

Learners' Magazine

SOZIAL POLITIK

TOMORROW' S WORLD OF WORK

SOCIAL SECURITY AND JUSTICE

LIVING AND WORKING WITH A DISABILITY

VOCATIONAL TRAINING AND STUDIES

www.sozialpolitik.com

Foreword

Accident protection at the workplace, health insurance for all, unemployment benefits if you lose your job or an old-age pension: We take these benefits from the welfare state for granted. Things were different about 150 years ago. Back then, there was no safety net for accidents, illness, unemployment or old age. In situations like these, support could only come from the family. In many cases this still meant poverty and a struggle to survive.

In contrast, today we are protected against the greatest life risks by our social welfare state. The welfare state is funded by contributions to social insurance systems and taxes. This makes it possible to achieve a balance between young and old or between healthy

and sick people. The most important objectives of the social welfare state are to make this balance socially equitable and to guarantee social security.

But the welfare state needs to be adapted to meet current challenges. How is digital change altering existing occupations and companies? Which new occupations are emerging? How will we work together in the future? What impacts does society's age structure have on the welfare state? These questions will be important for all of us - the learners' magazine is designed to impart knowledge and stimulate discussion.

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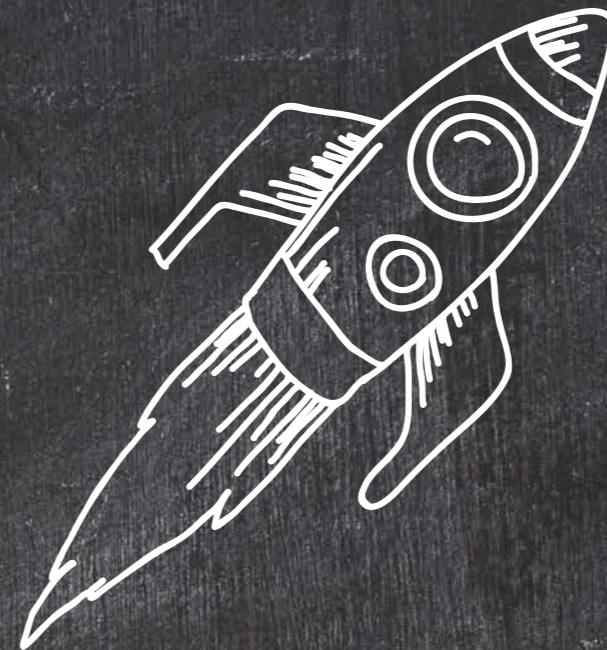
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Your time at secondary school is coming to an end - what now? Many young people find it difficult to decide on a future career and education. How are pupils supposed to find a job for themselves that not only offers them a good income and security, but is also fun and meaningful? Making the right choice is no easier today than it used to be.

But no matter which vocational training or studies programme you start with - lifelong learning in your occupation will be a big part of your life going forward. New technologies will be changing everyday working life in virtually all professions in future. So

keeping knowledge and skillsets up to date is becoming increasingly important in the digital age. Those who take advantage of skills development and continuing education and training programmes also open up new job opportunities and other career possibilities for themselves.

There are many paths leading to the labour market. Vocational advisors at the employment agency (Agentur für Arbeit) are available to help pupils with job orientation. Support is also available on some central portals. (p. 12-13)



No worries about starting a career



Digitalisation

Work 4.0: Entering a new world together

Digitalisation is turning the world of work upside down: New tools and new teams are changing the everyday lives of workers and employees. This is causing unease at some companies - but this development harbours great opportunities, especially for young people just starting their career.

Our colleague Cobot has come by for a practice session: eleven mechanical engineering companies around the city of Arnsherg have joined forces to buy a robot that can work very closely with humans - and can be revamped for new tasks using simple components. Every few weeks the robot, which has a price tag of EUR 35,000, is moved from one factory to the next. The robot is then ready to tackle a project with trainees at the new location.

At the welding machine manufacturer, Ideal-Werk in Lippstadt, five trainees

from different professions had the task of designing a steel grid: First they developed a design together, then they calculated the costs and time required. Finally, they programmed the robot.

25 per cent

of employees subject to social security contributions in Germany work in an occupation in which the main activities could theoretically be performed using computer-controlled machines in the future. The Institute for Employment Research came to this conclusion based on information from 2016.

In the beginning, the fledgling engineers really missed the boat with their calculations - but in a final spurt they managed to overcome all the challenges. And were congratulated by their

instructors and the management. "The project was a complete success for us because we learned to work together as a team," one participant proudly reports. The project highlights the transformation taking place in the world of work: Instead of rigid structures, flexible teams that join together to perform a specific task are becoming increasingly important. Alternative technologies are changing the traditional way companies work - and how they earn money. All these changes are often summarised under the term "Work 4.0". The term has been borrowed from "Industry 4.0", which stands for the increased connectivity of devices and products. Step by step, project by project, our way of working is changing. Today's employees are right in the thick of it all, young people just beginning their careers are noticing these changes right from day one.

"There is only one thing in the long run more expensive than education: no education."

”

John F. Kennedy,
US President from 1961 to 1963



Digitalisation is causing the pace of change to pick up. It is responsible for several change factors at the same time:

- **Business models:** New digital marketplaces are emerging - for shoes and books, but also for mobility, hotels or tools. At the same time, companies have to ask themselves whether they still intend to sell products or rent them out to users for a certain period of time. This is changing job profiles at many companies.
- **Collaboration:** Cars have now become a computer on four wheels - that's why not only designers but also IT and cost accounting staff are involved in designing and building them right from the very beginning. The same applies to many other products. Work in diverse teams will increase. And because digital tools make it possible to work from anywhere in the world, more collaboration will be taking place in the form of video conferences and virtual documents.
- **Development:** Because products can be compared worldwide, competition is greater. New developments have to be completed faster than before. In the past, an idea used to be tinkered with for many months, then managers looked at it and decided on the next steps. Today, more and more development is done in small packages - one week a new function is added, the next week the design is refined.

This "agile" way of working as it is called can make companies faster.

- **Technology:** A whole range of new technologies are in the process of changing production: For example, cobots are making it easier to work in industry because they can do the heavy lifting for workers. 3D printers can ensure that individual components can be produced at relatively low cost. And then there is the software: Ever smarter programmes are performing routine tasks, for example in accounting or human resources. So the work of the future will have a different look and feel: **In the future, machines and computers will be able to perform many standard tasks.** The upside is that this creates new freedom for employees. Instead of typing Excel tables, they can reflect on creative solutions. But these developments are also frightening for some people: They fear that their jobs may disappear completely - and that they will be out of work. **There are similar pros and cons when it comes to flexibility:** many people like the fact that they can answer an e-mail quickly from home without having to drive to the office. Others fear that the boundaries between work and free time will become blurred.

And: In some areas there may be more self-employed people working in the future because their specialist knowledge is only needed on certain projects. Or because companies can no

longer estimate when and how many employees they will need. This may prompt individuals and society as a whole to rethink social security (p. 28).

Young people have good chances on the labour market of the future (p. 12): They lay the foundations for this with a solid education - whether in the dual vocational training system combining work and study or at a higher education institution. In the future, this could of course also lead to the formation of completely new job profiles - such as drone pilot or 3D printing engineer. But we don't always have to reinvent the wheel: **Vocational schools, higher education institutions and companies are constantly working to teach newcomers to the labour market the most up-to-date specialist knowledge possible (p. 9).**

Out of the 326 recognised dual training occupations in Germany, over a third have already been modernised in the last ten years. Training regulations have been realigned to meet current economic and technological requirements - and thus made "future-proof". **"We won't run out of work, but it will change - constantly"**, says Minister of Labour Hubertus Heil.



Tomorrow's world of work

Searching for bright minds

Many companies increasingly face a shortage of labour. What measures could help ease the shortage of skilled workers.

The map is coloured bright red: Every month, the Federal Employment Agency publishes an overview of the federal Länder in which there is a shortage of skilled workers in certain occupations. In the summer of 2019, the document shows that there is a shortage of IT experts in Baden-Württemberg, Saarland and northern Germany, for example. There is a shortage of specialists in energy technology or care of the elderly nationwide - the same situation applies to professional drivers. In many other professions, too, businesses are noticing that they are not finding em-

ployees as easily as they used to. Figures from the Association of German Chambers of Industry and Commerce (DIHK) show that every third company in Germany had vacant vocational training positions in 2018. At the same time, many employees are now retiring or will be retiring in the coming years. (p. 35) This combination poses a threat to the economy: If jobs cannot be filled, some work will not get done - and at some point companies will have to turn down orders.

Policy-makers and businesses are therefore working on many strategies to improve the situation. **Automation can help in some occupations:**

If a robot performs supporting acti-

vities, employees can concentrate on important tasks. On a small scale, **many companies are improving their schemes for employees** to attract and retain workers. These include higher salaries (p. 19), more training or flexible working hours. To make it easier to look for skilled workers abroad, the **Skilled Immigration Act** was enacted in summer 2019. Beginning in March 2020, it will be easier to recruit employees from third countries and to have their vocational or academic qualifications from their respective home countries recognised.

1,389,000

is the number of vacancies the Institute for Employment Research (IAB) recorded in the summer of 2019. These were distributed across economic sectors as follows:

Mining, energy, water and waste	10,000
Manufacturing	151,400
Construction	142,500
Commercial and vehicle repair	139,000
Transport and logistics	94,000
Information and communication	61,000
Public administration	24,000
Financial and insurance services	20,000
Agriculture and forestry	14,000
Mining, energy, water and waste	10,000

Source: Institute for Employment Research, IAB Job Survey, Nuremberg 2019, data from Q2 / 2019

Lifelong learning

School, internship, vocational training - then you're all done? No way. Further training has always been part and parcel of professional life. **In the future, though, job requirements will be changing even faster** because new technologies are being added or value chains are changing. This is shifting the focus much more towards continuing education and training. "The importance of lifelong learning is increasing with ongoing digitalisation of the economy and society," says Friedrich Hubert Esser, who heads the Federal Institute for Vocational Education and Training (BIBB).

What does this mean? The basis for starting a career is dual vocational training, dual studies or a higher education degree. But after that, new educational modules are needed: The chambers of industry and commerce offer certificate courses where employees can obtain training in special subjects over several weeks. In just a few weeks or months, it is possible to obtain an additional recognised qualification as an online marketing manager, data protection officer or

e-recruiter. In the skilled crafts, too, there are compact continuing education and training possibilities and new pathways - all the way up to studying at a higher education institution without a university entrance qualification (Abitur) (p. 12). Digital platforms in particular make it easier to **complete courses online alongside work**. So people's CVs are becoming more individual.

It is now recognised in business and politics that the shift to lifelong learning needs to be supported. Continuing vocational training is being promoted by a wide range of tailor-made measures allowing companies, employees and employment agencies to react to skills requirements and receive financial support. Since the working society of the future will be even more of a knowledge society based on education and lifelong learning than today, Federal Minister of Labour Hubertus Heil believes: "If we want to harness the opportunities harboured by the digital transformation, Germany must invest more in skills development and continuing education and training."



Clever skills

Specialised knowledge forms the backbone of a curriculum vitae. But in a changing world of work (p. 6) what are known as soft skills are gaining in importance. These include social intelligence, creativity, communication, cooperation, critical, interactive and analytical skills.

Three specific examples:

1. Communication:

More occupations are working closer and closer together in teams. That is why employees must be able to explain their specialist knowledge in a way that is readily understandable in the future.

2. Decision-making ability:

In the future, employees will deal with the questions that computers cannot or are not allowed to answer. Carefully weighing up the pros and cons, conscientious decision-making - this will become part of everyday working life for more people.

3. Personal responsibility:

What has to be done by when, how much can be achieved, what is actually realistic? In the future, employees will be answering these questions themselves more often. The reason being that superiors will no longer know their employees' respective areas of expertise, and instead will concentrate on coordinating teams and mediating when problems arise.



Social Europe

Cohesion in the EU

The European Union (EU) is based on a community of values. The members of the EU have agreed to live in freedom and democracy and to respect the principles of human equality, rule of law and human rights.

The EU is also an economic community. This means, among other things, that the countries in it do not levy customs duties. This makes it easier for German car manufacturers, for example, to sell their vehicles abroad. Lower wages are often paid in poorer

EU countries. This provides incentives for companies to build factories there. In the long term, this can mean more jobs and in turn more prosperity for poorer countries. The economic community offers advantages not only for companies but also for private individuals. This is because in the EU there is freedom of movement for workers. This means: Each and every EU citizen can work in any Member State. Whoever works abroad must be granted the same rights as employees who were born there – so they must re-

ceive the same salary, for instance. Many people from Eastern Europe have made use of the free movement of workers. They go to western EU countries and work in restaurants or nursing care, for example. All employees enjoy social security: The legal basis for this is provided by EU regulations on the coordination of social security systems. But each State has its own model. That is why unemployment benefits are not the same everywhere, for example.

“The idea of Europe will only become a reality if living conditions are approximately the same everywhere. Only then will we be partners on equal terms. Is enough being done to this end?”

Leonie, 17 years old



“I am European: Studying in France, doing an internship in Slovenia, living and working in the Mediterranean region or in Sweden a few years. And everything is taken care of: health insurance, pension, unemployment benefits. You won't find that anywhere else in the world.”

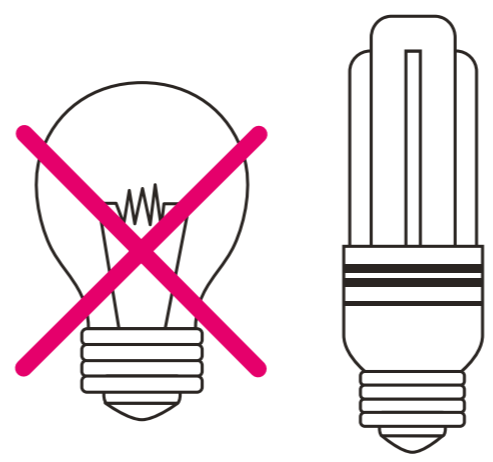
Aleksey, 21 years old

The EU in everyday life



The EU is present in our everyday lives: citizens pay for things in euros in 19 countries. When travelling, your passport can stay in your pocket at the borders between EU countries. What many people don't know: The vast majority of consumer protection laws in Germany also stem from EU initiatives. Food labels, hygiene and safety standards, health standards for drinking water, pa-

tient information leaflets for medicines - all this and more is subject to EU-wide regulations. Thanks to the EU, for example, surfing the Internet and using your mobile phone in other Member States generally costs the same as at home. In May 2018, a new General Data Protection Regulation was also enacted to govern the handling of personal data - including on the Internet.



