of the works council. The works council is the organ for representing all wage- and salary-earners of a company, regardless of union membership. In spite of being mutually independent, the works council and the trade unions are expected to co-operate in the interests of employees of the company. Works councils are elected by all the employees of companies which regularly employ at least 5 permanent workers who have the right to vote. Foreigners are also eligible to vote and to be elected.

Special circumstances apply to the length of term of office of the works council in firms administered by the *Treuhandanstalt* in the new Federal states. When previously State-owned firms are split up during privatisation the existing works council stays in office and continues to represent those sections of the company which they were previously allocated. The transitional mandate ends when a new works council is elected and in any case not more than three months after the company has been divided.

Neither employer representatives nor managerial staff sit on the works council.

The number of members of a works council depends on the size of the company's workforce. A works council with several members has to have a chairman and deputy chairman. Larger works councils, with a least 9 members, have a works committee (*Betriebsausschuß*) which handles the works council's day-to-day business. A seat on a works council is an honorary post performed voluntarily. Works council members may not be penalised as regards their contract of employment on account of their activity. For carrying out their tasks they have to be released from work, which must not result in reduced pay. Furthermore, works council members enjoy special protection from dismissal. The costs of the works council's activity are to be borne by the employer.

The employer and the works council are expressly required by law to work together in a spirit of mutual trust for the benefit of the company, in accordance with collective agreements. This principle of co-operation cannot, and is not intended to, remove the natural conflicts of interests between the employer and the works council as an organ representing the workforce, but it does set the standard for co-operation. The manifold statutory participatory rights of the works council are divided into two groups: *participation rights* (*Mitwirkungsrechte*) and *co-determination rights* (*Mitbestimmungsrechte*).

The scope of the works council's participation and co-determination sphere of competence varies according to whether *social welfare, personnel or economic* matters are dealt with.

*Participation rights* include the right to be informed, to make suggestions, to be heard and to be consulted. *Co-determination rights* are spoken of in cases where the works council has the right to object or where the approval of a measure the employer intends to take is at the discretion of the works council and cannot be enforced judicially. If, in cases of co-determination, the two sides cannot agree, they can call on an arbitration board (*Einigungsstelle*) to decide the issue. Labour and management are equally represented on this panel, which is presided over by an impartial chairman. In the event of the employer carrying out measures which are subject to co-determination without having the works council's approval or the arbitration board's decision, these measures are always null and void.

Larger enterprises tend to have several plants and thus several works councils. In such cases the Workplace Labour Relations Act provides for *central works councils (Gesamtbetriebsräte)* to be set up. Individual works councils of a group of companies (*Konzern*) can decide to set up a *group works council (Konzernbetriebsrat)*. An *economic committee (Wirtschaftsausschuß)* has to be set up in all enterprises having as a rule a permanent workforce of over 100. The task of the economic committee is to discuss the economic affairs of the enterprise with management and to report back to the works council. The right to such information and consultation is of great importance to the workforce, since there is no right to economic co-determination at the plant level.

### **Management committee (*Sprecherausschuß*)**

The collective representation of management interests is covered by the Management Committee Act (*Sprecherausschußgesetz*). The Management Committee represents all of management and can be elected in plants or enterprises which normally have a minimum of 10 managerial staff.

The Management Committee is comparable with the works council as regards independence and organisation. There are no employers' representatives on the Committee and its size depends on the number of managerial staff employed in the company. Committee members perform their duties voluntarily. They must be released from professional duties when required, without loss of salary, and should be neither favoured nor disadvantaged as a result of their membership of the Committee.

The employer and the Management Committee are expected to work together in a spirit of trust in accordance with the collective agreements in force. The participation rights of the Management Committee are restricted, in view of the special position of management, to the right to be informed, to be heard and to be consulted. They have no co-determination rights. The employer and the Management Committee can lay down guidelines for and reach agreements on the content, the conclusion and the termination of employment contracts for managerial staff.

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**Employees on the Supervisory Board (*Arbeitnehmer im Aufsichtsrat*)  
(Co-determination in the enterprise - *Unternehmensmitbestimmung*)**

The purpose of having representatives of the workforce and their trade unions participate in the organs of enterprises and groups of companies is to ensure the workforce's direct involvement in important corporate planning and decisions. This is achieved by having workers' representatives elected to the supervisory board of companies in order to share and participate, together with the shareholders, in information, planning and decision-making which are within the supervisory board's sphere of competence.

In all joint-stock companies with more than 2,000 employees, representatives of shareholders and employees each have half the seats on the supervisory board (Co-determination Act of 1976). However, because of the legal regulations pertaining to the election of the chairman of the supervisory board and since the chairman has the casting vote in tied votes, shareholders are in the position of having their way in any possible confrontation with the employees' representatives.

The coal and steel industry has its own set-up for historical reasons. Here too the supervisory boards of enterprises with, as a rule, more than 1,000 employees are made up of equal numbers of representatives of shareholders and employees, but the labour position is stronger since both sides have to agree on an additional neutral member (Coal and Steel Industry Co-determination Act (*Montan-Mitbestimmungsgesetz*) of 1951, Supplementary Co-determination Act of 1956).

The Workplace Labour Relations Act of 1952 stipulates one-third employee representation on the supervisory boards of smaller joint-stock companies with up to 2,000 employees and on the supervisory boards of mutual insurance companies. Companies with less than 500 employees are exempted, although this exemption only applies since 1994 to public limited companies which are not family partnerships.

**Labour Director (*Arbeitsdirektor*)**

The members of the executive board of a joint-stock company - excluding limited liability companies with fewer than 2,000 employees - are appointed by the supervisory board. According to the terms of the Co-determination Act of 1976 and the Coal and Steel Industry Co-determination Act, the supervisory board must appoint a Labour Director as a full member of the supervisory board. His/her prime area of concern in this board is social and personnel matters. He/she also has a role of mediator between the company's management and labour as well as the works council. According to the terms of the Coal and Steel Industry Co-determination Act, the Labour Director cannot be appointed or dismissed without the consent of the majority of the workers' representatives on the supervisory board.

## 4. Benefits in the Event of Unemployment

Unemployed persons who, even with the assistance of the job placement service, cannot find new employment are, under the terms of the Labour Promotion Act, entitled to claim unemployment benefit or unemployment assistance in place of their lost wages/salary.

Foreign workers who are entitled to take up employment in the Federal Republic of Germany have the same claim to these benefits as Germans. Insurance and employment periods covered abroad, however, can only be taken into account according to international law or according to the provisions of bilateral and multilateral agreements on unemployment insurance. In addition to the European Community provisions, the Preliminary European Agreement on Social Security and the Rhine Navigators' agreement, there are bilateral agreements on unemployment insurance with Finland, Yugoslavia (or the states which succeed it), Austria, Sweden and Switzerland.

### 4.1 Unemployment benefit (*Arbeitslosengeld*)

Unemployment benefit is an insurance benefit which is payable by cheque fortnightly and in arrears at a "wage replacement rate" (*Lohnersatzquote*) of 67% or 60% of the last net wage/salary paid (see below), without taking any other income or assets into account.

#### Qualifying conditions

The claim to unemployment benefit presupposes that the claimant is unemployed, available for work, that he/she has completed his/her qualifying period, that he/she has reported to his/her employment office and applied for unemployment benefit. He/she cannot claim benefit from the age of 65 onwards.

An unemployed person is an employee who is temporarily out of work. Part-time employment (i. e. employment requiring less than 18 hours' work per week) or self-employment to a corresponding extent do not exclude the possibility of unemployment.

Persons who can and may carry out work under the normal conditions of the general labour market are available for placement. Individuals must be prepared to accept any suitable employment. Persons receiving unemployment benefit are not required to report to the employment office regularly, but only when requested to do so.

The qualifying period is fulfilled by those who have in the reference period (in the last three years before registering as unemployed) been employed for at least 360 calendar days and have paid compulsory contributions. Periods without remuneration are in general not taken into account. For workers who work regularly for less than 360 calendar days in a calendar year solely because of the peculiarity of their job, so-called seasonal workers, the qualifying period is fulfilled by being employed for, and having made compulsory contributions over 180 calendar days.

The appropriate office for registering as unemployed is the local employment office in the area where the unemployed person is resident. The application for unemployment benefit must also be submitted there.

### *Beginning and duration of the claim*

The unemployed person does not need to complete a waiting period. The duration of the claim to unemployment benefit depends on the previous periods of employment and the unemployed person's age according to the following table:

Period of Employment	Period of employment (prior to registration and claim)	Entitlement to claim weekdays (excl. Sundays)				
		Age				
in calendar days	in years	under 42	over 42	over 44	over 49	over 54
* 180	3	78	78	78	78	78
* 240	3	104	104	104	104	104
360	3	156	156	156	156	156
480	7	208	208	208	208	208
600	7	260	260	260	260	260
720	7	312	312	312	312	312
840	7		364	364	364	364
960	7		416	416	416	416
1,080	7		468	468	468	468
1,200	7			520	520	520
1,320	7			572	572	572
1,440	7				624	624
1,560	7				676	676
1,680	7					728
1,800						780
1,920						832

\* Applies only to seasonal workers under special conditions.

### *Rate of unemployment benefit*

Unemployment benefit is payable at 60% of wages/salary after normal statutory employee deductions (67% in the case of a worker with at least one child for whom he receives tax allowance). No family allowance is payable. The rates of unemployment benefit vary according to the different tax rates which an employee must pay in the respective income tax class. The Federal Minister of Labour and Social Affairs stipulates by decree law the rates for every calendar year.

The assessment of the basic amount depends on the wage received during contractual working hours (without taking overtime pay and recurrent or non-recurrent payments into consideration). The last 100 days within the last 6 months - before the last day of employment - with a claim to remuneration are normally taken as a basis.

Hardship which may arise in certain circumstances is dealt with by special provisions.

The remuneration on which the assessment of the unemployment benefit is based as well as the assessment ceiling are adapted annually to the general development of pay.

### *Supplementary income*

50% of supplementary income which an unemployed person in receipt of benefit obtains from part-time employment or self-employment is deducted from the unemployment benefit if the supplementary income, net of income tax, social security contributions and professional expenses, exceeds DM 30 per week. If what remains of the unemployment benefit, together with the supplementary income, amounts to more than 80% of the last average net wage, the supplementary income will be deducted in full from the benefit.

### *Suspension of entitlement*

The entitlement to unemployment benefit is suspended during a period in which the unemployed person receives, or is entitled to receive remuneration. The same holds true if, because of the termination of the employment contract, the unemployed person receives, or is entitled to receive holiday pay. It is also suspended if, because of the termination of the employment contract, the employer has to pay a settlement, compensation or a similar benefit to the employee and if the employment contract has been terminated without a notice period corresponding to that of termination of contract with notice. The period of time for which the entitlement is suspended in these cases depends in principle on the notice period of the termination of a contract with notice. Furthermore, almost all benefits under public law which replace wages (sickness benefit, pensions) cause the suspension of entitlement to unemployment benefit.

### *Period of disqualification and lapse of entitlement*

The unemployed person will be disqualified for eight or twelve weeks (depending on the circumstances of the case) if he/she has terminated his/her employment contract, or through conduct contrary to the terms of the contract, has given reason for the employer to dismiss him/her and so deliberately, or through gross negligence, has brought about his/her unemployment, or in spite of advice on the legal consequences, has not accepted, or taken up, or has refused to take up work offered by the employment office or to take part in a programme of vocational training, further training or retraining, or a programme to improve his/her prospects of employment as well as for vocational rehabilitation, or has discontinued participation in such a course, without good reason for doing so. In cases of hardship, the disqualification period will be four or six weeks. If the unemployed person has previously given cause for an eight or twelve week period of disqualification and has received written notice of this, any remaining entitlement to benefit will lapse if the person causes a further disqualification of at least eight weeks.

## **4.2 Unemployment assistance (*Arbeitslosenhilfe*)**

Unemployment assistance serves the same purpose as unemployment benefit, and both form a comprehensive system of protection in the event of unemployment. Foreigners who are entitled to enter employment in the Federal Republic of Germany may obtain unemployment assistance under the same conditions as German employees. The costs of unemployment assistance are borne by the Federal Government.

The regulations governing the entitlement to unemployment assistance are similar to those for unemployment benefit with certain exceptions. The claims for unemployment benefit and unemployment assistance are basically considered as integrated claims.

### *Qualifying conditions*

Unemployment assistance can be claimed by anyone who is unemployed, available for placement, has registered at the employment office as unemployed, has applied for unemployment assistance, has no entitlement to unemployment benefit, is in need and in the last year before registering as unemployed, has drawn unemployment benefit (follow-up unemployment assistance - *Anschluß-Arbeitslosenhilfe*) or has been in contributory employment for at least 150 calendar days, or such time as to fulfil the qualifying period (primary unemployment assistance - *originäre Arbeitslosenhilfe*). Time spent under a public law employment contract and time spent in military or civilian service is considered equal to contributory employment.

Previous employment is not required for persons who, during the last 12 months, have received subsistence benefits under public law for at least 240 calendar days - for example because of illness, occupational invalidity, incapacity to work or a rehabilitation measure - and who no longer receive these benefits because the condition in question no longer exists and whose previous claim for unemployment benefit or unemployment assistance has expired.

An unemployed person is considered to be in need if he/she cannot provide for him/herself by any other means than by claiming unemployment assistance. The means test is based on the income and assets of the unemployed person and of his/her spouse (if he/she is alive and they are not legally separated) in so far as certain tax allowances are not exceeded. Some benefits are, however, not taken into account, including benefits for preventive and continuing health care, basic pension under the Federal Pensions Act, child benefit under the Federal Child Benefit Act and Parental Allowance under the Federal Parental Allowance Act.

### *Duration of entitlement*

As a rule, follow-up unemployment assistance is granted for an *unlimited period* - until the claimant reaches the age of 66. It is usually only payable for one year at a time. Thereafter eligibility must be proved again. Primary unemployment assistance is granted for a period of 312 days.

### *Rate of unemployment assistance*

Unemployment assistance amounts to 57% of wages, after the usual legal deductions have been made, in so far as the unemployed person has at least one dependant child who is taken into account for tax purposes. In all other cases it amounts to 53%. If unemployment assistance is granted following the receipt of unemployment benefit, the amount is based on the wages which were last used as the assessment basis for unemployment benefit. In all other cases, unemployment assistance is based on the wages the unemployed person received in his/her last job.

The remuneration on which the assessment of the unemployment assistance is based is adapted annually to the general development of pay.

As in the case of unemployment benefit, the rates of unemployment assistance are stipulated for every calendar year by decree law of the Federal Minister of Labour and Social Affairs.

### *Procedure*

Unemployment benefit and unemployment assistance are paid by cheque. Payment is made regularly every two weeks on the same weekday.

## **4.3 Health, pension and accident insurance for the unemployed**

Persons drawing unemployment benefit and unemployment assistance are insured with their dependents against sickness through a compulsory health insurance scheme. Costs for this health insurance are borne by the *BA*. In the event of incapacity to work, unemployment benefit and unemployment assistance continue to be paid in principle for up to six weeks. After expiry of this period, a claim for sickness benefit can be made from the health insurance scheme for the amount that was last awarded as unemployment benefit or unemployment assistance; should there be a change in the qualifying conditions during the incapacity to work, the sickness benefit may, on application and under certain conditions, be increased accordingly.

