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Debate on employee participation schemes highlights risks to employees

The Christian Democratic Party and its coalition partner, the Social Democratic Party, are currently debating useful reform steps that could be taken with regard to employee participation schemes. Against this background, the IW Köln has recently published a paper, highlighting that, in Germany, only 7% of employees held shares in their company in 2005. The social partners emphasise that employees should not be obliged to invest part of their wages in the company they work for, nor should employers be forced to implement such schemes.

During the 20th congress of the Christian Democratic Party (Christlich Demokratische Union, CDU) on 27 and 28 November 2006, the party announced a proposal for a system of employee profit and capital sharing. While the CDU and its current coalition partner, the Social Democratic Party (Sozialdemokratische Partei Deutschlands, SPD), debate further reform steps, studies emphasise the low coverage rates of employee profit and capital sharing schemes in Germany.

It is generally believed that profit- and capital-sharing systems foster employee commitment, allowing employees to identify to a greater extent with the objectives of the company for which they work. Moreover, driven by a stronger motivation employees are thought to work harder. Companies either gain additional resources to stock up their equity capital or benefit from a higher degree of wage flexibility. Nevertheless, there are risks to capital-sharing systems, such as employee share ownership schemes, and these risks should not be ignored.

Use of employee profit-sharing schemes in Germany

With regard to the current application of different forms of employee profit- and capital-sharing, the IW Köln recently published a study showing that, in 2005, only 7% of those establishments with 500 or more employees offered their workers the possibility to participate in a capital-sharing scheme. This ratio decreases to just 2% if establishments of all sizes are considered. All in all, around two million employees were, in 2005, participating in a capital-sharing scheme. Among the various forms of financial participation, stocks of public limited companies, held by employees, accounted for approximately 70% of the total capital. This amounted to €12 billion. In this respect, employee stock ownership programmes are the most accepted form of capital-sharing. Another

share – amounting to 12.5% of the total capital covered by such schemes – was held in silent partnerships.

Although the advantages of capital-sharing schemes are often publicly emphasised, the CDU also highlighted the risks of such systems. In its resolution of the 20th Party Congress, the party stated that employees would be exposed to a ‘double risk’. In other words, if a company were forced to close, employees holding shares in it would not only lose their jobs, but would also jeopardise their invested capital. To hedge against such risks, the CDU called for the implementation of appropriate rules, such as the legal introduction of insolvency insurances. In a rejoinder to the CDU proposal, the Chair of SPD, Kurt Beck, announced, on 4 December 2006, the setting up of a task force to develop a legislative proposal in this area. This proposal is expected in spring 2007.

Reactions of the social partners

On 29 November 2006, the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB) announced in a press release that the position of the CDU still left a lot of questions unanswered. Moreover, the DGB argued that to support employee profit- and capital-sharing, politicians would have to improve the current fiscal incentive structure. Any form of employee capital-sharing, however, should not replace employees’ regular wage payments. It could only be used as an additional incentive for employees on a voluntary basis. Such schemes should, furthermore, be regulated by collective agreements. Employees should not be forced to invest part of their wages in their company, just to lose both their job and their invested capital in cases of insolvencies.

Similarly, the Confederation of German Employers’ Associations (Bundesvereinigung der deutschen Arbeitgeberverbände, BDA) emphasised in a position paper that if companies faced serious economic difficulties, employees would experience the loss of both their wages and their investments. If the instrument of employee profit- and capital-sharing were to be used, it should rely on individual agreements between employee and employer. Therefore, legislative or collective bargaining obligations to extend such agreements to third parties should not be introduced. Employees should not be obliged to buy stocks in their company, nor should employers be forced to implement partnerships.

Sandra Vogel, Cologne Institute for Economic Research, IW Köln

Work accidents and diseases continue to decline

The recently published annual report on health and safety at work reveals that both the number of accidents at work and the prevalence of occupational diseases have continued to decline. Whereas the total expenditure on accident insurance has remained relatively constant, the amount spent on accident prevention measures has increased steadily over the years.

On 13 December 2006, the Federal Ministry of Labour and Social Affairs (Bundesministerium für Arbeit und Soziales, BMAS) released the annual report on the development of health and safety at work in Germany. The requirements of the Social Code (Sozialgesetzbuch VII, SGB 7) stipulate that such a report should be compiled each year. The report shows that the number of occupational accidents continued to decline in 2005. The same holds true for the number of notified and approved cases of occupational diseases. Nevertheless, the expenditure on accident insurance, medical treatment, pensions, and prevention measures has remained relatively stable.