Uniform rules

For some years now, the EU has been ensuring that inefficient lighting is taken out of circulation. Electricity guzzlers are no longer allowed to be sold.

Difficulties in agreeing

The EU Member States are not always in agreement. For example, some EU countries wanted to go after Google, Facebook and Co.. The reason: The American internet giants earn a lot of money

in Europe but pay hardly any taxes here. The EU countries could not arrive at a compromise on one possibility, though, a “digital tax”.

The ECJ has the final say

The European Court of Justice (ECJ) in Luxembourg is the supreme court of the EU. When national courts have a question involving European law, they refer it to the ECJ. This question is then finally and permanently decided by the ECJ. The national court subsequently takes this into account in its own decision. The ECJ also has jurisdiction if a Member State believes that a partner country or one of the EU institutions is in breach of EU law. In spring 2019, for example, Austria brought an action before the European Court of Justice to prevent foreign motorists having to pay a toll for driving on German motorways as the German Federal Government had planned. But the ECJ saw this as discrimination against foreign travellers. Plans for this toll have now been scrapped.

ESF: Support for better jobs and integration

The European Social Fund (ESF) is the EU's main instrument for promoting employment in Europe. The fund aims to get disadvantaged young people, the long-term unemployed and migrants into jobs. To achieve this, it relies on practical assistance: for example, advisors support young people in taking their first steps in their working lives, or they help migrants with their applications if they still have language problems.



Practical aids in starting a career

Before you start working life

On your marks: ready, set, train!

Most pupils learn an occupation after school. They start their vocational training either at a company and a vocational school (dual training system) or solely at a school-based educational institution like a full-time vocational school (*Berufsfachschule*).

An online planet as a portal to the world of occupations

On the "planet-beruf" portal, a universe of support on the topic of career choice, including self assessments, application tips, explanations of terms, answers to legal questions and dates for training fairs awaits pupils.

planet-beruf.de

Which companies are there locally?

Is there a training place nearby for your preferred occupation? Anyone interested can find out at the online job exchange of the Employment Agency (Agentur für Arbeit).

jobboerse.arbeitsagentur.de

Occupations from A to Z: It's amazing what's out there

From aircraft mechanic to zoologist - you can browse through the list of recognised training occupations among the more than 300 possible training occupations here.

t1p.de/bibb-Ausbildungsberufe

Occupational experience abroad

Some trainees gain experience abroad during their vocational training. In addition to Erasmus+ (p. 14), the "TrainingWorldwide" internship programme promotes international exchanges.

ausbildung-weltweit.de

Vocational counselling individually and in a classroom setting

Vocational counsellors help you choose a career and study programme at the vocational information centres (BIZ) of the Federal Employment Agency. They also come to school and advise the whole class.

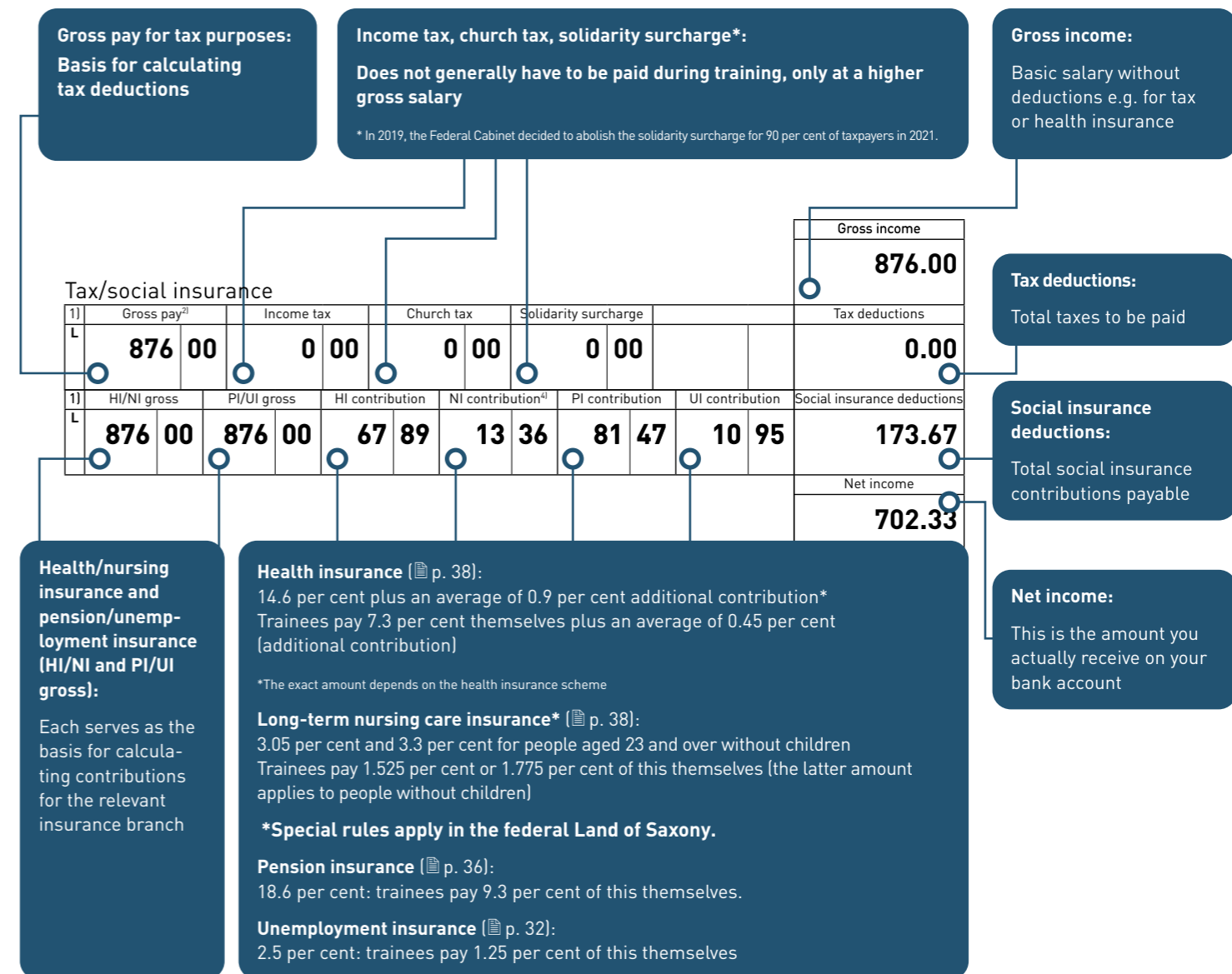
arbeitsagentur.de/bildung/berufsberatung

Untypical jobs instead of stereotypes

Clichés about men and women are persistent: Many boys still prefer to choose a supposedly male profession and girls a supposedly female profession. But a lot of companies are looking for applicants from each gender, as younger pupils will learn at taster days like Girls' Day or

Boys' Day. The Federal Institute for Vocational Education and Training (BIBB) provides information on the advantages of choosing a career and study programme away from typical patterns. klischee-frei.de

Sample payroll for a trainee from gross to net, as of 2019



Off to study

What used to be an exception just a few years ago has now become very commonplace: Nearly a third of trainees go on to study at a higher education institution. Moreover, the proportion of pupils starting university studies directly after graduating from secondary school has increased in recent years.

Dual studies: trainees who study

Some people combine both in their dual studies: they learn a profession at a company and study at a higher education institution at the same time. The portal of the Federal Institute for Vocational Education and Training (BIBB) provides information on this increasingly popular combination.

ausbildungplus.de

Opportunities without a university entrance qualification (Abitur)

The CHE Gemeinnützige Centrum für Hochschulentwicklung provides information on study opportunities with a vocational qualification and without the Abitur.

studieren-ohne-abitur.de

University wanted

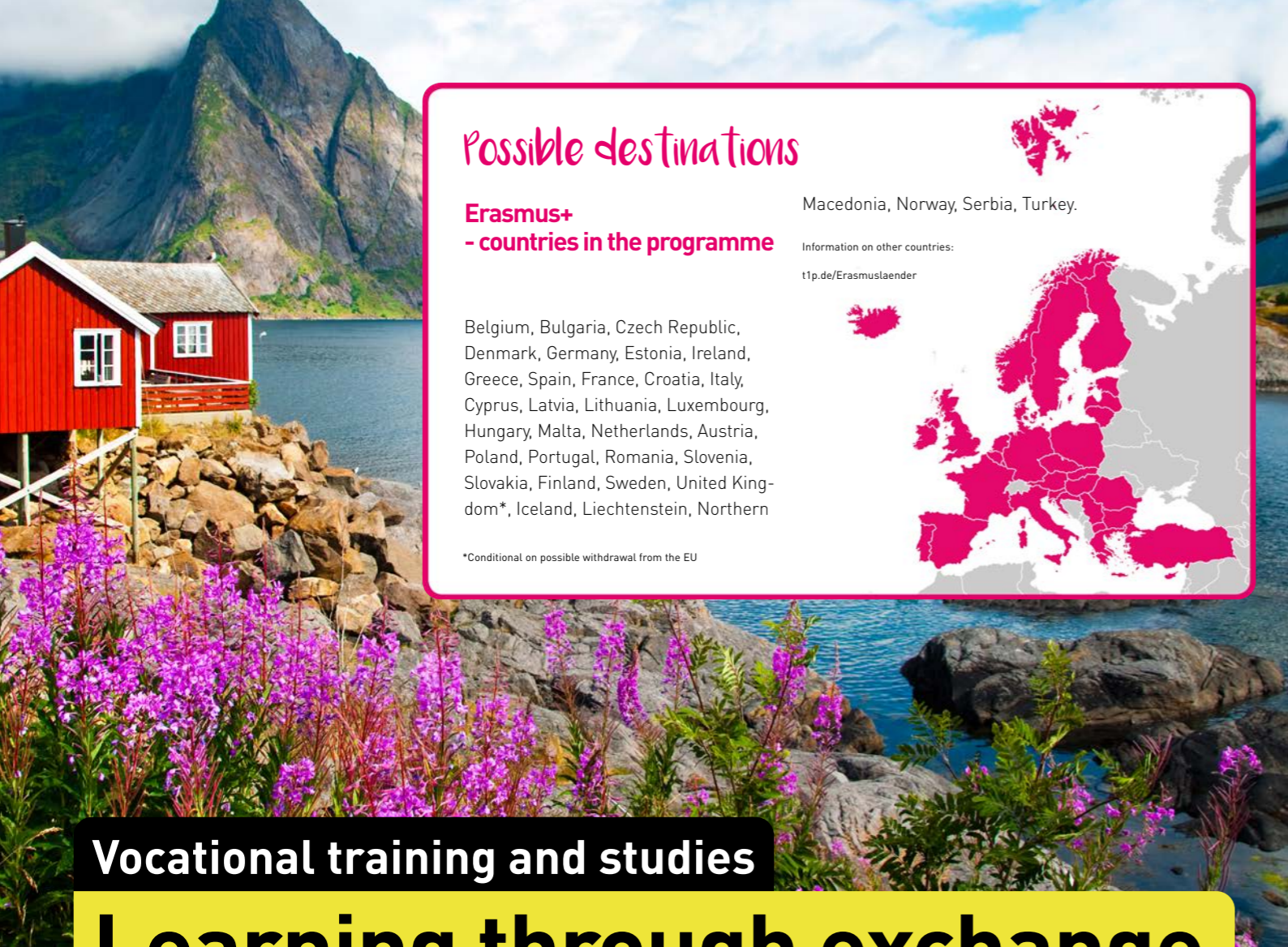
Prospective students can find out which study opportunities are available at universities and universities of applied sciences and what they have to bear in mind when applying on the joint portal of the federal Länder and the Employment Agency or on the website of the German Universities Rectors' Conference.

studienwahl.de
hochschulkompass.de

Profile on the place of study

The editors of abi Magazine have made a map showing universities including city portraits along with percentages of students there and rent prices for flats.

t1p.de/abi-Hochschulorte



Possible destinations

Erasmus+ - countries in the programme

Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden, United Kingdom*, Iceland, Liechtenstein, Northern

*Conditional on possible withdrawal from the EU

Macedonia, Norway, Serbia, Turkey.

Information on other countries:

t1p.de/Erasmuslaender



Vocational training and studies

Learning through exchange

Gaining experience with Erasmus+

With its Erasmus+ programme, the European Union supports voluntary work by and education of young people abroad. There are opportunities for pupils, trainees, vocational school pupils and students alike - for example, scholarships to study or work abroad or to complete a combined Master's degree at several international universities.

450,000

internships are supported through the EU Erasmus+ programme

Volunteers also receive grants to defray part of the travel costs and living expenses in the exchange country as well as some spending money when they make a commitment to the Euro-

pean Voluntary Service or the European Solidarity Corps: for example in the reconstruction of historical sites, in the care of chronically ill people or in cultural projects with children from disadvantaged families. The work is supposed to last between two months and one year. Anyone who wants to participate just has to be the right age - registration is possible from 17 years of age, participation is possible from 18 to 30. The aim is to facilitate learning opportunities for young people across national borders. Participants in the programme receive money and organisational help for the time abroad. On the other side of the equation, educational, sports and youth institutions benefit from subsidies for new projects, partnerships and volunteering. The EU programme has a budget of

almost 15 billion euros for the period until 2020.

The political focus is on closer cooperation between the EU Member States: the aim is for countries to share their experience with successful projects in

650,000

vocational school pupils and trainees receiving grants

the field of education and schemes for young people. International exchange programmes also pursue the goal of improving the career prospects of young people in Europe while helping lower unemployment and ensuring a supply of skilled workers in the long term.

Apply successfully!



