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# Labour Market during the Crisis: Questioning the 'German Model'

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## Abstract

The transition of Germany from its status of "sick man of Europe" and 'sclerotic old Europe' in the post-unification years to current high employment economy compared to other countries in the European union termed as German "Employment Miracle" is central to this research effort. Since 2000, the German economy experienced significant developments that made a remarkable impact on the structure of its labour market, and which have led to outcomes that have puzzled observers. Some scholars argue that the German labour market developments since the beginning of the Great Recession as exceptional or even miraculous. The claim of Beschäftigungswunder or 'employment miracle' in Germany is argued in the middle of Europe's escalating financial, economic, employment and 'social model' crisis. Today Germany runs a budget surplus with one of the lowest unemployment rates among the advanced economies. It rebounded quickly from the 2008 crisis and the subsequent Euro crisis. This narrative of 'Wunderkind of the Crisis' fits well with its heightened political prominence in the struggle over the Eurozone crisis resolution. The high employment rates in Germany since the crisis fuels the argument for structural reforms in neighbouring economies. The apparent German 'employment miracle' cure seen as part of Agenda 2010 with the adoption of Hartz reforms introduced between 2003 and 2005 is regularly presented as a successful model for the rest of European Union. There is widespread interest in the source of this recent performance, amid claims for lessons it may hold for other European countries. The case of Germany offers a template to develop a fine-grained understanding of the interests and identities associated with economic transformation in Europe. This thesis investigates the various explanations of the unusual labour market performance in Germany since turn of the century within the discursive framework of 'Modell Deutschland'. It attempts to highlight the potential policy traps in the neoliberal model of an efficient high employment labour market regime. The research study analyse the historical evolution of German labour market and focus both on the strength and weakness of the German experience. The project aims to go beyond the labour market performance and includes macroeconomic perspectives to take a closer look at the evolving employment structure in Germany, low-wage sector boom and social costs of the alleged 'employment miracle'. The thesis explains the changing dynamics in the German labour market while taking into account two long-term structural trends: Expanding female employment and part-time work in the services sector. This work also makes it possible to reflect more generally, in terms of institutional dynamics, on the relevance of importing 'models' from one country to another.

**Keywords:** Labour Market, Working Poverty, Unemployment, part, time work, mini, jobs, income inequality, Germany, Hartz reforms

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