Accidents at work

An employer is obliged by law to notify the authorities of accidents that occur while an employee is working or commuting to or from work. The notification is required if the employee is unable to work for more than three consecutive days as a result of the injuries incurred. The total number of reported accidents that occurred while employees were actually working decreased steadily between 1960 and German reunification in 1989, and between 1989 and 2005 (Table 1).

These higher levels of safety at work are underlined, in particular, by the significant decline in the rate of the total number of reported accidents per 1,000 full-time employees. In 2005, this figure was around 20% lower than it was in 2002, almost 50% lower than in 1991 and approximately 75% lower than in 1960. Moreover, the number of fatal accidents decreased considerably, reaching an all-time low in 2005, both in terms of the total number of accidents and the rate per 1,000 full-time workers.

Table 1: Accidents at work*

Year	Total number of accidents	Accidents per 1,000 full-time workers**	Total number of fatal accidents	Fatal accidents per 1,000 full-time workers
1960	2,711,078	109.0	4,893	0.197
1965	2,655,363	106.4	4,784	0.192
1970	2,391,757	94.8	4,262	0.169
1975	1,760,713	75.6	3,137	0.135
1980	1,917,211	74.9	2,597	0.101
1985	1,536,090	60.0	1,795	0.070
1990	1,672,480	54.4	1,558	0.051
1991***	2,016,153	54.3	1,496	0.040
1995	1,813,982	48.2	1,596	0.042
2000	1,513,723	40.0	1,153	0.031
2001	1,395,592	37.2	1,107	0.029
2002	1,306,772	35.6	1,071	0.029
2003	1,142,775	31.4	1,029	0.028
2004	1,088,672	29.5	949	0.026
2005	1,029,520	28.4	863	0.024

*Note: * Excluding accidents that occur during commuting to or from work; ** Part-time workers are referred to as full-time equivalents; *** From 1991, including eastern Germany.*

Source: BMAS, 2006

High risk sectors

Last year, up to 75% of occupational accidents and 91.1% of fatal accidents at work involved male employees. Generally speaking, work

has been most dangerous in the construction sector and in the manufacture of wood products (except furniture) since 1980. In 2005, 67 accidents in the construction industry and 62 accidents in the manufacture of wood products were reported per 1,000 full-time workers. These rates are almost 2.5 times higher than the average number of accidents. Nonetheless, the incidence of accidents in both sectors decreased by more than 40% in comparison with the rates in 1991, which recorded 113.1 accidents in construction and 111.6 accidents in wood manufacturing per 1,000 full-time workers.

In 2005, the institutions for statutory accident insurance (*Berufsgenossenschaften*) in agriculture, the mining of metal ores, the production of food and in transportation also reported above-average accident rates. The lowest accident rates were reported in commerce and administration, healthcare, the manufacture of electronic devices and in precision engineering.

Accidents commuting to or from work

In addition, a total of 187,830 accidents, of which 572 were fatal, occurred in 2005 while employees were commuting to or from work. This was almost 24% less than in 1991, when 245,127 such accidents were recorded. Therefore, both the total number of accidents and the rate per 1,000 persons (4.40 accidents per 1,000 workers), for whom employers have to pay contributions to the *Berufsgenossenschaften*, reached an all-time low in 2005. The same was true for the number and the rate of fatal accidents during commuting time.

If an accident is fatal or very severe, the person involved receives compensation in the form of a pension or a lump-sum payment. In 2005, only around 31,000 workers were in receipt of compensation from such schemes, which represents the lowest rate to date.

Occupational diseases

Figures on both the notification and approval of suspected cases of a work-related illness generally depend on two factors. First, legal amendments to the list of recognised occupational diseases play a role and, secondly, variations in the standards that are applied during the recognition procedure itself are taken into account. Bearing this limitation in mind, in 1993, the number of reported cases that were approved as occupational diseases reached an all-time peak at 108,989 notifications. Since then, the number of such cases has steadily declined and, in 2005, this figure amounted to 62,569 notifications (Table 2).