Presentation counts: There are instructions and templates on the Internet to make sure applications in other EU countries are successful. The "Europass" helps with templates for presenting skills in a way that is understandable for everyone - and in turn to improve your chances: CV, skills passport and Europass Mobility. Prospective candidates enter their

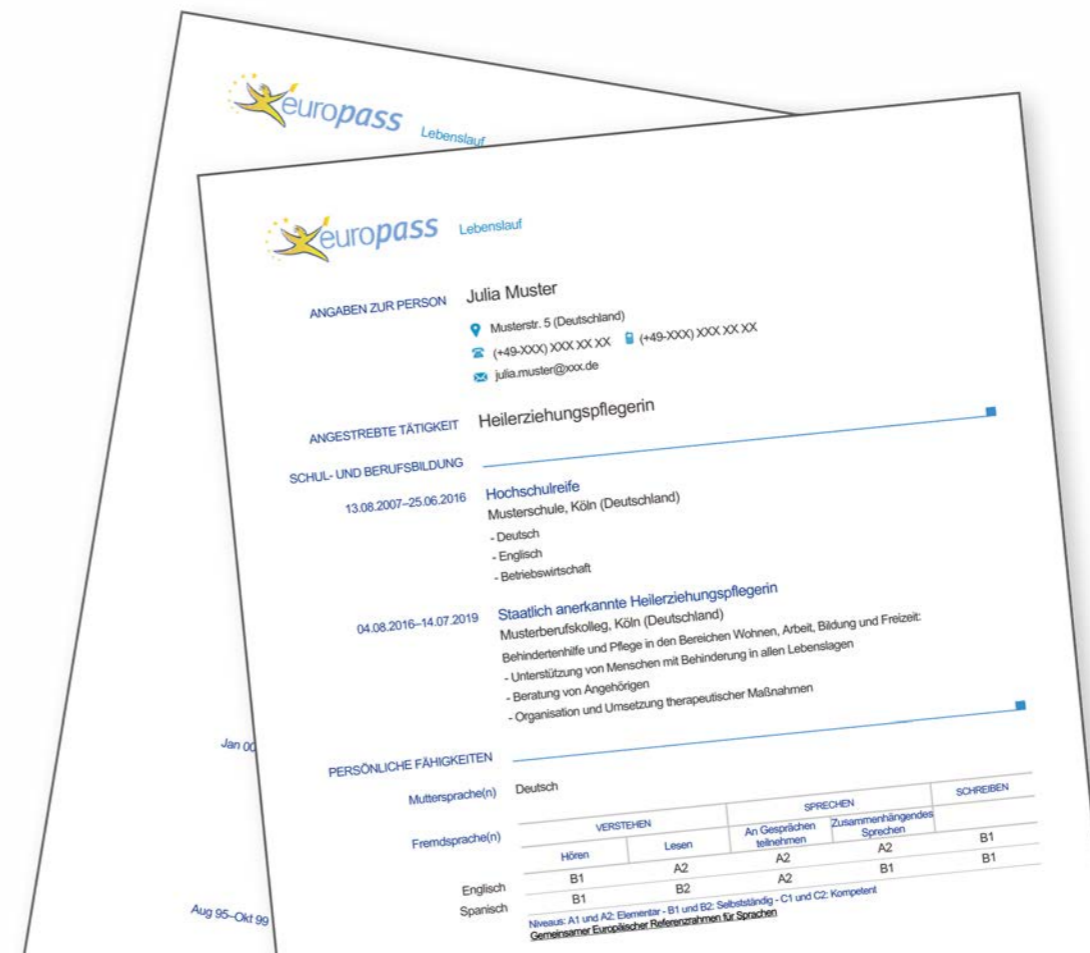
skillset and languages on the skills passport document. The Europass Mobility lists previous experience abroad. Those who want to underscore their skills outside school and at work can use the Youthpass to create certificates on the Internet - for example, documenting work at a sports club, in the field of music and art, computer skills or social projects.

Information and testimonials

- t1p.de/Erasmusplus
- t1p.de/Europaeische-Kommission-Erasmusplus
- t1p.de/Auslandspraktikum-mit-Erasmus
- t1p.de/Jugend-fuer-Europa
- t1p.de/Azubi-mobil
- t1p.de/Youthreporter
- t1p.de/Europass
- t1p.de/Youthpass

Safe and secure travels

Anyone going abroad with Erasmus+ needs to check their insurance because the programme itself does not automatically cover accidents and damage. Erasmus interns should find out, for example, whether their liability insurance is valid at their place of work abroad and whether they are insured for the costs of occupational accidents. Insurance can also be arranged through the employer; ask them about this to clarify.





Labour law

The right framework for quality jobs

From initial contact to the final letter: Laws and regulations ensure fair behaviour and a fair relationship between employers and employees. The problem with laws and regulations is: Whenever there is a real dispute, professionals, usually lawyers specialised in labour law, often have to look very closely at the details. These are the most important points:

Application
In a job advertisement, companies are required to search for workers in a **non-discriminatory** and gender-neutral way - i.e. to not advertise specifically for a "female secretary" or a „male mechatronics engineer". At the job interview, a lot of **questions** that are too personal or discriminatory are **prohibited** - such as questions about pregnancy, political party affiliation or trade union membership or your bank balance. Employers have to clearly state during the application procedure if the job is particularly difficult or dangerous.

Employment contract
An employment contract does not have to be concluded in writing, but this is recommended. If there is no written employment contract, the most important working conditions have to be put down in writing, signed and handed over to employees no later than one month after they start work. This document should **state** when the work is to commence, where the employees work, what their work involves, and what their working time arrangements are. And of course: How much money the company is going to pay them in return as remuneration, and which additional benefits may be added on top of the pay. Paid holiday - at least 24 working days in the case of a 6-day week - must also be laid down in writing. For young people, the arrangements set out in the Youth Employment Protection Act apply here. If a **collective agreement** (p. 19) applies, many of these items are already laid down therein. Employers and employees are generally **free to negotiate** working conditions.

! Help on the hotline
Unsure about a question concerning labour law? The Federal Ministry of Labour and Social Affairs offers a telephone service.
From Monday to Thursday from 8:00 a.m. to 8:00 p.m. experts are available to help out with individual problems:
030 221 911 004

Fixed-term employment contracts
Approximately four out of ten new employment contracts are concluded with a fixed term. This means that the job will end after the agreed period. If you are being hired for a job for the first time, this is permitted as an **eased fixed-term contract** - for a maximum of two years. Relatively new companies, or start-ups as they are often known, are also allowed to limit the contractual term of their employees in their first years. There are also **fixed-term contracts for an objective reason**: here companies are allowed to employ people for a limited period of time. For example, following a vocational training degree, in a project of limited duration or if the employee is being hired to fill in for another employee.

Protection against dismissal
People cannot just be sacked: The law protects employees from being dis-

missed without notice or unjustly. **Dismissal for operational reasons** may be justified if the entire company or department has no more orders - and no suitable employment is possible elsewhere in the company either.

Termination of employment without notice may be possible in cases of gross violations of duties: These include verbal abuse, violence, sexual harassment or persistent refusal to work. An action contesting the dismissal can be brought before a **labour court**.

Trainees have **special protection against dismissal** - as do pregnant women, mothers for up to four months after giving birth, people with severe disabilities, people performing voluntary military service and employees on parental or family care leave.

Obligations

Labour law contains provisions granting employees both rights and obligations. Obligations include the following:

- Superiors have a right to give instructions on how a task or job should be carried out. The employer's right to give instructions, also known as the right to issue orders, may relate to the content, execution, time and place of the activity. Employers can specify the tasks laid down in the employment or collective agreement in more detail. Employees have to follow these instructions, which may also include instructions on work clothes, smoking bans or the use of the Internet and telephone.
- Secondary activities are generally permitted. But be careful: A secondary activity can be prohibited if it would challenge employees so much that

they cannot perform their main job, or cannot do so adequately, because they are always tired, for example.

- Employees are obligated to keep business and company secrets confidential - this also applies on social networks such as Facebook or Twitter.
- If employees fall ill, they must inform their employers immediately. This can be verbally or by telephone. Note: If the illness lasts longer than three calendar days, you are obligated to present a doctor's certificate to the employer on the fourth calendar day at the latest, confirming inability to work and stating how long it is expected to last. Companies can already demand a doctor's certificate beginning on the first calendar day of an illness.

Guidelines for a flexible working environment

Every morning to the same office, every day to the same factory to work a shift: For many employees, the place of work is specified in their employment contract - and cannot simply be changed by the company. Unless the employment contract contains a clause that work can be performed at different places. Many companies now offer more flexible work arrangements in terms of time and place. Here's what is allowed:

Working day: In principle, an eight-hour working day is the rule under the Working Hours Act (*Arbeitszeitgesetz*). But if there is a lot of work to do at a given time, working hours can be extended to up to ten hours per working day. This increase in working hours must be compensated within six months so that an overall average of eight hours is achieved. Minors may not be employed for more than eight hours a day or for more than 40 hours a week. The 5-day week applies to them.

Part-time: You already earn enough but you'd like a little more time for your family or continuing education and training? In companies with more than 15 employees, employees have a right to part-time work. At larger companies, work can also just be reduced for a certain period of time. This is called temporary part-time work (*Brückenteilzeit*).

Mobile work: Many German companies have mobile work arrangements. Employees are then allowed to work from home or on the road. This is a voluntary decision made by the employer. It is also clear that people who work at home need to be available for their colleagues during their agreed working hours.



Co-determination law

Employees also have a say

A works council represents the common interests of employees vis-à-vis the management. Wherever at least five employees work together on a permanent basis, they can elect a works council. They are not obligated to elect a works council but are entitled to one.

The German Works Constitution Act (*Betriebsverfassungsgesetz*) sets out the various rights of the works council to have a say. For example:

- **Co-determination:** The works council has the greatest influence on arrangements involving working hours, holiday, overtime and health and safety at work. Employers can only decide on these matters jointly with the works council.

- **Participation:** In the case of decisions involving staff, such as hiring or transferring someone, employers have to obtain the approval of the works council. The works council can refuse to provide its consent in certain cases. These cases are listed in the Act. If employers want to carry out the staffing decision despite the works council's refusal, they must obtain permission from a labour court.

- **Consultation:** Dismissal is a decision that has a significant impact on the lives of employees. For this reason, a dismissal is null and void if the employer does not consult the works council beforehand. The works council can object to the dismissal, but it cannot prevent it.

The number of organisations with a works council has recently risen again slightly. In 2018, 41 per cent of employees in Germany were working at an organisation with a works council. These are predominantly large companies, while small service-oriented companies tend to have no works council. Flexible forms of employment such as mini jobs, temporary work and fixed-term contracts make it difficult to set up a works council. In the public sector, employees elect a staff council, which has rights similar to those of a works council.

Social partners seek joint solutions

Employees in one sector or with similar professions can organise themselves in a trade union encompassing multiple organisations. The union represents their interests and offers services such as legal advice and assistance in court. Employers can also pool their interests. They do this by joining an employers' association. The right of trade union members and employers to collectively represent their interests is called freedom of association and is protected by the German Constitution.

Trade unions and employers' associations make important agreements for employees at various organisations and lay down the agreed working conditions in collective agreements. The two collective bargaining parties negotiate with each other without the State being allowed to intervene. This is referred to as collective bargaining autonomy: In Germany, it is first up to the parties to the collective bargaining agreement to agree on wages and training remuneration or to make industry-specific arrangements governing working hours, paid holiday, shift and difficult working conditions compensation. The aim of collective bargaining is to reach an agreement that is acceptable to both sides. There is a long tradition in Germany of trade unions and employers' associations seeing themselves more as partners than as opponents. Because they also work together outside of collective bargaining, they are called social partners. Both partners are involved in the self-administration of social insurance schemes, for example. Industrial action, where certain methods are resorted to in order to increase the pressure on the other side in negotiations, is comparatively rare. Employees organised in trade unions have the right to strike. If they stop working, companies can react by denying other employees access to the workplace and by refusing to pay them wages (this is called a "lockout").

Employees in one sector or with similar professions can organise themselves in a trade union encompassing multiple organisations. The union represents their interests and offers services such as legal advice and assistance in court. Employers can also pool their interests. They do this by joining an employers' association. The right of trade union members and employers to collectively represent their interests is called freedom of association and is protected by the German Constitution.

Changing collective bargaining autonomy

The system of collective agreements has become weaker because both trade unions and employers' associations are losing members. Just under one in five employees is still in a trade union. In 2018, 49 per cent of employees in the west and 35 per cent in the east of Germany were covered by a sectoral collective agreement. In 1996 this figure was 70 per cent in the west and 56

per cent in the east. Then and now, the prevalence of collective agreements varied and varies according to region, sector and size of the organisation. Whilst a particularly large number of employees in the public administration and at large companies are paid in accordance with collective agreements, far fewer employees at smaller companies are covered by collective agreements.

Minimum wage

There has been a legally stipulated minimum wage in Germany - the general statutory minimum wage - since 2015. This is intended to enable low-income, full-time workers to cover their costs of living through their work. At the same time, the minimum wage strengthens social security, as higher wages result in greater contributions to the social security system.

Exceptions only apply to a few groups of employees, such as interns. The minimum wage will be increasing from EUR 9.19 per hour to EUR 9.35 in 2020. In addition, minimum remuneration for trainees of EUR 515 per month in the first year of training is planned beginning in 2020. In the second and third years of training, the amount is to increase by EUR 100 each year.

Representatives of minors and trainees



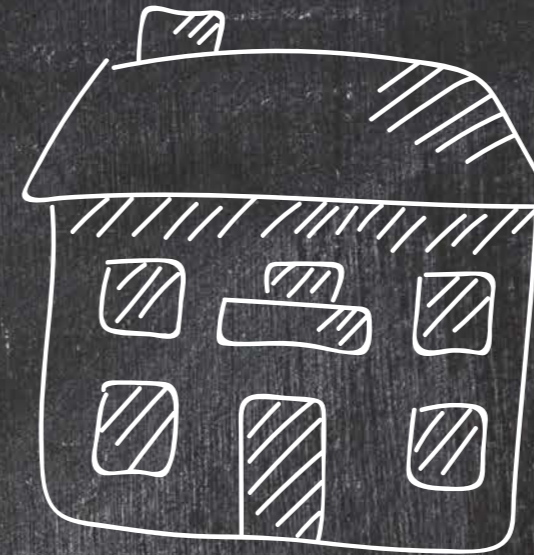
Minors and trainees are entitled to have their own representatives at their organisation. If difficulties arise, representatives of minors and trainees serve as the initial contact point. Those elected as representatives by these groups of employees help to ensure that laws and regulations, collective agreements and company agreements are upheld and respected in practice. They inform the employees who are minors about what is happening at the company and pass on suggestions by trainees to the works council. Wherever there are no representatives or works councils or staff councils, employees can contact the trade union or trainee advisors and mediation committees at the chamber of industry and commerce that has jurisdiction over their company.