Since 1 July 1978 recipients of unemployment benefit or unemployment assistance have also been insured in the pension scheme. Until 31 December 1982 the contributions for this depended on the gross remuneration which had been the basis for calculating the benefit and were borne in full by the *BA*. Since 1 January 1983 the contribution rate has depended on the amount of benefit paid. From 1 January 1995 the basis of assessment for contributions is 80% of the remuneration taken as a basis for the benefit. Furthermore, periods in which benefits are drawn are taken as credit periods until 31 December 1997.

At the end of the period of benefit, the beneficiary is issued with a certificate indicating the period of benefit which he/she can use for a subsequent claim for benefit under the pension insurance scheme. Moreover, the *BA* passes the same information on to the respective pension fund agencies.

For persons who are drawing benefits and who are not insured under the compulsory pension fund, the *BA* assumes liability - if the required conditions are fulfilled - for life insurance policy premiums or contributions to a professional insurance or pension scheme and contributions for voluntary membership in a compulsory pension fund.

Persons drawing unemployment benefit or unemployment assistance are also insured against accidents which they may suffer on the way to or from their residence and an agency of the *BA* or an employer, or while on the premises of one of those places if the journey was undertaken by order of the employment office.



## 5. Matching Labour Supply and Demand

### 5.1 Principles

Under the provisions of the Labour Promotion Act, the *BA* has, within the scope of the social and economic policy of the Federal Government, the function of helping in particular to ensure that neither unemployment nor manpower shortages occur or persist. Thus the *BA*'s primary task is placement. The other mechanisms contained in the Labour Promotion Act complement this task, though these are all of instrumental character and have an accessory function with respect to the *BA*'s placement activities.

Employees and employers use the placement service on an entirely voluntary basis. There is no compulsory notification of vacancies on the part of the employers.

The *BA* is obliged to carry out placement impartially and free of charge. The principle of impartiality means that neither individual employers nor employees may be given preferential treatment nor be put at a disadvantage in the course of placement without a legitimate reason. The law extends priority as regards placement to certain groups of persons, such as the disabled, who are at a disadvantage which can only be compensated for by priority in placement. The principle of impartiality includes the absolute neutrality of the *BA* in labour disputes between the social partners.

"Free of charge" means that the *BA* may not charge employers or employees a placement fee. Employers may only be charged fees to cover expenses which exceed the normal level.

The *BA* must also provide employment counselling, if requested independently of placement. Employment counselling encompasses informing employees and employers about the state of the labour market, the trends in occupations, the need, opportunities, and incentives for vocational training, and incentives for entering employment, and also covers advice on questions relating to choosing a job or filling a vacancy. The principles governing placement also apply to employment counselling, i. e., in particular, the service is impartial and free of charge.

The *BA*'s monopoly on placement was revoked on 1 August 1994 and commercial private placement has been permitted in principle since then; however, the *BA* reserves the right to grant licences to placement services. An applicant has a legal right to a licence to carry out placement for all occupations and groups of persons if he/she is personally reliable and suitable qualified, his/her financial circumstances are sound, and he/she has adequate business premises at his/her disposal. Applicants who are already running an approved placement service in another EU Member State are considered to have fulfilled these conditions if they plan to operate from there. If, however, they intend establishing a branch office in the Federal Republic of Germany they must provide proof of the personal reliability and of the suitable qualification of those who will be responsible for placement, and of the availability of appropriate business premises in order that they may be granted a licence. For placement from or to countries outside the EU licences are only issued for a limited number of occupations, such as artists or those in similar professions, professional sportspersons and au-pair boys/girls. Private placement agencies may only charge or receive a placement fee from the employer - apart from a few exceptions, such as artists and persons in comparable occupations, professional sportspersons and au-pair boys/girls.

## 5.2 Organisation

The placement and employment counselling services are subdivided in all employment offices according to occupation, with no division according to gender. The basic organisational unit is the occupational area. The number of occupational areas and the grouping of certain occupations into these organisational units depend on the size and structure of the district served by the employment office in question.

Disabled and severely disabled persons are taken care of by a special service. They have a greater need for comprehensive, thorough, individual employment counselling.

As a rule, specifically trained personnel are available to persons seeking advice and those jobseekers who require special counselling due to their personal circumstances. This applies in particular to young people who have no vocational training, prisoners or those just released from custody, and foreigners willing to return to their native countries.

The placement service for temporary work procures fixed-term employment of up to three months' duration in the commercial or industrial sector. There are special placement offices for this purpose in many large cities in a separate location to the employment offices' quarters, e. g. near higher education institutes, ports, large market halls and trade fairs.

People with a vocational background generally needing a wider labour market than that provided by any one employment office district can make use of regional and central specialist placement offices.

## 5.3 Procedure

The placement procedure is largely standardised and rationalised. It nevertheless allows for the required individual service to both employees and employers.

The placement service is based on the jobseeker's application and the employer's job vacancy. The placement options which emerge from the interview with the placement officer are discussed in relation to the labour market. If need be, the applicant may, with his/her consent, be examined by the employment office doctor or psychologist. In addition, under the terms of the Employment Promotion Act, financial assistance can be given to candidates where needed for seeking and taking up employment.

The placement service is now computerised. All jobseekers in the employment office district and all job vacancies collected by the employment offices located within commuting distance, including those in the neighbouring employment office districts, are kept on file. The placement officer can thus match up jobs with suitable applicants very quickly and make placement suggestions without obligation. Those concerned can then consider whether or not they wish to enter into an employment contract.

The centralised job vacancies registration service (*Zentrale Auftragsentgegennahme offener Stellen*), group activities, labour market exchange, evening opening hours, consultation by appointment, telephone information services and automatic telephone answering services all contribute to achieving the best possible match between labour supply and demand.

## 5.4 Computerised placement

In 1991 the *BA* began the national introduction of the Situations Vacant Service (*Stellen-Informationen-Service*). This is a self-information system with a daily update of jobs on offer. Anyone looking for work can make a choice from the situations vacant on offer at the employment office. The Situations Vacant Service gives the name, address and telephone number of companies seeking employees. People looking for work can call the vacancies up on a computer screen. Telephones are available for immediate contact with the prospective employer.

The Situations Vacant Service has in particular led to the partners on the labour market making greater use of the employment offices and has also helped to fill vacancies more quickly and to shorten the individual period of unemployment.

## 5.5 Inter-regional placement

If the labour market in a local employment office district and within commuting distance of this district does not suffice to place jobseekers or fill vacancies, it is possible for every local employment office to open up the labour market throughout the Federal territory to their clients. Within the framework of a special *Land* and Federal co-ordination scheme, special co-ordinating services can be brought in. These determine suitable jobseekers and vacancies within a larger region and either establish contact between the local employment offices concerned or arrange for jobseekers and vacancies to be advertised in the publications of the *BA* for situations wanted and jobs offered.

Specialist placement services working at inter-regional level are available for the placement of persons belonging to certain professions which normally need a wider labour market (such as performers, hotel and restaurant personnel, sailors). The Central Placement Office in Frankfurt/Main and 42 regional specialist placement services are responsible for the placement of highly qualified specialists and executives. The Central Placement Office can also offer assistance with job placements abroad.

# CHAPTER III MEASURES

## Preliminary Remarks

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- D-ii.1 Short-time working allowance
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## Preliminary Remarks

The system of the Labour Promotion Act (*AFG*) of the Federal Republic of Germany calls for a specific classification of measures. In this report, the *AFG* classification had to be changed and adapted to an agreed structure in order to ensure comparability of measures of all countries participating in the MISEP project.

As a matter of form, the measures are listed first according to the *AFG* classification system. The reference number given to each measure in this report is indicated in brackets.

Subsequently an overview of measures is given in line with the agreed structure.

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- 1.1 Measures concerning job placement and employment counselling
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  - 1.1.2 Employment counselling (D-vii.2)
  - 1.1.3 Employment counselling measures (D-vii.4)
- 1.2 Vocational guidance (D-vii.3)
- 1.3 Measures aimed at promoting vocational training
  - 1.3.1 Support for the vocational training of individuals (D-iv.2)
  - 1.3.2 Support for vocational preparation training measures for young people (D-vi.3)
  - 1.3.3 Support for vocational training for foreign trainees and for socially disadvantaged German trainees or those with learning difficulties in the entire territory of the FRG/Support for other disadvantaged applicants for training places in the new states ("extended target group") (D-vi.4)
  - 1.3.4 Support for the vocational further training and retraining of individuals (D-iv.3)
  - 1.3.5 Support for vocational training institutions (D-iv.4)
- 1.4 Incentives to enter employment (D-iii.2)
- 1.5 Vocational rehabilitation (D-vi.6)
- 1.6 Support for the participation of new resettlers, persons having right of asylum and quota refugees in German language courses (D-vi.7)

#### 2. *Unemployment insurance benefits for job maintenance and job creation*

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  - 2.2.2 Bad-weather allowance (D-ii.3)

- 2.3 Job creation measures
  - 2.3.1 General job creation measures (*ABMs*) (D-v.1)
  - 2.3.2 Promoting measures designed to create jobs for older workers (wage cost subsidies) (D-v.2)
  
- 3. *Benefits in the event of unemployment and in the event of the employer's insolvency*
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  - 3.2 Bankruptcy compensation payment (D-viii.1)
  
- 4. *Early retirement benefits*
  
- 5. *Foreign workers*
  - 5.1 Reintegration of repatriated foreigners (D-vi.8)
  - 5.2 Integration assistance for foreign workers (D-vi.9)
  
- 6. *Measures to promote vocational training and vocational integration outside the AFG*
  - 6.1 Measures to promote vocational training
    - 6.1.1 Vocational training in the dual system (D-iv.1)
    - 6.1.2 Support for vocational training for foreign trainees and for socially disadvantaged German trainees or those with learning difficulties in the entire territory of the FRG/Support for other disadvantaged applicants for training places in the new states ("extended target group") (D-vi.4)
    - 6.1.3 Promoting the provision of training places for the severely disabled (D-vi.5)
  - 6.2 Measures to integrate long-term unemployed into the labour market
    - 6.2.1 Employment assistance scheme for long-term unemployed (D-vi.1)
    - 6.2.2 Measures for those particularly affected by long-term unemployment and other difficult-to-place unemployed (D-vi.2)

## 1. Overall Measures

The most important objectives of the Federal Government's employment and labour market policy are to maintain a high level of employment and to reduce unemployment. Dynamic and self-sustaining economic growth is a prerequisite for achieving these objectives. Public and private investment also has a key role to play in expanding production capacity, making industries competitive and creating and safeguarding jobs.

Throughout 1992 and 1993, the recession in the West, persisting difficulties with restructuring the economy in the East, and other structural problems put a strain on the labour market in Germany. There was a significant rise in under-employment. There would have been around 2 million more unemployed were it not for the labour market and social policy measures contained in the Labour Promotion Act. On the one hand, this figure is indicative of the extent of under-employment, on the other it clearly demonstrates the challenge facing all policy-makers who hold responsibility with respect to employment.

Active labour market policy is becoming increasingly significant in the pursuit of a balance between supply and demand on the labour market with respect to regions, sectors and qualifications and improved employment chances for the unemployed and those threatened by unemployment. In particular, groups who are disadvantaged on the labour market still have to rely on support from an active labour market policy for vocational integration.

The instruments of labour market policy cannot create permanent jobs. Policy is much more concerned with the individual worker - improving his chances of employment through, for example, vocational qualifications, incentives to enter regular employment and, to a limited extent, the creation of temporary jobs. Vocational qualifications are becoming increasingly significant against the background of technical and structural change and the development of improved production methods and higher-quality products.

The severe deterioration of the labour market situation in *West Germany* is not only a consequence of the decline in employment, but is also linked to the increase in the number of labour market participants. This increase, which in the prosperous years of the past made it easier to fill many vacancies, and which - in connection with immigration - had initially even fostered economic expansion and consequently employment too, is becoming a general burden in the current recession. Following the grievous collapse in the preceding years, the labour market situation in the *new Federal states* stabilised in 1993; the decisive factor was a significantly slower rate of decline in employment. Due to a failure in the former GDR to introduce innovations in production, numerous production facilities are outdated and products are not competitive. Many jobs in unprofitable companies and overstuffed public services were necessarily shed. Previously hidden high unemployment is now revealed and the resulting scarcity of jobs shows that job-creation policies are still required.

At the same time, labour market and social policy measures have been able to offer prospects to many people in east Germany. The transition pension allowance and vocational qualifications were particularly important in this regard.

During the last few years especially the regulatory instruments of the Labour Promotion Act, which are funded from contributions paid to the *BA* and government grants, have been de-



ployed on a large scale to help the unemployed and those threatened by unemployment. In addition, specially targeted programmes have been financed from the Federal budget: for instance, two special schemes to combat long-term unemployment have been running successfully since mid-1989. It has become clear that every recession to date has led to an increase in hard-core unemployment, i. e. the number of long-term unemployed has risen and the core of unemployed persons has become increasingly entrenched. Even in periods of economic upswing it was not possible to reintegrate the majority of those affected by long-term unemployment into working life without the support of labour market policy. Thus active labour market policy has a decisive role to play in the fight against long-term unemployment. It can improve the vocational and social skills of the long-term unemployed and through fixed-term recruitment subsidies can mitigate employers' reservations with respect to the long-term unemployed.

Furthermore, the Federal Government has set all sorts of initiatives in motion to promote an upturn in investment which would create jobs, among them the "Upswing East Project" (*Gemeinschaftswerk Aufschwung Ost*), agreed in March 1991. The aim of this scheme is to provide a lasting stimulus for investment and jobs in the new Federal states. Emphasis has been placed on local authority investment, job creation measures, support for investment by private companies, stimulation of the regional economy, aid for the shipbuilding industry, environmental measures, the building of houses and towns and investment in transport and secondary education.

At this point in the upheaval, labour market policy plays a major leading role. It has to build bridges in the field of social assistance until such time as investment from the public and private sectors can ensure that the supply of new jobs outnumbers old jobs being lost. It must also provide vocational training, so that workers can acquire those skills which they will require in the future on the labour market. At an early stage, therefore, the *BA* swiftly set up an efficient employment service covering the whole of the area concerned. In the meantime 38 local employment offices and 159 branch offices employing more than 24,000 people were set up in East Germany. This enabled employment promotion instruments to be intensively deployed and guaranteed the payment of unemployment benefit, short-time working benefit and early retirement benefits to over 2 million people.

The *AFG-GDR* of 1 July 1990 - passed prior to reunification - extended the statutory provisions of the *AFG* which had applied to the old Federal states and aimed at an active labour market policy, to the new territory. This meant that the tried and tested labour market policy instruments of West Germany were adopted in East Germany. Some instruments (short-time working benefit, job creation measures, vocational training) were applied more liberally during the transitional period. As a result of a special Federal scheme to rapidly build up a network of further training establishments, between April 1990 and December 1992 around 40,000 further training places were created which met Western standards. This intensive deployment of labour market instruments prevented some 1.6 million people in the new Federal states becoming unemployed by the end of 1993.

## Guidelines of the Labour Promotion Act (*AFG*)

The visible transition from a compensatory to a proactive labour market policy took place with the coming into force of the *AFG* on 1 July 1969. The labour market policy objectives of this Act are set out in its second paragraph. They lay down that the measures under the *AFG* must in particular contribute to:

1. ensuring that neither unemployment/underemployment nor a shortage of manpower occurs or persists;
2. securing and improving occupational mobility;
3. preventing, compensating for or eliminating effects detrimental to labour, which can arise from technical and economic structural change;
4. fostering the vocational integration of the physically, mentally and psychologically handicapped;
5. overcoming a sex-related labour market and training places market and ensuring the vocational integration of and help for women who are difficult to place under the normal conditions of the labour market (the amount of aid will be in direct proportion to the percentage of unemployed women);
6. ensuring the vocational integration of older workers and other workers who are difficult to place under the normal conditions of the labour market;
7. improving the structure of employment according to regions and branches of industry;
8. combatting illegal employment to maintain order on the labour market.