The approval of a notification requires a causal link to be established between the occupational activity and the disease. Therefore, the total number of recognised cases has always been considerably smaller than the number of notifications. The incidence of recognised cases also reached its lowest level in 2005, at 16,519 cases. In 5,651 cases, the recognition of an occupational disease was associated with the payment of a financial benefit, such as a pension, to the person affected. Contrary to what may be drawn from the figures on suspected and approved cases, the number of entrants into the pension scheme has been remarkably stable since 2000.

Table 2: Occupational diseases and entry to pension schemes

	Total number of notified cases	Total number of approved cases	Entry into pension schemes*
1993	108,989	18,725	6,401
1994	97,923	21,008	7,237
1995	91,561	24,298	7,587
1996	93,861	24,274	8,005
1997	88,797	23,432	7,867
1998	85,787	20,734	6,379
1999	83,738	19,402	5,993
2000	81,542	18,689	5,570
2001	76,612	18,599	5,750
2002	71,008	18,352	5,684
2003	64,856	17,425	5,307
2004	63,812	17,413	5,217
2005	62,569	16,519	5,651

*Note: * Total number of new recipients who are eligible to receive a pension.*

Source: Calculations by Cologne Institute for Economic Research (IW Köln) based on BMAS data, 2006

Among the different types of occupational diseases, those affecting the 'lung and respiratory tracts' were the most frequently recognised diseases in 2005, representing 41.5% of 14,474 notifications. The recognition rate was particularly high for the subgroup disease 'asbestosis', corresponding to 60.1% of 3,638 notifications. Diseases linked to 'physical exposure' ranked second among the main categories of occupational diseases, at 32.8% of 21,298 notifications. Of these, 'noise-induced hearing loss' was shown to be the most frequently approved occupational disease, at 60.9% of 9,787 notifications. Recognition of occupational diseases was lowest for the classification of 'skin disease', at 5.4% of 16,896 notifications, and the subgroup 'damage to the lumbar spine', at 3.2% of 5,847 notifications.

Financial costs

The report also provides estimates of the financial consequences of incapacity to work. Using figures for 1998, direct costs for rehabilitation and remedial treatment amounted to €26 billion in Germany, while indirect costs, such as the loss of production, were estimated to be even higher, at €26.9 billion. With respect to 2005, indirect costs, calculated by the Federal Institute for Occupational Safety and Health (Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, BAuA), ranged between €38 billion and €66 billion. The difference depends on the use of wages or value added in the calculation of the loss of production.

The expenditure of the accident insurance institutions has been quite stable since 1995 (Table 3). Almost half of their spending has always been allocated to pensions and lump-sum settlements. In 2005, the total sum of these benefits amounted to €5.9 billion or 47.2% of the total amount paid out by the accident insurance institutions. The proportion of costs to promote accident prevention measures increased steadily from 4.7% in 1991 to 6.9% in 2005. Overall, the total expenditure of these institutions almost doubled from €448 million to €864 million.

Table 3: Expenditure of accident insurance institutions

Year	Total expenditure (€)	Rehabilitation and medical treatment*	Pensions, lump-sum settlements*	Prevention measures*
1991	9,587,100,000	10.0	45.9	4.7
1992	10,507,700,000	10.6	46.3	4.8
1993	11,262,900,000	11.0	46.2	5.1
1994	11,691,500,000	11.3	46.8	5.1
1995	12,138,800,000	11.5	46.1	5.3
1996	12,132,800,000	11.8	46.9	5.5
1997	12,050,600,000	12.3	48.0	5.7
1998	11,981,900,000	12.1	48.4	5.9
1999	11,945,800,000	12.1	48.6	6.1
2000	12,100,700,000	12.1	48.0	6.3
2001	12,428,200,000	12.1	47.1	6.3
2002	12,792,500,000	12.1	46.4	6.4
2003	12,785,000,000	12.4	46.7	6.7
2004	12,529,100,000	12.4	47.5	6.9
2005	12,465,800,000	12.5	47.2	6.9

Notes: * Proportion of expenditure as a percentage of total expenditure.

Source: Calculations by IW Köln based on BMAS data, 2006

Commentary

The decreasing number of accidents at work and the declining prevalence of occupational diseases show that health and safety at work has, in general, improved in recent decades. In this respect, the increasing expenditure on accident prevention measures might be

vindicated, as it could prove to be a worthwhile investment provided that the resources are used efficiently and effectively.