Opportunities for people with health issues to live and work in a self-determined way are constantly increasing. This is made possible in particular by technology and digital workflows: The Erfurt logistics company KNV, for example, relies on smartphones and watches with Internet access to simplify communication between employees with and without hearing impairments. The deaf team members communicate via a messenger app installed on their devices. In some cases, a sign language interpreter assists deaf people to ensure everyone

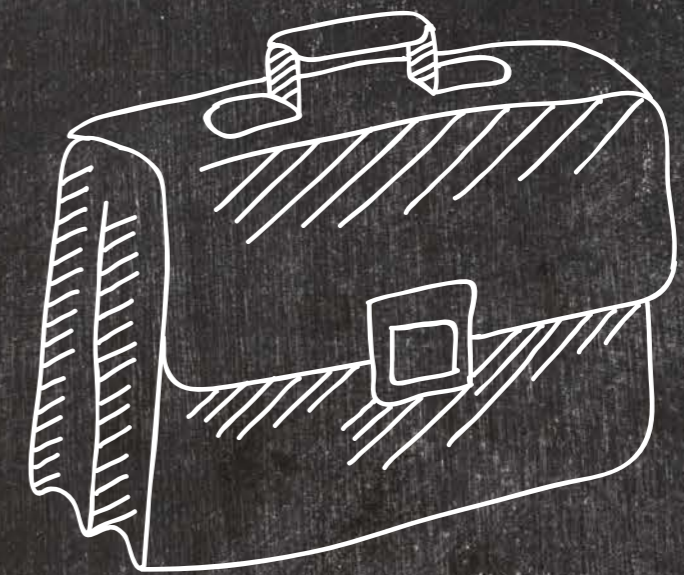
understands each other correctly.

The goal: People with and without disabilities should be able to meet in teams "as equals", as the company puts it in a communication.

Whether at work, at school or at university, out and about, in the family or doing sport: To ensure that no one is excluded due to a disability, society needs to aid and collectively want participation. More detailed information can be found on the Internet portal "einfach-teilhaben.de".



Living and working with a disability





Living and working with a disability

Self-determined living for all

“No person shall be disfavoured because of disability.”

This clause was inserted into Article 3 of Germany’s Basic Law in 1994. Various laws and measures are aimed at eliminating unequal treatment. The aim is to enable people with disabilities to live self-determined lives. Germany was one of the first countries to sign the United Nations Convention on the Rights of Persons with Disabilities in 2009.



Inclusion: an international objective

The United Nations Convention on the Rights of Persons with Disabilities (UN CRPD) is committed to the elimination of discrimination against persons with disabilities. The UN CRPD therefore demands comprehensive inclusion, i.e. equal participation in life in society for all people. 180 Member States of the United Nations have so far committed themselves to the Convention on the Rights of Persons with Disabilities.

In the thick of life

Various obstacles can lead to people with long-term health impairments not being able to live and work as independently as other people. These obstacles are also referred to as barriers. They can be found in buildings and means of transport. Websites can also contain barriers. For example, by not being able to be used by blind people. People’s attitudes can also become an obstacle, for example if human resource managers think that people with disabilities generally cannot do a good job. That is why it is important to break down barriers so that people with physical, mental, intellectual or

sensory challenges can participate just like everyone else. Being included and taking part in all aspects of life is what participation is all about.

People with disabilities can, if necessary, receive benefits in kind or in cash to facilitate their participation in society. Whether it’s converting their home, an assistance dog or equipment for their workplace - what counts is that the support is tailored to meet their needs and enables them to live an independent life.

At the same time, people with disabilities can organise what they need

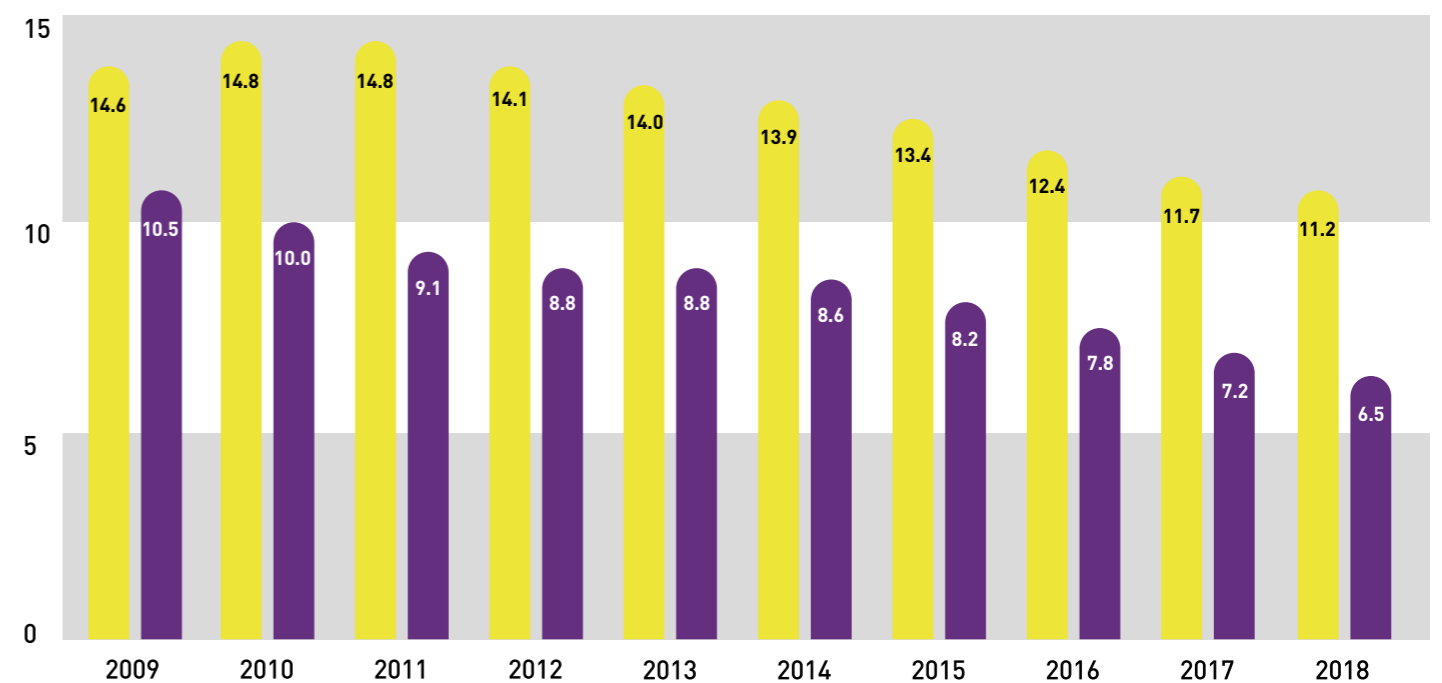
themselves. There is something called a personal budget for this.

About eight million people with a severe disability live in Germany. That is about ten per cent of the population. Persons with severe disabilities are defined as those who are considered by the relevant authority to have particularly serious problems participating in society. This is usually a result of diseases that occur over the course of a person’s life. People are born with a severe disability in just three per cent of cases.

Differing job opportunities

*Comparison of unemployment rates among people with and without severe disabilities
Based on certain groups of the population*, figures expressed as a per cent*

■ People with a severe disability ■ People without any severe disability



Groups of the population taken into account: Employees subject to social insurance contributions, civil servants and unemployed persons. Self-employed and marginally employed persons are not included.

Source: Federal Employment Agency: Labour market for people with disabilities, 2019 annual figures

The job has to fit

Out of the 3.1 million people with severe disabilities aged 15 to 65, about half are gainfully employed. By comparison, the figure for the population as a whole is three out of four people. This means that the employment rate of people with severe disabilities is lower than the employment rate of the overall population.

The number of employees with severe disabilities has been increasing in recent years, though, thanks to various possibilities for employers and employees to receive support. Working conditions can be adapted to meet the needs of em-

ployees, for example through technical work aids or through the organisation of working time and work. For instance, tasks can be distributed in a team in such a way that everyone can contribute their own strengths.

The majority of employees with severe disabilities work on the general labour market. About two-thirds of them work for private companies and one-third in the public sector. There are also different kinds of help available for school-leavers with disabilities if this is needed to enable them to successfully complete vocational training or studies.

“A lot of people don’t take you seriously”



we now have a team taking care of our sponsors. My job as inclusion officer has evolved over time, as my disability has made me keenly aware of barriers of all kinds. That’s my second job at the company, if you like.

Do you feel any difference in the way you have been treated by business partners before and after your accident?

At work not so much. Most contacts are initiated by e-mail or telephone, so people don’t even know at first that I am confined to a wheelchair. Later on, it doesn’t really play a role then either. In everyday life things are different. You have to assert yourself more often to be respected. A lot of people don’t take you seriously. You have to prove yourself time and again.

Wacken Open Air Festival works with a lot of other people with disabilities as well as you. Why?

We don’t regard inclusion as a necessary evil. It’s something close to our hearts. On the one hand this relates to us wanting to make it possible for all fans to attend our events. On the other hand, we also want to make it possible for everyone to work for us, if they want to and are able to.

What tasks do your colleagues with disabilities perform?

They work in ticket dispatch, for example, or in the warehouse, where there are always packages to be packed and consigned. We also employ a lot of people with disabilities during the festival. They keep our venue and the village of Wacken clean.

Inclusion officer Drees Ringert (born in 1988) worked for Wacken Open Air Festival for the first time in 2008. With 75,000 tickets up for grabs, in 2019 the Heavy Metal Festival in Schleswig-Holstein sold out for the 13th time in a row.

Drees, you are not only in charge of sponsors for the Heavy Metal Festival in Wacken - you are also the inclusion officer and permanently confined to a wheelchair yourself. How did this all come about?

I was hired in 2015 to work in the sponsorship department. After I had a car accident a few months later though, it was no longer possible timewise to do this job alone. That’s why

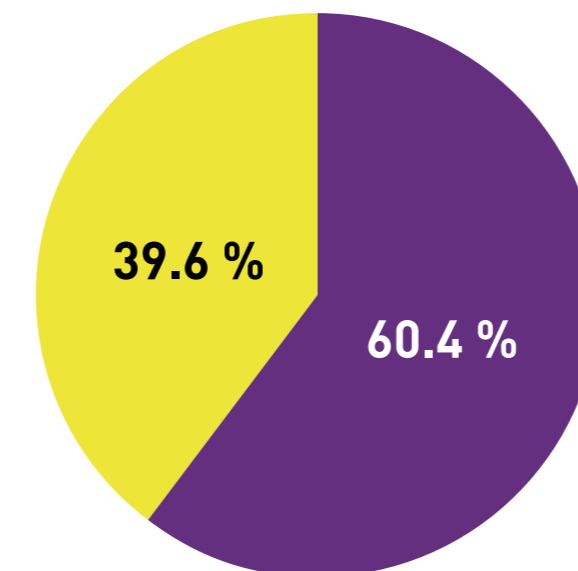
Companies are called upon

Employers with at least 20 jobs are legally obliged to fill at least five per cent of their positions with people who have a severe disability. If this employment obligation is not met, or not met completely, they have to pay a compensatory levy for every compulsory job not filled. This is how lawmakers seek to promote integration on the labour market. Some associations of persons with disabilities and trade unions consider the levy to be too low. Their criticism: it is too easy for companies to “buy themselves out” of the obligation to employ people with disabilities.

Representatives of persons with severe disabilities defend and promote the interests of employees with severe disabilities at the company and ensure that employers comply with their legal obligations. This includes, for example, monitoring the obligation to employ people with disabilities. Employers appoint inclusion officers to support them in their tasks. Representatives of employees with severe disabilities are elected by the employees with severe disabilities themselves.

The majority has to pay

- **39.6 per cent** of employers did not have to pay the compensatory levy
- **60.4 per cent** of employers had to pay a compensatory levy



A total of 164,631 employers were obligated to employ people with disabilities in Germany in 2017.

Source: Federal Employment Agency: April 2019

From the workshop to the labour market

Depending on the type and severity of the disability, it is not immediately possible for everyone to find employment on the general labour market. About 330,000 people are employed in a workshop for people with disabilities.



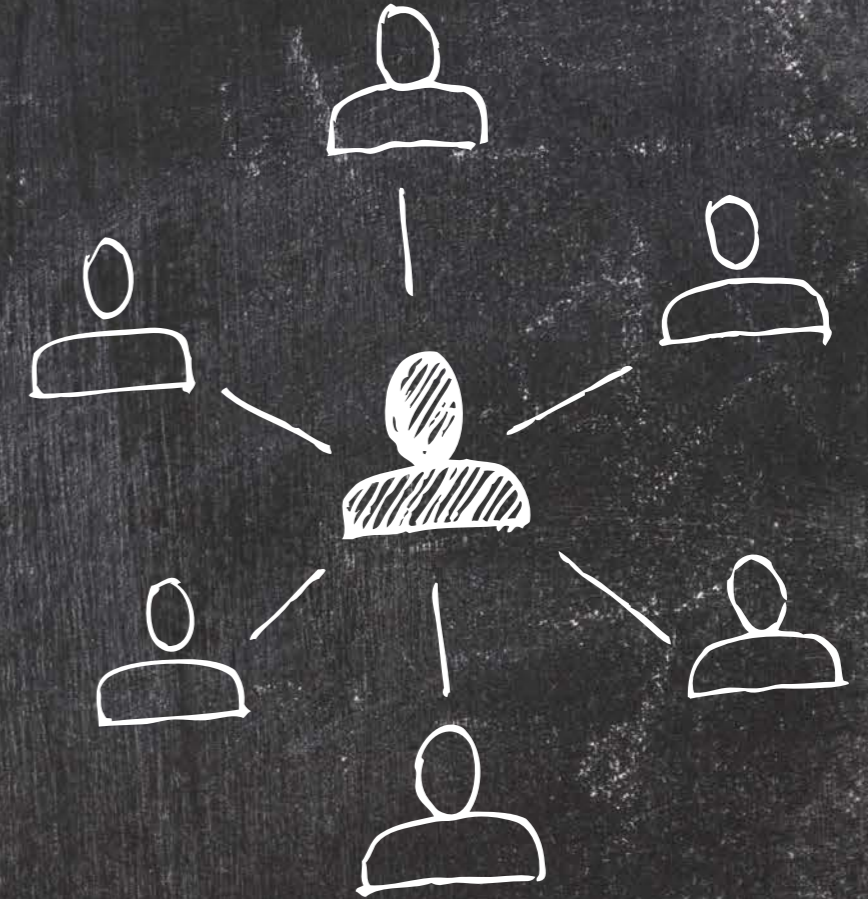
Christiane Pollerberg,
Head of the Integration Department at Krefeld
Therapeutic Education Centre - district of Viersen:

“Integration has to be prepared well.”