§ 3 of the *AFG* specifies that it is the *BA* which carries out the labour market policy tasks governed by the *AFG*.

§ 5 in particular brings out clearly the preventive nature of the *AFG*. It stipulates that measures aimed at placing persons in vocational training posts or jobs and measures aimed at fostering vocational training have priority over benefits disbursed by the unemployment insurance system for maintaining and creating jobs (such as short-time working benefit and measures aimed at creating jobs) and allowances paid to the unemployed (unemployment benefit and unemployment assistance).

It is thus possible to talk of an *AFG* catalogue of measures consisting of five stages:

1. It starts off with collecting information on the present situation and in particular the future developments on the labour market seen from an overall, sectoral, regional, occupational and specific groups' point of view. Only detailed statistics give a sufficiently differentiated overview of the labour market situation and its developments. Furthermore, statistics constitute the prerequisite for sound labour market and occupational forecasts which in turn are among the essential bases for vocational guidance and employment counselling as well as for an efficient placement service.
2. Placement and counselling characterise the second stage. Job placement and counselling, occupational guidance and placement in vocational training places should contribute to making the overall supply of labour sufficiently flexible and thereby foster the matching of labour supply and demand.

3. The measures in the third stage aim at promoting vocational skills as well as occupational and sectoral - and to a lesser degree geographical - mobility, in order to try and take preventive action against imbalances on the labour market. This is achieved by promoting vocational training (training, further training and retraining) according to the *AFG*. The employment counselling services refer the person seeking advice to the support measure best suited to his/her needs. A vocational rehabilitation system has been set up for the physically, mentally and psychologically handicapped and for people threatened with such a handicap who, under the provisions of the *AFG*, have a legal claim to employment and vocational promotion. Incentives to enter employment meet the need for ensuring adequate - including geographical - mobility. Furthermore, the enhanced participation of new resettlers, i. e. Germans who have come to the Federal Republic from Eastern European countries), people having right of asylum and quota refugees in German language courses improves the vocational integration prospects of this target group.  
The vocational incentive measures under the *AFG* are closely related to the objectives of the Vocational Training Act (*Berufsbildungsgesetz*) and the Federal Law on Financial Assistance for Students (*Bundesausbildungsförderungsgesetz*); whereas the Federal Law on Financial Assistance to Students provides a uniform regulation at the level of the Federation as regards financial assistance for education in schools and universities, the Vocational Training Act provides a uniform federal basis for vocational training within the dual system (enterprise and part-time vocational school).
4. The fourth step comprises wage replacement payments in the event of time lost due to unemployment, short-time working as well as interruptions of work due to bad weather conditions in the building trade. Unemployment benefit, unemployment assistance, short-time working benefit and bad-weather allowance secure subsistence in the event of total and partial unemployment.
5. The fifth step in the catalogue of measures provided for in the *AFG* consists of financing measures aimed at structural improvements in specific areas which are important for the labour market. In doing so, the *BA* does not confine itself to services which improve labour supply quantitatively or qualitatively - although this area constitutes the main focus of its activities; it also grants aids which directly affect demand (e. g. job creation measures and settling-in allowance for older workers). Under certain circumstances, those drawing unemployment benefit or unemployment assistance are granted financial aid to take up independent employment. The aim of the measure is to provide support for this group of persons to create new job prospects and an improved general outlook for themselves based on their own initiative.

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## 2. Employment Maintenance

- D-ii.1 Short-time working allowance (*Kurzarbeitergeld*)
- D-ii.2 Promotion of year-round employment in the building trade/Promotion of winter productivity (*Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft/Produktive Winterbauförderung*)
- D-ii.3 Promotion of year-round employment in the building trade/Bad-weather allowance (*Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft/Schlechtwettergeld*)

D-ii.1

### **Short-time working allowance (*Kurzarbeitergeld*)**

#### *Aim*

To maintain in employment workers, particularly experienced manpower, and, under certain circumstances, home workers who, because of unavoidable temporary loss of working hours, would otherwise be dismissed.

#### *Legal basis*

- Labour Promotion Act (*AFG*) (25.6.1969), §§ 63-73;
- Regulation of the Governing Body of the *BA* on the procedure for granting short-time working allowance (*Kug-Anordnung*) of 30.6.1971 as amended by the first Amendment Regulation of 6.7.1988.

#### *Contents*

Short-time working allowance is paid to workers in companies in the event of loss of working hours for economic reasons (including the impact of structural difficulties within an economic sector) or as a result of inevitable events provided that the following conditions are met:

- the *BA* must be notified in advance;
- the reduction in working hours must affect at least one-third of the workers employed in the firm or department to the extent of over 10% of the regular and collectively agreed working hours and extend over periods of at least four consecutive weeks;
- the workers are liable to contributions to the *BA*.

Short-time working allowance is usually paid for a maximum period of six months, but this can be extended up to 24 months by Order of the Federal Ministry of Labour and Social Affairs. The allowance is determined *inter alia* on the basis of the hourly wage which the worker would normally have received and of the number of working hours lost. It is proportional to the amount of unemployment benefit paid to persons in total unemployment. Between 1.7.1990 and 31.12.1991 short-time working allowance was also payable in the new Federal states for loss of working hours due to corporate structural changes or company organisational measures resulting from the introduction of monetary, economic and social union (§ 63 Section 5 *AFG-GDR*).

#### *Institutional support*

*BA*.

#### *Duration*

Short-time working allowance is payable until 31.12.1997 for time not worked due to structural difficulties within an economic sector.

*Effects*

Year	Short-time workers (annual averages)	
1979	87,600	
1980	136,600	
1981	346,900	
1982	606,100	
1983	675,100	
1984	383,700	
1985	234,500	
1986	197,400	
1987	278,000	
1988	207,800	
1989	107,900	
1990	55,800	
1991	West: 145,000	East: 1,616,000
1992	West: 283,019	East: 369,997
1993	West: 766,935	East: 181,428

D-ii.2

**Promotion of year-round employment in the building trade/Promotion of winter productivity (*Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft/Produktive Winterbauförderung*)**

*Aim*

- To increase the activity of the building trade during the winter months and thus spread the capacity of building firms over the entire year;
- to counteract price increases in the building trade;
- to maintain employment contracts in the building trade during winter months to prevent detrimental consequences for construction workers as a result of unemployment.

*Legal basis*

- AFG (25.6.1969) §§ 74-82;
- Regulation of the Governing Body of the BA on the promotion of year-round employment in the building trade dated 4.7.1972 as amended by the fourth amendment regulation of 6.7.1988;
- Regulation on building firms in which year-round employment is to be promoted (*Baubetriebe-Verordnung*) of 28.10.1980 as amended by the amendment regulation of 24.10.1984;
- Regulation on winter allowance (24.5.1978).

*Contents*

Construction workers who are employed at a place of work which is subject to weather conditions are paid a winter allowance (*Wintergeld*). This is in compensation for additional costs for every hour worked during the period from 1 December to 31 March (with the exception of the period from 25 December to 1 January) provided that the general conditions for receiving the bad-weather allowance (*Schlechtwettergeld*) are met.

*Financial resources*

The winter allowance rate is DM 2 per hour actually worked. This is financed by a winter building levy paid by the employer (currently 2% of the gross wages of employees of the building firm).

*Institutional support*

Social welfare.

D-ii.3

**Promotion of year-round employment in the building trade/Bad-weather allowance (*Förderung der ganzjährigen Beschäftigung in der Bauwirtschaft/Schlechtwettergeld*)**

*Aim*

To enable building firms which cannot give notice of dismissal on grounds of weather conditions to maintain their workforce who, because of bad weather conditions, cannot be given work during the bad weather period. The types of firms concerned are laid down by Order of the Federal Ministry of Labour and Social Affairs.

*Legal basis*

- AFG (25.6.1969) §§ 74-76, 83-89
- Ordinance on building firms in which year-round employment is to be promoted (Building Firms Ordinance, as amended by the first amendment regulation of 6.7.1988).

*Contents*

During the bad weather period (1 December to the last calendar day in February) construction workers can claim a bad-weather allowance (*Schlechtwettergeld*), provided that, among other things, they were in contributory employment when the loss of working hours began. The reduction in time worked must amount to at least two hours within the contractual working time on a working day. Bad-weather allowance is not payable for the first working hour of a lost working day. The allowance is financed by contributions paid by all employers and employees to the *BA* (unemployment insurance).

*Financial resources*

The bad-weather allowance is based on the wages the worker would have been paid had the working hours not been reduced (hourly rate) and the number of working hours lost due to bad weather conditions.

The amount of the bad-weather allowance is proportional to the rate of unemployment benefit paid to persons in total unemployment.

*Institutional support*

The bad-weather allowance is paid on application which the employer must submit to the local employment office by the end of June at the latest. As a rule, the employer calculates the amount of the bad-weather allowance and pays it to the workers together with their wages. The employer is reimbursed for his expenses by the local employment office.

*Duration*

Bad-weather allowance will be granted for the last time for the bad weather period ending 29 February 1996.



*Effects*

Year	Number of lost working days notified for bad-weather allowance (in 000s)	Lost working hours for which bad-weather allowance was granted (in 000s)
1978/79	37,900	215,200
1979/80	23,000	116,100
1980/81	36,700	199,000
1981/82	28,600	152,400
1982/83	14,800	75,400
1983/84	17,800	88,500
1984/85	16,800	91,800
1985/86	18,400	94,400
1986/87	18,500	96,200
1987/88	12,500	53,900
1988/89	8,400	34,000
1989/90	9,600	39,000
1990/91	17,000	84,500
1991/92	West: 14,400	West: 65,400
	East: 2,300	East: 9,600
1992/93	West: 13,900	West: 64,900
	East: 4,200	East: 17,200

### 3. Aid to the Unemployed

- D-iii.1 Unemployment benefit, unemployment assistance (*Arbeitslosengeld, Arbeitslosenhilfe*)
- D-iii.2 Incentives to enter employment (*Förderung der Arbeitsaufnahme*)

D-iii.1

**Unemployment benefit, unemployment assistance (*Arbeitslosengeld, Arbeitslosenhilfe*)***Aim*

To secure subsistence for the unemployed person.

*Legal basis*

AFG of 25.6.1969.

*Contents*

Payment of the respective benefit through the local employment office in the unemployed person's place of residence, provided that he/she fulfils the conditions of entitlement. For details see Chapter II, Sections 4.1 and 4.2.

*Financial resources*

- *Unemployment benefit* is financed from contributions paid by employers and employees in equal parts.
- *Unemployment assistance* is financed from Federal funds.

*Institutional support*

BA.

*Duration*

Unemployment benefit: graduated by age and duration of preceding employment.  
Unemployment assistance: follow-up unemployment assistance is of unlimited duration, primary unemployment assistance is limited to 312 days.

*Effects*

## Beneficiaries (annual averages):

Year	Total number of beneficiaries	of whom	
		unemployment benefit	unemployment assistance
1979	582,500	448,400	134,000
1980	576,000	454,300	121,600
1981	867,300	697,600	169,700
1982	1,217,100	926,400	290,700
1983	1,499,600	1,014,400	485,300
1984	1,456,900	859,000	597,800
1985	1,452,900	835,700	617,200
1986	1,401,300	800,300	601,000
1987	1,411,100	834,200	576,900
1988	1,475,100	946,600	528,500
1989	1,384,600	888,300	496,300
1990	1,232,300	799,300	433,000
1991	West*: 1,169,000 Ost: 710,000	721,000	West: 391,000 East: 24,000
1992	West*: 1,312,000 Ost*: 1,478,000	West: 841,000 East: 841,000	West: 412,000 East: 117,000
1993	West*: 1,794,000 Ost*: 1,598,000	West: 1,176,000 East: 713,000	West: 523,000 East: 236,000

\* Difference caused by reintegration allowance.

### **Incentives to enter employment (*Förderung der Arbeitsaufnahme*)**

#### *Aim*

Incentives to enter employment are intended to remove financial limitations which are obstacles to matching supply and demand on the labour market.

#### *Legal basis*

- AFG (25.6.1969) §§ 53, 54, 55a and 242 (3);
- Regulation of the Governing Body of the BA (*FdA-Anordnung*) of 18.12.1969 as amended on 27.1.1993.

#### *Contents*

Claims can be made for the following:

- The costs of applying for a job (*Bewerbungskosten*) amounting to a maximum of DM 200 within a six-month period.
- Travelling expenses (*Reisekosten*) incurred on the occasion of employment counselling, an aptitude test, an interview or costs for travel to a place for the purpose of taking up an out-of-town job. Travelling expenses can also be claimed for non-local vocational training, and for:
  - collective travel costs (*Sammelfahrten*) for an interview or taking up a job in as far as this is considered useful for matching supply and demand on the labour market.
  - Assistance with travelling expenses (*Fahrkostenbeihilfe*) for commuting (up to one year) between place of residence and non-local place of work.
  - Removal costs (*Umzugskosten*) for moving the household and travelling expenses for the family are covered if this is necessary to enable the unemployed person to continue his family life in the event of him/her taking up an out-of-town job.
- Working clothes and tools which the worker normally has to provide may be covered by not more than DM 300 for clothes and not more than DM 500 for tools.
- Separation allowance (*Trennungsbeihilfe*) can be granted for up to one year for working away from home.
- Journeys home to the family: workers can, for up to one year, receive money for a monthly journey home if daily commuting cannot reasonably be expected of the worker and thus requires family separation.
- Tideover allowance (*Überbrückungsbeihilfe*) is paid to secure the subsistence of workers and their families until the first wage or salary is received (up to one month). This allowance is usually a loan, though in exceptional cases it can be a subsidy of up to DM 1,000.

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- Allowances for taking a job abroad can be granted, if this is specially justified from a labour market and social policy viewpoint. Expenses covered include: travel costs for the employee and his/her family (when taking a job outside Europe travel costs are only covered to the German border stations), removal expenses of up to DM 1,000, a tideover allowance of up to DM 1,000 and a weekly separation allowance of DM 50 for up to three months from departure.
  - Other assistance towards the acquisition of a means of transport or the costs of trial employment, try-outs, or pre-payments to employers.

Settling-in allowances (*Eingliederungsbeihilfen*) are payable to employers offering appropriate long-term positions to difficult-to-place unemployed persons and setting up an open-ended employment contract with them; they are payable for up to two years and the amount can be up to 50% of the cost of employment.

Unemployed persons who have been paid unemployment benefit or unemployment assistance for at least four weeks before becoming self-employed can claim a tideover allowance, for a period of up to 26 weeks, not exceeding the rate of unemployment benefit or unemployment assistance last received; furthermore, they can receive a lump sum allowance towards their contributions for health and pension insurance. These allowances are designed to secure the self-employed person's subsistence and that of his/her family during the start-up period.

#### *Financial resources*

Employment incentives are financed by contributions paid by both employer and employee (§ 167 AFG).

#### *Institutional support*

BA.