However, reforming the system of health and safety is necessary to improve its efficiency. Accidents that occur while employees commute to or from work should, for example, be covered by the health insurance system and financed jointly by the employee and the employer. At present, it is the employer who solely pays accident insurance contributions, yet the employer cannot influence this rather general risk.

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Poor German language skills hamper job search of unemployed non-nationals

In December 2006, a report published by the Institute for Employment Research revealed that unemployed persons with an immigrant background undertook less intense searches for a vacant employment position. In addition, the characteristics of the job search differed between people who only or frequently speak German at home and those who do not.

On 18 December 2006, the Institute for Employment Research (Institut für Arbeitsmarkt- und Berufsforschung, IAB) published a study on how the German language skills of unemployed people affect the intensity and characteristics of the individual job search. The study is based on a survey conducted between November 2005 and March 2006 among recipients of unemployment benefit II (*Arbeitslosengeld II*) and the former unemployment assistance (*Arbeitslosenhilfe*).

Poor German language skills or lack of daily practice of the language can prove to be a significant barrier for persons with an immigrant background to enter the labour market for the first time or to find a new job after a period of unemployment. According to the recently published annual labour market report by the Federal Employment Agency (Bundesagentur für Arbeit, BA), the job prospects of foreign people have been shown to be relatively poor for a number of years. For example, in 2006, the unemployment rate for foreign-born people in Germany was, at 23.6%, almost double the average unemployment level of 12%.

Intensity of job search

A remarkable difference emerges between those unemployed people who only or predominantly speak German at home and those who do not speak the language often, in terms of the intensity of their job search (Table 1). Almost 70% of the former group were actively looking for a vacant position between November 2005 and March 2006, whereas only 49%–56% of the latter were active jobseekers. The difference is more pronounced among women and ranges between 21 and 30 percentage points. Among men, the gap is considerably closer, ranging only between five and 13 percentage points.

The substantial difference among the female beneficiaries of unemployment benefit II can be explained only partly by the existence of children. Among women without a child, the gap between those who

frequently speak German and those who do not is around 23 percentage points.

Table 1: Use of German language and intensity of job search among unemployed persons, by household type (%)

Household language spoken	All	Men	Women
Only German is spoken	69.3	73.5	64.5
German is predominantly spoken, but a foreign language is also used	69.7	75.5	62.4
A foreign language is predominantly spoken, but German is also used	56.1	69.6	41.2
German is never spoken	49.3	62.9	33.8

Source: IAB, December 2006

Characteristics of job search

The degree of fluency in the German language among unemployed people can strongly determine the method and the information source by which they attempt to find a job (Table 2). In general, some methods and sources of finding employment require greater competency in the German language. Therefore, reading and responding to job advertisements that are published in a newspaper are easier among people who only or who predominantly speak German at home, compared with those who do not speak the language or speak it less often. This is the case for both men and women, except for women who mainly use a foreign language at home besides German.

Unemployed men who prefer to speak a foreign language or who do not use German at all rely more strongly on personal contacts and private networks to find vacant positions than those who communicate predominantly in German at home. In addition, men generally speaking a foreign language make use of private employment agencies slightly more often than the other groups.

Table 2: How unemployed persons search for a job, by household type (%)

Method of job search*	Household language spoken							
	Only German is spoken		German is predominantly spoken, but a foreign language is also used		A foreign language is predominantly spoken, but German is also used		German is never spoken	
	Men	Women	Men	Women	Men	Women	Men	Women
Reading job advertisements in newspapers	87.2	91.7	85.0	90.2	79.6	82.0	78.7	68.9
Responding to job advertisements	68.5	72.1	75.5	74.5	68.7	64.2	58.1	51.0
Advertising availability for work in a newspaper	10.5	7.8	15.4	14.1	19.6	13.7	14.9	12.0
Using the (BA) information system	58.3	52.7	59.6	50.3	51.3	44.7	53.1	38.0
Using private contacts	76.5	80.5	79.6	81.9	86.2	82.1	78.3	79.9
Calling on the BA agent	40.3	40.2	46.3	42.0	44.7	36.7	41.7	38.9
Searching the internet	59.7	59.5	72.3	65.2	62.1	51.8	58.5	44.8
Using an employment agency	24.2	19.0	29.7	25.0	34.5	21.8	29.7	19.7
Unsolicited application to a company	52.5	49.4	51.3	50.1	51.4	36.8	53.1	41.5
Waiting for a job offer made by the BA agent	37.3	34.5	37.9	31.8	42.8	34.8	37.9	37.7