My job is to place people with intellectual, physical or psychological disabilities from our workshops at companies on the general labour market. Generally speaking, we are succeeding in doing this more often now than we were a few years ago. There used to be this cliché: “Once in a workshop, always in a workshop.” But that no longer applies. Jobs are typically found in industry, crafts and trades, and services. Integration at an organisation needs to be prepared well, for example through consultations with employees and employers. The requirements of the job must match the skills of the employees. In addition, we continue to provide the employees our support.

Whenever the word "social" is used, it is about community - and people living together in a State and society. Another part of the equation: paying heed to the common good as well as protecting the weaker members of society. This is how the "Duden" dictionary describes the term at any rate. In addition to "social justice", "social security" is another component of the social welfare state in Germany.

What this means: In the event of illness, accidents, a need for care, unemployment or old age, the community indirectly comes to the aid of individuals - with pension insurance, health and nursing care insurance, unemployment insurance or accident insurance. The objectives the welfare state pursues through the social security system are: fighting poverty and social exclusion and guaranteeing a society worth living in, that everyone can participate in developing.



Social security and the social welfare state



The principle of the social welfare state

Security and justice in the social welfare state

Germany is a social welfare state. This means: the aim of policy, laws and regulations is to ensure social security and justice.

Social security	Social justice
<p>Statutory social insurance is designed to protect those in employment and their family members against the most critical risks in life.</p> <ul style="list-style-type: none"> • Unemployment • Illness • Need for long-term nursing care • Accidents • Old age 	<p>Everyone should have the same opportunities to participate in life in society.</p>
<p>Social benefits from tax revenue are generally provided to people who do not work or earn too little to live off. For example: basic income, social assistance, child and parental benefits (p. 30)</p>	<p>Education is an important starting point, which is why nurseries, primary and secondary schools as well as institutions of higher learning are paid for by the State. The inclusion of people with disabilities is also promoted.</p>
	<p>Disparities in income and wealth in society should not be allowed to become too great. Social benefits financed with tax revenue make it possible for poorer people to participate in life in society as well.</p>

Legal foundations for social security and social justice

A glance at laws and regulations

"The Federal Republic of Germany is a democratic and social federal state."

"The constitutional order in the Länder must conform to the principles of a republican, democratic and social state governed by the rule of law within the meaning of this Basic Law."

Basic Law of the Federal Republic of Germany, Articles 20 and 28


"Everyone has duties to the community in which alone the free and full development of his personality is possible."

"Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

1948 Universal Declaration of Human Rights, Articles 22 and 29 of the United Nations Charter of Human Rights

Social insurance: an overview

The five pillars of social insurance




HEALTH INSURANCE
has existed since: 1883

Contributions in 2019:
14.6 per cent of gross wages

Supplemental contributions in 2019:
average of 0.9 per cent

Share paid by workers:
7.3 plus 0.45 per cent (supplement)

more information p. 38




ACCIDENT INSURANCE
has existed since: 1884

Contributions in 2019:
varies depending on the institution

Share paid by workers:
0 per cent

more information p. 37




PENSION INSURANCE
has existed since: 1889

Contributions in 2019:
18.6 per cent of gross wages

Share paid by workers:
9.3 per cent

more information p. 36




UNEMPLOYMENT INSURANCE
has existed since: 1927

Contributions in 2019:
2.5 per cent of gross wages

Share paid by workers:
1.25 per cent

more information p. 32



NURSING CARE INSURANCE
has existed since: 1995

Contributions in 2019:
3.05 per cent of gross wages or 3.3 per cent for people without children (childless supplement)

Share paid by workers:
1.525 per cent or 1.775 per cent (people without children)

more information p. 38

Note: special rules apply in the Land of Saxony

Principles underlying social insurance

- 1. Compulsory insurance**
The law stipulates who is subject to compulsory insurance and in turn receives protection from statutory social insurance. Anyone working permanently in a job or in vocational training or education is usually automatically covered - in Germany, for example, around 90 per cent of the population is covered by social insurance. Self-employed people, on the other hand, usually have to organise their own insurance coverage. Other exceptions include soldiers, judges and civil servants who are employed by federal, federal state and local authorities and so receive their benefits directly from taxes instead of from contributions.
- 2. Funding through contributions**
Employees and employers pay for social insurance benefits in the form of contributions. The amount they pay is based on their gross salary.
- 3. Solidarity**
Everyone who pays contributions is covered by social insurance - whether they can contribute a lot of money or not. This creates a balance between the healthy and sick, employed and unemployed, young and old, single people and families.
- 4. Equivalence**
Equivalence means of equal value: the level of benefits depends on the contributions paid so far. This principle applies to pensions, unemployment benefits, accident insurance and wage replacement benefits such as sickness benefits.
- 5. Self-administration**
Social insurance institutions manage everything under their own responsibility. The State assumes a supervisory role. Those insured influence who is appointed to self-administration bodies through what are known as "social elections".

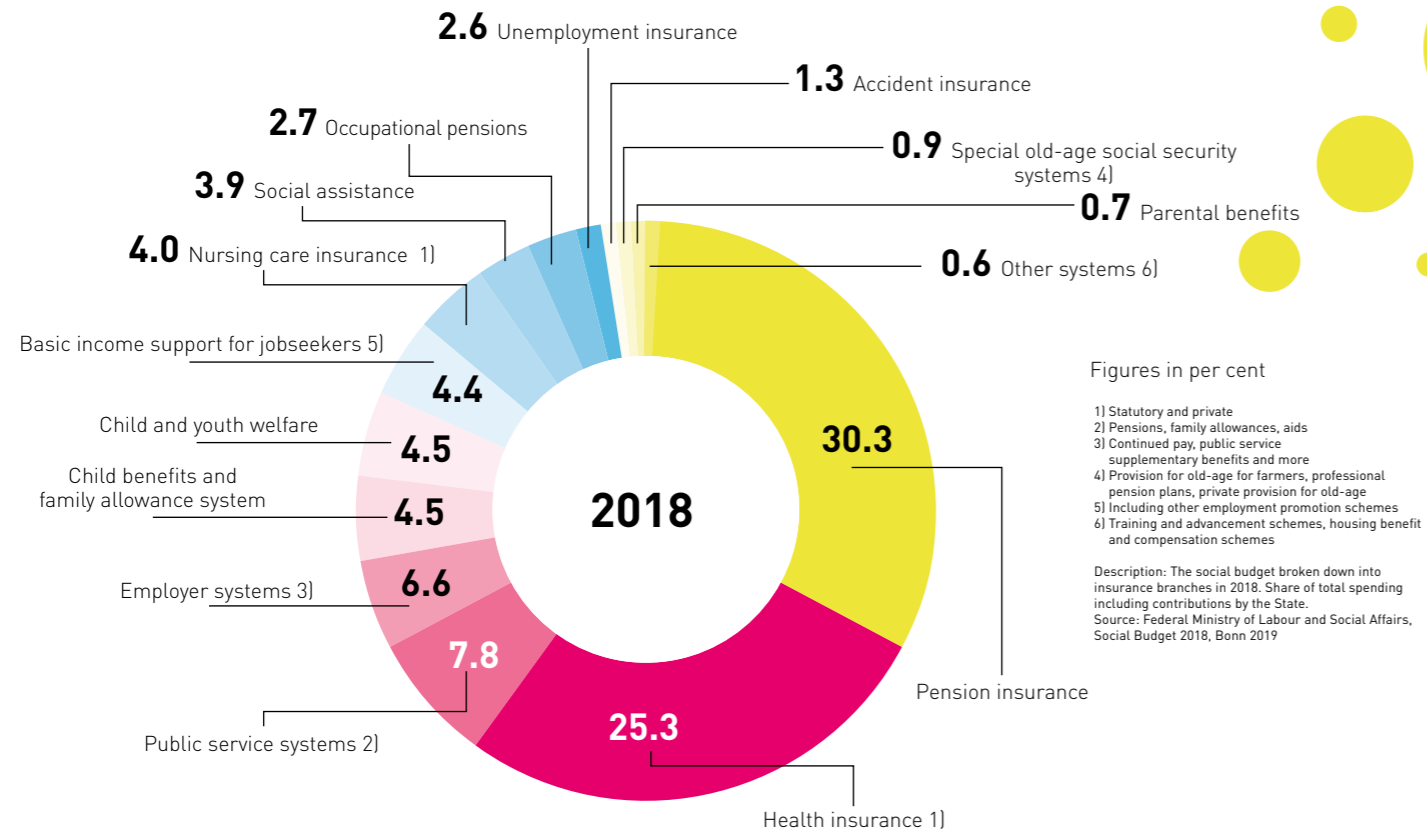
Funding the welfare state

What does social security cost?

According to the Basic Law, the State has the task of ensuring social security and justice. The aim of statutory social insurance is to provide financial protection for people in difficult situations: if they lose their job, become ill, have an accident or are no longer able to work in old age or have to receive

long-term care. The State also helps people at risk of poverty and families with children through support and welfare services. Examples of these include housing benefits, child and parental benefits or social assistance. Every year the Federal Government publishes Germany's social spending.

Social insurance funds paid about EUR 599 billion in benefits in 2018, as listed in what is known as the social budget. In addition, more than EUR 188 billion was spent on support and welfare benefits and services for German citizens. A total of EUR 996 billion was spent on social benefits in 2018.



Figures in per cent

1) Statutory and private
 2) Pensions, family allowances, aids
 3) Continued pay, public service supplementary benefits and more
 4) Provision for old-age for farmers, professional pension plans, private provision for old-age
 5) Including other employment promotion schemes
 6) Training and advancement schemes, housing benefit and compensation schemes

Description: The social budget broken down into insurance branches in 2018. Share of total spending including contributions by the State. Source: Federal Ministry of Labour and Social Affairs, Social Budget 2018, Bonn 2019

Can it all be financed?

The funding of the welfare state can change. Four basic questions are key: How many people are paying contributions on one side of the ledger? How many people on the other side are entitled to receive benefits? Who should receive benefits in the first place? And how much? Who receives money from the social security systems and support funds is laid down by law: Only those who have paid in contributions can receive benefits from the social insurance system. People in need are entitled to support

and welfare benefits if they meet certain criteria. To take one example: If an individual's own and their family's means are so limited they cannot pay their costs of living themselves, the State steps in.

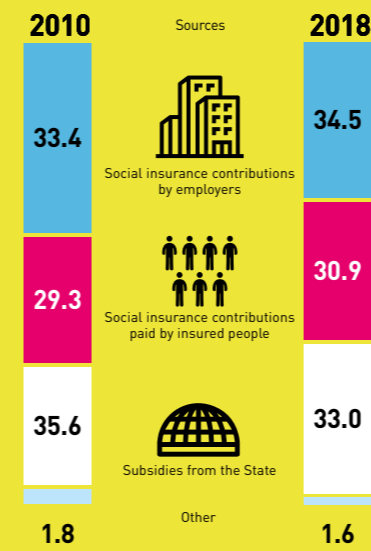
In an ageing society or in economic crises, the situation changes: Fewer contributors are juxtaposed by more recipients of social benefits. In order to keep the system functioning, lawmakers (the Bundestag and Bundesrat) can react in three ways:

1. Increase contributions for those paying into the system
2. Reduce benefits for recipients - they will then have to pay more themselves or take out additional private insurance
3. Use taxes to subsidise the social insurance system

Or vice versa: If revenues are higher than spending, lawmakers can reduce contributions, increase benefits or reduce subsidies from taxes.

Where does the money come from?

Funding the welfare state
 Shares as a percentage



Figures are estimated and rounded off, deviations from the total 100 per cent are due to rounding off. Source: Federal Ministry of Labour and Social Affairs 2019; Social Budget 2018

The welfare state is funded from two sources: contributions and taxes. Social insurance is mainly funded by contributions paid jointly by employees and employers. An exception is accident insurance, which is only paid into by employers. In contrast, the funds for support and welfare benefits and services comes from taxes that all citizens have to pay to the State.

When no real election takes place

In social elections, seats are sometimes assigned without a real election. This is called an „election without an election process“ (also: „peaceful election“) and occurs when there are as many candidates as there are seats to be awarded or only one list of nominations.

Social insurance institutions

The State stays out of it

Whether it's statutory health, pension or accident insurance: social insurance institutions are independent and are only supervised by the State. This describes the principle of self-administration. Self-administration is performed by the insured and employers - i.e. by the contributors.

A glance at the law

Social insurance elections

„Elections shall be free and secret; the principles of proportional representation shall apply.“

German Social Code, Book Four, Section 45

Insured people have a vote

Anyone who wants to have a say in the decision-making process of social insurance institutions' governing bodies must stand for election: a "social insurance election" is held every six years. The idea behind this is that stakeholders, usually insured people and employers, should be allowed to have a say in decisions through their representatives. So social elections are the democratic core of the social insurance system.

- Administrative boards of the statutory health insurance funds
- Representatives assemblies of the statutory accident insurance system
- Representatives assemblies of the statutory pension insurance system

30.4 per cent

was the voter turn-out in 2017. By comparison, 61.4 per cent of eligible voters in Germany took part in the 2019 European elections.