*Effects*

## Allowances granted in accordance with the AFG

Number of cases										
of which										
Year	Total	Job application costs	Travelling expenses and fares	Removal expenses	Working clothes and tools	Tideover allowance	Settling in allowance	Incentives to become self-employed	Miscellaneous benefits	Incentives to take up employment in the Land Berlin
1979	535,000	21,700	260,900	7,600	34,800	116,500	81,100	-	6,400	51,600
1980	502,700	35,600	243,600	6,300	31,900	114,500	61,700	-	6,200	51,200
1981	440,600	10,300	252,600	1,900	21,800	90,600	26,000	-	1,300	12,900
1982	250,800	32,600	112,500	2,700	13,800	62,000	23,700	-	3,600	29,000
1983	234,100	32,500	85,500	2,600	17,600	59,100	31,200	-	5,300	19,500
1984	288,900	16,500	106,000	3,100	22,000	68,800	35,900	-	6,600	20,800
1985	360,300	59,200	139,700	4,000	26,000	80,500	42,200	-	8,800	24,500
1986	513,700	83,400	257,700	5,200	29,100	96,000	54,100	5,728	18,200	24,100
1987	628,100	115,200	317,200	5,700	29,000	97,600	39,800	9,996	23,300	22,100
1988	636,200	166,600	317,500	5,700	30,300	115,800	26,900	17,985	33,400	24,400
1989	269,200	85,200	121,000	2,300	10,200	19,200	9,900	11,242	4,400	25,000
1990	247,700	77,100	99,100	1,700	15,700	31,300	6,900	12,742	3,200	8,500
1991	234,600	75,900	93,200	1,700	11,500	29,800	6,700	11,324	2,800	50
1992	401,900	140,400	152,700	4,000	15,900	29,200	17,700	31,600	10,400	-
1993	345,800	106,500	155,100	2,200	8,300	18,800	13,300	25,800	15,800	-

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## 4. Training, Retraining and Occupational Mobility

- D-iv.1 Vocational training in the dual system (*Berufliche Ausbildung im dualen System*)
- D-iv.2 Support for the vocational training of individuals (*Individuelle Förderung der beruflichen Ausbildung*)
- D-iv.3 Support for the vocational further training and retraining of individuals (*Individuelle Förderung der beruflichen Fortbildung und Umschulung*)
- D-iv.4 Support for vocational training institutions (*Institutionelle Förderung der beruflichen Bildung*)

Incentives to enter employment (cf. D-iii.2)

Support for the participation of new resettlers, persons having right of asylum and quota refugees in German language courses (cf. D-vi.7)



D-iv.1

### **Vocational training in the dual system (*Berufliche Ausbildung im dualen System*)**

The dual system is the core of vocational training in the Federal Republic of Germany. There are currently some 1,6 million young people undergoing vocational training in the dual system. In 1993 alone, some 570,100 new training contracts were concluded, 471,000 or 83% in the old, and 99,100 or 17% in the new Federal states.

Training is carried out at two different places of learning: in the firm and in the vocational school. The legal bases are provided by the Vocational Training Act (*Berufsbildungsgesetz*) of 14 August 1969 (last amended by the Law on Amending the Crafts Regulations, other legal provisions pertaining to crafts and the Vocational Training Act of 20 December 1993), and the Vocational Training Promotion Act in the published form of 12 January 1994 (last amended by the Law of 26 April 1994), as well as the training regulations issued on the basis of these acts.

A special legal relationship applies to the apprentices/trainees: the "training contract". They have the status of an employee, particularly in the event of illness, accident and unemployment. The legal protection of the young person is governed by the Protection of Young Persons (Employment) Act (*Jugendarbeitsschutzgesetz*) and the Vocational Training Act. The young people are entitled to a training allowance (*Ausbildungsvergütung*). There is no statutory minimum wage. Instead, allowances are fixed by collective agreement and are increased every year. In 1993 the average collectively agreed training allowance amounted to DM 968; it ranged from DM 270 per month in tailoring to DM 1,759 in the scaffolding erection trade.

Young persons may only undergo training in places suitable for training; this implies that there must be adequate equipment and sufficiently qualified training personnel. These requirements are also laid down in laws and regulations.

As a rule, training in the dual system takes three years. However, some occupations require three and a half years' training (e. g. electrical engineering) and there are many others lasting only two years. At present there are 373 recognised occupations for which formal training is required.

The training which is provided in the firm and in the vocational school is often supplemented by courses in joint training establishments (*überbetriebliche Berufsbildungsstätten*) lasting for several weeks (e. g. to become familiarised with new technologies). The first year of vocational training can also be provided within the framework of the basic vocational training year (*Berufsgrundbildungsjahr*), which starts by offering a broad basic education for related occupations (e. g. in business and administration, metalworking, electrical engineering, building, woodwork, etc.).

#### *Aims of the Federal Government's vocational training policy*

The principal aim of the Federal Government's vocational training policy at the present time is to ensure an adequate supply of training places in the new Federal states, where the apprenticeship market remains strained.

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The training place deficit - based on the difference between unplaced applicants and unfilled vacancies - is highest in Mecklenburg-West Pomerania and east Berlin, and lowest in Saxony Anhalt and Thuringia.

Under the Federal Government's joint initiative with the new Federal states, which is financed in part by the European Social Fund, in September of this year there are 12,000 off-the-job training places available in the problem regions in the new states and in Berlin. The regional distribution of the additional off-the-job training places depends on principle on the magnitude of the deficit in each region. Promotion of training places for service and commercial occupations, which are in high demand, as well as training for young women, who have particular difficulties in finding a training place, is given priority. The BA will implement the scheme.

In 1993, for the first time in nine years, there was a significant decline in registered training places (8% less) in the old Federal states, which continued into the beginning of 1994. Nevertheless, the number of places available there still far exceeds the number of registered applicants.

The Federal Government is making efforts to provide a wider range of vocational training and further training which offers attractive vocational prospects to young people with learning and motivational deficiencies, individual or social problems and handicaps, on the one hand, and on the other to more capable young people. The scheme for "Promotion of Vocational Training for Gifted Students" (*Begabtenförderung berufliche Bildung*), which was initiated in 1991 by the Federal Ministry of Education and Science, is a significant step forward in the promotion of particularly gifted, capable and willing young skilled workers. Some 3,200 new scholarship students were taken on in 1993, bringing the number of scholarship students receiving targeted aid to a total of around 8,100. DM 28 million of Federal budget funds are earmarked for this scheme in 1994. Hence, gifted young workers are given an opportunity to participate in high-quality vocational further training programmes and a contribution is made towards the equivalence of vocational training and general education, strengthening the position of dual vocational training in the long term.

D-iv.2

**Support for the vocational training of individuals (*Individuelle Förderung der beruflichen Ausbildung*)***Aim*

Through this measure the *BA* helps overcome financial difficulties which are obstacles to an adequate vocational qualification by granting trainees a vocational training allowance (*Berufsausbildungsbeihilfe*)

*Legal basis*

- *AFG* (25.6.1969);
- Regulation of the Governing Body of the *BA* (31.10.1969) on support for the vocational training of individuals as hereafter amended.

*Contents*

A vocational training allowance is granted to young people and adults for initial vocational training in companies or in joint training establishments as well as for participating in vocational preparation training courses.

Since 1989 the vocational training allowance has only been awarded to trainees in company or joint training schemes who are not living in the parental home and, as minors, could not live there.

In principle, the allowance is paid as a grant taking into account the trainee's living and training expenses as well as his/her income (personal income and that of his/her spouse/parents).

Participants in vocational preparation training schemes have their fees and travelling expenses paid plus certain costs for books and materials without reference to their income. Unemployed participants under 25 who have worked for at least 4 months in contributory employment also receive a vocational training allowance for maintenance regardless of the income of persons obliged to provide maintenance (cf. D-vi.3 "Support for vocational preparation training measures for young people").

*Financial resources*

*BA*.

*Institutional support*

*BA*.

*Duration*

Ongoing.

*Effects*

## Beneficiaries of vocational training allowance (annual averages)

Year	Beneficiaries of vocational training allowance (annual averages)
1981	98,000
1982	88,000
1983	81,500
1984	70,300
1985	75,700
1986	78,300
1987	81,600
1988	87,300
1989	59,300
1990	42,400
1991	48,100 of which: West: 38,700 East: 7,400
1992	48,700 of which: West: 39,200 East: 9,500
1993	49,200 of which: West: 40,000 East: 9,200

**Support for the vocational further training and retraining of individuals**  
***(Individuelle Förderung der beruflichen Fortbildung und Umschulung)***

*Aim*

- to ensure or improve occupational flexibility;
- to encourage career advancement;
- to prevent or rectify skill shortages;
- to prevent or bring to an end unemployment as well as qualitative and quantitative under-employment.

*Legal basis*

- AFG (25.6.1969);
- Regulation of the Governing Body of the BA on support for the vocational further training and retraining of individuals.

*Contents*

*Vocational further training* includes measures by which vocational knowledge and skills are assessed, maintained and extended or adapted to technical developments, or which offer opportunities for career advancement.

*Vocational retraining* makes a necessary vocational re-orientation possible.

These measures require the individual to have completed his/her vocational training or have adequate work experience, or both.

*Financial resources*

Participants in full-time courses may be paid a *subsistence allowance (Unterhaltsgeld)* if the conditions of entitlement are satisfied. Under certain conditions a subsistence allowance may also be granted to persons who, because they are employed part-time or are in a part-time job creation scheme, or because they are looking after children needing supervision, can only take part in a part-time course.

To qualify, the person must have been in contributory employment for a minimum duration during a set period of time.

The subsistence allowance amounts to 67% for participants with at least one dependent child or a spouse needing to be nursed, otherwise 60% of wages after the usual tax and social security deductions. The subsistence allowance for participation in a part-time scheme is based on half of the aforementioned wage. A prerequisite condition in all cases is that participation in the training measure is "necessary".

In cases where the person cannot provide evidence of the required contributory employment or periods of time recognised as equivalent and where participation in the training scheme is essential for ending unemployment, participants entitled to unemployment benefit and unemployment assistance may also be granted a subsistence allowance.

The BA may bear part or all of the necessary expenses incurred through the training scheme, including course fees, fares, the cost of working clothes, sickness and accident insurance

contributions, the cost of lodging and additional costs for board, where the necessary participation in the course requires the participant to live away from home, and in certain cases the cost of child care of up to DM 120 per month.

An *adjustment grant (Einarbeitungszuschuß)* can be granted to employers who, within the framework of an employment contract, provide workers who have been unemployed or directly threatened with unemployment before the commencement of the adjustment period with the knowledge and skills which they need to reach full proficiency in their job. An adjustment grant may not be granted if the adjustment training period takes place at the previous employer's premises or where the employer provides a similar benefit or is likely to do so. The amount of the grant and the duration of payment depend on the difference between the current proficiency level of the employee to be given an adjustment training period and that required by the job in question.

### *Institutional support*

*BA.*

### *Duration*

Ongoing.

*Effects*

Entrants to vocational further training and retraining schemes as well as to in-firm adjustment training periods; beneficiaries of a subsistence allowance (annual averages):

Year	Entrants				Beneficiaries of subsistence allowances (annual average)
	Total	further training	of which retraining	adjustment	
1979	209,500	149,800	30,900	28,800	73,500
1980	232,500	162,400	37,900	32,600	89,300
1981	255,000	190,300	47,500	17,300	114,000
1982	242,200	188,600	42,100	11,500	122,600
1983	282,300	219,900	42,300	20,100	107,800
1984	322,700	260,300	43,100	19,300	110,600
1985	371,000	298,200	45,100	27,700	114,900
1986	477,800	373,800	59,100	44,900	132,800
1987	533,600	419,900	64,500	49,200	162,000
1988	536,800	419,900	65,700	51,200	155,300
1989	462,400	360,900	60,700	40,800	148,700
1990	514,600	383,400	63,300	67,900	167,600
1991					
West:	540,600	421,200	70,500	48,900	189,000
East:	705,300	442,800	129,900	132,600	76,700
1992					
West:	574,700	464,500	81,500	28,700	180,600
East:	887,600	591,000	183,100	113,500	292,600
1993					
West:	348,100	266,000	72,200	9,900	176,800
East:	294,200	181,600	81,500	31,100	309,100

D-iv.4

**Support for vocational training institutions**  
***(Institutionelle Förderung der beruflichen Bildung)******Aim***

- To provide an adequate supply of training institutions able to satisfy the requirements of the labour market and of occupations;
- to improve the employment structure of individual branches and areas of the economy.

***Legal basis***

- *AFG* (25.6.1969);
- Regulation of the Governing Body of the *BA* on the support of vocational training establishments of 31.10.1969, amended by the Regulation of 10.7.1991.

***Contents***

Financial help can be granted to local authorities, associations of local authorities and administrative boroughs, professional chambers, employers' and employees' associations, professional or charitable institutions, foundations, associations and communities with a specific aim and in-firm training establishments which are administered independently of the rest of the firm - both with respect to organisation and legal matters - where vocational training programmes are carried out under the *AFG*.

***Financial resources***

Financial help (grants and loans) for investments in buildings and equipment should not normally exceed 50% of the total costs. If a grant-in-aid is given for a building investment, it should not exceed 30% of the total costs. Loans are subject to an annual interest rate of 2%.

***Institutional support***

Subject to the availability of *BA* funds. This is a voluntary grant.

***Duration***

Unlimited.

***Effects***

Identical to "Aims" listed above.





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## 5. Job Creation

- D-v.1 Promoting general job creation measures (*ABMs*)  
*(Förderung von allgemeinen Maßnahmen zur Arbeitsbeschaffung (ABM))*
- D-v.2 Promoting measures designed to create jobs for older workers (wage cost subsidies) (*Förderung von Maßnahmen zur Arbeitsbeschaffung für ältere Arbeitnehmer [Zuschüsse zu den Lohnkosten]*)
- D-v.3 Wage cost subsidy - East (§ 249 h AFG)
- D-v.4 Wage cost subsidy - West (§ 242 s AFG)

D-v.1

**Promoting general job creation measures (ABMs)  
(Förderung von allgemeinen Maßnahmen zur Arbeitsbeschaffung [ABM])**

*Aim*

To create jobs for difficult-to-place unemployed persons, in particular for the long-term unemployed, older workers over the age of 50, younger unemployed persons up to 25 years of age who have not completed vocational training and the severely disabled.

*Legal basis*

- AFG (25.6.1969) §§ 91-96;
- Regulation of the Governing Body of the BA (*ABM-Anordnung*) of 13.12.1984, as amended by the third amendment regulation of 28.2.1989;
- Regulation of 1.7.1990 (*ABM Regulation - East (ABM-Anordnung-Ost)*), as amended by the first amendment regulation of 10.7.1991.

*Contents*

Priority is given to projects which are likely to:

1. create the necessary conditions for providing the unemployed with a permanent job; or
2. prepare, facilitate or complete measures for structural improvements; or
3. provide work opportunities for the long-term unemployed; or
4. improve the social infrastructure or preserve or improve the environment.

The projects to be promoted must benefit the community and must be "additional", meaning that without support they would never have been carried out or only at a later date. Furthermore, the aid granted must be appropriate to the current situation and future development of the labour market.

*Financial resources*

The measures are promoted through subsidies and loans to public or private bodies. As a rule, the subsidy corresponds to 50-75% of the reckonable remuneration, but in exceptional circumstances the subsidy could be 90% or even 100%. Remuneration is considered reckonable as long as it does not exceed 90% of the remuneration for equal or comparable activities which are not subsidised. Additional loans can be granted for measures which are of particular importance to the labour market.

To increase the aid granted, the BA can (under § 96 of the AFG) make available additional funds for loans and subsidies, provided these are matched by contributions from the *Land* concerned.

*New Federal States:* until 31.12.1995 more liberal conditions for grants apply in the new states than in the old states. The wage cost subsidy can amount to up to 100% under the less restrictive conditions in the new states.