*Note: * Only for persons who were actually looking for a job.*

Source: IAB, December 2006

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Chambers of Commerce association calls for reform of vocational training system

On 22 January 2007, the Association of German Chambers of Industry and Commerce (DIHK) called for a reform of the dual system of vocational training. In its view, a modernised version must ensure not only the quality of vocational training, but should also take into account changing labour market needs. At the same time, the Confederation of German Trade Unions underlined the importance of equal opportunities for all in accessing adequate vocational training. Meanwhile, a recently published study highlights the increased number of vocationally qualified younger workers who have changed occupations.

Dual system of vocational training

For the majority of younger workers, vocational training still remains their means of entry to a future career. The German dual system of vocational training combines two principles: firstly, apprentices receive on-the-job training in establishments; secondly, vocational schools provide theoretical knowledge to support this training. However, a recent study, published by the Institute for Employment Research (Institut für Arbeitsmarkt- und Berufsforschung, IAB), shows that a rising proportion of vocationally trained younger workers are in occupations that rely on skills different to those in which they have been trained.

Study results

The aforementioned IAB study takes a long-term perspective, examining significant changes with regard to the occupational choices of western German apprentices and their future career trajectories, over the period 1977–2004. The analysis confirms that the top 10 choices for vocational training among younger workers have hardly changed since the 1980s. Male apprentices still prefer to train for a position as a mechanic, electrician or machinist while female apprentices opt for training positions as clerical or shop assistants, or as receptionists. Since 1977, only a few new occupations have entered the list of top 10 training positions; these include bank clerk (male apprentices) and pharmaceutical assistant (female apprentices) positions. These latter vocations reflect the shift away from a labour market that was characterised by industrial jobs towards one in which service sector jobs are more prevalent.

Interestingly, the percentage of male apprentices who worked in an occupational field that was different from the one in which they had successfully completed their vocational training rose from approximately

18% in the 1970s to 26% in 2004. Conversely, the corresponding figure for female apprentices fell slightly from 18.6% in 1977 to 16.3% in 2004. In other words, male apprentices were exposed to occupational change more often than their female counterparts. The following two reasons can largely explain the different occupational developments observed for men and women:

- Training in the industrial sector – typically in male occupations – leads to specialised skills. The application of such skills is often restricted to the chosen occupation. Therefore, apprentices in these professions are more strongly dependent on employment in their original occupational field. As a result, they are more vulnerable to changing labour market needs. On the other hand, skills that are relevant for a commercial or service-oriented position are more easily transferred to other, similar occupations. As previously indicated, these latter occupations are more frequently chosen by female apprentices.
- The study also reveals that those fully-trained apprentices who did not succeed in gaining employment in the training unit in which they had spent time as apprentices often face unemployment. Each month spent in unemployment depreciates the market value of the apprentice training degree. To escape unemployment, many vocationally qualified younger workers change to a position as an untrained worker in a different occupational field.

With respect to occupational change, the study concludes that the dual system of vocational training needs to be reformed in order to match skills supply with the skill demands of the labour market.

Proposals for future vocational training system

On 22 January 2007, the Chair of the Association of German Chambers of Industry and Commerce (Deutscher Industrie- und Handelskammertag, DIHK), Ludwig Georg Braun, underlined the following challenges facing the future vocational training system: rapid technological progress; the advent and growth of a knowledge-based society; and an ageing population. In a statement, Mr Braun in turn called for a reform of the dual system of vocational training. Moreover, the DIHK presented a reform proposal, which divides vocational training into two phases. During the first phase, all apprentices in the same occupational field should be taught the core competencies of the particular field. Only in the second phase of the apprenticeship should the trainees be introduced to the special requirements of their occupation.

On 27 January 2007, the Confederation of German Trade Unions (Deutscher Gewerkschaftsbund, DGB) welcomed the DIHK's proposal. Vice-chair of the DGB, Ingrid Sehrbrock, stated that the DIHK had proposed a re-organisation of occupational training that was in line with the DGB's general ideas (see news article 24 January 2007). Ms Sehrbrock emphasised that the right to undertake vocational training would have to be considered in any reform. Furthermore, she contended that vocational training which provides for widely applicable qualifications should take priority over highly specialised training.