50.9 million people

were allowed to take part in the 2017 vote by mail in Germany. There are only more eligible voters in federal and European elections.

Who can vote?

All those who pay contributions aged 16 or over. There are exceptions, for example the health insurance scheme for students insured under family health insurance.

Who is up for election?

In social elections, members of the following governing bodies of the social insurance institutions are elected by those paying contributions:

Generally, trade unions or other employee associations pursuing social policy objectives stand for election on the lists of nominees for those insured. In addition, insured people can join together and stand for election themselves on what are called free lists. Information on candidates and their manifestos is provided in particular by members' newspapers and the websites of the social insurance institutions. But the lists themselves also advertise social elections and inform people about their aims and candidates. Election campaign events like in political elections are rather uncommon.



Unemployment and unemployment insurance

Unemployed, but not destitute

“When the boss told us that he had to close our business, it was quite a shock. Fortunately, my colleague knew that even before unemployment begins you can get help from the Employment Agency. A large portion of my application costs and travel expenses for interviews were covered. The fifth interview finally led to a job, so I was only unemployed for six weeks in total.”

Stefan, 33, automotive mechatronics engineer from Eschwege



Not all people without a job manage to find their way back into working life as quickly as Stefan. On average, the unemployed in Germany need about 37 weeks to find work again. The period of unemployment varies greatly depending on age and qualifications, however. According to the Federal Employment Agency, this figure has hardly changed for years.

The longer people are without work, the more difficult their situation usually becomes. Over time, they lose touch with technical skills if they have no opportunity to engage in continuing education and training. This also makes it more difficult to find a new job. For many unemployed people, the psychological strain is great: it's not just tighter purse strings that can mean painful changes. Some people without work begin to feel worthless and unneeded by society. According to medical studies, mental illnesses such as depression occur more frequently among the unemployed than among the working population.

First aid comes from the State

The social welfare state steps in to help those who become unemployed - for example with unemployment insurance, which provides financial protection for the jobless. This ensures that they can participate in society. The State also helps improve the chances of finding a new job with further training and skills development courses, as the aim and objective of labour market policy is to ensure a balance:

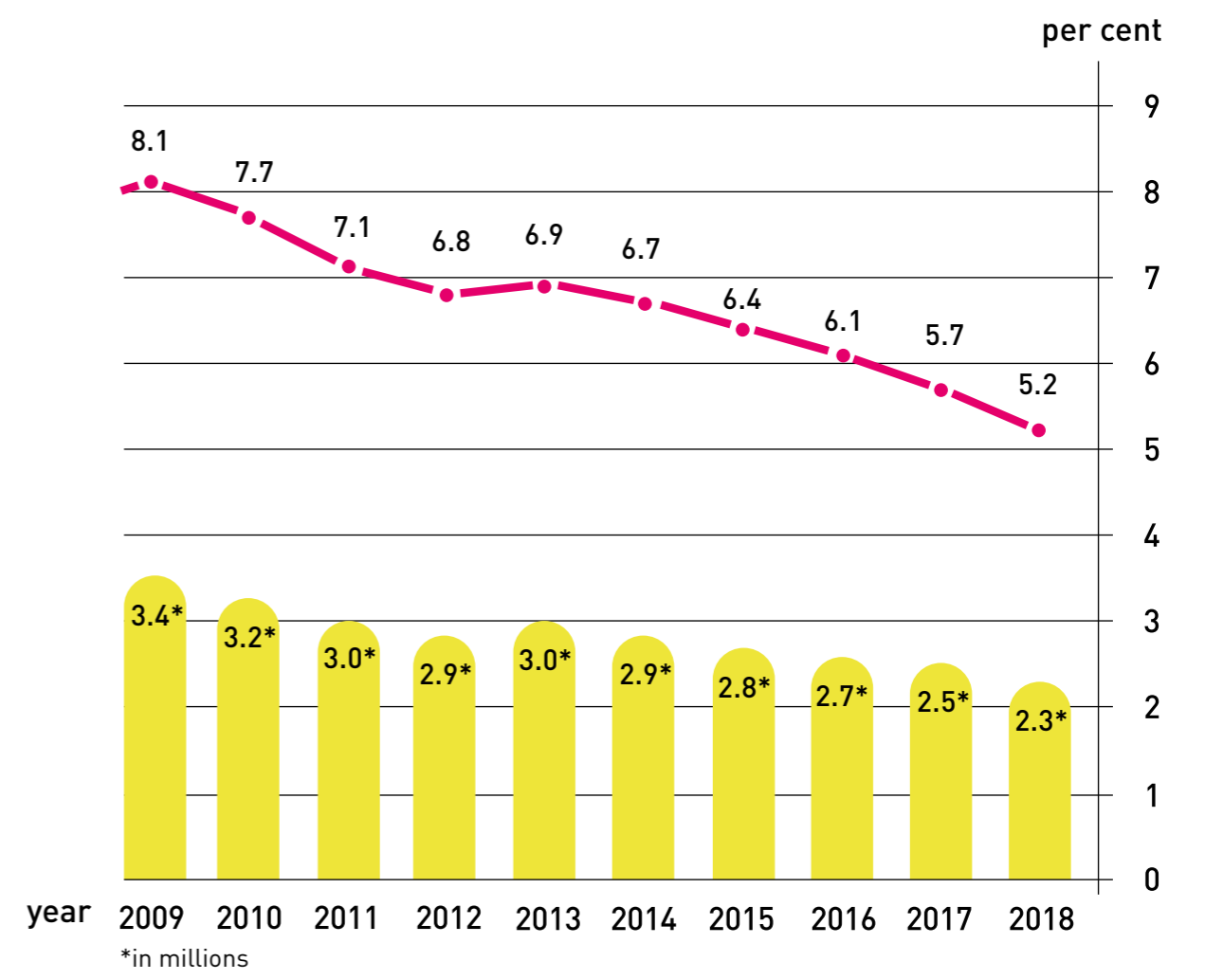
On the one hand, an objective is for jobseekers to return to jobs subject to social insurance contributions as quickly as possible because financial aid costs the State a lot of money. On the other hand, companies need to be able to find enough employees to cover their needs, thereby bringing about economic growth.

But this doesn't work perfectly anywhere: In all modern societies,

including in Germany, there are people without jobs. This cannot be completely avoided. For example, because society is changing and certain occupations are dying out as a result: in recent years that of miner, for example. The unemployment rate in the Federal Republic of Germany has been falling significantly for some years and is currently around five per cent.

Fewer people without a job

Unemployment and the unemployment rate, in absolute terms and as a percentage of the entire civilian labour force, 2009 to 2018



Source: Federal Employment Agency: Unemployment over time 01/2019, data from March 2019

Unemployment benefits

Unemployment benefits: aid from social insurance

Employees who lose their jobs receive money from the statutory unemployment insurance scheme. The money comes from contributions paid by employees and employers. But the money does not automatically appear on jobless people's bank accounts. Anyone who wants to receive unemployment benefits must register with the Federal Employment Agency - and fast: at least 3 months before the end of the employment relationship.

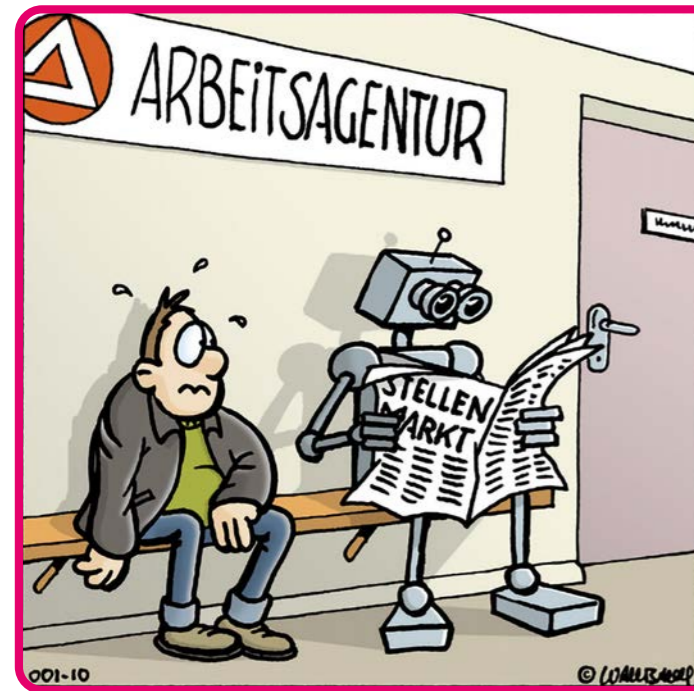
Those who become unemployed receive 60 per cent of their previous net wage as unemployment benefits, 67 per cent if they have children. Self-employed people who have previously paid voluntary contributions can also receive unemployment benefits.

How long unemployment benefits are paid depends on age and the period of time over which contributions were paid. Jobless people under 50 can receive unemployment benefits for a maximum of 12 months. For people over 50, this period increases gradually up to a maximum of 24 months.

Basic income support for jobseekers: minimum income benefits financed by taxes

Anyone who has been unemployed for a longer period of time and cannot live off their own savings is entitled to basic income support (Arbeitslosengeld II) under certain conditions. In contrast to unemployment benefits, basic income for long-term jobseekers (colloquially also referred to as "Hartz IV" in Germany) is not financed from contributions, but rather from tax revenues. Before the State pays these benefits, means testing is required. First jobless people have to use their savings to pay their costs of living. Depending on the age of the recipient, however, a certain amount remains exempt.

From 1 January 2020, single people and single parents will receive EUR 432 a month in basic income support. Spouses or civil union partners will each receive EUR 389, children and young people EUR 250 to 328, depending on their age. The costs of rent, heating and statutory health and long-term nursing care insurance are also covered. For single parents and pregnant women, there is additional monthly and one-off assistance - for example, money for a buggy or clothing.



Source: Oliver Wallbaum

Who will get the job?



Provision for old age

More pensioners, fewer children

Our society is changing dramatically as a result of demographic change. We are living longer and drawing pensions for longer and longer as well. At the same time, the birth rate has been low for decades. To-

day, according to current population projections by the Federal Statistical Office (variant 2), there are 36 people of retirement age for every 100 people of working age. In the year 2050 this figure will even reach 54.

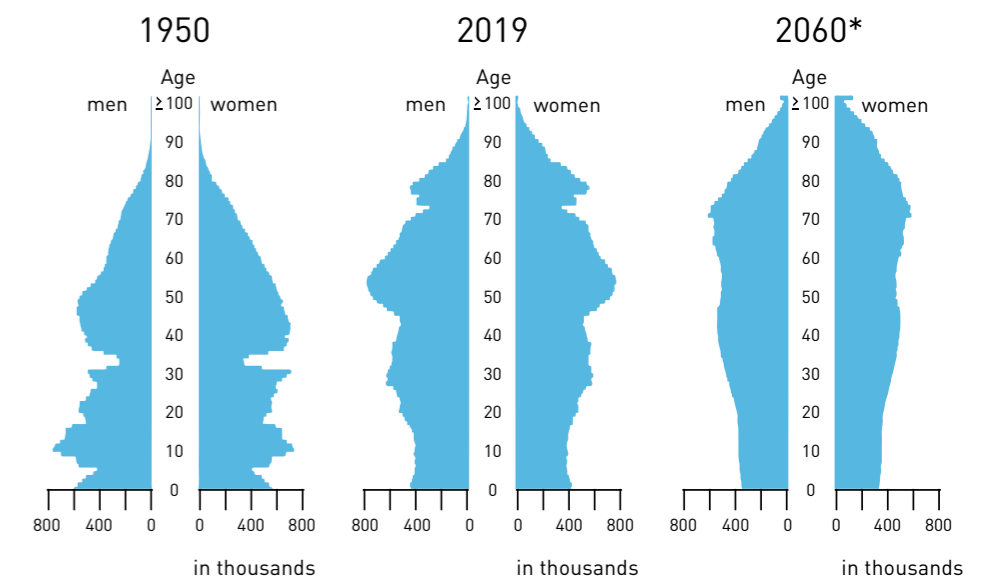
To keep the financial burden on future generations under control, pensions will not be able to increase as much as in the past. People will also have to work longer.

Pension policy

As a result of demographic change, the statutory retirement age has been raised gradually from 65 to 67 years of age since 2012. For people who have been insured for many years, however, it is possible to enter into early retirement at the age of 63. In 2018, the Pension Pact placed the pension level and contribution rate on a guaranteed footing until 2025. The Pension Pact stipulates that the pension level is not allowed to fall below 48 per cent until 2025, while the contribution rate for employees and employers is not allowed to rise above 20 per cent.

Funding pension insurance remains a major challenge in view of demographic developments. To stabilise it over the long term, a pension commission for a "Reliable intergenerational contract" has been established. It is to develop recommendations by March 2020 to put the pension system on a secure footing for the period after 2025.

Germany is ageing - age structure of the population in Germany



*Results of the 14th coordinated population projection (base: 31 Dec. 2018) Source: Federal Statistical Office (Destatis), 2019

Statutory pension insurance

In Germany, spending on statutory pension insurance is funded from current revenues. This is referred to as a pay-as-you-go system. This means that contributions of current employees are used to pay the pensions of the older generation. That is why this system is referred to as an intergenerational contract. In addition to the contributions, the statutory pension insurance scheme receives considerable financial resources from the Federal Budget.

Who is insured?

Employees

These also include trainees, aid workers, people with disabilities who work in recognised workshops, volunteers doing military service and federal volunteers. Anyone who receives unemployment or sickness benefits for a certain period of time nevertheless remains insured.

People providing long-term care

People who look after relatives in need of nursing care and who do not work more than 30 hours a week have compulsory pension insurance coverage. The contributions are paid by the nursing care insurance schemes. The rule here is: care has to be provided at least ten hours per week, spread over at least two days.

People raising children

Mothers and fathers have compulsory pension insurance coverage while they look after their children. The State covers their contributions for up to three years.

Self-employed

Certain occupational groups such as self-employed craftspersons, artists and midwives are subject to compulsory coverage in accordance with social security regulations. All other self-employed persons can insure themselves voluntarily or, if they apply for it, compulsorily. Save for a few exceptions, self-employed people pay the contributions themselves.