*Institutional support*

The administration offices of the BA are in charge of implementing ABMs.

*Duration*

As a rule, aid is given for one year, but it can be set at or extended to up to two years for labour market policy and social policy reasons. Aid can be extended beyond two years in the event of permanent jobs being created.

*Effects*

A study carried out by the Institute for Employment Research (*IAB*) reveals that just under half (45%) of those who leave *ABMs* go straight into or will shortly take up non-subsidised jobs.

General job creation measures (annual averages):

Year	Persons employed in <i>ABMs</i> (annual averages)	
1979	51,192	
1980	41,251	
1981	38,461	
1982	29,189	
1983	44,680	
1984	70,983	
1985	87,026	
1986	102,372	
1987	114,699	
1988	114,878	
1989	96,911	
1990	83,350	
1991	82,960	
1992	West: 78,179	East: 388,056
1993	West: 50,518	East: 243,094

(For the new Federal states the annual average of persons in subsidised employment in 1991 was 183,324.)

D-v.2

**Promoting measures designed to create jobs for older workers (wage cost subsidies) (*Förderung von Maßnahmen zur Arbeitsbeschaffung für ältere Arbeitnehmer [Zuschüsse zu den Lohnkosten]*)**

*Aim*

To improve the prospects for the vocational reintegration of older unemployed persons who are difficult to place.

*Legal basis*

- *AFG* §§ 97, 99;
- Regulation of the Governing Body of the *BA* on measures designed to create jobs for older workers (regulation in accordance with § 99 of the *AFG*), as amended by the seventh amendment regulation of 9.3.1990.

*Contents/Eligibility conditions/Financial resources*

To be eligible under the scheme the worker has to be employed in an additional job. However, the prerequisite conditions for *ABMs* do not apply: the projects carried out need neither benefit the community nor be additional (cf. D-v.1).

- To aid their reintegration, older difficult-to-place unemployed persons aged 50 years or over, who have been registered as unemployed with the employment office for over 1 year, are to be employed in additional jobs in the private sector for a period of 5 years or in the public sector for 3 years. As a rule, the subsidy amounts to 50%, for private employers it covers up to 70% and for public bodies up to 60% of wage costs in the first year, being reduced by 10% each year.
- For persons aged 50 years or over who have been unemployed for more than 18 months, the subsidy can cover up to 70% of wage costs irrespective of the employer's legal form. There is no reduction in the rate of the subsidy and it can be granted for up to 8 years.
- Irrespective of their legal form, employers can claim a 75% subsidy for workers over 50 years of age who have been unemployed for over 2 years. Here too there is no reduction in the rate of the subsidy and it can be granted for up to 8 years.

*Institutional support*

*BA.*

*Effects*

Year	New claims accepted	Number of subsidised persons at end of year	Expenditure (DM 000s)
1983	1,331	3,581	50,512
1984	1,034	3,788	40,093
1985	1,792	3,135	39,176
1986	5,522	6,862	80,580
1987	8,389	12,085	164,524
1988	11,860	20,610	280,472
1989	7,303	17,686	315,321
1990	9,312	23,075	394,748
1991	11,097	28,613	509,496
1992*	10,494	31,734	623,728
1993*	6,150	26,613	629,800

\* West and East Germany.

D-v.3

### **Wage cost subsidy - East (§ 249 h AFG) (*Lohnkostenzuschuß Ost*)**

#### *Aim*

A cost-neutral benefit tailor-made for east Germany to supplement support through *ABMs*. *BA* budgetary funds, which would otherwise have been spent on passive measures in the form of unemployment benefit or unemployment assistance, are invested in the provision of productive regular employment for those who draw benefits.

#### *Legal basis*

- § 249 h AFG;
- Regulation of the Governing Body of the *BA* to promote employment in measures aimed at improving the environment, social services or child and youth welfare (Wage cost subsidies - East) of 27.1.1993.

#### *Contents*

Support is provided for projects which

- are aimed at improving the environment, social services or child and youth welfare, or
- increase the range of popular sport or cultural activities not funded by the state, or contribute to the design of measures to preserve historical monuments,

if these are to be carried out in the immediate future and would not be possible without this support.

Aid may be granted especially to workers who

- are drawing unemployment benefit or unemployment assistance and have been registered at the employment office for at least three months prior to the commencement of the scheme;
- have been employed on an *ABM* (§§ 91-96);
- are entitled to short-time working allowance under § 63 Section 4 AFG, and who have worked 10% of regular working hours in each of the last 13 weeks prior to the scheme.

The wage cost subsidy amounts to not more than the average monthly rate of unemployment benefit or unemployment assistance, including contributions to statutory health and pension insurance, for the calendar year in question. The precondition for receipt of the subsidy is that either the remuneration agreed for the designated workers (if they work normal hours) is an appropriately lower sum than the remuneration for comparable non-designated workers, or that their working time does not exceed 80% of the hours normally worked in the plant.

This benefit was introduced on 1.1.1993 and applies until 31.12.1997.

#### *Financial resources*

The *BA* pays the wage cost subsidy as a single lump sum (1994: up to DM 1,585).

The body responsible for the scheme must guarantee funding for the remaining personnel and material costs.

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Schemes dealing with environmental issues are covered by an administrative agreement between the Federal Government/*Treuhandanstalt* and the Federal states which stipulates a financial arrangement totalling DM 3.5 billion per annum; under this arrangement the Federal Government/*Treuhandanstalt* assumes either 75% or 60% of costs, depending on the scheme.

#### *Institutional support*

Under § 249 h *AFG* the agencies of the *BA* are responsible for implementing the scheme.

#### *Duration*

Normally up to three years; a fourth year is granted to severely disabled and older workers and those who are guaranteed permanent employment in the responsible firm subsequent to the scheme.

#### *Effects*

18 months after its inception the results of this measure can be considered positive. Where around 65,000 workers were being supported after the first year, the number of supported workers had increased to over 90,000 by mid-1994.



D-v.4

**Wage cost subsidy - West (§ 242 s AFG) (Lohnkostenzuschuß West)***Aim*

This benefit is modelled on the wage cost subsidy under § 249 AFG (D-v.3) already in effect in the new Federal states, and is intended to open up new employment opportunities for the unemployed which incur no costs for the BA's or the Federal Government's budget. Wage-compensation benefits paid in cases of unemployment are intended to promote employment.

*Legal basis*

§ 242 s AFG.

*Contents*

Support is provided for projects targeting the improvement of the environment, social services or child and youth welfare, and which would otherwise be carried out at a later date, or not at all.

Support is to be provided in particular for difficult-to-place unemployed (e. g. older or severely disabled unemployed persons, long-term unemployed).

The wage subsidy for workers on the scheme amounts to not more than the average monthly rate of unemployment benefit or unemployment assistance, including contributions to health and pension insurance for the calendar year in question.

The subsidy can be paid in full if remuneration has been agreed which does not exceed 90% of the remuneration for comparable unsubsidised work. If this sum is exceeded, the subsidy is to be reduced accordingly.

The measure applies until 31.12.1997.

*Financial resources*

The BA pays a single lump sum (1994: up to DM 2,017).

The body responsible for the scheme must guarantee funding for the remaining personnel and material costs.

*Institutional support*

The agencies of the BA are responsible for implementing the scheme under § 242 s AFG.

*Duration*

Support is provided for up to two years.

## 6. Special Categories of Workers

### *Long-term unemployed*

- D-vi.1 Employment assistance scheme for long-term unemployed  
*(Aktion Beschäftigungshilfen für Langzeitarbeitslose)*
- D-vi.2 Measures for those particularly affected by long-term unemployment and other difficult-to-place unemployed  
*(Maßnahmen für besonders beeinträchtigte Langzeitarbeitslose und weitere schwerstvermittelbare Arbeitslose)*

### *Young people*

- D-vi.3 Support for vocational preparation training measures for young people  
*(Förderung berufsvorbereitender Bildungsmaßnahmen für Jugendliche)*
- D-vi.4 Support for vocational training for foreign trainees and for socially disadvantaged German trainees or those with learning difficulties in the entire territory of the FRG/Support for other disadvantaged applicants for training places in the new states ("extended target group")  
*(Förderung der Berufsausbildung von ausländischen Auszubildenden sowie von lernbeeinträchtigten oder sozial benachteiligten deutschen Auszubildenden im gesamten Bundesgebiet/Förderung von aufgrund Ausbildungsplatzmangels benachteiligten Ausbildungsplatzbewerbern in den neuen Ländern ("erweiterte Zielgruppe"))*

### *Disabled*

- D-vi.5 Special incentives for the recruitment and employment of the severely disabled  
*(Besondere Förderung der Einstellung und Beschäftigung Schwerbehinderter)*
- D-vi.6 Vocational rehabilitation  
*(Berufliche Rehabilitation)*

### *New Resettlers, persons having right of asylum and quota refugees*

- D-vi.7 Support for the participation of new resettlers, persons having right of asylum and quota refugees in German language courses  
*(Förderung der Teilnahme an Deutsch-Sprachlehrgängen für Spätaussiedler, Asylberechtigten und Kontingentflüchtlinge)*

### *Foreign workers*

- D-vi.8 Reintegration of repatriated foreigners  
*(Wiedereingliederung von rückkehrenden Ausländern)*
- D-vi.9 Integration assistance for foreign workers  
*(Förderung der Eingliederung ausländischer Arbeitnehmer)*

D-vi.1

**Employment assistance scheme for long-term unemployed  
(*Aktion Beschäftigungshilfen für Langzeitarbeitslose*)**

*Aim*

Vocational reintegration of the long-term unemployed into permanent employment.

*Legal basis*

Government guidelines of 16.6.1989, last amended 20.12.1993, published in the Federal Gazette 20.6.1989 and 4.1.1994.

*Contents*

A wage cost subsidy (*Lohnkostenzuschuß*) is payable to an employer who enters into a permanent employment contract for a job of at least 18 hours per week with an employee who has been registered as unemployed at the employment office for at least one year, immediately prior to being recruited.

*Financial resources*

The wage cost subsidy is payable for 12 months.

The rate of subsidy is as follows:

- for employees previously unemployed for 1-2 years:  
60% for the first six months, 40% for the second;
- for employees previously unemployed for 2-3 years:  
70% for the first six months, 50% for the second;
- for employees previously unemployed for 3 years or longer:  
80% for the first six months, 60% for the second

expressed as a percentage of the subsidised wage.

*Institutional support*

The employer must apply for the subsidy to the relevant Employment Office before entering into the contract.

*Duration*

The guidelines came into effect on 1.7.1989. All contracts signed before 31.12.1994 are eligible.

*Effects*

Some 118,000 applications had been granted by the end of December 1993.

D-vi.2

**Measures for those particularly affected by long-term unemployment and other difficult-to-place unemployed (*Maßnahmen für besonders beeinträchtigte Langzeitarbeitslose und weitere schwerstvermittelbare Arbeitslose*)**

*Aim*

The reintegration of the long-term unemployed into the labour market.

*Legal basis*

- Guidelines of the Minister of Labour and Social Affairs for the promotion of "Measures for those particularly affected by long-term unemployment and other difficult-to-place unemployed" of 16.6.1989, as amended on 8.9.1989 and 8.1.1991.
- Implementing Instructions of the *BA* relating to the above guidelines.

*Contents*

More flexible support for bodies who provide employment, vocational qualifications and social assistance for those people particularly affected by long-term unemployment (persons registered as unemployed for more than two years and who have shown signs of being difficult to place) as well as those difficult-to-place unemployed described more fully in the Implementing Instructions of the *BA*.

This involves the payment of:

- investment subsidies;
- subsidies for regular expenditure on working assets;
- subsidies for training and welfare staff.

*Financial resources*

As a general rule the aforementioned subsidies are paid at up 80% of cost, but can be increased to up to 100% in exceptional cases of proven need. Subsidies for regular expenditure on working assets and training and welfare staff can be paid for up to 2 years, and may be granted for a total period of up to 5 years.

*Duration*

The guidelines came into force on 1.7.1989. The special scheme was included in the *AFG* (§ 62 d *AFG*) with effect from 1.1.1994.

*Effects*

Between 1.7.1989 and the end of June 1994 1,620 applications were granted amounting to some DM 592 million. Over 49,000 difficult-to-place unemployed have taken part in this programme to date.

D-vi.3

**Support for vocational preparation training measures for young people  
(Förderung berufsvorbereitender Bildungsmaßnahmen für Jugendliche)**

*Aim*

To facilitate the integration of various groups of difficult-to-place young people into the labour market.

*Legal basis*

- AFG (25.6.1969) (§§ 40-40b, 56, 58);
- Law on educational grants (*Bildungsbeihilfegesetz*) of 24.5.1984;
- Regulation of the Governing Body of the BA (31.10.1969) on support for the vocational training of individuals (as hereafter amended);
- Regulation of the Governing Body of the BA on employment and career advancement of the disabled (31.7.1975) (as hereafter amended).

*Contents*

The following measures have been developed:

1. general education courses to reduce educational deficits or to enhance knowledge especially of German and Mathematics;
2. basic training courses for unemployed young people who, for whatever reason, do not have access to vocational training;
3. combination of measures 1-3;
4. basic training courses for vocationally oriented preparation of candidates when an immediate transition to an in-firm or joint training centre is not possible;
5. pre-apprenticeship courses for school-leavers who lack vocational maturity in order to provide them with the special help they need to be able to start vocational training or take up a job;
6. information and motivation courses for teenagers and young adults who run the risk of losing contact or have already lost contact with working life;
7. measures relating to entry procedures and work training in sheltered workshops;
8. various measures for the disabled to prepare them for subsequent vocational training or employment.

*Financial resources*

BA.

*Institutional support*

Various bodies on behalf of the BA.

*Duration*

The measures last up to one year; those for the disabled range from 20 days to 2 years and in certain cases up to 3 years.

*Effects*

Numbers of people completing vocational preparation measures/withdrawing from measures\*

Year	in the area of			
	vocational guidance		job placement/employment counselling	
	courses	participants	courses	participants
1983/84	877	43,100	1,534	26,500
1984/85	988	41,800	1,827	33,600
1985/86	1,088	43,900	2,170	39,100
1986/87	1,082	43,700	2,230	41,900
1987/88	1,057	42,500	1,988	37,700
1989	790	38,100	1,392	34,400
1990	918	37,300	1,200	28,100
1991	1,287	44,000	1,134	23,000
1992	1,657	48,200	1,023	22,200
1993	1,450	57,200	742	15,500

\* From 1989 only numbers starting/leaving measures were recorded; the reference period was changed to the calendar year (previously vocational guidance year: 1 October to 30 September).

D-vi.4

**Support for vocational training for foreign trainees and for socially disadvantaged German trainees or those with learning difficulties in the entire territory of the FRG/Support for applicants for training places disadvantaged due to the lack of training places in the new states ("extended target group")**

***(Förderung der Berufsausbildung von ausländischen Auszubildenden sowie von lernbeeinträchtigten oder sozial benachteiligten deutschen Auszubildenden im gesamten Bundesgebiet/Förderung von aufgrund Ausbildungsplatzmangels benachteiligten Ausbildungsplatzbewerbern in den neuen Ländern ("erweiterte Zielgruppe"))***

#### *Target group*

Foreign trainees as well as socially disadvantaged German trainees or those with learning difficulties in all Federal states and who, after having participated in a vocational preparation course, cannot be placed without further help in a training place for one of the recognised occupations.