Sandra Vogel, Cologne Institute for Economic Research, IW Köln

Unions and workers protest against plan to raise retirement age

The federal government's plans to increase the statutory retirement age to 67 years have met with a series of protests from workers. Since December 2006, approximately 250,000 employees have participated in nationwide demonstrations against the government's proposals to raise the retirement age. While trade unions support employees' right to protest, employer organisations highlight the risk that such protests pose to collective bargaining autonomy.

In November 2006, the coalition partners of the federal government agreed to the gradual increase in the statutory retirement age from 65 years to 67 years between 2012 and 2029. In future, only employees who have contributed to the statutory pension insurance for 45 years will be entitled to receive the full pension at 65 years of age. Others will either have to work until they reach 67 years of age or be prepared to face pension cuts under certain circumstances. To become binding law, the federal government's reform plan will, on 9 March 2007, have to be approved by the German parliament (*Bundestag*).

Trade union position

The German Metalworkers' Union (Industriegewerkschaft Metall, IG Metall) criticises the proposed increase in the statutory retirement age. In December 2006, in an article on the retirement age, IG Metall contended that this increase would lead to pension cuts for those employees who have not contributed to the statutory pension insurance for 45 years. The trade union argues that, because of persistently high unemployment rates and because of the need of some employees to take early retirement as a result of health problems, employees are unlikely to be able to work for a continuous 45 years.

IG Metall Chair, Jürgen Peters, proclaimed that 'the ignorance of the grand coalition forces people onto the streets'. Furthermore, in a press release, Mr Peters called for a modification of the legal reform. He argued that flexible retirement arrangements are needed and that a prolongation of employees' working lives is not desirable. IG Metall believes that employees who contributed for 40 years to the statutory pension scheme should not face any pension cuts and should be allowed to retire at 65 years of age.

Following the announcement of proposals to raise the legal retirement age, IG Metall started to organise demonstrations and campaigns

against 'Retirement at 67' (*Rente mit 67*). On 31 January 2007, the trade union announced that about 27,000 Volkswagen employees, approximately 30,000 Audi employees and a further 6,700 employees from Bosch had participated in demonstrations on that day. According to a further press release, IG Metall confirmed that about 250,000 employees have participated in demonstrations against the government's decision since December 2006; these protests have taken place on work days during working time.

Employer position

The Chair of the Association for the Metal and Electrical Industry Rhineland-Rhinehessen (Verband der Metall- und Elektroindustrie Rheinland-Rheinhessen, VEM), Franz-Josef Mäckler, announced that those employees who had stopped working in response to IG Metall's calls to join organised demonstrations were in breach of existing labour laws. He stressed that work stoppages that were designed to influence current legislative procedures would not be tolerated by employers.

Furthermore, Mr Mäckler claimed IG Metall's statement that everybody has the right to freedom of opinion to be hypocritical. He agreed that employees certainly have a right to voice their opinions. However, he emphasised that they should not, as a result, be entitled to 'stay away from work or leave their workplaces' without permission. Moreover, in a statement to the press, Mr Mäckler argued that the discussion of political issues belongs in the arena of public debate, media and the German parliament.

The Chair of the Employers' Association for the Metal and Electrical Industry (Arbeitgeberverbände der Metall- und Elektroindustrie, Gesamtmetall), Martin Kannegiesser, stressed that the statutory pension scheme would have to be adjusted due to demographic trends such as an ageing society. He thus strongly objected to the protests. In a press statement, he supported the right of trade unions to express their views on pressing social or political issues, but argued that the extension of politically motivated protests by employees to the establishment level would undermine collective bargaining autonomy.

Commentary

Article 9 of the Basic Law (German constitution) stipulates that the social partners are entitled to freedom of association. Therefore, trade unions and employer organisations enjoy the right to regulate their conflicting interests among themselves. Employees are entitled to stop work and conduct strikes if those strikes are organised by trade unions.

Employers, in return, are entitled to lockout their employees. However, employees' right to strike and employers' right to lockout are linked either to issues that are usually negotiated through collective bargaining or to the enforcement of settlements that have already been concluded.

On the other hand, political strikes or demonstrations have been deemed unlawful by the Federal Labour Court (Bundesarbeitsgericht).

Furthermore, if work stoppages or strike actions are used as an attempt to force through changes to proposed legislation, as the protests against the federal government's plan to raise the legal retirement age could be construed, this might also be considered as unlawful.

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