Overview: Three pillars of provision for old age

Statutory pension insurance

Basically designed as compulsory insurance, contributions amounting to 18.6 per cent of the gross salary are shared equally between employers and employees.

The following are insured:

- Dependent employees
- Certain self-employed people
- Special groups of people, for example care-providers and recipients of wage replacement benefits such as unemployment/sickness benefits.

Occupational pension schemes

The contributions may be paid by employers and/or employees.

These are administrated for instance by

- Pension schemes and
- Pension funds

Private old-age provision

Individual provision for which contributions have to be paid by the individuals themselves.

There are various forms of these, some of which are subsidised by the State:

- Private pension insurance
- Bank and fund savings plans
- Owner-occupied residential property.

The "Riester" subsidy by the State takes two forms: financial subsidies and additional tax savings.

61.9
years

is currently the average age of men and women in Germany when they receive a pension for the first time.



Life risks

Security throughout life

When it is no longer possible to work

Disability pension

Accident or serious illness: If you are no longer fit and able to perform, you can't earn money. That is when the statutory pension scheme steps in. It not only provides support in old age, but before then too in emergencies. The financial help for beneficiaries is called a pension on account of reduced earning capacity or a disability pension. The monthly amount that is paid depends on how long and how much those insured have paid in. Those who have earned a lot and have been insured for many years receive a higher pension. First it is reviewed, however, whether an occupation other than the one in which the insured person is trained is possible. In cases like this, retraining may also be paid for, for example.

Occupational disability insurance

Those who are no longer able to work from a young age did not have much time to pay into the pension insurance scheme. This means that the disability pension will also be low - possibly

too low to live off. So it is advisable for young people starting work to take out private occupational disability insurance. The insurance company will ask you questions about your health before you take out the policy. The younger and healthier the insured person is, the cheaper the insurance is for them. This is why it is good to take out the insurance as early on as possible, preferably right at the beginning of vocational training. Consumer advice centres provide important information and advice on the various insurance contracts.

Accident insurance

Protected on the way to school, in the classroom and at work: If something happens at work or on the way to work, statutory accident insurance pays for treatment by a doctor in an emergency. It also covers the costs if long-term effects require benefits to be paid so that the insured person can participate in working life (p. 38). The advantage for those insured: They do

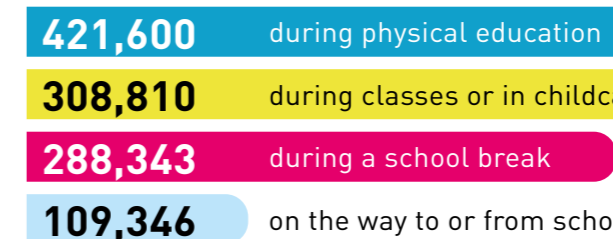
not have to contribute a single cent. Only employers pay contributions. Children at nurseries, school pupils and students are automatically covered by school accident insurance.

Better safe than sorry?

Life insurance, household effects, damage to glass: In addition to legally required social insurance, insurance companies offer many other services - especially for young customers. Not all of these are worth spending money on. Consumer advice centres only consider three forms of private insurance to make good sense for young workers: third-party liability insurance, occupational disability insurance and private old-age provision (p. 36).

Accidents at school and on the way to and from school

Number of accidents in 2018*



* statistics only include accidents subject to mandatory reporting requirements

Source: German Statutory Accident Insurance, statistics on accidents among schoolchildren 2018, Berlin 2019, data from September 2019

Rehabilitation before retirement

People who become ill and can no longer work in their occupation do not immediately receive a pension. Medical and occupational rehabilitation first attempt to help those affected to return to work. Medical measures can

include, for example, physiotherapy or consultations with therapists. Occupational rehabilitation includes what are known as benefits for participation in working life. These include retraining, training measures, job placement and

other reintegration measures. Health, pension, accident and unemployment insurance schemes are responsible for "rehabilitation", or "rehab" for short. Which scheme covers which costs depends on the individual case.

When medical care is needed

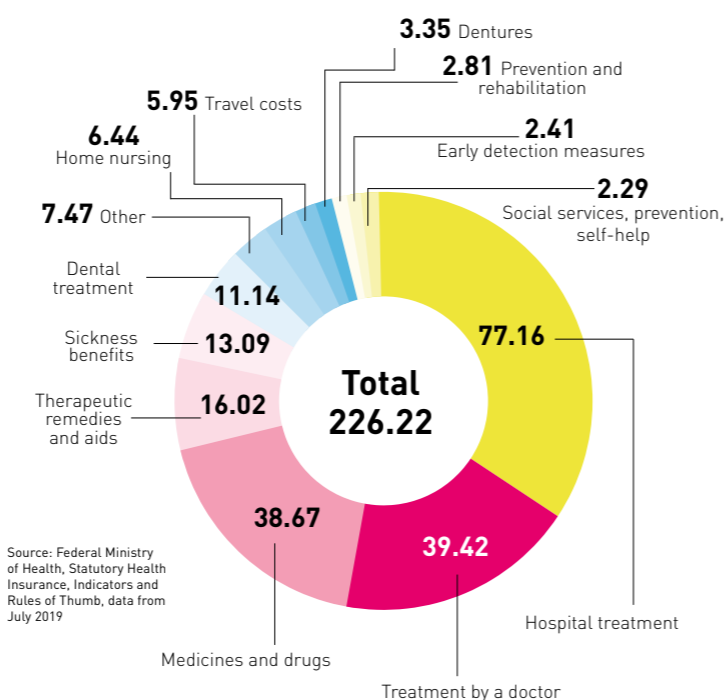
Trainees have statutory health insurance coverage from day one. This means that treatment and check-ups at a doctor's practice are paid for. In the event of incapacity to work, employees and trainees continue to receive their wages for six weeks, after which the health insurance schemes step in and transfer sickness benefits to them for a maximum of 78 weeks: 70 per cent of gross income (a maximum of 90 per cent of the net salary).

Statutory health insurance is the oldest of the five branches of the German social insurance system and was introduced in 1883 by Reich Chancellor Otto von Bismarck. It is based on the solidarity principle: employees with a higher income pay higher contributions than those with a lower income. In an emergency, however, everyone is treated equally - regardless of how much they have paid in.

Private health insurance works differently: it is aimed at people who earn a lot as well as the self-employed and civil servants. Here everyone pays for themselves. How much you pay depends on your personal health risks and treatment preferences.

What statutory health insurance funds pay

Benefits paid out in 2018 in billions of euros, the figures have been rounded off



When long-term care becomes necessary

In old age and in the event of serious illness, social long-term nursing care insurance covers part of the costs of care - either at home or in a nursing home. The decisive factor is how self-sufficient a person still is in everyday life. For example: Can they take medication or prepare food themselves on a regular basis?

The medical service of the health insurance funds assesses each individual case, classifying it into five levels of care: From level 1 for people who need little help to level 5 for people who can do almost nothing on their own anymore. Depending on the

degree of care and whether the people in need of care are looked after at home by relatives or a care service or whether they live in a nursing home, the nursing care insurance funds pay different amounts of money for nursing care. In addition, there are many other supporting services covered by the nursing care insurance funds that are intended first and foremost to help support and facilitate care at home.

According to statistics of the Federal Ministry of Health, in 2018 almost 3.7 million people received support from the social nursing care insurance

funds. In an ageing society, nursing care is becoming an increasingly important issue. There is a shortage of labour in the nursing care sector. The policy aim is therefore to make these professions more attractive with the help of a "concerted nursing care campaign" in co-operation with key organisations in the field of nursing care - for example by giving nursing staff more responsibility and career opportunities, by increasing the number of staff and offering better working conditions and higher wages, starting during vocational training.

Aid for victims - right to social compensation

Social compensation law only concerns a relatively small group of people and so is something the general public is not very familiar with. In particular, people who have been the victim of violence and have suffered damage to their health as a result have claims. A violent act is defined as a deliberate, illegal, physical attack on a person. This also includes sexual offences and sexual assaults on minors. But social compensation law also supports other people. These include, for example, those who have suffered harm from a protective vaccination or who suffered damage to their health in East Germany as a result of an administrative decision.

Which benefits are available?? There are cash benefits and benefits in kind. If someone is permanently injured, pensions can be paid. Benefits also cover medical treatment, including rehabilitation, and, in the case of particularly serious consequences, nursing care. If a victim needs help to be able to work in their original occupation again, for example, this is provided in the form of participation benefits. The principle that applies is: Benefits are intended to alleviate or eliminate the consequences of the health damage and to place the victim in the same material position as before the act of violence. At the same time, the princip-

le of subsidiarity applies here: redress is first sought with the perpetrator of the act of violence and only if the perpetrator is unable to compensate the victim for the damage does the community of solidarity step in under social compensation law.

Example: Paula, 18 years old, is doing a traineeship as a car mechatronics engineer and is assaulted on her way to the swimming pool, beaten and knocked to the ground. She suffers multiple fractures on both arms. After several operations, it is clear that she is permanently unable to grip things with her hands and she can only lift things with difficulty. Paula cannot complete her training and has to learn an occupation where she does not experience such physical strain. Social compensation law supports Paula by providing medical treatment and rehabilitation measures and, depending on the severity of her health impairment, by paying her a monthly basic pension. In addition, benefits promoting participation in working life or measures supporting schooling and vocational training (for example, to begin another training course or to study at university) are also possible.

Reform of social compensation law: Social compensation law is currently undergoing comprehensive reform. In the future, benefits are to be pooled and laid down in a new Social Code (Book XIV of the Social Code). Those eligible will receive benefits even more quickly and in a more targeted manner. There will also be many improvements in benefits. The new regulations are to apply from 1 January 2024.

"Zero tolerance for violence!
But if something does happen,
social compensation law will help."

Dr. Rolf Schmachtenberg

Permanent State Secretary at the Federal Ministry of Labour and Social Affairs

Poverty and wealth

Unequal distribution of wealth and income

Can there really be poverty in a rich country like Germany? After all, Germany provides a social welfare state! Yes, poverty does exist nonetheless, but it is a different kind of poverty than the poverty that occurs in the poorest countries of the world. People in Germany do not have to go hungry, they have access to one of the best health care systems in the world, they generally live in safety and security, their children receive a good education free of charge, and there are benefits for unlimited periods of time to secure their livelihood. This is not something to be taken for granted at all, even within the European Union.

Nevertheless, there are people in Germany who have much lower disposable income than the average. Single parents with dependent children, people who have lost their job and have not been able to find a new one for a long time or those who work in the low-wage sector can face the threat of poverty. In addition, people with low school-leaving qualifications or a migration background are often at risk, too. This does not necessarily mean

they are poor. The risk of this is greater, however. People with low incomes are also more likely to be in poorer health and participate significantly less frequently in political processes (e.g. demonstrations, elections). All this is a problem because those affected run the risk of being excluded from society.

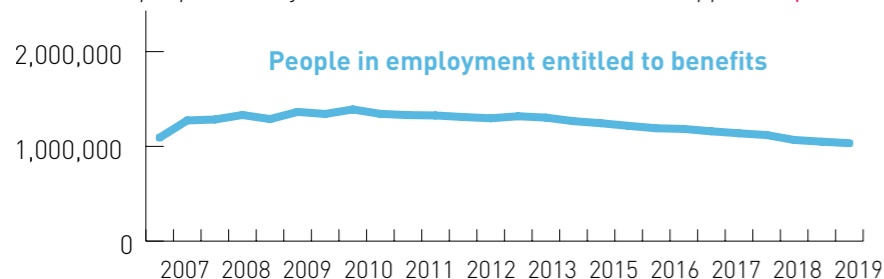
Poverty has many facets. It is not only a question of how much money is available to you, but also of what opportunities are available to you. But in Germany it is still often the case: When the parents are poor, the children are poor, too, often including in later life.

The gap between rich and poor

Income, but especially assets, are very unequally distributed in Germany. According to current research, the richest ten per cent of households own more than half of all assets. By contrast, half of all households have only around one per cent of net wealth (assets minus debts). One problem with such analyses is that data on assets is not systematically collected.

Basic income and work

Number of people with a job who also receive basic income support (p. 34)



Source: Statistics from the Federal Employment Agency, basic income for jobseekers (Social Code Book III) - time series graph, data from August 2019

Fact check Is the gap widening?

It depends on the period under consideration. To take an example: The best-earning percentile of the population earned nine per cent of income in 1995. In 2008, this figure had already reached 13 per cent. As a result of the financial crisis, which reached its peak that year, the share of total income accounted for by top earners fell slightly - to a level of eleven to twelve per cent, where it has remained stable ever since.

To take another example: When looking at the distribution of income overall, the situation has been roughly the same since 2005. Researchers argue that this is not a good development: Because Germany was doing well economically for a long time, the gap should have closed. However, it is still not possible to clearly answer this question in the absence of comparisons of assets.

"I experienced for the first time how being poor and happiness are truly related on my eighth birthday. I had invited a few friends to my party, only five, that was all I could manage, as we did not have enough space at our home. We were sitting inside in the children's room, which was half full of my brother's things. Outside it was raining, the cake had been eaten, party games had been played, and then my mother brought us white T-shirts and some markers, and we were allowed to colour them in and cut them up and make costumes out of them. I thought that was a great idea. But my friends didn't really think so. At Tobi's there was a huge outdoor summer party with a barbecue, a free reign to run around and play and fireworks in the evening. And now we were sitting here on the floor and cutting and colouring white T-shirts, and it occurred to me that my friends found that somehow boring."

Social worker and children's books author Benjamin Tienti



Definitions of poverty and income

Absolute poverty means a life on the edge of the subsistence minimum (existential poverty). People living in absolute poverty have hardly any access to essential goods such as food and drinking water. Absolute poverty primarily affects developing countries and is pretty much impossible in Germany. Citizens in Germany can only live in absolute poverty if they do not make use of available welfare state benefits. According to a World Bank definition, absolute poverty exists when people have to live on less than \$ 1.90 per day, which is around EUR 1.70.

People whose standard of living is below the standard of a society live in relative poverty. Relative income poverty is the term used when income is significantly below average income. These people only have limited access to education, health care and life in society. In industrialised countries, poverty is usually defined as relative poverty.