In the *new Federal states*: unplaced school-leavers and trainees who lost their training place as a result of bankruptcy or firms closing down were able to participate in training programmes in an extra-plant establishment in the academic years 1990/91 to 1994/95.

#### *Legal basis*

- AFG (25.6.1969) § 40c (from 1.1.1988);
- AFG of the GDR (20.6.1990) in conjunction with the Union Treaty § 40c, Section 4; (under this legislation new entries are no longer possible).
- Regulation of the Governing Body of the BA (16.3.1988), as hereafter amended, on support for vocational training for foreign trainees and for socially disadvantaged German trainees or those with learning difficulties;
- Regulation of the Governing Body of the BA (24.12.1991), as hereafter amended, on support for vocational training in accordance with § 40c of the AFG in the areas mentioned in Article 3 of the Union Treaty (24.12.1991) (under this legislation new entries are no longer possible);
- two guidelines of 23.9.1993 and 6.7.1994 from the Federal Ministry of Education and Science on implementing the joint initiative between the Federal Government, the new Federal states and the State of Berlin to promote extra-plant training places for unplaced applicants from the territory stipulated in Article 3 of the Union Treaty, financed in part by the European Social Fund (BMBW-Guidelines-JI East).

#### *Measures*

*Aids accompanying training* are provided to support in-firm vocational training in as far as these aids go beyond the usual company or normal training measures. They comprise remedial tuition to reduce language or educational deficits and to encourage the trainee to learn technical skills in practice and theory. They also include educational support needed for ensuring a successful outcome of training.

Previous participation in a vocational preparation course is not essential for granting aids accompanying training if it is not required for the successful outcome of the training.

*Vocational training in a joint (überbetrieblich) training centre* is provided for cases where placement in a training place is not possible even with aids accompanying training and after participation in a preparatory vocational training programme. Training, remedial tuition and educational support together constitute the components of the measure overall. After the first year of vocational training, efforts should be made to transfer to an in-firm training place. Participation in a preparatory vocational education programme is not a prerequisite for the "extended target group" in the new states.

*Extension of educational support:* in order to alleviate difficulties in the transition from successfully completed training in a joint training centre to employment, in individual cases educational support may be extended for the more specific target group for up to a maximum of six months.

### *Requirements*

Cf. Target group.

### *Financial aid*

A subsidy towards personnel costs, a subsidy towards material, administrative and other personnel costs and a training allowance subsidy are provided (in the case of aids accompanying training these subsidies are only provided during the normal working hours).

### *Number of people helped*

Year	Vocational training in a joint centre	Aids accompanying training	Total
1983/84	8,300	2,100	10,400
1984/85	13,800	4,900	18,700
1985/86	18,600	7,800	26,400
1986/87	19,500	12,400	31,900
1987/88	21,900	15,900	37,800
1988	22,600	20,900	43,400
1989	21,000	37,200	58,200
1990	West: 17,000	49,400	66,400
	East: 4,400	40	4,440
1991	West: 5,700	45,500	51,200
	East: 32,000	1,100	33,100
1992	West: 6,600	45,700	52,300
	East: 8,900	5,400	23,300
1993	West: 6,700	46,500	53,200
	East: 17,300	8,800	26,100



*Financial resources*

Up to 1987 Federal budget, after 1988 BA:

1983:	DM	124 million
1984:	DM	168 million
1985:	DM	256 million
1986:	DM	335 million
1987:	DM	390 million
1988:	DM	390 million
1989:	DM	458 million
1990:	DM	469 million
of which extended target group	DM	46 million
1991:	DM	789 million
of which extended target group	DM	264 million
1992:	DM	1,183 million
of which extended target group	DM	523 million
1993:	DM	1,478 million
of which extended target group	DM	632 million

D-vi.5

**Special incentives for the recruitment and employment of the severely disabled  
(*Besondere Förderung der Einstellung und Beschäftigung Schwerbehinderter*)**

The BA has been receiving compensation levy funds since 1.7.1986 from the Ministry of Labour and Social Affairs' Compensation Fund under the Disabled Persons Act; these funds are used to provide subsidies for employers who make training places or permanent jobs available to disabled people.

*Target group*

Particularly affected or difficult-to-place disabled persons without a job or a training place who are registered at the Employment Office.

*Aid*

Full in-firm training and permanent employment.

*Grants*

Subsidies to employers covering up to 100% of the training allowance or up to 80% of the contractual wage for a maximum of 3 years.

*Effects*

1.7.1986 to 31.12.1993: 47,331 disabled persons integrated  
of which: 2,444 were grant-aided trainees.

*Remarks*

These grants take precedence over the comparable grants for vocational rehabilitation (cf. D vi.6) and the comparable grants under the AFG. The special aid from the compensation levy is intended to complement the grants available for vocational integration of disabled persons and those available under the AFG for disabled persons with special needs.

## Vocational rehabilitation (*Berufliche Rehabilitation*)

### *Aim*

Vocational rehabilitation assists physically, mentally or psychologically handicapped persons, or those threatened by such disability, to become integrated into a job or occupation.

### *Legal basis*

- AFG (25.6.1969) §§ 56-62;
- Law on adjusting financial aid for rehabilitation (7.8.1974);
- Regulation of the Governing Body of the *BA* on employment promotion and career advancement of the disabled (31.7.1975) as hereafter amended;
- Special statutory regulations governing compulsory pension and accident insurance and the right to social compensation (for war victims, for example).

### *Contents*

In the context of *support for individuals*, the *BA* - which finances over 80% of rehabilitation cases - grants the vocational rehabilitation assisting aids which are required to maintain, improve, establish or restore the earning capacity of the physically, mentally or psychologically handicapped in accordance with their capabilities and to permanently integrate them into working life. In so doing, the disabled person's aptitude, preference, previous work experience and the labour market situation are to be taken into consideration.

The *BA* has to advance funds if the immediate introduction of the requisite measures is jeopardised because the question of competence has not been clarified or for any other reason. If another body is competent, for instance the pension or accident insurance, the *BA* has to propose the requisite measures so as to guarantee the optimal success of rehabilitation in line with the conditions on the labour market.

The *support of training institutions* for vocational rehabilitation through the *BA* ensures:

- the availability of a sufficient number of centres for vocational rehabilitation in line with the requirements of the labour market. These institutions include vocational training centres, career advancement centres and sheltered workshops;
- the training and further training of a sufficient number of rehabilitation officers.

### *Financial resources*

The vocational rehabilitation institutions (in particular the *BA* and the bodies responsible for statutory pension and accident insurance) cover the costs incurred by the individual (including subsistence costs for the disabled person and his/her family); the various payments from individual institutions are adjusted with reference to each other.

### *Duration*

Until the disabled person is permanently reintegrated into working life. Individual rehabilitation benefits such as, for example, support for vocational measures or wage cost subsidies to employers who train or employ disabled persons apply for a limited duration.

*Effects\**

Year	Persons undergoing rehabilitation	Persons undergoing rehabilitation in vocational promotion measures	Completed rehabilitation cases in the course of the year	Beneficiaries of training allowance	Beneficiaries of transition allowance
	at end of year		annual averages		
1981	227,900	71,400	109,500	25,800	16,000
1982	250,900	72,900	139,000	31,500	21,500
1983	272,900	77,700	147,300	34,300	23,100
1984	277,100	78,700	163,200	35,070	21,200
1985	289,600	83,500	172,400	37,877	20,100
1986	308,000	89,500	182,100	39,926	21,900
1987	338,700	94,700	190,400	41,978	26,900
1988	342,400	100,100	202,600	43,385	33,211
1989	341,300	106,000	200,000	42,179	39,462
1990	351,300	108,400	207,300	40,282	44,561
1991	363,300	112,400	216,800	39,860	49,756
1992	438,800	143,600	231,000	43,187	57,237

\* Only *BA*.

The figures up to and including 1991 refer to the *old* Federal territory. Figures for 1992 refer to the entire territory of the FRG.

D-vi.7

**Support for the participation of new resettlers, persons having right of asylum and quota refugees in German language courses (*Förderung der Teilnahme an Deutsch-Sprachlehrgängen für Spätaussiedler, Asylberechtigte und Kontingentflüchtlinge*)**

*Aim*

To enable new resettlers under the Federal Refugees Act (*Bundesvertriebenengesetz*), persons having right of asylum and quota refugees to achieve complete vocational and social integration by supporting their participation in German language courses.

*Legal basis*

AFG, §§ 62a-62c.

*Contents*

The above-mentioned target groups receive financial help when participating in German language courses which will provide them with the proficiency in written and spoken German which they need for taking up a job.

*Financial resources*

Integration assistance (*Eingliederungshilfe*) is payable to persons attending full-time German language courses if they:

- were employed in their country of origin for at least 150 days or 70 days in the last calendar year before emigration;
- are attending a full-time course in the German language;
- do not already have the German language skills necessary for integration into employment;
- are in need.

Participants can receive integration assistance for up to 6 months. The rate of assistance is proportionate to remuneration calculated at 60% of the reference value in accordance with § 18 of the Social Code (SGB) IV (in 1994 this was DM 540 per week).

The BA reimburses part or all of the requisite costs incurred by participation in the German language course, including in particular course fees, fares, health and accident insurance contributions, cost of lodging and additional costs incurred for board, when participation in the course is necessary and requires the participant to live away from home, as well as child-care expenses, in certain cases of up to DM 120 per month.

For participants who do not satisfy these conditions and who are not entitled to benefits under the General Administrative Regulations of the Federal Ministry for Women and Youth concerning assistance for the integration of young new resettlers and young refugees - the so-called Guarantee Fund (*Garantiefonds*) - the BA reimburses institutions organising German language courses for the necessary expenses which they directly incur through carrying out the courses and providing the participants with books and materials. The course participants are reimbursed for the necessary fares incurred.

*Institutional support*

BA.

*Duration*

From 1.1.1988 ongoing.

*Effects*

Between January and December 1993 over 113,000 new resettlers, persons having right of asylum and quota refugees began attending German language courses. Over 106,000 of these were new resettlers.

D-vi.8

**Reintegration of repatriated foreigners**  
**(Wiedereingliederung von rückkehrenden Ausländern)**

*Aim*

To make grants available to foreigners wishing to resettle permanently in their country of origin, especially those from former recruitment countries.

*Legal basis*

- Law on promotion of repatriation of foreigners (*Gesetz zur Förderung der Rückkehrbereitschaft von Ausländern*) of 28.11.1983 (Federal Law Gazette I, p. 1377);
- Law on reintegration assistance for housing for repatriated foreigners (*Gesetz über eine Wiedereingliederungshilfe im Wohnungsbau für rückkehrende Ausländer*) of 18.2.1986 (Federal Law Gazette I, p. 280);
- Federal Budget Act (*Bundeshaushaltsgesetz*).

*Contents*

The main aids under the Law on Promotion of Repatriation of Foreigners which came into force on 1.12.1983 had a 10-month limit:

- a *repatriation allowance* of DM 10,500 plus DM 1,500 for the husband of the family and each child is payable to foreign workers returning home with their families as a result of being made unemployed due to bankruptcy or closure or of being on short-time working for the previous 6 months;
- reimbursement of *compulsory employee pension insurance (without a waiting period)* to foreigners from specific recruitment countries (notably Turkey and Portugal) who are returning home on a permanent basis.

The following measures under the Repatriation Promotion Act still apply:

- ability to prematurely cash in savings in State bonus savings schemes without forfeiting bonuses or tax advantages;
- indemnity of pension rights under company superannuation schemes inclusive of public service supplementary pension if the employee has been reimbursed for compulsory pension contributions;
- counselling about general conditions of repatriation and the opportunities for vocational reintegration or setting up in business;
- *repatriation counselling* is provided by all employment offices and more than 900 social workers. The basis for this is a two-volume handbook for repatriation counsellors which is constantly being updated and which gives general information about conditions for repatriation as well as specific information about Turkey, Greece, former Yugoslavia, Spain and Portugal.

On 1 January 1986 the *Law on Reintegration Assistance for Housing* for repatriated foreigners came into force. It makes provision for foreigners from non-EU countries (former Yugoslavia, Korea, Morocco, Turkey and Tunisia) to make use of building society savings accumulated in Germany to build/acquire a dwelling in their country of origin:

- 
- the account balance can be transferred tax-free (and bonus-free) to the country of origin;
  - depending on the average cost of building in that country the sum will be limited to DM 60,000;
  - use of the account balance in the country of origin presupposes that application for payment of the sum concerned or for an interim bridging loan will have been made prior to 31.12.1993; due to the reform of the Law on Building Societies an extension of the period of applicability is no longer necessary;
  - in keeping with the objectives of reintegration assistance, a building society building loan will only be granted to foreigners who undertake to leave the country within four years of the date of the first payment of the account balance. Persons failing to comply with this commitment will be required to repay the loan, interest accruing thereon and the savings subsidy.

The law will be implemented as soon as building societies have made the necessary arrangements with the countries concerned to insure against credit, currency and transfer risks. Such an agreement already exists with Turkey.

To facilitate the reintegration of returning children the German Government has sent some 80 German teachers to Turkish schools.

The German Government is encouraging the return and vocational reintegration of employees from developing countries who have been trained in Germany or who have gained valuable experience of the labour market from the years they have spent in Germany.

The German Compensation Bank (*Deutsche Ausgleichsbank*) in Bonn is carrying out a *Business Start-Up Programme* on behalf of the Federal Ministry for Economic Co-operation (*BMZ*) with the aim of helping qualified repatriates who would like to start their own business in a developing country. On production of precisely formulated detailed business plans and investment and financial plans, two subsidies each amounting to 15% of the total investment - up to a maximum of DM 9,000 each time - may be granted. The scheme was started in Autumn 1990 and so far 100 awards have been made.

The Central Placement Agency (*Zentralstelle für Arbeitsvermittlung - ZAV*) in Frankfurt is, on behalf of the *BMZ*, offering support to qualified personnel from developing countries who take up executive positions in their country of origin in commerce or administration. Pay supplements are payable for a limited period. Since May 1991 the *ZAV* has been able to assist employees seeking jobs in developing countries using a personnel exchange database. A special programme to assist returning doctors is being run by the German Association for Development Aid in Berlin in collaboration with the Tropical Institute at Heidelberg University.

#### *Institutional support*

- *BA*
- Pension funds
- Building societies
- Counselling services of the welfare organisations.



*Effects*

A total of over 250,000 foreigners have returned voluntarily to their countries of origin from Germany as a result of the *Repatriation Assistance Act (Rückkehrhilfegesetzes)*. Some 17,000 unemployed foreigners applied for repatriation assistance, of whom 13,700 fulfilled the criteria. At the same time 156,000 foreigners had their pension fund contributions refunded and by far the majority of the applications can be attributed to the Repatriation Promotion Act.

By the end of 1993 more than 6,300 Turkish building society savers had taken advantage of the chance to use their German savings to finance the acquisition of property in their home country under the Law on Reintegration Assistance for Housing; in total some DM 190 million has been transferred. A further 1,600 applications have not yet been processed.

Around 720 Turkish young people and around 180 guest workers from Hungary and the Czech and Slovak Republics had been helped under the vocational qualification programme up to 31.12.1993. Assistance will continue during the coming years.

## **Integration assistance for foreign workers (*Förderung der Eingliederung ausländischer Arbeitnehmer*)**

### *Aim*

To improve the chances of successful social and vocational integration in Germany through offsetting disadvantages. The specific target group is foreign workers and their families from the former recruiting countries.

### *Legal basis*

Federal Budget Regulation (*Bundeshaushaltsordnung*).

### *Contents*

The key areas for integration assistance are acquisition of German language skills, measures to prepare young foreigners for employment, vocational training and better social and vocational integration of foreign women.

#### *- Language courses:*

- general language courses of up to 320 hours of tuition spread over four courses;
- intensive language courses of up to 640 hours of tuition lasting up to one year;
- language and literacy courses of up to 240 hours of tuition spread over three courses;
- language courses with child-care facilities.  
(All three types of course are available with crèche facilities).

#### *- School to employment transition assistance for 2nd and 3rd generation foreigners:*

- preparation for employment in boarding schools with the possibility of resitting final school examinations (especially the lower secondary leaving certificate);
- prototype measures paving the way to employment (especially for young people who entered Germany at an older age);
- motivating young foreign people to participate in dual vocational training (a project in association with Turkish television).

#### *- Promotion of bilingualism:*

Bi-national training projects with Greece, Spain, Italy, Turkey and Portugal to improve mobility and flexibility on the labour market in Germany and in the European Union. Young foreigners who are undergoing dual training in business, electrical or metalworking vocations additionally receive specialised language tuition in their mother tongues and complete a five-week practical training in their native country.

#### *- Vocational training:*

Prototype measures with educational support, also open to contract workers from the former GDR; preparation for training and training in vocations with good labour market prospects.

- *Promotion of social and vocational integration for foreign women and girls:*

Mitigation of disadvantages through measures against social isolation, introduction to the German language and society, career guidance and motivation to participate in vocational training programmes in the form of:

- *women's courses:* (10 two-hour classes per course) especially for female foreign workers and the non-working wives of male foreign workers;
- *prototype projects* targeting vocational integration, e. g. for women and girls living on the periphery of large cities and in rural areas, and for women whose children have reached adulthood.

*Financial sources*

The language courses are financed by the *BMA* in association with the "German for Foreign Workers" language institute in Mainz (*Deutsch für ausländische Arbeitnehmer e. V.*).

Prototype projects and measures are financed through subsidies from the *BMA* to independent bodies.

*Institutional support*

The German for Foreign Workers language institute in Mainz. Independent bodies who receive financing from the *BMA* for running projects.

*Duration*

Ongoing; prototype projects: 1 to 3 years.

*Effects*

Over the last few years a marked improvement in educational standards and in qualifications for the labour market has been noted among foreigners living in Germany.

*Funding levels*

1988	DM 44.1 million
1989	DM 43.6 million
1990	DM 43.9 million
1991	DM 50.5 million
1992	DM 54.9 million
1993	DM 52.4 million

## **7. Placement**

- D-vii.1 Job placement (*Arbeitsvermittlung*)
- D-vii.2 Employment counselling (*Arbeitsberatung*)
- D-vii.3 Vocational guidance (*Berufsberatung*)
- D-vii.4 Employment counselling measures  
(*Maßnahmen der Arbeitsberatung*)

D-vii.1

## **Job placement (*Arbeitsvermittlung*)**

### *Aim*

To bring together jobseekers and employers with a view to establishing an employment contract, taking account of the specific requirements of the vacancies and the aptitudes of the jobseekers and their personal circumstances.

### *Legal basis*

§§ 13-24 c AFG (25.6.1969).

### *Contents*

The employment offices, as agencies of the *BA*, are responsible for non-commercial job placement. Job placement by private bodies is only possible with permission from the *BA*.

The *BA* must provide job placement services impartially and free of charge which are made generally available on a voluntary basis. There is no obligation to notify job vacancies.

### *Financial resources*

Job placement is financed from contributions to the *BA* which are divided equally between workers and employers.

### *Institutional support*

All agencies of the *BA* have job placement services. There are a total of 824 agencies, including 184 employment offices and 640 branch offices. The placement service is, as a matter of principle, structured according to occupation - making no distinction between the sexes. The basic organisational unit is the occupational field. There are regional and central specialist placement agencies for qualified job applicants from occupations which generally have to rely on a wider labour market. Severely disabled people are taken care of by a special service in the employment offices. The placement offices for temporary work arrange fixed-term employment contracts in commerce and industry for periods of up to three months.

### *Duration*

Ongoing.

*Effects\**

Year	Inflow of			Placements	
	Jobseekers	Unemployed	Vacancies	Total	of which in employment of < 7 calendar days
1979	3,752	2,844	1,980	2,111	1,262
1980	4,016	3,084	1,709	1,905	1,122
1981	4,468	3,531	1,355	1,622	962
1982	4,551	3,707	1,124	1,395	841
1983	4,507	3,704	1,248	1,557	980
1984	4,576	3,673	1,403	1,754	1,101
1985	4,681	3,750	1,553	1,876	1,178
1986	4,619	3,637	1,841	1,965	1,275
1987	4,684	3,726	1,823	1,998	1,281
1988	4,665	3,668	1,934	2,115	1,357
1989	4,899	3,806	2,229	2,781	1,491
1990	4,828	3,703	2,296	2,366	1,549
1991					
West:	4,797	3,659	2,307	2,399	1,569
East:	2,541	1,442	758	671	662
1992					
West:	5,218	3,961	2,157	2,349	1,532
East:	1,803	1,574	730	662	638
1993					
West:	5,694	4,549	2,019	2,202	1,442
East:	1,733	1,497	788	717	667

\* in 000s.

## **Employment counselling (*Arbeitsberatung*)**

### *Aim*

Employment counselling provides employees and employers with information on the current situation and future developments on the labour market as well as on specific services and benefits such as counselling on further training and retraining and on incentives to enter employment. The prime purpose of employment counselling is not to counsel and aid persons choosing their career or changing occupation, but rather to advise both employees and employers throughout working life, if they wish to avail themselves of the service.

### *Legal basis*

§ 15 AFG (25.6.1969).

### *Contents*

The aim of employment counselling is to inform employees and employers on request - whether or not they are looking for placement - about the labour market situation, trends in occupations, the necessity and possibilities of vocational training and training incentives as well as incentives to enter employment. Employment counselling also advises on how to choose a job or to fill a vacancy. It does not provide in-depth consultancy, in particular concerning questions of labour law.

### *Financial resources*

Job placement is financed from contributions to the *BA* which are divided equally between workers and employers.

### *Institutional support*

Employment counselling exists in all local employment and branch offices. The *BA* has regional and central specialist placement agencies for qualified applicants from occupations which generally have to rely on a wider labour market. In the context of employment counselling, specialist counselling services can also be brought in: in particular, the medical service, the psychological service and the technical advisory service of the *BA*. The adviser responsible will decide if and when one of these special counselling services is to be called in; the consent of the person seeking advice is, however, required.

### *Duration*

Ongoing.

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*Effects*

Year	Inflow of persons seeking employment counselling (000s)
1979	1,263
1980	1,452
1981	1,677
1982	1,937
1983	2,469
1984	3,186
1985	3,500
1986	3,818

(Since May 1987 employment counselling is no longer indicated separately.)



### **Vocational guidance (*Berufsberatung*)**

#### *Aim*

The aim of vocational guidance is to make the subject aware of the choice of careers and of his/her own personal decisions and to work through various solutions. To this end it offers personal counselling and provides information and practical assistance which should enable the optimum choice for the individual and for society to be made.

#### *Legal basis*

AFG (25.6.1969) §§ 25-32.

#### *Contents*

Vocational guidance takes account of both the individual's qualifications and demands and the economic interests of society. The BA's vocational guidance service is impartial and free of charge. Everyone has the right to use vocational guidance and does it at his/her own discretion. Emphasis is placed on personal contact.

#### *Financial resources*

Vocational guidance is financed by employers' and employees' contributions (50% from each) to the BA.

#### *Institutional support*

There is a vocational guidance department in all 184 employment offices, and, in addition, 234 out of the 640 branch offices have permanent staff qualified in this field. These staff have special training in vocational and business administration, psychology, education, sociology, applied economics and jurisprudence. Specially trained careers advisers are responsible for counselling school-leavers qualified to enter higher education (*Abiturienten*) and undergraduates as well as disabled persons. Almost all the employment offices in the old Federal states and most of the employment offices in the new Federal states are now equipped with career information centres where those seeking advice can acquire information through personal access to a comprehensive range of media.

#### *Duration*

Ongoing.

*Effects*

Year	Number of persons seeking vocational guidance (000s)
1978/79	1,128
1979/80	1,149
1980/81	1,176
1981/82	1,292
1982/83	1,364
1983/84	1,392
1984/85	1,384
1985/86	1,431
1986/87	1,371
1987/88	1,330
1988/89	1,298
1989/90	1,295
1990/91	
West:	1,288
East:	283
1991/92	
West:	1,285
East:	318
1992/93	
West:	1,329
East:	385

D-vii.4

**Employment counselling measures (*Maßnahmen der Arbeitsberatung*)***Aim*

- To inform the unemployed about important issues related to unemployment, e.g. the labour market situation, behaviour as a job applicant, educational schemes which may be applicable;
- promotion of personal initiative.

*Legal basis*

AFG (25.6.1969) § 53 Section 1, Clause 1, no. 6b.

*Contents*

The measures are short term and take the form of group courses.

*Institutional support*

The measures are implemented by the *BA* itself or by educational institutions commissioned by the *BA*. Personnel and material costs are reimbursed.

*Duration*

Maximum 2 weeks.

*Participants*

1993: 17,200 (the measures were first implemented in 1993).

## 8. Miscellaneous

D-viii.1 Bankruptcy compensation payment (*Konkursausfallgeld*)

D-viii.1

**Bankruptcy compensation payment (*Konkursausfallgeld*)***Aim*

To secure the wages of employees for the last three months of employment before bankruptcy proceedings are instituted.

*Legal basis*

AFG (25.6.1969) as amended by the third amendment of 17.7.1974.

*Contents*

Bankruptcy compensation payment is granted by the competent local employment office on application, i. e. the employment office responsible for the district in which the employer's wage accounts office for the employee in question is located (for further details, see next page).

*Financial resources*

The funds for bankruptcy compensation payments are raised each year by professional associations a posteriori by the imposition of a levy on employers and paid to the *BA*.

*Institutional support*

Bankruptcy compensation payment is granted by the *BA*.

*Effects*

Year	Numbers granted bankruptcy compensation payments definitively
1979	58,800
1980	61,900
1981	87,600
1982	121,000
1983	106,500
1984	116,400
1985	117,300
1986	109,300
1987	107,200
1988	81,400
1989	66,800
1990	63,500
1991	64,000
1992	86,500
1993	126,000

### ***Bankruptcy compensation payment***

Compensation for loss of earnings due to bankruptcy (referred to hereafter as "bankruptcy compensation payment") secures the wages of employees for the last three months of employment before bankruptcy proceedings are instituted. If no petition has been submitted to institute bankruptcy proceedings and such proceedings can obviously not be instituted on grounds of insufficient assets, then the institution of proceedings is equivalent to dismissal of the petition for bankruptcy proceedings on grounds of insufficient assets and the complete shutdown of business activities. If an employee has continued or begun working with no knowledge of a petition for bankruptcy having been dismissed on grounds of insufficient assets a special regulation applies as regards the three-month period.

The amount of bankruptcy compensation payment is based on the net earnings still outstanding and which have not been paid to the employee during the period mentioned. There is no ceiling for the assessment of compensation.

Bankruptcy compensation payment is granted by the competent employment office on application, i. e. the local employment office responsible for the district in which the employer's wage accounts office for the employee in question is located. The claim can be introduced at any local employment office; it is also accepted by other bodies which, under the provisions of the Social Code (*SGB*), are responsible for administering social benefits, and by all local authorities. As a rule, the claim has to be submitted within a strict time limit of two months from the institution of bankruptcy proceedings or an equivalent event. In case of non-compliance with the time limit through no fault of one's own, an extension of two months will be granted from the date when the impediment is removed.

At the employee's request, the local employment office is required to make an adequate advance on the bankruptcy compensation payment.

If the employee's claim for wages for the three-month period in question has been transferred to a third party or has been distrained or pledged in favour of a third party, said third party will also be entitled to the bankruptcy compensation payment. Third party claims must also be made within the aforementioned two-month period or any extension thereof. Advance payments will only be made to third parties if the wage claim has been transferred, distrained or pledged by reason of a legal obligation to pay maintenance.

The wage claims which form the basis for the claim for bankruptcy compensation payment pass to the *BA* when the bankruptcy compensation claim is submitted. The *BA* will pursue these claims at the bankruptcy proceedings or with the former employer.

In order to avoid problems with the employee's national insurance record, the employment office will pay any outstanding compulsory sickness, home-care or pension insurance contributions and the contributions to the *BA* which would have been deductible from wages for the three-month period.

Funding for bankruptcy compensation payments together with the contributions mentioned above and the administrative and other costs associated with the payment of compensation is raised each year by the professional associations a posteriori by the imposition of a levy on employers.

Payment of bankruptcy compensation in the new Federal states is made in accordance with the relevant sections of the Overall Execution Order (*Gesamtvollstreckungsordnung*) of 6 June 1990, rather than under the provisions of the Bankruptcy Order (*Konkursordnung*) taken into consideration or assumed to apply.



# CHAPTER IV INFORMATION AND RESEARCH

Under the terms of the Labour Promotion Act (*AFG*), the *BA* is required to carry out a comprehensive labour market and occupational research programme, to make surveys of the employment situation, to provide statistical data and to issue reports of its findings. This means that the *BA* has to observe and investigate the scope and nature of employment, the current situation and future development of the labour market, of occupations and of the vocational training opportunities in general as well as in individual branches of industry and economic sectors, taking into account their social structure. The *BA* has to examine and evaluate these observations in order to enhance its own effectiveness. The public is entitled to access to the data. From the data accumulated in the course of its activities, the *BA* is required to compile statistics, particularly with respect to employment and unemployment.

## Labour market and occupational research

Labour market and occupational research means scientifically evaluating the current situation and assessing future labour market developments, nationally, regionally and internationally.

Labour market and occupational research as an interdisciplinary scientific subject covers the fields of economics, business administration, engineering, analytical statistics and sociology. It must also take into account the latest results in educational and occupational research, vocational educational theory, occupational studies and research into future trends. The methods applied in occupational and labour market research mainly derive from economics and the social sciences. It uses official and non-official economic, labour market, social and educational statistics in conjunction with mathematical/statistical data analysis with the aid of data-processing. Data compiled on employees or firms is also evaluated. Labour market and occupational forecasts face the same difficulties as any forecasts in the fields of economics, sociology and technical sciences.