Average income is a mathematically calculated figure. To calculate it, the sum of

all incomes is divided by the number of income earners.

Mean income or median income lies exactly in the middle: The number of households with higher incomes is the same as the number of households with lower incomes. Those who have less than 60 percent of the median income at their disposal are considered to be at risk of poverty in Germany (at-risk-of-poverty threshold).

The **at-risk-of-poverty rate** measures relative poverty. In other words, it indicates the proportion of people whose income is below the at-risk-of-poverty threshold.

Anyone who suffers **significant deprivation** cannot afford many things that are considered normal. For example: to heat their apartment adequately, to buy a washing machine, to go on holiday every year or to pay the rent.

Fact check Are there really increasing numbers of poor people?

There are several answers to this question. The number of people at risk of poverty has risen slightly in Germany. This is the Federal Government's conclusion in its Fifth Poverty and Wealth Report. In 2005, 14.7 per cent of the population was at risk of poverty. Eleven years later, the figure was 15.7 per cent, after which it rose to 15.8 per cent in 2017. The figure has also risen recently because many refugees have come to Germany. They have difficulties finding a job at first. At the same time, the proportion of people who lack important material things has continued to fall. These include people who do not have money for a holiday, or a car, or square meals on a regular basis. Only very few people in Germany still fall into this category.

On average, people in this country can afford more things than in the past: average wages have risen more since the mid-nineties than the price of products. On the other hand, if you look at just the bottom forty per cent of the population in terms of income, hourly wages have decreased in relation to the increase in prices over the same period. At the same time, more people are working in "mini jobs". As a result, more than one million employees need additional benefits from the Job Centre to cover their living expenses.

Poverty and wealth in figures



The 10 regions in Germany with the highest poverty rate measured in terms of purchasing power – i.e. in terms of what residents can afford to buy with their income – are all in the west of Germany.



Share of German citizens struggling with "significant material deprivation" in 2013: 5.4 per cent

Share of German citizens struggling with "significant material deprivation" in 2017: 3.4 per cent

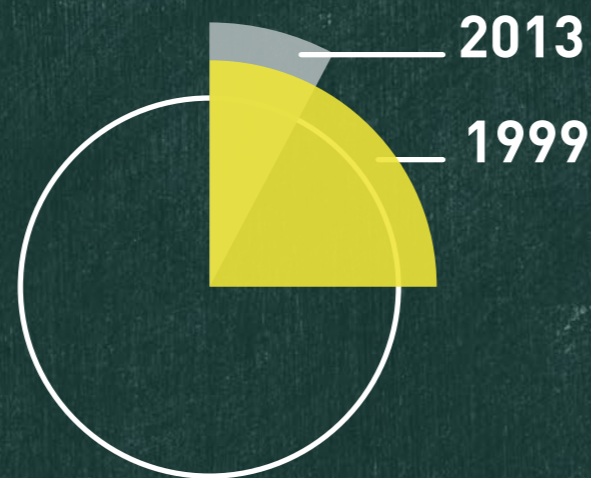
Average net wealth - that is, assets minus debts - of a household in the west in 2018: **EUR 162,600**
Average net wealth of a household in the east in 2018: **EUR 88,000 Euro**

€ 162,600

€ 88,000



Around 767 million people were living in absolute poverty in 2013 - compared with a figure of 1.7 billion in 1999.



Share of children of parents with **low levels of education** attending an upper level secondary school (Gymnasium) in 2015: **14 per cent**



Share of children of parents with **high levels of education** attending an upper level secondary school (Gymnasium) in 2015: **61 per cent**

In Bulgaria, almost one in three, in Romania and Greece around one in five people, faced significant deprivation in 2017.



67%

Proportion of millionaires in Germany whose wealth is also a result of inheritance or gifts: **67 per cent**

6.7 billion

84.7 billion

The amount of wealth that was gifted or inherited in Germany in 2018 was: **EUR 84.7 billion**

Taxes which the State collected on this amounted to: **EUR 6.7 billion**



One out of five children in German are poor or threatened by poverty.

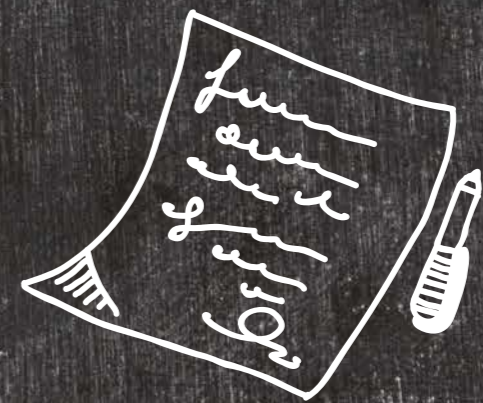
Without social transfers, this figure would be 36 per cent of minors!

Sources: United Nations, Sustainable Development Goals, 2017 Report, New York 2017, German Economic Institute, IW Expertise Participation Monitor 2019, data from August 2019, Federal Statistical Office, Income and Consumption Sample (EVS), data from April 2019, Federal Ministry of Labour and Social Affairs, Poverty and Wealth Report (EU Statistics on Income and Living Conditions, EU-SILC), data from July 2019, Eurostat, Press Release No. 159/2018 from 16 October 2018, Lauterbach, W., Ströing, M., Grabka, M. M. and Schröder, C. (2016): HVID - High Net Worth Individuals in Germany - Final Report on the Results of the Survey, University of Potsdam, Federal Statistical Office, Press Release No. 309 from 16 August 2019, Federal Statistical Office, Press Release No. 312/16 from 8 September 2016, Microcensus 2015.

Pursuing a career as a surgeon or judge or being accepted at a university for studies in economics or communication sciences after completing vocational training: these goals are easier to achieve for some students than for others. Because not everyone has equal access to good education and not everyone can afford extra tutoring, books or language courses abroad. Many people find this unfair.

Questions about justice arise not only in the field of education, but also in the world of work, social policy or environmental protection:

How is it possible to compensate for disadvantages and ensure people similar opportunities? What role should the performance and special needs of individuals play? And how can we ensure that people today do not live at the expense of future generations? There are many debates - and conflicting opinions - on the various aspects of justice.



Social justice



Social justice

Can it be measured?

This much is clear: If you are sick, you cannot work. This has always been the case – now and in the past. But in the past, around 150 years ago, being ill in Germany was doubly hard. For many people, illness, unemployment and old age were synonymous with poverty and hardship. Because back then there was no social security, so no health care for everyone, no accident protection at work and no unemployment benefits – all important achievements of the modern welfare state.

Social welfare state means: The State provides for the social protection of its

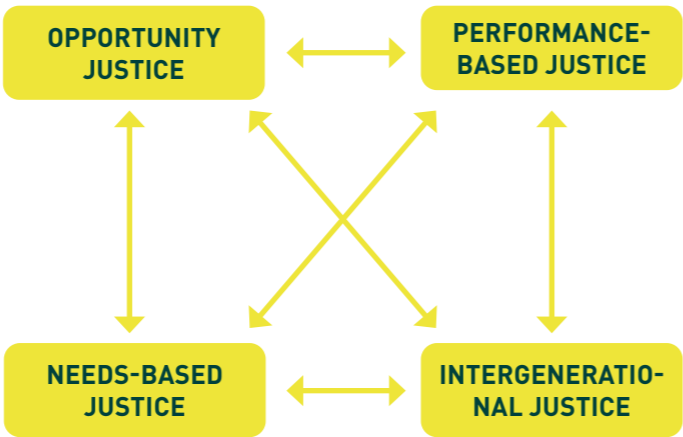
citizens. This is the goal of policymaking and legislation in a social welfare state. The healthy help the sick, the young help the old, the working the unemployed, and not just by deeds, but also in the form of money distributed through the social security system. This is how the State tries to ensure social justice. Social justice means: Living conditions as well as chances and opportunities should be approximately equal for all people in a society. But guaranteeing this is not so easy with over 82 million inhabitants in Germany. The gap between rich and poor (p. 40) in particular is something that

is criticised again and again. This issue of social justice often sparks disputes as a result – as is so often the case when there are resources to share. How is money distributed between rich and poor through a tax system that is as fair as possible? Who gets what educational opportunities and support? Or what rights do foreign citizens have in our country? None of these questions can be answered very easily. Because there is no “right” or “wrong” here. Social questions are subject to societal changes. So there is no objective standard for social justice. Justice is what we think is right.

A magic square

The researchers Irene Becker and Richard Hauser from the University of Frankfurt distinguish four dimensions of social justice.

These four aspects are interdependent and partly in conflict. That is why researchers refer to it all as a “magic square”: Not all goals can be achieved at the same time. To take one example: The demand “Everyone should get what they need in life” (needs-based justice) contradicts the demand “What someone gets should depend on their work performance” (performance-based justice).



Intergenerational justice pursues the goal of not putting a certain generation in a worse position than previous ones and future ones. Young and old people must therefore find a way to share resources, burdens and duties fairly. This applies, for example, to the topics of environmental protection, old-age provision and pensions. (p. 36) Opportunity justice means: Every person should have the same possibilities to realise their potential. This also includes everyone having the same rights – independent of origin and so-

cial status, gender, age, disability or cultural background. In reality, however, people have different starting conditions. The educational level of parents still influences which secondary school a child attends. The lower the educational level of parents, the less often their children go to an upper-level secondary school. Since a low level of education is more often associated with low income and higher unemployment, the financial situation of parents and the level of education of their children are also linked.

For example, the option of going abroad for a year as an exchange student to gain experience and language skills is only available to a few. According to figures from the consultancy Weltweiser, only about 16,000 students from Germany have recently taken part in such a programme. 82 per cent of them were attending an upper-level secondary school. “Student exchange is an upper-level-secondary-school phenomenon,” the consultancy concludes.

Laws for more justice

The State can try to cushion cases like this of unequal access to education and give children fair chances and opportunities. For example, parents with low incomes receive a higher child supplement in addition to child benefits under the Strong Families Act. Furthermore, the 2019 Strong Families Act improved the “education package” (benefits for education and participation). It helps children from families with low

income to have the same opportunities in their free time, at school or nursery as children from families with higher incomes, by them receiving additional benefits for membership at a sports club, for excursions lasting one or more days (e.g. school trips), school supplies and private tutoring. Their parents do not have to pay anything extra for lunchtime meals at school or nursery or for transport of pupils.

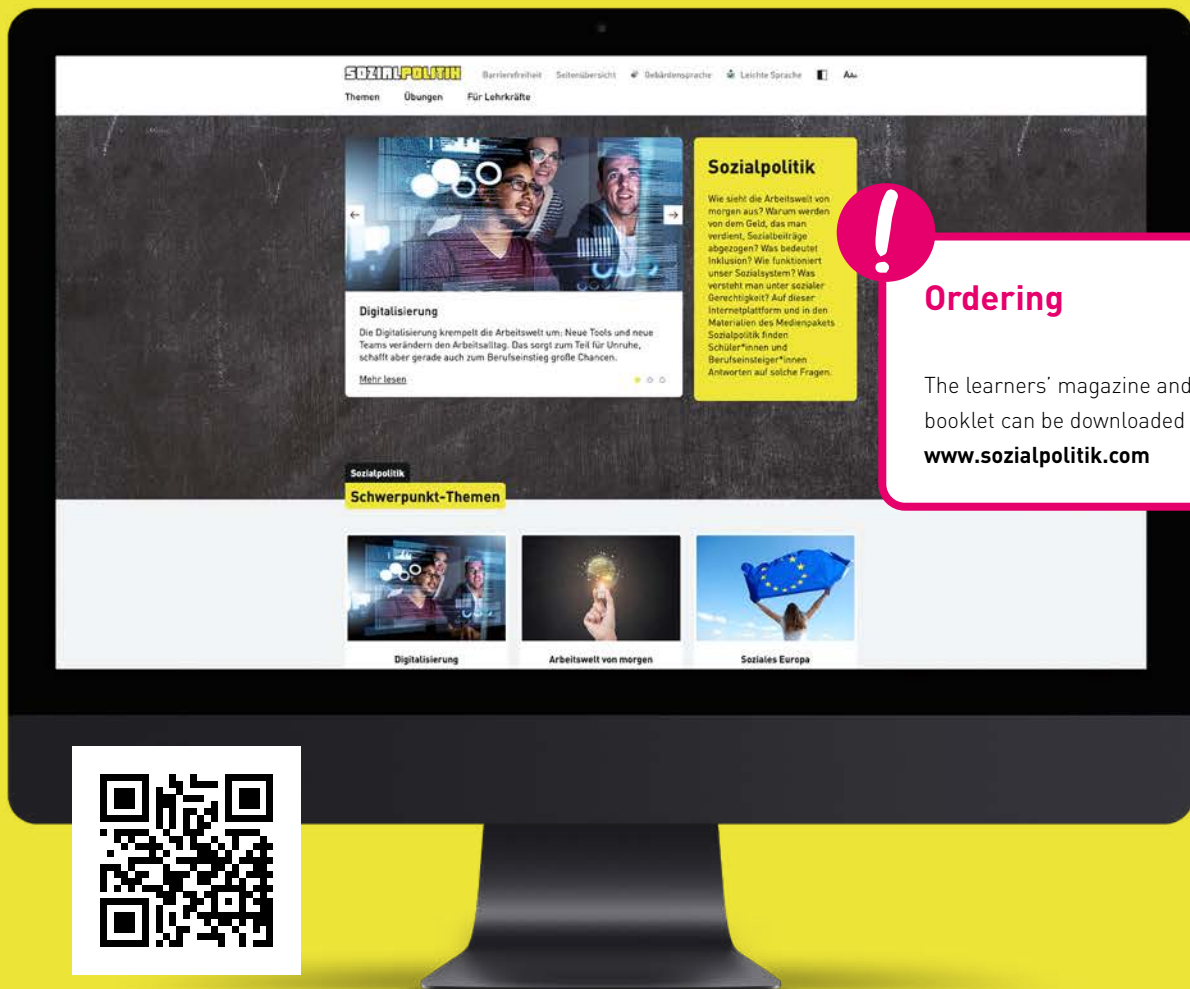
“Justice dictates that everyone is given the chance to develop their talents and achieve social advancement through performance.”

Horst Köhler,
former Federal President



“Social Policy” goes digital

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