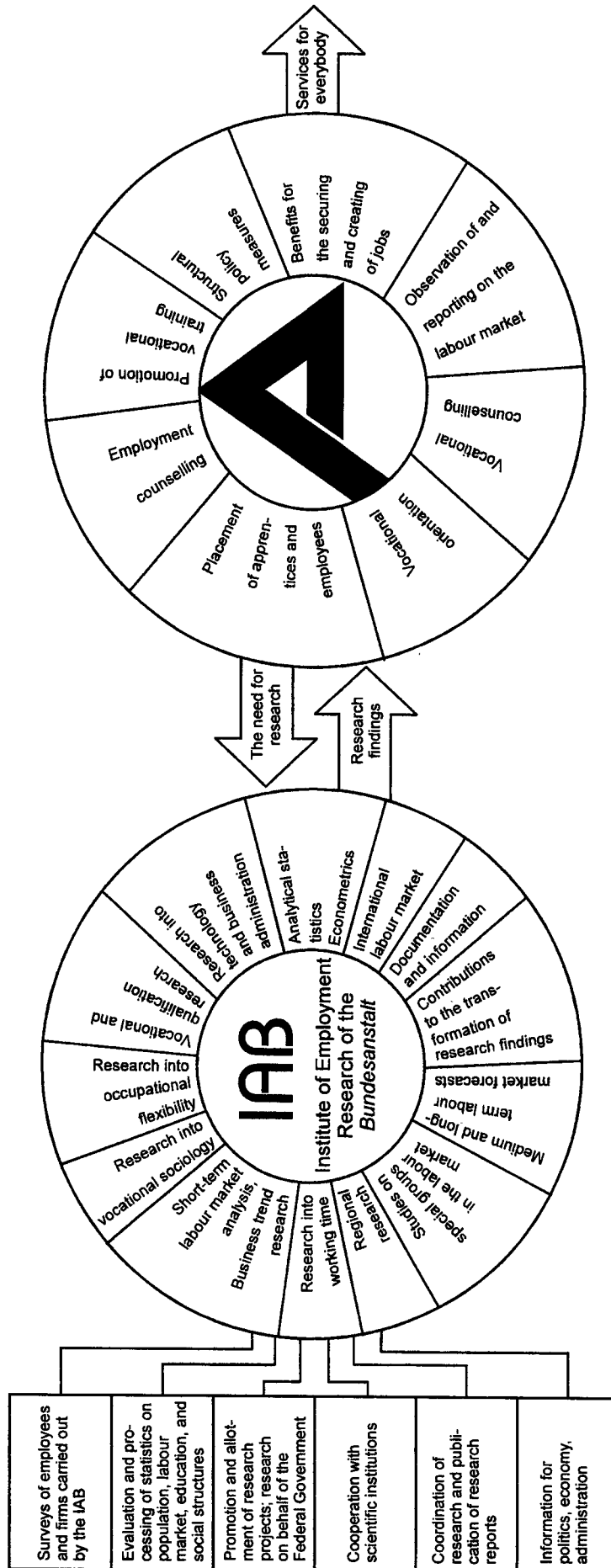
The object of labour market and occupational research is to compile information for the individual, on the one hand, and for labour market policy, on the other. It should enable the individual to arrive at a rational decision in choosing his training or occupation and adapt himself to continuous changes. Information should enable labour market and educational policies to be developed that will avoid future overall and structural imbalances on the labour market.

Since 1967 the Institute for Employment Research (*IAB*) has been carrying out these functions within the *BA*. As "Division VII", it is part of the Headquarters of the *BA* in Nuremberg. The *IAB* provides the *BA*'s employment offices with scientifically sound orientation and decision aids to enable them to fulfil their tasks with regard to labour market and economic policy, such as career orientation, vocational guidance, employment counselling, job placement, promoting vocational training and rehabilitation. The data issued by the *IAB* also serve to inform the general public, in particular the social partners as well as people involved in politics, industry and science, and national institutions. To this end, the *IAB* also evaluates the effects and success of labour market policy measures implemented by the *BA* in accordance with the *AFG*, as well as the impact of laws pertaining to labour market policy.

The aims and concerns of occupational and labour market research in the *BA* are derived from the tasks of the *BA* in accordance with § 1 *AFG* and lead to the following areas of activities:



*Institute for Employment Research (IAB) of the Federal Employment Service (BA)*



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- analysis of the correlation between economic growth and employment trends as well as between population trends and labour supply;
  - research into the change in sectoral, occupational and regional employment structures;
  - business trend research, with particular regard to the labour market; research into working hours;
  - studies of certain groups of people on the labour market;
  - monitoring and analysing technical change and its impact on the labour market;
  - research into content of occupations, similarities between occupations, the requirements of each occupation and the changes in these;
  - studies on labour market flexibility;
  - research into qualifications;
  - studies on problems of classification and taxonomy;
  - studies of methods and results based on statistical findings on the labour market; statistical analysis and method development, econometrics;
  - development of labour market models taking into account forecasting methods and methods of substitution research;
  - research in the field of the international labour market.

The *IAB* is functionally organised: scientists from the relevant disciplines and experts from the *BA*'s various areas of activity work in the ten sections. In addition to its own activities, the *IAB* initiates and monitors research projects carried out for the *BA* by other institutes. It also examines the available results of independent research work with a view to utilising them for the *BA*. The *IAB* has close links with universities which give advice on scientific matters and provide links with research, especially with basic research conducted outside the *BA*. Special sections for labour market and occupational research in the regional employment offices and specially trained research staff in some district employment offices ensure that research is in close touch with reality in the local employment offices.

### *IAB publications*

The quarterly review "Labour Market and Occupational Research" (*Mitteilungen aus der Arbeitsmarkt- und Berufsforschung*), edited by the President of the *BA*, the Director of the *IAB* and independent scientists from the relevant disciplines, constitutes a forum for scientific discussion on occupational and labour market research. It also includes the results of *IAB* research.

More comprehensive presentations of research results for the public are to be found in "Contributions to Labour Market and Occupational Research" (*Beiträge zur Arbeitsmarkt- und Berufsforschung*).

The "Research Documentation on Labour Market and Occupational Research" (*Forschungsdokumentation zur Arbeitsmarkt- und Berufsforschung*), published several times a year, provides information on ongoing and completed research projects in the field of labour market and occupational research in German-speaking countries.

The "Bibliography on Labour Market and Vocational Research" (*Literaturdokumentation zur Arbeitsmarkt- und Berufsforschung*) collates and provides abstracts on the relevant publications in this field. Special issues are published on particular subjects; individual research can be conducted to meet individual and special needs.

The "Reports on Labour Market and Occupational Research" (*Materialien aus der Arbeitsmarkt- und Berufsforschung*) and topical reports (*IAB aktuell*) provide specialist and senior staff of the employment offices with research results which are suitable to be put into practice, and thereby contribute to constantly raising the qualifications of the *BA*'s staff.

Access to *IAB* research results is provided by the relevant medium-term research programme and the reports on the activities of the *IAB*, project lists, annual reports and lists of publications.

A new English language series, "*IAB* Labour Market Research Topics", is being published in response to the growing global interaction in research, including research on labour market issues. It addresses a foreign readership and is provided free of charge to subscribers.

## Statistical Service

As the institution responsible for official labour market statistics, the *BA* has its own Statistical Service, which is an integral part of its structure. Its task is to obtain statistical information from existing administrative records, to evaluate statistics from other sources which are relevant to the labour market, to analyse and process these data and to make them available as general information and as a basis for decision-making and for surveying the effectiveness of labour market policy measures.

The *BA*'s Statistical Service makes use of electronic data-processing to satisfy the widespread increased demand for reliable, well-classified statistical data. The existing statistical data bank (*STADA*) has already provided the means to expand the programme for data acquisition and evaluation. Moreover, thanks to the computer-aided statistics procedure (*coStat*), the employment offices will be able to obtain very specific data which can be supplied at short notice.

Statistics on the labour market, employment and unemployment, employment counselling and job placement, vocational guidance and the provision of training places constitute a major part of the statistical programme. Other significant areas are the promotion of vocational training, incentives to enter employment and vocational rehabilitation. Yet other fields are the unemployment insurance benefits for employment maintenance and job creation (short-time working, year-round employment in the building trade, job creation measures), as well as benefits for the unemployed. In addition, statistics are compiled with regard to the law governing the supply of workers by temporary employment businesses, jobs for the severely disabled and benefits under the Federal Child Benefit Act.

The statistical results are made available in a suitable form to the special departments and to the *IAB*. Further, the most important statistical results and their evaluation are published in the Official News of the *BA* (*ANBA*). In addition to an extensive tabular section, it contains in particular monthly reports on the state of the labour market as well as reports on the structure of labour market stocks and labour market activity, employment trends, vocational guidance, the special placement services for highly qualified persons, the promotion of vocational training and vocational rehabilitation.

*ANBA* is supplied at a charge by *Landesarbeitsamt Nordbayern, Geschäftsstelle für Veröffentlichungen*.

Press releases and press conferences help to keep the public up to date on developments.

**Appendix 1:  
BA expenditure on measures  
Active Labour Market Policy (financial resources)**

February 1994

- in millions -

Measure	Year	1982	1989	1990 only West	1991		1992		1993	
					West	East	West	East	West	East
Training		3,780.9	6,430.6	7,186.3	7,648.9	5,250.2	8,190.5	12,060.4	8,020.6	11,373.5
Active assistance for the integration of new resettlers <sup>1</sup>		-	2,066.4	2,792.2	2,161.2	13.8	1,868.7	70.8	1,575.5	103.3
Vocational Rehabilitation		1,912.8	2,941.1	3,193.3	3,603.3	100.9	4,035.6	324.8	4,082.4	527.1
Employment/self-employment incentives		264.8	232.2	133.9	140.8	52.5	168.6	130.9	128.4	111.3
General job creation measures (ABMs) <sup>2</sup>		869.3	3,070.3	2,368.8	2,538.6	5,515.2	2,510.6	10,783.6	2,371.8	9,731.2
Productive employment promotion - East <sup>3</sup>		-	-	-	-	-	-	-	-	408.3
Wage cost subsidies for older workers		95.2	315.3	394.7	514.2	0.4	606.4	19.8	562.6	69.3
Additional Government aid for long-term unemployed					4					
- wage cost subsidies		-	56.7	439.0	403.0	-	335.6	55.4	204.6	122.0
- project assistance		-	1.0	36.3	83.1	-	123.2	6.4	92.7	29.8
Further education establishments scheme East <sup>5</sup>		-	-	(75.3)	-	197.1	-	96.8	-	32.0
Prototype projects to create permanent jobs		-	1.4	2.5	1.8	-	0.9	0.2	0.7	2.2
Payment under:										
- Early Retirement Act (VRG)/Elderly Employees Part-Time Employment Act <sup>6</sup>		-	545.6	400.2	285.2	-	152.6	-	62.3	-
- Transition allowance/Early retirement benefit <sup>7</sup>		-	-	-	-	8,374.0	-	14,448.5	-	18,513.8
Short-time allowance (Kug)		2,216.2	452.7	239.6	478.8	10,005.9	949.9	2,652.5	3,335.3	918.7
<b>Total expenditure</b>		<b>9,139.2</b>	<b>16,113.3</b>	<b>17,186.8</b>	<b>17,858.9</b>	<b>29,510.0</b>	<b>18,942.6</b>	<b>40,650.1</b>	<b>20,436.9</b>	<b>41,942.5</b>

<sup>1</sup> Language allowances and integration benefit/assistance for new resettlers, quota refugees and persons having right of asylum who are participating in further vocational training/rehabilitation schemes; authors' calculations.

<sup>2</sup> Including "Upswing East" joint initiative (1991: DM 2,439.9 million; 1992: DM 3,000.0 million) and the Federal Government's ABM stabilisation scheme (1993: DM 281.2 million - West; DM 1,145.4 million - East).

<sup>3</sup> Including Federal resources (1993: DM 94.4 million).

<sup>4</sup> Since no East-West distribution is available, the expenditure is attributed to the West only.

<sup>5</sup> Federal Government institutional support scheme.

<sup>6</sup> VRG expired on 31.12.1988, Elderly Employees Part-Time Employment Act expired on 31.12.1992; payments still made to persons who required assistance prior to expiry.

<sup>7</sup> Including Federal resources for early retirement benefits (1991: DM 5,693.8 million; 1992: DM 5,118.7 million; 1993: DM 4,486.1 million) and transition allowance (1993: DM 568.4 million).

## Appendix 2: Abbreviations

<i>ABM</i>	<i>Allgemeine Maßnahmen zur Arbeitsbeschaffung</i> Job creation measures
<i>AFG</i>	<i>Arbeitsförderungsgesetz</i> Labour Promotion Act
<i>ANBA</i>	<i>Amtliche Nachrichten der Bundesanstalt</i> Official News of the Federal Employment Service
<i>BA</i>	<i>Bundesanstalt für Arbeit</i> Federal Employment Service
<i>BDA</i>	<i>Bundesvereinigung der Deutschen Arbeitgeberverbände</i> Confederation of German Employers' Associations
<i>BGB</i>	<i>Bürgerliches Gesetzbuch</i> Civil Code
<i>BGBI</i>	<i>Bundesgesetzblatt</i> Federal Law Gazette
<i>BMA</i>	<i>Bundesministerium für Arbeit und Sozialordnung</i> Federal Ministry of Labour and Social Affairs
<i>BMA</i>	<i>Bundesministerium für wirtschaftliche Zusammenarbeit</i> Federal Ministry for Economic Co-operation
<i>CGB</i>	<i>Christlicher Gewerkschaftsbund</i> Christian Confederation of Trade Unions
<i>CIM</i>	<i>Centrum für Internationale Migration und Entwicklung</i> Centre for International Migration and Development
<i>DAG</i>	<i>Deutsche Angestelltengewerkschaft</i> German Union of Salaried Employees
<i>DBB</i>	<i>Deutscher Beamtenbund</i> German Civil Servants' Confederation
<i>DGB</i>	<i>Deutscher Gewerkschaftsbund</i> German Confederation of Trade Unions
<i>EU</i>	<i>Europäische Union</i> European Union
<i>GDR</i>	German Democratic Republic
<i>GTV</i>	<i>Gesellschaft für Technische Zusammenarbeit</i> Society for Technical Co-operation
<i>IAB</i>	<i>Institut für Arbeitsmarkt- und Berufsforschung</i> Institute for Employment Research
<i>ILO</i>	International Labour Organisation

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<i>IVSS</i>	<i>Internationale Vereinigung für Soziale Sicherheit</i> International Association for Social Security
<i>Kug</i>	<i>Kurzarbeitergeld</i> Short-time working allowance
<i>MISEP</i>	Mutual Information System on Employment Policies
<i>SGB</i>	<i>Sozialgesetzbuch</i> Social Code
<i>VRG</i>	<i>Gesetz zur Förderung von Vorruhestandsleistungen</i> Early Retirement Act
<i>WAPES</i>	World Association of Public Employment Services
<i>ZAV</i>	<i>Zentralstelle für Arbeitsvermittlung</i> Central Placement Agency

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## Appendix 3: National correspondents

### *Belgium*

Joseph Remy, Ministère de l'Emploi et du Travail

### *Denmark*

Karen Thrysoe, Arbejdsministeriet

### *Germany*

Jochen Jahn, Bundesministerium für Arbeit und Sozialordnung

Detlef Hein, Bundesanstalt für Arbeit

### *Greece*

Ekaterini Kritikou, Ministry of Labour

### *Spain*

Delmira Paz Seara Soto, Ministerio de Trabajo y Seguridad Social

### *Finland*

Tuuli Raivio, Ministry of Labour

### *France*

Henri Roux, Ministère de l'Emploi

Claudine Elhaïk, Agence Nationale pour l'Emploi

### *Ireland*

Frank Doheny, Department of Enterprise and Employment

### *Italy*

Mariarosaria Damiani, Ministero del Lavoro e della Previdenza Sociale

### *Luxembourg*

Jean Hoffmann, Administration de l'Emploi

### *Netherlands*

Ronald van Bekkum, Arbeidsvoorzieningsorganisatie

### *Austria*

Johannes Schweighofer, Bundesministerium für Arbeit und Soziales

Marius Wilk, Arbeitsmarktservice Österreich

### *Portugal*

Victor Viegas, Ministério para a Qualificação Profissional (DGEFP)

### *Sweden*

Mats Wadman, Arbetsmarknadsdepartementet

Palle Landin, Arbetsmarknadsstyrelsen (AMS)

### *United Kingdom*

Graham Archer, Department of Employment

Peter Sydserff, Employment Service

### *European Commission*

Sergio Piccolo, DG V/A/2